



Disappointing Dividends

The impact of budget support on parliaments and accountability

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Abstract

Donors expected budget support to strengthen horizontal accountability by bolstering the role of parliaments. It has failed to do so. This thesis explains why. It argues that the disappointing dividends delivered by budget support are due primarily to management, not money. To test this argument, it first compares how two aid programs – the Joint Budget Support Framework and the Democratic Governance Facility – shaped donors’ interactions with the National Assembly of Uganda with respect to two related sets of legislation; the *Public Finance Management Act 2015* and the *Petroleum Acts 2013*. In the first case the management structures surrounding budget support encouraged disregard for the role of parliament, facilitating executive attempts to undermine it. In the second aid managers saw parliamentarians as potential allies and helped them to strengthen their ability to hold the Executive to account in small but significant ways.

This thesis then identifies the particular aspects of budget support management that produce this result through a comparison of three budget support programs: the Joint Budget Support Framework in Uganda, the Common Approach to Budget Support in Malawi, and Poverty Reduction Budget Support in Zambia. This exposes the significance of the underlying principles and performance assessment frameworks linked to budget support. Budget support managers recognise parliaments as relevant to the underlying principles but apply them as eligibility criteria, reducing parliaments to merely a facet of the political context rather than an institution that budget support affects. The performance assessment frameworks rarely mention parliaments, excluding them from the agenda of budget support in practice. Ultimately these are symptoms of deeper causes including the perceived fungibility of budget support, who manages it, and how budget support managers envisage the scope of the task at hand.

These findings expose continuing tension between those who see development as a technical task and those who approach it as a fundamentally political endeavour. They also highlight the unintended consequences that can flow from attempts to set targets and measure results. These findings suggest that budget support donors need to think more critically about the political side-effects of the management structures used to deliver development aid. For political scientists, they point to a need to improve our understanding of how the individuals and institutions who promote international development work in practice.

Résumé

Les bailleurs de fonds attendent des opérations d'appui budgétaire qu'elles renforcent les mécanismes d'imputabilité horizontale, en soutenant les parlements. Cela a toutefois été un échec. Cette thèse explique pourquoi. Elle soutient que les résultats décevants des opérations d'appui budgétaire s'expliquent essentiellement par la gestion et non l'argent. Afin de tester cet argument, elle montre comment deux programmes d'aide, le *Joint Budget Support Framework* et le *Democratic Governance Facility*, façonnent les interactions des bailleurs de fonds avec l'Assemblée nationale de l'Ouganda. La comparaison porte sur deux législations : le *Public Finance Management Act 2015* et le *Petroleum Acts 2013*. Dans le premier cas, les structures de gestion entourant l'appui budgétaire ont conduit au mépris du parlement et permis à l'Exécutif d'en miner le rôle. Dans le deuxième cas, les gestionnaires de l'aide ont considéré les parlementaires comme des alliés potentiels et les ont aidés à renforcer leur capacité à tenir l'exécutif responsable, de manière modeste, mais significative.

Cette thèse identifie les aspects particuliers de la gestion de l'appui budgétaire qui produisent ces résultats, en comparant trois programmes d'appui budgétaire: le *Joint Budget Support Framework* en Ouganda, le *Common Approach to Budget Support* au Malawi et le *Poverty Reduction Budget Support* en Zambie. Elle montre toute l'importance des principes sous-jacents et des cadres d'évaluations liés à l'appui budgétaire. Les gestionnaires de l'appui budgétaires reconnaissent la pertinence des parlements pour les principes sous-jacents, mais les appliquent comme des critères d'éligibilité, réduisant ainsi les parlements à une simple facette du contexte politique plutôt que d'y voir une institution affectée par l'appui budgétaire. Les cadres d'évaluation des performances mentionnent rarement les parlements, les excluant en pratique de l'agenda d'appui budgétaire. En fin de compte, ce sont les symptômes de causes plus profondes qui comprennent la fongibilité perçue de l'appui budgétaire, qui le gère et comment les gestionnaires d'appui budgétaire envisagent l'étendue des tâches à accomplir.

Ces résultats témoignent d'une tension continue entre ceux qui voient le développement comme une tâche technique et ceux qui le considèrent comme une entreprise fondamentalement politique. Ils mettent également en évidence les conséquences imprévues qui peuvent découler des tentatives d'établir des objectifs et de mesurer des résultats. Ces résultats suggèrent que les bailleurs de fonds doivent réfléchir de manière plus critique aux effets politiques indésirables des

structures de gestion mises en place pour apporter l'aide. Pour les politologues, il souligne la nécessité d'améliorer notre compréhension du fonctionnement pratique des individus et institutions qui promeuvent le développement international.

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List of acronyms

ACB	Anti-Corruption Bureau
ACODE	Advocates Coalition for Development and Environment (Uganda)
CABS	Common Approach to Budget Support (Malawi)
CSO	Civil Society Organization
DFID	Department for International Development (DFID)
DGF	Democratic Governance Facility
FOI	Freedom Of Information
GBS	General Budget Support
HLAM	High Level government Action plan Matrix
INGO	International Non-Government Organization
JAF	Joint Assessment Framework (Uganda)
JBSF	Joint Budget Support Framework (Uganda)
MDG	Millennium Development Goal
MoU	Memorandum of Understanding
NAO	National Audit Office
NGO	Non-Government Organization
NOC	National Oil Company (Uganda)
NRM	National Resistance Movement (Uganda)
OAG	Office of the Auditor-General
OPM	Office of the Prime Minister (Uganda)
PAC	Public Accounts Committee
PAF	Performance Assessment Framework
PBO	Parliamentary Budget Office
PFM	Public Financial Management
PRBS	Poverty Reduction Budget Support (Zambia)
SBS	Sector Budget Support
SDG	Sustainable Development Goal
TASU	Technical and Administrative Support Unit (Uganda)

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1 Disappointing dividends

Budget support, accountability and parliaments

Budget support is a political instrument, not a technical mechanism.

— Budget support donors to the Government of Malawi,
Common Approach to Budget Support, Aide Memoire,
February 2013.

Budget support is a significant and prominent form of aid. Often defined by reference to what it is not – support for specific projects – the most distinctive feature of budget support is that it provides finance for a state's budget through a direct transfer of resources to the recipient's national treasury (OECD 2006, 26). Yet most donors emphasize that budget support encompasses more than financial flows. EuropeAid, one of the largest providers of budget support, stresses the need to distinguish budget support funds, the transfer of financial resources, from budget support, the aid modality; the latter is a package that involves financial transfers, dialogue, performance assessment and capacity building (Directorate-General Development and Cooperation - EuropeAid 2012, 11). This is why, in 2013, representatives of budget support donors reminded the Government of Malawi that budget support is not simply a technical mechanism, but an aid modality fundamentally political in nature. Budget support is political because it is designed to reward and encourage respect for human rights, as well as

increased transparency and accountability. Donors use budget support not just to support poverty reduction, but to facilitate and incentivise reforms to political institutions, such as parliaments, that may ultimately contribute to the consolidation of democracy.

In the late 1990s and the decade after, dissatisfaction with the returns delivered by project-based modalities prompted an increasing number of people to question whether development assistance was a mistake (e.g. Easterly 2007). Others called for a radical reduction in aid levels (Dichter 2003) or even the end of development aid altogether (Moyo 2009). Donors needed an alternative to projects, a modality criticised as an unsustainable, poorly co-ordinated and ultimately ineffective way of ‘doing’ development. For many, budget support was that alternative. Many donors saw budget support as an attractive option because it provided them with a way to reduce their own overheads (budget support programs require fewer staff than projects) while transferring more responsibility for development to recipient governments. This would, in theory, allow recipient governments to learn by doing, building state capacity and making development programs more sustainable in the long term. Budget support was an option that provided a way of coping with organizational and financial pressures on aid agencies while aligning with the aid effectiveness agenda set out in the *Paris Declaration on Aid Effectiveness* (2005) and the *Accra Agenda for Action* (2008). The international community expected budget support to contribute to the principles set out in those documents – ownership, alignment, harmonisation, results and mutual accountability – in a number of ways (Koeberle and Stavreski 2006). It would, for example, promote harmonisation by forcing donors to coordinate their reporting requirements and performance targets, reducing the administrative burdens and transaction costs associated with aid. Policy dialogues linked to budget support would encourage the alignment of donor and recipient priorities. By transferring responsibility for financial management and policy implementation to aid recipients, budget support also promised to increase recipients’ ownership of development programs. Notably, improved financial management is not the primary goal of budget support; that is poverty reduction. However, shifting responsibility for budgeting, planning and implementation from donors to recipients requires donors to have faith in recipient country systems. This has led to a significant emphasis on improving public financial management (PFM) as a secondary goal of budget support.

These expectations explain why, in 2008, the European Commission announced plans to increase its use of budget support, aiming to provide 50% of its aid in this form (European

Commission 2008, 4). While the European Commission has now toned down its enthusiasm for budget support, stating that “there are no targets for EU budget support at either national or global level” (Directorate-General Development and Cooperation - EuropeAid 2012, 12), it still provides substantial amounts of budget support to selected countries. Since the EU and its members account for more than half of all development aid, its continuing use of large volumes of budget support is significant. In 2010 EU institutions disbursed more than 18% of their Official Development Assistance (ODA) as budget support while the UK, another large and influential donor, provided almost 12% of its aid through this modality. When the World Bank uses budget support it is common for it to account for around a quarter of the bank’s portfolio in a given country. Not all donors provide budget support, and not all developing countries receive it. Yet for some developing countries – many of them in sub-Saharan Africa – it regularly represents between a quarter and a half of their ODA (Knoll 2008).¹ In 2010, for example, budget support constituted almost half of all ODA to Ghana.

This thesis is motivated by an empirical puzzle; a curious and disappointing discrepancy between what donors expected from budget support and what it has achieved. Donors’ hopes for budget support were legion, but among them was an expectation that using this form of aid would help to strengthen horizontal accountability by increasing the ability of parliaments to hold executives to account. As is discussed in more detail in [Chapter 2](#) this expectation was founded on the belief that, by bringing ODA on-budget and rendering it subject to recipients’ own systems of allocation and management (instead of the parallel systems associated with projects) budget support would have a number of knock-on effects. One of these was that by expanding the scope of national budgets, budget support would make parliaments more prominent and more powerful, ultimately strengthening their abilities to hold executives to account. OECD guidelines on budget support illustrate this logic, explaining that because it channels aid through recipients’ budgets, budget support “fosters institutional development and increases accountability by underscoring the budget’s role as the state and tool of government policy,” thus it “should directly encourage improvements in partners’ PFM [Public Finance Management] systems, including transparency and accountability to partner countries’ legislatures and civil society at

¹ For more recent years, this has been confirmed by the author’s own calculations using data from the OECD’s Creditor Reporting System.

large” (OECD 2006, 28–29). Similar statements can be found in policies, guidelines and strategy documents from many other budget support donors, including the United Kingdom (DFID 2011b, paras. 3.2.1–3.2.2), Germany (BMZ Federal Ministry for Economic Cooperation and Development 2008, 8, 11) and the European Union (European Commission 2007, 19; Directorate-General Development and Cooperation - EuropeAid 2012, 16).

Unfortunately, evaluations completed to date indicate that budget support has almost entirely failed to live up to these expectations. This is true of both the first round of donor-commissioned evaluations published in 2005 and 2006 (covering Burkina Faso, Nicaragua, Malawi, Mozambique, Rwanda, Uganda, Tanzania, Vietnam and Zambia) and a second wave of evaluations that began to emerge in the last few years (covering Mozambique, Zambia and Uganda, so far). While these evaluations did not employ the terminology of ‘horizontal accountability,’ they did assess the role of parliaments in the budget process. On this point, they either reported that there were only negligible improvements in recipient countries (ADE Consortium 2014; Bartholomew, Leurs, and McCarty 2006; Batley, Bjørnstad, and Cumbi 2006; Daima Associates and Overseas Development Institute 2005; Gosparini et al. 2006; Lanser et al. 2006), or that only minimal improvements could be attributed to budget support (Claussen et al. 2006; Kemp, Faust, and Leiderer 2011; Lister et al. 2006; Purcell, Dom, and Ahobamuteze 2006). Several concluded that while budget support might have created the preconditions necessary for improvements, such as increased transparency, actual gains in parliamentary oversight and horizontal accountability had not occurred. This was observed in Burkina Faso (Lanser et al. 2006), Nicaragua (Gosparini et al. 2006), Mozambique (ADE Consortium 2014; Batley, Bjørnstad, and Cumbi 2006), and Vietnam (Bartholomew, Leurs, and McCarty 2006). Budget support’s failure to strengthen the role of parliaments is particularly surprising given that most of the evaluations did find that it had brought more ODA on-budget (see [Chapter 2](#)). It is also puzzling because budget support has had some success in strengthening other institutions of horizontal accountability, such as auditors-general.

This puzzling failure of budget support to deliver expected gains in parliamentary oversight of the executive and, consequently, horizontal accountability, motivates this thesis to ask its central question: *Why has budget support failed to strengthen horizontal accountability by empowering parliaments?* In asking this question, this thesis defines horizontal accountability as a relationship between equals (Schedler 1999). The most prominent example of horizontal accountability, the

conceptualisation of which is discussed in more detail in [Chapter 2](#), is the relationship between parliaments and executives, though it also encompasses the checks and balances provided by oversight agencies such as ombudsmen and auditors-general (O'Donnell 1998).

The central research question places the focus very firmly on three things; accountability generally, horizontal accountability in particular, and parliaments. This thesis focuses on accountability in part because donor policies on budget support are full of references to it. Donors frequently identify the strengthening of accountability as an expected benefit of budget support, and often identify it as an explicit goal of the modality (see [Chapter 2](#)). Accountability is also an outcome worth studying because it has come to occupy a central position in international development. Carothers and Brechenmacher observe that accountability is one of four key principles² that have become ubiquitous within the development aid industry over the last few years, in part because they “enjoy strong appeal as inherently, even unquestionably good things” (2014, 4). Accountability has come to be seen as both an objective of, and a means of achieving, sustainable development. It is a core part of donors’ good governance agenda (Tilley 2014, chap. 1). Yet, as Carothers and Brechenmacher point out, the apparent consensus around the importance of accountability masks deeper disagreements about its normative and instrumental value. Some are skeptical about what accountability really means, and what it offers. Cornwall is one them, observing, “among the panaceas that found their way into mainstream development in the late 1990s, propelled by the ‘good governance’ agenda, transparency and accountability are two that achieved instant popularity across the spectrum” (Cornwall 2007, 479). Some have criticised the way donors conceptualise accountability. Tilley (2014, chap. 1) argues that they have tended to adopt very procedural approaches to accountability, an approach they find reassuring because it can be measured relatively simply and because, when accountability fails, solutions are easy to identify and (apparently) straightforward to implement. Others accept the value of accountability but query whether the international community is really committed to that goal (Easterly 2010). This thesis is also motivated to focus on accountability because of the centrality of that concept in political science (see [Chapter 2](#)). In asking, and answering, its central question this thesis contributes to our understanding of how budget support affects accountability in recipient countries. This is sorely needed given recent

² The others are transparency, participation and inclusion.

observations that, beyond donor-commissioned evaluations, we know very little about budget support's impact on accountability (Tavakoli and Smith 2013).

The focus of this thesis on a particular type of accountability – horizontal accountability – is motivated by the fact that while different donors expected budget support to strengthen accountability in different ways, almost all of them expected it to pay dividends primarily in terms of horizontal accountability. It is also motivated by the fact that horizontal accountability is a significant concept in political science. It has been cited as an indicator of democratic quality (Morlino 2004), with its absence being flagged as a defining feature of hybrid regimes or semi-democracies in both Latin America (O'Donnell 1994) and Africa (Van de Walle 2002; Van Cranenburgh 2009). Understanding the impact of budget support on horizontal accountability is particularly important given the prevalence and persistence of these types of political regimes in developing countries. It is clear that the transition paradigm, the assumption that new democracies would slowly but inevitably become consolidated democracies, has failed (Carothers 2002). Yet we still have a poor understanding of how aid affects the trajectories of different political regimes, and an even poorer understanding of the political impact of different forms of aid (see Resnick and Van de Walle 2013b). While foreign aid appears to have a positive effect during democratic transitions, its effect on democratic consolidation is far more ambiguous; some warn of “potential perverse effects” on horizontal accountability (Resnick and Van de Walle 2013a, 48). In this context, it is important to understand why budget support has failed to deliver the dividends in parliamentary strength and horizontal accountability that donors expected.

As with accountability, this thesis focusses on parliaments in part because this is an institution that donors very clearly, and quite prominently, expected to benefit from budget support. Understanding the impact of budget support on parliaments is important given the crucial position they occupy in chains of horizontal accountability. It is even more important given that some researchers (e.g. Manning and Malbrough 2013; Resnick and Van de Walle 2013a) have expressed concern that in practice budget support might undermine or sideline parliaments. Unfortunately, empirical evidence on this point is extremely limited (see [Chapter 2](#)). There is particular value in improving our understanding of how the actions of the international development community affect the parliaments of countries that receive aid. While there is a limited evidence base with respect to the impact of direct parliamentary strengthening (Burnell

2009; Kinyondo 2012; Rahaman 2010), evidence about the indirect impact of forms of aid aimed primarily at poverty reduction (such as budget support) on parliaments is near non-existent and almost entirely anecdotal. New research in this area would be very valuable given the emerging body of evidence that demonstrates the developmental benefits of stronger parliaments. Some recent research, for example, shows that parliaments can play an important role in reducing corruption (M. Stephen Fish, Michel, and Lindberg 2015). In light of such evidence, many leading donors, including the World Bank, now identify parliaments as institutions that are integral to their mission of promoting development (see European Commission, Directorate General for International Cooperation and Development — EuropeAid 2015; World Bank Group 2015).

Putting the focus on the role of parliaments as institutions of horizontal accountability allows this thesis to contribute to the limited body of research on the role of parliaments in developing countries generally, and Africa in particular. To date, political scientists studying Africa have paid relatively little attention to the role of parliaments. This represents a missed opportunity to understand institutions that represent potential sources of political change in a region where democracy has struggled to survive. For a long time African parliaments were non-existent, non-operational or merely a rubber stamp for an overwhelmingly powerful executive. Yet things change. Some African legislatures are emerging as significant political players, albeit ones still subject to constraints. Barkan argues that African legislatures are more powerful and more autonomous now than at any point previously, though he qualifies his claim, noting “a small number, probably no more than a dozen, have become real players in the policymaking process and thus institutions of countervailing power vis-à-vis the executive. Most have not” (Barkan 2009a, 2). In this context, several edited works have examined the evolution of Africa’s national legislatures over time (Barkan 2009b; Salih 2005). Others have considered the role of legislative strength in avoiding state collapse (Vliet 2014), examined what determines the quality of parliamentary oversight (Lindberg 2010; Staphenurst and Pelizzo 2012), evaluated the impact of parliamentary committees (Burnell 2002; Pelizzo and Kinyondo 2014) and explored the nature of citizens’ relationships with MPs and their perceptions of them (Azevedo-Harman 2011, 2012; Nijzink, Mozaffar, and Azevedo 2006). Yet compared to the body of evidence that examines parliaments in other regions, and in particular in developed countries, research on parliaments in Africa remains scarce. This is a problem given the central role of parliaments in democratic

regimes and the tendency to ascribe many of the developmental problems faced by African countries to the poor quality of democracy in the region.

In taking budget support, an aid modality, as its starting point this research also contributes to a growing effort to disaggregate development assistance so as to better understand the distinct political impact of different forms of aid. That endeavour is the product of political scientists' recognition that "foreign aid is not a monolithic resource flow but rather has multiple objectives and modalities" (Resnick and Van de Walle 2013b, 5). This somewhat belated epiphany is driven by the very mixed results produced by quantitative studies examining the impact of aggregate levels of aid on political outcomes such as democracy. While some of those studies report that aid has no impact on democracy (e.g. Knack 2004), some report a negative impact (e.g. Djankov, Montalvo, and Reynal-Querol 2008), and others find evidence that aid has a positive effect on levels of democracy (e.g. Goldsmith 2001). More nuanced studies report that the political impact of aid is contingent on one of a number of factors, such as the historical time period (before or after the Cold War) (e.g. Dunning 2004), the democratic credentials of the donor (e.g. Bermeo 2011), or the initial character of a recipient's political regime (e.g. Cornell 2012; Wright 2009). A handful of very recent studies untangle the political impact of aid with different objectives (e.g. Dietrich and Wright 2015; Jones and Tarp 2016), however surprisingly little work has broken down that impact by reference to modalities, the mechanisms through which aid is delivered. Gibson, Hoffman and Jablonski (2015) provide a rare example, asking whether technical assistance had a positive effect on democratization in Africa and answering in the affirmative.

Posing the central question of this thesis – *why has budget support failed to strengthen horizontal accountability by empowering parliaments* – almost inevitably provokes the response that perhaps donors never really expected it to do so. On this approach, the failure of budget support to strengthen horizontal accountability by empowering parliaments can simply be attributed to a lack of genuine commitment on the part of donors. Policy statements about the objectives of budget support are dismissed as nothing more than window-dressing. This is a possibility. Almost a decade ago international NGOs observed a discrepancy between what donors said they expected from budget support and how their staff put it into practice on the ground. In a research report that examined how the UK's increased use of budget support was affecting NGOs in Malawi, Tanzania and Uganda, Care and ActionAid (2006, 23) noted that while parliaments "are supposed to play an increasingly proactive role in the new aid context created

by budget support,” government and donor representatives did not seem to view parliamentarians as an important component of domestic accountability. In fact, they reported, most interviewees never mentioned parliament at all. Unfortunately, that report did not explore why budget support managers demonstrated such curious blindness with respect to parliaments.

This obvious answer has some appeal, particularly to the more cynical among us among us. Easterly (2010), an established skeptic when it comes to development assistance and the motivation of donors, would be likely to agree. He complains that international donors are indifferent to whether aid recipients are democratically accountable to their citizens. He argues that poor accountability is one of the main reasons for disappointing returns on development aid and that “words like ‘accountability’ tend to be watered down in most major public forums on development” (Easterly 2010, 1077). Even if donors are genuinely committed to improving accountability, their commitment to strengthening parliaments might be questionable. Yet there are reasons to be sceptical of such a simple solution. Since Care and ActionAid (2006) conducted their research donors have made accountability generally, and parliaments in particular, a more prominent part of their budget support strategies. In contrast to earlier evaluations that tended to consider the impact of budget support on accountability only tangentially, budget support donors now explicitly task evaluators with assessing the impact of budget support on accountability institutions, expressly tasking them to consider the impact on parliaments.³ Some donors have demonstrated their commitment to strengthening accountability by tying the provision of budget support to funding for accountability-centred programs. In 2011, DFID promised to spend an amount equivalent to 5% of budget support “to enable people in budget support countries to hold their governments to account for the use that is made of public resources, including aid” (DFID 2011b, 2). While the primary goal of budget support remains poverty reduction, these developments strongly suggest that, at least within higher levels of donor organizations, the desire to see budget support empower parliaments and thereby strengthen horizontal accountability is genuine.

³ The most recent evaluation of budget support in Uganda was tasked with answering the following question: “To what extent has budget support contributed to improvements in the quality of governance and accountability, particularly with regard to the roles of Parliament, Civil Society and anti-corruption agencies as ‘watch-dogs’ of the Executive?” (IEG and Particip GmbH 2015a, 37).

This possibility is reinforced by the fact that donors have continued to make high profile statements linking budget support to parliamentary strengthening. In 2015, in a submission to the UK Parliament's International Development Committee (IDC) enquiry into parliamentary strengthening, the World Bank made it clear that it saw parliaments as integral to its mission of promoting development. Noting that the international community is sometimes dismissive of them, the World Bank stressed the emerging body of evidence (much of it produced or funded by the World Bank) that demonstrates the importance of parliaments to good governance generally, and control of corruption in particular (World Bank Group 2015). It pointed to "substantial and growing empirical evidence that parliaments are a necessary, if not sufficient, condition for both socio-economic and democratic development" (World Bank Group 2015, 2). In its submission to the IDC the European Commission (2015) described budget support as an aid modality that included parliamentary strengthening among its goals. It pointed to the Commission Communication on Governance in the European Consensus on Development, which provides that using budget support in developing countries requires the Commission "to reinforce the role of the national democratic institutions, e.g. parliaments" that are responsible for oversight of national budgets (2015, para. 2.3, quoting from COM (2006) 421 final). This points to a genuine commitment to strengthening parliaments though the use of budget support among policy-makers, if not necessarily practitioners.

This last point reveals another weakness in the cynics' explanation; the argument that donors are not genuinely committed to promoting accountability conflates the attitudes of a small number of front-line staff with those of donors as a whole. It assumes that donor organizations are unitary actors and that all donors think alike. Such assumptions rest on questionable foundations. Existing research demonstrates that donor organizations, such as the World Bank, are not monolithic actors in which a single point of view prevails (Xu and Weller 2009). A large and long-standing body of research documents the fact that donors' motivations in providing aid vary markedly (Alesina and Dollar 2000; Alesina and Weder 2002; Hoeffler and Gates 2004; Berthélemy 2006; Hoeffler and Outram 2011; Dreher, Nunnenkamp, and Thiele 2011). In light of this, explaining budget support's failure to strengthen horizontal accountability by empowering parliaments as the product of a lack of commitment to that goal is too simplistic. It does not allow for the possibility that, despite a genuine commitment at higher levels of donor organizations, staff in the field may implement budget support in a manner that is at odds with

that objective. This would not be the first time this kind of perverse behaviour has occurred. Ferguson (1994) explained the repeated failure of development projects in Lesotho by reference to the fundamentally inaccurate vision of the country's economic reality that prevailed among aid managers. This led World Bank staff to design and deliver projects in a manner that undermined their effectiveness despite a genuinely held desire to promote development. Similarly, Barnett and Finnemore (2004) demonstrate that international organizations, such as the UNHCR, can develop bureaucratic practices and standard operating procedures that are at odds with their institutional missions.

If a lack of commitment does not convincingly explain budget support's disappointing returns with respect to parliaments, the obvious alternative in the eyes of many political scientists is an analogy to the resource curse.⁴ This casts budget support as just another form of unearned income, one that can be expected to undermine accountability because it funds repression, patronage and political clientelism while freeing the state from the need to tax its citizens. This alternative argument is a little harder to dismiss and so it is dealt with in more depth in [Chapter 3](#). Suffice to say, for now, that there are several problems with it. This includes a failure to allow for the fact that budget support, an aid modality, encompasses more than just money. Another problem is that the analogy to the resource curse assumes a degree of fungibility on the part of budget support that is not supported by empirical evidence. Budget support is undeniably fungible to some extent, but it is unlikely to be fungible to an extent that fully explains why it has failed to deliver the accountability dividends that donors expected.

This thesis explores the possibility that the management of budget support, rather than the money associated with it, is responsible for its disappointing dividends with respect to parliaments and horizontal accountability⁵. As [Chapter 3](#) explains, the management structures that surround budget support tend to follow a standard model. That model involves several things; a tiered management structure, a system for annual reviews of government performance, and a common set of criteria for assessing government performance and making decisions about

⁴ For a comprehensive review of earlier literature on the resource curse see Rosser (2006). Ross (forthcoming) provides a more up to date review.

⁵ When this thesis refers to budget support, it is referring to *both* general budget support and sectoral budget support. Although a distinction is commonly made between the two, that distinction is less relevant in the context of this thesis because the management frameworks linked to budget support (and discussed in more depth in [Chapter 3](#)) can, and do, govern both general and sectoral budget support.

budget support. The latter includes both underlying principles and Performance Assessment Frameworks (PAFs). Though it creates something of a tautology, underlying principles are both conditions for, and objectives of, the provision of budget support.⁶ They focus on fundamental political and macroeconomic conditions, while PAFs (as the name suggests) set out the targets and indicators that are used to assess the performance of recipient governments and, to a far lesser extent, the performance of the donors providing budget support. In exploring how these management structures shape the impact of budget support in practice this thesis adds to our understanding of how development organizations, both national and multilateral, operate. It builds on existing work (including Barnett and Finnemore 2004; Ferguson 1994) to improve our understanding of how, and why, these kinds of organizations (and the staff within them) sometimes behave in ways that are at odds with their stated objectives.

Framing the problem as a question of management, not money, makes it necessary to break the central research question down into several layers. In order to explain why budget support has failed to strengthen horizontal accountability by empowering parliaments we need to ask:

1. Is this failure of budget support due to management or money?
2. If the problem is the management of budget support, which aspects of its management matter and how do they produce this outcome?
3. Why is budget support managed in this way?

Answering these questions is not an easy task. To accomplish it this thesis relies on case studies of aid programs in Uganda, Malawi and Zambia, employing both comparative and within case analysis. Those case studies draw on over 100 interviews conducted in Malawi, Uganda and Zambia in 2013 and 2014. They also rely on a significant volume of documentary material, a large proportion of which was obtained through freedom of information requests to donor agencies. [Chapter 4](#) explains, in greater detail, why this thesis goes about answering these questions in the way it does.

[Chapter 5](#) tackles the first of the three questions listed above, arguing that the management of budget support, rather than money, explains its disappointing accountability dividends. It

⁶ In practice donors tend to emphasise change or trends over time, lessening the apparent paradox.

presents a comparison of two aid programs in Uganda, a country that represents a best-case scenario for budget support (see [Chapter 4](#)). More specifically, it presents the story of how those two aid programs shaped donors' interactions with the National Assembly of Uganda with respect to two different sets of legislation. In the first case donors approached the debate around the *Public Finance Management Bill*⁷ (PFM Bill) through the lens of the Joint Budget Support Framework (JBSF), a budget support program. The PFM Bill was controversial in Uganda, not least because it 'accidentally' attempted to repeal the law that established the Parliamentary Budget Office and entrenched the Parliament's role in the oversight of the budget process. In that case the management structures surrounding budget support encouraged disinterest in the Parliament among budget support managers, fostering disregard for its concerns about the impact of the PFM Bill on its ability to hold the Executive to account. Ultimately this facilitated Executive attempts to undermine the Parliament, preventing it from taking advantage of opportunities presented by budget support.

The case of the Democratic Governance Facility (DGF) and how it shaped donors' interactions with the Ugandan Parliament in relation to the Petroleum Acts⁸ provides a very valuable contrast. It represents a case most-similar to that of the JBSF and PFM Bill (see [Chapter 4](#)). Not only was the amount of budget support (historical and current) the same in both cases, but donors' engagement on each set of legislation was driven by a very similar logic; a desire to ensure that government revenue was managed in an accountable way and, ultimately, in a way that delivered benefits to the people of Uganda. The key difference is that in the case of the DGF and the Petroleum Acts donors' engagement with Parliament took place outside the frameworks associated with budget support. In this case, aid managers approached the Parliament in a very different manner. Rather than dismissing the concerns of MPs, aid managers involved in the DGF saw the Parliament as an important actor, identifying parliamentarians as valuable allies in the task of strengthening accountability in Uganda. This did not produce a radically different outcome – there was no sudden jump in the strength of the Ugandan Parliament, nor the quality

⁷ Originally titled the *Public Finance Bill*, 2012 this is now the *Public Finance Management Act*, 2015 (PFM Act).

⁸ The Petroleum (Exploration, Development and Production) Act, 2013 and the Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Act, 2013. These are commonly referred to as the Petroleum Act (No. 1) and the Petroleum Act (No. 2).

of horizontal accountability – but it did help the Parliament to secure several amendments to the Petroleum Acts that represent small but significant steps forward.

[Chapter 6](#) answers the second and third questions listed above, drawing on the cases of three budget support programs; the JBSF in Uganda, the Common Approach to Budget Support in Malawi and Poverty Reduction Budget Support in Zambia. Several patterns emerge across and within those three cases. They reveal two particular aspects of the management frameworks linked to budget support that play a significant role in fostering disinterest in parliaments among the managers of budget support. The first is the underlying principles. Although budget support managers identify parliaments as relevant to assessing compliance with these principles, in practice they are understood and applied primarily as eligibility criteria. This reduces parliaments to a component of the political context in which budget support operates; a source of political risk to budget support programs, but not something that might be affected by them. The second is the PAFs that rarely mention parliaments in a way that recognises them as actors. Given the agenda-setting functions of PAFs this encourages budget support managers to assign parliaments a low priority.

The underlying principles and PAFs linked to budget support programs did not manifest by chance; they are symptoms of more deeply seated causes. [Chapter 6](#) points to two underlying causes, one clearly anticipated (in [Chapter 3](#)) and one less so. The former is the nature of the institutions and individuals who manage budget support and their vision of what the management of budget support entails. The latter is the perceived fungibility of budget support. Together these factors promote a very technocratic vision of what budget support is or ought to be. They encourage budget support managers to conflate accounting and accountability. As a result they tend to see parliaments as part of the messy, subjective and too-difficult-to-quantify world of politics, best left outside the frameworks used to put budget support into practice. In such a context it is not surprising that budget support is implemented in a way that disregards parliaments even though this ultimately prevents budget support donors from achieving some of their stated objectives.

The findings of this thesis, presented in [Chapter 5](#) and [Chapter 6](#) have a range of implications, discussed in depth in [Chapter 7](#). Perhaps the most important of these is that they reveal an unresolved tension between the objectives of development and democracy promotion. In 2010,

Carothers evaluated the prospects for what he termed an ‘elusive synthesis’ between development aid and democracy support. He observed that while democracy assistance and development aid were initially approached as separate fields, the approach of development practitioners has shifted; the emphasis is now on the integration of these two agendas. Yet that integration has been partial at best. Carothers explains:

...while the integration of democracy aid and development aid seemed for a time to be a natural path, guided by the larger direction of history, it has reached only a halfway state. Bridges have been built between the two domains, but they are only partial and shaky. Given the changed, less favourable international context today, it is deeply uncertain whether the present situation is just a way station on a longer trajectory of integration or a high-water mark preceding a gradual slide back toward a greater separation, marked by mutual ambivalence and distrust. (Carothers 2010, 25)

Budget support sits at the heart of efforts to forge this elusive synthesis. Faust, Leiderer and Schmitt (2012, 454) describe budget support as the “paradigmatic aid instrument” of attempts to reduce poverty while promoting institutional changes conducive to democratic accountability. This makes budget support something of a canary in a coal mine; if efforts to use this modality to pursue both objectives fail, then then we may well have witnessed the high-water mark that Carothers envisages. The ‘almost revolution,’ a revolution in which he sees development confronting politics (Carothers and De Gramont 2013), may remain incomplete and unfinished.

Faust and his co-authors (2012) attribute budget support’s failure to foster democratic accountability to a lack of harmonization, arguing that disagreement between donors about what the objectives of budget support are, or ought to be, have held it back. This thesis highlights that such disagreements persist not simply between different donors, but within them. In the case of budget support, the aid managers tasked with its delivery have a far more technocratic vision of what the modality is designed to achieve than the policy makers who have attempted to transform budget support from technical mechanism to political instrument. This is true even within some of the more progressive donor organizations, including those who have made a concerted effort to incorporate more political analysis within the design and implementation of their aid programs. Ultimately, these differences within donors may be far more entrenched and difficult to reconcile than the differences between donors. As this thesis shows, differences within donors are continually reinforced by the management frameworks through which

development aid, such as budget support, is delivered. This makes it crucial that we understand how and why those management frameworks shape the impact of budget support on political outcomes, including the role of parliaments as institutions of horizontal accountability.

2 Accounting for accountability

From definitions to disappointment

I do think that the focus on accounting, in place of accountability is part of, or an extension of, that larger problem of trying to reduce the complex, the rather amorphous, dynamic world of politics into very concrete categories which can be measured, so that you can then report at the end of it. To say 'OK, we have a good report, all the money is accounted for: there is accountability.'

— A law professor and consultant to budget support donors in Malawi

The concept of accountability occupies a central place in this thesis. Yet as the quote above demonstrates, when it comes to the political impact of budget support, and in particular its impact on parliaments, there is not necessarily any consensus about what accountability is or ought to be. Recognising that accountability can mean different things to different people, this chapter explores the conceptualisation of accountability. It identifies with greater precision the particular type of accountability that is at stake in the context of this thesis; horizontal accountability. The previous chapter argued that the impact of budget support on accountability in general, and horizontal accountability in particular, is worth understanding for several reasons. Accountability is a central concept in political science and an increasingly popular one among practitioners of international development. Horizontal accountability plays an important role in

shaping the trajectories of new democracies though it is often in short supply in developing countries, including many of those that receive budget support. This chapter explores these points in greater detail.

The second part of this chapter examines how donors expected budget support to affect parliaments and contribute to improvements in horizontal accountability. Horizontal accountability is not necessarily more important than any other type of accountability, nor are parliaments the only accountability institutions of note. They are, however, the type of accountability and accountability institution that donors put centre-stage in their policies on budget support. That fact goes a long way to explaining why this thesis focuses on this particular facet of budget support's political impact rather than another. Given that focus, this chapter reviews the current state of knowledge regarding the impact of budget support on parliaments and horizontal accountability. Existing research, most of which has been commissioned by donors, indicates that the accountability dividends paid by budget support have been disappointing. While budget support has succeeded in some respects, it has had little to no success in increasing horizontal accountability by strengthening parliaments. Few political scientists have explored why this is so, leaving a gap this thesis helps to fill.

Defining accountability

Despite, or perhaps because of, the intuitive appeal of accountability, it is a concept more frequently used than clearly defined. Schedler describes it as “an underexplored concept whose meaning remains evasive, whose boundaries are fuzzy, and whose internal structure is confusing” (Schedler 1999, 13). He goes on to observe that “as with most terms we use in everyday language, we usually assume that we understand what we say when we talk about accountability, and that others do so as well” (Schedler 1999, 14). In a similar vein, Mulgan describes accountability as “complex and chameleon-like,” lamenting that that “a word which a few decades ago was used only rarely and with relatively restricted meaning... now crops up everywhere performing all manner of analytical and rhetorical tasks” (Mulgan 2000, 555). Bovens complains that as accountability has gained popularity it has lost conceptual clarity, arguing “the concept has become less useful for analytical purposes, and today resembles a garbage can filled with good intentions, loosely defined concepts, and vague images of good governance” (Bovens 2006, 7). Philp expresses a similar sentiment, expressing concern that accountability has become

“overloaded and distorted” in part by its use in various theoretical models, and in part “by being seen as responsible for satisfying a wide range of normative demands” (Philp 2009, 28). In light of these complaints this chapter aims to make it clear what this thesis is talking about when it talks about accountability.

Philp (2009) observes that accountability is very often defined by drawing on principal-agent theory. This invariably produces definitions that describe accountability as a means of limiting the discretion of public officials and ensuring that they act in the public interest. Fearon provides an example:

We say that one person, A, is accountable to another, B, if two conditions are met. First, there is an understanding that A is obliged to act in some way on behalf of B. Second, B is empowered by some formal institutional or perhaps informal rules to sanction or reward A for her activities or performance in this capacity. (Fearon 1999, 55)

A similar approach is offered by Lindberg who (after a fairly comprehensive review of existing literature) identifies five core elements that should be included in any definition of accountability:

1. An agent or institution who is to give an account (A for agent);
2. An area, responsibilities, or domain subject to accountability (D for domain);
3. An agent or institution to whom A is to give account (P for principal);
4. The right of P to require A to inform and explain/justify decision with regard to D; and
5. The right of P to sanction A if A fails to inform and/or explain/justify decisions with regard to D. (Lindberg 2013, 209)

This definition is more minimalist than Fearon’s (1999) because P’s right to sanction A need only apply to a failure to explain or justify their decision. The ability to sanction A for the nature or quality of their performance within D might exist, but it is not essential as it is under Fearon’s definition.

Not everyone, however, is satisfied by definitions of accountability that reduce the concept to a form of principal-agent relationship. Philp offers a number of objections, including the observation that accountability does not always involve a simple bilateral relationship between

two actors, A and P (Philp 2009, 30–32). He therefore proposes an alternative definition of accountability as follows:

A is accountable with respect to M when some individual, body or institution, Y, can require
A to inform and explain/justify his or her conduct with respect to M. (Philp 2009, 32)

This allows for the possibility of accountability relationships that are not bilateral, that is, relationships where the entity in whose interests A is to act is not the same entity to whom A must provide an account.

Another notable aspect of Philp's definition is that he does not define accountability so as to include punishment or enforcement within the core of the concept. He suggests that "sanctioning is not essential to accountability per se" (Philp 2009, 30). Instead he describes the ability of Y to sanction or reward A for his or her conduct with respect to M as a 'supplementary element' of accountability that may be present in some cases but not others. Philp does emphasise that Y must be able to *require* A to inform, explain or justify their conduct, something that may necessitate the availability of sanctions applicable to that failure. However, he distinguishes this from Y being able to sanction A for the content of the report they make. This distinction is important, Philp argues, because "in modern institutions there is a wide array of relationships by which people are rendered accountable for their actions in office, many of which lack the capacity to impose sanctions" (Philp 2009, 35). Auditors-general, for example, may be able to compel evidence but generally cannot impose penalties in relation to the matter under investigation. Instead they must refer cases to prosecuting agencies.

Schedler (1999) provides another frequently cited approach to defining the concept of accountability. He identifies two key dimensions of accountability; *answerability* and *enforcement*. Answerability entails an obligation to provide information about, explain or justify one's actions while enforcement refers to the capacity to penalise misconduct, violation of duty or a failure in answerability. Both answerability and enforcement are widely cited as important markers of what constitutes accountability (Chirwa and Nijzink 2012; Hyden 2010; Kenney 2003). While there seems to be agreement that accountability necessarily entails answerability, there is debate about the extent to which enforcement is essential for accountability to exist. Schedler emphasises that answerability alone is not enough to constitute true accountability. As he puts it, while the provision of information and the explanation or justification of actions are important, "political

accountability involves more than the generation of data and the interplay of arguments” (Schedler 1999, 16). Yet Schedler appears to contradict himself, also suggesting that “it is possible, in principle, to find instances where the idea of accountability is dissociated from one of its core dimensions – be it enforcement or answerability – without necessarily creating ‘diminished subtypes’ of accountability as a result” (Schedler 1999, 18). Summarising Schedler, Diamond, Plattner and Schedler (1999) offer a clearer articulation. Observing that his conceptualization of accountability stands on the dual pillars of answerability and enforcement, they explain:

Both aspects usually go together, but some exercise of accountability may involve just one of them. Ombudsmen, for instance, often have no more than a mandate to investigate and issue recommendations without a corresponding power of enforcement. (Schedler, Diamond, and Plattner 1999, 4)

Further disagreements arise regarding what, precisely, constitutes enforcement. Most accept that the possibility of sanction is sufficient; accountability does not always require a sanction to be imposed. Bovens, for example, argues that “the possibility of sanctions – not the actual imposition of sanctions – makes the difference between non-committal provision of information and being held to account” (Bovens 2006, 10). There is, however, debate about what type of possible sanction is sufficient for a relationship to be characterised as one of accountability. This debate is notable in the context of this thesis because it has implications for how horizontal accountability is defined (an issue discussed in more detail below). Pointing to the example of truth commissions, which often expose wrongdoing to public scrutiny but lack the power to impose other penalties, Schedler (1999) seems to imply that accountability can exist when the possible sanctions are informal rather than formal. In his view the possibility of negative publicity or public condemnation may sometimes amount to a sanction. In a similar manner, Bovens deliberately refers to “consequences” rather than “sanctions” in his definition of accountability so as to allow for both formal and informal penalties. This, he argues, allows the concept of accountability to capture “the case of the political accountability of a minister to parliament, where the consequence can comprise calling for the minister’s resignation” (Bovens 2006, 11).

Not all agree that informal penalties, such as bad publicity or public condemnation, are sufficient to fall within the scope of what constitutes accountability. Kenney, for example, accepts that

publicity can contribute to accountability, but argues that “accountability itself requires penalties beyond publicity – at the very least the capacity to remove an office-holder from office” (Kenney 2003, 65). Arguably, however, this sets the bar for what constitutes accountability unreasonably high. Removal of a politician or public official from office is a serious consequence, one that may be excessive in some cases but inadequate in others. Schedler’s (1999) approach recognises that what amounts to an adequate sanction often depends on the extent and nature of misconduct. The example given by Schedler is illustrative; if a police officer killed someone in custody then public exposure of their behaviour would not be enough to constitute accountability, nor (in most cases) would dismissal (Schedler 1999, 16–17).

There are some who define accountability by reference to a third dimension though there is far less consensus on this point. Chirwa and Nijzink (2012) echo Hyden (2010) in suggesting that accountability be conceptualized so as to include *responsiveness*, by which they mean that public authorities should act in a manner that responds adequately to public needs and expectations. This “requires that people participate in public decision-making so that they can express their views and contribute to the design, development and implementation of public policies and laws and to the determination of disputes” (Chirwa and Nijzink 2012, 5). This richer, more participatory definition of accountability has attracted criticism. One critic is Lindberg (2013), who warns that as the popularity of accountability has grown, so too has the risk of conceptual stretching. In attempting to impose clearer analytical limits on the scope of accountability, he makes the compelling argument that although responsiveness may be a desirable or intended outcome of accountability, it should not be understood as an inherent part of accountability itself. As attractive as the notion of responsiveness may be, Lindberg’s approach is probably the correct one. Including responsiveness within the scope of accountability broadens the concept in a manner that risks reducing clarity, precision and, consequently, analytical leverage. It is not clear how responsiveness could be measured empirically, nor against what standard it would be judged; determining what constitutes an acceptable level of participation is highly subjective. It would also be problematic given that public participation in decision-making does not always (and arguably should not always) produce decisions that mirror public opinion perfectly.

Ultimately this thesis adopts Lindberg’s (2013) definition of accountability, subject to the qualification that it be read so as to allow for the possibility, pointed out by Philp (2009), of

accountability relationships that are not straightforward bilateral relationship between a principal and their agent. This means that accountability is defined so as to require 5 things:

1. An agent or institution who is to give an account (A for agent);
2. An area, responsibilities, or domain subject to accountability (D for domain);
3. An agent or institution to whom A is to give account (P for principal);
4. The right of P (or, in a non-bilateral relationship, Y) to require A to inform and explain/justify decision with regard to D; and
5. The right of P (or Y) to sanction A if A fails to inform and/or explain/justify decisions with regard to D.

This definition appeals because it represents the common ground between many of the competing definitions of accountability. It incorporates, for example, analogues of Schedler's (1999) concepts of answerability (in points 3 and 4) and enforcement (in point 5). It reflects the most minimal version of enforcement Schedler envisaged; as in Lindberg's formulation the right to sanction need only exist with respect to failures to explain or justify (i.e. failures in answerability), not with respect to misconduct or failure in the performance of the relevant duty or task. Yet this definition does not go so far as to recognise the existence of accountability where absolutely no possibility of a sanction exists. One advantage of this fairly minimalist definition is that it recognises that, as Lindberg puts it, "accountability should not be equated with being good" (Lindberg 2013, 27). That is, accountability may exist even when there is a failure by an agent to achieve a particular outcome if that agent can be required to explain why that failure occurred. Accountability will, however, be stronger and of higher quality when there is also capacity to sanction for failings in performance. The definition above captures only the bare minimum required for accountability to exist.

In the specific context of this thesis, Lindberg's (2013) approach appeals because it avoids assuming a democratic component to accountability. It allows for the possibility of non-democratic forms of accountability. This is important because the concept of accountability is older than the modern form of democracy (Lindberg 2013; Philp 2009). There is therefore a possibility that "while accountability can serve democratic values it need not always do so" (Philp 2009, 28). As Schmitter points out, accountability is not a characteristic exclusive to democratic

regimes; “all stable political regimes probably have some predictable form of accountability to some type of constituency” (Schmitter 2004, 47). For Schmitter, accountability in democratic regimes is distinguished by the fact that it is ultimately owed to citizens. This distinction is important in a thesis that examines accountability in states whose democratic credentials are somewhat questionable. Donors may hope that by promoting accountability they are also promoting democracy, but we should leave open the possibility that this will not occur.

For the purposes of this thesis it is not necessary to take a firm position on exactly what type of sanction must be available for a relationship to fall within the boundaries of accountability. At a minimum it would be reasonable to require that there is some observable, negative consequence for any agent who is held to account in order for accountability to exist. Past this threshold, the sufficiency of any sanction is likely to depend on context and circumstance (Schedler 1999). The adequacy of sanctions may ultimately go to the question of the quality or strength of accountability, rather than its existence.

Vertical and horizontal accountability

There are many different types of accountability. Reviewing work from several disciplines, Lindberg (2013) offers an organizing scheme that uses three dimensions to distinguish between them: source of control, strength of control, and spatial direction of relationship. When it comes to the last dimension, spatial direction, by far the most common distinction made (and the one most relevant to this thesis) is the distinction between vertical and horizontal accountability. The latter is the type of accountability on which this thesis focuses. This is not because horizontal accountability is more important than vertical accountability but because, as is demonstrated later in this chapter, it is the type of accountability that donors expected would be most directly strengthened by the use of budget support.

The primary difference between vertical and horizontal accountability is the balance of power between the institutions or actors involved. Vertical accountability refers to a relationship between un-equals, such as the relationship between voters and their parliamentary representatives or presidents. Vertical accountability is often directed from actors or institutions within the state to individuals or collectives outside of it. Elections are easily the most common and most widely recognised mechanism of vertical accountability. In contrast, horizontal accountability involves a relationship between equals. As Schedler puts it, “it refers to somebody

holding someone else of roughly equal power accountable” (Schedler 1999, 23). Examples of horizontal accountability include legislative oversight of the executive branch and judicial review of laws enacted by the legislature. Generally horizontal accountability is expected to exist within the state. Some, however, argue that we should not exclude the possibility of horizontal accountability being exercised by non-state actors, such as media organizations, trade unions or party secretariats (Schmitter 1999) or even external bodies, such as regional institutions or donor agencies (Hyden 2010).

In practice the definition of horizontal accountability as a relationship between equals must be interpreted with some flexibility. Schedler observes that if horizontal accountability is to exist at all in the real world then “demanding a ‘rough equality’ of power for horizontal relations of accountability establishes a tough criterion, an overly tough one” (Schedler 1999, 23). In some cases, what makes horizontal accountability possible is the ability of specialized agencies to hold more powerful ones accountable by being stronger than them in a narrowly defined sphere. This, according to Schedler, means that independence and autonomy are ultimately more important than equality of power. The most central or obvious forms of horizontal accountability are the relationships between the three branches of government; legislature, executive and judiciary. However horizontal accountability also includes the accountability that government agencies owe to more specialized institutions such as auditors-general or anti-corruption agencies.

In defining horizontal accountability there are several points of contention. O’Donnell provides one of the best known, but also narrower, definitions of horizontal accountability:

... it is the existence of state agencies that are legally enabled and empowered, and factually willing and able, to take actions that span from routine oversight to criminal sanctions or impeachment in relation to actions or omissions by other agents or agencies of the state that may be qualified as unlawful. (O’Donnell 1999, 38)

As Schmitter (1999) points out, there are several important constraints here. One is the fact that O’Donnell limits horizontal accountability to relationships between actors within the state. A second is that he restricts it to acts or omissions that are potentially unlawful. Schmitter argues in favour of a broader definition, one that allows for the role of non-state institutions and encompasses acts or omissions contested on political, not just legal, grounds.

There is some debate about whether or not the checks and balances associated with the separation of legislative, executive and judicial power should be included within the scope of horizontal accountability. O'Donnell clearly thinks that they should. In talking about horizontal accountability, he says:

What I am talking about, of course, is nothing new and goes under the familiar headings of separation of powers and checks and balances. It includes the executive, legislative and judicial branches, but in contemporary polyarchies also extends to various oversight agencies, ombudsmen... (O'Donnell 1998, 119)

In contrast to O'Donnell, Kenney (2003) distinguishes horizontal accountability from checks and balances. While he sees both legislative checks and balances and horizontal accountability as conditions for the effective separation of powers, he is unwilling to conflate them. Kenney's objection relies on a distinction between the separation of power between different branches of government and the ability of those different branches to sanction each other.

Legislative checks and balances refer to the means by which different parts of government are constrained in setting and enacting policy by being forced to share authority over legislation and appointment to offices with other parts of government. Horizontal accountability entails a third dimension of governmental self-control, in which some members of a government's distinct branches and agencies are liable to being sanctioned by other state actors. Horizontal accountability is thus distinct from checks and balances, which, though crucially important controls on power, are not exercises of accountability at all. When a president vetoes legislation or a congress refuses to confirm an appointment, no agents or agencies are being held accountable for any act. (Kenney 2003, 61)

The last sentence of this excerpt reveals that Kenney's argument is in large part founded on a more stringent interpretation of what amounts to a sanction. Thus there is a link between Kenney's objections and the debates, noted above, about what constitutes a sanction. At the heart of Kenney's objection to including legislative checks on the executive as a form of horizontal accountability is an argument that they do not involve a sanction. Taking a broader view of what can constitute a sanction, Kenney's distinction between horizontal accountability and checks and balances becomes harder to maintain. If a legislature refuses to approve an executive appointment, or a budget, the President may be exposed to reputational costs and a loss of political capital sufficient to constitute a sanction. This could backfire; the legislature may

be viewed as unreasonably obstructing a democratically elected President. However there would still be a sanction in that the Executive remains unable to act as they had desired. A point that may deserve greater attention here is the distinction between the accountability relationship that exists between the Parliament and the Executive, as institutions, and the person who occupies the position of President. What amounts to a sanction with respect to an institution may differ from what constitutes a sanction with respect to individuals. One cannot, after all, remove the Executive from office or subject them to imprisonment, though both could be done to a person who is president.

Why they're worth it

A large part of this project's motivation for focusing on horizontal accountability is empirical; this is the type of accountability that donors linked to budget support (see below). There are more theoretical motivations as well. Accountability is a central concept in political science. Understanding how budget support affects accountability is valuable for the discipline. More specifically, understanding why budget support has failed to deliver expected dividends in horizontal accountability is worthwhile because of the role this type of accountability plays in shaping the nature and trajectory of political regimes.

Political science is, at its core, the study of power. This puts accountability, which revolves around the dilemma of how power can be constrained and controlled, at the centre of political science. Yet while accountability has often been recognised as important, it has less commonly been the primary focus of research in political science. This state of affairs has begun to change over the last few decades, with what one author has termed, "a veritable explosion of scholarly concern with the notion of political accountability" (Schmitter 2004, 47). This was particularly true in the area of international development and in the study of the new democracies that emerged in the late 1990s. Research in these areas helps to frame this thesis and explain why it accords the concept of accountability such a pivotal place.

Political scientists tend to see accountability as important because of its relationship to democracy. Moncrieffe describes accountability as the "crux" of the arrangements which constitute representative democracy, something that is "instrumental in securing optimal performance from elected representatives and the public departments under their charge"

(Moncrieffe 2001, 26). She warns that accountability cannot be taken for granted, either in new or long-standing democracies.

In practice, ensuring accountability to and for the public's interest is, perhaps, the most vexing problem within contemporary democracies. This applies whether the democracy is stable or not, whether it is developed or underdeveloped. (Moncrieffe 2001, 36)

Horizontal accountability in particular has become an important part of the study of democracy and democratization. It is often cited as an indicator of democratic quality (e.g. Morlino 2004). More substantial, however, is the body of literature which uses horizontal accountability (or rather, its absence) as a means of distinguishing between different types of democracy. This became somewhat of a growth area in political science in the 1990s as it became increasingly clear that the transition paradigm had failed: the so-called 'third wave' of democracies were not moving steadily towards democratic consolidation, but rather had become stable hybrid regimes, ranging from illiberal forms of democracy to competitive forms of authoritarianism (see Carothers 2002; Case 1996; Levitsky and Way 2002). The explosion in efforts to define, label and describe variations of democracy was such that conceptual stretching became a prominent concern (D. Collier and Levitsky 1997).

The first to use horizontal accountability as a means of distinguishing between sub-types of democracy was O'Donnell (1994). He described what he termed 'delegative democracy', a political regime that is democratic in the sense of meeting Dahl's (1971) criteria for the definition of polyarchy, but does not appear to be progressing towards the fuller form of representative democracy found primarily in highly developed capitalist countries. O'Donnell noted that while delegative democracies are not consolidated democracies, neither are they necessarily in transition. They are often stable or enduring, with no immediate risk of regression to authoritarianism or progression towards representative democracy. O'Donnell defined delegative democracies primarily by reference to the absence, or weakness, of horizontal accountability.

Delegative democracies rest on the premise that whoever wins election to the presidency is thereby entitled to govern as he or she sees fit, constrained only the hard facts of existing power relations and by a constitutionally limited term of office. (O'Donnell 1994, 59)

In this type of political regime, accountability to institutions such as courts or legislatures is viewed primarily as a nuisance, an impediment to the proper authority of the president. Thus while vertical accountability can be found in both representative and delegative democracies, they differ markedly when it comes to horizontal accountability.

The horizontal accountability characteristic of representative democracy is extremely weak or nonexistent in delegative democracies. Furthermore, since the institutions that make horizontal accountability effective are seen by delegative presidents as unnecessary encumbrances to their 'mission' they make strenuous efforts to hamper the development of such institutions. (O'Donnell 1994, 61–62)

One particularly notable feature of delegative democracies is that they tend to have a strong technocratic streak. There is an entrenched belief among political leaders that the nation's most important problems can only be solved by technical experts. This is a pervasive belief, one which fosters an attitude that such experts:

...must be politically shielded by the president against the manifold resistance of society. In the meantime, it is 'obvious' that resistance - be it from congress, political parties, interest groups or crowds in the streets - has to be ignored. (O'Donnell 1994, 61)

At times, O'Donnell has seemed to present weak accountability not simply as a defining feature of delegative democracy, but as a cause of authoritarian regression and an explanation for the persistence of low quality democracy. Not all have accepted these causal arguments. Anderson (2006) argues that in Nicaragua mechanisms of vertical accountability have been surprisingly effective in restraining authoritarian regression and creating space for institutions of horizontal accountability to grow. He argues that vertical accountability can both foster and substitute for horizontal accountability to an extent O'Donnell does not anticipate. In addition, while O'Donnell suggests that the lack of horizontal accountability may explain the persistence of low quality democracy in new democracies, Rodan (2009) points out that accountability and authoritarianism are not mutually exclusive. Comparing Malaysia and Singapore, he argues that when the political incentives are right authoritarian regimes do sometimes adopt reforms, such as human rights commissions, that advance horizontal accountability without corresponding progress towards democracy. In fact, Rodan expresses concern that accountability could be turned to undemocratic ends. He cautions that although many have high hopes for what accountability can deliver:

...alongside such potential to promote and entrench democratic politics lurk other possibilities. Could accountability be harnessed by elites to insulate policy making from substantive contestation through new forms of technocratic and administrative rule? (Rodan 2009, 181)

His concern stems not from a fear that accountability itself is inherently undemocratic. It is rooted in the possibility that authoritarian rulers may be able to assuage public pressure to allow open competition for political power (i.e. greater vertical accountability) by increasing horizontal accountability within carefully limited spheres.

Rodan's (2009) work also illustrates that while O'Donnell (1998) developed his ideas about delegative democracy and horizontal accountability in the context of Latin America, they have utility beyond that region. Van de Walle (2002) suggests that the accountability deficit O'Donnell identified in Latin America can also be found in Africa, a region where many new democracies are best described as hybrid regimes. Van de Walle does not use the term delegative democracy, but he describes hybrid regimes with a clear resemblance:

They have too much regard for rights and too much vertical accountability to be called autocracies, but also less horizontal accountability than the genuine democracy. They are truly 'hybrid regimes.' (Van de Walle 2002, 69)

Similarly, Van Cranenburg (2009) identifies horizontal accountability as a significant weakness in many formally democratic African political regimes. She argues that international donors should support local demands for reforms designed to increase limits on executive power. This represents a particularly challenging task given (as will be discussed below) how little is known about the impact of development aid on accountability generally and horizontal accountability in particular. The deficit of horizontal accountability in regions where many budget support recipients are found makes answering the central question of this thesis even more important.

High hopes meet reality

Earlier parts of this thesis justified its focus on horizontal accountability, and the role of parliaments as institutions of horizontal accountability, by asserting that this is where donors expected budget support to pay dividends. This section provides the evidence to back up that assertion and explains how donors expected budget support to produce this effect. It also presents a review of existing evidence about the impact of budget support on accountability

generally and horizontal accountability in particular. This is essential, not just to highlight the empirical gap that this thesis helps to fill, but to demonstrate that the central premise of this thesis – the fact that budget support has failed to deliver these expected dividends – is supported by existing evidence.

Great expectations

In budget support, many donors believed that they had found an aid modality that would reduce poverty more effectively while delivering political dividends. Assertions that budget support will help to increase accountability in recipient countries were, and still are, common. In the early days of budget support DFID explained its enthusiasm for it with the argument that, in the right circumstances, budget support “is the instrument most likely to support improvements in the accountability and capability of the state” (DFID 2004, 11). DFID policy identified stronger domestic accountability as one of the longer term benefits associated with budget support. It explained that this effect would flow from improvements in both the transparency and predictability of budget processes, and improvements in governments’ capacity to deliver services. Such changes, it was hoped, would alter public expectations in a manner that promotes democratic accountability.

DFID is not alone in linking budget support to accountability. The EU’s 2012 guidelines on budget support explain that it uses Good Governance and Development Contracts (a form of budget support) when its objectives include “fostering domestic accountability” (Directorate-General Development and Cooperation - EuropeAid 2012, 13). Older EU guidelines explain that the expected increase in accountability “comes from the increased transparency in the budget, the role of parliament in the budget (in particular finance committees), and the internal and external control associated with the budget” (European Commission 2007, 19). In a similar manner, Germany’s strategy on budget support links the modality to efforts to increase accountability and public scrutiny in the form of “boosting financial control by promoting the role of the courts of audit, internal audit bodies, budget committees in national parliaments and cooperation with civil society” (BMZ Federal Ministry for Economic Cooperation and Development 2008, 11). In its discussion of the objectives of German budget support the strategy also asserts that the modality “helps to improve specialised and democratic control of expenditure and policy objectives by improving accountability to parliament and civil society” (BMZ Federal Ministry for Economic Cooperation and Development 2008, 8).

Different donors expected budget support to strengthen accountability in different ways, but most expected it to pay dividends primarily in terms of horizontal, rather than vertical, accountability. References to audit institutions, ombudsmen and civil society abound, but it is parliaments in particular that donors expected to benefit. This expectation was closely tied to how donors expected budget support to strengthen accountability. Like the OECD guidelines quoted in the previous chapter, donor policy documents, strategies and evaluation frameworks (discussed in more detail below) reveal that most of the impact of budget support was expected to flow from the fact that it would bring an increasing proportion of development assistance on-budget, free of earmarking. Several benefits and changes were thought to flow from this, changes that should strengthen horizontal accountability. These include increases in budget transparency and the availability of information relating to government spending, the expansion of the scope for parliaments to influence decisions about budgets and spending, and the creation of stronger incentives for governments to direct accountability to parliaments rather than donors.

Of course, budget support donors do not necessarily have identical expectations for what budget support can or might achieve. There is, however, quite a lot of common ground. The existence of this common ground is most evident in the assessment framework that donors agreed would be used to carry out the joint evaluations of budget support in 2004. That evaluation framework (Lawson and Booth 2004) was developed by researchers at the Overseas Development Institute, a leading development think tank based in the UK. It described enhanced democratic accountability as an expected “output” of general budget support. Improved accountability was not envisaged as the ultimate end goal of budget support, but rather a step on the way to building the recipient government’s ability to reduce poverty. The evaluation framework explicitly identified the “cause-and-effect links” by which improvements in accountability would (hopefully) be realised. These were:

- Greater role of parliament in monitoring budget results;
- Accountability through domestic institutions for donor-financed spending is enhanced;
- Conditions for all-round democratisation are thereby improved, including the trust of people in their government and hence their level of expectations. (Lawson and Booth 2004, 47, fig. 3)

In light of these expectations, the evaluation framework instructs evaluators to answer several questions, pointing to possible indicators or test questions that could be used in doing so. These questions are extracted in [Table 2.1](#), below.

Table 2.1 Framework for assessing the impact of budget support on accountability

Specific outputs to be measured	Indicator or test question
<i>Is democratic accountability increasing?</i>	
Is parliament assuming a greater role on monitoring budget results?	What else happens after the budget is read in parliament? Does parliament have a role in budget preparation or monitoring?
Is there a stronger perception that domestic institutions have a responsibility and right to scrutinise donor-financed public spending?	What is the frequency of press, radio or TV items about public spending? What difference does it make to this that the budget is partly donor funded?
Are the conditions for all-round democratisation improved by changes in accountability for donor funds?	Are electoral campaigns becoming more focussed on issues of general interest, as opposed to promises of patronage?
<i>Why/why not?</i>	
Are the basic constitutional and political conditions favourable to parliament's increasing its role in the budget?	What does the Constitution say on the subject? Does political competition and the party system tend to produce significant parliamentary oppositions?
Are there factors in the country's changing political climate that are raising demands for greater accountability to domestic actors?	
Are there domestic constituencies for democratisation?	What national forces are pushing for democratisation independently of donor interest in the subject?

Reproduced from the evaluation framework (Lawson and Booth 2004, 58–59).

The first two of the specific outputs that were to be measured under the evaluation framework clearly relate to elements of horizontal accountability. The first draws attention to the role of the parliament in overseeing the budget, while the second potentially encompasses a broader range of institutions of horizontal accountability. This part of the evaluation framework also shows that donors expected horizontal accountability to be improved primarily within a particular field; budgeting and public spending. The final question about the conditions for “all-round

democratisation,” does, however, suggest that donors hoped that this might facilitate broader, more political improvements in accountability.

One interesting aspect of the evaluation framework is the insight it offers into the assumptions being made about why budget support might fail to increase democratic accountability. After directing evaluators to ask the questions set out in the top part of [Table 2.1](#), the evaluation framework prompts them to explore the reasons for the success or failure of budget support in a manner that assumes that any failure to strengthen accountability must be due to local political context. The questions posed in the bottom half of [Table 2.1](#) indicate little awareness that budget support itself could be part of the problem, though there is clearly recognition that positive changes may not necessarily be attributable to budget support.

Individual donor’s policies shed further light on how budget support is expected to bring about gains in horizontal accountability. On the whole, these documents stress a desire to strengthen domestic accountability, which is contrasted with external accountability (or mutual accountability). It is less common for donors to explain their goals with explicit reference to the concepts of vertical and horizontal accountability. The fact that donors do expect to promote horizontal accountability is, however, evident from their many references to institutions of horizontal accountability: parliaments, audit offices, ombudsmen. For example, Germany’s strategy on budget support explains that increasing accountability “means boosting financial control by promoting the role of the courts of audit, internal audit bodies, budget committees in national parliaments and cooperation with civil society” (BMZ Federal Ministry for Economic Cooperation and Development 2008, 11). In a similar vein, EU guidelines express its expectations in terms of the ‘induced outputs’ that should result from the provision of budget support. These include “strengthened links between the government and oversight bodies in terms of policy formulation and approval, financial and non-financial accountability and budget scrutiny” (Directorate-General Development and Cooperation - EuropeAid 2012, 16, fig. 1). Older EU guidelines explained how budget support was expected to trigger improvements in horizontal accountability with more precision:

Since budget support funds flow through the government accounts and budget, governments can in principle be held to account for the use made of those resources. The availability of information on the budget as the whole has the potential of increasing domestic accountability, especially with respect to results/outcomes. This accountability

comes from increased transparency in the budget, the role of parliament in the budget (in particular finance committees), and the internal and external control associated with the budget. (European Commission 2007, 19)

This excerpt highlights the pivotal role that parliaments should, in theory, play if budget support is to deliver the gains in horizontal accountability that donors expect.

While donors' policies tend to assert that budget support will strengthen parliaments, they do not always provide a clear explanation of how this is likely to come about. Take for example Germany's 2008 strategy on budget support. That document states:

Budget support programmes contribute to reform processes in the partner country that aim to build functioning public institutions on a sustainable basis and, in particular, improve transparency, accountability and the effectiveness and efficiency of public financial management. Budget funding helps to improve specialised and democratic control of expenditure and policy objectives by improving accountability to parliament and civil society. (BMZ Federal Ministry for Economic Cooperation and Development 2008, 8)

The assumption exposed here, and one that seems to be shared by many of those who provide budget support, is that the simple fact of providing un-earmarked aid on-budget will be sufficient to trigger accountability gains. A significant part of the logic here is that the budget process will be more open and transparent. The availability of information is expected to arm institutions of horizontal accountability. This logic is evident in DFID policy documents. A 2011 DFID guidance on budget support and governance described the link as follows:

Budget support can help increase domestic accountability over the long term, by driving greater transparency about budgets and results and by enabling civil society, parliaments, the media, and other oversight institutions to scrutinise public spending – including aid channelled through the budget. With more and better information about government revenues and expenditures, including aid, citizens and their representatives are more able to ask questions and hold decision makers to account. (DFID 2011b, paras. 3.2.1–3.2.2)

In summary, it is possible to identify two key changes that donors expect budget support to bring about and that they expect to ultimately lead to strengthened horizontal accountability. First, donors expect budget support to bring a substantial amount of development assistance on-budget, subjecting it to the scrutiny of parliaments. Second, the fact that this spending is now

being channelled through national budgeting processes is expected increase both the demand for, and supply of, transparency with respect to decisions concerning public finance. These changes increase both the motivation and the means of parliaments to act as agents of horizontal accountability with respect to the executive.

The evidence so far

When it comes to assessing the impact of budget support on horizontal accountability there are two relevant, and related, bodies of evidence. These are distinguished primarily by their audience. The first body of evidence consists of donor-commissioned evaluations of budget support. The first wave of these, published in 2006, was the product of the Joint Evaluation of General Budget Support (Joint Evaluation), a harmonized evaluation process donors agreed on in 2004. The second wave of evaluations, conducted in a less harmonized manner and to date consisting of only a handful of reports, have become available from 2011 onwards. The second, fairly thin, body of evidence consists of more academically targeted literature. As will be discussed below, much of the academic literature relies heavily on the donor-commissioned evaluations rather than additional research. This section provides a review of the findings that emerge from both bodies of research, making several key observations. The most important of these is that while budget support has largely succeeded in bringing development assistance on budget, the gains that donors expected to flow from this have not materialised.

Unfortunately, one thing existing research has not done is shed much light on why the expected gains have not occurred. This is part because of the way in which that research has been done. Donor-commissioned evaluations of budget support have been conducted by teams of consultants, each tasked with assessing budget support programs in a given country. Although the first round of evaluations took place within a harmonized assessment framework (and formed the basis of a synthesis report (IDD and Associates 2006)) there was little comparison between them. To date, there have been no comparative studies expressly designed to explain budget support's impact on parliaments and horizontal accountability (save, of course, for this thesis). To the extent that anyone has attempted to explain budget support's failure in this respect, it has been tangential to the primary objective of a different research project (e.g. Manning and Malbrough 2013). Explanations have tended to rely automatically, and fairly uncritically, on an analogy to the 'resource curse.' As the next chapter, [Chapter 3](#), explains in detail, problems with that analogy render it (at worst) an unconvincing and (at best) incomplete

explanation for budget support's failure to strengthen horizontal accountability by empowering parliaments.

Donor-commissioned evaluations of budget support indicate that it has failed to deliver accountability dividends generally. This is true of both the first round of donor-commissioned evaluations – the Joint Evaluations – published in 2005 and 2006 (covering Burkina Faso, Nicaragua, Malawi, Mozambique, Rwanda, Uganda, Tanzania, Vietnam and Zambia)⁹ and a second wave of more recent evaluations (covering Mozambique, Zambia and Uganda, so far). These evaluations, the relevant findings of which are summarised in [Table 2.2](#) below, have often reported that there were only negligible improvements in accountability in recipient countries (ADE Consortium 2014; Bartholomew, Leurs, and McCarty 2006; Batley, Bjørnstad, and Cumbi 2006; Daima Associates and Overseas Development Institute 2005; Gosparini et al. 2006; Lanser et al. 2006), or attributed only very minimal improvements to budget support (Claussen et al. 2006; Kemp, Faust, and Leiderer 2011; Lister et al. 2006; Purcell, Dom, and Ahobamuteze 2006). Some concluded that while budget support might have created the preconditions necessary for improvements in accountability, such as increased transparency, actual gains in accountability had not occurred. This was the case in Burkina Faso (Lanser et al. 2006), Nicaragua (Gosparini et al. 2006), Mozambique (ADE Consortium 2014; Batley, Bjørnstad, and Cumbi 2006), and Vietnam (Bartholomew, Leurs, and McCarty 2006).

In addition to reporting disappointing results in terms of accountability generally, donor-commissioned evaluations have repeatedly observed a failure to strengthen the role of parliaments as institutions of horizontal accountability. A recent evaluation of budget support in Zambia is one of the most positive (Kemp, Faust, and Leiderer 2011). It found that budget support had contributed to some small improvements in accountability, including reforms to the budget calendar that should reduce the ability of the executive to authorise expenditure without parliamentary approval. However gains made with respect to the parliament were noticeably smaller than gains made with respect to other accountability institutions, particularly the Office of the Auditor General. Ultimately, this led the authors to conclude “only minor improvements

⁹ The evaluation of budget support in Tanzania was not, strictly speaking, part of the Joint Evaluation. However, it is often grouped together with the reports produced by that process.

have been made in terms of strengthening the parliament's oversight and control capacity" (Kemp, Faust, and Leiderer 2011, 109).

Similarly, the evaluation of Mozambique conducted as part of the Joint Evaluation found that budget support had expanded the range of government activities potentially subject to parliamentary scrutiny:

The scope for parliamentary accountability has increased to the extent that the state budget has grown as a proportion of all public expenditure, and that a higher proportion of donor funds has been brought into the state budget. (Batley, Bjørnstad, and Cumbi 2006, 54)

Unfortunately, this had not led to actual increases in parliamentary accountability. This situation appeared unchanged in the more recent evaluation from Mozambique, published in 2014 (ADE Consortium 2014). In several reports, including the Joint Evaluation reports from Uganda and Tanzania, the authors expressed concern that the harmonized voices of budget support donors had sometimes drowned out local voices, including those belonging to Members of Parliament (Daima Associates and Overseas Development Institute 2005; Lister et al. 2006). The case of Nicaragua represents a rare exception. In that case, an evaluation of general budget support from 2005-2008 reported that technical assistance linked to budget support had led to improved transparency regarding public expenditure (Dijkstra and Grigsby 2010). Moreover, the Parliament had made use of that transparency. This lonely case of success appears to have been linked to two aspects of the political context; the fact that the government lacked a majority in the Parliament, and the fact that the Parliament "had always discussed national budgets and revenues intensively" (Dijkstra and Grigsby 2010, 83).

Against this backdrop, the most recent evaluation of budget support in Uganda, published in May 2015, presents a surprisingly positive assessment of its impact on horizontal accountability (IEG and Particip GmbH 2015a). Yet when the evidence on which this assessment is based (see IEG and Particip GmbH 2015b, 81–88) is examined closely, it becomes clear that the gains identified relate to strengthening the Office of the Auditor-General and the Inspector General of Government rather than the Parliament.¹⁰ That evaluation's positive conclusions with respect

¹⁰ The author of this thesis also has some doubts about the extent to which evaluators were knowledgeable about the domestic political context. The report laments that the *Public Finance Management Bill* "has been before parliament since 2012, and it is unclear whether there is sufficient political commitment or parliamentary support to pass it

to accountability are also curiously at odds with the empirical reality it documents. Its observation that Uganda's Country Policy and Institutional Assessment ratings on transparency, accountability and corruption in the public sector have "deteriorated significantly" in the period from 2004 to 2014 is hard to reconcile with its positive conclusion (IEG and Particip GmbH 2015a, 38). The lack of weight given to that data, and to the failure to strengthen the parliament as an accountability actor is startling. More so, given that the evaluators were expressly tasked with assessing the impact of budget support on the role of the parliament.

These repeated findings that budget support has not benefited parliaments and horizontal accountability in the ways that donors' expected is particularly perplexing given some of their other findings; donor-commissioned evaluations of budget support almost universally report that budget support has been successful in bringing development assistance on budget, sometimes dramatically so (for example, in Tanzania (Daima Associates and Overseas Development Institute 2005)). As [Table 2.2](#) shows, the exceptions were Burkina Faso, where the volume but not proportion of ODA on-budget increased (Lanser et al. 2006), Malawi, where the failure to increase the proportion of ODA on-budget was attributed to volatility in budget support flows (Claussen et al. 2006), and Uganda (but only in the last few years), where declining use of budget support in the last few years has reduced the proportion of ODA on-budget (IEG and Particip GmbH 2015a).

Table 2.2 Findings of budget support evaluations

	Bringing aid on-budget	Impact on parliament and accountability
Uganda 2015 (IEG and Particip GmbH 2015a, 2015b)	The proportion of ODA on budget has declined in recent years due to reduced levels of budget support.	Asserts that the quality of parliamentary scrutiny of the national budget, expenditure and audit reports has improved and that budget support has contributed to improvements, either directly or indirectly. ¹¹
Mozambique 2014 (ADE Consortium 2014)	Budget support has been responsible for bringing a significant proportion of ODA on-budget. However, the amount of on-budget ODA has	Budget support has helped to improve transparency but this has not translated into gains in accountability.

prior to the upcoming elections in 2016" (IEG and Particip GmbH 2015a, n. 35, p. 26). That bill (which is discussed in [Chapter 5](#)) was in fact passed at the end of 2014.

¹¹ This assertion should be viewed with scepticism as it does not appear to be supported by the evidence presented in the report.

	Bringing aid on-budget	Impact on parliament and accountability
	declined in recent years due to an increase in the proportion of aid delivered through projects.	
Zambia 2011 (Kemp, Faust, and Leiderer 2011)	Budget support had helped to increase the proportion of ODA subject to the national budget process.	Budget support had contributed to some small improvements in accountability but gains made with respect to the Parliament were noticeably smaller than gains made with respect to other accountability institutions, particularly the Office of the Auditor General.
Nicaragua, 2010 (Dijkstra and Grigsby 2010)	“Virtually all budget support resources were fully aligned with the national budget and other national systems.” (2010, 47) However some important donors to Nicaragua did not engage in budget support, limited the extent of change because budget support accounted for only 12% of total aid.	Technical assistance linked to budget support led to improvements increase transparency regarding public expenditure. The Parliament did make use of increased transparency. However, some part of the report imply that budget support mechanisms may have substituted for, rather than strengthened parliamentary oversight of the budget process. For example: The reports of the Annual and Mid-Year meetings reflect detailed discussions, in which the government is held to account for what is has and has not done - comparable with what usually happens in Parliaments. (2010, 68).
Mozambique 2006 (Batley, Bjørnstad, and Cumbi 2006)	“It is clear that PGBS [budget support] has significantly increased the proportion of funds subject to the national budget” (2006, 46).	Budget support has increased opportunities for accountability but ultimately political accountability remains weak. Interviewees complained of a failure by parliamentarians (and in particular opposition MPs) to demand more accountability. Budget support had made more information open and transparent to the Parliament but there was little evidence of MPs acting on or using that information.
Uganda 2006 (Lister et al. 2006)	“PGBS [budget support] funds have made a strong contribution to the increase in external funding subject to the budget process” (2006, 38).	Budget support has had mixed effects on accountability. In some cases, the voices of budget support donors drowned out those of the Parliament and civil society. The most important improvements in accountability, such as increased parliamentary involvement in the budget process, pre-dated, or did not appear to be causally related to, the provision of budget support. Generally “the effects on democratic accountability are the weakest, with most of the improvements in a technocratic direction” (2006, 50).
Malawi 2006 (Claussen et al. 2006)	Volatility in budget support flows meant there was no increase in the proportion of external funds brought on-budget.	There were some signs of improved accountability but no evidence that these were related to budget support.

	Bringing aid on-budget	Impact on parliament and accountability
Rwanda 2006 (Purcell, Dom, and Ahobamuteze 2006)	Budget support had a moderate effect on the proportion of external resources brought on-budget.	Budget support contributed to some improvements but accountability mechanisms remained “the weakest link” in public finance management (2006, 49). Moreover, “the most effective elements of domestic accountability relate to Parliament, and developments in this area appear not to have been connected with PGBS [budget support]” (2006, S5).
Nicaragua 2006 (Gosparini et al. 2006)	Budget support appeared to have a small positive effect on the proportion of funds subject to the national budget.	Budget support was successful in bringing more expenditure within the scope of government accountability systems, but this did not translate into increases in accountability in practice. Its effect on accountability was negligible.
Vietnam 2006 (Bartholomew, Leurs, and McCarty 2006)	Budget support led to a significant increase in the amount of external funds that were on-budget, though the majority of external funds remained off-budget.	Budget support may have provided an incentive for reforms that increased budget transparency but few demonstrable improvements in accountability were identified. The impact on political accountability was weak.
Burkina Faso 2006 (Lanser et al. 2006)	While the volume of aid included within the national budget increased, there was no real change in proportion.	Budget support was more effective at strengthening government ownership than accountability. The scope of accountability systems has broadened, but their quality remains low. Budget support “has been only weakly efficient in strengthening accountability for public expenditures” (2006, 51).
Tanzania 2005 (Daima Associates and Overseas Development Institute 2005)	Budget support “has dramatically increased the proportion of external funds subject to the national budget process, and in the process increased ownership of the development process” (2005, 143).	There was “no evidence to suggest any significant change – for better or worse – in the quality of budgetary scrutiny ” (2005, 95). There were some positive developments in terms of the ability of civil society to play a watchdog role, but “civil society can only play a strictly secondary role in relation to parliaments and local government assemblies” (2005, 86). The report identified concerns that donors’ demands for accountability were undermining domestic accountability.

This led to important issues, such as budget allocations, being decided in the dialogues and reviews associated with budget support, fora from which other actors were excluded. When it came to the impact of budget support on parliaments the researchers found a disconnect between expectations and practice; while parliaments were supposed to be central to budget support, those who put budget support into practice did not identify them as important accountability actors (CARE and ActionAid International 2006, 23). This ultimately led Care and ActionAid to doubt the strength of donors’ commitment to accountability as a goal of budget

support. However, as explained in [Chapter 1](#) there are good reasons to doubt that budget support's failures can be so easily explained.

Political scientists have tended to take a fairly pessimistic view of what budget support is likely to achieve with respect to accountability generally, and horizontal accountability in particular. Yet those pessimistic views have not been supported by a substantial body of empirical evidence beyond the evaluations of budget support discussed above. Researchers frequently cite donor-commissioned evaluations but rarely interrogate and almost never replicate their findings. While political scientists have sounded warnings about the potential for budget support to sideline or undermine parliaments, those warnings are often based on anecdotal evidence. Some simply appear to be speculation. A typical example is Mfunwa, who provides the following warning:

New modalities of delivering aid constitute a vast improvement over the past ways... But at the same time these new modalities create new problems, including the possibility that donors engaging in programme-based approaches and budget support may actually be undermining internal democratic accountability. (Mfunwa 2006, 3)

He does not support this warning with any new empirical research. In his defence, this is in part because the piece in question is a discussion paper prepared for the German Development Institute. It is, nonetheless, an illustration of the kind of 'everyone says' attitude that is commonly found in analysis of budget support and accountability. Another case in point is Venning's (2009) analysis of the impact of budget support on accountability at the provincial level in Indonesia. Her analysis relies primarily on DFID evaluations. While Venning's assessment of the impact of budget support on accountability is surprisingly positive, her level of analysis (provinces) limits the utility of her research in explaining why budget support has failed to bolster the role of national parliaments as institutions of horizontal accountability.

In a handful of cases political scientists have drawn on their own observations about the impact of budget support on horizontal accountability. Unfortunately these have generally been tangential to the primary object of research; something other than budget support. Manning and Malbrough (2013) provide an example. In their analysis of the relationship between foreign aid and democratic consolidation in Mozambique they offer several observations about the impact of budget support. Most notably, they report that while the framework surrounding budget support had fostered accountability between the Mozambican government and donors,

“it does not do the same for horizontal accountability within the Mozambican government... Indeed, the architecture of programme aid in Mozambique has contributed to the strengthening of the executive at the expense of Parliament ” (Manning and Malbrough 2013, 148). They complained that the rise in the use of budget support had led to less transparency regarding which government functions were funded by donors and which by government revenues. Resnick (2013), focussed on the effects of foreign aid on democratic transition and consolidation in Malawi, issues a similar warning. She complains that development aid, and in particular budget support, has tended to marginalize the Malawian parliament rather than bolster its role as an institution of horizontal accountability (Resnick 2013, 111).

The brevity of this literature review highlights the fact that apart from donor-commissioned or INGO-led evaluations, remarkably little research has been done on how budget support affects accountability generally, and horizontal accountability in particular. Reviewing existing evidence, Tavakoli and Smith (2013) observe that there is only limited evidence about how budget support affects domestic accountability. They explain:

One reason for the limited research in this area is the complexity of the task. Domestic accountability systems are intrinsically complex, and patterned by formal and informal relationships, making it hard to carry out an accurate analysis of the influence of budget support on them. (Tavakoli and Smith 2013, 70)

The complexity of this task makes it unlikely that we can develop a better understanding of budget support’s impact on accountability without studies that tackle that complexity head on. This is why the contribution of this thesis valuable. It is also why the research design set out in [Chapter 4](#) is multilayered and carefully thought through.

Tavakoli and Smith also point out, correctly, that the scarcity of research on this topic makes it even less likely that budget support will have a positive effect on accountability.

... to strengthen institutions and domestic accountability more effectively, officials involved in policy dialogue need to be better informed of the distinctive strengths and weaknesses of the institutions of particular countries, as well as how their approach impacts on power and accountability structures. (Tavakoli and Smith 2013, 71)

This makes the contribution of this research project even more important. Only a better understanding of why budget support has delivered disappointing dividends so far can provide

firm foundations for policies and practices that will help budget support to realise its potential in the future.

Dealing with disappointment

This chapter had several goals. The first was to explain what this thesis is talking about when it talks about accountability. Noting that the precise boundaries of accountability are a matter of some debate, this chapter effectively adopts Lindberg's (2013) definition of accountability, read in a manner that allows for the possibility of accountability relationships that are not simple, bilateral ones. This definition is minimalist, but appeals because it avoids conflating the existence of accountability with the quality of the outcomes that it produces. There is also significant value in adopting a definition of accountability that represents the common ground; it is more likely to align with what others means when they talk about accountability. This chapter also sought to make it clear that this research project is concerned primarily with one particular type of accountability, horizontal accountability. This is generally understood to be a form of accountability between two actors or institutions roughly equal in power, albeit allowing for a significant degree of flexibility in how close an equality of power is required in practice.

The second goal of this chapter was to explain what motivates this thesis to focus on accountability, and more specifically horizontal accountability. From an empirical point of view, the main motivating factor is that this is where budget support donors expected the modality to pay dividends. From a theoretical vantage point, it is important to understand why budget support has failed to deliver those dividends because both accountability generally, and horizontal accountability in particular, are significant concepts in political science. Accountability centres on the question that ultimately lies at the heart of political science; how to constrain and control political power. Horizontal accountability, or its absence, also plays an important role in understanding the nature and trajectories of political regimes, particularly those classed as semi-democracies or hybrid regimes. Significantly, such regimes make up the bulk of budget support recipients. In this context, improving our understanding of why budget support has not strengthened horizontal accountability may help us to better understand why low-quality democracy has proved so persistent in some countries.

The final goal of this chapter was to explain how donors expected budget support to affect horizontal accountability and demonstrate that those expectations have not been realised.

Donors' policies and evaluation criteria make it clear that parliaments occupy a critical position in terms of how budget support was expected to strengthen horizontal accountability. Simply put, donors hoped that by bringing more development aid on-budget, budget support would make national budgeting processes more important. Since budgets must be approved by parliaments, this would make parliaments more prominent and more powerful. Yet while donor-commissioned evaluations of budget support have generally concluded that budget support has been successful in bringing aid on-budget, they find few signs of success when it comes to accountability. In most cases budget support seemed to have no effect on parliament's role as an institution of horizontal accountability and in a handful of cases it may have even undermined it.

What limited evidence political scientists have produced has tended to confirm that donors' expectations about the impact of budget support on horizontal accountability are not being met. Unfortunately, research has largely failed to explore why this is the case. Most analyses rest on an assumption that budget support is highly fungible and so must have the same corrosive effect on political institutions as other forms of unearned income, such as natural resource rents. As the next chapter will explain, this is an assumption that is largely unsupported by empirical evidence and fails to take into account the fact that budget support involves more than just money. The absence of research that explains why budget support has failed to deliver the dividends in horizontal accountability that donors expected is a significant problem. Not knowing why budget support has failed makes it hard to deal with this disappointment. Political scientists often criticise policy makers and practitioners for not mending their ways, but it is difficult to do so when our understanding of the problem rests on such a limited evidence base. If budget support is to live up to expectations, donors need to know what they're doing wrong. Knowing whether the problem is the money associated with budget support, or the way in which it is managed, would be a good start.

3 The matter of management

Budget support as an aid modality

Budget support is an aid modality. It should not be seen as an end in itself, but as a means of delivering better aid and achieving sustainable development results.

— EuropeAid on the nature of budget support¹²

One defining feature of this thesis is that it approaches budget support as an aid modality, a means of delivering development aid. This might seem obvious, but in fact it sets this thesis apart from the vast majority of existing academic work that, with very few exceptions (e.g. Swedlund 2013), approaches budget support as nothing more than financial transfers. The approach of this thesis reflects the reality of budget support, an aid modality that comprises non-financial inputs (policy dialogue, performance indicators and capacity building activities) in addition to money (OECD Development Assistance Committee 2012). Donor organizations have made this clear in their public statements about budget support. Elaborating on the statement set out above, EuropeAid explains that budget support:

...involves dialogue, financial transfers to the national treasury account of the partner country, performance assessment and capacity development, based on partnership and

¹² This quote is from current EuropeAid guidelines on budget support (Directorate-General Development and Cooperation - EuropeAid 2012, 11).

mutual accountability. Therefore, it is important to distinguish between the budget support aid modality, which incorporates all four elements of this package, and budget support funds, which relates only to the financial resources transferred to the partner country. (Directorate-General Development and Cooperation - EuropeAid 2012, 11, emphasis original)

Approaching budget support as an aid modality means examining the way budget support is managed; how it is put into practice in the field. In the context of this thesis, it allows for the possibility that it is the management of budget support, not the money (or at least, not *just* the money), that explains why it has failed to strengthen horizontal accountability by empowering parliaments.

This chapter aims to do three things. The first is to demonstrate that resource curse type arguments (i.e. those that rely on the assumed fungibility of budget support to explain its disappointing dividends) are unsatisfactory. Such an approach seems to appeal to political scientists both because of the prominence of the resource curse literature and because it produces a conveniently quantifiable independent variable. It reduces budget support to just another form of unearned income; if it has failed to increase accountability it is probably because it has the same kind of corrosive effect on political institutions as petroleum or mineral revenues. This chapter argues that there are several problems with this explanation beyond the simple fact that it disregards a significant part of what budget support is. The most important is that it rests on the questionable assumption that budget support is highly fungible. This argument receives significant attention in this chapter because, as will be shown in [Chapter 6](#), the *perceived* fungibility of budget support is one of the underlying factors that explains why budget support management structures take their current forms.

The second goal of this chapter is to clearly describe what the management of budget support entails. An essential preliminary step is to demonstrate that budget support management structures are substantially similar across different countries. If this were not the case it would be difficult to talk about the management of budget support as something that might explain why we see the same outcome – a failure to empower parliaments and thereby strengthen horizontal accountability – across a range of cases. The second section of this chapter also aims to identify the specific aspects of it that are likely to play a role explaining its failures with respect to parliaments and horizontal accountability. It highlights the central role that the underlying

principles and Performance Assessment Frameworks (PAFs) play in the management of budget support. Together, these set the agenda of budget support programs, defining what is (and what is not) relevant to them. In light of this, these two facets of budget support management stand out as the ones most likely to play a role in explaining why it has failed to deliver the improvements in parliamentary strength and horizontal accountability that donors expected.

The third and final goal of this chapter is to flag some potential underlying causes; the factors that explain why budget support is managed as it is. Drawing on existing research on how international development organizations work in practice, it points to several things that could prove significant. These include how budget support managers define the scope of the task at hand, their professional backgrounds, and the institutional contexts in which they work.

Money, money, money

Social scientists have tended to view budget support primarily as unearned income, raising the spectre of the kinds of effects associated with the resource curse. Following that line of reasoning, budget support is likely to have a corrosive effect on political institutions generally, and accountability in particular, because its funds repression, patronage or political clientelism (or a combination of the three) while reducing the state's reliance on tax revenue.¹³ This insulates the state from the kinds of demands for representation and accountability that drove democratization in Europe (Tilly 1990). As will be shown below, each possibility (repression, patronage and political clientelism) has been suggested with respect to budget support. Yet all rest on the questionable assumption that budget support is highly fungible, and thus easily diverted away from developmental goals.

Concern that budget support might easily be diverted from developmental goals to the strengthening of the state's repressive capacity is evident in a report on development assistance to Ethiopia. That report warned, "the debate is not simply about whether budget support is an effective way to deliver assistance, but whether the method of delivery contributes to government repression" (Human Rights Watch 2010, 82). Such concerns cannot be simply brushed off. Existing research shows that governments can use the fiscal space created by

¹³ For a review of earlier literature on the resource curse see Rosser (2006). Ross (forthcoming) provides a more up to date review.

development aid to increase military expenditure. Collier and Hoeffler (2007) present evidence that development aid is a significant determinant of military spending, concluding that it may contribute to regional arms races. Kono and Montinola (2013) refine this kind of argument, suggesting that autocracies are more likely to divert aid towards military expenditure. Yet there is little evidence that budget support is any more likely than other forms of aid to be diverted in this way. In fact, many donors explicitly consider levels of military expenditure in allocating budget support. In several cases unjustified spending on the military has prompted donors to suspend budget support or reduce it by an equivalent amount. For example, Ireland, the Netherlands and the UK withheld about \$25 million in general budget support from Uganda during the 2002-2003 fiscal year due to concerns about excessive military spending (NORAD 2005).

The fact that donors are willing to delay or cut budget support because of concerns about military spending is significant. It introduces a degree of unpredictability that means budget support is likely to be less fungible in practice than it appears on paper, at least as far as funding repression is concerned. This is consistent with Altincekic and Bearce's (2014) comparison of aid and oil revenues. They argue that the former is less fungible, more conditional and less constant than the latter, rendering it unsuited to sustaining either effective repression or effective appeasement in the long term. A very similar argument is made by Paul Collier (2006) in order to explain why aid has tended to have a positive effective on economic growth while natural resource rents have not. He suggests that aid modalities add value to the financial flows associated with aid in a manner that distinguishes them from natural resource rents. He notes that while natural resource rents undermine the political process by allowing governments to avoid citizens' demands to deliver economic growth, "aid comes with various donor-imposed mechanisms of scrutiny, which may spill over onto other expenditures, and so substitute for reduced pressure from citizens" (P. Collier 2006, 1485). This suggests that those who fear that budget support will fund repression are overstating the ease with which budget support funds can be diverted towards, or create fiscal space for, military spending.

Some highlight the potential for budget support to fund political clientelism rather than repression. Resnick and Van de Walle (2013a) suggest that budget support might give incumbents an electoral advantage. They warn, "if general budget support is relatively fungible, then incumbents can use such resources to fund the purchase of vehicles, advertisements, and

handouts that give them a campaign advantage around elections” (Resnick and Van de Walle 2013a, 42). There is some evidence that recipient governments can, and do, target development funding in this manner. Human Rights Watch (2010) documented how Ethiopia’s ruling party selectively denied the benefits of development programs to those who have failed to support it. Öhler and Nunnenkamp (2013) used a quantitative analysis of World Bank and African Development Bank projects to show that political leaders are able to skew the sub-national allocation of aid, and in particular the allocation of infrastructure projects, so as to benefit the region in which they were born. Similarly, Briggs (2014) demonstrates that Kenya’s President, Daniel arap Moi, influenced the location of aid projects in favour of his political base between 1980 and 1995. This occurred despite unfavourable circumstances; at the time the core group of international donors was relatively small, homogenous and had a wary attitude towards the Kenyan government. Jablonski (2014) presents a similar analysis over a longer time period, demonstrating that the distribution of aid funds in Kenya favoured constituencies with high electoral support for the incumbent President and constituencies sharing their ethnic background. Yet again, what is missing is clear evidence that budget support is significantly more susceptible to this form of diversion than other forms of aid. As Briggs ultimately concludes, “it is difficult for donors to prevent recipients from politically targeting even closely monitored aid” (Briggs 2014, 194). It is therefore questionable whether arguments linking budget support to political clientelism can fully explain why budget support, as an aid modality, has failed to strengthen horizontal accountability.

The assumed fungibility of budget support commonly gives rise to concerns that it will grease the wheels of patronage networks among the political elite. Here, the worry is not that funds will be diverted to projects and programs that favour political supporters, but rather that they will simply be stolen through corruption. A good illustration of this is provided by Selaya and Thiele (2012), who argue that budget support undermines bureaucratic quality because it is subject to fewer restrictions than other forms of aid and so is more easily channelled into corruption. While they present a quantitative analysis that links budget support to lower levels of bureaucratic quality, that analysis is unreliable due to flaws in their measurement of budget support.¹⁴

¹⁴ Selaya and Thiele (2012) use sector codes from the OECD’s CRS data to distinguish between project aid and programme aid (including budget support). While this may accurately capture general budget support, it makes no allowance for the existence of sector budget support. They also rely on aid disbursement data prior to 2002,

Regardless, they assume that any negative link between budget support and bureaucratic quality is due to fungibility, something they do not actually prove. Selaya and Thiele do not demonstrate that budget support is in practice subject to fewer conditions than other forms of aid, nor that the (assumed) lower number of restrictions is the cause of any negative effects associated with budget support. Like most others who link budget support to corruption, they take the fungibility of budget support for granted.

It is clear that development aid is vulnerable to corruption and can sometimes help to sustain patronage networks. Yet there is remarkably little empirical work demonstrating that this problem is significantly worse in relation to budget support. Donor evaluations of budget support produce mixed results, suggesting that in practice there is little difference in the amounts of corruption associated with projects and budget support (Kolstad, Fritz, and O’Neil 2008, 68–73). Winters (2014) shows that more precisely targeted projects are less prone to political capture (corruption or other diversion of funding) because they foster stronger accountability relationships than more broadly targeted projects. This could be read as implying that budget support, which is not targeted at specific beneficiaries, is more prone to political capture. This would, however, be based on extrapolation rather than hard evidence. High profile corruption scandals have at times been linked to budget support, but on closer inspection, these scandals have often involved other aid modalities. One illustrative example is the corruption scandal at the Office of the Prime Minister in Uganda, which emerged in 2012 and triggered the suspension of budget support. In that case, the Auditor-General’s report labelled the affected funds as budget support (Office of the Auditor-General 2012). Yet in interviews conducted as part of this project, officials from donor organizations almost uniformly described this as inaccurate, indicating that the affected funds were part of a basket fund for reconstruction in Northern Uganda. They explained that donors suspended budget support not because it was directly affected, but because it was the most effective way of signalling their displeasure to the Government of Uganda.

Those who doubt the fungibility of budget support seem to be a minority. Noting that fungibility is commonly cited as a reason for not providing budget support, Morrissey argues that concerns

something which the OECD recommends against because the annual coverage for disbursement data prior to 2002 is below 60%.

about the fungibility of budget support “are misplaced and may even be misleading” (Morrissey 2006, 339). He relies on a two pronged argument. The first part of his argument is that critics fail to take note of the dynamic evolution of spending and the broader effects of aid on fiscal behaviour. He argues that most studies cited as proof of fungibility have used excessively short time horizons, failing to allow for the unpredictability of budget support and all too frequent delays in disbursement that lead to gaps between proposed and actual spending in targeted sectors. He points to longer term studies that show rising expenditure in the sectors prioritised by budget support donors, suggesting that fungibility is less of a concern than most assume. Morrissey’s second argument is that fungibility is an action that recipients are assumed to take; assuming that budget support is fungible means assuming that recipients will decide to allocate spending in a way that differs from what donors intended. He argues that allocation and spending can drift away from donors’ intentions for a variety of reasons, not simply deliberate actions on the part of aid recipients. One reason is a failure in the transmission of information. While donor and recipient may agree on spending priorities at a very high level, lower level bureaucrats in charge of allocation and spending may not be aware of the precise terms on which budget support was granted.

Given the dearth of evidence demonstrating budget support’s fungibility, its assumed fungibility appears to be an extension of the more general tendency to overstate the fungibility of development aid observed by Morrissey (2015). We should therefore be skeptical of arguments that rely on an analogy to the resource curse to explain why budget support has failed to deliver greater accountability. Budget support may be fungible to some extent, but it is unlikely to be sufficiently fungible that this alone can adequately explain why budget support has not strengthened parliaments. This thesis must look beyond explanations based on fungibility – whether they reference repression, political clientelism or patronage – if it is to explain why budget support has failed to deliver expected dividends in horizontal accountability. As discussed in [Chapter 1](#), this approach positions this thesis within broader efforts being made to disaggregate the political impact of different forms of aid. Those efforts stem from recognition that the way in which aid is delivered is important in explaining how it shapes political outcomes such as the quality of democracy or the strength of accountability mechanisms in developing countries.

At this point, it is worth recalling [Chapter 2](#), which set out the logic underpinning donors’ expectations that budget support would strengthen horizontal accountability by empowering

Parliaments. The problem with the arguments critiqued above may not be that budget support isn't fungible, but rather that its fungibility is assumed to be necessarily, and exclusively, bad. Looking back to the reasoning behind donors' expectations that budget support would increase horizontal accountability by strengthening parliaments, it becomes apparent that those gains depend, at least in part, on budget support being fungible. If budget support were not fungible, there would be little reason to expect it to make national budgets, and parliaments' oversight of them, more important. Fungibility is, in effect, a double-edged sword. While it might create risks akin to those associated with the resource curse, it should also create the windows of opportunity to strengthen accountability that are identified in donors' policies. This makes it even more important to look at the way budget support is managed. The manner in which budget support is implemented is likely to influence whether such risks and opportunities materialise in practice.

This section may appear to have spent an excessive amount of time discussing budget support's purported fungibility. In defining budget support as an aid modality, this thesis makes it clear that more is going on than simply the transfer of finances from one state to another. Moreover, the discussion above strongly suggests that the problem of fungibility is a problem of perception, rather than reality. This is a point previously made by Brownbridge (2010). He describes concerns about the fungibility of budget support as "misleading" and explains:

Any type of aid, including that earmarked for specific expenditures, is potentially fungible and can free up resources for expenditures disapproved of by the donor giving the aid. However there is no doubt that there are potential political pitfalls for donors who provide budget support rather than project aid, if only because the concept of fungibility is not widely understood outside of the economics profession. (Brownbridge 2010, 287)

This in depth consideration of the issue of fungibility is, however, necessary. First, because resource-curse type arguments pop up so frequently whenever political scientists talk about budget support. Second, because although the fungibility of budget support may, as Brownbridge suggests, ultimately be more a problem of perception than reality, that perception itself may be a problem. [Chapter 6](#) will demonstrate that the *perceived* fungibility of budget support plays an important role in shaping the management structures that surround it. That perception, rather than any actual fungibility of budget support, is one of the underlying factors that explain why budget support is managed as it is. Consequently, it is one of the deeper causes that

contributes to budget support's failure to deliver gains in parliamentary strength and improvements in horizontal accountability.

Turning to management

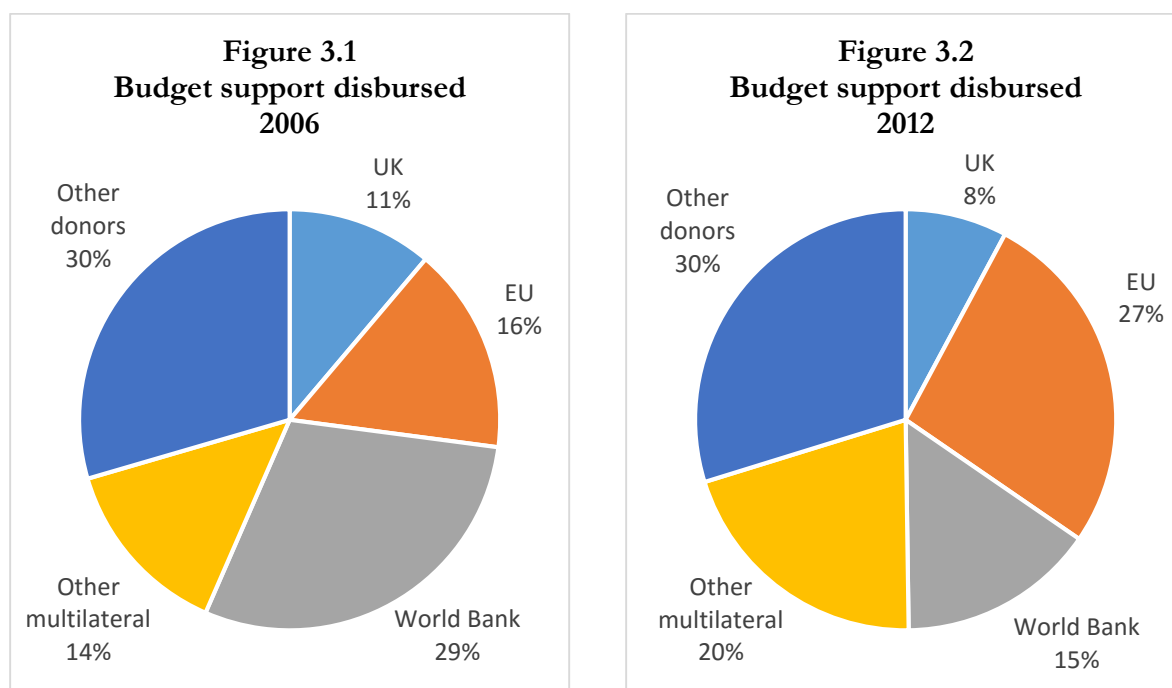
Suggesting that management, rather than money, might explain budget support's failure to empower parliaments and thus strengthen horizontal accountability makes it important to be clear about what the management of budget support entails. It also makes it necessary to identify the specific aspects of budget support management that are likely to matter most. This section does both of these things. First, however, it demonstrates that budget support is managed in a very similar way in different countries. This is a vital preliminary step if, as is the case in [Chapter 6](#), we are to rely on these management structures to explain similar outcomes in a variety of cases.

The management structures that govern budget support in each recipient country are something that have evolved over time. They have not, however, evolved in isolation from each other. There has been a substantial degree of learning and diffusion, processes undoubtedly facilitated by the fact that budget support tends to be the province of certain 'usual suspects' – the World Bank, the European Union and (to a lesser extent) the UK's DFID – in most countries. On an annual basis, these three donors tend to account for the majority of budget support disbursements. [Figures 3.1 and 3.2](#), below, show that according to OECD-DAC data, they provided more than half of all budget support in 2006, and almost exactly half in 2012. The balance between the three leading budget support donors has shifted over time. While the World Bank was for a long time the largest donor, since 2011 that position has tended to be occupied by the EU.¹⁵

Budget support frameworks invariably involve a tiered management structure, a system for annual reviews of government performance, and a common set of criteria for assessing government performance and making decisions about budget support. Those criteria are normally known as the underlying principles and the Performance Assessment Framework (PAF, sometimes called a Joint Assessment Framework). The PAF sets out performance targets

¹⁵ 2013 was an exception. Japan disbursed an unusually high level of budget support in 2013, targeted primarily at South East Asia. This made it the largest provider of budget support in that year.

and indicators on a sectoral basis. The underlying principles (which generally include both political and macroeconomic dimensions) tend to be described as both conditions for receiving, and objectives of, budget support. This creates something of a tautology; if the underlying principles are met as conditions then, in theory, they become redundant as objectives, having already been achieved. In practice the apparent paradox is avoided by focusing on the direction of change in the underlying principles when they are applied as eligibility criteria. Recipients are expected to show progress towards those goals, not their achievement. The underlying principles and the PAF form the backbone of any budget support program. Together, the underlying principles and PAFs are the means through which the scope of a budget support program is defined. Their central role means they are highly likely to play a role in explaining budget support's disappointing dividends in parliamentary strength and horizontal accountability.



Source: OECD-DAC Creditor Reporting System

The Strategic Partnership with Africa's Budget Support Alignment Survey shows the beginnings of the convergence around this standard management framework.¹⁶ Of the 15 recipients who

¹⁶ This is a 3-part survey. It was answered with respect to a sample of African countries that received budget support, annually from 2003 to 2008. Part 1 was answered by recipient governments and donor agencies in a joint meeting, Part 2 was answered by individual donor agencies with reference to a particular recipient, and Part 3 was answered

responded to that survey in 2005, only one – Tanzania – had signed a formal MoU to govern the management of budget support prior to 2003 (Strategic Partnership with Africa - Budget Support Working Group 2006). By the time of the survey in 2005, that number was nine. By 2007, eleven respondents had budget support MoUs (Strategic Partnership with Africa - Budget Support Working Group 2008). The 2007 survey also revealed a fair degree of consistency in the types of underlying principles imposed by these MoUs. All eleven of the MoUs included underlying principles relating to macroeconomic conditions and public finance management or anti-corruption, and 10 required a commitment to poverty reduction.¹⁷ Only six of the MoUs included an underlying principle that referenced human rights, democracy and political governance, though two also included an underlying principle related to the rule of law. A comparison of several current budget support MoUs¹⁸ indicates that while the precise wording of underlying principles varies from case to case, there has now been a clear convergence around four requirements: adherence to appropriate macroeconomic policies; implementation of a policies designed to reduce poverty, in accordance with a Poverty Reduction Strategy Paper (or equivalent); commitment to controlling corruption and improving public financial management (often accompanied by references to increasing transparency and accountability to citizens and/or taxpayers); and respect for human rights (sometimes, but not always, accompanied by references to peace and stability, democracy, and the rule of law). This is true of the underlying principles for the budget support programs in Malawi, Uganda and Zambia (see [Chapter 6](#)).

[An illustration: Uganda's Joint Budget Support Framework](#)

Uganda has been both a pioneer of, and a testing ground for, budget support (see [Chapter 4](#)). As such it provides a useful example of the current model of budget support management. This example also provides some context for [Chapter 5](#), which examines Uganda's Joint Budget Support Framework (JBSF) in depth. The JBSF provides an illustration of the central role that the underlying principles and PAFs play in delimiting the scope of budget support programs as

by recipient country government officials. The sample set of both donors and recipients has varied across years, though a stable set of 12 recipients took part from 2004 to 2008. For more details, see: www.spasurvey.info.

¹⁷ Close inspection of the 2007 survey report suggests that its authors failed to filter responses to the questions about underlying principles so as to exclude countries in which there was no MoU. As such, that report states, apparently incorrectly, that a macroeconomic condition was imposed in only 79% of cases. Similar errors were made in relation to other types of underlying principles.

¹⁸ Including those relating to budget support in Sierra Leone, Tanzania, Malawi, Zambia and Uganda.

well as the particularly influential position of the World Bank in budget support management structures.

In its early years, the management of budget support in Uganda was centred on the Poverty Eradication Action Plan and the Poverty Action Fund. The Government of Uganda actively used the Poverty Action Fund to increase donors' confidence that budget support would be spent on promoting development and, consequently, attract more budget support (Brownbridge 2010, 289). These efforts were successful; between 2001 and 2006 Uganda received growing amounts of budget support. As budget support became more popular and more widely used, there was an increased need for coordination among the donors providing it so as to reduce the transaction costs and harmonise performance targets. The solution took the form of JBSF, established in 2009 when the Government of Uganda and eleven budget support donors¹⁹ agreed on the first Joint Assessment Framework (JAF, which is Uganda's PAF). Given the history of budget support operations in Uganda, procedures for its management were already fairly well established. Donors initially relied on existing practice, backed up bilateral MoUs with the Ugandan Government, to manage budget support. They negotiated a multilateral JBSF MoU to formalize these arrangements in 2011, but a series of delays meant it was never signed (former Head of DFID Uganda, personal communication, 21 September 2015). In practice this made little difference as for the most part the MoU simply described the existing management framework.

The JBSF was designed to provide a long-term, transparent and predictable framework that harmonized the performance assessments required by donors and aligned the timing of their decisions about budget support with Uganda's budget process. One way in which it did this was by establishing a tiered structure to govern budget support assessments and dialogue. On the donor-side of this arrangement, the top-tier is the Policy Advisory Committee. This is composed of representatives from each budget support donor and is co-chaired by the World Bank and another donor, selected on a rotating basis. The Policy Advisory Committee is responsible for biannual reviews of government performance, with a technical review typically taking place between September and November, and a second more high-level review generally being

¹⁹ The World Bank, the European Union, the United Kingdom, Austria, Belgium, Denmark, Germany, Ireland, Norway, Sweden and the Netherlands

completed in March or April. The second tier is the JBSF Technical and Policy Dialogue Taskforce. This meets more frequently and is responsible for coordinating the design and implementation of the JBSF and conducting the annual performance assessments. It is supported by the Technical and Administrative Support Unit (TASU), a JBSF Secretariat established within the World Bank office and funded via a multi-donor trust fund. In addition to providing administrative and logistical support, the TASU provides research and technical assistance, helping to identify appropriate indicators for inclusion in the JAF, and supplementing the government's ability to monitor and evaluate its performance against those indicators. A notable aspect of this tiered management structure is the central role of the World Bank, which chairs the Policy Advisory Committee and hosts the TASU. This is discussed further in [Chapter 6](#), where it helps to explain why the formally apolitical mandate of the World Bank affects the behaviour of budget support managers even when their own organizations' mandates are not similarly constrained.

As in other budget support programs, one of the most significant features of the JBSF is that participating donors commit to using a common set of criteria to guide decisions about budget support allocations and disbursements. These are what set the boundaries of the JBSF policy dialogues and performance assessments; they are the mechanisms through which the scope of the program is defined. In the case of the JBSF this includes the underlying principles (initially set out in donors' bilateral MoUs with the Government of Uganda, later set out in the draft JBSF MoU); more detailed, sector-based performance targets (set out in the JAF); and what are termed "preconditions for the effective and efficient implementation of government policies." Here Uganda's JBSF departs from the standard model cosmetically, though not in substance; the economically focussed "preconditions" would normally be included (albeit more briefly) in the underlying principles. Both are eligibility criteria that are supposed to be met in order for budget support donors to commit to and disburse budget support. The underlying principles and preconditions from the JBSF are set out in [Table 3.1](#). As is visible from the table the more political criteria, the underlying principles, tend to be stated in fairly broad terms, while the more economically focussed requirements, the preconditions, are described with a greater degree of precision.

Table 3.1 JBSF underlying principles and preconditions

<i>Underlying principles</i>	<i>Preconditions</i>
Contribute to peace and stability in the region.	Fiscal policy, including a credible mid-term economic framework, preparation of the budget, internal budget accountability and external budgetary control satisfy the basic conditions for good public financial management including transparency, accountability and effectiveness of use of resources.
Commitment to democracy.	A credible and relevant program to improve public financial management and procurement systems is in place and some progress in performance has been recorded over the period under review.
Commitment to protecting and promoting human rights.	Macroeconomic policies are well defined and create the preconditions for a stable policy environment and well balanced economic growth.
Commitment to the rule of law and access to justice.	Fight against corruption.

Source: Joint Budget Support Framework: Assessment of JAF4, Final Report FY 2011/2012 (July 2013).

The JAF sets out performance targets tailored to the Ugandan context and indicators for assessing whether or not those targets have been met. This is quite technical and detailed, specifying both key performance indicators and particular actions which are to be taken by the government. The JAF is organised on a sector-by-sector basis and is updated from year-to-year to try and ensure that targets are realistic and the indicators used to measure them are appropriate. As is the case for most PAFs, Uganda's JAF typically includes indicators to measure performance in public financial management (PFM), social sectors and poverty reduction. There is also a much shorter set of indicators that provides the basis for measuring donors' performance, generally by reference to the predictability of their budget support disbursements. Some of indicators from the JAF that covered the 2011-2012 fiscal year (known as JAF4) and which applied to the Ugandan Government's performance in PFM are shown in [Table 3.2](#) (JBSF Development Partners 2013). The crucial thing to be taken from Table 3.2 is not the specific content of JAF4, but the level of specificity with which it is elaborated. The broader, and consequently vaguer, formulation of the underlying principles means that there is generally less clarity regarding precisely what does (or does not) constitute compliance with them. Later, [Chapter 6](#) will show that this influences how budget support managers view parliaments and their relevance to budget support programs.

Table 3.2 JAF 4: Selected PFM performance indicators and actions

<i>Issue</i>	<i>Performance Indicators</i>	<i>Actions</i>
Compliance	% clean audit reports (Central Government, Higher Local Governments and Statutory bodies) for the financial year preceding the one just completed. Questionable expenditure as % of total government expenditure.	Submission to Cabinet of an Amendment Bill for the Public Finance and Accountability Act (including provisions related to: oil revenue, sanction system, legal independence of internal audit). Undertake a forensic audit of pensions and salary payments across Government.
Procurement Practices	% of contracts subject to open competition (by contract value). % of contracts with complete procurement records (by number).	Establish the Procurement Appeals Tribunal, by appointment of the Tribunal Members and staffing the Secretariat.
Action on Corruption	% recovery of recoverable funds from special audits of grand corruption cases (recovery would be subject to due process).	Budget allocations for institutions charged with addressing corruption show a real increase of at least 20% per annum and releases performance of at least 95%. Implement an agreed set of recommendation(s) of second Data Tracking Mechanism report, and issue a widely publicized annual report following agreed dissemination plan.

Source: Joint Budget Support Framework: Assessment of JAF4, Final Report FY 2011/2012 (July 2013).

The JBSF has been an important aid delivery mechanism for Uganda. Budget support through the JBSF financed eight percent of the Ugandan budget in the 2011/2012 fiscal year. While at first glance this may not seem particularly large, this meant that the JBSF represented about a third of all donor support to Uganda in that year (World Bank 2012, 15–17). Despite this, the JBSF may have very recently reached the end of its life. Some donors, such as Ireland, proved unwilling to resume budget support after a corruption scandal at the Office of the Prime Minister in 2012. Others did return to budget support after that scandal was resolved, only to suspend budget support operations in 2014 when the President signed the *Anti-Homosexuality Act*²⁰ into law.²¹ In 2014 the World Bank's Ninth Poverty Reduction Support Credit came to an end and

²⁰ This Act contained a range of discriminatory provisions. It criminalised homosexuality and imposed heavy jail terms, both for homosexuals and those found guilty of promoting or failing to report homosexuality.

²¹ Denmark, for example, indicated an intention to restructure its aid program “to redirect future development assistance to Uganda away from the Ugandan Government” (Ministry of Foreign Affairs of Denmark 2014). The UK's Development Tracker website lists its JBSF program as “indefinitely suspended” (DFID 2015).

the Bank announced that it had no immediate plans to continue budget support to Uganda. The precise reason for this shift remains unclear.²² Whether donors will provide significant levels of budget support to Uganda in the future, and the framework through which any such support would be delivered, remains uncertain.

Digging deeper

In describing Uganda's JBSF, the preceding section makes it clear that the management of budget support encompasses quite a lot. It highlighted several important features of the management frameworks that surround budget support, among them the underlying principles and PAFs. However these are, in a sense, symptoms rather than causes. We need to dig deeper to understand why budget support is managed in a way that produces such poor returns on horizontal accountability. Prior research examining how the international development industry generally, and donor organizations in particular, operate may be helpful in this respect. That literature suggests that who manages budget support and how they envisage the scope of that task may play an important role in explaining why budget support is managed as it is, and thus why that aid modality has failed to deliver the gains in parliamentary strength and horizontal accountability that so many expected.

In the 1990s – as budget support was gaining in popularity – Ferguson (1994) drew on the case of a World Bank project in Lesotho to argue that the institutions tasked with promoting international development had a tendency to depoliticise it. He suggested that this was in large part the product of what development agencies, particularly the World Bank, were designed to do. Such organizations have a technically focussed mandate and are tasked with getting money out the door. They “are not in the business of promoting political realignments or supporting revolutionary struggles” (Ferguson 1994, 69). This, according to Ferguson, creates a bias towards defining the barriers to development as technical; doing so makes possible the kind of interventions that development agencies are set up to undertake. Thus, the primary barriers to increasing agricultural productivity in Lesotho were identified as technical problems – lack of

²² The World Bank stated publicly that the decision was a response to government requests to transition away from budget support (World Bank Group 2013). In interviews, World Bank staff indicated that the bank was still open to providing budget support if the Government of Uganda were to request it. Ugandan government officials were clearly skeptical about the World Bank's purported openness to requests for budget support (Interview, Senior officials, Ministry of Finance, Planning and Economic Development, Kampala, 6 February 2014).

land tenure, lack of agricultural inputs, lack of infrastructure, lack of access to agricultural markets – rather than political ones such as the economic and social domination of its neighbour, South Africa, or the presence of a corrupt bureaucratic elite.

What this thesis takes from Ferguson (1994) is the idea that how development practitioners define the nature and scope of the task at hand can have a significant influence on the effect of development programs. Ferguson is not the only researcher to make this kind of argument. Barnett and Finnemore (2004) demonstrated that international organizations, such as the UNHCR, can develop bureaucratic practices and standard operating procedures that are at odds with their institutional missions. Others have noted the importance of how the mandates of development agencies are defined and understood in explaining why donors' attempts to become more politically savvy have so often led to failure. Hout (2012) demonstrates the importance of how aid policy makers and practitioners envisage the scope of the task at hand. He examines the difficulties that British and Dutch aid agencies have faced in integrating political economy assessments into their decision-making processes. Hout attributes those problems to “their conception of what is proper development policy” (Hout 2012, 406). He observes that despite attempts to bring more political analysis to bear in the operation of development agencies, those who manage aid continue to see politics as beyond the scope of what they are meant to be managing:

Although they are concerned *about* the political context in which they operate, they feel they should not themselves be concerned *with* politics in their partner countries. The development agencies continue to operate effectively as ‘anti-politics machines’, and this is why they experience an almost insurmountable difficulty in taking political assessments seriously. (Hout 2012, 407, emphasis original)

The underlying principles and PAFs of any budget support program are ultimately products of how budget support managers define the scope of what is being managed. Regardless of the intent expressed in policies, if budget support managers on the ground do not see parliaments as relevant to development they are unlikely to include those institutions within its scope. Budget support's disappointing accountability dividends could be linked to a tendency to define the scope of budget support management in a fairly technical way, one that recognises the political dimension of the context in which budget support operates but which does not put that political dimension centre stage. Whether this is in fact the case is examined in [Chapter 6](#).

The response to Ferguson's research, by both academics and donor agencies, helps to identify the second underlying issue that may be relevant to the goals of this thesis; who puts budget support into practice. There are two levels at which this arises; institutional and individual. At the institutional level, budget support is managed by the different multilateral and bilateral donors who provide budget support to a particular country. However, as the description of Uganda's JBSF illustrates, the World Bank tends to take leading role in the management of budget support. The World Bank is one of the chairs of the JBSF Policy Advisory Committee and hosts the JBSF secretariat, the TASU. The prominence of the World Bank, both within the JBSF and within other budget support programs, means it is likely to have a particularly strong influence on how budget support is put into practice. As Hyden (1995) pointed out in a response to Ferguson's (1994) work, the World Bank – which has a formally apolitical mandate – may be more likely to exhibit an aversion to politics than bilateral donors. That said, the World Bank does not have a monopoly on technocratic approaches to development. Bilateral development agencies have also been criticised for having an excessively technocratic bent. They have attempted to change in recent years, with limited success (Carothers and De Gramont 2013; Hout 2012; Hutchison et al. 2014; Unsworth 2009). It is also important to recognise that there is flexibility in how the official apolitical mandate of the World Bank is interpreted in practice. The accepted scope of the mandate has become broader and more political over time (Marquette 2004).

The individuals who manage budget support are also likely to play a role in explaining why it has paid disappointing accountability dividends. Existing work highlights interactions between individuals and the institutional settings in which they work. This is true of research seeking to explain why international donors have struggled to work in more politically astute ways, despite clearly recognising the need to do so. Although that research has focussed primarily on organizations, implicit in many of the arguments made is the fact that individuals matter as well. Drawing on case studies of the UK's DFID and the Dutch Directorate General for International Cooperation, Hout (2012) points to two main factors that have hindered development agencies' attempts to change. One factor is the professional outlook of development agencies, which led them to approach development primarily in technical terms. The second factor is the incentives faced by development professionals, which encourage them to resist the use of political economy analyses. Unsworth (2009) presents a similar argument, drawing on her own experience as a

senior manager at DFID. She observes that there are powerful intellectual barriers to change; taking politics seriously requires people to change their mental models of how development occurs. This is a difficult task, in part because “political scientists have not traditionally been recruited by development agencies, which have depended heavily on expertise from economists and technical advisers, most of them focused on policies rather than process” (Unsworth 2009, 889).

The maxim ‘where you sit is where you stand’, is often quoted in studies of bureaucratic politics (e.g. Allison and Zelikow 1999). Yet recent research on the operation of development agencies suggests that individuals may respond to and interpret institutional constraints in different ways. The work of Xu and Weller (2009), who challenge the tendency to present the World Bank as a monolithic and united entity with a single approach to development, reinforces this point. They argue that although the individual staff of the World Bank are constrained by a number of institutional factors, such as official bank policies and institutional history, they have varying interpretations of the institution’s mission, different preferred solutions and different career objectives. They argue, “All decisions made by anyone in an organization, including its president, are constrained. They are nevertheless choices that determine final outcomes” (Xu and Weller 2009, 3). To illustrate, Xu and Weller cite the example of corruption. While it is now common to find World Bank projects and programs dealing with this issue, when anti-corruption was first placed on its agenda it provoked a range of reactions from World Bank staff. Some were adamant that the issue was too political for the World Bank, exceeding its mandate. Rather than a monolithic entity, Xu and Weller present a portrait of the World Bank as “a broad and diverse body, where the whole is less than the sum of its squabbling parts” (2009, 4). Given the potential for variation in the backgrounds and opinions of aid managers, we should keep our minds open to the possibility that different individuals will respond to institutional constraints, such as the apolitical mandate of the World Bank, in different ways. It is important to avoid assuming that all aid managers working within a single donor organization will think and behave alike. Individual aid managers may envisage the proper scope of budget support programs in a variety of ways despite working in similar institutional environments.

At the individual level the most obvious difference between budget support managers and other aid managers is their professional background. Budget support is overwhelmingly managed by economists, both in the case of multilateral and bilateral donors. Although, as noted above, this

is something that can be said of development more broadly, the dominance of economists is particularly marked in the case of budget support. This is partly because the preference for economists is so pronounced at the World Bank, the most prominent provider of budget support. As a financial institution it can be expected to hire professionals with a background in economics. Indeed, the bank's long history of dominance by economists has led to a number of criticisms of its policies, Ferguson's being just one among many (Barnett and Finnemore 1999, 723). It has, however, broadened the base of its expertise in more recent decades (Barnett and Finnemore 2004, 65). Xu and Weller (2009, chap. 2) observe that while economists have been important throughout the Bank's history, they are not the only professionals that can be found there: at times the Bank has been known for recruiting engineers, accountants, lawyers and – believe it or not – a growing number of social scientists.

The tendency to assign responsibility for budget support to economists may well be entirely justified. It is, after all, an aid modality that evolved from balance-of-payments support and that continues to have a strong economic dimension. However, the preponderance of economists among budget support managers might have unintended side-effects. The backgrounds of those managing budget support could influence the impact of budget support on horizontal accountability. The fact that both the institutions and individuals managing budget support tend to have technical, economic backgrounds could lead them to see the management of budget support as primarily a technical and economic endeavour. These kinds of individuals, working within these kinds of institutions, are likely to feel more comfortable focusing on ways to improve the procedures set out for the management of public finances, rather than how budget support might bolster the oversight exerted by political institutions like parliaments. Whether this plays a role in explaining budget support's failure to strengthen horizontal accountability by empowering parliaments is examined in [Chapter 6](#).

Management under the microscope

This chapter has emphasised that budget support is an aid modality, not simply financial flows, and that those financial flows are less fungible than is generally assumed. Indeed, part of the reason that the fungibility of aid tends to be overstated is that so few pay attention to the mechanisms of aid delivery. These add value to aid flows in a way that sets them apart from natural resource rents (P. Collier 2006). This has implications for the goal of explaining why

budget support has failed to deliver the accountability dividends that donors expected with respect to parliaments. It means this thesis must examine how the management of budget support, the manner in which it is put into practice, shapes its political impact. This approach is in many ways a response to the tendency of social scientists to reduce budget support to just another form of unearned income. Such an approach sees budget support as similar to natural resource rents, and thus likely to have the kind of corrosive effect on political institutions associated with the resource curse. This thesis takes a skeptical view of that argument. It does so in part because budget support, the aid modality, is more than financial transfers. Budget support encompasses a distinct set of management structures set up by donors and recipient governments. The analogy to the resource curse also rests on poor foundations; budget support's fungibility is largely a matter of assumption rather than a characteristic demonstrated by empirical research. The tendency to view budget support as highly fungible appears to be part of a broader tendency to exaggerate the fungibility of aid. While it would be stretching credulity to assert that budget support is not fungible at all, it is plausible (and indeed, likely) that budget support is not sufficiently fungible for that alone to explain the disappointing returns it has delivered with respect to horizontal accountability.

Arguing that the management of budget support matters, and that it may explain why budget support has not paid the accountability dividends that donors expected, does not constitute a complete answer to the question of why budget support has failed on this front. In order to fully answer that question, this thesis also needs to identify what, precisely, about the management of budget support could explain this outcome. To that end, this chapter has highlighted particular aspects of the management of budget support that may be relevant. These include the underlying principles and PAFs that play a central role in delimiting the scope of budget support programs. It has also identified some of the more fundamental factors that explain why budget support is managed as it is. These include how the scope of budget support management is defined by those who put it into practice, and the institutional and individual backgrounds of the actors who undertake that task. Identifying these possibilities raises questions: How can we know if the management of budget support matters more than money? How can we be sure which aspects of budget support management matter most? The next chapter, [Chapter 4](#) answers these questions.

4 Finding answers

How to know what we need to know²³

It is very difficult to evaluate the impact of budget support... To prove that budget support has a real impact on people, that is the main goal, and it is almost impossible to track.

— A budget support manager in Malawi

When embarking on an attempt to understand the political impact of budget support, one thing a researcher does not want to be told (particularly in their first interview) is that this is an almost impossible task. Explaining why budget support has produced disappointing dividends does represent a methodological challenge, but it is one that can be overcome. This chapter explains how.

This research project makes use of several different strategies of case selection with analytical leverage coming from both comparative and within case analysis. This somewhat complicated research design stems from the fact that there are several layers to the central research question

²³ And how to annoy a lot of aid managers along the way.

posed in this paper; *why has budget support failed to deliver gains in horizontal accountability by empowering parliaments?* To answer that central question we need to know:

1. Is this failure due to management or money? That is, is the problem the financial transfers linked to budget support or the way the modality is put into practice?
2. If the problem is the management of budget support, which aspects of its management matter and how do they produce this outcome?
3. Why is budget support managed in this way? What, in short, are the underlying causes?

These layered questions necessitate a layered research design, one built on qualitative case studies. The units of analysis in these case studies are not what one might expect. Rather than compare countries, this thesis compares aid programs and, in some cases, how those aid programs have shaped donors' engagement with respect to particular pieces of legislation. As will be discussed in more detail below, the logic of case selection varies. The first question posed above is answered using a most similar strategy of case selection, together with something approximating a most likely case study design. The second and third questions are answered with case studies constructed using a different strategy, one of selecting most different rather than most similar cases. Both strategies have strengths and weakness. The former account for their use to answer the relevant questions, the latter for the complementary use of within-case analysis. All of the case studies require information. The final section of this chapter describes the various sources of material on which this thesis relies and explains how they were obtained.

Isolating the effect of management

The preceding chapter, [Chapter 3](#), argued that when it comes to explaining budget support's failure to deliver expected accountability gains it is likely to be the management of budget support, not the money associated with it, that matters most. [Chapter 5](#) puts the argument made in [Chapter 3](#) to the test. It aims to isolate the effect of budget support management from that of budget support funds, and to demonstrate that the former rather than the latter is the primary explanation for budget support's disappointing returns with respect to parliaments and their roles as accountability institutions. [Chapter 5](#) tests this argument in the context of Uganda, a country that for several reasons (elaborated below) can be considered a best-case scenario for budget support. [Chapter 5](#) is not, however, a case study of Uganda. Rather, it is a comparative

case study of how two different aid programs – one budget support program, and one governance-focussed program – shaped donors’ engagement with respect to two specific pieces of legislation – the *Public Finance Management Act* 2015 (PFM Act) and the *Petroleum Acts* 2013.²⁴ These cases were selected using a most similar case design, a strategy that is motivated primarily by its utility in testing competing explanations. Such a research design relies on the two cases being comparable; cases of the same thing rather than cases of different phenomena. There are several reasons, detailed below, that suggest the former is the case here.

Uganda as the best-case scenario for budget support

This thesis tests whether budget support’s failure to deliver expected gains in parliamentary strength and horizontal accountability is due to management in the context of Uganda. In doing so it adopts a strategy akin to targeting a crucial or most likely case. A crucial case is one “that *must closely fit* a theory if one is to have confidence in the theory’s validity, or conversely, *must not fit* equally well with any rule contrary to what is proposed” (Greenstein, Polsby, and Eckstein 1975, 118). In social science, where theories do not always offer perfectly clear and precise predictions, truly crucial cases are relatively rare. As a result we more frequently find ourselves turning to most (or least) likely cases. As Gerring explains, “a case is ‘crucial’ in a somewhat weaker – but much more common – sense when it is most or least, likely to fulfill a theoretical prediction” (Gerring 2007, 115). This case selection strategy is attractive because it presents a particularly difficult test for a given argument. Strictly speaking, in [Chapter 5](#) Uganda does not constitute a case but merely the country in which two cases of aid programs shaping donors’ interactions with parliaments are compared. There is still utility, however, in choosing to test the impact of how budget support is managed in a context that could be described as a ‘best case scenario’ for budget support. We need a case where budget support ought to have worked, not a case where it never stood a chance. Uganda fits the bill for several reasons. For a start, it was the country where many donor officials and development practitioners believed budget support had the best chance of success. As a result, Uganda received a substantial amount of budget support over a relatively long period. This should make gains from the use of budget support more likely. Uganda can also be characterised as a best-case scenario for budget support because

²⁴ The *Petroleum (Exploration, Development and Production) Act*, 2013 and the *Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Act*, 2013.

its Parliament, while weaker than the Executive, has enough capacity to seize any opportunities presented by budget support.

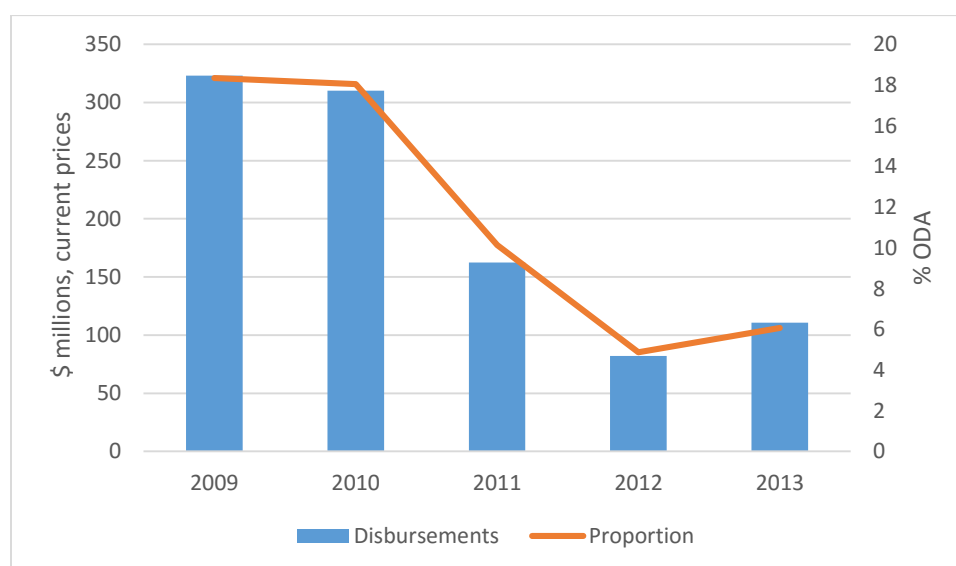
Uganda has often been described as a ‘donor darling,’ one of those developing countries more favoured, and trusted, by international development donors. In the 1990s donors praised Museveni’s government for improving governance, increasing transparency and adopting the economic reforms prescribed by the IMF. The President “was for a long time widely acclaimed by foreign correspondents, donors, diplomats and some academics as a new style of African leader to be emulated for introducing key economic reforms” (Tripp 2010, 2). Many within the international development community came to believe that if new ways of doing development would work anywhere, it would be Uganda. It became a litmus test for innovations in development policy, including new aid modalities. One US aid official made this sentiment clear in the late 1990s, stating, “If you're serious about democracy in Africa, if you're serious about development in Africa, [your programme] should work in Uganda. If it can't work in Uganda, it can't work” (quoted in Hauser 1999, 633). Donors’ faith in Uganda as a best-case scenario for new aid modalities has proved remarkably resilient. At several points over the last few decades, fears of political back-sliding have seen commentators predict Uganda’s fall from donor-favour (for example, Cargill 2004). Yet, while some donors gradually reduced their allocations to Uganda, it has only been quite recently that reductions in aid generally, and budget support in particular, have become more marked.

Ultimately, Uganda’s status as a donor darling matters less for whether donors’ faith in Uganda was warranted, than for the fact that it is reflected in patterns of aid allocation. Donors’ confidence in the Ugandan government meant that it was both an early recipient of budget support and one of the largest in both absolute and relative terms. For some influential bilateral donors, such as the United Kingdom, Uganda was the first country in which they provided budget support. In 2001 it was also the first country to receive a Poverty Reduction Support Credit, now the most prominent form of budget support, from the World Bank. This makes Uganda a best case scenario for budget support in a fairly obvious way: following donors’ own logic, which links gains in accountability to the fact that budget support brings ODA on budget, improvements in accountability should be more likely in a country that has received a significant amount of budget support over an extended period of time. In a country that has received only negligible amounts of budget support, or that has received budget support only over a short time

frame, it would be difficult to rule out the possibility that donors have simply failed to use enough budget support over a long enough period of time.

Available data confirms that Uganda has been a significant recipient of budget support. In 2012 the Ugandan Ministry of Finance reported that budget support had averaged around \$330 million annually, representing 45% of total external assistance in the period from 2001 to 2009 (Ministry of Finance, Planning and Economic Development 2012). The OECD's Creditor Report System indicates that a similar amount of budget support was disbursed in 2010.²⁵ The OECD data from 2009 onwards (illustrated in [Figure 4.1](#)) shows that in both 2009 and 2010 Uganda received over \$310 million, or around 18% of its total ODA, in budget support. The OECD data also indicates that there has been a significant reduction in the amount of budget support received by Uganda in the last few years. As [Figure 4.1](#) shows, budget support disbursements to Uganda almost halved in 2011, declined further in 2012, and then recovered slightly in 2013. At this point budget support accounted for only 6% of Uganda's ODA.

Figure 4.1 Budget support in Uganda, 2009-2013



Source: OECD Creditor Reporting System

²⁵ OECD-DAC donors have only systematically reported data on aid modalities since 2010 (when they reported 2009 disbursements). Thus, while the OECD CRS database provides data on budget support disbursements from around 2002 onwards, the figures it provides for years prior to 2009 are likely to be unreliable. An inspection of CRS microdata suggests that while general budget support is captured, most sector budget support is missing.

The fact that budget support flows to Uganda have declined in recent years could be seen to undermine the argument that Uganda represents a best-case scenario for budget support. Yet the kinds of changes that donors expected budget support to trigger are the kinds of changes that take time. Uganda's receipt of large amounts of budget support over an extended period should therefore be far more influential on the Parliament's role as an institution of horizontal accountability than the decline in budget support in more recent years.

Uganda also constitutes a best case scenario in terms of budget support's impact on horizontal accountability because of the relative strength of its Parliament when budget support programs began. Although the strength, effectiveness and independence of Uganda's Parliament by no means rival those of an established democracy, Uganda's Parliament is generally regarded as having more capacity, and being more assertive, than many others in the region. Moreover, it was regarded as such even before budget support began. This matters because it means that, in contrast to some of the other legislatures of sub-Saharan Africa (many of which have very limited capacity), the Ugandan Parliament should have had enough institutional strength and independence to take advantage of any opportunities created by budget support.

It would be easy to assume that Uganda's legislature was nothing more than a rubber stamp prior to the reintroduction of multi-party elections in 2006. Yet as Carbone (2008, chap. 8) points out, such an assumption would be wrong. The no-party system meant MPs faced less pressure to toe the NRM line, something that "resulted in a surprisingly independent and frequently effective legislature" (Kasfir and Twebaze 2009, 73). A frequently cited example is the enactment of the *Budget Act* 2001, which passed through the Parliament despite significant resistance from the Executive, particularly the Ministry of Finance. High profile confrontations between the Parliament and the executive became less common after the return to multi-party politics in 2006. However the legislature did continue to secure modifications to certain government policies. It also took advantage of the new Budget Act to assert more effective oversight of the budget process. This led Barkan (2009a) to classify the Ugandan Parliament as one of the more independent in Africa. Uganda's Parliament may not be as well-resourced as that of South Africa, nor as developed as the Kenyan National Assembly, but Barkan argues that Ugandan MPs have "achieved some notable successes in transforming their institution into a semiautonomous basis of political authority" (Barkan 2009a, 22). Not everyone agrees with these cautiously positive assessments of Uganda's Parliament. Tripp (2010) argues that the legislature is weak and

persistently vulnerable to threats (and enticements) from the Executive. Nevertheless, she admits that the Parliament has at times attempted to hold the government to account and resisted efforts to further erode its own role.

Ultimately, the argument here is not that the Ugandan legislature is a paragon of parliamentary strength – it isn't. Rather, the argument is that it has enough capacity to capitalize on any openings or advantages linked to the use of budget support. In other contexts, a failure by budget support to strengthen horizontal accountability by empowering a parliament may have more to do with the pre-existing weaknesses of that institution than the way in which budget support is managed.

The importance of understanding the impact of budget support in Uganda

[Chapter 5](#) focuses on Uganda not only because it constitutes a best case scenario but because the failure of budget support to live up to expectations in Uganda is particularly important to understand. If budget support can be said to have a birth place, Uganda may well be it. Although it is difficult to pinpoint the first ever use of budget support²⁶, Uganda is commonly viewed as a pioneer of that aid modality. Whitworth and Williamson observe, “at the same time that it was serving as a poster boy for the international debt relief campaign, Uganda was also in the vanguard of the movement to persuade donors to switch from project aid to budget support” (Whitworth and Williamson 2010, 22). Uganda came to be seen as a model of how budget support ought to be done. The failure of budget support to deliver expected accountability gains in Uganda therefore has implications beyond that country's boundaries.

Uganda is also an important case because it has been held up as a model for sub-Saharan Africa in several ways pertinent to the themes examined by this thesis. The relatively (for the region) assertive parliament, with its budget oversight enshrined in the Budget Act and bolstered by the Parliamentary Budget Office (PBO), has come to be seen as a parliament to emulate, particularly by those within East and Southern Africa. Donors have funded numerous study trips to allow MPs and support staff from other African states to see Uganda's PBO in action. In interviews, government officials and MPs described Malawi's fledgling budget office as an attempt to emulate that of Uganda. In Zambia interviewees credited a study trip to Uganda with providing

²⁶ Because budget support evolved gradually from balance of payments support.

momentum for efforts to reform Zambia's own budget process, including proposals to establish a PBO. Uganda's broader budget process has also been cast as a model for developing countries. According to experts with significant experience working at donor agencies, government ministries and development policy think-tanks, "its system is one of the most highly regarded" (Whitworth and Williamson 2010, 16). The fact that Uganda is seen in this way means that impact of budget support on accountability in Uganda matters not just for Uganda, but for other countries that look to it as a model of how to strengthen their parliaments' oversight of the budget process and ability to hold the executive to account.

The utility of a most-similar case design and the challenge of case selection

The preceding sections of this chapter demonstrated why Uganda is a useful and important context in which to understand budget support's failure to deliver accountability gains. They did not, however, explain how that context can be used to determine whether budget support's failure is due to the money associated with it, or the manner in which the modality is managed. On the face of it, a most similar strategy of case selection is well suited to the task of determining whether budget support's failure to deliver expected accountability gains is primarily due to management or money. This strategy corresponds to the 'method of difference' described by Mill (Levy 2008, 10 citing ; Mill 1970). One of the strengths, and perhaps the most common usage, of such designs is hypothesis testing. In an ideal word, a most-similar case design compares two cases that are similar with respect to all relevant independent variables, save for the independent variable of interest (Seawright and Gerring 2008, 304). Arguably the most challenging part of employing this strategy is the identification of two cases that are sufficiently similar to pass muster. In the context of this thesis, that task would be almost impossible if we sought to compare at the level of country or state, i.e. to compare between a country that receives budget support – Uganda – and one that does not. This is due to selectivity in aid allocation; existing evidence indicates that donors are choosy about who gets budget support. Both multilateral and bilateral donors tend to provide budget support to countries with better governance (Clist, Isopi, and Morrissey 2012; Dietrich 2013). This restricts the universe of cases available for study, making it highly unlikely that we could identify a country which is similar to Uganda in all significant respects, save for the receipt of budget support. In addition, comparing Uganda to a country that does not receive budget support would remove the main competing

explanation (the financial flows linked to budget support). As a result it would provide little leverage for dealing with the specific task at hand in [Chapter 5](#).

A common solution to this problem is to take a longitudinal approach, analysing a single case over time (Levy 2008, 10). This strategy might work if the primary goal was to test the impact of the volume of budget support, which does vary from year to year. It is less useful if the focus is management. The management structures surrounding budget are generally quite stable. In theory it would be possible to compare what happened before and after a budget support program was introduced. However, it is questionable whether events and attitudes from a decade ago could be accurately reconstructed. This is particularly true in the case of this thesis as the most crucial group of respondents, budget support managers, rarely spend more than a few years working in the same country. This thesis therefore takes a different approach; it thinks more creatively about the unit of analysis. While a search for a pair of sufficiently similar countries might prove fruitless, prospects are more positive if we look for cases within the context of a single country.

Identifying Uganda as the best possible context in which to test whether the management of budget support might explain its failure to deliver expected accountability dividends means that the first case must involve Uganda's budget support program, the Joint Budget Support Framework (JBSF), an introduction to which was provided in [Chapter 3](#). The boundaries of the case, however, need to be somewhat more concrete if it is to allow this thesis to pin down the effects of how budget support is put into practice. With that in mind, this thesis further narrows its focus to the case of donors' engagement with the Ugandan Parliament in relation to a specific piece of legislation; the PFM Act, initially introduced to the Ugandan Parliament as the Public Finance Bill in 2012. Donors' engagement with that piece of legislation was framed by the JBSF, a fact demonstrated and discussed in more detail in [Chapter 5](#). This case represents an appropriate starting point because the PFM Bill touched on exactly those areas where donors expected to see budget support bolster the role of parliaments in national budget processes. The PFM Bill had implications for the Parliament's ability to obtain information about the budget from the government, the role of parliamentary committees in holding the government to account for its budgetary decisions, and the extent to which the Parliament had access to analytical support (in the form of a PBO) in fulfilling its mandate as an institution of horizontal accountability.

The case of donors' engagement, via the JBSF, on the PFM Act is compared to the case of how donors engaged on the Petroleum Acts 2013. In that case, donors' engagement was framed by an initiative known as the Democratic Governance Facility (DGF). This meant that it took place entirely outside the management structures associated with the JBSF. The DGF, which is described in more detail in [Chapter 5](#), is essentially a basket funding mechanism established by a consortium of eight donors – most of them budget support donors – with a mandate to support state and non-state actors in order to strengthen democratisation, protect human rights, improve access to justice and enhance accountability in Uganda. Although the existence of the JBSF forms part of the context in which the DGF operates,²⁷ the decision making structures and channels of implementation associated with the DGF are entirely distinct from those that form part of the JBSF.

Moving from a national, to what is effectively a sub-national level of analysis has several advantages. It facilitates a comparison that isolates the effect of budget support management from variation in budget support flows: the historical levels of budget support were the same for both cases. Other potentially relevant variables are also held constant, including Uganda's colonial history, level of economic development, regime type, the institutional strength and political assertiveness of the Parliament as well as the institutionalisation of both political parties and political party systems. All of these factors could plausibly affect the impact of budget support on horizontal accountability generally, and the role of parliaments in particular. The specific pieces of legislation involved heightens the degree of similarity between the cases. Both donors and Ugandan politicians viewed the debates around the Petroleum Acts and the PFM Act as linked, in part because the latter included sections dealing with the management of future petroleum revenues. In an interview, one budget support manager noted that the two Petroleum Acts had already been passed and described the PFM Act, then still a bill, as “the third missing link” (Interview, Head of Economic Development, Bilateral Donor, Kampala, 3 December 2103). Both sets of legislation sat towards the top of the agenda for budget support donors and had important implications for the balance of power between executive and legislature in the

²⁷ Program documents for the DGF note the existence of the JBSF and the possible need for information sharing and coordination between the JBSF and the Voice and Accountability Component of the DGF.

long term. This would lead us to expect donors to engage on these issues in broadly similar ways and with a similar intensity.

Proposing to compare these two cases – the case of the JBSF and the PFM Act, and the case of the DGF and the Petroleum Acts – is likely to prompt some to question whether such a comparison involves comparing two cases of the same thing. Someone is sure to ask, ‘is this a case of comparing apples and apples, or apples and oranges?’ This thesis points to several factors as evidence that the two cases can be fruitfully compared. The first is that the JBSF and DGF involved the same group of donors, save for the absence of the World Bank and African Development Banks, whose formally apolitical mandates would have been inconsistent with the explicitly political goals of the DGF. The founders of the DGF – Austria, Denmark, Ireland, the Netherlands, Norway, Sweden, the United Kingdom and the European Union – were all initial members of the JBSF, though by 2012 both Austria and the Netherlands had phased out budget support in Uganda and Ireland has done so since then. Donors’ engagement on the PFM Bill, via the JBSF, and the Petroleum Bills, via the DGF, also shared remarkably similar rationales. JBSF donors approached the PFM Bill as an important tool for strengthening Uganda’s budget process, in the process improving oversight of how the government’s financial resources, including budget support, were spent. Program documents for the DGF set out a very similar motivation for the Voice and Accountability component of the DGF, and in particular its activities relating to accountability in the extraction of natural resources (of which its engagement on the Petroleum Bills formed a part). That document explains the motivation for intervention in this area by reference to the possibility of the resource curse arising as the Ugandan government gains access to oil revenues. The task at hand is described as the challenge of ensuring “that income goes on budget and is channelled to the citizens.”²⁸ In such a context, “oversight systems, such as a clear role for Parliament oversight in petroleum agreements and the auditing of the oil institutions, must be established.”²⁹ These documents show that in engaging with the Petroleum Bills via the DGF, and the PFM Bill via the JBSF, donors were trying to address the same fundamental problem.

²⁸ Democratic Governance Program Uganda, *Component 3: Voice and Accountability*, Program Document, 2011.

²⁹ Democratic Governance Program Uganda, *Component 3: Voice and Accountability*, Program Document, 2011.

The biggest challenge to the claim that these cases are comparable is the possibility that they represent aid programs with different objectives. This point deserves consideration in light of recent evidence suggesting that the effect of aid on political institutions varies depending on its purpose. Jones and Tarp (2016) argue that while aggregate levels of aid have a small but positive effect on political institutions this effect is driven almost entirely by more stable flows of aid targeted at governance. They report “no clear systematic effects” associated with aid given for either economic or ‘other’ purposes, the latter category including general budget support (Jones and Tarp 2016, 3, 39). Dietrich and Wright (2015) find that economic aid makes a transition to multiparty politics more likely because donors use it to buy procedural political reforms, but democracy aid supports democratic consolidation by making multiparty failure and electoral misconduct less likely. In contrast to Jones and Tarp (2016), Dietrich and Wright (2015, 222) include budget support within the category of economic aid.

On closer inspection, however, the JBSF and DGF do not differ as much in terms of their objectives as might be thought. This is in part because the particular DGF program at issue in [Chapter 5](#) was part of the DGF’s Component 3, the Voice and Accountability Program. Unlike Component 1 of the DGF (a.k.a. the Deepening Democracy Program), the objective of the Voice and Accountability Program’s activities in relation to the Petroleum Acts was not the strengthening of Parliament per se, but rather improved oversight of, and accountability for, the use of future oil revenues. The fact that the studies cited above classified budget support in different ways – in one as a form of aid whose objective is primarily economic, and in the other lumping it under the heading ‘other’ so as to distinguish it from both economic and governance-centred aid – highlights the fact that categorising the objective of large aid programs on a dichotomous (or trichotomous) basis involves a significant amount of simplification. Budget support programs evolved from balance of payments support, a form of aid with manifestly economic objectives. Yet modern forms of budget support, such as Uganda’s JBSF, clearly have multiple objectives, some falling into the economic category and some falling under governance. Indeed, the EU has rather ambitiously identified the consolidation of democracies as a general objective of all forms of budget support (Directorate-General Development and Cooperation - EuropeAid 2012, 13). This thesis is premised on the basis that the objectives of budget support include increasing horizontal accountability by empowering parliaments. While the more

explicitly political mandate of the DGF should be taken into account in the analysis, it is not sufficient to render its comparison to the JBSF unreasonable.

Pulling management apart

While [Chapter 5](#) aims to show that budget support's failure to strengthen horizontal accountability by empowering parliaments is due to how it is managed, rather than money, the goal of [Chapter 6](#) is to pull the management of budget support apart. It seeks to demonstrate which specific aspects budget support management are producing this outcome and how they do so. Having done this, [Chapter 6](#) will identify why budget support is managed in this manner. This represents an attempt to drill down, past aspects of budget support management that are merely symptoms, to the underlying causes.

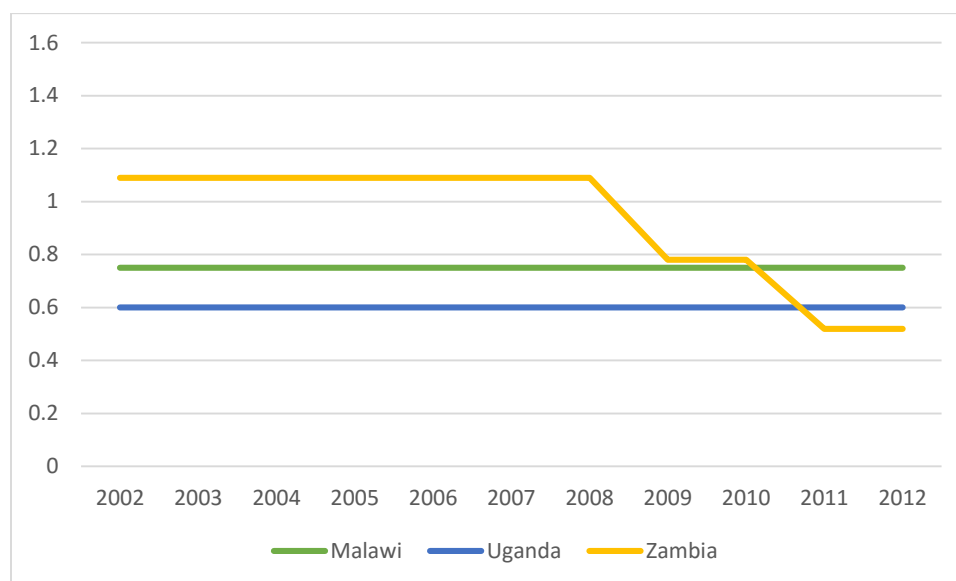
In contrast to [Chapter 5](#), which relies solely on material from Uganda, [Chapter 6](#) derives its analytical leverage comes from a comparative analysis of three countries; Malawi, Uganda and Zambia. More precisely, leverage comes from a comparative analysis of three budget support programs, the Common Approach to Budget Support (CABS) in Malawi, JBSF in Uganda, and Poverty Reduction Budget Support (PRBS) in Zambia. These particular budget support programs have operated since 2005 (in Malawi and Zambia) and 2009 (in Uganda). In choosing these cases, this thesis employs a most different cases design, the “reverse image” of the more common most similar method of case selection (Seawright and Gerring 2008, 306). This means the cases have both budget support and the outcome of interest in common but vary in a number of potentially relevant respects detailed below. These differences help to isolate the effect of how budget support is put into practice, and thus facilitate the identification of those aspects of budget support implementation that produce the common outcome.

A common outcome

If the CABS in Malawi, the PRBS in Zambia and the JBSF in Uganda are to be compared on the basis of being most different cases, the first step is to show that, despite their differences, they do share a common outcome. While budget support has failed to live up to expectations in each case, there is some variation in the severity of that failure. In none of the cases, however, can it be said that budget support has bolstered the role of parliaments to anything close to the extent that donors hoped to see. [Chapter 2](#) has already shown this to some extent, with its review of budget support evaluations (see [Table 2.2](#)). The *legislature investigates in practice* indicator, published

by the Varieties of Democracy Project (V-Dem), also provides a rough illustration of this fact (Coppedge et al. 2014)³⁰. As [Figure 4.2](#) shows in the period from 2005 to 2012, the scores for Uganda and Malawi were static. Zambia's score moved very marginally downward, but the change was within the margin of error. Other sources suggest that the *legislature investigates in practice* indicator provides an accurate summary of the situation. Data from the Open Budget Survey indicate some small gains made with respect to the Parliaments' oversight on the budgets in Malawi, Uganda and Zambia. However, donor-commissioned evaluations of budget support suggest that no significant improvements can be linked to budget support.

Figure 4.2 Trends in legislative oversight: Legislature investigates in practice



Note: Maximum possible score is 4

Source: Varieties of Democracy Project (Coppedge et al. 2014)

In the case of Zambia, a donor-commissioned evaluation published in 2011 reported that budget support had contributed to some (very) small improvements in accountability. Specifically, it contributed to reforms to the budget calendar that it was hoped would reduce the ability of the executive to authorise expenditure without parliamentary approval (Kemp, Faust, and Leiderer 2011). The report also observed that gains made with respect to the Parliament were noticeably

³⁰ This indicator measures how likely it is that, if the executive were engaged in unconstitutional, illegal or unethical activity, a legislative body would conduct an investigation that would result in a decision or report that is unfavourable to the executive.

smaller than gains made with respect to other accountability institutions, particularly the Office of the Auditor General. Ultimately the evaluators concluded that “only minor improvements have been made in terms of strengthening the parliament’s oversight and control capacity” (Kemp, Faust, and Leiderer 2011, 109). This is consistent with data from the Open Budget Survey which has fairly consistently rated Zambia as ‘weak’ in legislative strength in budget oversight from 2006 to 2015 (International Budget Partnership 2015c).³¹ The sole exception was in 2008, when this rating was ‘moderate.’

In 2006 the joint evaluation of general budget support in Malawi reported some signs of improved accountability but found no evidence that these were related to budget support (Claussen et al. 2006, 46). There is little sign that this has changed over time, though the absence of a more recent budget support evaluation, and the general lack of research on the National Assembly of Malawi makes it hard to be sure. The Open Budget Survey categorised the Malawian legislature’s budget oversight as ‘weak’ from 2006 to 2010 and ‘moderate’ in 2012. Surprisingly, this improved to ‘strong’ in 2015, though a close inspection of the data suggests that classification should be viewed with skepticism. The numerical score on which it was based was 66.7: the cut-off between ‘moderate’ and ‘strong’ is 66. In addition, some of the survey data on which that score is based are questionable.³²

In Uganda, donor-commissioned evaluations present a mixed picture. The joint evaluation of general budget support published in 2006 reported mixed effects on accountability (Lister et al. 2006). It noted that at times, the voices of budget support donors had drowned out that of Parliament. Some improvements in accountability were noted, such as increased parliamentary involvement in the budget process. However the evaluation concluded that those improvements either pre-dated, or did not appear to be causally related to, the provision of general budget support (Lister et al. 2006, 113). A more recent evaluation of budget support makes a more

³¹ Open Budget Surveys are available for 2006, 2008, 2010, 2012 and 2015. Changes to the survey’s methodology from year to year mean caution should be used when comparing scores across years. However, the categorical measure of legislative budget oversight (weak/moderate/strong) is probably less affected by this problem than other indicators.

³² The survey question regarding the scope of the Parliament’s formal power to amend the budget has either been answered incorrectly, or in a manner inconsistent with answers given in previous years, in which case answers in previous years were incorrect (see question 108; International Budget Partnership 2015a). Some of the comments made by the survey respondent also appear to contradict the scores they assigned in response to certain questions (for example see question 109; International Budget Partnership 2015a).

positive conclusion. It claimed both that the quality of parliamentary scrutiny of the national budget, expenditure and audit reports had improved and that budget support had contributed, either directly or indirectly, to these changes Uganda (IEG and Particip GmbH 2015a, 81). Unfortunately this assertion flies in the face of the empirical reality that the evaluation itself documents. When the evidence on which this assessment is based (see IEG and Particip GmbH 2015b, 81–88) is examined closely, it becomes clear that the gains identified relate to strengthening the Office of the Auditor-General and the Inspector General of Government rather than the Parliament. That evaluation’s positive conclusions with respect to accountability are also curiously at odds with some of the data it reports. Its observation that Uganda’s Country Policy and Institutional Assessment (CPIA) ratings on transparency, accountability and corruption in the public sector have ‘deteriorated significantly’ in the period from 2004 to 2014 is hard to reconcile with its positive conclusion (IEG and Particip GmbH 2015a, 38). The lack of weight given to that data, and to the failure to strengthen the Parliament as an accountability actor (not merely as an adjunct to the Auditor-General) is startling.³³ More so, given that the evaluators were expressly tasked with assessing the impact of budget support on the role of the parliament. Skepticism regarding this evaluation’s assertions also seems warranted given that the Open Budget Survey rated the strength of legislative oversight of the budget as ‘moderate’ in both 2006 and 2015.³⁴

It would be overreaching to claim that budget support has had absolutely no positive effects on Parliaments in Malawi, Zambia and Uganda. Some very marginal gains may have been made. What the budget support programs in those countries do share, however, is a failure to live up to donors’ expectation that budget support would empower parliaments in a meaningful way, producing significant gains in horizontal accountability.

³³ As previously noted, the extent to which evaluators were knowledgeable about the domestic political context is questionable. The report laments that the Public Finance Management Bill “has been before parliament since 2012, and it is unclear whether there is sufficient political commitment or parliamentary support to pass it prior to the upcoming elections in 2016” (IEG & Particip GmbH, 2015a, n. 35, p. 26). That bill was passed at the end of 2014, roughly 6 months prior to the publication of the report.

³⁴ It was rated ‘weak’ in the 2008 and 2010 editions of the survey and ‘strong’ in 2012. A comparison of survey questions and responses from 2012 and 2015, together with comments from the survey peer reviewer, suggest that the 2012 survey weighed formal rules more heavily than practice (questions 102, 103 and 105 in International Budget Partnership 2011, questions 100 and 111 in 2015b). This would have inflated the legislative strength score for 2012.

Key points of difference

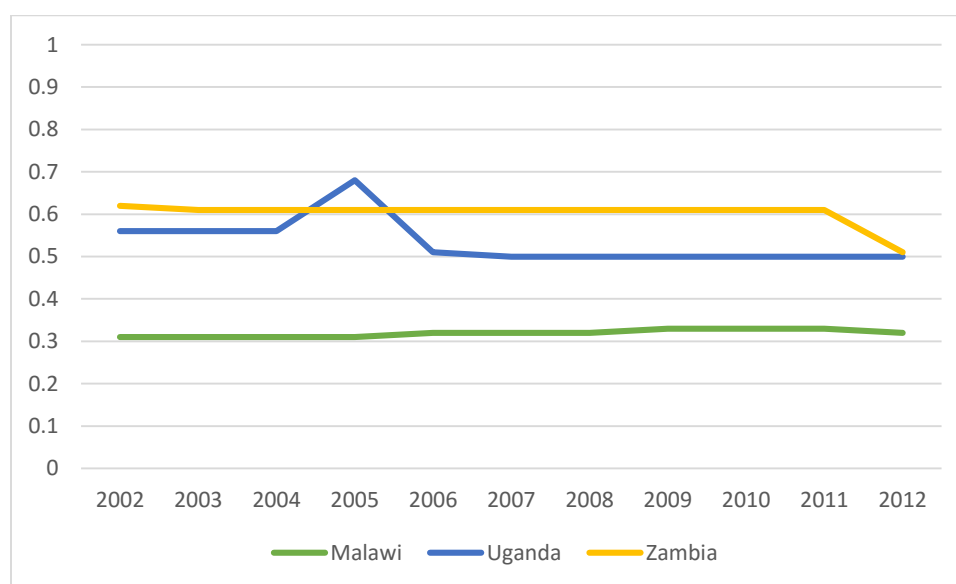
Ideally, in a most different case design, the chosen cases would vary on all other factors that might plausibly explain the outcome of interest (Gerring 2007, 139). In light of the limited universe of cases available this paper settles for variation on factors which seem particularly plausible as alternative explanations. These include the institutionalization of political parties and political party systems, the initial capacity of the parliaments, the nature of the political regime within which budget support was operating, and the relative importance of budget support in each country.

Political parties play an important role in democracies (Lipset 2000), and a critical one in the functioning of parliaments (Ezrow 2011, 3–6; Levitsky and Cameron 2003, 3–4). Weak parties and weak party systems are often blamed, at least in part, for the dominance of executives, including in Zambia (Rakner 2011). In light of this, it is possible that the institutionalization of both parties and party systems in each country might affect whether budget support is implemented in a way that identifies parliaments as important accountability actors.³⁵ In a country with poorly institutionalised parties, or a poorly institutionalized party system, the legislature is likely to struggle to hold the executive to account, making it an unattractive partner for support or engagement. Most African political parties are only weakly institutionalized, tending to be unstable, fragmented and based along personal, regional, ethnic or clientelistic ties (Sandbrook 1996; Van de Walle and Butler 1999; Widner 1997). Similarly, the level of party system institutionalization in Africa is generally lower than elsewhere (Kuenzi and Lambright 2005). African party systems are commonly described as fragile and unstable (Van de Walle and Butler 1999) or unbalanced (Randall and Svåsand 2002, 35). Given that the majority of budget support recipients are located in Africa this could produce something akin to a selection effect, with budget support tending to be used in countries where both political parties and political party systems are poorly institutionalized.

³⁵ Party institutionalization and party system institutionalization are related but separate concepts. Party institutionalization refers to the ability of an individual party to survive over time and mobilise resources as well as the extent to which its organization is routinized. This includes, for example, whether a party has established systems for leadership succession. Party system institutionalization refers to the level of continuity in which parties contest elections and the extent to which they constitute the dominant means of securing political office.

There are, unfortunately, no up to date indicators of party institutionalization in Malawi, Uganda and Zambia, available. However the *party system institutionalization index* published by V-Dem also captures some aspects of party institutionalization,³⁶ with project documents from V-Dem observing that levels of party institutionalization tend to correspond to levels of party system institutionalization. This index – the maximum score for which is 1 – provides evidence of variation between the three countries throughout the period from 2005 to 2012³⁷, albeit within a very limited range. As [Figure 4.3](#) illustrates, during that time, the political party system was most institutionalized in Zambia, less institutionalized in Uganda, and least institutionalized in Malawi.

Figure 4.3 Party system institutionalization index



Source: Varieties of Democracy Project – V-Dem data version 2014.3 (Coppedge et al. 2014)

However, if confidence intervals are taken into account, the difference between Zambia and Uganda is within the margin of error. This indicator also suggests that levels of party system

³⁶ This index incorporates measures of party organizations (the number of national level political parties that have permanent organizations), party branches (the number of parties that have permanent local party branches), party linkages (the main or most common form of linkage between major parties and their constituents), distinct party platforms (the proportion of parties with seats in the national legislature or presidency that have publicly available manifestos that are relatively distinct from each other), and legislative party cohesion (the frequency with which MPs vote with other members of their party on important bills).

³⁷ 2012 is the last year for which data on all three countries is currently available.

institutionalization have been relatively stable. While numerical scores suggest a very slight downward trend in all three countries in the last few years, those changes are well within the margin of error of the indicator.

Other sources suggest that the *party system institutionalization index* captures the political context in each country fairly well. In this period, for example, political parties in Malawi have been prone to fragmentation and floor-crossing. Would-be candidates who fail to win nominations from their parties have tended to establish their own. The most high-profile instance of this occurred in 2011, when Joyce Banda, then the Vice-President, split from the ruling Democratic Progressive Party to found the People's Party. In 2010, Rakner and Svåsand described both Zambia and Malawi as suffering from “a precarious lack of party system institutionalization” (Rakner and Svåsand 2010, 1255), though since then Zambia has made more progress in reducing floor-crossing by MPs (Svåsand 2014).

To confuse matters, the Bertelsmann Transformation Index (BTI) presents a slightly different picture. It shows variations between the three countries, but it is variation that differs from the picture painted by the V-Dem indicator. Between 2008 and 2014 the *party system*³⁸ indicator from the BTI was 4 for both Malawi and Zambia, and 7 for Uganda. A score of 4 means that “the party system is unstable with shallow roots in society: high fragmentation, high voter volatility and high polarization” (Bertelsmann Stiftung 2014, 23). A score of 7 indicates “the party system is fairly stable and socially rooted: moderate fragmentation, moderate voter volatility” (Bertelsmann Stiftung 2014, 23). The divergence between the BTI and V-Dem scores reveals that each indicator captures slightly different things. Specifically, the BTI measure emphasises stability (see note 38), but makes little allowance for imbalance; Uganda's score is higher due to the dominance of the NRM. The BTI country reports for Uganda award a relatively high *party system* score but note that as a result of the NRM's dominance, and the failure of opposition parties to offer programmatic alternatives, “the effective aggregation of societal interests remains rather poor, even in the context of multiparty competition” (Bertelsmann Stiftung 2012, 17). In contrast, the V-Dem index is calculated on a basis that effectively discounts Uganda's score because its opposition parties lack the institutional infrastructure of the NRM (see note 36).

³⁸ This indicator measures the extent to which there is a stable, moderate, socially rooted party system able to articulate and aggregate societal interests.

Arguably, the BTI measure for Uganda more accurately captures the strength on party system institutionalization; it reflects the fact that the problem in many African political regimes is not that their party systems are weak or un-institutionalized, but rather that they are unbalanced, concentrated around one or two parties (Rakner and Svåsand 2010, 35). In contrast, the V-Dem indicator may do a better job of capturing the average level of party institutionalization than the strength of the party system as a whole.

Another important point of variation between the three countries is the baseline level of capacity of the Parliament and the assertiveness of its members. This is relevant because there has to be something to work with, and someone who wants to work with you. Countries that receive budget support may tend to have formally weak, poorly resourced and less assertive parliaments. This would explain why those responsible for putting budget support into practice are disinclined to work with them, despite the expectations of those at donor agencies' headquarters. While it is true the three parliaments at hand would all fall towards the lower end of these spectrums compared to parliaments in consolidated democracies, there are differences between them. The 2009 Parliamentary Powers Index (PPI)³⁹ for the National Assembly of Uganda was 0.44 (the maximum possible being 1), while the scores for National Assembly of Malawi and the National Assembly of Zambia were 0.38 and 0.28, respectively (M. Steven Fish and Kroenig 2009). For the Ugandan Parliament, this score seems largely consistent with the extent of its resources – which are visibly better than those of the Parliaments in Malawi and Zambia – and with its reputation for being among the more assertive legislatures in the region, even during the period of 'no-party' democracy (Barkan 2009a, 2, 20, 22; Carbone 2008, chap. 8; Kasfir and Twebaze 2009). In the case of Malawi, however, the PPI may not fully capture the extent of resource constraints faced by the Malawian Parliament. Those constraints are perhaps best demonstrated by the fact that it has only had a parliament building to meet in since 2010, courtesy of Chinese aid (Xinhua 2010)

Another significant point of variation is the type of political regime in which budget support is being put into practice. Donors tend to be more selective about who gets budget support, rarely

³⁹ This index comprises measures of each Parliament's influence over the executive, institutional autonomy, specified powers and institutional capacity.

providing it to authoritarian regimes.⁴⁰ Budget support is also rarely provided to full democracies, since such countries tend to have no need of it. Thus budget support generally goes to hybrid regimes. This is significant because existing research shows that legislatures have different functions in different types of regimes. Empirical evidence suggests that legislatures in authoritarian regimes can increase stability and make a transition to democracy less likely (Wright and Escribà-Folch 2012) though whether they do this via co-optation (Gandhi and Przeworski 2007; Malesky and Schuler 2010) or the provision of opportunities for rent-seeking (Reuter and Robertson 2015) remains a matter of debate. If legislatures are performing these kinds of functions in states receiving budget support, it might explain why donors are disinclined to view them as important accountability institutions when it comes to putting budget support into practice. In the cases at issue, this is more likely in Uganda than in Malawi and Zambia.

The three cases vary in terms of their position along the continuum from authoritarianism to democracy. From 2005 to the present, Uganda's Freedom House rating has risen (indicating less freedom) from 4.5 to 5.5, while the ratings of Malawi and Zambia have been fairly stable around 3.5, Zambia tending to score slightly better than its neighbour. Thus, while the selected cases do not capture the full extent of potential variation along this measure of regime-type they do capture some. The differences between them become more marked when we consider the nature of the hybrid regime in each case rather than simply their position along a continuum from authoritarianism to democracy. Two well-known datasets capture the key differences. The Authoritarian Regime Dataset codes Uganda as a military multiparty regime (from 2006 to 2008) and then a limited multiparty regime (Hadenius and Teorell 2007; Wahman, Teorell, and Hadenius 2013). It codes Zambia as a limited multiparty regime from 1993-2007 and a democracy from 2008 onwards. Malawi is coded as a limited multiparty regime from 2001. The Autocratic Regime Dataset (Geddes, Wright, and Frantz 2014) codes Uganda as a personalist regime, Malawi as a democracy (since 1994) and Zambia as a party-based authoritarian regime. In the case of the latter, the most recent code book notes a transition to democracy in 2011

⁴⁰ Donors do have a somewhat inconsistent track record on this point. Selected authoritarian regimes, such as Vietnam, have received a substantial amount of budget support.

following the Patriotic Front's election victory. This appears to reflect that dataset's more procedural conceptualization of democracy.⁴¹

To this point, this section has identified relatively little variation between the cases of Malawi and Zambia compared to the extent of variation between those two cases and Uganda. This begs the question: why include both Malawi and Zambia? The answer to this question is that Malawi differs significantly from both Zambia and Uganda in terms of the relative importance of budget support to the government. This is in part a reflection of differing levels of aid dependence. On average, Malawi received ODA equivalent to 21.5% of its GNI each year from 2004 to 2013 with no signs of a decline in the country's reliance on aid.⁴² Budget support disbursements were volatile in this period, but in some years (such as 2010), budget support accounted for about a third of Malawi's total ODA.⁴³ While the same was true of Zambia in 2009, since then budget support has declined as a proportion of ODA. Moreover, even in 2009 Zambia was far less aid dependent than Malawi, receiving ODA equivalent to around 8.5% of its GNI. This reflects a period of economic growth, in large part driven by the mining sector, which has seen Zambia 'graduate' from low, to low-middle income country status. That shift is a significant one, one that has prompted several donors to phase out (or adopt plans to phase out) budget support. Uganda has been less economically successful during this period, though it has reduced its reliance on ODA from 15.7% of GNI in 2004 to 11.5% in 2013.

The relative importance of budget support in Malawi is significant because it provides a rough indication of how much political leverage budget support might buy. Although some prior research warns that attempts to buy political reforms are rarely successful, it is clear that donors do expect budget support to buy them political influence (Dijkstra and Kemp 2015). Drawing on evidence from Rwanda and Tanzania, Swedlund (2013) finds that budget support is often used to gain leverage over recipients' policy decisions and identifies several distinct mechanisms donors employ to that end. It is possible that budget support has failed to deliver accountability because it did not provide donors with enough political leverage; it wasn't important enough to recipients to incentivise the kinds of accountability reforms that donors clearly hoped to see flow

⁴¹ It requires an alternation in government via election for a regime to be categorised as democratic.

⁴² Author's calculations using the indicator *Net ODA received (% of GNI)* from the World Development Indicators.

⁴³ Author's calculations using data from the OECD-DAC's Creditor Reporting System.

from budget support. In the context of a most different strategy of case selection, this makes it important to include cases where budget support was, and was not, substantial enough to provide recipient government's with a reason to care about the reforms that donors were so eager to link to budget support.

Within case analysis

Earlier sections of this chapter explained why this thesis employs both a most similar and most different strategy of case selection in order to answer different layers of the central research question. In doing so, it has highlighted the strengths of those comparative research designs. Yet most similar and most different case study designs also have weaknesses. At heart, many of these weaknesses stem from the fact that cases which are truly most similar and most different are, in practice, impossible to find. The control offered by either type of comparative case study is therefore imperfect. A researcher can never be absolutely sure that alternative explanations have been excluded or a causal relationship established; there is an unavoidable risk of making spurious or invalid inferences. Both most similar and most different case designs can struggle to deal with complex causation and interaction effects (Levy 2008, 11; Lieberman 1991, 314–315). These problems are generally regarded as more serious with respect to most different case designs (Seawright and Gerring 2008, 298, 306; Skocpol and Somers 1980, 183) a fact that explains why they are so rarely employed on their own (Gerring 2007, 142; Skocpol and Somers 1980, 183–184). In particular, most different case design are of limited utility in dealing with equifinality or multiple causality; the possibility that the same outcome can emerge in different cases due to different causes (George and Bennett 2005, 159). This is clearly a possibility here.

With these issues in mind, this thesis employs within case analysis, in the form of process tracing, in addition to comparison. Collier defines this as “the systematic examination of diagnostic evidence selected and analyzed in light of research questions and hypotheses posed by the investigator” (D. Collier 2011, 823). Others have tended to define process tracing by reference to its objective. They explain that process tracing “attempts to identify the intervening causal process – the causal chain and causal mechanisms – between and independent variable (or variables) and the outcome of the dependent variable” (George and Bennett 2005, 206). While some reduce process tracing to simply a means of increasing the number of observations (King, Keohane, and Verba 1994, 227), its proponents stress that its focus on sequential processes

renders is “fundamentally different from statistical analysis” (George and Bennett 2005, 13). Since George and Bennett (2005) explained the technique in detail, it has become increasingly common (Tansey 2007). That popularity stems in part from the fact that it mitigates many of the weaknesses of both most similar and most different case study designs. While it cannot rule out alternative explanations absolutely, the fact that process tracing directs attention so closely to causal mechanisms reduces the risk of making spurious inferences. It also provides a means if untangling complex causal relationships and interaction effects.

In employing process tracing this thesis is taking the advice of George and Bennett (2005, 160), who contended that “process-tracing is an essential supplement to all forms of case comparisons to reduce the dangers of false positives and false negatives.” Process-tracing also appeals because it “has a comparative advantage in the empirical analysis of decision making at the individual, small group, and organizational levels, including the analysis of leaders’ perceptions, judgements, preferences, internal decision-making environment, and choices” (Levy 2008, 11). In short, it is a valuable tool for examining the kind of phenomena with which this thesis is concerned.

Material

Each element of the research design elaborated above – the most similar case comparison in the context of Uganda, the most different case comparisons of budget support programs in Malawi, Zambia and Uganda, and the complementary use of process tracing for within case analysis – has something in common: they all require information. Subsequent chapters draw on several sources of material to provide that information. Both [Chapter 5](#) and [Chapter 6](#), use the documents that form the basis of budget support management frameworks in Malawi, Uganda and Zambia as a starting point. This includes multilateral Memoranda of Understanding (MoUs) between budget support donors and recipient governments, the PAFs that are commonly annexed to (or at least referenced by) those MoUs, and the aide memoires that record donors’ assessments of government performance against the conditions and targets set out in the MoUs and the PAFs. In the case of [Chapter 5](#), documentary material also includes MoUs and program documents associated with the DGF. This is supported by a mix of other material including media reports, press statements and records of debates from the National Assembly of Uganda. Both [Chapter 5](#) and [Chapter 6](#) also draw on internal donor agency documents (including briefing notes, memos and risk assessments) relating to budget support programs. This second set of

documents provides greater insight into how the frameworks set out in MoUs and PAFs were understood and put into practice by budget support managers.

Many of these documents, such as budget support MoUs and aide memoires, are in theory public documents. In some countries, such as Tanzania, budget support donors have made them available online in a systematic fashion.⁴⁴ Unfortunately that is not the case in Malawi, Uganda or Zambia. As a result, obtaining most of these documents required Freedom of Information (FOI) requests to be lodged with different agencies. Requests for relevant documents were submitted to three donors; the United Kingdom (DFID), Norway (Norad and the Ministry for Foreign Affairs), and the EU (European Commission DG International Cooperation and Development).⁴⁵ Each provides budget support to all three recipients, or has done so until fairly recently. FOI requests made to Norwegian agencies were broader in scope due to the Norwegian government's long-standing practice of listing all potentially available documents online. [Appendix 2](#) and [Appendix 3](#) provide a list of documents expressly cited and the numbers by which they are referenced (Document 1, 2, 3 etc.) in [Chapter 5](#) and [Chapter 6](#), respectively.

In addition to documentary evidence, this paper draws on semi-structured interviews conducted in Malawi, Uganda and Zambia in late 2013 and early 2014. More than 30 interviews were conducted in each country; a complete list is provided in [Appendix 1](#). These interviews are particularly useful for conducting process-tracing in this research project. The use of FOI requests means that there has been no shortage of documentary evidence available. Yet documentary evidence has certain inherent weaknesses. Documents can present an incomplete or misleading account of events. They constitute the official version, and so may not reveal informal processes that preceded decision making or considerations deemed too sensitive to include within formal documentation (George and Bennett 2005, 103). The volume of documentary evidence available can also make it difficult to pinpoint which documents are most significant or most accurate. Interviews make that task easier (Tansey 2007, 767). In the case of this research project, interviews are essential in tracing how, in each case, the formal frameworks

⁴⁴ See the Budget Support Documents Library on the website for the Development Partners Group Tanzania: <<http://www.tzdp.org.or.tz/dpg-website/sector-groups/other-groups/httpwwwtzdp.orgortzbudgetsupport/key-documents.html>>.

⁴⁵ An Access to Information Request was also submitted to the World Bank, which responded that it was unable to locate the requested documents in its database.

set out by MoUs and PAFs were put into practice, and how this shaped the manner in which budget support managers approached parliaments.

Interview respondents were identified using a combination of purposive and snowball sampling. In the case of this thesis, purposive sampling meant deliberately targeting individuals known to play a central role in budget support management. This included, for example, heads of development cooperation, country directors, and country economists based at donor embassies or (in the case of the World Bank and African Development Bank) country offices. It also included the Chairs of relevant parliamentary committees (both the Budget Committee and the Public Accounts Committee, where possible). Snowball sampling, asking an initial set of respondents to suggest others who share similar characteristics or experiences, or who they identify as relevant in some way to the research topic, was then used to expand the sample. This combination of sampling techniques is useful because each compensates for the weaknesses of the other. On the one hand, using purposive sampling alone can be risky as it may lead a researcher to overlook the role of unknown or unexpected factors (or actors) that have played an influential role. On the other, the exclusive use of snowball sampling can introduce bias as respondents tend to suggest others who are similar to them, or share similar perspectives. To further compensate for this tendency, interviews were also conducted with officials from donor organizations that do not provide budget support, aid managers working primarily in the area of democracy promotion, representatives of civil society and NGO staff.

Both purposive and snowball sampling are non-probability sampling techniques; respondents are not selected randomly. In a different research project, this might make them unattractive as the lack of randomness limits the ability to generalize from a small population to a larger one. However, the lack of randomness makes these sampling methods particularly well suited to this project, which employs process tracing and relies on interviews with a group of respondents who, while not at the top of political decision making, nevertheless constitute an elite group. Tansey (2007) argues that a non-probability sampling approach (and specifically, an approach that combines purposive and snowball sampling) is particularly appropriate when elite interviews are used for process tracing. This is because the primary aim in such studies is not to draw a representative sample of a larger population, but rather to include key actors and decision makers within the sample.

Table 4.1 Overview of research design

	Chapter 5		Chapter 6		
<i>Which parts of the research question are being answered?</i>	Is budget support's failure to strengthen horizontal accountability by empowering parliaments due to the financial transfers linked to budget support or the way the modality is put into practice?		Which specific aspects of budget support management explain its failure to strengthen parliaments? Why is budget support managed in this way?		
<i>Unit of analysis</i>	Cases of donor engagement with the Parliament via an aid program, with respect to a specific piece of legislation.		Budget support programs.		
<i>Case selection strategy</i>	Most-similar cases		Most-different cases		
<i>Cases</i>	Engagement with the Ugandan Parliament via the Joint Budget Support Program , with respect to the PFM Act 2015 .	Engagement with the Ugandan Parliament via the Democratic Governance Facility , with respect to the Petroleum Acts 2013 .	Joint Budget Support Framework, Uganda	Common Approach to Budget Support, Malawi	Poverty Reduction Budget Support, Zambia
<i>What do the cases have in common?</i>	Financial transfers linked to budget support. Rationale for donor engagement: desire to ensure government accountability for management of revenue. Many of the same donors. Legislation seen as a priority by donors. Basic contextual factors: colonial history, economic development, regime type, capacity of parliament, institutionalization of political parties and party system.		Similar management structures surrounding budget support, including underlying principles and Performance Assessment Frameworks. Similar outcomes: failure of budget support to strengthen parliaments.		
<i>On what points do the cases vary?</i>	The aid management structures through which donors approached the Parliament. The immediate outcome, i.e. the extent to which Parliament was able to safeguard or strengthen its ability to hold the Executive to account (see Chapter 5).		Initial capacity of the Parliament		
			Moderate	Very Low	Low
			Relative importance of budget support in each country		
			Moderate	High	Low
			Nature of the political regime		
			Semi-authoritarian	Semi-democracy	Semi-democracy
			Institutionalization of political parties + Nature of political party system		
			Weak + Stable, but unbalanced.	Very weak + Fragmented, unstable.	Weak + Fragmented but becoming more stable.
<i>Type of analysis</i>	Cross-case analysis + within-case analysis (process-tracing)		Cross-case analysis + within-case analysis (process-tracing)		

A complex task

The research design this thesis employs to answer its central research question is not a simple one. To ensure clarity, [Table 4.1](#) sets out a summary of that research design. In order to explain why budget support has failed to strengthen horizontal accountability by empowering parliaments, we need to know several things: Can that failure be attributed to the way budget support is managed? If so, what aspects of budget support management matter most, and how do they produce this outcome? Finally, and perhaps most importantly, why is budget support put into practice in a manner so at odds with its stated goals? Answering these layered questions requires a layered research design. [Chapter 5](#) compares what are effectively most similar cases in the context of Uganda, a country that represents the best-case scenario for budget support. [Chapter 6](#) compares most different cases, the budget support programs in Malawi, Zambia and Uganda. Both employ within-case analysis, in the form of process tracing, to increase the analytical leverage provided by those cases.

5 Money or management?

A tale of two aid programs in Uganda

No, that's internal. We didn't have a position.

— A budget support manager on the proposed repeal of the Budget Act.

Well, the government is trying to kill it, basically. It is not an accident at all.

— A DGF program manager on the same issue.

Donors expected budget support to strengthen horizontal accountability in developing countries by bolstering the role of parliaments.⁴⁶ Yet, as discussed in [Chapter 2](#), it has failed to do so. This chapter examines whether this failure has more to do with money or management. It aims to determine whether the fault lies with the financial transfers that are associated with budget support or the manner in which it is implemented. As [Chapter 3](#) explained, budget support is delivered through a management structure that includes two notable features, underlying principles and Performance Assessment Frameworks (PAFs). This chapter concludes that these management structures, not money, explain why budget support has failed to strengthen

⁴⁶ [Appendix 2](#) lists the unpublished documents cited in this chapter and the numbers used to refer to them.

parliaments as institutions of horizontal accountability. That conclusion is based on comparison between and analysis within two cases set within the context of Uganda. The first is the case of the Joint Budget Support Framework (JBSF), introduced in [Chapter 3](#), and how it shaped donors' interactions with the National Assembly of Uganda with respect to the *Public Finance Management Act*, 2015 (PFM Act). The second is the case of how the Democratic Governance Facility (DGF) shaped donors' interaction with the same institution with respect to the Petroleum Acts.⁴⁷ The primary difference between these cases is the management structures involved in each. This isolates the effect of how budget support is put into practice from that of the financial flows that constitute it in part (see [Chapter 4](#)).

The first section of this chapter uses within-case analysis to trace how the JBSF influenced donors' response to a corruption scandal at the Office of the Prime Minister (OPM) and how that, in turn, influenced their interactions with the Parliament with respect to the PFM Act. Many in Uganda perceived the original PFM Bill as an attack on the Parliament's oversight of the budget process. Surprisingly, budget support managers were not among them. Approaching the PFM Act through the lens of the JBSF, budget support managers tended to view the Parliament with disinterest, in some cases exhibiting a startling disregard for its concerns. The management structures associated with budget support directed their attention elsewhere, leaving MPs on their own to resolve the issue of how the PFM Act would interact with the Budget Act, a law that entrenches the Parliament's oversight of the budget process. The Parliament refused to repeal the Budget Act but failed to ensure its consistency with the PFM Act, something that may undermine the Parliament's ability to hold the Executive to account in the long term.

The second section of this chapter contrasts this with what happens when donors' engagement with parliaments takes place outside of the management structures associated with budget support. When approached through the framework of the DGF, aid managers saw the Parliament as relevant to the debate around the Petroleum Acts, a potential ally whose point of view mattered. This did not produce a radically different outcome – there was no sudden increase in the strength of horizontal accountability in Uganda – but it did help to make progress possible.

⁴⁷ The *Petroleum (Exploration, Development and Production) Act*, 2013 and the *Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Act*, 2013. These are commonly referred to as the Petroleum Act (No. 1) and the Petroleum Act (No. 2).

Supported indirectly by donors, the Parliament secured amendments that strengthened its position as an institution of horizontal accountability in small but potentially significant ways.

The Joint Budget Support Framework and the PFM Act

The Government of Uganda introduced the PFM Act to the Parliament of Uganda (as the *Public Finance Bill*)⁴⁸ in early 2012. Shortly after, a corruption scandal at the OPM inextricably linked the JBSF and the PFM Act in the minds of budget support donors. The OPM had been a focal point for engagement between the government and budget support donors, one of the more respected branches of the Ugandan Government. As one aid manager put it, “everyone trusted the OPM” (Interview, Senior expert, Democracy promotion, Kampala, 20 January 2014). It is in this context that the OPM scandal provides the starting point for understanding how the JBSF framed budget support donors’ interactions with Parliament in relation to the PFM Act.

Scandal at the OPM

In October 2012 the Ugandan Auditor-General released a report exposing the systematic and large-scale theft of donor funds at the OPM (Office of the Auditor-General 2012). More than €11 million provided by donors to fund reconstruction and development in the conflict-affected north of Uganda had been stolen. Officials at OPM, with the assistance of staff at other organizations (including the Bank of Uganda) had diverted the money into several dormant accounts (a legacy of earlier project-based aid) then withdrawn it through a variety of fraudulent means. Although the Auditor-General’s report refers to the stolen funds as budget support, in interviews donor agency staff (including several budget support managers and Heads of Development Cooperation) almost uniformly took the view that the misappropriated funds were a form of basket funding, not budget support. Although, like budget support, basket-funding is a program-based modality, it differs from budget support because the funds are earmarked for particular purposes and kept distinct from consolidated revenue. Despite this, when donors responded to the OPM scandal, they responded by suspending budget support (Jeane and Njoroge 2012). This was largely due to their loss of faith in the Ugandan government’s ability to safeguard budget support funds. Numerous aid managers described the OPM scandal as “the

⁴⁸ It is unclear at precisely what point in time the name was altered. For the sake of consistency it will be referred to as the PFM Bill or PFM Act throughout this chapter.

final straw” and a clear breach of the underlying principles on which the provision of budget support was based (e.g. Interview, First Secretary – Governance, Embassy of Denmark, Kampala, 27 November 2013; Interview, Head of Development Cooperation, Bilateral donor, Kampala, 5 December 2013).

The effect of this was that the management structures surrounding budget support, the JBSF, became the mechanism that donors used to rebuild their relationship with the government. Within that framework, getting budget support back on track quickly became synonymous with PFM Bill. This link was made explicit in the rather awkwardly named *High Level Government Financial Reform Action Plan Matrix*, often referred to as the HLAM or Matrix. This plan of action, developed in the immediate wake of the OPM scandal, was the vehicle through which the Ugandan government sought to restore its credibility with donors. While the Matrix was initially instigated by the government, it was very much a product of the JBSF. In interviews, those involved with the JBSF, including several Heads of Development Cooperation, presented the Matrix as an outcome of that framework.

The Matrix identified several key objectives including assuring the fidelity of the government’s financial management system. For each key objective it identified key issues, key actions, key results, and the agency or person responsible for delivering them. The Ugandan government used the Matrix to position the PFM Bill as a way of demonstrating that it could be trusted with budget support again. Specifically, the government used the Matrix to promise that it would introduce amendments to the PFM Bill favoured by donors. These were identified as Key Result 5:

Submit for consideration by relevant Committee of Parliament proposed amendments to the Public Finance Bill that include provisions on (i) oil revenue management, in line with international best practice, (ii) a strengthened system of sanctions for breach of PFM regulations, (iii) commitment controls, and (iv) legal creation of an independent directorate of internal audit. (Document 1, p. 27)

It was in light of this that the Minister of Finance linked the progress of the PFM Bill to the resumption (or further delay) of budget support in public statements (Ladu 2013).

Budget support donors saw the program of action set out in the Matrix as a means of bolstering accountability in Uganda, and expressly said so. In one report the World Bank stated (under the

heading of ‘HLAM’) that “disbursement of PRSC 9 [budget support] was linked to the satisfactory implementation of a Government-led plan to strengthen key systems and improve accountability.” (World Bank 2014, 12). Budget support managers saw the PFM Bill as concrete step towards strengthening horizontal accountability in Uganda. Yet their priorities, reflected in and reinforced by the Matrix, only extended to particular parts of the PFM Act; those listed in Key Result 5, above. Other issues, including the impact of the PFM Act on Parliament’s role in the budget process, seemed to slip below the radar in forums linked to the JBSF.

The Budget Act under attack

When the government introduced the PFM Bill into Parliament in mid-2012, budget support managers saw it as a sign of progress and a step towards greater accountability in Uganda. To others, and in particular to those familiar with the history of Uganda’s Parliament, it was a shock. This was because the PFM Bill, in its original form, stated quite clearly (in section 79) that it would repeal the Budget Act. The government explained that it was simply trying to consolidate relevant laws in one place. Yet, while the PFM Bill included provisions that would replicate or replace some aspects of the Budget Act, the vast majority of that Act was not incorporated into the PFM Bill in any form. This meant the PFM Bill would repeal the provisions that the Parliament had come to rely on to hold the government to account on budget matters. The PFM Bill, as first presented to the Parliament, would have abolished the legislative basis for Parliamentary Budget Office (PBO) (*Budget Act*, 2001, sec. 20–21). It would have also removed the provisions that established the Budget Committee as a standing committee and the provisions that enshrined the role of that committee in the budget process (*Budget Act*, 2001, sec. 7–9, 19).

That the Executive would even attempt to repeal the Budget Act is, quite frankly, amazing. Experts on parliamentary strengthening describe the PBO, which the Budget Act established, as a model exported beyond Africa (Imlach 2011). Donors, including those who provide budget support, were responsible for much of this exporting; they have been more than happy to fund study-trips for African MPs and parliamentary support staff who want to see Uganda’s Budget Act and PBO in operation. Parliamentarians across sub-Saharan Africa, and in particular East and Southern Africa, clearly see it as a model to which to aspire. In interviews conducted as part of this project, MPs and parliamentary support staff in both Malawi and Zambia cited Uganda’s

Budget Act as inspiration for reforms in their own countries. It has also had a clear influence on Kenya's *Fiscal Management Act* 2009 (Johnson and Stapenhurst 2008).

The Budget Act also has a special place in the hearts of parliamentarians in Uganda. Prominent MPs introduced it as a private members' bill in 2000, when President Museveni's National Resistance Movement (NRM) was the only game in town. It faced significant opposition from the government but MPs were sufficiently committed to the cause that the Executive backed down. As a result, the Budget Act is commonly viewed as a high water mark for Uganda's Parliament, with academics citing it as a sign of the institution's relative assertiveness and independence (Carbone 2008; Kasfir and Twebaze 2009). Members of Parliament, particularly those who were MPs at the time, point to it as one of their biggest achievements (Kiraso 2008). One analyst at the PBO observed, "What Parliament went through when we were establishing the Budget Act was a type of war. You cannot come in one day and say, 'abolish it'" (Interview, Analyst, Parliamentary Budget Office, Kampala, 20 January 2014). Yet that is precisely what the original PFM Bill would have done.

Unsurprisingly, many within the Parliament saw the PFM Bill as an attack on its role, and in particular its oversight of the budget process. In 2012, the Chair of the Budget Committee recommended, on behalf of his committee, that the Budget Act be retained and kept distinct from the PFM Bill (Lwanga 2012). Other MPs expressed alarm at the prospect of repealing the legislative basis for the PBO, with local media reporting fears among MPs that this would all but eliminate their role in the budget process (Lumu and Kakaire 2012a). MPs also made their feelings clear at a consultative workshop attended by MPs, civil society representatives, the Finance Minister and a technical team from the Ministry of Finance, Planning and Economic Development (Ministry of Finance) in December 2012. One MP, Kasirivu Atowki, argued, "Nobody should deceive you that the finance ministry has been comfortable with the Budget Act... we don't need this Bill. We should only improve the Budget Act" (quoted in Mulondo 2012). Several other MPs expressed similar sentiments. Comments from the Speaker of Parliament, Rebecca Kadaga, demonstrate that opposition came from those within the NRM, not just its political opponents. She made it clear that MPs see the Budget Act as a symbol of the Parliament's independence, a law that has empowered it with respect to the budget, and an important bulwark against the power of the Executive (Nalugo 2012). She warned that a repeal of the Budget Act could render Parliament irrelevant to the budget process. Throughout 2013

MPs remained distrustful of the government's motives (Mugerwa 2013) and continued to express concern that without the Budget Act, Parliament would struggle to oversee the government's use of public funds (Karugaba 2013). In parliamentary debates, one MP wondered what the Ugandan Parliament would tell the foreign MPs who had participated in study trips to witness the working of the PBO and Budget Act; "Do we tell them that we have killed the baby that we gave birth to and whom they have copied?" (Ekanya 2014).

Parliamentarians' concerns about the PFM Bill were not limited to the issue of the Budget Act. In March 2013 members of the opposition criticised the drafting of provisions regulating the use of supplementary budgets. The Shadow Minister of Justice, Merdard Ssseggon, argued that the clauses proposed in the PFM Bill would expand the government's ability to approve supplementary budgets without the consent of Parliament (Namutebi 2013). In parliamentary debates MPs also raised issues relating to the establishment of a single treasury account, the contingency fund, supplementary budgets, sanctions and the provisions for the management of oil revenues. However concerns about the Budget Act were quite clearly the most heartfelt.

[An unfortunate misunderstanding?](#)

Confronted with parliamentary outrage, members of the government and MPs closely linked to it claimed it was all simply an unfortunate oversight. The Finance Minister argued that the objective of the PFM Bill was to strengthen, not undermine, Parliament's oversight of revenue mobilisation, allocation and utilisation (Mulondo 2012). High profile NRM MPs also interpreted the motives behind the PFM Bill in a favourable light, sometimes stretching credulity. The NRM MP and Chair of the Budget Committee, Timothy Lwanga, was either incorrect or disingenuous in asserting that the PFM Bill "never said that the Budget Act, with effect from this period, would cease to exist" (Interview, Chair – Budget Committee, Parliament of the Republic of Uganda, Kampala, 5 February 2014). Later, admitting that the Budget Act was in fact slated to be repealed, he defended it as necessary because of the changes that the PFM Bill would make to the budget calendar. He argued that the "oversight" of abolishing the PBO was probably the fault of legislative drafters at the Ministry of Finance. He suggested they "did not have very much interest in the Budget Act... so someone really must have had a very big mistake" (Interview, Chair – Budget Committee, Parliament of the Republic of Uganda, Kampala, 5 February 2014).

It is hard to believe that the attempt to repeal the Budget Act slipped in by accident. Opposition MP Maxwell Akora, a former Vice Chairperson of the Public Accounts Committee (PAC), reacted with incredulity to this suggestion. He asserted that the repeal “was intended... They really don’t want us [the Parliament] to participate” (Interview, MP – Public Accounts Committee, Parliament of the Republic of Uganda, Kampala, 6 February 2014). Civil society groups expressed a similar view. One senior civil society activist noted that the omission of most of the content of the Budget Act “can’t be an oversight... When you are consolidating the laws, you don’t pick sections and throw out others” (Interview, Deputy Executive Director, ACODE, Kampala, 5 February 2014). Context provides further reasons to be skeptical of government assurances that the abolishment of the Budget Act and PBO was simply a misunderstanding. The introduction of the PFM Bill to Parliament occurred against a backdrop of a clear desire within the NRM to give the party a more influential role in budget formulation. At a party retreat in January 2013, NRM MPs endorsed a proposal for the NRM parliamentary caucus to play a larger role in budget formulation. One commentator described this as an attempt “by the government to, in essence, hijack the budgeting process from itself” (Nalugo 2013a). They warned that the proposal could render the PBO irrelevant (Nalugo 2013b). Local media reported a desire among those in government to shift budget formulation out of the hands of technocrats at government ministries and into the hands of individuals within the NRM caucus (Kagaba, 2013). Media reports – as well as interviews conducted by the author – indicate a widespread belief that the top ranks of the NRM had come to view the Parliament and the PBO as obstacles to the Executive’s budgetary preferences.

Claims that the repeal of much of the Budget Act, and the removal of a legislative basis for the PBO, was merely an oversight should also be evaluated in light of a history of other ‘accidental’ omissions that have held the potential to erode the Parliament’s ability to hold the Executive to account in Uganda. Maxwell Akora, a current member of the PAC, highlighted changes to the Parliament’s Rules of Procedure made with little fanfare and almost no debate at the beginning of the current Parliament (Interview, MP – Public Accounts Committee, Parliament of the Republic of Uganda, Kampala, 6 February 2014). He expressed concern that these had the potential to significantly reduce the PAC’s role in examining reports from the Auditor-General. The 2006 Rules of Procedure stated:

The Public Accounts Committee shall be assigned the examination of the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure of the Central Government and the Judiciary. (*Rules of Procedure*, 2006, rule 148(2)).

The 2012 Rules omit this provision, potentially narrowing the remit of the PAC. When the issue was drawn to the attention of the Speaker, they ruled that the 2012 Rules of Procedure should be read together with those of 2006, limiting the effect of the change in practice. While there is no definitive evidence of the motives behind the omission, it is interesting to note the history of unfortunate ‘mistakes’ when it comes to the legal frameworks that underpin the Ugandan Parliament’s ability to hold the Executive to account.

Don’t know, don’t care

In this context, it is nothing short of remarkable that donors were overwhelmingly uninterested in, and largely unconcerned by, the prospect of the Budget Act’s demise. Comments made by one budget support manager at the World Bank are representative. He indicated that Parliament’s concerns were seen as an internal matter, something that, while perhaps relevant to the Bank’s work in a very general sense, was not a priority. Asked about the potential impact on Parliament’s involvement in the budget process, he replied; “No, that’s internal. We didn’t have a position on whether it was moving... the issue of Budget Act versus the PFM Bill” (Interview, Economist, World Bank, Kampala, 17 January 2014). Many budget support managers saw Parliament’s resistance to the repeal of the Budget Act as an overreaction. Asked why they saw the PFM as a positive, when Parliament saw a negative, budget support managers generally emphasised the strength of the PFM Bill. They often pointed to the amendments that budget support donors had secured in the Matrix. Some seemed bemused by the emphasis MPs placed on the PBO. Viewing the debate through the lens of the Matrix and the JBSF, they appeared to see little value in the role that office played. In discussing the potential impact on the PBO, the same World Bank official commented they “don’t have an issue” and asked “what was the role of the budget office before?” (Interview, Economist, World Bank, Kampala, 17 January 2014).

Few of those working within the frameworks linked to budget support appeared to understand or recognise Parliament’s perspective. One senior budget support manager described the PFM Bill as “an important step forward” and disagreed with the suggestion that it was a threat to the Budget Act (Interview, Budget support manager, Multilateral donor, Kampala, 3 December

2013). He suggested that MPs' opposition was primarily driven by self-interest, explaining that the PFM Bill would probably reduce their ability to steer funds towards their constituencies. Those that did demonstrate more familiarity with, and interest in, the Parliament's reaction to the PFM Bill were overwhelmingly people who were primarily engaged in democracy promotion, rather than the management of budget support. One senior expert with several years of experience in democracy promotion was quite blunt in describing the government's intent in repealing the Budget Act, saying "well, the government is trying to kill it, basically. It is not an accident at all" (Interview, Manager – Deepening Democracy Component, DGF, Kampala, 24 January 2014).

It was only belatedly that budget support donors appeared to exert any real effort to understand the Parliament's perspective. The first direct meeting between donor representatives and the Chair of the Budget Committee took place in February 2014.⁴⁹ At that meeting, he described the proposed repeal of the Budget Act as "a fight for territory" between the Executive and the Parliament. Later, in an interview, he noted that the meeting had been his first opportunity to sit down with donors and explain the Parliament's concerns about the PFM Act. The meeting was clearly a novel experience for many donor representatives as well, among them several budget support managers. Several attendees noted that they had not previously had opportunities to engage with the Parliament. They were eager to get a first-hand insight into the attitudes of MPs towards the PFM Act, though questions from donor representatives suggested that their primary concern was how long it would take to get the PFM Bill through Parliament. One donor representative commented that it was very valuable to hear directly from Parliament regarding its position on the PFM Bill. They noted that donors tend to only hear about Parliament's concerns second-hand, via the Ministry of Finance. The fact that the meeting occurred at all, however, was something of a matter of chance. The organiser described the meeting as "sort of serendipity" because the Japanese Embassy (which facilitated the meeting), happened to have developed a strong relationship with the Chair of the Budget Committee (personal

⁴⁹ The author attended this meeting on 4 February 2014. In addition to the Chair of the Budget Committee, attendees included representatives from bilateral donors (including both budget support and non-budget support donors), multilateral donors and the Ministry of Finance.

communication, 4 February 2014). Thus it was Japan, which does not provide budget support, that actively took steps to understand the Parliament's concerns about the PFM Bill.

Horizontal accountability undermined

After several rounds of debate, the Parliament passed the PFM Act in November 2014.⁵⁰ The Ministry of Finance had proposed a number of amendments endorsed by a joint Parliamentary Committee (Committees on Finance, Planning and Economic Development; Natural Resources and the Budget 2014). Among other things, these would have incorporated the key provisions of the Budget Act into the new law. Yet ultimately, parliamentarians' attachment to the Budget Act proved too strong. They refused to repeal it, nor to incorporate the relevant provisions in the PFM Act. Instead they passed a PFM Act that made no reference to the Budget Act, leaving it in place and completely unchanged. There was no attempt to amend the provisions of the Budget Act to ensure the interaction of the two pieces of legislation would be simple and straightforward. As a result, while the retention of the Budget Act represents a symbolic victory for Parliament, it may well be a hollow one.

The problem is that there are now contradictions between the Budget Act and the PFM Act. These are significant; assuming Ugandan courts follow similar principles of legislative interpretation as other common law jurisdictions, provisions of the Budget Act inconsistent with the PFM Act could be viewed as impliedly repealed.⁵¹ There are inconsistencies relating to the documents the government is required to provide to the Parliament as part of the budget process and when it is required to provide them. The Budget Act, for example, requires the government to provide the Parliament with a three year macroeconomic plan and indicative framework by the start of April each year (section 4). These are to be referred to committees, whose examination of those plans is framed on the assumption of a budget presentation deadline of 15 June (sections 7 and 13). In contrast, the PFM Act makes no mention of a three year macroeconomic plan or indicative framework. Instead it focusses on a budget framework paper, to be submitted to Parliament by 31 December each year, and which Parliament is to review and approve by the start of February (section 9). It appears that the budget framework paper and the

⁵⁰ The President signed the PFM Act in February 2015.

⁵¹ The doctrine of implied repeal holds that when an Act of Parliament conflicts with an earlier one, the later Act takes precedence and the conflicting parts of the earlier Act are repealed.

three year macroeconomic plan and indicative framework are meant to be the same thing, though this is not clearly explained. There is also a clear conflict between the two Acts regarding the timing of the budget calendar. Under the PFM Act, the Minister is to present the budget by 1 April, and the Parliament is to approve this by the end of May (sections 13 and 14). Under the Budget Act, the budget is to be presented by 15 June (section 13). The two Acts are also contradictory when it comes to the regulation of supplementary budgets, The PFM Act limits such budgets to 10% of the Contingencies Fund, a fund capped at 3.5% of the annual budget of the previous year (sections 26 and 28).⁵² The Budget Act provides a more generous ceiling, limiting supplementary budgets to 3% of the budget for the prior fiscal year (section 12).

It may seem like nit-picking to complain about the inconsistencies between the Budget Act and the PFM Act. Staff at the Ministry of Finance and Parliamentary Budget Office have already signalled an intent to amend the Budget Act to accommodate the PFM Act (personal communication, 11 March 2015). Yet it is difficult to be sure just how long this process might take; it took over 2 years for the Parliament to pass the PFM Act and the Budget Act is clearly less of a priority for donors. One accountability and democracy promotion expert commented that donors had been “remarkably quiet” about the PFM Act after it passed (personal communication, 8 May 2015). They noted that while the issue of inconsistency with the Budget Act had been raised, it appeared to be primarily a concern of government officials and civil society, not donors.

Given the central role that the Budget Act has played in helping the Parliament to assert itself on budgetary matters, confusion and inconsistency about its provisions create a risk. Uncertainty could be used by the government to avoid compliance with the terms of the Budget Act. This represents a threat to horizontal accountability in the longer term. Thus while the Parliament has cast its refusal to repeal the Budget Act as a success, in failing to amend the Budget Act it may have shot itself in the foot. It is too soon to determine whether or not this is the case. There are, however, some worrying signs. In March 2015 the government published a National Budget Framework Paper, incorporating the medium term macroeconomic plan, programmes for social and economic development, and the indicative revenue and expenditure framework. Under the

⁵² However an amendment to the PFM Act in November 2015 weakened these constraints.

PFM Act, this should have been published in December 2014.⁵³ Civil society groups have also expressed concern about poor compliance with the PFM Act and the impact of this on Parliament's budget oversight. In April 2015 an umbrella group of CSOs active on budget issues issued a press statement noting the delay in publishing the budget documents in accordance with the PFM Act. It complained:

Despite the executive being aware of these requirements, there was no deliberate effort to prepare accordingly and as such we are under immense pressure to respond to government budget proposals and at the same time we are worried that there is going to be commotion in parliament as there will be no time to effectively scrutinize and input into the NBFP [National Budget Framework Paper] which will lead to rubber stamping of proposals from the executive. (Civil Society Budget Advocacy Group 2015, para. 12)

These complaints are notable as the Ministry of Finance had previously maintained a fairly good reputation for providing documents on time. It is by no means proof that the Executive is using the inconsistencies between the Budget Act and the PFM Act as cause for delay, but it is hardly an auspicious start.

The DGF and the Petroleum Acts

The preceding section examined donors' engagement around the PFM Act, framed by the management structures associated with budget support. It showed that when operating through the JBSF, aid managers tend to approach the Ugandan Parliament with disinterest in, and in some cases disregard for, that institution's ability to hold the Executive to account. This begs the question – do donors, and aid managers, simply exhibit this attitude to parliaments all the time? The case of the Petroleum Acts, two laws that set out the regulatory framework governing Uganda's emerging oil industry, shows quite clearly that this is not always the case. The Petroleum Act (No. 1) governs upstream petroleum activities, including licensing for exploration and development, environmental safeguards and transparency. The Petroleum Act (No. 2) governs downstream activities, such as refining, transportation and storage. The Government introduced, and the Parliament passed, both Acts in 2012. Critically, for the purposes of this

⁵³ Admittedly, while the Parliament passed the PFM Act Parliament in November 2014 it was not signed by the President until February 2015.

chapter, while the JBSF framed donors' engagement around the PFM Bill, their engagement around the Petroleum Acts was framed by the DGF. This shaped their interactions with Parliament in a very different way, fostering an attitude that Parliament was an important ally in ensuring that the Ugandan government is held accountable for the development and management of oil reserves. This led aid managers to engage with Parliament, helping rather than hindering MP's attempts to preserve its powers as an institution of horizontal accountability.

This section begins with a description of the DGF and an explanation of the management structures that surround it. Drawing on documentary evidence, it shows that those management structures fostered a very different view of the Parliament than the ones linked to the JBSF. Finally, this section uses both interviews and documentary evidence to analyse how this shaped donors interactions with the Parliament with respect to the Petroleum Acts and evaluates the final outcome in terms of horizontal accountability. For a detailed explanation of why the DGF provides a particularly valuable comparison to the JBSF see [Chapter 4](#).

On paper and in practice

The DGF is a basket funding mechanism established by a consortium of eight donors, most of them budget support donors.⁵⁴ It has a mandate to support state and non-state actors in order to strengthen democratisation, protect human rights, improve access to justice and enhance accountability in Uganda (Democratic Governance Facility 2015). On paper, the management structures that constitute the DGF are every bit as complicated as those associated with the JBSF (described in [Chapter 3](#)). The formal framework surrounding the DGF consists of:

- A government-to-government agreement between Denmark and Uganda concerning the Uganda Good Governance Programme, a program that encompasses the DGF (Document 2 is a draft of this agreement).
- A multilateral Memorandum of Understanding (MoU) between the donors who support the DGF. Signed by donors in May and June 2011, this sets out the DGF's management structures, financing arrangements and basic objectives (Document 3).

⁵⁴ The founders of the DGF were Austria, Denmark, Ireland, the Netherlands, Norway, Sweden, the United Kingdom and the European Union. All were initial members of the JBSF, though by 2012 both Austria and the Netherlands had ceased providing budget support.

- Four Strategic Programme Documents: Overview, Component 1 (Deepening Democracy), Component 2 (Rights, Justice and Peace) and Component 3 (Voice and Accountability) (Documents 4, 5, 6 and 7, respectively). These describe the objectives of the DGF in more detail and identify the outputs it is expected to produce.⁵⁵
- Funding agreements in which each donor agrees to provide its share of DGF funding to Denmark (generally following the same template: Document 8).
- Bilateral agreements between some individual donors and the Government of Uganda, setting their commitments to the DGF (eg. Between Norway and Uganda; Document 9).

In legal terms the DGF is not independent of donors; strictly speaking, it has the legal personality of the Government of Denmark which ‘lends’ its legal identity to the DGF. Many of those who work with, or within, the DGF describe it as something similar to a joint venture, an arrangement in which the parties (in this case, donors) agree to establish a new entity by contributing equity (funding). In line with this, the DGF has its own offices and staff. While these staff, who manage DGF programs, do not play a role in managing budget support there is some overlap between the DGF and JBSF at the very top of their management structures. The DGF Board, which determines the overall strategy and direction of DGF, includes the Heads of Missions (usually Ambassadors) from each participating donor. A Steering Committee provides oversight of programme implementation and is composed of representatives of all contributing donors, all of whom were (at some point) part of the JBSF. Some of the individuals who sit on the Steering Committee play a role in the management of budget support. The DGF Strategic Programme Documents also recognise that the JBSF forms an important part of the aid landscape in which the DGF operates. The ‘Overview’ document states that the DGF should be linked to, and aligned with, the mechanisms for monitoring governance trends that form part of the JBSF (Document 4, p. 58). It also flags the potential need for information sharing between the JBSF and DGF (Document 4, p. 67).

When aid managers approached the National Assembly of Uganda through the lens of the DGF they tended to see in in a very different light than when they did so through the JBSF. The best

⁵⁵ Strictly speaking, these documents refer to the Democratic Governance Programme, the program the DGF is responsible for delivering. In practice the distinction makes little difference.

example of this is DFID Uganda's 2012 'Business Case' for the DGF (Document 10). This document is essentially the vehicle through which DFID staff in Uganda obtained approval for their involvement in DGF. It provides valuable insight into what DFID staff saw as the objectives of the DGF and the institutions they thought were relevant to achieving those objectives. In describing the political context and the need to support the DGF, the Business Case observes that the 9th Parliament had "so far proved to be active and assertive" and as such "will be an effective partner to work with" (Document 10, p. 2). Moreover, it explicitly identifies the Parliament as a potentially useful partner in tackling corruption, noting it had taken the lead in pursuing several allegations of corruption against cabinet ministers. DFID staffs' view of Parliament as an important institution relevant to the DGF was not fleeting. In 2014 they sought approval to amend the Business Case to increase funding to the DGF's Component 1, in part due to concerns about Uganda's political trajectory. In reviewing risks associated with the program, officials reported "two emerging issues that were not identified as significant risks in 2012," one of which was "that Parliament would no longer be vocal" (Document 11, para. 10). Yet instead of simply leaving this in the 'political context' box, DFID staff recommended action. Seeking approval to amend the Business Case, they argued that resources were "urgently required for work streams on leadership development and strengthening parliamentary parties" (Document 11, para. 10). The timing of this request is worth noting: in the context of the DGF, aid managers at DFID (some of whom also worked on budget support) were expressing concern about an apparent decline in the Parliament's assertiveness even as budget support managers were failing to listen to MP's concerns about the PFM Bill (and its potential to undermine the Parliament's role in the budget process) in the context of the JBSF.

At this point, there is an important caveat; DFID ear-marked its funding for the DGF. As a result, the Business Case relates to Component 1 of the DGF, the Deepening Democracy Programme. Since this component of the DGF includes direct support to the Parliament, it is to be expected that aid managers would identify the Parliament as an institution they should engage as they put it into practice. It would be far more compelling if aid managers working within the structures of the DGF took a similar approach to Parliament in the context of the other DGF Components, those that were *not* designed with direct parliamentary strengthening in mind. In fact, this is exactly what we find in the case of the Petroleum Acts.

Two steps forward, one step back

The DGF's activities around the Petroleum Acts form part of Component 3, the Voice and Accountability Programme. From the outset, DGF program documents identified the Parliament as an institution with a role to play in ensuring that petroleum exploration contracts and licenses are awarded and managed transparently. The Strategic Programme Document for Component 3 observed that other countries have confronted significant challenges in this area, concluding, "oversight systems, such as a clear role for Parliament oversight in petroleum agreements and the auditing of the oil institutions, must be established" (Document 7, p. 16). This was not just talk: the relevant output, against which the performance of the DGF is assessed, was operationalised in a manner that included Parliament. The Programme Document states that Output 1 – improved accountability and transparency to citizens in natural resource extraction – is to be monitored and reported against three main indicators. One of these is "an increase in the number of engagements between government and natural resource extraction companies with civil society and Parliamentary networks" (Document 7, p. 18). The intention was not to directly strengthen the Parliament (as was the case in the DGF's Component 1) but to empower it by stimulating constructive debate between MPs and other actors.

To this end, the DGF supported the Advocates Coalition for Development and Environment (ACODE), in collaboration with the Civil Society Coalition on Oil and Gas, the Revenue Watch Institute, and the Parliamentary Forum on Oil and Gas (a non-partisan grouping of MPs). (Democratic Governance Facility 2013). It funded a number of meetings and forums that brought together these actors. The objective was to facilitate the development of a harmonized set of amendments to the Petroleum Bills that had the backing of both CSOs and a large number of parliamentarians. The scale of DGF's support was significant; over 250 MPs attended one of the meetings it facilitated. These meetings produced a set of 93 proposed amendments to the Petroleum Acts that were supported by a broad coalition of CSOs and MPs. Parliament approved the vast majority of these amendments – 87 – without significant obstacles arising. This included several amendments that strengthened Parliament's ability to hold the Executive to account. The most notable were changes giving Parliament the power to approve appointments to the boards of the Petroleum Authority of Uganda (Petroleum Authority) and the National Oil Company. These are small changes, but they represent two steps forward in strengthening horizontal accountability in Uganda.

Other amendments became the source of substantial controversy. The most significant of these was the proposal to amend section 9 of Petroleum (No. 1) Bill.⁵⁶ In its original form this gave the Executive (the Energy Minister) almost complete discretion in awarding licenses and contracts for oil exploration and production. Members of Parliament proposed, and initially passed, an amendment that took this power out of the hands of the Executive and vested it in the hands of the Petroleum Authority. Local media reported that “Parliament was able to wrestle significant power” from the Executive (Walubiri 2012). However the amendment of section 9 provoked a stand-off between the Executive and the Parliament. President Museveni accused those who sought to amend the Petroleum Bills of undermining Uganda’s national interest on behalf of foreigners (Kiggundu 2012; Mugerwa et al. 2012). There were chaotic scenes in Parliament as Ministers attempted to have section 9 returned to its original form. Opposition MPs staged a walk out during one sitting (Imaka 2012). At another the Speaker suspended Parliament after opposing groups of MPs began chanting slogans at each other and one MP attempted to seize the ceremonial mace from the Sergeant-at-Arms (Imaka and Naturinda 2012). Ultimately the government succeeded in restoring section 9 to its original form. To do so President Museveni relied on the support of cabinet members, Military MPs and reluctant NRM backbenchers who he was reported to have called personally to ensure their support (Lumu and Kakaire 2012b). An unusually large number of MPs absented themselves from Parliament for the vote rather than openly opposing the government and risking the President’s wrath. Assertiveness clearly came at a cost for some; the chair of the Parliamentary Forum on Oil and Gas, which had spearheaded the attempt to amend section 9, was later expelled from the NRM (Kigambo and Mulondo 2013).

The fact that Parliament backtracked on section 9 was a significant defeat. The wide discretion that it permits the Executive may prove a threat to accountability in the future given the well-established risk of corruption around the awarding of petroleum licences. Despite this, the DGF generally views its activities around the Petroleum Acts in a positive light. In 2013 it reported that “progressive changes were achieved in such areas as access to information, Parliamentary oversight and environmental and social protection” (Democratic Governance Facility 2013). In

⁵⁶ The relevant provision was section 9 of the *Petroleum (Exploration, Development and Production) Bill* 2012. This ultimately became section 8 of the *Petroleum (Exploration, Development and Production) Act* 2013.

interviews staff from the DGF seconded the view that its engagement around the Petroleum Acts had been broadly successful. Some noted that while Parliament ultimately lost the fight over section 9, the fact that so many MPs were willing to oppose the President's will on this matter was significant. The manager of DGF's Deepening Democracy Component commented that with respect to section 9, "there was clearly resistance [from MPs]. Ultimately they lost, but it was defiance" (Interview, Manager – Deepening Democracy Component, DGF, Kampala, 24 January 2014).

Some of the other amendments made by Parliament have also proved meaningful, including those that gave it the power to approve presidential appointments to the board of the Petroleum Authority. In July 2014 Parliament's Appointments Committee refused to approve one of the President's nominees to that board on the grounds that she lacked adequate experience in the petroleum sector (Akello 2014; Sekanjako 2014). While appointing a second nominee, they refused to appoint her (as the President had wished) as chair of the board due to concerns that she lacked the assertiveness needed to maintain the independence and integrity of the Petroleum Authority (Sekanjako 2014). External evaluations of the DGF commissioned by donors also take a positive view of how the DGF influenced Petroleum Acts. In an evaluation prepared in late 2013, a team of consultants reported on the DGF's activities in the oil sector, stating "the impact of DGF on transparency and accountability, including improvements to draft legislation, is recognised by all stakeholders and role players in the sector, where DGF is clearly seen as taking the lead" (Document 12, p. 24). A year later a different team of consultants noted that DGF had contributed to "the achievement of significant amendments to the bill [Petroleum Bill No. 1], but with the high profile retention of clause 9" (Document 13, p. 58).

Of particular note in the context of this chapter is that the DGF also supported engagement between civil society and MPs in relation to sections of the PFM Bill relevant to petroleum revenue (Democratic Governance Facility 2014). That support encompassed training (provided by the Natural Resource Governance Institute) and the facilitation of meetings with the parliamentary committees on Natural Resources, Budget and Finance that aimed to develop a harmonized approach to key provisions. This support did not extend to the provisions of the PFM Bill which would affect the national budget process, the PBO or the Budget Act. The fairly stark contrast in outcomes is illuminating. Many of the amendments proposed to the PFM Bill relating to petroleum revenues enjoyed broad based support among CSOs and MPs and so were

adopted by Parliament. Consultants evaluating the work of the DGF reported that it had contributed to the PFM Act being passed “in a form that is expected to enhance oil and gas management in Uganda” (Document 13, p. 58). In contrast, the amendments necessary to incorporate the key provisions of the Budget Act (which fell outside of the scope of DGF’s activities), and that donors engaged with via the JBSF, were simply dropped from the parliamentary agenda. This created the contradictions, noted earlier, that could potentially undermine the Parliament’s role in the budget process in the long term.

The difference management makes

The preceding sections described how donors engaged with the Ugandan Parliament on two issues, the PFM Act and the Petroleum Acts. In the first case that engagement took place almost entirely within the management framework surrounding budget support, the JBSF. In the second it took place outside the management structures associated with budget support, through the DGF. While the two issues were closely linked, seen as similarly important to donors, and touched on issues with important implications for the relationship between Parliament and Executive, donors’ engagement with Parliament took place in a very different way in each case. In the case of the PFM Act those engaged in the management of budget support largely ignored, or were unsympathetic to, MPs’ concerns about how the PFM Act, and in particular the repeal of the Budget Act, might erode the Parliament’s ability to hold the Executive to account. Instead, they focussed on the issues identified as priorities within the JBSF. Despite donors’ disinterest, the Budget Act was saved. Yet in saving that Act the Parliament created a tangle of legislative contradictions that may make it harder for it assert itself on matters relating to the budget. At first glance, donors’ engagement with Parliament in relation to the Petroleum Acts does not appear to have been much more successful; the coalition of reform-minded MPs and CSOs failed in their attempts to curtail executive power by amending section 9 of Petroleum Act No. 1. Yet they did succeed with other amendments, including amendments that have allowed the Parliament to act as a check on Executive appointments to the Petroleum Authority.

Given the similarities between the two cases, it seems very likely that this difference is largely due to the way in which the management of budget support shaped donors’ behaviour and in particular their attitudes towards the role of Parliament. The likelihood of this effect being due to the management, not the money, associated with budget support is increased by the fact that,

due to the scandal at OPM, budget support was suspended during much of the debate around PFM Act. While the financial flows linked to budget support were suspended, the management structures remained in place and continued to affect how donors engaged with Parliament in relation to the PFM Act.

The contrast between the way the DGF engaged Parliament around the Petroleum Acts, and the way donors engaged on the PFM Act via the JBSF, reveals that donors' engagement with Parliament takes on a very different tone when that engagement takes place outside of the framework for managing budget support. Part of the reason for this dramatic contrast is that engagement around the Petroleum Bills was expressly approached in a more political manner. This was possible because the management framework surrounding that engagement, the DGF, had been set up in a manner that recognized the political dimension of an apparently technical task; the regulation of the petroleum industry. There was clear recognition from the beginning that the debate over the Petroleum Bills was likely to be contentious, politically charged, and have important implications for the distribution of political power in Uganda. In contrast, engagement on the issue of the PFM Bill and how it would interact with the Budget Act was framed by the JBSF and in particular the Matrix. That management structure focused attention on technical solutions to safeguard financial flows. The technocratic merit of the PFM Bill meant Parliament's opposition either appeared incomprehensible to budget support managers, or was assumed to be motivated by self-interest. In doing so, it fostered an approach to accountability that encouraged those involved to see Parliament, at best, as an afterthought in PFM and, at worst, as an obstacle to the PFM reforms donors wanted enacted. This prevented budget support from strengthening the Parliament as an institution of horizontal accountability and may have facilitated Executive attempts to undermine it.

While the difference in outcomes in the two cases is not dramatic there was a clear difference in terms of how the Parliament asserted itself. In the case of the PFM Act it simply said 'no' to the repeal of the Budget Act. The lack of a wide coalition built around proposed amendments meant that the changes needed to ensure the Budget Act would not be hampered by inconsistencies with the PFM Act were not made. In the case of the Petroleum Acts, Parliament didn't just say no; MPs who wanted to increase oversight and accountability in the management of petroleum resources knew what amendments to propose in order to get the result they wanted. They also knew that they had the backing of a broad coalition of politicians and CSOs. This contrast

between the two cases demonstrates why the extent and nature of donors' engagement with Parliaments matters. The legislatures of countries that receive budget support commonly face significant constraints on their capacity. Uganda's Parliament might be better resourced than others within Africa, but it is no exception to this rule. Donors' willingness to engage with and listen to these institutions is important because it can help them to overcome capacity constraints. Notably, in the case of the Petroleum Acts, the most important resource that came from donors' engagement with the Parliament was information; information about how those Acts might be amended by a Parliament that wanted to strengthen horizontal accountability. MPs going in to debate the Petroleum Acts went in armed with a clear set of amendments that they felt they understood. MPs debating the PFM Bill were lucky if they knew what the proposed amendments were: at one point during the debate on that Bill even the Speaker lacked the text of the amendments being discussed.

There is one very important commonality between the debates on the PFM Act and Petroleum Acts; a genuine desire among a significant number of MPs to see the Ugandan Parliament take on a more significant role as a horizontal accountability institution. In 2004, when evaluating the prospects for strengthening legislatures in Africa, Barkan and his co-authors warned that the emergence of a sufficiently large group of reform-minded MPs might be the function of conditions beyond the manipulation of external actors (Barkan, Ademolekun, and Zhou 2004). Later he observed:

Whether or not such a coalition for change emerges in any given legislature and how successful it is in pursuing its mission is a function of local conditions, including the formal and informal rules that structure the political process, the response by the executive, the quality of leadership within the legislature, the nature of the party system, and other factors (Barkan 2009a, 30).

The evidence presented in this chapter suggests that while it may be beyond the ability of budget support managers to create a commitment to reform among MPs, it is within their ability to help, or hinder, any coalition for change that does emerge. Engagement with MPs may not guarantee success; the Ugandan Parliament's back down on section 9 of Petroleum Act No. 1 makes that clear. It does, however, help to make success possible, as is shown by the smaller, but still significant, amendments that the Parliament made to the Petroleum Acts.

This chapter has shown that management, more than money, explains budget support's failure to increase horizontal accountability by empowering parliaments. This failure stems from the fact that the management of budget support fosters disinterest in, and disregard for, the role of parliaments as institutions of horizontal accountability. In order to fully answer its research question, this thesis must also identify which aspects of budget support management encourage aid managers to interact with legislatures in such a counterproductive way. The cases presented in this chapter provide some hints. The agenda setting function of PAFs seems to be important, along with the tendency to focus on technical, quantifiable performance indicators. Another pattern that emerged from interviews in Uganda was the fact that the day to day management of budget support programs tends to be trusted to economists, who often see Parliament as a political institution outside the scope of their remit. In contrast staff at the DGF who supported engagement on the Petroleum Acts (and on parts of the PFM Act relevant to petroleum revenue) tended to have backgrounds in democracy promotion. People with this background were more likely to identify the Parliament as a target for engagement and an institution with a stake in the issues being discussed. These patterns seem unlikely to be coincidental. The next chapter, [Chapter 6](#) draws on evidence from Malawi and Zambia, in addition to Uganda, to show that they are not.

6 Principles and performance

Putting budget support into practice in Malawi, Uganda and Zambia

If it's a good set of indicators, of actions, then it doesn't matter what the result will be or not be. A lot of the time it's technical things.

— A budget support manager at the World Bank

I shouldn't be doing this!

— A political scientist in charge of budget support

The previous chapter showed that budget support's failure to increase accountability by empowering parliaments has more to do with management than money.⁵⁷ In Uganda, it was the management framework through which budget support was delivered, rather than financial flows, that encouraged an attitude of disinterest in the Parliament. This ultimately fostered disregard for the Parliament, facilitating executive attempts to restrict its oversight of the budget instead of strengthening it as an institution of horizontal accountability. This is bad news, but there is good news too: if budget support's failure to increase accountability is due to how it is

⁵⁷ [Appendix 3](#) lists the unpublished documents cited in this chapter and the numbers used to refer to them.

implemented, then it is something that can be altered. Yet to do so we must understand what, precisely, is going wrong in the implementation of budget support and why it is happening. This chapter seeks to provide just such an understanding. To do so, it draws on material from budget support programs in three countries; the Common Approach to Budget Support (CABS) in Malawi, the Joint Budget Support Framework (JBSF) in Uganda, and Poverty Reduction Budget Support (PRBS) in Zambia. These cases, chosen for the reasons set out in [Chapter 4](#), reflect a most-different strategy of case selection.

The first part of this chapter reveals two related facets of budget support management that play a central role in explaining why it has failed to increase horizontal accountability by empowering parliaments. The first relates to the underlying principles on which budget support is based. While budget support managers do see parliaments as relevant to assessing compliance with these principles, they are viewed primarily as eligibility criteria. This perpetuates a view that while parliaments form part of the political context that affects budget support, they are not something that is affected by it. Budget support managers tend to be blind, both to the possibility that budget support might present windows of opportunity for parliaments to become more effective institutions of horizontal accountability, and to the possibility that budget support might inadvertently undermine the ability of parliaments to hold executives to account. The second key facet of budget support management is the Performance Assessment Frameworks (PAFs). These set the agenda for budget support programs but, crucially, rarely mention parliaments. Where parliaments are mentioned, they are approached as markers of government action, or reduced to the Public Accounts Committee and treated as mere extensions of the Auditor-General. In this context, it is hardly surprising that many budget support managers see parliaments as a consolation prize; the institution you support because other donors beat you to all the better options.

The manner in which the underlying principles are applied, and the formulation of the PAFs, are the aspects of budget support management that play the most critical role in explaining its failure to produce expected gains in parliamentary strength and, consequently, horizontal accountability. Yet they are not root causes; they are symptoms. Material from all three cases reveals two underlying causes that explain why budget support is managed in this way. The first is the perceived fungibility of budget support. This encourages budget support managers to put a disproportionate emphasis on institutions more directly associated with financial management,

such as auditors-general and anti-corruption agencies. The second is the individual backgrounds of budget support managers and the institutional contexts in which they work. Budget support managers are often economists, and either work within institutions with formally apolitical mandates, or within management frameworks strongly influenced by such institutions. This fosters a view of budget support as a modality that is (or ought to be) shorn of political objectives. Both factors contribute to a desire for objective, measurable markers of performance and a disinclination to work with political institutions such as parliaments. If anything, parliaments tend to be viewed with distrust; budget support managers see them as barriers to the implementation of technical PFM reforms rather than potential allies in the fight to improve accountability mechanisms in the countries that receive budget support.

The analysis in this chapter is primarily focussed on identifying which aspects of budget support matter most and where they come from. However, it also considers one alternative explanation flagged in [Chapter 4](#); the possibility that parliaments themselves are part of the problem. It shows that while there is some truth to this, it fails to explain why the same outcome – the failure of budget support to strengthen parliaments – occurs in all three cases. Ultimately, budget support management, and in particular the application of the underlying principles and contents of the PAFs, is the common factor that explains that common outcome.

Patterns in practice

Principles as pre-conditions

As [Chapter 3](#) explained, budget support tends to be implemented in broadly similar ways in different countries, in part because the same three donors – the World Bank, European Union and the UK – often provide the majority of budget support to any given country.⁵⁸ In two of the cases, a formal Memorandum of Understanding (MoU) sets out the conditions under which budget support is provided and the management structures used to implement it. In Malawi, the CABS MoU (Document 11) was signed in 2005.⁵⁹ The first MoU relating to PRBS in Zambia

⁵⁸ Author's calculations based on data from the OECD's Creditor Reporting System.

⁵⁹ This was signed by the Government of Malawi, the UK (DFID), the European Union (EC), Norway (Norwegian Ministry of Foreign Affairs) and Sweden (SIDA). Other donors, including some budget support donors, did not sign but were granted status as observers, including Germany, the World Bank, the African Development Bank, the IMF and UNDP. Both Germany and the African Development Bank later became full members of the CABS group.

(Document 26) was signed in the same year, and a revised version in 2011 (Document 27).⁶⁰ On paper, Uganda's situation looks different; while the JBSF has been in operation since 2009⁶¹, a MoU (Document 1) between donors and the Government of Uganda was only agreed upon in principle in early October 2012.⁶² A corruption scandal at the Office of the Prime Minister meant it was never signed⁶³ but in practice this made little difference as the MoU was largely intended to formalize structures already in place (former Head of DFID Uganda, personal communication, 21 September 2015).

In each of the three cases a key feature of budget support management is the underlying principles.⁶⁴ The details of these vary across the cases, though they are broadly similar. Zambia's first MoU identified three underlying principles, while the revised version identified four. It required the Zambian government to:

1. Fight poverty, including through a pattern of public expenditure consistent with poverty reduction priorities as identified in the National Development Plan.
2. Promote peace, human rights, democratic principles and rule of law.
3. Apply sound macro-economic policies; and
4. Enhance good governance and integrity in public life, including the fight against corruption and public finance management reforms, and enhance accountability, transparency and citizen engagement to Zambian taxpayers. (Document 26, sec. 14)

In the case of Malawi less effort was made to separate out the different principles, with the MoU stating:

Respect for human rights, democratic principles, sound macroeconomic management, good governance, including sound public financial management, accountability and effective anti-

⁶⁰ The revised MoU was signed by Zambia, Finland, Germany, Norway, the UK (DFID), the European Union, the African Development Bank and the World Bank. The IMF did not sign but was given observer status.

⁶¹ In 2009 JBSF donors included the World Bank, the European Union, the United Kingdom, Austria, Belgium, Denmark, Germany, Ireland, Norway, Sweden and the Netherlands. In recent years, some have withdrawn from this group.

⁶² Document 2, dated 1 October 2012, refers to plans being made to "sign the MoU this month."

⁶³ This led to the suspension of budget support in late 2012. While some donors resumed budget support in 2013, others ultimately withdrew from budget support operations in Uganda entirely.

⁶⁴ While older budget support documents sometimes refer to 'partnership principles' or 'fundamental principles' the label 'underlying principles' has now become fairly standard.

corruption programmes, and the rule of law... are the fundamental principles on which the cooperation among the signatories rests and which constitute essential elements of this JF [Joint Framework] (Document 11, sec. 7).

A proposed (but as yet unsigned) revision to the MoU would have added more precision to the underlying principles, restating them in a manner very similar to Zambia's 2011 PRBS MoU.⁶⁵ In Uganda, assessments of the JBSF program (including Documents 3-7) consistently identify the underlying principles as a commitment to peace and stability in the region, democracy, human rights, the rule of law and access to justice.

In none of the cases did the underlying principles expressly reference parliaments. Despite that, other sources make it clear that budget support managers did view parliaments, and their ability to hold executives to account, as relevant to their assessments of whether or not the underlying principles were being upheld. In December 2011, for example, JBSF donors made reference to the Ugandan Parliament in the context of assessing the government's compliance with the underlying principles. That assessment warned that the Parliament's ability to act as an effective check on the Executive "will depend upon the Executive respecting the role of Parliament and the principle of the separation of powers" (Document 5, p. 8). This was not a one-off. In 2013 the assessment explicitly identified the Parliament as an important and assertive political actor, noting that there is a significant body of reform minded MPs (Document 6). In Malawi Aide Memoires⁶⁶ from earlier CABS reviews show that budget support managers did identify the Parliament as a key part of the political context in which budget support was provided in the first few years of the program. In 2005, the Aide Memoire reported that the CABS group of donors "welcomes reforms pursued by the Parliament to strengthen its capacity to provide oversight functions. The executive needs to show greater respect for the right of Parliament to hold the Executive to account" (Document 24, p. 3). More recent Aide Memoires tend to suggest that there has been relatively minimal discussion of the underlying principles at annual budget support reviews. The 2012 Aide Memoire is illustrative (Document 14). However interviews

⁶⁵ Plans for a revised MoU date from as early as June 2011 (Document 12). Draft versions were still being circulated among donors in mid-2013 (Document 13). The process stalled shortly after as a corruption scandal led donors to suspend budget support.

⁶⁶ These documents constitute the formal record of the annual review meetings linked to the budget support program.

suggested that budget support managers continued to see parliaments as relevant to assessments of compliance with the underlying principles.

While in all three cases budget support managers recognised parliaments, and their ability to hold executives to account, as relevant to the underlying principles, this was paired with a prevailing view that the underlying principles were pre-conditions, eligibility criteria for receiving budget support. In interviews, budget support managers in all three countries consistently explained that the underlying principles performed a kind of gate-keeping function. One budget support manager described the process:

Well, first you assess the underlying principles, and that would be done jointly. If we find that the underlying principles are not met, we will not continue with looking at the indicators. That would be a show-stopper. (Interview, First Secretary – Governance, Embassy of Denmark, Kampala, 27 November 2013)

Documentary evidence from Malawi is consistent with this. In 2010 donors responded to government complaints about the unpredictability of budget support disbursements by emphasising that the underlying principles were pre-requisites for budget support (Document 17, part C, section I). This was reiterated in later reviews (Document 14, p. 3). The revised (but unsigned) version of the CABS MoU would have stated this explicitly (Document 13, sec 3.3).

The fact that budget support managers approached the underlying principles primarily as preconditions for the provision of budget support, rather than objectives, is significant. In practice, the effect of this was to limit the relevance of parliaments to the gate-keeping stage, decisions about whether to commit to or suspend budget support programs, and to deny their relevance to the implementation of those programs once that decision had been made. Thus, in Uganda the July 2013 JBSF assessment identified the attitude of the Executive to the legislature as a potential threat to the continuation of budget support (Document 6, p. 11). It sounded a note of alarm about the Executive's efforts to exert pressure on MPs in relation to important pieces of legislation. This, however, is presented as merely an aspect of the political context in which budget support was operating. There was nothing in the assessment to suggest any recognition by budget support managers that their own behaviour could have side-effects (negative or positive) in this area. A similar pattern can be found in Malawi. An appraisal done by Norad in late 2010, prior to Norway making new budget support commitments to Malawi,

suggested that since increased capacity on the part of the Parliament was desirable, Norway (and other donors) should explore ways of supporting it (Document 15, p. 28). This suggestion appears to have had only limited impact. In the ‘decision document’ that formed the basis for approval of Norway’s next budget support commitment (covering the period from 2011 to 2013), embassy staff indicated that Norway would “consider continued capacity building for Parliament and watch-dog NGOs in cooperation with other DPs [development partners]” (Document 22, p. 6). Little appears to have come from this. Internal correspondence between the Norwegian Embassy in Lilongwe and the Norwegian Ministry for Foreign Affairs suggests that this may have been because interest in the Parliament came primarily from staff based in Oslo, rather than at the Embassy.⁶⁷

The fact that the underlying principles constitute pre-conditions for budget support also seems to have encouraged budget support managers to view the Zambian Parliament primarily as a source of political risk that might derail budget support, rather than something that budget support might potentially benefit or undermine. In 2010 Norad commissioned a fiduciary risk assessment of any future (i.e. 2011 onwards) budget support program in Zambia on behalf of a group of donors including the UK, the Netherlands, Sweden and Finland (Document 28). That assessment, carried out by a team of consultants, is notable for explicitly discussing horizontal accountability and identifying legislative scrutiny as an important component of this. The assessment rates the risk related to legislative scrutiny as “substantial, mostly due to the relatively poor conditions for accountability (both horizontal and vertical)” (Document 28, p. 17). It goes on to state that “strengthening legislative scrutiny is an important condition for promoting domestic accountability” but leaves the impression that this is ultimately a matter for the Government of Zambia (Document 28, p. 17). Tellingly, there is far more discussion of the Parliament, and its role in holding the Executive to account, in this report – prepared by consultants rather than budget support managers, and focussed primarily on risks for donors –

⁶⁷ A memo from the Africa regional desk to more senior staff (copied to the Embassy in Lilongwe) recommended that in assessing political risk, Norway should emphasize developments relating to the Parliament’s oversight role and consider this in future reviews of the budget support program (Document 18). The regional desk in Oslo re-emphasised this point to the Embassy later in 2010 when the Embassy sought approval to disburse budget support (Document 19).

than in the annual PRBS reviews (such as Document 29) – which are about the impact of budget support.⁶⁸

Recently, one signatory to the JBSF MoU, the EU, launched a new Public Finance Management (PFM) program that includes a significant parliamentary strengthening component. This program began just as the EU phased out budget support in Zambia. Coincidence, or something more? The program's action fiche, which sets out the rationale and goals of the new program does not provide any direct evidence of a link (Document 30). Asked about a possible link between the end of budget support and the new PFM program, another EU aid official noted that the decision to end budget support had already been taken when the new program was developed. They indicated that there had been a deliberate attempt to learn from (unspecified) shortcomings of an earlier PFM program linked to PRBS that was widely regarded as a failure (personal communication, 7 October 2015). While this is suggestive, it falls well short of a smoking gun.

It is clear that budget support managers do not entirely disregard parliaments and their role in holding executives to account. Budget support managers do identify them as relevant to assessments of compliance with the underlying principles associated with budget support. Yet the underlying principles are applied almost exclusively as eligibility criteria, not goals. This means that in practice budget support managers tend to only see parliaments as relevant in making decisions to commit or suspend budget support, not decisions about how to implement it. Parliaments are reduced to simply part of the context, a source of political risk, not something that budget support might itself influence in either a positive or negative way. As the next section will show, this is both reflected in, and reinforced by, the PAFs for the CABS, JBSF and PRBS programs.

Only what's measured matters

For every budget support program, there is a PAF (occasionally known as a JAF).⁶⁹ As [Chapter 3](#) explained, these documents set out the basis on which the performance of budget support

⁶⁸ Though in the case of that particular document, the failure to mention Parliament is also a reflection of the fact that the *Zambian Ministry of Finance* prepared the report.

⁶⁹ There is no practical difference between a PAF and a JAF. In some countries budget support groups have simply used a different label.

recipients is assessed. PAFs are very technical documents. They identify the particular outcomes against which government performance will be assessed, specific actions that the government will take in pursuit of those outcomes, and indicators that can be used to measure government performance in a (hopefully) reliable and concrete way.

While the precise details of each PAF – number of indicators, specific indicators and targets – vary, a comparison of PAFs linked to the CABS, JBSF and PRBS programs reveals similarities that help to explain why aid managers tend to implement budget support in a way that disregards parliaments. All of the PAFs quite clearly put the strengthening of PFM systems and anti-corruption efforts at the heart of budget support. It is by no means uncommon for indicators relating to PFM and anti-corruption to account for more than half of the performance measures linked to budget support programs. In Uganda, JAF 5 (which covered the fiscal year 2012-2013) contained 29 indicators, 16 of which fall under the heading of economic governance, transparency and accountability (Document 8). This section encompassed issues such as budget credibility and transparency, PFM compliance, procurement and audit, and anti-corruption. Earlier JAFs had a similar breakdown with indicators relating to PFM and anti-corruption comprising a large part of the JAFs from both 2009 and 2010 (Documents 9 and 10). In Malawi, the CABS PAF typically had nine indicators (out of a total of 24 that applied to the government's performance)⁷⁰ relating to PFM and two linked to anti-corruption (Documents 20 and 21). In Zambia the PAF applicable from 2012-2014 set out 14 indicators to measure government performance (Document 31). Three related to PFM and one to anti-corruption. In this case those indicators represented less than half of the total, but they still outstripped every other issue and sector, none of which, save for macroeconomics, warranted more than one indicator.

While parliaments are relevant to many of the outcomes and indicators specified in the PAFs, such as the credibility of the budget, the institution is notable for its absence, rather than its inclusion in those documents. Where parliament is mentioned, it is simply a marker for the completion of some other action; there are references to the government submitting particular bills to parliament, or to reports from the Auditor-General being tabled before it. The Parliament

⁷⁰ The 25th (and final) indicator was a measure of donor performance, specifically the predictability of budget support disbursements.

is almost never referenced in a way that recognises scope for agency on its part, or that alludes to actions it might take as an institution of horizontal accountability.

There is one exception to this, though in many ways it turns out to be an exception that proves the rule. For several years, Zambia's PRBS PAF has included an indicator relating to the Parliament's Public Accounts Committee (PAC). It stipulates that the government's performance on PFM will, in part, be assessed by reference to the proportion of recommendations the Office of the Auditor-General's (OAG) annual report acted on "to the satisfaction of the Public Accounts Committee" (Document 31, p. 6). At first glance, this appears to be evidence of budget support managers actively using the budget support program to bolster that institution's ability to hold the Executive to account. Yet, during an interview it emerged that the Chair of the PAC had never been informed that this indicator formed part of the PAF, let alone been consulted when evaluations of performance against this indicator had been made (Interview, Lusaka, 31 October 2013). When the issue was raised, the Chair exclaimed "That would be the best thing to do!" Told that it had in fact already been done, he was adamant, "No, never. It has never been used as any measure." One official from the Zambian Ministry of Finance indicated that he was not surprised by this (telephone conversation, 13 November 2013). That official explained that the PAC did not actively participate in the assessment of the government's performance against this indicator. Rather, a team at the Ministry of Finance evaluated the government's performance on the basis of PAC reports and reported their calculation to donors. This example therefore highlights, rather than breaks from, the tendency to implement budget support in a manner that reduces parliaments to a metric rather than an actor with an important role to play in improving accountability.

Interviews with budget support managers revealed that the failure to include parliaments in PAFs in any meaningful way has subtle but significant effects on the way in which budget support programs are implemented. This stems in part from the agenda setting function of PAFs; they often form the primary basis of the dialogue and reviews linked to budget support. The underlying principles may be pre-conditions for budget support, but assessments of compliance with them tend to be perceived as more subjective. As a result, in practice, the PAFs tend to play a central role in defining the scope of budget support programs. What is included in PAFs gets attention, and what is not, doesn't. In interviews, some budget support managers explained that the emphasis placed on PFM in budget support as the product of the fact that indicators

associated with that issue were clearly specified and measurable (e.g. Interview, Embassy of Finland, 8 October 2013). Another explained that decisions about budget support disbursement “are based entirely on technical issues, because these are very precisely identified in a legal agreement” (Interview, Economist, World Bank, Lusaka, 3 October 2013).⁷¹

A gradual decline in budget support managers’ interest in the Malawian Parliament, one that coincided with the solidification of the management structures associated with the CABS program, demonstrates how the content of PAFs influenced budget support managers’ behaviour over time. Aide Memoires show that while the Parliament was seen as relevant to the CABS program in its early years, it slipped below the radar as budget support reviews became more firmly centred on the PAF. Once the PAF was agreed and became the dominant means of setting the agenda for budget support reviews, discussion of Parliament, rarely mentioned in the PAFs, declined. This shift is most notable from 2009, a year in which the Aide Memoire observed that the review “gave greater attention to the results agenda” (Document 25, p. 3). Documents from Norad are consistent with an apparent decline in interest in the Malawian Parliament among budget support managers. A budget support appraisal from 2012 (Document 16), compared that from 2010 (Document 15), indicates that the focus of budget support managers had clearly shifted to more technocratic oversight institutions; the Auditor-General, Anti-Corruption Bureau and National Statistical Office. Similarly, Norway’s ‘decision document’ for a planned 2013-2016 budget support program included only a very cursory reference to the Parliament (Document 23). Together with the CABS Aide Memoires, this suggests that for parliaments, being neither mentioned nor measured in PAFs means not mattering in practice.

This interpretation is reinforced by the attitudes of budget support managers towards accountability institutions other than the Parliament. Budget support managers were significantly more likely to identify the accountability institutions that were the subject of PAF indicators as relevant to their programs. When asked which institutions they saw as most important to accountability, budget support managers almost automatically mentioned auditors-general and anti-corruption agencies, tending to mention parliaments’ PAC as an aside, if they mentioned parliament at all. Interviewees sometimes gave the impression that they were only interested in

⁷¹ Strictly speaking, budget support MoUs and PAFs are not legally binding. However, many budget support managers view them as quasi-contracts.

the PAC as an extension of their interest in the Auditor-General, rather than because parliaments were important accountability actors in their own right. Governance programs linked to budget support reflected this in practice. Budget support donors who provided support to the Auditor-General as part of their budget support programs sometimes included sub-components that involved building parliamentary capacity. However, because this occurred through the institution of the Auditor-General, such capacity building was narrowly targeted at the PAC. Norway's program in Malawi provides one example of this (Document 22).

Interviewees sometimes gave the impression that supporting PACs, or parliaments more generally, was a consolation prize, explored when other donors had already established programs that supported the Auditor-General or anti-corruption agency. In one case an EU budget support manager explained they were considering support to the Parliament in part because their preferred institutions – the Auditor General and Anti-Corruption Commission (ACC) – had already been 'taken' by other budget support donors (Interview, Head of Section, Economic Development, EU Delegation, Lusaka, 28 October 2013). The EU had commissioned consultants to design a new program to support economic governance, envisaging that one component of that program would provide support to the ACC. However the consultants reported that the ACC was at the limits of its absorptive capacity; it already received so much funding from donors⁷² that it raised concerns about sustainability and "negative incentives" (Document 32, p. 7). This meant that support to Zambia's National Assembly became a more prominent part of the program that it might otherwise have been.

Identifying underlying causes

The preceding sections identified particular aspects of budget support implementation that encourage budget support managers to disregard parliaments as accountability institutions. But the story does not stop there: we need to identify why budget support is implemented in this way. Ultimately, the tendency to see underlying principles as eligibility criteria and the content of PAFs are symptoms rather than underlying causes. There is also a degree of endogeneity, or feedback, particularly in relations to PAFs. Omitting parliaments from PAFs encourages

⁷² The consultants reported that DFID provided approximately 40% of the operating budget of the ACC (Document 32, p. 7).

disinterest in them, but part of the reason PAFs neglect parliaments is that budget support managers don't see them as top priorities. In fact, budget support managers tend to either not see parliaments at all, or to see them as part of the problem. They point out corruption within parliaments (which exists, but generally pales in comparison to the extent of corruption within executives) or paint them as obstacles that have slowed down technical reforms with delays in enacting legislation. To understand why budget support has failed to strengthen horizontal accountability by empowering parliaments we need to dig deeper still.

The three cases point to two main underlying causes. The first is the perceived fungibility of budget support. This fosters a distorted approach to what accountability entails, one that leads budget support managers to place excessive emphasis on transparency regarding financial flows and on setting (and reporting on) objective and quantifiable indicators of performance. This plays an important role in shaping the content of PAFs and helps to explain why they tend to either omit parliaments, or reduce them to extensions of other accountability institutions. The second factor (discussed in [Chapter 3](#)) comprises the professional backgrounds of budget support managers and the contexts in which they work. Budget support management tends to be the province of individuals and institutions who prefer to prioritise technical and economic goals over political ones, in large part because of the veneer of objectivity that this provides. This shapes the content of PAFs, but also plays a role in explaining why the relevance of budget support's underlying principles, and thus parliaments, tends to be confined to 'gate-keeping' decisions about the provision of budget support.

The perceived fungibility of budget support

As [Chapter 3](#) discussed in detail, budget support's greater fungibility is more frequently assumed than proven. While there is anecdotal evidence that budget support is sometimes diverted for unintended purposes, existing research provides almost no empirical evidence that it is any more prone to this than other forms of aid. Several authors have argued that concerns about the fungibility of budget support are misplaced (Brownbridge 2010), or that the fungibility of aid generally tends to be overstated (Morrissey 2015). Despite this, among those who manage budget support, its high degree of fungibility tends to be viewed as a well-established or self-evident fact. One budget support manager in Malawi explained why so many assume budget support is highly fungible:

With budget support you disburse the funds directly to the national bank, and from there it goes to the budget. There is no way of tracking where your funds are located. You don't have control of your funds, it's in the hands of the government. (Interview, Budget support manager, Multilateral donor, Lilongwe, 11 June 2013)

Other budget support managers described budget support as a blank cheque, with some complaining that “you don't know what you are paying for” (Interview, Head of Development Cooperation, Bilateral donor, Kampala, 5 December 2013). Some expressly linked the perceived fungibility of budget support to the emphasis on PFM in management frameworks. As one Head of Development Cooperation put it; “There is a problem of fiduciary risk, so everything is concentrated on the financial governance and PFM” (Interview, Head of Development Cooperation, Embassy of Belgium, Kampala, 22 November 2013). Interviews made it clear that the perceived fungibility of budget support had a direct impact on the content of PAFs. In discussing the design of budget support frameworks, one budget support manager explained:

The main question will be: Are you confident that they can handle that money? So... what we're currently doing is to focus the dialogue and indicators. To go from 30 indicators [in the PAF] and make it 10 or 15, predominantly focussing on PFM, rule of law and service delivery. (Interview, Fist Secretary – Governance, Embassy of Denmark, Kampala 27 November 2013)

More specifically, the perceived fungibility of budget support seems to drive a large part of donors' emphasis on more technocratic institutions of horizontal accountability, namely auditors-general and anti-corruption agencies, at the expense of parliaments. This was quite evident in comments made by a budget support manager in Malawi:

Since we are using country systems, we need to have trust and confidence in the country systems and issues to do with oversight are quite critical.... When we are designing these [budget support] programs, for example, you can have something to say, ‘we will disburse when we see certain things happening at the National Audit Office.’ If you link it to the PAF indicator... it means that government will know that for the Bank to release the finances we [the government] have to submit this [audit] report... they will know that they have to provide enough resources to the audit office. (Interview, Governance Program Manager, Multilateral donor, Lilongwe, 17 June 2013)

Such comments make it clear that donors saw PAFs as a means of forcing governments to pay more attention to, and even provide more funding for, more technocratic institutions of horizontal accountability. The possibility of using PAFs to encourage executives to pay more attention to parliaments did not seem to have occurred to budget support managers.

Perhaps paradoxically, some budget support managers also made comments that provide evidence that the fungibility of budget support really is more a matter of perception than reality. In discussing the corruption scandal at Uganda's OPM, which involved the theft of money from a basket fund, several budget support managers admitted that the theft probably couldn't have taken place if the funds had been budget support. They noted that budget support funds are more closely watched, and go directly into consolidated revenue. A critical element in the OPM case had been the fact that the affected funds never made it into that account. Instead, they were diverted into dormant accounts associated with a number of old projects (see Office of the Auditor-General 2012). One interviewee explained:

It was labelled as budget support, but it was purely basket funding. It was a remnant of the insurgency in the North and the peace agreement. It was decided that the OPM should be implementing and coordinating the PRDP [Peace, Reconstruction and Development Program], so you had a bit of a redundant structure. For budget support you would have had a lot more oversight. The PRDP funds were not captured in the same way as the budget support funds. (Interview, Fist Secretary – Governance, Embassy of Denmark, Kampala 27 November 2013)

Warranted or not, the belief that budget support funds are highly fungible, prevails among those who are responsible for putting budget support programs into practice. The consequent emphasis on safe-guarding the financial flows associated with budget support does not simply influence the content of PAFs. It also has broader effects, fostering an understanding of accountability that looks much more like accounting. After spending an extended period of time talking to budget support managers, one starts to get the sense that, when they say they want accountability, what many of them really want is a spreadsheet showing them exactly where all the money went. Indeed, similar observations are often voiced by those who interact with budget support managers; governance program managers (some working at organizations that provided budget support, and some not), people working for local and international NGOs, and local

experts, including consultants and academics. In Zambia, when asked about how budget support donors approached governance and accountability, one local expert responded:

Donors define governance in a very narrow way. They define it to mean accountability, financial accountability. They define it to mean probity, government not to dig the hand in the till, so to speak. (Interview, Political Analyst, Centre for Policy Dialogue, Lusaka, 26 October 2013)

A very similar view was expressed by the head of a prominent NGO in Malawi. He stated: “I think what donors look for.... is reporting finances in the manner that they want, a manner that fits their framework, their templates. That's what they are asking” (Interview, Executive Director, Public Affairs Committee, Lilongwe, 3 July 2013). A Malawian academic with experience working on the political economy of development and the politics of policy processes explained:

In actual fact, the focus for most donors, when they talk about good governance, they are talking about people making prudent use of the resources that they get, instead of really altering the dynamics of power relations that would really help to make sure things are taken care of. In most cases [where there is corruption], these donors are concerned about the institutions refunding the money. Not necessarily helping to get at the root cause of why in the first place the money wasn't used properly. (Interview, Assistant Director, Centre for Social Research – Chancellor College, University of Malawi, Zomba, 16 July 2013)

Some interviewees were critical, but sympathetic to the position of budget support managers under pressure to explain how budget support funds had been used. This included one academic with several years of experience as a consultant to budget support donors.

I do think that the focus on accounting, in place of accountability, is part of, an extension of that larger problem of trying to reduce the complex, the rather amorphous, dynamic world of politics into very concrete categories which can be measured, so that you can then report at the end of it. To say, ‘OK we have a good report, all the money is accounted for: there is accountability.’ (Interview, Associate Professor, Faculty of Law – Chancellor College, University of Malawi, Zomba, 17 July 2013).

It is difficult to draw a concrete link between this distorted vision of accountability and the manner in which budget support is managed. It does, however, seem likely that the tendency to

reduce accountability to accounting helps to explain why PAFs tend to focus on accounting-centred institutions, such as auditors-general. It may also go some way to explaining why budget support managers approach the underlying principles in a way that restricts their relevance, and thus that of parliaments, to decisions about whether or not to disburse budget support.

To be fair, the emphasis that budget support managers place on accounting, and accounting-centred institutions, is neither wholly unjustified, nor without benefits. Regardless of whether budget support is as fungible as is assumed, corruption is a risk. Support to institutions like auditors-general has also borne fruit; most evaluations of budget support report improvements in the capacity of these institutions and in the quality of public financial management more generally. The problem is not that this type of accountability, and these types of accountability institutions, are emphasized by budget support managers, but that their approach is so unbalanced that parliaments are almost entirely excluded from their world view. This is a problem because, as O'Donnell pointed out, horizontal accountability institutions do not function well on their own:

An important but seldom noticed point is that if these agencies are to be effective, they can very rarely operate in isolation. ... Effective horizontal accountability is not the product of isolated agencies but of networks of agencies. (O'Donnell 1999, 39)

The failure to empower parliaments removes opportunities to increase horizontal accountability not just because parliaments remain weak, but because auditors-general lose a potential ally. In other contexts, parliaments sometimes play an important role in pressuring executives to translate the recommendations set out in audit reports into action. The tunnel-vision that characterises the management of budget support makes this less likely.

Who manages? What do they think they are managing?

Interviews reveal a second underlying cause that explains why budget support is put into practice as it is. This is the nature of who manages budget support and the manner in which they define the scope of the task at hand. These were proposed as potential causes in [Chapter 3](#). Evidence from interviews in Malawi, Uganda and Zambia suggests that they do play a role in shaping the implementation of budget support. In particular, the backgrounds of the individuals who manage budget support and the nature of the organizations in which they work encourages them to define the scope of budget support management in a manner that excludes political objectives.

Cumulatively, interviews leave the impression that this vision of what budget support management ‘ought’ to include encourages budget support managers to approach the underlying principles as pre-conditions for budget support. As shown above, that approach recognizes parliaments as part of the political context, a source of potential political risk, but not an institution that might be affected by the implementation of budget support.

At the individual level, the answer to the question of who manages budget support programs tends to be immediate and obvious: economists. Although big decisions (such as decisions to suspend budget support) are often taken at headquarters or by ambassadors, the day-to-day responsibility for putting budget support into practice tends to be in the hands of people with a background in economics. This is so much the case that in Uganda, one budget support manager with a background in political science felt the need to start the interview with an immediate disclaimer; “I shouldn’t be doing this [managing budget support]!” (Interview, First Secretary – Governance, Embassy of Denmark, Lusaka, 27 November 2013). He explained that the small size of the Danish delegation meant staff were expected to be generalists who could operate outside of their areas of expertise.

In light of their backgrounds, it is not entirely surprising that budget support managers tend to adopt a technical view of what the management of budget support entails. Interviews made it clear that many, and perhaps most, budget support managers view their budget support programs as primarily economic endeavours. One Head of Development Cooperation emphasised that PFM is “the centre of budget support,” arguing that “the focus of budget support is economic governance and should not be anything else” (Interview, Head of Development Cooperation, Bilateral donor, Kampala, 5 December 2013). Many (though not all) actively resisted, and in some cases clearly resented, attempts to reshape budget support in a more political mould over recent years. The inclusion of political objectives, such as the promotion of human rights, within the scope of budget support was often viewed with frustration, sometimes bordering on hostility. One interviewee in Zambia seemed exasperated: “I wish they [policy makers at headquarters] would stop linking budget support to democracy and human rights” (Interview, Governance Advisor, Bilateral donor, Lusaka, 15 November 2013).

This hostility stemmed from a view that budget support was not designed to pursue political goals and a concern that turning it to such ends might jeopardize its ability to deliver the goals for which it was designed. Many budget support managers argued that the modality is fundamentally a financial instrument targeted at improving macroeconomic conditions, and the fiscal situation in particular. Several referenced its origins in balance of payments support, and in some cases expressed the view that this was still (or ought to be) what budget support was ‘really’ about. They stressed that budget support was simply not designed to pursue political ends. One budget support manager observed, “You can’t buy political will with budget support... It [political change] is not what the instrument is for” (Interview, Senior Governance Program Manager, Bilateral donor, Lusaka, 25 October 2013). Others expressed a fear that there was a tendency to try and make budget support do too much. Adding political objectives broadens the scope of budget support programs, potentially diluting their impact. In some cases interviewees also noted concerns that introducing political objectives could strain relationships with recipient governments whose democratic credentials and respect for human rights is sometimes questionable. Budget support managers saw this not just as a threat to their own programs, but to their organizations’ ability to promote development more broadly.

This vision of what the scope of budget support management ought to include manifested in practice in a number of ways. One was an emphasis on quantifiable, objective measures of performance. This was coupled with a view that political issues were too subjective and too difficult to quantify, and thus should be left out, skimmed over, or passed up the chain of command. One budget support manager contrasted the ease of making objective assessments against PAF indicators with the challenge of assessing compliance with the underlying principles:

Making an assessment of PFM or macroeconomics is very technical, quite numerical. I have the support of external organizations such as the World Bank or IMF. To make an assessment of human rights or fundamental values it is in the hands of god. (Interview, Budget support manager, Multilateral donor, Lilongwe, 11 June 2013)

This quote shows how budget support managers often indicate dislike for, or discomfort in, making assessments of political issues. Others took the view that the underlying principles represented too much of a grey area, whereas PAF indicators were easier to check and follow up. In Uganda one budget support manager complained that because compliance with the underlying principles was inherently difficult to measure, assessments tended to be anecdotal

(Interview, Head of Development Cooperation, Bilateral donor, Kampala, 5 December 2013). Several interviewees explained that the specificity and concreteness of PAF indicators explained why they tended to become the focus of budget support management rather than the underlying principles. Asked if it would be useful to have access to more political analysis, one budget support manager responded quite frankly:

Honestly? Nope. My targets in Malawi, I have it quite clear. It is all about PFM, macro [economics] and sectoral public policies... The political dialogue is handled by the Ambassador. (Interview, Budget support manager, Multilateral donor, Lilongwe, 11 June 2013)

This quote is particularly interesting because it illustrates another pattern than emerged from interviews; a tendency to assume that political issues would be dealt with at the ambassadorial level and thus were not relevant to the more routine delivery of budget support. To be fair, some politically sensitive issues do need to be left to ambassadors. Yet in practice this is taken further: parliaments are classed as ‘political’ and therefore irrelevant to the delivery of budget support beyond basic decisions about whether a donor will, or will not, provide budget support in a particular country.

Budget support managers at the World Bank and African Development Bank were particularly likely to see the scope of budget support primarily in technical, economic terms. In doing so, some expressly cited those institutions’ formally apolitical mandates. This is the second, institutional dimension of who manages budget support. In Malawi one World Bank official explained that the Bank’s Articles of Agreement meant “we stay away from politics” (Interview, Economist, World Bank, Lilongwe, 20 June 2013). A similar view was expressed by a World Bank economist in Uganda; “We don’t have any political agenda. First of all, this is very far from our mandate. We don’t evaluate political issues” (Country Economist, World Bank, Kampala, 17 January 2014). Officials from the African Development Bank also tended to stress the apolitical mandates of their institution. Budget support managers working for other donors commonly attributed the World Bank’s more technical, economically focussed approach to budget support as the product of its mandate (e.g. Interview, Senior Governance Program Manager, Bilateral donor, Lusaka, 25 October 2013; Interview, Head of Section – Economic Development, EU Delegation to Zambia, Lusaka, 28 October 2013) as did some officials at

recipients' Ministries of Finance (Interview, Senior Official, Ministry of Finance, Lilongwe, 11 July 2013).

That the mandates of the World Bank and the African Development Bank shape how the task of budget support management is defined did not come as a complete surprise. The MoUs that frame budget support management often expressly recognize the formal constraints on multilateral donors. The 2011 PRBS MoU in Zambia includes an 'Exception relate [sic] to World Bank' in an annex. This provides that "with reference to the underlying principles" set out in the earlier parts of the MoU, the World Bank's Articles of Agreement "limit the principles which may form the basis of its co-operation and provision of financing" (Document 27, Annex 3). Specifically, the annex notes that the World Bank must make decisions without regard to political considerations and must not interfere in the political affairs of members. Similar reservations for both the World Bank and the African Development Bank were included in the proposed (but unsigned) new CABS MoU in Malawi (Document 13), and for the World Bank in the draft JBSF MoU in Uganda (Document 1).

In the context of this thesis, what really matters is the fact that some budget support managers linked the mandates of their institutions to their disinclination to engage with parliaments as part of budget support programs. A World Bank official in Zambia explained:

We in the Bank have not been dealing a lot with Parliament. We basically work with the government of the day... I think it has something to do with the mandate. (Interview, Economist, World Bank, Lusaka, 4 October 2013)

Budget support managers at both the World Bank and the African Development Bank often made it clear that parliaments fell outside the scope of their responsibilities; parliaments were important, but someone else's job.

The World Bank and the African Development Bank are just two budget support donors among many, but the World Bank is a particularly influential one. The World Bank often provides the lions' share of budget support in any particular country. This was certainly true in Uganda, where the World Bank often provided between 30 and 50% of annual budget support, though the Bank

accounts for less budget support in Malawi and Zambia.⁷³ Partly as a result of the large proportion of budget support it provides, the World Bank tends to play a significant role in budget support management structures. As discussed in [Chapter 3](#), in Uganda, the World Bank was the permanent chair of the donors' JBSF Policy Advisory Committee (with the position of co-chair rotating among remaining budget support donors). The World Bank also hosted and staffed the Technical and Administrative Support Unit (TASU) that was funded via a multi-donor trust fund to which other budget support donors contributed. In this context, the World Bank is in a particularly strong position to influence (even unintentionally) whether budget support managers, as a group, identify parliaments as potential targets for engagement or as institutions that might benefit from donors' use of budget support.

The mandates of the African Development Bank and World Bank also have influence outside of those institutions due to the emphasis placed on harmonising the positions of budget support donors. Finding common ground sometimes comes at a cost. When asked about whether issues of political governance or human rights were discussed at budget support reviews, one budget support manager replied, "One thing to know with budget support... it's normally the lowest common denominator" (Interview, Economist, World Bank, Lusaka, 8 October 2013). Another made an almost identical observation; "The PAF is a very rigid document. I find it is the lowest common denominator between donors" (Interview, Economist, World Bank, Lusaka, 4 October 2013). Other budget support managers explained that PFM indicators and macroeconomic conditions were common interests for all donors and so tended to be emphasised in the dialogues at budget support reviews (e.g. Interview, Head of Section - Economic Development, EU Delegation, Lusaka, 28 October 2013). Of course, bilateral donors sometimes persist in raising more political issues. In Zambia many budget support managers noted (some with clear annoyance) that the German delegation frequently raised human rights issues during budget support reviews. However, this was almost uniformly attributed to a very specific cause: the fact that Germany's Ambassador to Zambia had previously been the head of the Human Rights Division at Germany's Federal Foreign Office.

⁷³ Based on data from the OECD-DAC Creditor Reporting System.

The Aide Memoires from CABS reviews in Malawi provide some additional evidence regarding what might be termed the ‘lowest common denominator’ effect. Earlier, this chapter noted that there was both more and broader discussion of the Parliament in the first few years of the CABS program, but that discussion narrowed as the PAF became entrenched as the primary means of setting the agenda for performance reviews. That change is most obvious from 2009 onwards. Significantly, this coincides with the World Bank becoming a full member of the CABS framework, rather than just an observer. While correlation is not causation, the timing of this change does add weight to the argument that the World Bank’s formally apolitical mandate affects how aid managers from all donors put budget support into practice.

In the case of the World Bank, the tendency of its budget support managers to see parliaments as outside the scope of the institution’s mandate is perverse; the World Bank is a significant player in the realm of parliamentary strengthening. Although it is stereotyped as an excessively technocratic institution dominated by economists, the World Bank, via the World Bank Institute, established a parliamentary strengthening program some time ago. Working on issues such as budget oversight, that program has supported (among other things) the establishment of parliamentary budget offices and the training of their staff. These programs are driven not simply by a desire to reduce corruption within parliaments, but by a recognition that parliaments can be a valuable ally in attempts to reduce corruption within executives (see World Bank Group 2015). This reveals an interesting divergence between how different people within the World Bank understand and put into practice that institution’s formal mandate. The implications of this divergence are discussed in more depth in [Chapter 7](#).

Is the problem parliaments?

[Chapter 4](#) identified the possibility that budget support managers tend to disregard parliaments because of their existing institutional weakness. Following this line of reasoning, the problem that prevents budget support from living up to expectations might be the parliaments themselves. Evidence from Malawi and Zambia points to donors’ perceptions of the assertiveness of parliaments and their ability to manage financial resources as factors that influence their willingness to engage with them as part of budget support programs. Yet evidence from Uganda shows that this ultimately fails to explain why the same outcome, the failure of budget support to deliver expected accountability dividends, is found in all three cases.

In Zambia one donor official engaged in budget support explained their disinterest in the Parliament by describing it as a “rubber stamp” (Interview, Counsellor, Embassy of Finland, Lusaka, 2 October 2012). Some, including Zambian MPs (Interview, Chair of the PAC, National Assembly of Zambia, Lusaka, 31 October 2013) and parliamentary support staff (Interview, Parliamentary Reform Office, National Assembly of Zambia, 7 October 2013) also highlighted the agency of the Parliament and suggested that the disinterest of donors was in part due to their own failure to present budget support donors with a clear strategy for strengthening the institution. Other evidence also highlights the agency of MPs and their support staff. The EU’s new support for the establishment of a PBO came about in part the Budget Committee had advocated for it (Interview, Chair of the PAC, National Assembly of Zambia, Lusaka, 31 October 2013). The consultants engaged to design the new EU program explained that their proposal was informed by a 2013 budget hearing, during which the Chair of the Budget Committee and other MPs had repeatedly referred to the need for a PBO and the strengthening of the Parliament’s technical capacity. They reported that senior parliamentary staff had “essentially driven” the design of the proposed project (Document 32, p. 10).

In Malawi there were some signs that a reluctance to work with the Parliament was not restricted to budget support donors. One aid manager not engaged in budget support attributed this to a lack of faith in the ability of the Malawian Parliament to manage resources in a transparent and accountable manner and to MPs unreasonable demands for allowances (Interview, Governance Program Manager, UNDP, Lilongwe, 12 July 2013). This lack of faith, which appeared to be shared by some budget support managers, stemmed in large part from repeated and long-standing allegations of corruption involving the Clerk of Parliament, Matilda Katopola, and several of her subordinates (see Nyasa Times 2012). That explanation must be balanced against the response of one expert in parliamentary strengthening, who was scathing of such complaints. They suggested that these issues could be worked around and were simply excuses used by those unfamiliar or uncomfortable working with parliaments (Interview, Parliamentary strengthening expert, Lilongwe, 12 July 2013). Corruption clearly has occurred within the administration of the National Assembly of Malawi, and MPs do at times make unreasonable demands for allowances, but these problems can often be managed. For example, some NGOs active in parliamentary strengthening have used MoUs in order to clearly set out the terms of their support to the Malawian Parliament. These MoUs have imposed limits on allowances and set out expected

accounting arrangements. This exposes what might be termed a double standard; while corruption on any scale quickly becomes a reason for washing one's hands of the Parliament, executive corruption must reach crisis proportions (such as those of the 'Cashgate' scandal in Malawi⁷⁴) before donors abandon budget support programs.

Notably, complaints about a lack of capacity within the Parliament or a lack of political assertiveness were far less common in Uganda. This is unsurprising, given the Ugandan Parliament's higher score on the PPI and reputation for assertiveness relative to the region (discussed in [Chapter 4](#)). In Uganda, budget support managers were far more likely to criticise the Parliament for drawing out debates on legislative reforms proposed by the government than for being a rubber stamp. This was sometimes perverse. The delay that triggered the most complaints related to the Public Finance Management (PFM) Bill,⁷⁵ a Bill discussed in depth in [Chapter 5](#). In that case Parliament had dug-in because the PFM Bill, in its original form, would have 'accidentally' repealed the Budget Act, a law that (among other things) entrenched the role of parliamentary committees in the budget process and established the PBO. As [Chapter 5](#) showed budget support managers were surprisingly unsympathetic to MPs' complaints that this represented an attempt to undermine their ability to hold the government to account.

The contrast between Uganda and the other two cases drives home the point that the problem is not parliaments. Even when a parliament has the requisite capacity, and a reputation for assertiveness, the underlying principles and PAFs discourage budget support managers from recognising parliaments as important horizontal accountability institutions. Complaints that the parliaments of budget support recipients are corrupt or lack capacity and assertiveness are ultimately excuses for, not explanations of, the failure of budget support to strengthen horizontal accountability by empowering parliaments.

⁷⁴ In November 2013 a number of government officials, including some staff from the Office of the Auditor General, were accused of exploiting loopholes in the government's financial management system to divert funds into private accounts. Some sources reported that over \$250 million had been stolen (Masina 2013; Ndau 2013). The scandal led to the suspension of the CABS program, which has yet to resume.

⁷⁵ This was introduced as the Public Finance Bill in 2012 and eventually became the Public Finance Management Act 2015.

Few signs of the ‘almost revolution’

While [Chapter 5](#) examined whether budget support’s failure to strengthen horizontal accountability by strengthening parliaments is due to money or management, this chapter dug deeper. It determined which specific components of budget support produce the kinds of outcomes observed in [Chapter 5](#). Recognising that there must be reasons why budget support is put into practice in this way, this chapter uncovered them.

The examination of budget support management structures across and within the three cases – the CABS in Malawi, JBSF in Uganda and PRBS in Zambia – points to two particularly important aspects of how budget support is delivered. The first of these is the underlying principles to which budget support is linked, or perhaps more accurately the way in which budget support managers understand those principles and apply them in practice. While documentary evidence makes it clear that budget support managers do see parliaments as relevant to assessing compliance with the underlying principles, interviews show that they also see the underlying principles almost exclusively as pre-conditions or eligibility criteria, not goals. As a result, the underlying principles matter when making decisions about whether or not to provide budget support, but not when making decisions about how to deliver budget support. This fosters a tendency to box parliaments in; to categorise them as part of the political context and a source of political risk. Budget support managers rarely identify parliaments as institutions that might be affected by the plethora of administrative and legislative reforms that are advanced as part of budget support programs. Windows of opportunity (such as chances to put pressure on executives to take the reports of parliamentary committees seriously) are lost, and negative side-effects (such as PFM ‘reforms’ that make the budget process less transparent to the parliament) are overlooked.

The second important feature of budget support management is the PAFs. These play a central role in budget support management and often set the agenda for discussions around budget support. Yet they rarely mention parliaments, and when they do it tends to be tangential to an action taken by the government or some other institution of horizontal accountability. In each of the three cases the PAFs place so much emphasis on PFM and anti-corruption, and by extension the Auditor-General, that one might be forgiven for thinking that the Parliament is simply a subsidiary of that institution. Budget support managers want to target the institutions

that matter most, but ultimately what matters is what's in the PAF. For Parliaments, the consequence of not being measured is not mattering. This is not to say that other institutions of horizontal accountability should be ignored, but rather that a more balanced approach is necessary.

This chapter pointed to two underlying causes that explain why budget support is managed as it is. One is the perceived fungibility of budget support. Despite resting on poor empirical foundations, the high fungibility of budget support is often taken as given by budget support managers. This leads to an understandable but disproportionate emphasis on PFM and the institutions most closely associated with it, particularly auditors-general. It also encourages a vision of accountability that often seems reduced to accounting. This goes a long way to explaining why the PAFs lean so heavily towards these issues, and institutions, rather than towards parliaments. Who manages budget support also plays a role, as does their vision of what the scope of budget support ought to be. By and large, budget support is placed in the hands of economists who tend to have a fairly economic vision of what budget support is meant to do. For some, this tendency is reinforced by working within institutions, like the World Bank, that have a formally apolitical mandate. Such budget support managers tend to see political issues, and political institutions, as outside their job descriptions; too messy and subjective, and too difficult to measure, to form the basis of budget support management. This encourages them to restrict the relevance of the underlying principles to the gate-keeping stage, and to assume that political issues are being dealt with by someone higher up.

Comparison across the cases reveals that the pre-existing strength and assertiveness of parliaments is influential but ultimately fails to explain why the same patterns of behaviour, and the same failure to deliver expected accountability dividends, is found in all three cases. In Malawi, concerns about the quality of financial management within the Parliament discouraged most donors from engaging with the institution. In Zambia, the failure of MPs and their clerks to present a clear vision of what they needed to take advantage of the opportunities created by budget support also played a role. Yet in Uganda, the Parliament's higher capacity and reputation for assertiveness was not enough to overcome the disinterest in parliaments fostered by the management structures surrounding budget support. This exposes the fact that complaints about corruption within parliaments, and laments about them acting as rubber-stamps, are often simply

excuses employed by budget support managers already disinclined to work with these particular institutions of horizontal accountability.

Some have suggested that there has been an ‘almost revolution’ in international development, as donors have sought to work in more political ways and pursue more political goals (Carothers and De Gramont 2013). In the context of budget support, one is hard pressed to find much evidence of this revolution. The tendency of budget support managers to define both the scope of budget support programs and accountability mechanisms in a technocratic, depoliticized manner is instead evidence of just how contested that revolution remains. The reluctance of budget support managers to incorporate more political objectives, and more political institutions, within the scope of budget support programs is driven by a persistent belief that politics represents a threat to development. In their eyes, politics threatens both instability and delay; politicians might change policies or ignore the advice of technical experts. Parliaments are viewed as a problem because they might get in the way of technically ‘correct’ reforms. Ultimately, many budget support managers are not simply trying to insulate accountability mechanisms – but the entire process of development – from politics.

7 The absent revolution

Caveats, cautions, implications

I've been in development so long that I don't look at politics anymore.

— A governance advisor working on budget support.

When it comes to budget support there are few signs of what has been termed the almost revolution in development aid. That revolution is – purportedly – one characterised by the adoption of more political ends and means of pursuing development in the place of the technically focussed, formally apolitical approaches that dominated throughout the Cold War (Carothers and De Gramont 2013). Adherents of this revolution do not seek to politicise development in a partisan sense. Rather, they seek to recognise the impact of political actors (such as parliaments) and political goals (such as democratic accountability) on development, and the impact that development has on them. The absence of the almost revolution in the context of budget support is something of a surprise given previous work that described it as the “paradigmatic aid instrument” of attempts to forge a synthesis between democracy promotion and development (Faust, Leiderer, and Schmitt 2012, 454). Yet, as previous chapters have shown, while policies clearly identify budget support as a fundamentally political aid modality, budget support managers on the ground view its management primarily as a technical and economic endeavour.

This thesis set out to discover why budget support has failed to increase horizontal accountability by strengthening parliaments. As [Chapter 1](#) explained in brief, and [Chapter 2](#) at more length, this task was motivated by several factors, including the fact that donors articulated a clear expectation that budget support would have such an effect. Motivation for this thesis also comes from the centrality of accountability, horizontal accountability and parliaments in political science, their relevance to both development and democracy, as well as the scarcity of existing evidence about the impact that budget support has on them. Having rejected suggestions that donors were not genuinely committed to the goal of strengthening parliaments, and through them horizontal accountability, in [Chapter 1](#), [Chapter 3](#) argued that assumptions about the fungibility of budget support rest on questionable foundations. Unsatisfied by explanations that rely on an analogy to the resource curse, it suggested that the disappointing dividends delivered by budget support may be due primarily to management, not money. It explained the distinctive management structures associated with budget support and pointed to two specific aspects of them – the underlying principles and PAFs – that might explain why budget support has failed to deliver expected dividends in parliamentary strength and, consequently, horizontal accountability. Digging deeper, [Chapter 3](#) also suggested some underlying factors that could explain why budget support is put into practice in a way that prevents it from delivering those dividends in horizontal accountability; the nature of who manages budget support and how they understand the scope of what that task entails. Putting these explanations to the test is not straightforward. To that end, [Chapter 4](#) set out the layered research design employed in later chapters.

[Chapter 5](#) put the first part of this argument to the test by comparing how donors interacted with the National Assembly of Uganda in relation to two sets of legislation. In the first case, that of the PFM Act, donors approached the issue through the lens of a budget support program, the JBSF. In the second case, the Petroleum Acts, donors were motivated by a similar concern – a desire to ensure that financial resources were managed in an accountable manner and benefited the people of Uganda – but their engagement was channelled through the DGF, an aid program with a more explicit focus on governance. The different management structures surrounding those aid programs produced different outcomes. In the case of the PFM Act, the JBSF encouraged budget support managers to approach the Ugandan Parliament with disinterest. It fostered a tendency to disregard MPs’ concerns about the potential of the PFM

Act to undermine their ability to hold the Executive to account on matters relating to the budget. Budget support managers saw the Parliament as a roadblock, not an ally. In contrast, the structures linked to the DGF encouraged aid managers to see the Parliament as a key part of the accountability landscape, an actor that could be a valuable ally in achieving their objectives. Support from the DGF helped reform-minded MPs to secure amendments to the Petroleum Acts that increased the Parliament's ability to act as a check on Executive decisions.

[Chapter 6](#) compared three budget support programs: the JBSF in Uganda, the CABS in Malawi and PRBS in Zambia. It identified two significant patterns in how these programs were put into practice, patterns that contributed to the kinds of effects observed in [Chapter 5](#). The first pattern related to the underlying principles. While budget support managers did identify parliaments as relevant to assessing compliance with those principles, they applied them as pre-conditions or eligibility criteria in practice. This reduced parliaments to an element of the political context in which budget support operated, not something that the operation of budget support programs might affect. The second pattern related to the PAFs. These rarely mention parliaments, and even more rarely mention parliaments in a manner that recognises the agency of those institutions or their importance as accountability actors. This matters because PAFs play an important role in defining the scope of budget support programs. Pressed to demonstrate results, budget support managers focus, understandably, on the institutions whose performance is both mentioned, and measured, in the PAFs. Parliaments, unfortunately, are not among them.

Together, [Chapter 5](#) and [Chapter 6](#) present quite a complex causal story. It is complex not just for the number of links in the different causal chains, but because some of the links in those causal chains are probabilistic or contingent. This is mapped out clearly in Figure 7.1, which illustrates how engagement via budget support programs shapes aid managers interactions with Parliament, and consequently leads to opportunities to reinforce or strengthen horizontal accountability being lost. Figure 7.2 illustrates the contrasting case of engagement via the DGF, where recognition of the importance and agency of the Parliament was not sufficient to cause gains in horizontal accountability, but did contribute to making such gains possible.

Figure 7.1 When donors approach parliaments via budget support

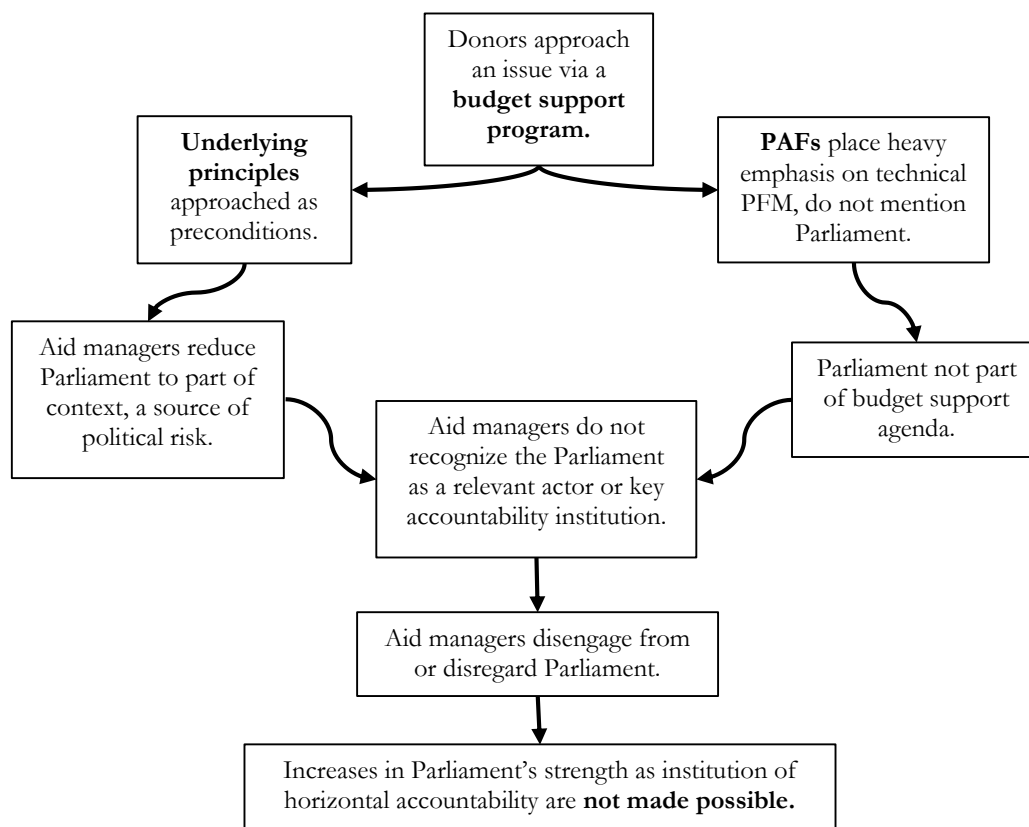
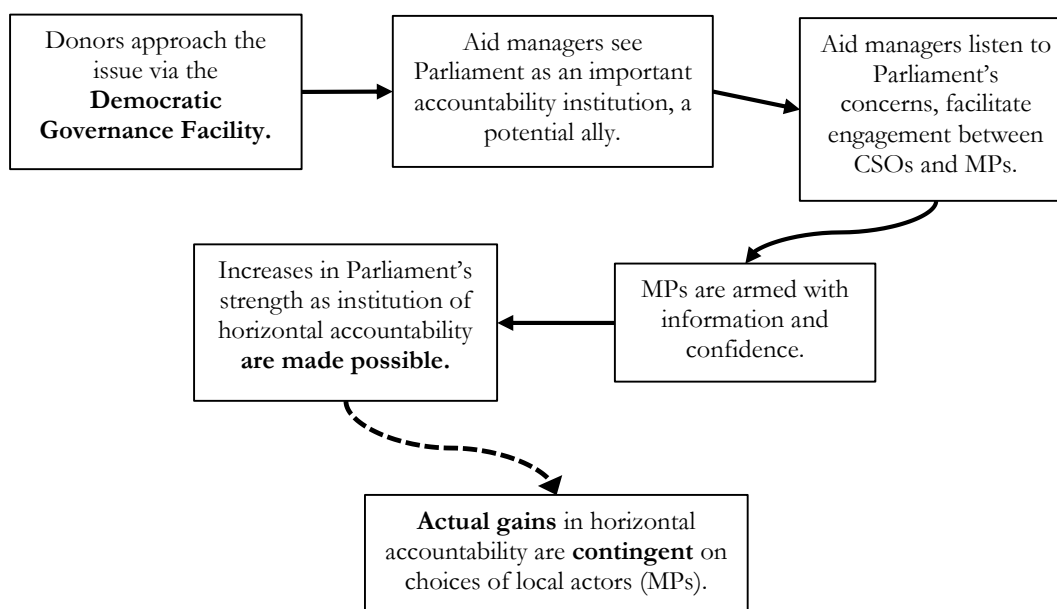


Figure 7.2 When donors approached the Parliament via the DGF



The underlying principles and PAFs linked to budget support are ultimately symptoms, not causes. With this in mind, the second part of [Chapter 6](#) examined the underlying causes that lead budget support to be implemented in a manner at odds with its stated objectives. One is the fungibility of budget support; questionable empirically but taken as fact by many of those who manage it. This encourages an emphasis on financial aspects of accountability and fosters an approach that emphasises technocratic rather than political accountability mechanisms. The second underlying cause is the simple fact of who manages budget support. Budget support managers are often economists, and work either within multilateral institutions with formally apolitical mandates, or within frameworks heavily influenced by those institutions. This encourages budget support managers to view the nature of the task at hand in a narrow, economically focussed manner. Parliaments are painted as part of the messy, subjective world of politics; best left out of the implementation of budget support. While this might be seen as a sign of a lack of sincerity with respect to donors' commitment to strengthening parliaments, the truth is more complicated. As discussed in [Chapter 1](#), the attitudes of budget support managers do not necessarily reflect those of donor organizations as a whole. Indeed, they do not necessarily reflect those of other aid managers. Both [Chapter 5](#) and [Chapter 6](#) showed that aid managers working outside of budget support programs tend to have markedly different views of parliaments and their relevance to development programs despite, in many cases, working within the same donor organizations as budget support managers.

The big picture

This thesis has dealt with a narrowly defined question but its answer to that question has bigger-picture implications. One of these has already been foreshadowed; the analysis in this thesis reveals that the almost revolution observed by Carothers and de Gramont (2013) is even more partial and contested than they admit. It is also uneven. At the level of policy, budget support is increasingly used as a lever to pursue political objectives (Dijkstra 2012; Hayman 2011; Molenaers, Cepinskas, and Jacobs 2010). Yet in terms of its day-to-day management and delivery, budget support programs have become a stronghold for many who seek to resist the political turn in development. This thesis also has implications for shifting patterns of budget support allocation and attempts to redesign development programs to increase the focus on results. It suggests that both are potentially ill-advised. Finally, this thesis reveals a need for political

scientists to open up the black box of development organizations so as to better understand how development policy is translated into practice.

A not-so-almost revolution

In 1994 James Ferguson complained that the conceptual apparatus in which development took place was:

an ‘anti-politics machine,’ depoliticising everything it touches, everywhere whisking political realities out of sign, all the while performing, almost unnoticed, its own pre-eminently political operation of expanding bureaucratic power. (Ferguson 1994, xv (Preface))

In the wake of Ferguson’s work, and a flurry of similar critiques, international development organizations, including the World Bank (which bore the brunt of Ferguson’s criticism), made several changes to the way they went about development. Carothers and De Gramont (2013) describe this shift as an ‘almost revolution’ in which development has confronted, though not fully come to terms with, politics. They explain that technocratic and (purportedly) apolitical approaches to development dominated between the 1960s and early 1990s, in part due to the geostrategic context (i.e. the Cold War). While there were reasons for trying to avoid the politicization of aid in this period, excessively technical approaches to development ultimately had several drawbacks, undermining the effectiveness of aid. Fortunately, the end of the Cold War opened the door to politics. Since then, donors have used development to advance more openly political goals and pursued development using more political means. Political economy analyses have become much more common place in the planning of development programs and projects, while development aid practitioners have become more aware of the need to consider how politics affects the processes of development, and how development affects politics. Yet as Carothers and De Gramont (2013) readily admit, the revolution in development is incomplete. Moreover, the trend towards making development aid more political, in both ends and means, has encountered substantial resistance. In some areas it may be subject to rollback. Whether development should be more political, either in means or ends, remains contested. Many people agree that things like democracy and human rights are desirable, but there is no consensus on whether they help or hinder efforts to reduce poverty.

The evidence presented in [Chapter 5](#) and [Chapter 6](#) suggests that budget support is a realm where the ‘almost revolution’ is largely absent. It has encountered resistance sufficient to prevent

the changes mandated in policy from being translated into practice. This probably is not what Carothers and De Gramont (2013) would have predicted. They speculated that aid modalities that foster ownership (of which budget support is one) could motivate donors to become more politically-minded:

... if recipient governments are to have more direct control over the aid resources flowing into their countries, it is only natural that donors become increasingly concerned with how they are governed and learn more about how to influence them. These factors point clearly both to greater incorporation of political goals related to governance and an enhanced need for political understanding. (Carothers and De Gramont 2013, 270)

If this is the case, then the use of budget support should push aid managers to pay more attention to the impact of aid programs on political institutions such as parliaments. Yet the reverse seems to be true, as budget support is put into practice in ways that reinforce technocratic, depoliticised approaches to development. The situation described in [Chapter 5](#) and [Chapter 6](#) seems far more in keeping with Carothers' (2010) description of the earlier days of the almost revolution. In considering prospects for a synthesis between democracy support and development aid, he described how the initial shift towards including governance within the scope of development aid played out:

In keeping with their deeply entrenched habit of political avoidance, when developmentalists began constructing governance programs they did so in relatively technocratic, apolitical ways. They concentrated on a narrow band of technocratic state institutions and functions, primarily those relating to public-sector financial management. (Carothers 2010, 21)

This is quite clearly reminiscent of the attitudes and behaviour observed among budget support managers in Malawi, Uganda and Zambia in [Chapter 5](#) and [Chapter 6](#).

The extent to which this is a problem depends, in large part, on whether or not you think development aid, including budget support, ought to promote political objectives, such as the strengthening of parliaments. Wollack and Hubli (2010) respond to Carothers, arguing that the complete integration of democracy assistance and development aid would go too far. Instead, they argue that the goal should be increased complementarity and mutual reinforcement, at the least avoiding negative side-effects that undermine each goal: "Both communities need to work

collaboratively wherever possible; but at a minimum, they need to be sensitive to the threat of unintended negative impacts” (Wollack and Hubli 2010, 41). This would allow the comparative advantage of each type of aid, and each group of practitioners, to be retained. They observe:

...democracy support and development assistance, when they are done well, can be mutually reinforcing. The focus of the debate—in policy circles generally and in the context of foreign-assistance reform—should be on how to do this better. (Wollack and Hubli 2010, 42)

Wollack and Hubli note that “stereotypes of development specialists as ‘calculator-wielding economists’ who neither know nor care about political dynamics” bear little relation to current reality (Wollack and Hubli 2010, 38). Yet this thesis shows that this kind of tunnel vision and reluctance to deal with political issues still prevails in the arena of budget support. Here, the revolution seems absent more than almost.

Even if the goal is complementarity, rather than integration, budget support managers need to get better at doing no harm. But how? Most authors, Wollack and Hubli (2010) included, tend to assume that any potential harm linked to development aid generally, and budget support in particular, will stem from the financial flows that constitute it (see [Chapter 3](#)). Thus Wollack and Hubli make the following suggestions:

When new economic-development assistance to a particular country is in the offing, the democracy and development communities should talk to each other to make sure that the fresh injection of aid will not have a negative impact on the country’s democratic development. In practice, this will often mean taking steps to keep aid resources from being diverted into patronage networks, from being doled out by the government with political favoritism in mind, from being used in furtherance of repression or political exclusion, or from bolstering processes that undermine representative institutions. (Wollack and Hubli 2010, 41–42)

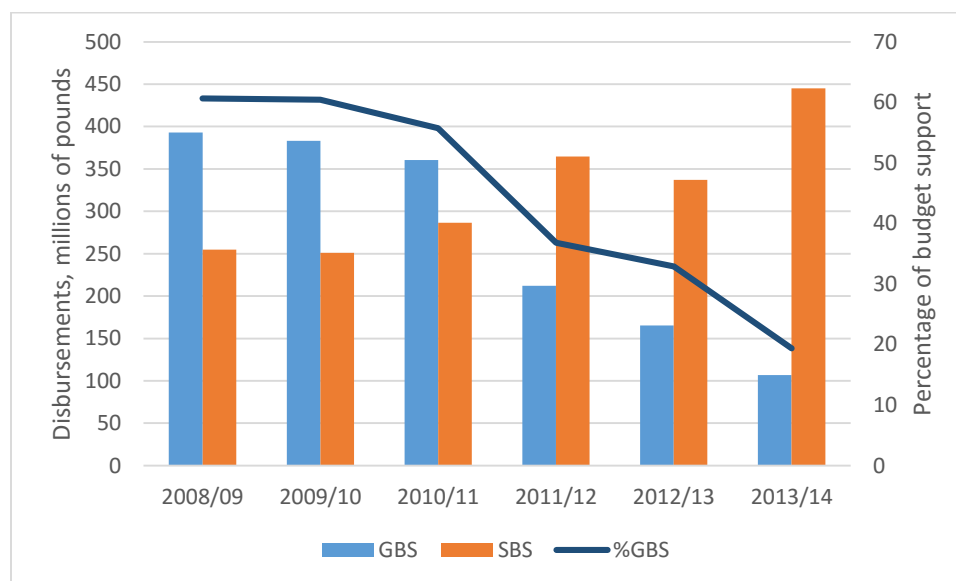
This thesis suggests that in order to do no harm, development practitioners need to do more than worry about financial flows. They also need to think critically about the management structures through which they deliver aid. In fact, this thesis suggests that an overemphasis on the risk posed by aid fungibility can sometimes have negative effects as far as political institutions, such as parliaments, are concerned. If development is to more effectively confront

politics, it needs to be done in way that recognises that the management of development aid, not just the money, can have important political side-effects. This includes, among other things, a tendency to ignore political institutions, including parliaments, with adverse consequences for horizontal accountability.

Shifting sands

The foundations of budget support rest on shifting sands. The last few years have seen a distinct change in patterns of budget support allocations as well as attempts to redesign the frameworks through which budget support is delivered. The findings of this thesis have implications for both. In the case of allocations, they suggest that the recent shift away from general budget support (GBS) and towards sector budget support (SBS) rests on questionable assumptions and may further entrench excessively technical approaches to budget support. Attempts to redesign budget support programs form part of a broader trend that places greater emphasis on results. In that case the findings of this thesis raise concerns that increasing the focus on results may have unintended, negative side-effects.

Figure 7.3 Trends in DFID budget support allocations



Source: DfID Annual Reports (2009, 2010, 2011a, 2012, 2013, 2014), author's calculations

In interviews, budget support managers often noted that their organizations were moving away from GBS and towards SBS. The difference between these is that the former is not earmarked

for a specific purpose while the latter is, as its name suggests, earmarked for a particular sector such as education or water and sanitation. The extent of this shift is hard to quantify because there are few data sources that break budget support allocations down into these two categories. DFID annual reports fill some of the gaps (at least with respect to DFID), and suggest that the move away from general budget support in favour of sectoral budget support has been particularly pronounced among bilateral donors. [Figure 7.3](#) above, shows both the absolute amount of both GBS and SBS disbursed by DFID between the 2008-2009 and 2013-2014 fiscal years, as well as the percentage of budget support delivered as GBS. It indicates a steady and substantial decline in both the absolute amount of GBS disbursed by DFID, and the relative amount of GBS within DFID's total budget support operations. In the fiscal year ending 2009, DFID disbursed almost £400 million in GBS alongside roughly £255 million in SBS; GBS represented just over 60% of the total budget support spend. In stark contrast, the £107 million delivered as GBS in the fiscal year ending 2014 amounted to less than 20% of DFID's budget support, dwarfed by the £445 million delivered as SBS. This represents an inversion of the balance between GBS and SBS that had prevailed in earlier years. Interviews conducted as part of this research project provide anecdotal evidence that there have been similar changes in the patterns of budget support allocation by other bilateral donors.⁷⁶

There are several notable things about this shift in patterns of budget support allocation. One is that it appears to be driven in large part by the perception that SBS is less fungible than GBS. Although there were some voices of dissent, in interviews most budget support managers explained the shift towards sectoral budget support by asserting that it provided donors with more control over, and better oversight of, financial flows. Some also noted that it was more narrowly focussed, more technical and less political; something that made results easier to demonstrate and programs easier to approve with headquarters. In light of this thesis, the shift towards SBS seems problematic and potentially ill-advised. [Chapter 3](#) argued that the fungibility of budget support is more a matter of perception than reality, with little clear evidence showing that it is any easier to divert than other forms of aid. If this is true, then the greater control over

⁷⁶ This does not appear to be true of multilateral donors, including the EU. More limited data is available regarding the EU's use of different types of budget support. However, what is available suggests a greater degree of stability; while there was a notable drop in both the absolute and relative amounts of GBS used in 2011 (perhaps the delayed effect of the global financial crisis), there is relatively little difference between the amounts of GBS provided in 2009 and 2012 (EuropeAid 2010, 2011, 2012, 2013).

financial flows apparently offered by SBS may prove to be illusory. Moreover, and more relevant to the specific focus of this thesis, the shift towards more narrowly focussed, more technical budget support programs will make budget support even less likely to deliver dividends in terms of parliaments and horizontal accountability. The factors identified in [Chapter 6](#) as producing the disinterest in parliaments documented in [Chapter 5](#) are likely to have an amplified effect in budget support programs dominated by sectoral rather than general budget support. Donors may struggle to raise broad, cross-cutting issues such as accountability in the context of budget support programs centred on a particular sector.

The findings of this thesis also have implications for the increasing popularity of results-based forms of aid. In many cases these forms of aid, which link the disbursement of funds to demonstrated achievement of results against pre-agreed measures, do not represent new aid modalities but rather new versions of existing aid modalities. Some donors, such as DFID and the EU, have been incorporating a form of results-based aid into budget support for some time. Typically their budget support commitments include a variable ‘performance tranche,’ a proportion of which is disbursed depending on recipient government performance. Other donors have been developing new aid instruments intended to integrate payment-for-results models to an even greater extent. In 2012, the World Bank launched its Program-For-Results (PforR), a new lending instrument designed to complement budget support. Several interviewees indicated that Sweden’s aid agency was seeking to convert its budget support programs into results-based models, though it now appears to be taking a more cautious approach to results-based financing mechanisms (Sida 2015).

The process of setting and measuring goals is often presented as an inherently and unquestionably good thing. Indeed, this was the message endorsed by the results-focused narrative that underscored the MDGs. Part of the rationale behind the MDGs was that by more clearly identifying the goals of development, and by identifying indicators against which progress might be measured, the international community could pursue development more effectively. No doubt there are benefits to clearly defining and measuring development outcomes. This thesis highlights, however, that it can also have unintended, negative side-effects. One such consequence is to reinforce the already existing tendency of development practitioners to depoliticize the nature of the task at hand. It is telling that one aid manager explained that the appeal of results-based aid (and in particular, results-based forms of budget support) lay, in part,

in the ability to shift the political risk from donors to aid recipients (Interview, First Secretary – Economic Development, Embassy of Sweden, Lusaka, 5 November 2013). This thesis points to a significant risk that results-based aid may make it even easier for budget support managers, and aid managers generally, to wash their hands of politics. Many seem eager to do so, as did the aid manager quoted at the start of this chapter; she simply didn't look at politics anymore. This tendency to depoliticise development programs is a concern because it can undermine the effectiveness of development aid. In the cases considered in [Chapter 6](#) it produced an excessively technocratic view of what strengthening accountability entailed, one that prevented budget support from empowering parliaments. Results-based forms of aid do have advantages, but this is one disadvantage that donors should consider when they design and implement development projects and programs in the future.

Disaggregating donors

[Chapter 1](#) positioned this thesis by reference to the growing body of academic literature that seeks to disaggregate the political impacts of different types of aid. One implication of its findings is that in addition to disaggregating aid, political scientists also need to disaggregate donors. Existing research already draws distinctions *between* different donors but more attention needs to be paid to what goes on *inside* donors. This is an area that has only recently attracted the attention of academic researchers.

Previous research has examined differences between multilateral and bilateral donors, and between different bilateral donors. The vast majority of that work focusses on explaining variation in patterns of aid allocations; researchers have explained which donors give aid, how much, what types and to whom. Neumayer (2003), for example, demonstrates that some bilateral donors are more sensitive to human rights issues when allocating aid. More recent studies present evidence that certain donors are more responsive to recipient need than others (Dreher, Nunnenkamp, and Thiele 2011; Hoeffler and Outram 2011). Existing research less frequently examines whether some donor organizations are more effective in achieving their stated goals. Easterly and Williamson (2011) rate donor agencies from best to worst on a number of dimensions associated with the aid effectiveness agenda set out in the Paris Declaration: aid transparency, specialization/fragmentation, selectivity in allocation, use of effective/ineffective aid channels, and overhead costs. Yet their study provided few clues as to what might explain variation along these dimensions. It also focussed on markers of how aid was delivered, rather

than its impact.⁷⁷ The scarcity of research that examines whether, and why, some donors might be more effective developmental actors is due, in part, to the difficulty of attributing outcomes to the provision of development aid by a specific donor. It is also due to the fact that research has tended to treat donor organizations as black boxes, failing to examine how the policies and programs endorsed by headquarters are implemented in practice.

This thesis represents a step towards opening up those black boxes. It demonstrates how looking inside aid agencies can help us to better understand how they operate in practice and how this might influence the effectiveness (or ineffectiveness) of aid. There are some encouraging signs of movement in this direction. Gulrajani (2014) argues that to understand why some donors have lagged behind in adopting more effective aid practices, we must be more aware of organizational attributes within donor agencies. She complains that there have been very few attempts to link donor organizational factors⁷⁸ to aid effectiveness and develops an analytical framework that might make that task easier. Yanguas and Hulme (2015) provide another example, one that relates to the discussion, above, of the ‘almost revolution’ in international development. They examine attempts to bring more political analysis to bear within aid organizations perceived as being at the forefront of that movement, DFID and the World Bank. They report that programming, management and training practices across both organizations, in both headquarters and field, remain largely unchanged despite prominent efforts by both donors to incorporate more political economy analysis into their operations. Their analysis is notable for highlighting the role of individuals acting within institutions. They observe that the extent to which political economy analysis translates into more politically informed practice depends, in large part, on whether key individuals in country offices actively pursue it as a priority. This leads to inconsistency; “the role of individuals in pushing for greater political engagement in DFID and World Bank country offices seems to have been ad hoc, idiosyncratic, and personality-based” (Yanguas and Hulme 2015, 214). Significantly, they observe some habits and tendencies

⁷⁷ One report, commissioned by the OECD-DAC and the Danish Institute for International Studies, observed “there is evidence that aid, when delivered in ways consistent with the Paris Declaration can improve the way aid is managed and delivered” (Stern 2008, viii). However, it went on to explain “existing evidence is also less clear-cut as to the likely efficiency gains or reductions in transaction costs likely to follow” and observed that there is “no clear evidence to confirm that Paris Declaration like interventions lead to sustained improvements in basic services such as education and health let alone to income growth” (Stern 2008 viii).

⁷⁸ By which she means “the design attributes relating people, things, knowledge and technologies within a formal framework intended to achieve specific goals” (Gulrajani 2014, 90)

reminiscent of those documented in [Chapter 6](#). In particular, Yanguas and Hulme note that specialists sometimes seize on risk assessment exercises as an opportunity to “get politics out of the way” (Yanguas and Hulme 2015, 213). They also note a tendency to assume that political issues have been considered, or will be taken care of, by “governance people.” In light of this, they call on social scientists to pay more attention to the mechanisms through which new ideas about politically informed development assistance might become institutionalized. The findings of this thesis add volume to their call.

In addition to adding momentum to efforts to open up the black boxes of donor organizations, this thesis also suggests some specific lines of enquiry that may be worth pursuing. The analysis in [Chapter 6](#) points to the importance of the individuals within these institutions. Looking more closely at the individuals who work within donor organizations is a fruitful line of enquiry because it reveals the existence of divisions within, rather than between, these institutions. In the course of conducting fieldwork for this thesis, several interviewees commented on the diversity of opinions about what budget support can achieve and the objectives to which it should be linked. One described it as “a thorny, controversial issue” (Interview, First Secretary – Governance, Embassy of Denmark, Kampala, 27 November 2014). Some noted that the division was not necessarily between headquarters and field staff, but within both levels of their organizations. In some cases headquarters pushed field staff to be more politically minded. In others field staff seemed frustrated by their headquarters’ demands for a stronger technical focus and more financial oversight of funds. Exploring these avenues of inquiry in future research would bring more nuance to critiques of international development actors, in particular critiques of the World Bank, too often painted as the ‘big bad’ of international development. As has already been pointed out by Xu and Weller (2009, chap. 1), there is a surprising degree of variation in how the individuals working at the World Bank understand and put into practice its institutional mandate.

Caveats and cautions

As is the case in all research projects, this thesis has limitations. Certain caveats and cautions are in order. One stems from the focus on Uganda in [Chapter 5](#). [Chapter 4](#) presented Uganda as a best-case scenario for budget support, the context in which it had the best chance of delivering the accountability dividends expected by donors. Reflecting on the findings of [Chapter 6](#) in

conjunction with the conceptual discussion presented in [Chapter 2](#) suggests that, with the benefit of hindsight, Uganda might not be the best-case scenario that it first appeared. Or rather, it might be the best available scenario, just not the best possible scenario. This is due to the technocratic tendency of Uganda's current regime and the possibility that it may have shaped the way aid managers approached budget support.

As discussed in [Chapter 2](#) delegative democracy is a type of political regime distinguished by the weakness, or absence, of horizontal accountability. These regimes often have a strong technocratic streak; leaders place their faith in experts who are trusted to solve the problems of development with technical skills and knowledge. This is not necessarily a bad thing (particularly if the problems a country faces are in fact technical). However, it can foster a pervasive belief among the political elite that these experts must be shielded from social resistance that is best ignored (O'Donnell 1994, 61). This was, and to an extent still is, very much the case in Uganda. In 2010 the Governor of the Bank of Uganda, formerly the Secretary to the Treasury, observed:

Prior to 1996 the President made economic decisions largely on his own. In many ways, this was a technocrat's dream. As long as the MoFEP [Ministry of Finance, Economy and Planning] minister and permanent secretary were convinced of the case for reform, since they were known to have strong Presidential backing, there was little need to persuade anyone else. Since 1996 the President has increasingly needed to take account of the views of Parliament. (Tumusiime-Mutebile 2010, 49)

The technocratic streak that characterizes President Museveni's regime manifested as a willingness to adopt the economic reforms promoted by donors, helping to account for its status as a donor darling (Tripp 2010, 2). In the context of this thesis, the technocratic streak in Museveni's Uganda is notable because it could have contributed to the tendency of the JBSF to promote an excessively technical vision of what accountability entails and what the scope of budget support programs ought to be. While it is easy to blame donors and the way their organizations work for the failures of budget support, we should keep in mind that budget support is often being provided to political regimes that have a marked preference for technocratic forms of decision making. Many also have decades of experience in dealing with development donors. Donor representatives are not the only actors operating within budget frameworks; representatives of recipient governments, often senior officials from the Ministry of Finance, are important actors as well. Donors do not set the priorities of budget support

programs in a vacuum; they respond, at least in part, to issues that recipient governments identify as important. Donors do sometimes insist on including more political issues on the budget support agenda (as German agencies did with respect to human rights issues in Zambia), but they cannot simply ignore the priorities that aid recipients put forward.

A form of selection bias may also impose certain limits on the generalizability of the findings in this thesis. The case studies presented in [Chapter 5](#) and [Chapter 6](#) are set in the context of countries with a reputation for corruption. Interviews made it clear that high levels of corruption were more or less taken for granted by aid managers working in Malawi, Uganda and Zambia, though they often expressed their concerns more subtly in terms of a need to manage ‘fiduciary risk.’ This probably goes some way to explaining why the perceived fungibility of budget support had such a strong effect on the management of that aid modality, in particular the heavy emphasis on PFM and technocratic aspects of accountability in the PAFs for the CABS, JBSF and PRBS programs. After all, the fungibility of budget support (real or not) is only a problem if you don’t trust the government to whom you provide it. It is possible that the perceived fungibility of budget support would not have produced PAFs that emphasised PFM so heavily, and mentioned parliaments so rarely, in contexts where corruption was a less prominent part of the political landscape. The budget support program in Ghana is illustrative. Ghana is generally viewed as more trustworthy by donors, not just because of its stronger democratic credentials but also because it has maintained better control of corruption. This seems to be reflected in the PAF linked to Ghana’s Multi-Donor Budget Support program. In the period from 2008 to 2010 it contained several indicators linked to PFM and anti-corruption, but these represented a much smaller component of the PAF than those linked to the CABS, JBSF or PRBS programs. It seems that in Ghana, the perceived fungibility of budget support did not trigger an overwhelming concern with these issues as it did in Malawi, Uganda and Zambia. Determining whether this was sufficient to avoid the problems observed in those cases would require a more in depth analysis of Ghana’s budget support program.

What is to be done?

From the perspective of budget support donors, the findings of this thesis are particularly perverse. The fear of corruption has a heavy influence on how budget support is managed. Yet in allowing fears of corruption to shape the management of budget support in a way that

encourages disregard for parliaments, donors may inadvertently be undermining an important institutional bulwark against that very problem; a growing body of research documents the role played by legislatures in curbing corruption (see Pelizzo & Stapenhurst, 2014). This does not mean that donors should abandon budget support. Rather, donors need to think more critically about how they deliver that form of aid, and how its management may be shaping their interactions with accountability institutions beyond the usual suspects, auditors-general and anti-corruption agencies. The solution need not be more direct support to parliaments, but rather more awareness of how parliaments are relevant to, and might be affected by, other development programs and projects. This, of course, is easier said than done. There is no shortage of work documenting the efforts of aid agencies to become more politically astute in their operations, and the challenges they have encountered in this endeavour (Hout 2012; Unsworth 2009). A good first step would be to help budget support managers become more familiar with how parliaments work and the entry points that exist for engagement with parliamentarians. Interviews suggested that one of the reasons that budget support managers don't engage much with parliaments is that, lacking experience, they don't know where to start.

In asking what is (or ought) to be done in light of the findings of this thesis, it is also necessary to ask, *by whom?* The necessity of this second question was pointed out by Ferguson (1994), reflecting on the implications of his own work. There is, inevitably, a limit to what outside actors can, or should, do to promote accountability in developing countries, horizontal or otherwise. At the very least, as Wollack and Hubli (2010) suggest, those providing budget support can seek to do no harm. They can attempt to deliver that aid in ways that are conducive to the strengthening of horizontal accountability. Ultimately, however, the task of empowering parliaments is a task for the citizens of developing countries, parliamentarians not least among them. This is a theme that came through quite strongly in interviews. Even as they lamented being overlooked or sidelined by budget support donors, parliamentarians in Uganda, Malawi and Zambia were quick to point out that change needed to come from within their own institutions. Responding to a question about the extent to which donors could create incentives for the Parliament to play a bigger role, one Malawian interviewee responded; "that should be done by Malawians themselves. You can come to my house and say 'you need to change this, you need to change that'... but it has to start from within" (Interview, MP – Budget and Finance Committee, National Assembly of Malawi, Lilongwe, 27 June 2013). Budget support managers

were also wary of the line between working in more politically minded ways, and interfering in domestic politics. One budget support manager in Zambia commented; “People say we should work with politicians more but that’s just invading a country again” (Interview, Governance adviser, Bilateral donor, Lusaka, 15 November 2013). Another budget support manager pointed out that donors have political influence but ultimately lack the authority to make political decisions in the countries where they deliver aid.

Recognising the agency of MPs and parliaments in the developing world does sometimes have a downside; it can lead to a tendency to blame those institutions for their own lack of empowerment. It would be a mistake, however, to assume that budget support has failed to deliver the expected dividends in accountability because MPs were not sufficiently interested in strengthening their parliaments as institutions of horizontal accountability. Perhaps one of the most significant aspects of the analysis presented in [Chapter 5](#) and [Chapter 6](#) is the extent to which MPs working in parliaments frequently dismissed as rubber stamps were actively seeking avenues through which they could empower those institutions. These MPs may not have represented the majority, or even a large minority. Yet Barkan (2009a) has observed that sometimes a relatively small group of committed reformers, as few as 5 to 10 percent of all MPs, can be sufficient to drive reform if more opportunistic MPs bandwagon with them in the pursuit of self-interest. Empirically, there are signs that groups of reformers do exist. In Zambia the EU’s enthusiasm for more direct support to the Parliament stemmed not just from the (possibly coincidental) phasing out of budget support, but from a deliberate effort on the part of parliamentary support staff and MPs to present donors with a clear and coherent vision of what the Parliament wanted. In Uganda the debate about the PFM Bill dragged on for years, not because of a lack of interest among MPs, but because a significant number of them recognised the threat it posed to the Parliament’s role in the budget process.

It may not be possible for external actors, including budget support donors, to create a commitment to change among MPs in the countries in which they work. It should, however, be possible for them to avoid undermining the constituencies for change that do emerge. One way they can do this is by paying attention to parliaments. Donors’ policies on budget support say that parliaments matter. This needs to be matched in practice, in the implementation of budget support programs. The attitude of disinterest in, and disregard for the concerns of, parliaments that tends to prevail among budget support managers is a disincentive to the ‘coalitions for

change' that Barkan (2009a) identifies as a critical factor in the emergence of stronger legislatures in developing countries. Neither donors nor budget support managers can bear sole, or even primary, responsibility for empowering parliaments. Yet if they act like parliaments don't matter, it becomes less and less likely that they will.

Appendix 1 List of interviews

Some interviewees requested that their organization not be identified. Where this was the case, the organization is identified only as a bilateral donor, multilateral donor or NGO.

	Date	Position	Organization	Location
Malawi	11 June 2013	Budget support manager	Multilateral donor	Lilongwe
	17 June 2013	Governance Program Manager	Multilateral donor	Lilongwe
	20 June 2013	Economist	World Bank	Lilongwe
	20 June 2013	Program Manager	Delegation of the European Union to the Republic of Malawi	Lilongwe
	21 June 2013	Governance Advisor	Bilateral donor	Lilongwe
	27 June 2013	MP/Chair, Legal Affairs Committee	National Assembly	Lilongwe
	27 June 2013	MP/Budget and Finance Committee	National Assembly	Lilongwe
	1 July 2013	Director	National League for Democracy and Development	Lilongwe
	1 July 2013	Program Manager	Centre for Human Rights and Rehabilitation	Lilongwe
	2 July 2013	Resident Country Director, Malawi	National Democratic Institute	Lilongwe
	2 July 2013	Program Manager	Centre for Multi-Party Democracy – Malawi	Lilongwe
	3 July 2013	National Secretary	Catholic Commission for Justice and Peace	Lilongwe
	3 July 2013	Executive Director	Public Affairs Committee	Lilongwe
	9 July 2013	Senior Official	Ministry of Justice and Constitutional Affairs	Lilongwe
	9 July 2013	Executive Director	Malawi Economic Justice Network	Lilongwe
	11 June 2013	Member of Parliament/Secretary-General	National Assembly/AFORD	Lilongwe
	11 July 2013	Senior Official	Ministry of Finance	Lilongwe
	11 July 2013	Executive Director	National Initiative for Civic Education	Lilongwe

	Date	Position	Organization	Location
	11 July 2013	Acting Director, Governance and Security Team	DFID	Lilongwe
	12 July 2013	Program Manager	Democracy Consolidation Program	Lilongwe
	12 July 2013	Governance Program Manager	UNDP	Lilongwe
	12 July 2013	Manager, Monitoring and Evaluation	UNDP	Lilongwe
	12 July 2013	Parliamentary strengthening expert		Lilongwe
	13 July 2013	MP	National Assembly	Lilongwe
	15 July 2013	Chair, Health Committee	National Assembly	Blantyre
	15 July 2013	President	People's Transformation Party (Petra)	Blantyre
	16 July 2013	Secretary General	United Democratic Front (UDF)	Blantyre
	16 July 2013	Assistant Director	Centre for Social Research, Chancellor College, University of Malawi	Zomba
	17 July 2013	Associate Professor	Faculty of Law, Chancellor College, University of Malawi	Zomba
	18 July 2013	Executive Director	CONGOMA	Lilongwe
	18 July 2013	Director	Ministry of Finance, Debt & Aid Division	Lilongwe
	19 July 2013	Deputy Budget Director	Ministry of Finance, Budget Division	Lilongwe
	20 July 2013	Africa Regional Program Coordinator	Netherlands Institute for Multi-Party Democracy	Lilongwe
	20 July 2013	Chief Planning Officer	Ministry of Health	Lilongwe
Zambia	11 June 2013	Counsellor, Economic Growth and Private Sector Development	Embassy of Finland	Lusaka
	3 October 2013	Principal Macroeconomist (Economic and Financial Governance)	African Development Bank	Lusaka
	4 October 2013	Economist, Zambia	World Bank	Lusaka
	7 October 2013	Parliamentary Official	Parliamentary Reform Office, National Assembly of Zambia	Lusaka
	8 October 2013	Economist	World Bank	Lusaka

	Date	Position	Organization	Location
	8 October 2013	Budget support manager	Bilateral donor	Lusaka
	10 October 2013	Program Officer	Bilateral donor	Lusaka
	14 October 2013	Manager and Program Officer	Jesuit Centre for Theological Reflection	Lusaka
	14 October 2013	Senior Manager	NGO Coordinating Council	Lusaka
	15 October 2013	Senior Official	Ministry of Finance	Lusaka
	18 October 2013	Political Analyst		Lusaka
	21 October 2013	Chair / Legal officer	Council for NGOs / Women in Development and Law in Africa (WILDAF)	Lusaka
	23 October 2013	Government Official	Department of Community Development, Mother and Child Health	Lusaka
	23 October 2013	Assistant Committee Clerk (Estimates Committee)	National Assembly of Zambia	Lusaka
	25 October 2013	Programme Manager	Friedrich Ebert Stiftung	Lusaka
	25 October 2013	Research and Policy Officer	Civil Society for Poverty Reduction	Lusaka
	25 October 2013	Budget support manager	Bilateral donor	Lusaka
	26 October 2013	Political Analyst	Centre for Policy Dialogue	Lusaka
	28 October 2013	Assistant Committee Clerk (Public Accounts Committee)	National Assembly of Zambia	Lusaka
	28 October 2013	Head of Section, Economics Private Sector and Rural Development	EU Delegation to the Republic of Zambia and COMESA	Lusaka
	29 October 2013	Monitoring and Evaluation Unit	Ministry of Finance	Lusaka
	29 October 2013	Executive Director	Transparency International Zambia	Lusaka
	30 October 2013	MP/Chair of Estimates Committee	National Assembly of Zambia	Lusaka
	30 October 2013	Aid manager	GIZ	Lusaka
	31 October 2013	MP/Chair of Public Accounts Committee	National Assembly of Zambia	Lusaka
	1 November 2013	Budget Analyst	Ministry of Finance	Lusaka
	5 November 2013	First Secretary – Economic Development	Embassy of Sweden	Lusaka
	5 November 2013	Governance Program Manager	Multilateral donor	Lusaka

	Date	Position	Organization	Location
	6 November 2013	Chief Economist, Economic Management Department	Ministry of Finance	Lusaka
	6 November 2013	Second Secretary, Democratic Governance and Human Rights	Embassy of Sweden	Lusaka
	6 November 2013	Head of Development Cooperation	Bilateral donor	Lusaka
	6 November 2013	Member of Parliament, Chairperson of APNAC-Zambia, Member of PAC	National Assembly of Zambia	Lusaka
	7 November 2013	Governance Program Manager	Multilateral donor	Lusaka
	12 November 2013	Deputy Clerk (Procedure)	National Assembly of Zambia	Lusaka
	14 November 2013	Senior budget support manager	Multilateral donor	Lusaka
	14 November 2013	Governance Advisor	Bilateral donor	Lusaka
	14 November 2013	Governance Advisor	Bilateral donor	Lusaka
	15 November 2013	Governance Advisor	Bilateral donor	Lusaka
Uganda	21 November 2013	Governance Advisor	Bilateral donor	Kampala
	22 November 2013	Head of Development Cooperation	Embassy of the Kingdom of Belgium	Kampala
	25 November 2013	Country Representative	NIMD	Kampala
	27 November 2013	First Secretary – Governance	Embassy of Denmark	Kampala
	27 November 2013	Consultant	Institute for Parliamentary Studies	Kampala
	27 November 2013	Policy Analyst	Democratic Party	Kampala
	29 November 2013	Deputy Secretary General	Forum for Democratic Change	Kampala
	2 December 2013	Coordinator	Citizens Coalition for Electoral Democracy in Uganda	Kampala
	3 December 2013	Program Manager	Democracy promotion	Kampala
	3 December 2013	Budget support manger Governance program manager	Multilateral donor	Kampala
	5 December 2013	Head of Development Cooperation	Bilateral donor	Kampala
	5 December 2013	Economic Advisor	Bilateral donor	Kampala
	6 December 2013	Chairperson	Transparency International – Uganda	Kampala

	Date	Position	Organization	Location
	9 December 2013	Aid manager	African Development Bank	Kampala
	9 December 2013	Governance Program Manager	World Bank	Kampala
	9 December 2013	Executive Director	Fredrich Ebert Stiftug	Kampala
	17 January 2014	Economist	World Bank	Kampala
	20 January 2014	Senior expert	Democracy promotion	Kampala
	20 January 2014	Analyst	Parliamentary Budget Office	Kampala
	21 January 2014	Senior Program Officer	Uganda Debt Network	Kampala
	21 January 2014	Former Senior Economist at the Parliamentary Budget Office	Currently at Ministry of Finance	Kampala
	22 January 2014	Coordinator	Civil Society Budget Advocacy Group	Kampala
	22 January 2014	Governance Program Manager	Multilateral donor	Kampala
	23 January 2014	Coordinator	Citizens Coalition for Electoral Democracy in Uganda	Kampala
	23 January 2014	Program Officer, Team Leader (Policy and Advocacy)	National NGO Forum	Kampala
	24 January 2014	Manager, Deepening Democracy Component	Democratic Governance Facility	Kampala
	27 January 2014	Country Director	International NGO	Kampala
	28 January 2014	Policy Analyst	NRM	Kampala
	3 February 2014	Senior managers and governance program manager	Bilateral donor	Kampala
	3 February 2014	Senior Governance Advisor	Bilateral donor	Kampala
	5 February 2014	Deputy Executive Director	ACODE (Advocates Coalition for Development and Environment)	Kampala
	5 February 2014	MP and Chair, Budget Committee	Parliament of the Republic of Uganda	Kampala
	6 February 2014	Senior officials	Ministry of Finance, Planning and Economic Development	Kampala
	6 February 2014	MP/Former Vice Chairperson, Public Accounts Committee	Parliament of the Republic of Uganda	Kampala

Appendix 2 Documentary material, Chapter 5

This appendix provides a list of unpublished documentary material cited in [Chapter 5](#). It is not a comprehensive list of all documents reviewed by the author. All documents listed below are available from the author on request.

Document #	Description
1	<i>Progress on High Level Government Financial Management Reform Action Plan Matrix</i> , Working document provided by donor official November 2013.
2	<i>Agreement between the Government of the Republic of Uganda and the Government of the Kingdom of Denmark regarding development cooperation concerning the Uganda Good Governance Programme (1 July 2011 – 30 June 2016)</i> , draft dated 7 April 2011.
3	<i>Memorandum of Understanding between Development Partners Supporting the Democratic Governance Facility in Uganda</i> , Final version signed May/June 2011.
4	<i>Uganda Democratic Governance Programme</i> , DGF Strategic Programme Document, Final draft dated March 2011.
5	<i>Component 1: Deepening Democracy Programme</i> , DGF Programme Document, Final draft dated March 2011.
6	<i>Component 2: Rights, Justice and Peace</i> , DGF Programme Document, Final draft dated March 2011.
7	<i>Component 3: Voice and Accountability</i> , DGF Programme Document, Final draft dated March 2011.
8	Template Funding Arrangement/Agreement between X and The Royal Danish Embassy in Kampala regarding Contribution to the Democratic Governance Facility 1 July 2011 to 20 June 2016.
9	<i>Agreement between the Norwegian Ministry of Foreign Affairs and the Ugandan Ministry of Finance, Planning and Economic Development of the Republic of Uganda regarding development cooperation concerning Democratic Governance Facility</i> , Draft dated 1 June 2011.
10	DFID, <i>Democratic Governance Facility: Deepening Democracy Programme Phase II</i> , Business Case and Intervention Summary, March 2012.
11	DFID, <i>Democratic Governance Facility: Deepening Democracy Programme Phase II</i> , Business Case Addendum, April 2014.
12	Greg Moran, Pieter Du Plessis, Salima Namusobya and Sabiti Makara, <i>Review of the Democratic Governance Facility</i> , PEMconsult/Greg Moran and Associates, Final Report, 27 February 2014.
13	Anna Paterson and Valentine Namakula, <i>Uganda Democratic Governance Facility Annual Review 2014</i> , International Law and Policy Institute, Report 3/2015.

Appendix 3 Documentary material, Chapter 6

This appendix provides a list of documentary sources cited in [Chapter 6](#). It does not provide a comprehensive list of all documents reviewed by the author. All documents listed below are available from the author on request.

Country	Document #	Description
Uganda	1	<i>Draft Memorandum of Understanding Between the Government of the Republic of Uganda and the Development Partners Under the Joint Budget Support Framework</i> , version dated October 2012.
	2	Letter from the Permanent Secretary at the Office of the Prime Minister to the co-chairs of the JBSF Policy Committee (EU and World Bank), 1 October 2012.
	3	<i>Appraisal by Development Partners of the Government of Uganda's Performance Against the Joint Assessment Framework 1</i> , 24 March 2010.
	4	<i>Joint Budget Support Framework: Second annual assessment by Development Partners of Government of Uganda's adherence to underlying principles, preconditions as well as progress in key sector of joint budget support</i> , 16 December 2010.
	5	<i>Joint Budget Support Framework: Assessment of JAF 3</i> , 22 December 2011.
	6	<i>Joint Budget Support Framework: Assessment of JAF 4</i> , July 2013
	7	<i>Joint Budget Support Framework: Assessment of JAF 5</i> , June 2014.
	8	<i>Fifth Round of the Joint Assessment Framework (JAF 5)</i> , Final Draft, 19 October 2012.
	9	<i>Joint Assessment Framework</i> , Formally agreed between the Government of Uganda and the JBSF Development Partner, 5 October 2009.
	10	<i>Joint Assessment Framework 2, 3 & 4</i> , Endorsed by the Government of Uganda and JBSF Development Partners at the Policy Coordination Committee Meeting on 8 October 2010, with selected amendments to JAF 3 as of 9 November 2010.
Malawi	11	<i>Joint Framework for budget support co-operation between the Government of Malawi, and the Common Approach to Budget Support Group</i> , signed 2005.
	12	<i>Revised Joint Framework for budget support co-operation between the Government of Malawi, and the Common Approach to Budget Support Group</i> , draft, dated June 2011.
	13	<i>Revised Joint Framework for budget support co-operation between the Government of Malawi, and the Common Approach to Budget Support Group</i> , Development Partners' Draft, dated April 2013.
	14	<i>Aide Memoire, Common Approach to Budget Support March 2012 Review</i> , dated June 2012.

	15	Norad Aid Strategy and Economics Department, <i>Norwegian Budget Support to Malawi</i> , Desk Appraisal, December 2010.
	16	Norad, <i>Norwegian Budget Support to Malawi</i> , Desk Appraisal, 12 October 2012.
	17	Aide Memoire, <i>Common Approach to Budget Support March 2010 Review</i> , dated May 2010.
	18	Norad, Briefing note from Africa 1 to Department for Regional Affairs and Development (copy to Embassy in Lilongwe), <i>Malawi: Budget support disbursement and planned figures for 2010/11 and 2011/12</i> , 30 April 2010.
	19	Norad, Briefing note from Africa 1 to Embassy in Lilongwe, <i>Malawi: Requests for disbursement of budget support 2010/2011</i> , 30 September 2010.
	20	<i>CABS Performance Assessment Framework</i> , 2010-2011.
	21	<i>CABS Performance Assessment Framework</i> , 2011-2012.
	22	Norwegian Embassy – Lilongwe, <i>Decision Document: Malawi – General Budget Support 2011-2013</i> , 18 February 2011.
	23	Norwegian Embassy – Lilongwe, <i>Decision Document: Malawi – General Budget Support 2013-2016</i> , 25 July 2013.
	24	Aide Memoire, <i>Common Approach to Budget Support September 2005 Review</i> , dated September 2005.
	25	Aide Memoire, <i>Common Approach to Budget Support Review November 2009 Review</i> , dated November 2009.
Zambia	26	<i>Memorandum of Understanding for Budget Support to the Government of Zambia</i> , signed 1 April 2005.
	27	<i>Memorandum of Understanding Between the Government of the Republic of Zambia and Cooperating Partner Agencies Concerning Poverty Reduction Budget Support</i> , signed 17 November 2011.
	28	Scanteam, <i>Fiduciary Risk Assessment: Poverty Reduction Budget Support in Zambia</i> , Final Report, September 2010.
	29	Ministry of Finance (Zambia), <i>Performance Assessment Report for 2012 Presented at the Joint Annual Review of Poverty Reduction Budget Support (PRBS)</i> , 24 July 2013.
	30	European Commission, <i>Support Programme to Public Finance Management, Accountability and Statistics</i> , Action Fiche, CRIS: ZM/FED022-712.
	31	Ministry of Finance and PRBS Cooperating Partners, <i>Performance Assessment Framework 2012-2014</i> .
	32	ACE International Consultants, <i>The Formulation of a Support Programme to the Economic Governance Processes: Public Finance Management, Domestic Accountability and Statistics – Zambia</i> , Final Report prepared for the European Union, 28 February 2013.

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