PUBLIC SECTOR ACCOUNTABILITY AND GOVERNANCE, INTERNATIONAL DONOR AGENCIES AND ENVIRONMENTAL SUSTAINABILITY: THE CASE OF SRI LANKA

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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Declaration

I certify that, to the best of my knowledge and belief, the work is that of the author alone; except where due acknowledgement and reference is made in the text of the thesis. The work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; ethics procedures and guidelines have been followed.

I declare that the PhD thesis is no more than 100,000 words in length, exclusive of tables, figures, abstract, appendices, references and footnotes.

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Glossary/Abbreviations

ADB – Asian Development Bank

CBSL – Central Bank of Sri Lanka

CCD – Coastal Conservation Department

CEA – Central Environmental Authority

CExImB – China Export Import Bank

CSO – Civil Society Organisation

DAC – Development Assistance Committee

DCs – Developing Countries

EIA – Environmental Impact Assessment

ERD – External Resources Department

ES – Environmental Sustainability

ESD – Environmental, Social Division (RDA)

ESEP – Extension of Southern Expressway Project

IEE – Initial Environmental Examination

IFAC – International Federation of Accountants

JICA – Japan International Cooperation Agency

MDG – Millennium Development Goals

MIC – Middle-Income Country

MoF – Ministry of Finance

MoMDE – Ministry of Mahaweli Development and Environment

NGO – Non-Government Organisation

ODA – Official Development Assistance

OECD – Organisation for Economic Co-operation and Development

P-A – Principal-Agent

PAT – Principal-Agent Theory

RDA – Road Development Authority

RDT – Resource Dependence Theory

SD – Sustainable Development

SDG – Sustainable Development Goals

SEA – Social Environmental Accounting

STDP – Southern Transport Development Project

UN – United Nations

UNDP – United Nations Development Program

UNEP – United Nations Environment Program

WB – World Bank

Definitions

- Sustainable Development – defined as: “Development is sustainable when it meets the needs of the present without compromising the ability of the future generations to meet theirs” (Brundtland 1987, p. 7).
- Environmental Sustainability – this is one part of the broad umbrella of SD (Beder 2000). It is defined as “meeting the resource and services needs of current and future generations without compromising the health of the ecosystems that provide them” (Morelli 2011 p.5).
- Principal - *Principal* contracts an *Agent* to fulfil or complete a task on their behalf, whether based on written contract, implicit agreement, etc.
- Agent - *Agent* is accountable to the *Principal* and is responsible for achieving the task(s) (output) set out in the agreement between the Principal and the Agent; the agreement can be implicit or explicit.
- Tied Aid – defined as: “official grants of loans that limit procurement to companies in the donor country or in a small group of countries. Tied aid therefore often prevents recipient countries from receiving good value for services, goods, or works” (OECD n.d.).
- Unsolicited loans - a privately initiated process whereby a private sector entity (Unsolicited Proposal proponent) contacts the government with a proposal to develop an infrastructure project, with an explicit request from the government to do so (WB 2017).

Abstract

In recent years, there has been a significant rise in foreign aid and funding to developing countries to supplement economic growth and industrialisation. However, these countries are experiencing devastating and widespread environmental degradation. Tensions between the borrowing government and donor agencies and its influence on environmental sustainability in international development are very evident and likely to worsen. There have been calls for more research into public sector accountability to address sustainability issues, particularly in the developing country context. Responding to these calls, this research examines the public sector accountability to environmental sustainability in international development projects in Sri Lanka. In particular, this research focuses on the first highway project in Sri Lanka funded by both traditional donors – Asian Development Bank and Japan International Cooperation Agency, and a non-traditional donor – China Export and Import Bank. Sri Lanka is selected because it became a Middle-Income Country in which the foreign aid landscape is changing.

A single case study consisting of semi-structured interviews and documentary analysis was conducted to collect the evidence. A theoretical framework was devised based on accountability models, public sector governance, theories of resource dependence and principal-agent, and extant literature, to address the research questions. The findings show that depending on the type of public sector accountability, responsiveness to environmental sustainability varied. Moreover, there was a difference in the responsiveness to environmental sustainability between the traditional donor funded projects and non-traditional donor funded ones in Sri Lanka. This has significant implications for environmental sustainability in Sri Lanka given the changing landscape of foreign funding and significant infrastructure development. Due to dependence on foreign resources, a power imbalance is created between the donor agencies and recipient governments where the *Principal* wields significant control over the *Agent.* The government of Sri Lanka as the *Agent* is influenced by the donor conditions. As a result, legal accountability, political accountability and professional accountability relationships are shaped by resource dependence. Nevertheless, if the donor conditions stipulate strong environmental sustainability such as in the case of traditional donor conditions, it tends to encourage at least the minimum level of responsiveness to environmental sustainability.

However, referring to non-traditional donors, legal accountability for environmental sustainability is not established. As a result, environmental sustainability is not treated as a priority in Chinese funded projects. Political influence is evident in all public sector accountability relationships due to the blurred boundaries between political and public administration in Sri Lanka. In instances where political interference is low, higher levels of responsiveness to environmental sustainability are observed. Nevertheless, contrary to some of the existing literature on developing countries, social accountability mechanisms and outcomes are heading in the right direction. The present research contributes to literature and theory by examining in-depth the concepts of accountability and public sector governance, providing further context with specific insights into the influence of *resource dependence* on *principal-agent relationships*. This thesis contributes to the existing literature by addressing the gaps in public sector accountability and sustainable development literature, particularly from a developing country context.

Keywords: Public Sector, Accountability, Environmental Sustainability, International Donor Agencies, Sri Lanka.

CHAPTER 1

INTRODUCTION

1.1 Overview

The UN Sustainable Development Goals (SDGs) Agenda 2030 clearly stipulate the sustainability targets, particularly for low-income and middle-income regions (Rudolph 2017). International donor agencies are a significant party to ensuring SDGs are met in Developing Countries (DC) and funding recipient nations through donor conditions focusing on SDGs on international development (Huang & Pascual 2017; Mahn 2017). Nevertheless, DCs continue to benefit from an influx of foreign aid and funding despite it experiencing one of the highest levels of environmental degradation (Clausen et al. 2011; Briffett et al. 2003). This forms the core problem of the current thesis by exploring the recipient government's level of accountability to environmental sustainability in international development projects.

The current chapter is structured as follows. Firstly, an overview of the problems that this research explores is furnished in the research motivation section which leads on to the research objectives and clearly defining the research questions that will be explored in this thesis. Next, a brief discussion of the conceptual framework built on the extant literature and theoretical models on accountability, governance, principal-agent theory and resource dependence theory. The following section explores the methodology and the methods used, providing details of the case study research utilising multiple qualitative methods with a brief explanation of the case study context. The next section stipulates the research contribution to literature, theory, practice and method. Finally, the outline of the thesis is highlighted."

1.2 Research Motivations

In recent years, there has been a significant increase in aid to DCs for infrastructure development (Ekanayake & Chatrna 2010; Var and Po 2017; Hurley et al. 2019) and yet social and environmental sustainability throughout remains a challenge for DC governments (Momtaz & Kabir 2013; Elayah 2016; Niyonkuru 2016; Ekanayake & Chatrna 2010; Briffett et al. 2003; Alshuwaikhat 2005; Mahmood et al. 2019). Despite much success in economic growth and progress in recent years, industrialisation and urbanisation in DCs have created problems both socially and environmentally. The price paid for economic development and population increase is pollution and waste, resulting in significantly poor living conditions, huge chasms in wealth distribution, little or no access to resources such as health, education, land, and infrastructure (Cobbinah, Erdiaw-Kwasie, Amoateng 2015; Hardoy, Mitlin & Satterthwaite 2013; Goldin et al. 2002; Briffett et al. 2003; Alshuwaikhat 2005).

Many DCs have inadequate or poorly enforced legislation that is supposed to protect the environment (Victor & Agamuthu 2014). Development projects have been implemented too often in DCs without adequate environmental and social impact assessments or conscious efforts to solve serious problems (Wells-Dang et al. 2016; Kolhoff et al. 2016; Kabir & Momtaz 2013; Kakonge 2013; Khadka & Shrestha 2011; Marara et al. 2011). Officially, international

donor agencies like the Asian Development Bank (ADB) and World Bank (WB) function to ensure sustainable development goals are achieved by placing important conditions on aid-receiving countries, particularly environmental sustainability. Sustainable Development (SD) is defined as: "*Development is sustainable when it meets the needs of the present without compromising the ability of the future generations to meet theirs* (Brundtland 1987, p. 7). SD encompasses three broad areas – economic, social and environmental – and environmental sustainability is only one aspect of them (Beder 2000).

The UN SDGs Agenda 2030 outlines goals for a future sustainable world and the cooperation required (Rudolph 2017). Donors and funding agencies play a significant role in implementing SDGs in DCs (Huang & Pascual 2017; Mahn 2017). Over time, SD has been further enhanced by increasing the importance and urgency to realise the United Nations Environment Program (UNEP) and the related environmental and social sustainability framework that was revised in 2020 (UNEP 2020). Cooperation in development matters between donors and funding agencies (Rudolph 2017) is important if SDGs are to be meaningfully implemented (Huang & Pascual 2017; Mahn 2017). Infrastructure development can be supported while addressing environmental and social challenges through key requirements of Goals, 11, 13, 14 and 15. Significant amounts of foreign aid have been set aside to implement SDGs with a particular focus on the following objectives:

- Goal 6 - Clean Water and Sanitation,
- Goal 7 – Affordable and Clean Energy,
- Goal 11 – Sustainable cities and communities,
- Goal 12 - Responsible consumption and production,
- Goal 13 - Climate action,
- Goal 14 - Life below water and
- Goal 15 – Life on land (UN n.d.)

The SDGs build on earlier initiatives such as the Millennium Development Goals (MDGs) (OECD 2014; Rudolph 2017). With SD an essential component of DC aid initiatives (Adams 2009; Lenssen & Van Wassenhove 2012), this puts pressure on the recipient country's government to ensure policy actually does its job in SDG-related reforms (Clemens & Kremer 2015). In particular, with lessons to be learned from the earlier ineffective implementation of MDGs, there is increasing pressure to ensure SDGs are achieved as DCs emerge through economic growth (Rudoph 2017; Bowen et al. 2017; Asadullah, Savoia & Sen 2020; Ocampo, Gómez-Arteaga 2016). Given that environmental deterioration continues to be a major issue in DCs despite environmental assessments being undertaken (Clausen et al. 2011; Briffett et al. 2003; Alshuwaikhat 2005), this thesis explores the following issues that are identified in the literature.

First, recipient governments discharge varying levels of accountability depending on the account holder, based on varying accountability consequences which influence the level of responsiveness to environmental sustainability (Kramarz & Park 2016). It is found that while DCs are benefiting from foreign aid, there has been only minimal effort reported by DCs to satisfy donor agency requirements, despite initial commitments to international policies (Swedlund 2017; Alshuwaikhat 2005; Radelet 2006). There are reports that borrowing country

governments have limited understanding of SD requirements and do only what is necessary to comply with government legislation and satisfy conditions set by donor agencies to secure funding (Burton 2012; Alshuwaikhat 2005; Li 2017). Due to the asymmetric donor-recipient relationship, recipient governments are often willing to compromise and accept conditions in order to secure funding although it could be harmful in many ways (Burton 2012; O'Neil 2019). This further supports the argument that DC governments accept conditions with the intention of maximising revenue and not to be accountable for SD and the environment (Girod & Tobin 2016). Nonetheless, some DCs show high levels of accountability to international sustainability guidelines and conditions so to some extent aid is effective (Winters 2010).

Second, it is argued that policies and conditions underpinned by donor agency agreements, formalised in the "Official Development Assistance" (ODA) agreements are not sufficient to achieve SDGs or strengthen the accountability of developmental partners when infrastructure is being built (Mahn 2017). Without increased attention being paid to SD and SDGs, environmental degradation will continue to get worse in the future (Loomis & Dziedzic 2018). Third, Development Assistance Committee (DAC) donors are required to be signatories to DAC guidelines that outline best practice for development aid programs. They provide guidance on: natural resources management and managing the environmental impacts of development projects, etc. (OECD 2015; Besharati 2019; Mulakala 2016). However, problems have arisen with the emergence of non-DAC donors like China whose government is not bound by such guidelines. This has resulted in unsustainable practices in international development projects (Besharati 2019; Hurley et al. 2019; Mulakala 2016; Ogbuoji & Yamey 2019; de Renzio & Seifert 2014). Thus, emerging donors such as China [through its Belt and Road Initiative] does not follow DAC ODA (Development Assistance Committee Official Development Assistance) requirements and so even minimal adherence to SD is not part of their contractual obligations.

In 2013, China launched its ambitious Belt and Road (B&R) Initiative which involves developing large-scale trade and commerce between and within strategic regions of the world. This plan involves around 64 countries (Ascensão et al. 2018; Teo et al. 2019) and Sri Lanka has benefitted from this initiative to a great extent. Despite the benefits attached to infrastructure development in the country to boost the economy and trade, economic development is damaging the environment and biodiversity, which is inevitable when infrastructure building is unchecked. Although some improvements in raising environmental standards have been reported (Wignaraja et al. 2020), protecting the environment and natural resources is not yet a priority of the B&R Initiative (Ascensão et al. 2018; Teo et al. 2019). As a result of these problems highlighted in the literature, this research will seek to uncover the issues between government and donor agencies in ensuring SDGs are met through infrastructure development projects in DCs.

1.3 Research Objectives and Questions

To achieve rapid economic growth, many DCs are sacrificing the environment because they want to consume the planet's natural resources (Lau, Choong, & Eng 2014) in the name of economic progress. Most DCs are in the early or middle stages of development so, in order to support continuous growth, they tend to further pollute the environment and their societies, etc. (Masron & Subramaniam 2018). As a result, most DCs are often facing huge amounts of environmental damage, coupled with rising evidence of climate change and threats to their

resources and biodiversity (Hapuarachchi, Hughey & Rennie 2016). It forms a vicious cycle of rapid economic development creating significant environmental degradation which in turn significantly harms economic sustainability; so, in effect economic growth as it is practiced is unsustainable (Khan et al. 2018).

According to Arora (2018, p. 1) "Environmental sustainability is one of the biggest issues faced by mankind at present". The underlying concern of modern society is that while people are enjoying the comforts of economic development, future generations are on the verge of confronting scarce natural resources and polluted environments that are endangering the planet as a self-sustainable system. All societies and future generations must learn to cohabit with other species (Arora 2018, p. 2). Environmental sustainability needs to be a key priority and everyone can take responsibility to improve environmental sustainability in DCs and other economies. More attention is being paid to social and environmental accounting in developed economies rather than DCs. Relatively little research has focused on the social and environmental accounting in non-Western countries and that too in Asia is very limited (Mahmood et al. 2019; Luo et al. 2013; Islam 2010; Kuasirikun 2005).

Foreign funding and aid supplement the rapid economic development of DCs. Traditionally, foreign aid was described as the flow of financial or non-financial assistance – ODA – distributed by DAC members. They are signatories to DAC guidelines which include aid effectiveness and SD measures (Besharati 2019; Mulakala 2016). Conversely, non-traditional donors or emerging donors are non-DAC members and they are not signatories to DAC guidelines (Besharati 2019; Mulakala 2016; Samy 2010; Ogbuoji & Yamey 2019; de Renzio & Seifert 2014). Nevertheless, without a clear commitment to SDG-sensitive international policies and minimal efforts to satisfy donor agencies' requirements, governments continue to benefit from foreign aid (Swedlund 2017; Alshuwaikhat 2005; Radelet 2006).

ODA and the relevant conditions alone are not sufficient to achieve SDGs, so strengthening the accountability of developmental partners is important (Mahn 2017). By the late 1990s DCs in Asia were introduced to a number of sustainability assessment programs run by international donor agencies. Literature finds that governments of fund-borrowing nations were forced by international donor agencies to address environmental issues as part of their lending conditions (Jakupec & Kelly 2016), for instance Sri Lanka and Bangladesh (Briffett et al. 2003; Momtaz 2002). When social and environmental assessments were introduced to DCs, expatriate consultants would conduct assessments with minimum involvement of the local authorities (Abaza 2000). The adoption of environmental considerations is viewed as a formulaic political decision to secure foreign aid without any meaningful public participation in many DCs (Momtaz & Kabir 2013; Goldin et al. 2002; Alshuwaikhat 2005; Li 2017). This is partially attributed to the principal-agent problem between donors and recipient governments and dependence on external funding to make development possible (O'Neil 2019). Donors often apply conditions on aid programs to encourage recipients to act in the donors' interests (O'Neil 2019; Elayah 2016; Mahn 2017). This further highlights the importance of recipient governments' accountability to achieve effective SDG outcomes.

Learning from the experience of the MDGs in which no such accountability framework was included (Rudolph 2017; Bowen et al. 2017), it is proposed that 'accountability' mechanisms need to be implemented within the SDG framework to ensure targets are achieved (Ocampo, Gómez-Arteaga 2016). However, not enough attention is given to accountability and the sustainability of the planet (Guthrie & Parker 2017). Social Environmental Accounting (SEA)

research has focused predominantly on the corporate sector and how to account for SD. However, prominent researchers are suggesting to go beyond accounting to address the relevant issues (Gray 2002; 2010; Gray & Laughlin 2012), with an interdisciplinary perspective (Bebbington & Unerman 2018). Accountability is not a straightforward concept, particularly in the SD context but focusing on 'accountability' rather than solely on 'accounting' is more fruitful (Bebbington, Russell & Thomson 2017).

International development and international funding agencies play a significant role in promoting SDGs in DCs (Huang & Pascual 2017; Mahn 2017). However, extant research documents mixed results for aid effectiveness, particularly the implementation of MDGs. This further shed light on how to improve SDG implementation, with research suggesting that accountability might be the missing link in achieving SDG targets by 2030 (Rudolph 2017; Bowen et al. 2017). Given the complex nature of international development and multiplicity of accountability relationships, more needs to be done to address accountability and SD.

DCs like Sri Lanka are in a transition from low-income to middle-income status which significantly reduces access to ODA (Ogbuoji & Yamey 2019*).* As a result, middle-income countries (MICs) like Sri Lanka are seeking alternative funding sources to help fund economic development (Greenhill, Prizzon & Rogerson 2016). Hence, the leverage experienced by traditional donors in influencing recipient governments to adopt sustainable policies is gradually declining, leaving the MICs to take greater responsibility for SDGs (Wickremasinghe et al. 2018; Ogbuoji & Yamey 2019). This can pose another threat to environmental sustainability (Rudolph 2017; Ogbuoji & Yamey 2019). However, mixed results are reported on aid ineffectiveness (Palagashvili & Williamson 2018; Manning 2006; Onjala 2017; Besharati 2019; Mulakala 2016; Power & Mohan 2010).

With the rise of emerging donors making their presence felt in the DCs, investigating the environmental sustainability of developmental projects is not just interesting, but important. According to Sri Lanka's Ministry of Finance (MoF) statistics (2005; 2019), in 2005 foreign aid commitment from ADB, JICA and China, respectively, were US$161 million, US$371 million and US$79.4 million and in 2019 the foreign aid commitment changed to US$765million from ADB, US$282.2 million from JICA and a huge US$1061.7 million from China. Of the foreign finances, including loans and grants disbursed in 2019, almost 40% were from China followed by ADB at 17%, WB 11% and Japan 11% (MoF 2019). In 2005, of the loans and grants disbursed, the highest amount of foreign assistance was spent on water supply, and ground transport sectors' projects (MoF 2005). On the other hand, in 2019 the majority of the disbursements accounting for almost 52% were for roads and bridges projects (MoF 2019). Increasingly more non-traditional donors such as China, India and Brazil are entering the foreign aid market. Of particular concern for this research is the role that China plays in funding large infrastructure development projects in DCs and regions like Sri Lanka, Africa and Pacific Island nations in recent years (Woods 2008; Hurley et al. 2019). China as a non-DAC member is not signatory to the required guidelines (Besharati 2019; Mulakala 2016). Chinese-funded projects have been critiqued globally for their unsustainable practices and lack of transparency (Hurley et al. 2019; Besharati 2019; Mulakala 2016; Power & Mohan 2010; Onjala 2017).

With recipient governments and international agencies playing a vital role in environmental sustainability decisions in the international development process, investigating public sector accountability to environmental sustainability is essential (Jabłoński 2018; Gelderman et al. 2017; Walker 2015; Brammer & Walker 2011; Adams, Muir & Hoque 2014). Scholars are

calling for extensive research on public sector sustainable accounting practices to 'help understanding the nature of SD accounting and accountability in [the public sector]' (Ball & Grubnic 2007 p. 257; Adams, Muir & Hoque 2014). With this in mind, the objectives in this exploration of public sector accountability on environmental sustainability are: firstly, finding the extent of Sri Lankan public sector accountability for environmental sustainability in internationally funded projects; and secondly, discovering the discrepancies or knowledge gaps in public sector accountability in environmental sustainability depending on the type of donor or funding agency financing the projects.

Based on the above the **central research objective** is:

Firstly, to investigate Sri Lankan public sector accountability to environmental sustainability in internationally funded development projects. Secondly, address the central research objective. The 3 research questions are documented below as follows.

1.3.1 Research Question 1: Types of Accountability Impacting on Environmental Sustainability

Programs and frameworks promoting SD emerged during the 1980s, poverty reduction strategies in the 1990s, but MDGs have generally not been achieved (Burnside & Dollar 2000; Speijcken & Bakker 2011), particularly in the DCs. Underperformance and poor results of foreign aid and international funding have led to declining public trust in government operations over the years (Goetz & Jenkins 2005; Free & Radcliffe 2009; Goldmann 2006; Mansouri & Rowney 2014). Analysis of past experiences related to MDGs and other programs has emphasised the need to improve sustainability outcomes. Moreover, the Paris declaration in 2005, Accra in 2008 and Busan Fourth High Level Forum on Aid Effectiveness in 2011 have reinforced the need for better accountability from recipient governments to their citizens.

The most common form of public accountability in the literature is government being honest with its citizens (Bovens 2007; Mahn 2017). However, public accountability within development cooperation cannot be defined simply as it is a very complex subject. There is an intricate web of accountabilities in international development contexts, shaped by how decisions are made and what the hierarchical and non-hierarchical relationships are (Speijcken & Bakker 2011; Esser & Ha 2015). To simplify these relationships, several public sector accountability typologies have been proposed (Esser & Ha 2015; Boven 2007; Speijcken & Bakker 2011; Anastasia 2014). Three key public sector accountability relationships that characterise development cooperation are: (1) *accountability to the public,* (2) *international donor and funding agencies;* and (3) *government departments.*

Public sector agencies or *Agents* face multiple '*Principals*', reflecting multiple sources of control and judgement criteria (Rached 2016; Bovens 2014; Willems & Van Dooren 2012). Accountability requires some ability of the account holder (*Principal*) to sanction or influence the accountee (*Agent*) and as a result, the accountability relationships are inextricably linked to power relationships (Keohane 2003). *Principals* who exert more control and power to sanction the *Agent* – in this case the public sector agents – will have more influence over the *Agent* compared to other *Principals* who do not possess the same or high level of authority or control (Kramarz & Park 2016). For instance, strong sanctioning mechanisms that donors have can make governments more accountable to donors than to their own citizens, who may not

have high level of power or control compared to donors (Speijcken & Bakker 2011). It is important to understand how the different types of accountability can influence the public sector's responses, particularly when faced with multiple accountability *Principals*. However, only limited research is available on SD and accountability areas.

Guided by these nuances in accountability, the present study investigates how the different types of public sector accountability are found and explained in Sri Lanka. This task is encapsulated in the following question:

Q1: How do the different types of public sector accountability impact environmental sustainability in Sri Lanka?

1.3.2 Research Question 2 – Extent of Public Sector Accountability

Recipient governments discharge varying levels of accountability depending on the account holder, based on the sanction mechanism which influence the level of responsiveness to environmental sustainability (Kramarz & Park 2016). As a result, *Principals* with greater power to control the public sector *Agent* ensure that the public agency is accountable to their demands and requirements. International funding and aid agencies set SDGs and other reform policies that direct lending and aid conditions. Conditionality of foreign aid has been strongly criticised for not being able to achieve their SD targets such as environmental sustainability (Elayah 2016; Niyonkuru 2016; Ekanayake & Chatrna 2010).

International development project evaluations conducted in DCs indicate these countries accept funding conditions without having a clear understanding of their long-term implications (Hapuarachchi et al. 2016). Due to high levels of both resource dependence and accountability to donor agencies, recipient governments formally accept conditions such as environmental impact assessment without a strong commitment to ensuring long-term sustainability of projects or to devise better management plans. In many cases, Environmental Impact Assessments (EIA) are perceived by project proponents (public agencies) as impediments to development projects. In fact, they regard it as a tool to justify projects rather than using it as a means to derive the best decision (Alshuwaikhat 2005; Momtaz 2002; Hapuarachchi et al. 2016).

The EIA process is seen as a bureaucratic requirement that obtains project approval in DCs (Shah et al. 2010). The quality of environmental and other forms of assessments that are part of national legislative requirements and donor conditions tend to be poor and has not significantly improved over the years (Zubair 2001; Hapuarachchi et al. 2016). Some reports indicate that loans have been halted or withdrawn due to significant compliance controversies, where the recipient governments have not met the loan conditions (Swedlund 2017a; Reuters 2014). However, more projects are being approved and continued despite the poor quality of the EIA. Despite the findings of the poor EIA quality and how it works in Sri Lanka (Zubair 2001; Hapuarachchi et al. 2016), development projects are approved and loan disbursements continue, this can be linked to the poor performance of SD programs. Generally, studies about the public sector have looked at sustainability reporting and compared it to existing sustainability frameworks such as GRI (Adams & Hoque 2014).

A simple evaluation of met conditions vs not met conditions cannot provide valid insights into how a public sector agency has responded to accountability concerns and how to act appropriately. Moreover, with recipient governments meeting minimum conditions or correcting their practices to become just compliant to donor conditions has not yielded sustainable outcomes in the country over the years. Therefore, compliance measurements need to look deeper into the level of compliance or responsiveness. Recipient governments discharge varying levels of accountability depending on the account holder, based on varying accountability consequences which influence the level of responsiveness to environmental sustainability (Kramarz & Park 2016). In order to understand the type of accountability required to yield the expected outcomes and the level of public sector responsiveness to achieve targets (Keohane 2003), the second question posited here is:

Q2: To what extent (level of responsiveness) is the Sri Lankan public sector accountable for environmental sustainability in projects funded by international agencies?

1.3.3 Research Question 3 – Changing Aid Landscape and Environmental Sustainability

Sri Lanka is heavily dependent on foreign aid (Hapuarachchi et al. 2016). Sri Lanka recently became a MIC (IMF 2010), which means that it now has significantly reduced access to ODA from DAC members, particularly now that the long-running civil war is over. In order to continue economic growth, Sri Lanka has been exploring alternative financial methods. One alternative method to get funding is from non-traditional donors such as China. China's foreign funding commitment went from US$79.4 million in 2008 to a huge US$1,061.70 million in 2019. In 2008, prior to the end of the civil war and before Sri Lanka's graduation to MIC status, foreign funding commitments equated to 4.7% from China, 21.3% from Japan, 16.6% from the WB and 5.3% from ADB (MoF 2008). By the end of 2010, after the end of the long-running civil war in 2009 and Sri Lanka achieving MIC status in early 2010, Sri Lanka's foreign funding commitments from non-traditional donor – China – significantly rose up to 25.4%, whereas traditional donor commitments did not significantly change; 13.5% from Japan, 11.4% from ADB and 10.7% from WB (MoF 2010). In 2019, Chinese foreign funding commitments rose up to 31.4% of all funding received in 2019 and Japan's funding fell to 8.35% (MoF 2019).

More research is being done on the rapidly changing foreign aid landscape and its impact on environmental sustainability in DCs. Traditional donors such as ADB, WB and JICA require extensive environmental sustainability assessments such as EIA reports and other supplementary safeguards. The influence from traditional donors over the years has brought about some benefits in terms of environmental sustainability and protection, although effectiveness of what is produced is somewhat disappointing. Projects funded by the Chinese government do not require environmental assessments as a condition of funding, so proposing agencies are left to their own devices to follow their national regulations. However, most of these countries lagged behind in environmental regulations and experienced difficulties in enforcing them. Some argue that developments funded by non-traditional donors threaten the environment and SD (Naim 2007; Manji & Marks 2007; Trofimov 2007).

However, not many systematic evaluations on the effectiveness of non-traditional donors and their influence on SD have been done, especially with regard to outcomes, quality of assistance and the added value of this type of contribution to DCs (Besharati 2019). There is

an increasing need for more research in this area to understand the impact of emerging donors and the waning influence of traditional donor support on environmental sustainability (Palagashvili & Williamson 2018). In order to address these gaps in the literature and to better comprehend the changing landscape of foreign aid on environmental sustainability, the final research question is presented here:

Q3: Is there a difference in public sector accountability in environmental sustainability depending on the type of development project or international donor?

Public sector sustainability reporting is still in its infancy compared to the private sector where sustainability reporting emerged during the 1990s (Dumay et al. 2010; Dumay, Guthrie & Farneti 2010; Hahn & Kuhnen 2013; García-Sánchez et al. 2013; Farneti, Guthrie & Canetto 2019; Ball 2004, 2005). Growing attention is being paid to sustainable reporting and practice within government (Lodhia, Jacobs & Park 2012; Schaltegger & Burritt 2009; Aras & Crowther 2009; Lamberton 2005) following the significant attention given to sustainability, social and environmental reporting (Lamberton 2005), particularly in for-profit organisations (Milne & Gray 2013; Adams & Whelan 2009; Ball & Grubnic 2007). Organisations are continuing to report more information than what is traditionally required in financial accounting as they have been identified as powerful tools "in the management, planning control and accountability of organisations for their social and environmental impacts" (Unerman et al. 2007, p. 3). With the public sector, internationally accounting for approximately 40% of all economic activity (Ball & Grubnic 2007), there has been pressure to revisit the concept of sustainability (Adams, Muir & Hoque 2014; Guthrie Ball & Farneti 2010; Ball & Seal 2005; Ball & Grubnic 2007; Guthrie & Farneti 2008). There is increasing attention been drawn to social and environmental accounting in developed countries rather than DCs (Tilt 2018; Adams & Kuasirikun 2000).

1.4 Conceptual Framework

This section presents the conceptual framework, building on extant literature and theoretical models proposed by leading scholars, that will address the research questions, incorporating accountability, governance, and the theories of principal-agent (P-A) and resource dependence. The framework highlights the interrelated nature of power imbalances created under resource dependence and principal-agent interactions in the public sector accountability and its influence on public sector's responsiveness to environmental sustainability. The conceptual framework further indicates how accountability outcomes change when accountable *Agents* face multiple and conflicting accountability *Principals* (i.e. Legal Accountability *Principals* and Political Accountability *Principals*) in the public sector. The shift in the Accountability *Principals*' judgements and consequences influence the public sector *Agent's* degree of responsiveness. These theories and concepts underlying the conflicting views and power struggles will be explained in much greater depth in Chapter Three.

The framework indicates the rationalisation process of public sector *Agents* when faced with multiple accountability *Principals* and it further generates potential environmental sustainability outcomes in Sri Lanka. To address *RQ1 - to* understand how different types of accountability impact on environmental sustainability - after much review and analysis, the conceptual framework identifies the main accountability typologies; these are political, legal, professional and social in character (Bovens 2006; Mulgan 2003: Romzek & Dubnick 1987; Christie 2018; Willems & Van Dooren 2012). To gain an in-depth understanding of the influence of public

sector accountability relationships on environmental sustainability, all relevant stakeholders in the international development context are organised into Principal-Agent (P-A) relationships (see *Sections 3.7.1-3.7.4*). RQ2 - *to what extent the Sri Lankan public sector is accountable for environmental sustainability*, concentrates on the degree of public sector responsiveness to environmental sustainability. A mechanism for analysing the degree of public sector responsiveness is presented in *Section 3.9,* with a clear justification for using the responsiveness scale which was popularised in the Corporate Social Performance literature. RQ3 addresses the gap in the literature looking at the differences in the execution of public sector accountability depending on the type of donor or funding agency in the international development projects. These nuances will be looked at in detail in *Chapter 7 – Discussion*, looking at the different P-A relationships and the degree of public sector responsiveness, in order to address the research question.

1.4.1 Public Sector Accountability

In *Figure* 3.1 Conceptual Framework, Public Sector Accountability is used to depict the four main types of accountability typologies that are prominent in this research – political, professional, legal and social. Accountability is considered an ever-expanding concept which adapts to the context it is used in (Mulgan 2000, 2003; Sinclair 1995). Mulgan (2000) states that the term accountability is 'expansive' which makes it challenging to measure accountability. Nevertheless, "[a]ccountability is often presented as a means by which to achieve the collective and individual goods of democracy, justice, administrative performance and ethical conduct in governance" (Dubnick and Justice 2004, p. 1). *Actor-Forum* relationships narrowly explain accountability as social interactions that can be studied empirically (Bovens 2006; Mulgan 2003). This study will use the simple definition of accountability, i.e. relationships between *actors and forums*, in which the actor is obliged to explain and justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences (Bovens 2006, p. 9). These actor-forum relationships are further compared to P-A relationships, as indicated by the green arrows in *Figure* 3.1.

Public accountability exists in many forms and in the public sector context this is certainly the case. Romzek and Dubnick (1987) contend that public sector accountability is "the process of how public agencies and their workers manage the diverse expectations generated within and outside the public agencies" (p. 228). Modern public managers operating in a democratic system have a number of accountability forums they are accountable to. The most prominent is that between the citizens and holders of public offices and appointed bureaucrats (Mulgan 2000). The actor in the public sector context is the public institution, government agency or officials. Other key accountability forums are parliament, a court, or the audit office (Bovens 2006). Given the various types of accountability that exist in the public sector, this has resulted in numerous classifications of accountability according to different methodological criteria.

This study will explore the dominant public sector accountability models and frameworks of Romzek and Dubnick (1987), Bovens (2006), Mulgan (2000), and Willems & Van Dooren 2012). To analyse public sector accountability in international development and its engagement with different 'accountability forums', four prominent forums/typologies have been identified – *Political, Legal, Professional and Social*. Chapter 3 will discuss in greater detail the different types of accountability and the typologies' selected for the framework. Varying levels of public sector accountability may affect the way in which the public sector

responds to environmental sustainability issues. This is especially important given that the public sector is facing considerable pressure to respond to varying criteria and sanction systems.

1.4.2 Public Sector Governance

Accountability and governance are inter-related concepts (Bovens, Schillemans & Goodin 2014; Tandon 1995). Governance involves the oversight and coordination of various responsibilities (Kooiman 2003) and in the public sector, governance and accountability involve the interaction of multiple actors and procedures (Humphrey et al. 1993; Mulgan 2000; Dubnick 2005; Klijn & Koppenjan 2014). Public sector principles exercised by the governors in the form of good leadership, direction and control (IFAC 2001; Yapa 2014). It is their responsibility to ensure the public interest is considered within an increasingly complex regulatory environment alongside their accountability to government (Yapa 2014). Public sector governance is vital for proper statutory accountability which is discharged, upward, downward and horizontally. Government structures and processes are established to ensure that personnel's roles and responsibilities are all understood and obeyed at all levels, whether executive or non-executive (IFAC 2001). The public sector governance hierarchy is categorised into several levels. At the top of the hierarchy is the legislature or the parliament which functions to ensure that executives – ministers – discharge accountability and related decisions well. Heads of department are chief executives, accountable to the ministers who are themselves responsible for outcomes through their policy decisions (IFAC 2001). Nevertheless, unlike some nations (mostly Anglo-Saxon countries) where there is a clear separation between government (political party in office) and public administration, most DCs do not share this trait (Cendon 2000; Peters 2018), and accountability relationships can be vague or ambiguous.

Over the last two or three decades, public sector governance structures and processes have changed due to changes in society and what people expect in terms of accountability (Broadbent & Guthrie 2008). With multiple 'forums' involved in the public sector, public *agents* are accountable to multiple forums. Having 'many masters' brings about great complexity to good governance and to manage governance complexities, a clear understanding of the roles of 'forums' and their influence is important (Bridgman 2007). This requires public sector *agents* to continuously assess the level of power and legitimacy of the accountability forums they face and how they respond (Campbell & Wilson 1995; Dubnick & Romzek 1993; Romzek 2000). Despite the views that are shared about public sector governance, it is challenging to apply the same governance principles in the DC context because the historical context of developed economies and DCs are different. The public sectors of DCs are poorly managed and lack the capacity to provide social and infrastructural services that are expected. Despite the support received from international bodies such as the WB and IMF for public sector governance reform, reform has not been linear (Santiso 2001). This will significantly impact on the public sector accountability relationships and how the public sector *agents* as 'actors' respond to accountability 'forums'.

1.4.3 Resource Dependence Theory

Resource Dependence Theory (RDT) was proposed by Pfeffer and Salancik (1978) over forty years ago and it is still relevant today, especially with how organisations reduce environmental

interdependence and uncertainty (Hillman, Withers & Collins 2009). RDT, as outlined in *Figure* 3.1 serves to explain the importance of the external environment for an organisation, in understanding its structure, strategy, and performance (Pfeffer & Salancik 2015; Pfeffer & Salancik 1978; Dickson & Weaver 1997; Duncan 1972; Miller 1987). RDT seeks to explain how foreign aid perpetuates dependence in DCs (O'Neil 2019; Ebinumo & Ikunga 2019; Kabonga 2016). This theory asserts that firms have to rely on external resources whether monetary or otherwise to survive, which creates a power relationship between those offering resources and the recipients who use them, and this reflects the foreign aid context (O'Neil 2019). Resource providers have the power to influence events through contracts, conditions and circumstances. Depending on the degree of dependence, resource providers can determine the level of control.

Firstly, firms have to rely on the environment for survival, individual organisations do not possess and control all the necessary resources needed for survival and success (Chen and Roberts 2010; Hillman, Withers, & Collins 2009). To some extent every organisation is depending on the external environment to fulfil their resource requirements (Ulrich & Barney 1984; Pfeffer & Salancik 2003; Guo, Tang & Su 2014; Jawahar & McLaughlin 2001). Secondly, resource dependence theory suggests that organisations that provide critical resources such as monetary, knowledge, business contracts and expertise (Bouwman 2011; Chen 2011; Hillman & Dalziel 2003), have the power to influence the nature of operating conditions and contracts. An organisation's behaviours and practices are significantly influenced by external stakeholders wielding the power to control scarce resources (Pfeffer & Salancik 1978; Callen et al. 2010; Zainon et al. 2014).

These main features of RDT are particularly important in the international development context. Resource providers come in many forms, such as aid from international donors, information from senior members of the public sector, therefore, depending on degree of dependence on resources, the resource provider has the power to control the public agency, which can influence its level and nature of accountability. Nevertheless, power wielded by providers of critical resources alone does not determine the actions and behaviours of the public sector; other forms of power can determine the level of responsiveness of the public sector *agents*. Some of these relationships do not have 'resource dependence' components as part of their relationship, for instance auditors and oversight bodies responsible for monitoring and enforcing professional standards and practices (Dowling, Knechel & Moroney 2018).

1.4.4 Principal–Agent Theory (PAT)

Future underlying the Conceptual Framework (*Figure* 3.1) is principal-agent theory. Recently, many experts have been applying an economic theory previously utilised in the analysis of the creation and implementation of contracts known as PAT and it has been used for the public sector (Bovens, Schillemans & Goodin 2014; Gailmard et al. 2014) and development cooperation contexts (Johnston 2011; Aerni 2006). PAT focuses on agreements between a *Principal* and an *Agent*, the former using the latter to fulfil or complete a task on their behalf (Jensen & Meckling 1979). Modern representative democracy can be analysed as a series of principal–agent relationships (Bovens 2014). Principal–agent theory is a useful framework to analyse public accountability as it offers "a flexible framework for modelling innumerable variations in institutional arrangements and comparing their potential for inducing desirable

behaviour by *Agents*" (Gailmard 2014, p. 2). P-A relationships are compared to accountability between Actor and Forum (Bovens 2014; 2006; Schillemans & Busuioc 2015). However, what is important to note is that in many of the accountability relationships, the forums are not always the *Principals* of the actors where they set the tasks for the actor, for instance courts as *Principals* in legal accountability. Not all characteristics of the theory are applicable to the public sector accountability context. PAT provides a useful framework to develop insights into public sector accountability and how it may influence the level of responsiveness to environmental sustainability.

1.5 Methodology and Methods

This thesis is a qualitative study. The social interactions in international development and the public sector are continuously being reproduced, for example public officials and civil society are constantly involved in interpreting their realities and offering solutions. To investigate how reality is constructed through the lived experiences of social actors, their individual perspectives must be analysed. This thesis employs an interpretive focus whereby reality is constructed and created by the various actors (Denzin & Lincoln 2011; Guba & Lincoln 1994; Crowe, Cresswell, Robertson, Huby, Avery & Sheikh 2011; Stake 1995). As suggested by Bryman and Bell (2011), research methods need to reflect the philosophical assumptions and the research design, and logically, qualitative methods are vital to investigate how the individuals in the current study think and react, and are directed towards deep understanding of their commitment, perceptions, motivations, values and experiences of the events being investigated (Lee, Saunders & Goulding 2005).

Yin (2013) and Creswell (2007) argue that the research method adopted should be based on the objectives of the study, and in particular the case study approach can answer "how" and "why" questions. According to Bebbington and Thomson (2013), case studies provide an "inside-out" view which will enable the researcher to better understand public sector accountability. In order to gain a deeper comprehension of accountability practices, supported by Parker (2011), Adams and Larrinaga (2019), Gray (2002) and Parker (2005), a methodology that aims for greater engagement with practice such as case studies is appropriate. A single-case study approach enables the researcher to obtain unique insights into unexplored public sector accountability relationships and mechanisms, to generate rich information on feelings, perceptions and experiences of multiple stakeholders involved in international development issues. For this reason, a single-case study design was selected (Yin 2011). The Southern Expressway project was selected as the single-case study because it is the first major highway project in Sri Lanka funded by multiple international funding agencies.

Yin (2002) and Crowe et al. (2011) recommend utilising multiple data collection methods in a case study research, because it allows for greater internal validity of data collected. Goddard (2010) and Van Helden and Uddin (2016) in their extensive reviews of public sector accounting research revealed that significant amounts of research outside of the USA (Goddard 2010) and in DCs (Van Helden & Uddin 2016) used qualitative methods with interviews, document review and observations being the most common methods used alone or in combination. The selected case – Southern Expressway – was almost complete at the time of the data collection process, so document review was paramount to gain historical evidence and comparative data. Nevertheless, Sri Lanka's public sector quantitative reporting is not accurate and reliable

due to corruption (Wijesinghe et al. 2011). It is recommended to use interviews as a qualitative data collection method to ascertain reliability (Wijesinghe et al. 2011). The data collection in this thesis encompassed documentary review at the beginning, followed by interviews with relevant stakeholders.

1.6 Research Contribution

The significance of this thesis in terms of contributing to theory, the literature on accountability and environmental sustainability, methods and practices is explained below.

1.6.1 Theoretical

An in-depth case study analysis makes possible a multi-faceted investigation into public sector accountability typologies, and discovering new tensions in public sector accountability (Winters 2010; Belal 2015; Tilt 2018; Adams & Larrinaga 2019) that can extend empirical knowledge. This study was able to discover accountability outcomes when faced with multiple account holders and new forms of accountability pathways in the Sri Lankan public sector, extending PAT and accountability theories (Bovens 2006; Willems & Van Dooren 2012; Esser & Ha 2015). A contribution is made here to the limited research available on resource dependence of countries that advanced to MIC status.

1.6.2 Literature

This thesis adds new knowledge to the literature by addressing the gaps identified in public sector accountability research, particularly in the DC context (Adams & Larrinaga 2019; Tilt 2018; Rudoph 2017; Bowen et al. 2017). With a greater focus on incorporating an accountability framework into the SDGs, this research finds links between SD, public sector accountability and environmental sustainability (Adams, Muir & Hoque 2014; Bebbington, Russell & Thomson 2017; Guthrie & Farneti 2010; Ball & Grubnic 2007; Gray 2010; Gray & Laughlin 2012). It adds to the limited literature on the impact of emerging donors on environmental sustainability (Palagashvili & Williamson 2018; Besharati 2019).

1.6.3 Practice

The results documented here are timely as they indicate a response to changes in the aid landscape around the world, and China's B&R Initiative which will affect many DCs. Resource dependence affects the public sector's accountability relationships and these respond to environmental sustainability issues. This study makes specific contributions to practice by highlighting potential disparities in how accountability is discharged, depending on the type of accountability forum or *Principal*. The empirical evidence from Sri Lanka sheds light on current public sector accountability practices and the accountability relationships, that ideally should be making positive high-level changes to public sector accountability and responsiveness to environmental sustainability.

1.6.4 Method

A single-case study approach utilised in the current research adds to the growing number of in-depth qualitative case studies conducted in the area, and is a response to those researchers calling for context-specific case studies that engage with practice (Adams & Larrinaga-González 2007; Owen 2008).

1.7 Outline of the Thesis

The thesis is structured as follows.

Chapter 1: *Introduction* outlines the research motivations and linking them to research objectives and questions. It further details the theoretical framework developed to address the research questions followed by Methodology and Methods that will be utilised in the current research. Finally, research contributions are listed.

Chapter 2*: Literature Review* will discuss and compare the extant studies on international development, SD with a particular focus on environmental sustainability and accountability.

Chapter 3*: Theoretical Framework* will explain salient typologies of accountability, public sector accountability models, comparing and contrasting public sector governance and its impact on accountability and linking these main concepts to the resource dependence and Principal-Agent theories. The selection of accountability typologies and use of theory in a new context compared to its original use is justified here. Both theory and prior literature will then develop the framework to address the research questions and objectives.

Chapter 4*: Methodology* will explain how the research questions together with the conceptual framework will inform the investigation of public sector accountability and how it handles environmental sustainability. It begins with philosophical assumptions that guide the selection of data collection methods and finally data interpretation that will inform the research questions.

Chapter 5*: Research Setting* will describe Sri Lanka's history of foreign and environmental sustainability, and changes in the country's foreign aid landscape.

Chapters 6: *Data Analysis and Findings* provides a detailed explanation of the research findings related to the three research questions.

Chapter 7: *Discussion* will draw together the findings of the case study as they relate to the theory and prior literature.

Chapter 8: *Conclusion* summarises what this study did, comments on the implications of the findings and limitations of the study, and suggests directions for further research on this important topic.

CHAPTER 2

LITERATURE REVIEW

2.1 Overview

This chapter reviews the multi-disciplinary and vast literature on SD, international aid and public sector accountability, focusing on the key themes motivating this study and identifying the gaps in the literature. Highlighted here is a need for policymakers to understand the effectiveness of foreign aid, shifting nature of such aid, SD agenda and the components of accountability that must work properly in the DCs. The chapter has nine sections. *Section 2.2* explores the nature of SD - environmental sustainability. SD is emerging as a complex notion through which environmental and social issues are increasingly being addressed. Next section, it reviews the literature on SD and accounting which has taken centre stage in the accounting literature during the last decade. The fourth section of this chapter reviews the shift in accounting for sustainability to environmental sustainability issues and it was evident that SD and accounting issues are now enmeshed in a wider ecological, social and economic context. The fifth section relates to International Development Cooperation and SDGs, incorporating a review of what role the donors and funding agencies play here. The sixth section addresses the global environmental sustainability issues, and 'Accountability' may be the missing link, so it is reviewed in order to understand the context. Public sector accountability literature is highlighted in the seventh section and engages with practitioners and policymakers. The eighth section reviews research on types of public sector accountability and developmental partners to achieve public sector accountability to strengthen SD. Research on shifts in foreign aid is covered in the ninth section, and it is evident that the development cooperation landscape is rapidly changing now that China, India and Brazil are entering the 'foreign aid landscape'. The final section summarises the main points covered in the chapter.

2.2 Sustainable Development

SD is emerging as an idea through which environmental and social issues are increasingly being addressed in the accounting literature. SD is not without its criticisms, but there is a need to understand how SD can be addressed through accounting and finance (Gray 2010; Bebbington, Russell & Thomson 2017). SD formed the basis of the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992. The summit marked the first international attempt to devise action plans and strategies for a more sustainable pattern of economic development. It was attended by more than 100 heads of state and representatives from 178 national governments and civil society. SD was the solution to the problems of environmental degradation discussed by the Brundtland Commission in the 1987 report titled *Our Common Future* (UN 1987).

The concept of SD was first recognised in 1972 at the UN Conference on the Human Environment held in Stockholm. The term was not referred to explicitly, but nevertheless the international community agreed to the notion – now fundamental to SD – that both

development and the environment could be managed in a mutually beneficial way. It was not until the Earth Summit, a UN Conference on Environment and Development held in Rio de Janeiro in 1992 that major world leaders recognised SD as the major challenge it remains today. The World Summit on SD held in Johannesburg in 2002, attended by 191 national governments, UN agencies, multilateral financial institutions and other major groups aimed to assess progress made since Rio. The Johannesburg Summit delivered three key outcomes: a political declaration, the Johannesburg Plan of Implementation, and a range of partnership initiatives. Key commitments included those on sustainable consumption and production, water and sanitation, and energy. More recently United Nations SDGs were published as part of their 2030 Agenda for SD (UN n.d.), to synthesise and provide a political discourse on SD.

2.2.1 Definition of Sustainable Development and Environmental Sustainability

Although there is no single agreement on the term 'sustainable development', the following Brundtland (1987) definition of SD is regarded as the basis of all accounting developments subsequently advanced (Redclift 1993; Common 1995; Bebbington 2001): "Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987, p. 16). It has been argued that equity, in particular intergenerational equity, is the central ethical principle behind SD (Beder 2000). When strategies for SD are being devised by governments and corporations around the world, the important links between equity and social justice contribute to recognising the impartiality and fairness of decisions (Falk et al. 1993).

The Brundtland definition was criticised because there was no attention given to the benefits of being efficient with waste so that less goes to landfill, and that reuse and recycling should be encouraged to meet SDGs (Stavins, Wagner & Wagner 2003). Bebbington (2001) extended the discussion, suggesting that SD is 'anthropocentric' in nature since it places humans at the centre of the discussion. They also expressed concern with the term '*needs*' rather than *'wants'*, suggesting that it might be difficult to determine what constitutes '*needs'*. Since the present development does not give equal rights to future generations, therefore they added that SD should give equal rights to all living people and those yet to be born.

Several definitions of 'SD' have emerged in the last few decades and it continues to be a fluid concept (Drexhage & Murphy 2010). Not having a clear and accepted definition of sustainability severely hampers the understanding of sustainability and therefore limits the ability of societies to address the important problems of sustainability (Howarth 1997; Dimitrov 2010). Further, given the complex and interlocking nature of the issues identified above, discipline-specific framing of research is unlikely to be sufficient to fully describe or remedy particular SD problems.

Environmental sustainability is only one part of the broad umbrella of SD. The central theme of SD is the integration of economic, social and environmental concerns (Beder 2000). Taking on from the general definition of SD, environmental sustainability is defined as "meeting the resource and services needs of current and future generations without compromising the health of the ecosystems that provide them" (Morelli 2011 p.5). This study will only look at environmental sustainability and how it is used in international development. The language and meanings implicit in the terms ''sustainability" and ''SD" are widely recognised as highly

contestable and it is no surprise therefore that the discourse surrounding the terms is crucial in developing its signification (Buhr & Reiter 2006; Livesey & Kearins 2002; Gladwin et al. 1995). However, the accounting literature has not been silent on the issue of SD and it is evident in organisational accounts that encompass global social and environmental issues, beyond the previous concern with local stakeholders and the immediate organisational context (Gray 2010; Schaltegger, Bennett, & Burritt 2006; Unerman, Bebbington, & O'Dwyer 2007).

2.3 Sustainable Development and Accounting

SD is a concept which is designed to address the question: what kind of economic system would lead to everyone's needs being met in an ecologically sustainable and socially just manner? While good environmental management is part of the SD agenda, many explanations of what SD stood for emerged from environmental accounting (Gray & Laughlin 2012). Before the 1980s, environmental accounting was not yet a research subject. During that decade, however, pressure increased on companies to disclose their environmental liabilities. As a result of the Brundtland Report in 1987, environmental accounting did emerge, and it reflected a concern about the scale of human impact on the global environment as well as the possibilities for equality in human flourishing. The expected outcome to overcome these concerns was SD, socially just and ecologically sound development (Bebbington & Larrinaga 2014).

Accounting has sought to engage with SD principles through full cost accounting (Lodhia & Sharma 2019; Antheaume 2004; Atkinson 2000; Bebbington, Brown, & Frame 2007; Bebbington & Gray 2001; Gray & Bebbington 2001; Frame & Cavanagh 2009; Herbohn 2005). Of the various accounting techniques that have attempted to better expose social, environmental and economic externalities (at the root of unsustainable development), Full Cost Accounting was the most promising as it moves costs/benefits beyond the entity to associated externalities. Moreover, SDGs are seen as a potential framework for social and environmental accounting (SEA) and accountability (Bebbington, Russell & Thomson 2017).

Environmental economists argue that integrating the environment and economy is necessary (Beder 1996; 2000). They further state that environmental degradation has resulted from the failure of the market system to put any value on the environment, even though it does serve economic functions and provides economic and other benefits. They argue that because environmental 'assets' are free or under-priced they tend to be overused or abused, resulting in environmental damage. As they are not owned and do not have price tags, then there is no incentive to protect them. Hardisty (2010) adds that anything that is economic improves human welfare, but if it does not improve human welfare then it is considered uneconomical. Thus, if the environment or the society is damaged as a result of economic decisions, this needs to be reflected in the overall economic position to be considered in the decision and value for the environmental damage need to be accounted for. In response to this problem, it involves putting a price on the environment and charging people to use it (Beder 2000; Joseph 2009) or using ecological compensation mechanisms to create greater synergies between ecological and economic interests (Brown, Clarkson, Stephens & Barton 2014). Such attempts to offer mechanisms to offer financial accounts of the unsustainable outcomes of a corporation's activities are broadly motivated by an assumption that only through financial representation is it possible to speak to business in a language that it will recognise (Gray 2010). Despite some

experimentation in this area, how one might create a defendable account of (un)sustainability remains elusive (Bebbington & Larrinaga 2014; Gray 2010).

In the short-term it might be possible to have economic growth, but it also damages the environment, and this cannot be sustained forever, as argued by Bebbington, Unerman and O'Dwyer (2014). SD aspires to achieve social progress, environmental equilibrium and economic growth (Gosling-Goldsmith 2018; Zhai & Chang 2019), so SD activities need to move away from harmful socio-economic and environmental activities and instead produce positive environmental, economic and social outcomes (Ukaga, Maser & Reichenbach 2010). If in the longer-term, these activities are causing damage that makes it impossible to sustain human life at the same level as we currently do, then this is clearly unsustainable.

2.4 Shift in Accounting for Sustainability to Environmental Sustainability

Current modes of accounting are crucial to capitalism and essentially, they work through financial markets in an effort to ensure that profits are made, losses are minimised, and all other factors are mere externalities. Social and environmental accounting, and increasingly, sustainability accounting, offer (in principle at least) alternative ways of addressing these 'externalities' for the good of the environment (Gray 2006; Hardisty 2010). It is evident from the preceding section that a SD-accounting hybrid should focus on the wider ecological, social and economic contexts. Particular aspects of the problem should be noted in the accounting scholarship. This is a very different approach to discipline-based scholarship which leads to the question: 'where is the accounting?' or 'where is the novel theoretical framing for this question?' (Guthrie and Parker 2017). Such queries are especially problematic if one takes 'accounting' to be the sub-set of research activities. Such questions narrow the range of possible research topics as well as over-simplifying accounting questions (Bebbington, Russell Thomson 2017). Instead, what we need to be asking is: 'where is the SD?'

Conventional accounting seems to be most suited to clearly defined objects such as linear cause and effect relationships, single outcomes, consensus over valuation protocols and the presence of information systems. In contrast, SD is a radical transformative program and it assumes that (un)sustainability is the consequence of interlocking social, environmental and economic systems (Bebbington & Larrinaga 2014; Frame, Gordon, & Mortimer 2010). SD is therefore loosely structured, multi-dimensional, multi-disciplinary, political and scientific, dynamic and characterised by complex non-linear relationships. Research and practice need to look beyond the simple use of accounting and be more flexible (Narayan 2014). However, in the SD context there are a number of problems with attempts to develop economic systems sustainably, and a growing consensus about what needs to be changed (Bebbington & Larrinaga 2014; Frame, Gordon, & Mortimer 2010).

In general terms, SEA relates to presenting information to inform stakeholders about the impact of an organisation or business on society and the natural environment (Deegan 2017). SEA research has been contributing to the accounting and management literature for several decades now. Yet it has been marginalised by the majority of accounting and management researchers because they prefer to concentrate on economic development and corporate financial management (Parker 2011). Whilst many people might argue that during the last 25

years there have been many positive initiatives globally in relation to how society cares for the environment – or not – the reality is that the environment is deteriorating with accelerating species extinctions, climate change, deforestation, desertification, land and water pollution, overpopulation, etc. (Deegan 2017; van Ruijven et al. 2014; Stern et al. 2006; Alshuwaikhat 2005).

Despite the argument that social accounting has received less attention than environmental accounting, the social accounting literature is increasing. Parker (2011) reports that social and environmental accounting scholars have re-adjusted their focus on these two areas, however, environmental degradation is worsening worldwide (Deegan 2017), so more needs to be done in this area. Increasingly more researchers are expressing their frustration over the lack of progress made in SEA towards addressing SD (Bebbington & Larrinaga 2014). The dominant methodological approach in this type of research has been literature reviews, theoretically grounded commentary, and historical reviews, but Adams (2002) and Gray (2002) argue that theorising in social and environmental accounting needs closer engagement with practice. Adams and Larrinaga (2019) recently reported on the progress of research engaging with practice and this has improved over the years. Nevertheless, there are still some gaps identified and more can be done to identify new narratives of accounting to address SD (Adams (2019).

Most studies in social and environmental accounting concentrate on national practices and regulations, laws, international codes, disclosure strategies, etc. (Parker 2011). Parker (2011a) promotes the need to establish social and environmental accounting in real life settings. This area is at the risk of being 'normative' and in dire need of imagining new accounting as suggested by Gray (2002) and to provide new narratives on how to address (un)sustainability (Gray 2010). It is claimed that research has become too far removed from the interests of the profession, practitioners and society. For example, Tucker and Schaltegger (2014) interviewed senior scholars and found the majority perceived a widening and concerning gap between management accounting research and practice (Guthrie & Parker 2017). If the accounting profession is to have a meaningful role in society it needs to focus more on what it does for the wider society and the relationships between what it researches and what it practices (Guthrie & Parker 2017). Being explicit about theorising about what might emerge from practice is likely to advance social and environmental accounting (Bebbington, Russell & Thomson 2017). There is a gap in the literature, and we need to explore mechanisms that address environmental sustainability.

The Agenda 21 guidelines which were a product of the Earth Summit (UN Conference on Environment and Development) held in Rio de Janeiro in 1992 aimed to address what is lacking in environmental sustainability practices. The reasoning of environmental economists and the need to increase environmental sustainability is found clearly in Agenda 21, the Action Plan for SD, signed by over 100 nations at the Earth Summit. In its chapter on integrating environment and development in decision-making, three fundamental objectives were posited:

(a) To incorporate environmental costs in the decisions of producers and consumers, to reverse the tendency to treat the environment as a 'free good' and to pass these costs on to other parts of society, other countries, or to future generations;
(b) To move more fully towards integration of social and environmental costs into economic activities, so that prices will appropriately reflect the relative scarcity and

total value of resources and contribute towards the prevention of environmental degradation;

(c) To include, wherever appropriate, the use of market principles in the framing of economic instruments and policies to pursue SD

(United Nations Environment and Development 1992)

Agenda 21 and the Commitments to the Rio principles, were strongly reaffirmed at the World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa from 26 August to 4 September 2002. A recent development in synthesising and providing a political discourse on SD through the publication of the UN-SDGs as part of their 2030 Agenda for SD (UN n.d.) is intended to bridge the gap between research and practice. Moreover, it could be considered as a potential framework for SEA and accountability to overcome the inertia caused by the lack of an acceptable and a coherent definition of SD at an international level and a tangible framework (Bebbington, Russell & Thomson 2017).

2.5 International Development Cooperation and SDGs

Donors and funding agencies play a significant role in implementing SDGs (Mahn 2017). International donors and institutions have become key players in the SD agenda and especially what this means for the DCs. Huang and Pascual (2017) discuss the role that foreign aid can play in dealing with global social and environmental issues in DCs like Sri Lanka, focusing on the worth of foreign aid in ensuring environmental sustainability. A lot of resources are required to achieve SDGs and ODA distributed by the DAC is expected to assist in supporting the world's DCs to achieve economic progress (OECD 2014). ODA is provided in the forms of financial and non-financial instruments offered to recipient countries (Goldin et al. 2002). For a DC like Sri Lanka, foreign aid comes in diverse forms; investment in projects, budget support, technical assistance, debt relief, grants, loans, etc. Offering these are UN institutions, IMF, WB or regional banks such as the ADB. ODA is the voluntary transfer of public resources, or to an international organisation such as the WB or the UN Development Program (Lancaster 2008). Aid given to DCs is meant to help them develop economically, socially and environmentally (Lancaster 2008; OECD 2019). Donors want to improve the livelihoods of local communities either through direct participation or providing funding to supplement recipient countries' governments' budgets (Haroun & Adam 2015).

Recipient country government policy is seen as a key to influencing and meeting targets of MDGs until 2015 and SDGs since then, "the essential role of national parliaments… in ensuring accountability for the effective implementation of our commitments" (United Nations General Assembly 2015, para 45; Clemens & Kremer 2016; Meuleman & Niestroy 2015). Extending the already lengthy multiple objectives of foreign aid and assistance, sustainability has emerged as a desirable component of aid initiatives (Adams 2009; Lenssen et al. 2012). Foreign aid programs are becoming increasingly framed with an emphasis on the long-term benefits of removing barriers to commerce but also making economic change environmentally sustainable. Aid and assistance are the means to support a broader range of objectives beyond poverty reduction and building physical infrastructure (Huang & Pascual 2017; Adams

2009). International agencies such as the WB often add conditions to force recipient governments to take specific actions if they want funding money, for example placing environmental sustainability conditions on projects that could affect various communities (Huang & Pascual 2017).

Policy reforms and aid conditions create a compact between the donors and DCs where the donors provide ODA on the condition that recipient countries adopt strategies in line with the SDGs (Huang & Pascual 2017; UN 2013; Fukuda-Parr 2012). Recipient governments focus their efforts on donor conditionality that tend to be concentrated around their priorities and interests, but this has tended to obscure the recipient country's national priorities and responsibility towards its constituents (Piron 2005; UN 2013). This is partially attributed to the P-A problem that exists between donors and recipient governments; donors often apply conditions on aid programs to encourage recipients to act more in accord with the donors' (and possibly the ultimate beneficiaries') interests. Donor conditions on recipient actions or policies are among the most controversial aspects of aid. Policy conditionality is most often associated with the IMF and WB, but all donors use conditions to some extent (Radelet 2006). Donors rationalise applying conditions on ODA as it is vital for growth and development and without them, aid would seem futile.

SD conditions associated with aid refer to social and environmental sustainability conditions, complying with local laws and what the donor agency wants in return. In Asia, many countries give less priority to the environment because they want to focus on economic growth, political stability, poverty alleviation, etc. However, in such countries the WB, ADB and other international agencies are partly forcing the respective governments to address environmental issues as part of lending and grant-issuing conditions (Abaza 2000), for instance Sri Lanka and Bangladesh (see Briffett et al. 2003; Momtaz 2002). Sometimes this results in the adoption of environmental considerations simply as a political decision, without the involvement of any public participation and even without clear perceptions of environmental assessment by government departments or agencies.

The objective of the EIA is to identify the environmental impacts of projects. Since the late 1990s and early 2000s when the EIA and other environmental assessments were introduced, the poor quality of evaluations was associated with lack of experience and qualified staff. To overcome this, thorough training of staff, local experts in preparing and implementing mitigation measures, increased consultation with affected parties would improve the evaluations and overall outcomes (Kennedy 1999). However, the general perception is that EIAs are conducted only because they are required by the government and donor agencies, not to ensure long-term sustainability of projects or to develop better management plans. In many cases, EIA is seen by proponents as an impediment to the implementation of projects, simply functioning as a tool to justify projects and not necessarily to make the best decision or to effectively protect natural resources (Alshuwaikhat 2005; Momtaz 2002; Momtaz & Kabir 2013). The quality of the EIA is often undermined by the attitudes of consultants and proponents of development projects (Kamijo & Huang 2017; Hapuarachchi, Hughey and Rennie 2016). Consultants are driven by the commercial interests of the proponents (Momtaz & Kabir 2013). A recent study by Momtaz and Kabir (2013) identified factors influencing the quality of EIAs which were earlier identified by Kennedy (1999) and are still true: time of EIA; proponents' attitudes; donor pressure; role of consultants; budget set for EIA; EIA team; and the review process.

The relationship between foreign aid and SD has been a controversial one in the literature (Quibria 2013; Abeselom 2018; McGillivray, Feeny, Hermes & Lensink 2006). Donor conditionality has encountered increasing criticism and much has been written on aid ineffectiveness (Elayah 2016; Niyonkuru 2016; Ekanayake & Chatrna 2010) with a particular focus on conditionality (O'Neil 2019). Conditionality does not seem to work as researchers and analysts document that governments implement reforms only when it is in their interests to do so, and donor conditions have little if any impact on what the respective governments decide (O'Neil 2019; Elayah 2016). Moreover, due to the P-A relationships and power imbalances experienced with recipient governments dependent on foreign aid, recipients tend to action conditions to merely avoid sanctions when environmental issues appear (Radelet 2006, Williamson 2010). International donors and institutions are global players that drive the SD agenda and especially in the DCs (Mahn 2017; Huang & Pascual 2017).

Nevertheless, environmental degradation continues to be an issue in the DCs despite the numerous programs and guidelines introduced. Despite the economic benefits of international development, it has had many adverse environmental consequences which are often understudied (Belal 2015). Aid effectiveness and evaluations indicated the failure of aid in attaining developmental goals (Elayah 2016; Ocampo & Gómez-Arteaga 2016). Environmental degradation continues to be a major concern in these countries (Briffett 1999) and solutions to achieve greater sustainability are still lacking (Jones 2012). Some scholars argue that the results were inconclusive and there is polarisation between supporters of foreign aid and those who criticise it. Bjørnskov (2010) and Winters (2010) find that more democratic countries are better able to efficiently make use of aid, and democratic structures may actually bridge divisions between classes or groups in society (see Tsai 2006).

Increasingly more search is discussing the ineffective implementation of MDGs, lessons learnt from MDGs and what can enhance achievement of the UN's SDGs by 2030. It is proposed that 'Accountability' mechanisms need to be implemented within the SDGs framework to ensure actions and objectives are completed (Ocampo & Gómez-Arteaga 2016). It is particularly important to explore the relationship between who needs to be held to account and those who hold account (Biermann & Gupta 2011; Bowen et al. 2017). Radelet (2006) and a UN report (2013) similarly explained that the resource-dependent nature of the P-A relationship between donors and recipient governments, is steering the recipient governments to meet conditions without a deeper level of accountability to SD. This behaviour is further exacerbated by not enforcing sanctions appropriately or adequately, as many donors continue to disburse aid even when recipients fail to meet conditions, sometimes repeatedly so (Radelet 2006). Therefore, ODA and ODA conditions alone will not be sufficient to achieve SDGs, so strengthening and enforcing accountability of partners is the key (Mahn 2017).

2.6 Accountability: The Missing Link in Sustainability Literature

Increasingly, the literature raises issues about the measurement of sustainability and how to account for SD (Rahman & Farin 2019). In order to address global environmental sustainability issues, it is proposed that 'Accountability' may be the missing link (Kim 2011), so accounting research needs to focus more on accountability of the public sector (Ball 2005; Deegan 2017; Tilt 2018). However, not enough attention is given to accountability and how it relates to

sustainability of the planet (Guthrie & Parker 2017). The data on planetary destruction, species stress, eco-system extinction, poverty and social dislocation is overwhelming (UNEP 2019; WWF 2008; Meadows et al. 2004; United Nations Millennium Ecosystem Assessment 2005). Gray and Laughlin (2012) calls for academics and researchers to contribute to potential solutions. Consequently, this study aims to address some gaps in the literature by exploring radical challenges in sustainability in one DC – Sri Lanka - and provide policy options for solving the problem.

Accountability may be a simple concept but in reality, it is quite a radical concept and not paid enough attention in the accounting literature. SD concerns are wide and complex, and therefore, focusing on accountability settings rather than solely on accounting itself will likely be beneficial (Bebbington, Russell & Thomson 2017). Accountability seems to be lagging despite it being the central issue to a lot of debate in the SEA literature; specifically, in the quests to extend the level of accountability being demonstrated by organisations (Deegan 2017). If it is applied correctly, it has the potential to fundamentally change business practice (Owen 2014), and in terms of environmental and social sustainability, accountability can be considered the 'missing link'.

Moreover Mark Halle (2015) at the International Institute for Sustainable Development talks about the history of poor outcomes attached to the UN's goals and international conventions that aimed to improve social and environmental sustainability. However, it is far from working well and this was agreed to by Bowen et al. (2017), Donald and Way (2016) and Kumar, Kumar and Vivekadhish (2016) who contended that accountability should be an integral element of the UN-SDGs 2030 Agenda if such targets are to be met (Bowen et al. 2017; Ocampo & Gomez-Arteaga 2016). To realise any significant positive changes and achievement of SDGs, accountability needs to be improved at all levels and between donor agencies and national governments (Kumar et al. 2016).

Both corporate accountability and public sector accountability for social and environmental sustainability and SD needs to be significantly improved (Gray et al. 2014; Tommasetti, Mussari, Maione & Sorrentino 2020). Government and public sector accountability is paramount to achieving the UN's SDGs (Bowen et al. 2017). Given the significant size of the public sector and its influence on the economy, it needs to pay more attention to people's demands for accountability to SD.

2.7 Public Sector Accountability

Public sector's main objectives are to do with social welfare and justice but has been largely excluded in the literature (Dumay, Guthrie & Farneti 2010; Ball & Grubnic 2007). The public sector accounts for approximately 40% of all economic activities and there is a crucial need to further develop the disclosure and sustainability reporting that it should be doing (Ball & Grubnic 2007). The public sector is now increasingly pressured to go beyond the purely bureaucratic functions to non-financial requirements and consider the social and environmental impact of its activities (Ball & Grubnic 2007; Ball et al. 2014; Leuenberger & Bartle 2015; Tommasetti et al. 2020; Argento, Grossi, Persson & Vingren 2019). Accounting needs to be seen as more than just an economic tool, reporting numbers but should also monitor how finances affect social and environmental factors (Hopper, Tsamenyi, Uddin & Wickramasinghe 2012). This further reinforces the need for the public sector to discharge

accountability by integrating sustainability issues into policies and operations. It is further added that rather than focusing on large corporations that are affected by dominating capital market structures that forces them to behave in an unsustainable manner, it is more fruitful to focus and reform the actions of those entities that are not bound to the rationales of profit-making entities, and here the public sector is important (Bebbington & Larrinaga 2014).

There is a gap in the current literature on SD and environmental sustainability practices in the public sector (Niemann & Hoppe 2018; Guthrie & Abeysekara 2006; Ball 2005; Tommasetti et al. 2020). Ball and Bebbington (2008) state that in addition to failing to replicate trends in corporate sustainability reporting in the UK, the public sector sometimes struggles to achieve basic accountability requirements for sustainable management. Research from African nations indicates poor governance, accountability and transparency/full disclosure have prevented places like Nigeria making any progress (Gberevbie, Joshua, Excellence-Oluye & Oyeyemi 2017). This situation, however, fails to reflect the considerable potential for public sector organisations to support SD delivery via better management of the environment (Ball & Grubnic 2007). The significant gap in what we know about the public sector's sustainability and accountability is having a detrimental impact on future generations (Birney et al. 2010).

Despite a rising interest in public sector sustainability accounting and reporting practices (Goswami & Lodhia 2014; Guthrie and Farneti 2008; Farneti and Guthrie (2009), sustainability accounting (Ball, 2004, 2005, 2007), and environmental management accounting (Qian, Burritt & Monroe 2011), there is still much more that needs to be explored on this theme (Kaur & Lodhia 2019). Gelderman, Semeijn & Vluggen 2017; Gelderman, Jemeijn & Bouma 2015; Unerman et al. 2007; Guthrie & Farneti 2008; Farneti & Guthrie 2009; Burritt, Herzig & Tadeo 2009; Ball 2004) and that too in the DCs is scarce (Adams & Larrinaga 2019; Belal 2015; Islam & Deegan 2010; Belal 2010; Ite 2004, Kuasirukun & Sherer 2004; Pedwell 2004). Adams and Larrinaga (2019) add that further research is required so that we better understand similar issues that are geographical or cultural in character.

At a historic UN summit in September 2015, 17 UN SDGs that were part of the 2030 Agenda for SD were agreed to and signed by 193 world leaders (UN n.d.). These goals do not differentiate between developed and developing nations; they are applicable to all states. SDGs are, however, voluntary agreements and very few formal mechanisms are in place to ensure these targets and outcomes will be achieved (Bowen et al. 2017). Nevertheless, despite the economic status of a country, poorer people tend to suffer the burden of environmental problems more than others do. Economic progress in DCs is usually at the expense of the environment, and thus people in DCs are more affected by environmental pollution (Franzen & Meyer 2010), which creates a vicious cycle. Affluent people have more choices about where they live and work; they can afford to pay more to live in areas that are not environmentally degraded (Beder 2000; Sun, Kahn & Zheng 2017), or fight the imposition of a polluting facility because they have better access to financial resources, contacts in government, networks, skills and decision-making structures (Franzen & Meyer 2010; Beder 2000; Givens & Jorgenson 2011).

2.8 Types of Public Sector Accountability and Developmental Partners

SD will not materialise from the 'Western' countries alone but most of the social and environmental accounting research does focus on that part of the world (Adams & Larrinaga 2019; Sinkovics et al. 2016). More empirical research is needed from non-Western perspectives (Tilt 2018). What is common amongst DCs is that many of their governments do not have the means to deal with significant social and environmental problems they face. Rather, due to rapid industrial development, those in charge pursue policies that seek to increase economic growth and attract more foreign investment, relying on growth as a means to improve the lives of their citizens rather than social and environmental policies. Such policies lead to an influx of investors keen to take advantage of fiscal incentives and cheap labour, but "while these strategies make economic sense, they have adverse social and environmental effects, including the use of child labour, low or unpaid wages, unequal career opportunities, occupational health and safety concerns, and increased pollution" (Tilt 2016, p. 2). The debate about economic growth versus sustainability, the balance between improving the lives of human beings and preserving the natural environment, and the impact of the potential conflict between the two are essential elements that need to be explored. This is a mammoth task and requires a holistic, systems approach. Prominent researchers are suggesting that in order to solve these complex issues around environmental sustainability, accounting research needs to focus more on public sector accountability (Ball 2005; Deegan 2017; Tilt 2018).

Winters (2010) found that the DCs with a high level of responsiveness and effectiveness in aid programs have superior accountability institutions, and are becoming more democratic, where the rule of law prevails, and projects incorporate end-user participation with direct accountability. Therefore, looking at stakeholder engagement in achieving public sector accountability to strengthen SD is vital. In order to provide accountability in global governance, the complex relationship between those who need to be held accountable and to whom they answer, needs to be clarified from the outset (Dann & Sattelberger 2015; Belal 2015; Tilt 2018; Tilt 2016; Ite 2004; Kuasirukun & Sherer 2004; Pedwell 2004). Anastasia (2014) discusses the emerging groups of international development cooperation actors and their levels of accountability that result in good SD outcomes, particularly SDGs. Some of these actors are international development agencies, governments, civil society and businesses. There is a complex web of accountabilities in the international development context where multiple stakeholders negotiate what should be done (Esser & Ha 2015). To analyse the complexity of this scenario, Esser and Ha (2015) propose four typologies: (1) supply- and demand-driven accountability; (2) direct and indirect accountability; (3) internal and external accountability; and (4) upstream and downstream accountability. These can be compared to the popular public sector models of accountability devised by Boven (2006) and Romzek and Dubnick (1987).

Firstly, supply-and demand-driven accountability is influenced by power relationships, i.e. legislative oversight, whereas demand-driven is where an individual or a collective agency is held accountable for the service they provide. This is further linked to social accountability literature, in which officials treat the public as clients (Alawattage & Azure 2019; WB 2004). Secondly, direct accountability denotes immediate interaction between the developmental

partners, '*Principals* and *Agents*' (Winters 2010; Esser & Ha 2015). Recipient governments as *Agents* receiving the funding are immediately accountable to the *Principals* that provide funding (Esser & Ha 2015). On the other hand, public who hold public sector *Agents* (here after, public agents) accountable through mediating mechanisms wield indirect accountability (Scholte 2011). This is further defined as horizontal accountability by other researchers (Schillemans 2008; Willems & Van Dooren 2012). Thirdly, internal accountability is where stakeholders in the same organisation are accountable to its internal stakeholders (Esser & Ha 2015). For instance, democratically elected governments are accountable to their citizens, companies to their shareholders, and external accountability means that decision-makers have to justify their action to external stakeholders (Bäckstrand 2006), such as recipient government to donor agencies. The fourth and final type proposed by Esser and Ha (2015) comprises upstream and downstream accountability. In an international development context, recipient governments are nominally accountable for how they use the funding they receive; therefore, the implementing public agency reports on their activities to the aid and funding agency. This is classified as upstream accountability. Downstream accountability denotes public sector accountability to constituencies and stakeholders (Goetz & Jenkins 2005).

Public sector accountability literature discusses multiple accountability typologies, but public *Agents* operating in a constitutional democracy find themselves confronting at least five different types of forums and hence at least five different kinds of public accountability (Boven 2006; Day & Klein 1987; Romzek & Dubnick 1987; Sinclair 1995; Behn 2001; Pollitt 2003; Mulgan 2003). As a result, government agencies are likely to pass different judgements and face multiple accountability forums where different criteria apply (Boven 2006). Koppell (2005) calls it the multiple accountability disorder because the growing number of stakeholders actively engaging in development co-operation, means that implementing accountability is becoming increasingly complex if not impossible. Within the international community there is broad consensus that stronger accountability mechanisms are needed to achieve the post-2015 SDGs (Biermann & Gupta 2011; Kramarz & Park 2016). UN news report titled "Accountability key to ensuring development progress beyond 2015", the then Secretary-General Ban Ki-moon said, "We need an inclusive, robust yet flexible accountability framework" (Ban 2014). Most agree that in the context of development co-operation, "accountability is about setting clear goals and targets, being responsible for delivering on them and accepting potential sanctions for lack of compliance with commitments" (OECD 2015, p. 67).

With multiple public accountabilities to worry about, public officials and those governing the environment are guided by different goals that determine to whom and for what to account, and this influences the framing of environmental priorities and how accountability is measured and discharged (Kramarz & Park 2016). Thus, it is argued that the 'implementing agencies' prioritise goals such as environmental sustainability (long-term goal), responsiveness to constituencies, economic benefit and profit (short-term goal), and moral value, which influence the design and execution of accountability mechanisms. It is essential to understand how public sector agencies respond to each of these types of accountability forum or principal, accountability nuances, how they are judged based on the varying criteria and how that determines the level of responsiveness of public agencies to environmental sustainability. The main forums that government agencies need to answer to in the international development context are the public, donor and funding agencies, and the government itself.

2.8.1 The Public as a Developmental Partner

In conventional understanding, public accountability denotes a relationship in which the wider community holds its elected representatives (at all levels) to account. ‘‘At its heart,’’ writes Michael Dowdle (2006, p. 3), ‘‘the idea of public accountability seems to express a belief that persons with public responsibilities should be answerable to ‘the people’ for the performance of their duties”. Elections are the key mechanism of public accountability, as they provide an incentive for policymakers to explain what they do and an opportunity for citizens to sanction them. Public accountability is virtually synonymous with ‘political accountability’ (Romzek & Dubnick 1987), ‘democratic accountability’ (Steffek 2010) and ‘social accountability (Cendon 2000; Malena, Forster & Singh 2004) as it emphasises what the citizens want from their elected officials. However, citizens not only expect elected officials to respond to their interests and concerns but also to respect the law and to spend public funds responsibly (Steffek 2010).

Public accountability of governments to their parliaments and citizens is the central mechanism in the international development setting (Mahn 2017). Public accountability is found to increase development effectiveness (Malena, Forster & Singh 2004). Citizens of DCs who are affected by development projects should also be able to activate accountability mechanisms. UN-SDGs and the 2030 agenda of developmental cooperation, increasingly encompass whole-of-government approaches and a much broader group of development partners, including the private sector, foundations and civil society (Mahn 2017). Moreover, the 2005 Paris Declaration 2005 on Aid Effectiveness requests recipient countries to engage and reinforce the participation of a range of development partners when implementing national economic development strategies.

Public accountability mechanisms are limited or ineffective, especially in DCs (Malena, Forster & Singh 2004; Panday & Jamil 2011). However, donor agencies and funding agencies encourage improvements to public sector accountability to enhance development in DCs. As a result, funding agencies such as the WB promote social accountability initiatives in countries like Sri Lanka, India, and Vietnam (Malena, Forster & Singh 2004). Citizens’ charters and other mechanisms hold the public sector accountable for example in Bangladesh and Nepal. Panday and Jamil (2011), Piron (2005) and Holmes (2011) explain that in order to effectively exercise public sector accountability, people must be included in the decision-making process. However, the reality is that citizens and public sector officials do not trust each other in most DCs. Nonetheless the Paris Declaration and other UN treaties emphasise the importance of all stakeholders taking part in decisions, particularly citizens. Winters (2010) explains how citizens need to be involved in determining developmental priorities and the allocation of resources to them. Kundo (2018) explains how the absence of incentives perpetuates inefficiencies and a culture of unaccountability in the public sectors of DCs. International donors are challenged to think about how the aid projects can be designed appropriately to bring about the desired results (Winters 2010). The extant research suggests that more research needs to look at how public accountability evolves and how it assists aid effectiveness.

2.8.2 Funding and Donor Agencies as a Developmental Partner

Recipient countries are required to strengthen accountability with their economic development partners (Mahn 2017). Multiple objectives are attached to foreign aid and funding and sustainability is a desirable component of aid initiatives (Adams 2009; Lenssen & Van Wassenhove 2012). Since the 1990s, multilateral donor agencies and banks such as the WB and ADB have been establishing sets of environmental and social requirements to be complied by countries borrowing funds (Davis Polk 2017). The 'environmental and social safeguard policies' have enhanced their comprehensiveness over the years (Horberry 2014). Such donor conditions and compliance requirements have pressured recipient governments to adopt and implement environmental sustainability programs and policies. There is little evidence of a significant positive effect of aid on the long-term growth of poor countries (Ekanayake & Chatrna 2010; Veinderpass & Anderson 2007). These concerns are further extended to the environmental and social sustainability goals of foreign aid and international development. Winter (2010) states that aid effectiveness is linked to countries with superior accountability institutions and more democratic processes.

Knack (2001) finds that government dependence on aid can undermine accountability and erode governance, resulting in increased rent-seeking and corruption. Studies from Africa (Whitfield & Fraser 2010) have indicated that countries with a high dependence on foreign aid such as Zambia, Ghana, and Tanzania have weak controls over donor agencies and tend to respond to donor demands rather than their own policies. Aerni (2006) and Kabonga (2016) highlight how P-A problems in African developmental assistance are linked to the resource or aid dependence, which undermines mutual accountability arrangements that Mahn (2017) refers to. In reality, the language of "mutual accountability" masks the one-sided nature of accountability in practice (UN 2013). The P-A problem affects nearly all aspects of aid delivery including program design, implementation, compensation, incentives, evaluation, and allocation of funding (Radelet 2006).

Accountability relationships between the donor and recipient countries are based on the power relations, especially countries that are aid-dependent, so "who pays the piper, calls the tune". Resource dependence creates asymmetrical relationships that significantly influence the accountability relationship between the donor agency and recipient government (Mkandawire 2010). This is further demonstrated in Mozambique (Shinn 2016) where existing environmental policies are undermined in projects funded by China due to corruption and personal interests of development partners. Nevertheless, Mozambique's leaders are reluctant to press charges against project partners that do not comply with the country's environmental policies due to the fear of jeopardising significant Chinese investment (Shinn 2016). Moreover, in Asia, many countries give less priority to environmental issues, at least at the policy level, and as a result, donor agencies such as the ADB and WB pressure the donor recipient governments to address environmental issues as part of lending conditions (e.g., Sri Lanka and Bangladesh; see Briffett et al. 2003; Momtaz 2002). Recipient governments tend to agree with donor conditions without having a clear understanding of what they mean or imply. This is further confirmed by a recent study conducted in Sri Lanka where the researchers reported that EIA can be easily manipulated, and any impact is downplayed to bypass an in-depth environmental assessment and public scrutiny (Hapuarachchi et al. 2016).

Donors are faced with their own internal incentives to continue disbursing aid in an effort to support the contractors and recipients that depend on it, which creates something called the 'Samaritan's dilemma' (Radelet 2006). This gap in accountability is related to the discrepancies between the principal's demands on an *Agent* to report his or her activities and the *Agent*'s response to it (Kim 2011), in other words, mixed messages from the donor agencies create gaps in the responsiveness of the recipient government to environmental and social sustainability requirements, especially when accountability is not followed through properly by the account holder. Thus, understanding public sector accountability to donor agencies alone will not shine a light on the issue of continued unsustainable practices, but the level of responsiveness needs to be explored.

2.8.3 Government and Within Government Accountability

Governments are held accountable through important political mechanisms, such as elections, parliamentary discussion and scrutiny, political debate, etc. (Willems & Van Dooren 2011). Political accountability means more than being accountable to the constituents, but also to other elected representatives and political parties, whether directly or indirectly (Bovens 2014). For departmental or ministerial managers in the public sector, accountability to political forums, such as elected representatives or political parties, is a fact of life. In most Western parliamentary systems or post-colonial parliamentary systems in non-Western countries, ministerial responsibility and a general civil service is exercised indirectly, through the minister. However, increasingly more managers or chief executive officers are required to appear before parliamentary committees of inquiry (Bovens 2014).

Winters (2010) argues how relatively little empirical attention has been paid to these within-country relationships in aid projects; both theoretically and empirically, scholars often treat the government in an aid-receiving country as a unified entity capable of implementing its will. Yet, full implementation of an aid project requires appropriate action by multiple levels of government and possibly by non-government entities as well. Practitioners and scholars alike need to devote additional thought to correctly portraying the P-A relationships that exist between national governments entering into aid projects with bilateral and multilateral donors, and the government bureaucracies (Winters 2010). These internal forms of account giving have been classified into several accountability typologies in the literature (Mulgan 2000 2003; Bovens 2009; Bovens 2014; Romzek & Dubnick 1987; Sinclaire 1995; Deleon 1998; Flinders 2005; Dowdle 2006). Willems and Van Dooren (2011) note administrative accountability as mechanisms to hold public authorities and officials to give account, through the chain of hierarchical command, diverse government auditors, regulatory bodies, ombudsmen and other types of monitoring agencies.

Similarly, Bovens (2014; 2009) adds that the most common form of these accountability forums is exercising regular financial and administrative control based on specific statues and prescribed norms. Mulgan (2000; 2003) proposes internal accountability as bureaucratic accountability where officials will normally be held accountable for their performance in implementing policies, both within the organisation and often also to outside agencies. Bovens (2014) refers to internal account giving as 'organisational accountability to superiors' which is strictly based on hierarchical accountability of subordinates to their superiors through performance reviews, daily meetings or informal reviews. Public *Agents* having to account for their work to outside agencies such as professional bodies are referred to as engaging in

professional accountability according to Romzek and Dubnick (1987), Bovens (2006; 2014) and Mulgan (2000).

Underlying political and administrative tensions are evident in public sector accountability, no matter the political system in place. Winters (2010) addresses the need for appropriate action by multiple levels of government in aid projects for effective outcomes, but understanding how these levels interact within the government has not been investigated adequately. Underlying tensions, complementarities and layering are strong demands for responsive government (Ugyel 2017). A responsive government refers to the readiness of public servants to follow the directions of ministers or the public at large (Mulgan 2008). Nevertheless, it is not a simple matter of following instructions from ministers; rather, it is expected that appropriate levels of negotiation and accommodation of political and administrative roles, sharing and formulating and implementing policies together in line with citizens' needs (Miller 2015); as opposed to strictly following instructions (Ugyel 2017). Nevertheless, this level of independence and collaboration of political-administrative roles is not observed in many DCs.

Most of the literature on public sector accountability cannot be directly applied to the DC context due to inherent differences. Particularly in postcolonial developing societies such as Sri Lanka (Kadirgamar 2013) which is characterised as an 'overdeveloped state', it became difficult to make the colonially inherited 'overdeveloped' bureaucracy responsive (Islam 2016; Haque 1998). In many DCs they lack the separation between politics and the economy and the blurring of the boundary between politics and administration is having an impact on accountability (Kim 2009). A market economy should be independent of both politics and public administration which is observed in most developed countries (Cendon 2000), but the reality is that it has not really improved in various DCs and transitional economies (Kim 2009; Rouban 2012; Peters 2018; Azunu 2013). Strategies to enhance public accountability in Asian DCs differ from those in advanced countries (Kim 2009). For instance, Hapuarachchi, Hughey and Rennie (2016) who evaluated the EIA process in Sri Lanka, identified that it is often subjected to political interference, putting its effectiveness at risk. Lack of political support in implementing sustainability is the biggest constraint to effective EIA in DCs (Wood 1995). This is because the public administration offices are strictly following orders from politicians rather than engaging in a negotiation process to implement policies in line with citizens' interests.

Experts further argued that 'true' feasibility in terms of environmental and social sustainability of some international development projects are not being examined because decisions have already been taken to implement them (Hapuarachchi Hughey & Rennie 2016). Similar experiences have been reported from Latin America, where mining and hydrocarbon industries are prioritised, forcing government departments to speed up the approval process of projects (Ray, Gallagher, Lopez & Sanborn 2017). Peru has curtailed the authority of its environment ministry to accelerate the approval process which further indicates the low level of government accountability that puts environmental sustainability at risk. Despite the innovative mechanisms to incorporate environmental sustainability standards and practices in Latin America, minimal government accountability has tarnished environmental sustainability (Ray et al. 2017). This is having a significant impact on public sector responsiveness, especially in the international development context.

2.9 Shift in Foreign Aid

Foreign aid in the form of ODA was traditionally defined as the flow of financial and non-financial assistance distributed by DAC countries or regions. These countries are not only regional powers but also global influencers and play a prominent and active role in international politics (Gulrajani & Faure 2019; Overton & Murray 2020; Mawdsley 2014; de Renzio & Seifert 2014). However, the development cooperation landscape is rapidly changing. Rising or emerging powers like China, India and Brazil are entering the aid architecture, shifting from distribution of ODA from OECD DAC members to aid and funding from non-DAC members (Palagashvili & Williamson 2018; Gulrajani & Faure 2019; Overton & Murray 2020; Mawdsley 2014). These countries are often referred to as "emerging donors" or non-traditional donors in contrast to traditional "established" donors, including the EU, Japan and USA, who are members of the OECD DAC. This change in development cooperation reflects the shifting structural dynamics in the international development architecture (de Renzio & Seifert 2014). The era of Western-dominated international aid norms and institutions is far from dead, but traditional donors that form the OECD/DAC can no longer claim to speak for the world's donor community (Kharas, Makino & Jung 2011). Between 2001 and 2011, non-DAC donors more than doubled their aid from just under US$5 billion to US$16.8 billion (Gulrajani 2015). As non-traditional aid flows rise, the future of foreign aid provided by traditional DAC donors is becoming uncertain (Gulrajani 2015).

In 2013, China launched its ambitious B&R Initiative with the focus on developing trade within strategic regions of the world (Ascensão et al. 2018; Teo et al. 2019). Despite the positive outcomes achieved through large-scale infrastructure development in DCs that has in return assisted their economies and trade, significant construction/building development is damaging the environment and biodiversity. Although some improvements in raising environmental standards of this economic plan have been reported (Wignaraja et al. 2020), protecting the environment and natural resources is not a priority of China's BRI (Ascensão et al. 2018; Teo et al. 2019).

Non-traditional donors are facing scrutiny over the way international development is conducted at the expense of the very policies the traditional donors have been promoting in the developing regions of the world for many decades; transparency, accountability and sustainability. DAC guidelines outline best practice for development aid programs on issues such as: natural resource management; impacts on the environment; gender; and helping the poor (OECD 2015). Emerging donor countries like China and its B&R Initiative, not bound by such guidelines, negotiate development assistance on their own terms, setting their own conditions and standards according to their own interests. Asian donors followed a strict demand-driven principle and did not concern themselves with impacts, outcomes, or value for money. China along with a few other non-traditional donors were not interested in subjecting themselves to the monitoring, peer review and accountability mechanisms of the DAC aid effectiveness regime (Besharati 2019; Mulakala 2016; Ogbuoji & Yamey 2019; de Renzio & Seifert 2014). Though several traditional donors argued that China must abide by established aid norms, China argued there are differences between north-south[1] and south-south

[1] North-South cooperation, which is the most traditional type of cooperation, occurs when a developed country supports a less favoured one economically with other kinds of resources (UN 2019).

cooperation[2] (Sohn 2014). Non-traditional donors contend that traditional donor standards should not apply to them. They argued that existing international agreements regulating north-south cooperation should be viewed separately from those that govern south-south cooperation (Sohn 2014; Bräutigam 2011).

China's foreign assistance policies stipulate there is no interference in the "internal affairs of the recipient countries and fully respecting their right to independently choosing their own paths and models of development" (China International Development Corporation Agency [CIDCA] 2014), an issue confirmed by Mulakala (2016). This means that, unlike traditional donors, while providing development assistance China does not stipulate conditions or standards for governance and accountability mechanisms, including best practice for managing social and environmental risks, leaving it entirely at the recipient country's discretion to decide how this is done in alignment with its own policies. Palagashvili and Williamson (2018) noted the low level of transparency evident in non-DAC members can have a significant negative impact on accountability in international development. Lancaster (2007) mentions that the Chinese government does not provide aid with the conditions that typically accompany Western aid. Corrupt and non-accountable governments might not be spending wisely due to the lack of transparency. This is increasingly evident in rapid Chinese funded development in Africa and Asia.

Over the last decade, more cases of governance issues related to non-traditional donor funded projects in parts of Asia, Africa and the Pacific have been reported. More generally, traditional donors and the international financial institutions are concerned that the aid practices of China (and other new donors) will undermine the principles that are encapsulated in the Paris Declaration on aid effectiveness, namely ownership, alignment, harmonisation, managing for results and mutual accountability (Samy 2010; OECD 2005) and UN-SDGs (de Renzio & Seifert 2014). Popular political figures such as Hillary Clinton warned DCs to be wary of donors like China (Quinn 2011) and former Australian International Development Minister, Concetta Fierravanti-Wells, publicly accused China for its Pacific aid program that runs on unfavourable terms in the region (ABC News 2018). It is evident the Chinese approach to aid is increasingly impacting on traditional donors. Some say it poses a threat while others argue that China and other non-traditional donors are ignoring and putting aside the established aid institutions that protect the environment, such as the WB and its member governments and regional development banks (Naim 2007; Lengauer 2011). These developments and shifts in aid have created another level of concern in terms of SD, particularly environmental sustainability due to drastic changes in the foreign aid market.

In recent years, OECD DAC donors have also been facing increasing pressure and criticism about the efficacy and need for continuing and expanding aid programs, particularly in Asia where many aid recipient countries have been successful in increasing levels of income and taking on larger roles in the global economy. Aid from traditional donors to Asia fell from $45 billion in 2005 to $25 billion in 2010, non-traditional donors have partly filled the gap (The Asia Foundation 2014). Only a handful of OECD DAC donors, including the UK and Australia, are currently expanding their aid programs at the global level. Global aid has fallen by 6% since

[2] South-South cooperation refers to the technical cooperation between DCs in the Global South. It is a tool used by the states, international organisations, academics, civil groups/societies and the private sector to collaborate and share knowledge, skills, etc., in specific areas such as agriculture, human rights, urbanisation, health, climate change, etc. (UN 2019).

its high point in 2010 (OECD 2015). China's funding has doubled since 2005. It also has a much larger concessional loan program (Australian Government 2012).

A number of reasons are associated with DCs increasingly seeking assistance from non-traditional donors. Greenhill, Prizzon and Rogerson (2016) looked at the implications of the shift in sources of finances in DCs and particularly the situation in Cambodia, Ethiopia and Zambia. All three case studies highlighted the need for additional resources to finance development is a key priority for governments, and non-traditional aid is seen as particularly valuable in helping countries meet this objective. In some cases, this is explicitly because traditional ODA flows are already falling and are expected to continue to do so, as in Zambia (OECD, AFDB, UNDP & UNECA 2012). In other cases, they are expected to fall once the country reaches MIC status, as has occurred in Sri Lanka and Cambodia.

Alarmed by the increasing activities of non-traditional donors, scholars and commentators have begun to pay serious attention to these new participants in the international "aid market". According to Naím, emerging donors represent a "threat to healthy, SD" while "pricing responsible and well-meaning aid organisations out of the market in the very places where they are needed most" (Naím 2007, p. 95). Similar sentiments have been shared by other researchers, like Manji and Marks (2007) and Trofimov (2007). Not many systematic evaluations of the effectiveness of south-south cooperation have been undertaken, especially with regard to impact, contribution to development outcomes, quality of assistance and the added value of this type of contribution to DCs (Besharati 2019). More research is needed in this area to understand the impact of the emerging donors and decline in traditional donor support on environmental sustainability (Palagashvili & Williamson 2018).

Some improvements and innovative frameworks have emerged related to south-south cooperation (SSC). India, China, South Korea, and Thailand have all embarked on assessment exercises, developing their own evaluation frameworks to better understand the impact of their SSC efforts (Zhou 2016; Mulakala 2016). Research institutes from those countries are developing a monitoring and evaluation framework for SSC. Moreover, China signed the Busan Partnership Document in 2011, opening the possibility of voluntarily adhering to the principles established in the document (de Renzio & Seifert 2014). However, real engagement with sustainability principles, transparency and accountability is very low in practice (de Renzio & Seifert 2014; Power & Mohan 2010). For instance, since 2004 China's ExIm Bank (CExImB) has required its borrowers to submit to internal review and comply with local laws of the host country, but the standards and procedures are ambiguous. China as a non-DAC member is not party to OECD efforts to require environmental impact assessment on projects supported by export credits. The UNDP report revealed that only 26% of the surveyed Chinese companies have conducted third-party social and environmental impact assessments (UNDP, State-Owned Assets Supervision Administration & MoFCOM 2015). Also, since many DCs have lagged behind in environmental regulations, if Chinese investors only followed those regulations, local communities were unlikely to be satisfied (see Aung, Shengji & Condon 2018). Moreover, the CExImB does not report its own activities in the same way as other agencies do (for example, the terms of its loans are rarely made public) and the bank does not place reporting demands on its borrowing countries (UNDP, State-Owned Assets Supervision Administration & MoFCOM 2015; de Renzio & Seifert 2014).

However, contrary to the increasing literature criticising the non-traditional donor practices in the development cooperation, Palagashvili and Williamson (2018) found that non-DAC

agencies rank similarly to DAC donors, in that both groups are equally poor performers. They add that traditional DAC donors, are more transparent, multilateral agencies such as UN tend to perform better than DAC and non-DAC bilateral agencies. Neither type of donors is effective in their operations, nevertheless due to the transparency and accountability mechanisms that exist in traditional donors, they can be held accountable for their actions. Several other authors are in support of emergent donors' contributions to DCs. Mawdsley (2020), Reisen (2007) and Woods (2008) defend China by providing evidence on the issue of debt sustainability in Africa. Woods (2008) argues that Chinese aid has strengthened trade links in Africa, allowing improved growth and terms of trade, and increasing both export volumes and public revenues of recipient African countries. He argues also that China has not been deaf to international voices and has to some extent behaved in accordance with UN policies, as evidenced by its cooperative efforts with the United Nations and the African Union to end the Darfur conflict in Sudan (Woods 2008, p. 1208).

Mawdsley (2020) and Kragelund (2015) talk about how China is increasingly attuned to, and is attempting to pre-empt and offset, criticism and protest about its development partnerships and investments by becoming more 'people-centred'. This was evident in the recent trade and development policy and planning of African countries. Similar results have been reported from Cambodia, and to the contrary, Chinese aid is not "rogue". In fact, it is claimed that China is a good partner both in terms of alignment with the needs of the Cambodian government and in terms of predictability (Sato, Shiga, Kobayashi, & Kondoh 2011). Woods further argues that the rise of emerging donors is a manifestation of the dissatisfaction of recipient countries with the traditional development assistance regime offered by Western countries (Woods 2008, p. 1212).

The failure of adjustment lending and neo-liberal policies in Africa has led to a distrust of policies and conditions imposed by traditional donors. Since the influential work of Burnside and Dollar (1997; 2000) and the WB's (1998) *Assessing Aid* report (Dollar & Pritchett 1998), which concluded that aid effectiveness depends on the policy environment (hence leading to selectivity), the new emphasis has been on rewarding countries with good policies, including governance. The selectivity approach (or *ex-post* conditionality) works against many of the fragile countries in Africa and Asia because they are, by definition, characterised by poor policies, including weak governance. Therefore, these countries' leaders have embraced China's new interest, and they have welcomed the assistance they are currently receiving (Samy 2010). Moreover, analysis of China-Africa policy and Forum on China–Africa Cooperation examining China's role describes China and Africa's mutually beneficial partnerships. Some argue that effective development should not be solely judged on the lack of transparency and China's 'no strings attached' policy (Mohan & Power 2008; Du Plessis 2014), when in fact some argue that the reason why the China-Africa partnership and development has been positive regarded is its mutually beneficial partnership and outcomes in the continent (Du Plessis 2014).

Despite some of the positive stories reported from Africa, some researchers warn about the dangers of Chinese funded projects in the long-term (Manning 2006; Onjala 2017). Manning (2006) claims that although emerging donors allow greater aid access and a wider range of options to poorer countries, the advent of new donors has introduced three risks: 1) greater access to aid may once again condemn recipient countries to unsustainable debt; 2) governance reform proposed by traditional donors in exchange for aid may be unduly postponed; and 3) the absence of careful investment appraisals may result in the proliferation

of over-ambitious or unproductive capital projects (Manning 2006, pp. 381-82). Despite some successes associated with having access to more funding and developmental support, absence of basic monitoring and reporting activities due to the data, budgetary, and capacity limitations of southern partners, impact evaluation and measuring quality of development remains poor (Besharati 2019; Mulakala 2016; Power & Mohan 2010).

In general, host countries are the key to environmental and social impacts, since investors are expected to follow regulations and norms in their host countries. However, when environmental and social governance in host countries is weak, the role of donors and funding agencies and international groups becomes critical. Therefore, Chinese outbound enterprises should familiarise themselves with and actively follow China's own policies and international standards on social and environmental responsibilities, instead of relying solely on host countries' own regulations (Zhen 2014). Manning (2006) recommends that risks associated with emerging donors be contained through heightened contact and dialogue with emerging donors, to bring their performance more or less to the same level as traditional donors.

However, good governance cannot be imposed from outside; it has to come from within. The traditional donors, together with the countries' leaders and civil society groups, should be more proactive and engage with the Chinese government in order to foster a more effective collaboration for international development in the host countries by placing ordinary citizens at the centre of development and being accountable. It should also encourage elected leaders and governments to be more transparent about Chinese foreign aid in order to ensure better donor harmonisation (Manning 2006) and accountable for good governance and SD. Research suggests that with the rise of non-traditional donors, the public sector needs to be more accountable and placate citizens' needs and rights. As reported by Shinn (2016 p. 65), Daniel Ribeiro, a founder of an environmental non-governmental organisation in Mozambique, concluded, "At the end of the day we Mozambicans must take the lion's share of the blame for this environmental tragedy. Mozambique set the corrupt rules of this game and Mozambique invited the corrupt players. China is just good at exploiting our rules of injustice, corruption and abuse" (p. 65).

2.10 Summary

This chapter has framed the multi-disciplinary and vast literature on SD, international aid and public sector accountability. Firstly, the chapter reviewed existing literature available on SD and its contested definition over the years. This assisted in problematising environmental sustainability as part of the SD framework. A separate discipline within accounting research – SEA – provides deep insights into accounting and how organisations impact on the societies and environments in which they operate (Deegan 2017). Despite SEA research contributions in the area, it has been marginalised in the majority accounting and management literature which favours economic development and financial management (Parker 2011a).

The UN's SDGs are applicable for both developed nations and DCs, and international development plays a significant role in realising the SDGs (Bowen et al. 2017), which makes this context an ideal area to investigate public sector accountability. Given the significant size of the public sector and its contribution to the economy, bureaucracy needs to pay more attention to accountability for SD (Ball & Grubnic 2007; Adams, Muir & Hoque 2014). The current thesis highlights the importance of public sector accountability and environmental

sustainability with a particular focus on international development. International donor agencies are compelling recipient governments to address environmental issues as part of lending and grant-issuing conditions. However, the current literature highlights the ineffective application of EIA and accountability issues in recipient countries (Momtaz & Kabir 2013; Hapuarachchi et al. 2016). Therefore, lending conditions are increasingly facing criticisms for their ineffectiveness. It is suggested that conditions alone are insufficient in achieving SDGs, strengthening accountability of developmental partners is the key (Mahn 2017). More context-specific empirical evidence is needed to address public sector accountability (Adams, Muir & Hoque 2014).

A broad review and discussion of developmental partners was undertaken in this chapter, and it critically analysed the accountability behaviours of these groups and discharge of accountability. This further highlights the nuances in public sector accountability for environmental sustainability when facing the resource-dependent nature of recipient governments. Further evidence is required to shed light on the dynamics of public sector accountability and the level of responsiveness. Literature alludes to a further extension to this issue as the shift in foreign aid is experienced from a north-south to a south-south cooperation.

The research findings are mixed and further understanding and clarity is required to understand how the public sector interprets accountability and responds to it. The major research gaps identified in the literature are the scarcity of research available on public sector accountability in addressing environmental sustainability issues and that too in the developing countries, moreover the impact of changing landscape in international development in developing country context is underexplored. In this sense, the primary contribution of this study on the burgeoning literature in this area, is comprehending how public sector accountability is discharged when facing multiple *Principals* and their level of responsiveness to environmental sustainability. Finally, in the changing landscape of foreign aid, how public sector accountability impacts on environmental sustainability is important. A theoretical framework developed for this thesis is presented in the next chapter.

CHAPTER 3

CONCEPTUAL FRAMEWORK

3.1 Overview

The aim of this chapter is to establish a conceptual framework which underpins the development of the research objectives and questions that need to be answered. This framework guides the data analysis and presentation of research findings in subsequent chapters. A conceptual framework is “the system of concept, assumptions, expectations, beliefs and theories that supports and informs your research” (Maxwell 2005, p. 33). The framework is expected to indicate how the proposed research fits in with what has been published on a given topic, and suggests a theory to explain why things happen (Maxwell 2005). This allows the researcher to “research topics and themes that are underexplored and to explore old questions in new context and with new theoretical frames and approaches” (Ravitch & Riggan 2016, p. 194). The conceptual framework of this study explains governance, accountability in the public sector, response to environmental sustainability and critical interpretations of the RDT and PAT, thus offering a theoretically informed explanation of the empirically observed reality in Sri Lanka.

The chapter begins with the conceptual framework that synthesises extant theories and concepts relevant to the topic, while *Section* 3.3 enquires into public sector accountability and accountability in the international development and donor scenario. *Section* 3.4 provides an explanation of public sector governance. *Section* 3.5 delivers the framework of RDT followed by *Section* 3.6 which deals with PAT. *Section* 3.7 discusses the influence of *Principals’* judgement and consequences for *Agents* on P-A relationships. *Section* 3.8 describes types of accountability and the range of consequences associated with accountability typologies, followed by *Section* 3.9 on public sector responsiveness. Lastly, *Section* 3.10 concludes the chapter.

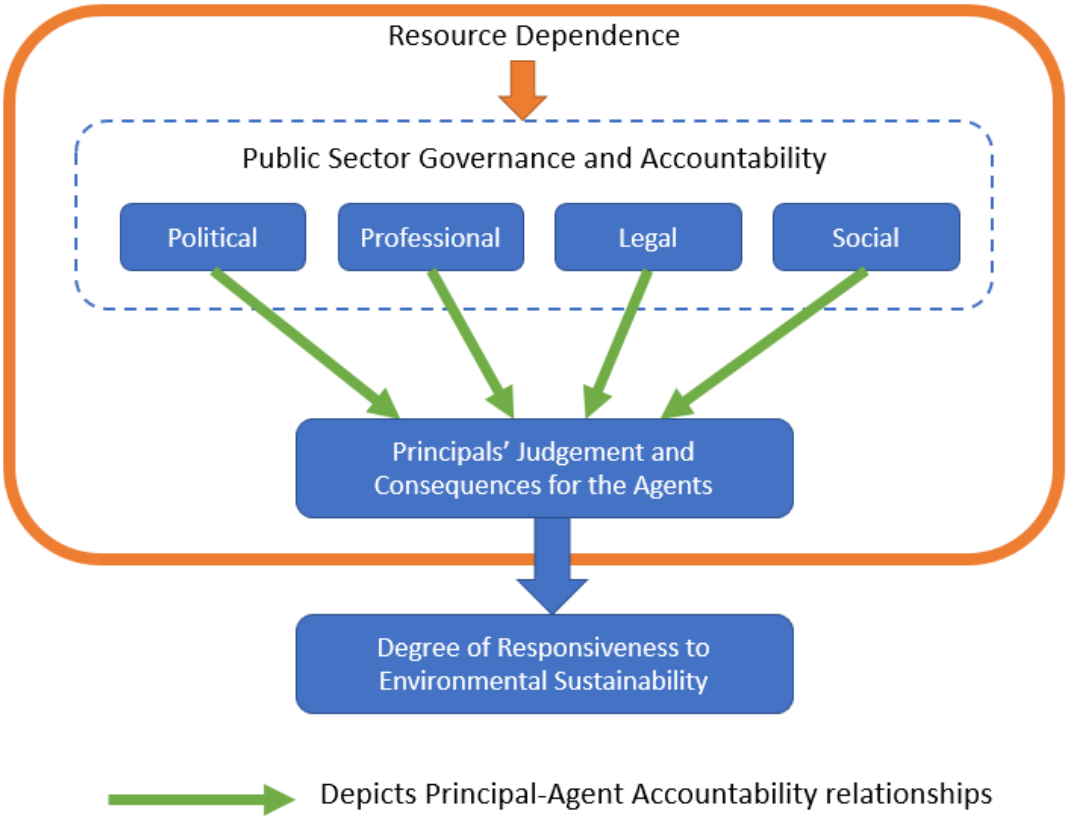
3.2 Conceptual Framework

Prior studies have offered explanations for the foundations of public sector accountability and accountability typologies. Accountability relationships are identified in the international developmental context. Accountability is multifaceted and with rapidly expanding networks of international development partners, accountability is increasingly becoming more complex to understand. To synthesise the literature and make it relevant to the present research, a broad conceptual framework for analysis is presented in *Figure* 3.1 below. The framework identified three main factors that can impact public sector accountability; resource dependence, P-A nature of accountability relationships and public sector governance structures and processes. The influence of governance structures and processes are depicted within the blue dashed rectangle in *Figure 3.1*. The framework generates potential options for how actors or *Agents* rationalised their decisions and actions concerning environmental sustainability processes and outcomes in Sri Lanka. In order to address *RQ1- to* understand how different types of accountability impact environmental sustainability (see *Chapter 1 Section 1.1.1* for an

explanation of *RQ1*) - four main typologies of public sector accountability were identified (political, professional, legal and social) defined through a synthesis of prior literature and accountability models (Boven 2006; Mulgan 2003: Romzek & Dubnick 1987; Christie 2018; Willems & Van Dooren 2012). In addition, all accountability relationships tend to share a P-A interaction, and these interactions are arguably further influenced by resource dependence. Therefore, power-wielding *Principals* influence the *Agents* in the accountability relationships due to resource dependence. When dealing with multiple accountability relationships, the level of responsiveness to environmental sustainability is determined by the judgement of each accountability *Principal* and the associated consequences for the *Agents*. A series of *P-A* relationships is listed under each accountability type (see *Sections 3.7.1-3.7.4*), and this will help answer the research questions. The orange arrow and the outer orange rectangle encompassing the various P-A accountability interactions depicting the influence of resource dependence, while the green arrows in *Figure 3.1* indicate the multiple accountability relationships within each accountability typology.

RQ2 addresses a gap in the research by looking at to what extent the Sri Lankan public sector is accountable for environmental sustainability (see *Chapter 1 Section 1.1.2* for an explanation of *RQ2*). A mechanism for analysing degree of responsiveness is presented in later in this chapter in *Section 3.9.* The final research question – *RQ3* – is one where this thesis explores if there is any difference in the execution of public sector accountability depending on the type of international funding or donor agency the department is working with. *Chapter 7* will explore accountability relationships between different funding agencies such as the ADB, JICA and China, involved in the international development project, their differences in public sector accountability and the level of responsiveness to environmental sustainability. Of particular importance here is the interplay and interconnections of the four types of accountability in the international development context and how the shift in the judgement and consequences (refer to *Section 3.7*) can change the level of responsiveness when *Agents* are accountable to multiple *Principals*.

Figure 3.1 Conceptual Framework



The following sections elaborate on the extant literature and models devised for public sector accountability, identifying relevant public sector accountability typologies relevant to this research. Further, the influence of resource dependence, PAT and the governance structure and processes on public sector accountability and environmental sustainability is explored.

3.3 Public Sector Accountability

Accountability is now an ever-expanding concept which adapts to the context it is used in (Mulgan 2000, 2003; Sinclair 1995). Accountability can mean different things to different people (Behn 2001; Dubnick 2005; Mulgan 2000; Pollitt 2003). Dubnick and Justice (2004) study the difficulty in conducting empirical research in accountability without having a clear understanding of accountability as a word and accountability as a concept. One of the main problems with focusing on 'accountability' is the ambiguity of the term (Brooks 1995). Mulgan (2000) adds that it is 'expansive' which makes it challenging to measure with precision. Accountability is loosely defined and it is used as a synonym for other terms such as good governance, transparency, efficiency, responsiveness, responsibility, etc., in contemporary political and scholarly discourses.

Dubnick and Justice (2004, p. 1) assert that accountability is a "conceptually and empirically slippery word, subject to a host of competing definitions, interpretations, understandings, and rhetorical usages". As a result of this, accountability has become a mechanism that holds institutions or persons responsive to their audience (Mulgan 2000, 2003). Not having a clearly agreed definition about the standard of accountable behaviour is a common critique in this

area which has prevented much empirical progress in the field of accountability studies (Bovens 2014). As stated by Dubnick and Justice (2004, p. 3): “A central reason for seeking some empirical formulation of the concept relates to claims made on its behalf by political and administrative reformers who regard accountability as a universal remedy for some of the most perplexing challenges to modern governance”.

Nevertheless, “[a]ccountability is often presented as a means by which to achieve the collective and individual goods of democracy, justice, administrative performance and ethical conduct in governance” (Dubnick & Justice 2004, p. 1). Moreover, in its simplest and broadest form, accountability refers to the “process of being called to account to some authority for one’s actions” (Jones 1992, p. 73; Mulgan 2000), “giving and demanding of reasons for conduct in which people [or institutions] are required to explain and take responsibility for their [decisions and] actions” (Parker & Gould 1999, p. 116). This is further emphasised in the social psychological literature where accountability is the expectation that one may be asked by the authority or superior to justify their thoughts, beliefs or actions (Boven & Schillemans 2014). Gray et al. (2014) explain that the need to account for one’s actions or non-actions, financial or non-financial for which one is held responsible for is established from relationships between two or more individuals or organisations, one as an “accounter” and the other as the “accountee” (Pollitt 2003).

Public sector accountability exists in many forms. Moreover, many definitions of it are identified in the public administration literature (Koppell 2005), but as a result having many explanations and understandings of accountability, it is in fact exacerbating the existing problem of public sector accountability (Yang 2012; Bovens 2014). However, Christie (2018) argues that distinct types of public sector accountabilities provide significant pieces of the puzzle, when put together it helps to offer a better understanding of public sector accountability and accountability systems. Romzek and Dubnick (1987) explain that public sector accountability is the process of how government agencies and their workers manage the diverse expectations generated within and outside the public agencies (1987, p. 228). This position may be related to Linder’s (1978, p. 182) explanation of accountability as “the quest for accountability is a response to the biases associated with discretion”. Public administrators’ inherent power and ability to exercise various forms of discretion creates a tension between public administrators and various stakeholders who may question its legitimacy or why decisions and actions were made.

Stone (1995) uses Romzek and Dubnick’s (1987) and Linder’s (1978) reference to accountability to define public sector accountability as the “satisfaction of legitimate expectations about the use of administrative discretion, or the legitimisation of discretion” (p. 509). This justification is applicable for all forms of public administrations both democratic and non-democratic systems, where it is always subjected to judgement and evaluation (Cendon 2000). However, the difference lies in the manner in which this accountability takes place - processes, criteria, before whom, consequences, etc. O’Keohane (2003) reported on the concept of accountability in world politics: “Accountability can operate without democracy, non-democratic institutions such as well-functioning Weberian bureaucracies, hold officials accountable. So do courts, which are not inherently democratic” (p. 1122). However, the criteria used to evaluate accountability are inherently varied, and Cendon (2000) explains that evaluating accountability can be based on economic and market-oriented criteria versus criteria reflecting fundamental rights and citizens’ interests. This is further demonstrated by Martinez-Bravo et al. (2011) in her study on the impact of electoral reforms in rural China and

how it shifted the accountability of village leaders from higher levels of government to villagers. In China's autocratic and one-party system, the appointed local leader will only be reappointed for a second term if they are able to achieve targets set by the regime. To avoid being dismissed, the local leader focuses on achieving them at the expense of what the villages and citizens want. In contrast, the election system is one where the local representative is held accountable by villagers who decide to re-elect the village leader as long as he/she is able to deliver what the villagers need or want. As a result, the accountability evaluation criteria change and the outcomes change as well (Martinez-Bravo et al. 2011). This further emphasises the fact that no matter the political system, public officials are accountable to someone, however, the degree can vary depending on the accountability evaluating criteria and the consequences of meeting them or otherwise. Some political systems such as autocratic systems may fail to hold high-level officials accountable to non-elites, nevertheless, they may still hold lower level officials accountable to higher-level ones of firms or systems that are not democratic (O'Keohane 2003).

The contemporary public administration and scholarly discourse does not simply define accountability in terms of financial administration and book-keeping. It has transformed into a much broader form of public accountability (Boven 2006; Harlow 2002); which includes performance auditing, benchmarking to evaluate effectiveness and efficiency of an institution or an individual. Public administration literature adds that accountability is around systemic, structural forms of accountability for public service provisions or governments (Bovens 2006; Romzek & Dubnick 1998; Mulgan 2003). From the social relations perspective, accountability can be empirically researched to incorporate public sector accountability. Given the complexity of the public sector and various social relationships that exist, it is important to understand and define the actor-forum relations that exist within each context. In this respect, in the daily life of modern public managers operating in a democratic system, there are a number of accountability relationships, for instance between citizens and holders of public office, elected government officials and bureaucrats (Mulgan 2000). The actor (accountee) in the public sector context is the department, agency or ministry, or individual officials. The accountability forums (accounter) are the public citizens, parliament, a court, or the audit office (Bovens 2006). Systems of accountability have expanded over time, both in terms of actors and content, to include more and more entities (Heinrich, Lynn, & Milward 2010; Skelcher 2010) and obligations. Today, more public disclosure of accountability and information regarding the performance of organisations is required because various stakeholders seek full disclosure with respect to public sector performance – for example, voters increasingly make elected parliamentarians answerable for their policies (De Leon 1998; Mulgan 2000).

Given the various types of accountability that exist in the public sector, this has resulted in numerous classifications of accountability according to different methodological criteria. Boven (2007) explains that the criteria may consist of several questions that can help to distinguish the types of accountabilities in the public sector. First, *who* is accountable and to *whom?* The answer will yield the type of *forum* to which the *actor* is required to render his/her account. The next question is related to *what* is the *actor* accountable for and the type of information that needs to be rendered to the given public *forum.* Third, the final question is regarding *why* an actor feels the obligation to render an account to the given *forum.* This is largely based on the relationship between the *actor* and the *forum*, the level of control and power of the forum over the actor. Romzek and Dubnick (1987), Boven (2010), Stone (1995) and Dwivedi, Jabbra and Stone (1989) developed several typologies of accountability that are further discussed in

Section 3.8. The relationship between actor and forum is commonly compared to the PAT, which is combined with other widely used accountability typologies (Romzek & Dubnick 1987; Boven 2010), as they all assume a relational core between an *Agent* or actor and a *Principal* or forum. These relationships are explained in detail in *Section* 3.8 with reference to the key public sector accountability relationships that exist in the international development context.

In summary, accountability is loosely defined, and it is used as a synonym for other terms such as good governance, transparency, efficiency, responsiveness, responsibility, etc. Accountability explains a social interaction where the *forum* holds the power to demand account from an *actor.* Public sector accountability is the process concerning how public sector agencies and their staff manage the diverse expectations generated within and outside the workplace.

3.3.1 Accountability in the International Developmental Context

With the growing number of stakeholders actively participating in international development, implementing accountability is becoming increasingly complicated (Dann & Sattelberger 2015; Kharas & Biau 2015) The main stakeholders involved in international development cooperation are the donors and the recipient country, however, there are now many types of donors and aid entering the country. The domestic accountability mechanisms of donors and recipient countries are generally built into democratic governance, including legal enforcement of rule of law, media scrutiny, civil society and non-governmental organisation advocacy, elections and public engagement. However, with the shift from traditional donor-recipient relationship to more complex relationships which involve other internal and external stakeholders such as multilateral donors, NGOs, businesses and non-traditional funding agencies, this makes the accountability process challenging and unclear. Different stakeholders may approach the developmental objectives in different ways and the perceived level of accountability, what they are accountable for and to whom they are accountable to, may not be very clear (Dann & Sattelberger 2015; Tilt 2018; Tilt 2016; Ite 2004; Kuasirukun & Sherer 2004; Pedwell 2004). In one report published by the OECD (2015), a major recommendation to achieve the UN's SDGs and to strengthen accountability mechanisms in developing nations is to clarify the roles and responsibilities of various stakeholders. Most agree that in the scenario of development co-operation, accountability is about setting clear goals and targets and being responsible for delivering them. Yet, this definition remains rather vague and does not fully explain what is meant (Dann & Sattelberger 2015).

Accountability may appear to be a complex task in the presence of large inequalities of power, particularly in DCs like Sri Lanka which makes accountability even more necessary. International declarations and international cooperation and aid partnerships between donor and recipient countries are expected to create mutual accountability, to hold each other accountable. However, recipient countries like Sri Lanka that are highly dependent on international funding have accountability relationships influenced by the level of resource dependence. When there is a power imbalance between the donor agency and the recipient country, mutual accountability cannot be expected (OECD 2015). The resource-dependent nature of international development and its effect on accountability can be explained through Resource Dependence theory (see *Section* 3.5).

3.4 Public Sector Governance

Accountability and governance are inter-related concepts (Tandon 1995). Despite the growing interest and plethora of literature available on governance, the meaning of governance has remained elusive (Bridgman 2007). Governance is recognised as an important determinant for the SD of a country. The WB (1994, p. vii) stated that good governance is epitomised by: predictable open, and enlightened policymaking; fully disclosed processes; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and the rule of law.

Governance is an umbrella term which includes different meanings and perceptions and is widely used in political sciences as well as in economics and management (Almquist, Grossi, van Helden & Reichard 2013). A clear definition or the meaning of concepts such as governance is contentious in the literature (Goddard 2005; Hodges et al. 1996). Governance is a system, a set of processes and structures that enable accountability to be discharged (Solomon 2007). Corporate governance in particular has been defined in terms of structures, rules, procedures and mechanisms established for the proper steering and controlling of organisations (OECD 2004; Colley et al. 2003). Almquist et al. (2013) explain that governance includes: “various types of mechanisms, particularly structures that clarify the responsibilities of the various stakeholders as regards the organization, approaches that foster the capabilities for meeting these responsibilities, and tools such as systems for internal control and external accountability” (p. 2).

Similarly, public sector governance entails accountability with strong reference to sector-specific goals such as service delivery, impact of policy implementation on communities and the wider society (Almquist et al. 2013). Governance involves the direction and coordination of various actors (Kooiman 2003) and governance and accountability focus on the interaction of multiple actors in government departments and agencies, or beyond (Humphrey et al. 1993; Mulgan 2000; Dubnick 2005; Klijn & Koppenjan 2014). Public sector principles are exercised in the form of leadership, direction and control (IFAC 2001; Yapa 2014). It is their responsibility to ensure the public interest is considered within an increasingly complex regulatory environment (Yapa 2014). *Table* 3.1 below further illustrates the responsibilities and the requirements for effective governance.

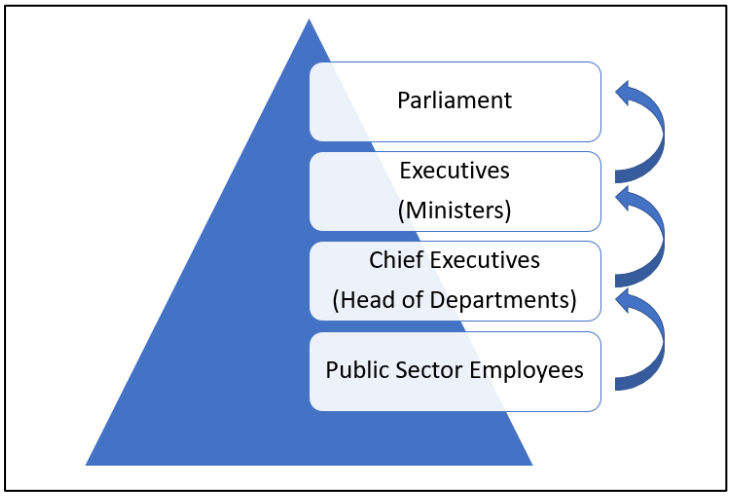
Table 3.1 Recommendation on responsibilities and requirements for effective governance in the Public Sector

Standards of Behaviour • Leadership • Codes of Conduct		
Organisational Structures and Processes	**Control**	**External Reporting**
• Roles and Responsibilities • Statutory Accountability	• Control systems such as internal audits, financial managements	• Annual reporting • Performance measures • External audits

Source: Adopted from International Federation of Accountants (IFAC) (2001, p. 14)

As shown in *Table* 3.1, high standards of behaviour are expected of all public servants, as they are expected to be role models for others. Public sector structures and processes are established to ensure statutory accountability is discharged and to ensure high levels of clarity on roles and responsibilities at all levels – executive and non-executive. A Legislature (Parliament) (see *Figure* 3.2 below) ensures that statutory accountability of the Ministers/Cabinet is properly discharged. In terms of accountability relationships, executives (Ministers/Cabinet) usually carry a collective responsibility for the decisions made, nevertheless the individual ministers are accountable for their individual ministries and departments (IFAC 2001). On the other hand, secretaries, heads of departments who are categorised as chief executives, are accountable to more senior executives or ministers. “In these terms Ministers may be considered responsible for the outcomes of the programs under their charge, while heads of departments/entities are responsible for the outputs achieved” (IFAC 2001, p. 58). Klijin (2012) states that, “Governments should be steering, that is, setting goals and trying to achieve them, instead of rowing, that is doing all of the service provisions themselves” (p. 204). He further adds that policymaking and decisions provide more control over the public agencies and implementing units. Yet the roles and responsibilities should be separate between decision-makers and deliverers. The political hierarchy of accountability is depicted in *Figure* 3.2 below.

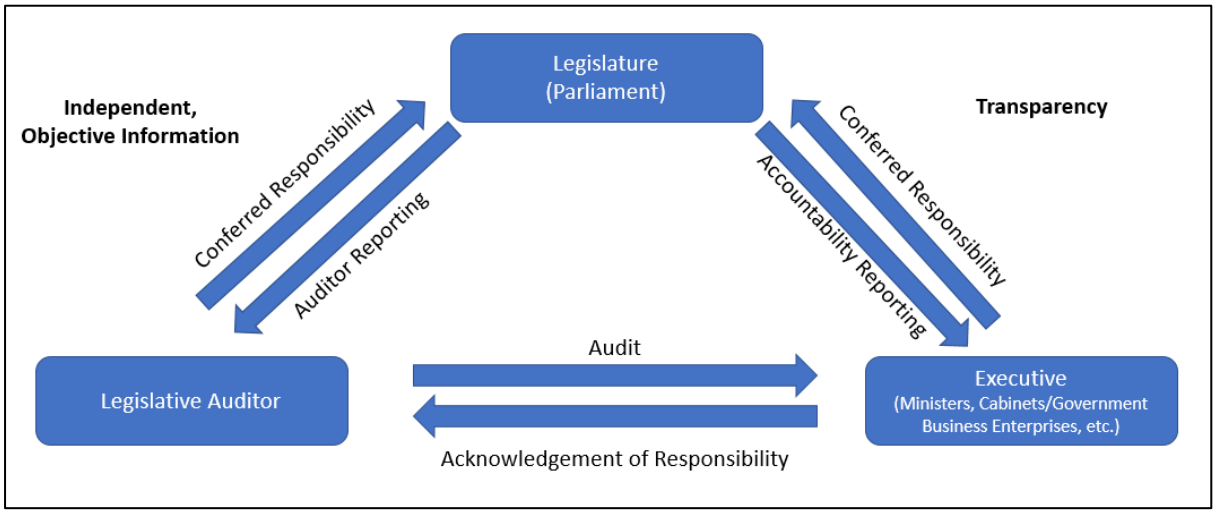
Figure 3.2 Public Sector Governance Roles and Political Accountability Hierarchy



Source: IFAC (2001)

Control, based on *Table* 3.1 is a critical function of governance to ensure adequate systems and frameworks are in place to evaluate and assess effectiveness and what has been done. In order to discharge accountability for public resources and ensure transparency, external reporting is paramount through annual reports, performance measures, and external audits (IFAC 2001).

Figure 3.3 Overall Accountability Process in the Public Sector



Source: IFAC International Public Sector Study (IFAC 2001)

Figure 3.3 above indicates the application of accountability mechanisms in the governance context. Legislative auditor - Supreme Audit Institution by law guarantees a very high degree of autonomy and initiative where they can access all records and documents relevant for public resource management. The legislative auditor is required to report its findings to the Parliament annually and/or any other responsible public body. Legislative auditors do not have the legal power to enforce judgement, but they can provide recommendations and suggestions to accept responsibility and take necessary measures from the accountable party (IFAC 2001).

Bridgman (2007) and Barrett (2002) related governance in terms of conformance and performance. Conformance is about rules and structures and performance in many organisations refers to compliance-based performance measures such as observations, meeting targets, etc. (Bridgman 2007). However, governance is more than that. Good governance is complex and it is related to and bound with compliance and performance but it is something more. It is the strategic value of all the compliance and performance data, and the proposed direction and the contextual factors. Governance cannot be a mere application of rules because the systems are un-ordered, and cause and effect cannot be seen except in retrospect. Judgement and the exercise of discretion are required to govern well in the face of complexity (Bridgman 2007).

Control systems ensure that public servants comply with the laws, regulations and management policies that govern their decisions and actions, whereas performance management systems ensure that public servants have the information, knowledge and tools they need to continually improve their decisions in order to achieve better results (Bridgman 2007, p. 155). Almquist et al. (2013) explain this further. Public sector governance is concerned about its conformance to accountability tasks in relation to the specific goals of this sector, which are not limited to service delivery, for example cost and quality of services. It must also include the impact of policies on the community or the society at large, such as policy outcomes or value for taxes paid. Funnell (2011) and Parker, Jacobs, and Schmitz (2019) argued there was a shift beyond issues of compliance and the traditional financial audit focus on accounting control to consider whether best use has been made of public resources. Audits and inspections were traditionally concerned with proper spending and documentation of finances. In search for improved performance by governments, it is increasingly looking at balancing conformance with performance where the aim is to ensure conformance to a set of minimum standards to encourage better performance of an individual and the institution as a whole (Flynn 2012).

External parties have the authority to monitor risk and results in the public service departments (Broadbent & Guthrie 2008) and scrutinise performance. Thus, users and citizens are integrated into governance structures (Broadbent & Guthrie 2008). Rana, Hoque and Jacobs (2019) studied the reforms in governance and accountability in the Australian Public Service. A major shift from a compliance-focused (conformance) to a greater focus on accountability and performance measurements was expressed by officials. Nevertheless, despite years of public sector reforms in Australia, with the focus on accountability for performance and risk management, the attitudes and processes of those responsible for implementation are still dominated by compliance. It is partly due to the fact that, when public servants front up to parliamentary committees, almost inevitably 90% of the questions are about process. Therefore, unless the ministers have joint responsibility in adopting improvements, no reform is going to work.

There are opposing views that the governance experienced in the public sector is longstanding and that many of the criteria applied in the private sector will not work in the public sector (Wettenhall 2004). The general public seldom link governance in the private sector with the public sector. However, governance in both sectors has been moving closer (Uhrig 2003; Armstrong, Jia & Totikidis 2005). As government departments and agencies work closer together to bridge boundaries and partner with external stakeholders to enhance public sector effectiveness, governance and accountability mechanisms become more complex. Over the last two or three decades, the public governance structures and processes have changed due

to changing demands, as has accountability (Broadbent & Guthrie 2008). While governance represents the rules, laws and conditions which direct the organisation, these elements do change as various external pressures develop (Gillan 2006), such as the involvement of citizens has had a significant influence on governance in the public sector (Broadbent & Guthrie 2008). With evolving stakeholder relationships, accountability systems change, and governance processes and structures change over time (Cornforth 2012). Having 'many masters' introduces great complexity and ambiguity to good governance. The more stakeholders involved, and more they interact, the more complex governance becomes. Managing that complexity requires an understanding of who the stakeholders are, their influence, and the nature, quality and frequency of interactions (Bridgman 2007).

With multiple accountability relationships, public *Agents* are continuously required to assess the legitimate power of stakeholders who demand accountability to align their performance. In complex governance structures, public sector officials as '*actors*' face multiple *'forums'* or legitimate authorities with competing expectations (Campbell & Wilson 1995; Dubnick & Romzek 1993; Romzek 2000). With reference to Boven's (2006) *actor-forum relationships* (see *Section* 3.6), there are multiple legitimate authoritative relationships in the public sector. Accounts can be demanded by supervisors, elected chief executives and legislators, the courts, external auditing agencies, professional associations, co-workers, clients, and the general public (Aberbach et al. 2009; Dubnick & Romzek 1991; Campbell & Wilson 1995). These multiple sources of authority present challenges to public officials as it may be unclear which is the most legitimate authority (Romzek 2000).

Most aid donors, funding agencies, international developmental organisations like the UN, regional development banks like ADB and non-government organisations (NGOs) share the view that good governance is vital for improved economic and social development of an aid-receiving country (Kulshreshtha 2008). Despite this shared view, in many DCs the public sector is poorly managed and led, and lacks the capacity to provide social and infrastructural services. Nevertheless, governance frameworks of international organisations such as the WB and UN guided projects to reform public sector governance in many DCs over the past few decades (Kulshreshtha 2008; WB 2005). Some sectors that have specifically been influenced by the WB governance framework are evident in the infrastructure of some DCs. It is not without its criticisms on the ineffectiveness of donor conditionalities on governance reforms of recipient countries (Santiso 2001). Nonetheless, it does not deter from the argument that good governance is an important indicator for sustainable economic and social development. Governance and accountability work in tandem where governance refers to the structures and systems that are in place to guide an institution or an organisation to its goals and to achieve its purposes. This study explores the influence of certain dynamics in public sector governance structures and processes on accountability relationships with reference to resource dependence and principal-agent theories.

3.5 Resource Dependence Theory (RDT)

RDT (Pfeffer & Salancik 1978) was devised to explain the importance of the external environment to the public sector, in understanding its structure, strategy, and performance (Pfeffer & Salancik 2003; Dickson & Weaver 1997; Miller 1987; Duncan 1972). RDT suggests three main aspects of the dynamic environment between the organisation and its external environment. Firstly, firms have to rely on the environment for survival, individual organisations

do not possess and control all the necessary resources needed for their success (Chen & Roberts 2010; Hillman, Withers, & Collins 2009). Therefore, to some extent every organisation depends on the external environment to fulfil resource requirements (Ulrich & Barney 1984; Pfeffer & Salancik 2003; Guo, Tang & Su 2014; Jawahar & McLaughlin 2001). Secondly, the RDT suggests that organisations offering critical resources like money, knowledge, business contracts and expertise (Bouwman 2011; Chen 2011; Hillman & Dalziel 2003), can influence the recipient organisation. Organisations will respond more to the demands of those institutions that control the critical resources considered to be important for the survival of the organisation (Pfeffer 1982).

Specifically, the extent to which an organisation relies on external institutions and stakeholders depends on the significance of a particular resource and the extent to which those who control the resource have a monopoly over it and how it is allocated (Jawahar & McLaughlin 2001, p. 401). Subsequently, the theory suggests that an organisation's behaviours and practices are significantly influenced by external stakeholders with the power to control the scarce resource that the organisation relies on (Pfeffer & Salancik 1978; Callen et al. 2010; Zainon et al. 2014). Finally, it has been suggested that the recipient organisation engages in practices and behaviours to reduce resource dependence and to reduce uncertainties and risks of resource dependence (Dickson & Weaver 1997; Duncan 1972; Miller 1987; Pfeffer & Salancik 2003).

Figure 3.4 Cycle of Resource Dependence, Governance and Accountability

As shown in *Figure* 3.4, DCs significantly rely on expertise, external funding and donations such as foreign aid and concessionary funding from international agencies and funding institutions, for social and economic development (Ekanayake & Chatrna 2010). Sri Lanka does not possess the necessary resources such as financial and expertise in areas to achieve developmental goals on its own, so it significantly relies on donor agencies such as IMF, WB and ADB and other external resource providers. As proposed by RDT, DCs would have to significantly rely on external inflow of resources for their survival and development. As a result, the funding agencies hold the power to influence decision-making, behaviours and practices of the recipient countries by setting conditions through developmental contracts. According to

RDT, reliance on critical resources from donors makes recipient countries respond more to the demands (conditions) of the donors which creates an accountability crisis, depicted in *Figure* 3.4 above with an arrow between RD and accountability crisis. As shown in the figure, external funding dependence implies that governments are more accountable externally, i.e. to donors, than internally, i.e. to parliaments or domestic constituencies in general (Dijkstra 2018; Moss, Petterson & Van de Walle 2006; Sogge 2002). This may weaken the political dimension of governance. As a result, significant inflows of external funding in the form of aid and other forms of resources are often said to weaken domestic accountability (Accountability crisis) in recipient countries because executive governments no longer rely on the consent of parliaments or the wider population (Speijcken & Bakker 2011; Moss et al. 2006; Sogge 2002). This can result in inefficient use of resources as power imbalances result in ineffective exercise of public sector accountability as indicated in *Figure* 3.4. Easterly (2006) and Elayah (2016) state that when countries with ineffective public sector governance structures and processes, accept resources in the form of finance and knowledge through foreign aid to enhance social and economic development, are counterproductive in achieving developmental objectives. It contributes to the cycle of resource dependence and ineffective use of resources, as shown in *Figure* 3.4.

As suggested by the final aspect of RDT, to reduce its dependence on traditional donors and funding agencies such as WB, ADB and IMF, Sri Lanka has changed its strategy by seeking alternative funding options from non-traditional donors such as China and India. As discussed in *Chapter 2, Section 2.9*, unlike traditional donors, non-traditional donors such as China do not stipulate governance reform conditions including social and environmental risks, leaving environmental accountability mechanisms solely up to the recipient country's discretion. When the conditions set by resource providers vary (i.e. environmental sustainability requirements) and when conditions do not align with the priorities of the recipient country, it is expected that a recipient country will be inclined to meet the demands of the donors that they heavily depend on for resources rather than 'inward accountability'.

Accountability relationships are complex in the international development context. Public sector accountability mechanisms will need to be strengthened to help boost the effectiveness of international development co-operation (Dann & Sattelberger 2015). In order to understand public sector governance and accountability in the international development context, the question of 'who is accountable to whom?' needs to be explored. PAT is often used to analyse public accountability because it provides a clear framework to understand governance structures, roles and responsibilities of stakeholders influencing accountability relationships.

3.6 Principal-Agent Theory (PAT)

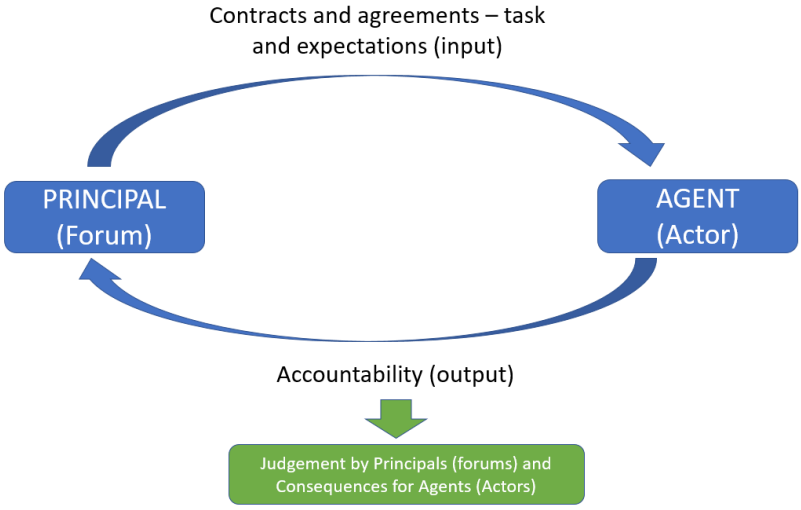
Recently many experts in the field of economic development have tried to provide a more concrete explanation of the various shortcomings of foreign aid transactions by applying an economic theory previously utilised to assess the implementation of contracts, known as principal-agent or agency theory. This theory is a useful framework to analyse public accountability as it offers "a flexible framework for modelling innumerable variations in institutional arrangements and comparing their potential for inducing desirable behaviour by agents" (Gailmard 2014, p. 2). Jensen and Meckling (1979) started work on the theory and defined agency contracts as agreements between *Agents* and *Principals* that stipulate the

expectations of the contractual relationship to avoid conflicts between the *Principal* and *Agent* (see *Figure* 3.5).

As shown in *Figure* 3.5, the *Principal* contracts an *Agent* to complete a task on their behalf. Accordingly, the *Agent* is accountable to the *Principal* and is responsible in achieving the task (output) set in the agreement. When the motivations or the expected outcomes of the *Agent* do not align with the *Principal*, this is referred to as the P-A dilemma (Jensen & Meckling 1979; Broadbent et al. 2002; Basak & van der Werf 2019; Broadbent, Dietrich & Laughlin 1996). Lane (2006) adds that to understand public sector governance, it makes it more accessible if it is analysed as a series of P-A interactions between politicians and bureaucrats. Boven (2006) explains public sector accountability as social interactions between an actor and a forum which is directly compared to the P-A relationships, *Principal* being the forum and actor being the *Agent*, indicated in *Figure* 3.5. It is further added that the benefit of identifying public sector accountability relationships in a series of actor-forum relationships helps to study it empirically (Boven 2006; Mulgan 2003).

This study will use the simple definition of accountability as: relationships between *actors and forums*, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences (Bovens 2006, p. 9). Boven (2006) and Mulgan (2000) explain accountability as the process of giving an account to an authority or an institution, as shown in *Figure* 3.5 this relationship is indicated by the arrow between the *Agent*/actor and the *Principal*/forum. This form of account giving is not just concerning performance but the possibility of debate and questioning by the *forum - authority*, person or institution calling for account - and response by the actor which in return will be judged by the *forum* and consequences are passed down to the *actors* (Boven 2010), indicated by the green arrow in *Figure* 3.5. The judgement and consequences and its impact on public sector accountability will be discussed in detail in *Section 3.7*. Adequate or performance beyond expectations will attract a reward while underperformance will attract sanctions (Boven 2006; 2010). Some of the main elements may have varying connotations depending on the context (Schillemans & Busuioc 2015). Consequently, these social interactions are more meaningful within each context it is found in, for instance public sector accountability. The following section will look at the PA relationships within the specific context.

Figure 3.5 Principal Agent (PA) and Actor-Forum Comparison Model



Source: Jensen and Meckling (1979) and Boven (2006; 2010)

3.6.1 P-A Relationships: Sri Lanka's Public Sector

The P-A model can be used to understand how elected politicians and bureaucrats operate in the public sector management system. In a democratic system, elected politicians play a key role in policy-making when channelling the demand of the electorate. Elected politicians can be both *Agents* and *Principals*. *Agents* reflect the demands of public interest while as *Principals*, they contract with the civil service to get the job of government done (Lane 2006). As explained earlier, elected politicians or executives of the public sector are responsible for policymaking and overall outcomes of government decisions, and they ensure *inputs* are transformed into *outputs* (IFAC 2001; Lane 2006). In the Sri Lankan civil service system, some positions at the top of the civil service are held only by political appointment, for example secretary, coordinating secretary, etc. These bureaucrats only serve one master and they are expected to resign when the government changes (Lane 2006). Nevertheless, civil servants are expected to work for any government with the same commitment and maintain neutrality (Campbell & Wilson 1995). Matheson et al. (2007) add that political appointments open up the risks associated with recruiting senior officials who lack the competence to carry out their functions which can compromise public sector responsiveness, particularly in a country with a weaker governance system.

In the international developmental context, the Sri Lankan government depends on international funding from traditional and non-traditional donors. International donors and funding bodies act as the *'Principal'* and recipient government acts as *the Agent* in this accountability relationship. Donors or international funding bodies who supply the resource base are progressively being encouraged to adopt the role of '*Principal*'. In this context, the *Principal* is not necessarily engaging the *Agent* to complete a professional activity, rather transferring resources with expectations that form a contractual agreement (Broadbent et al. 2002). The role of accounting-type measurement of these relationships and the contractual expectations are traditionally focused on output measures linked to input resources

(Broadbent, Dietrich & Laughlin 1996). To control the *Agent*'s actions, in this case the receiving government's actions on how they use the resources, the principal – funding agency – can construct a contract, involving rewards and penalties, so that it is not in the *Agent*'s interest to misuse the resources (Broadbent, Dietrich & Laughlin 1996). The '*Principal*' becomes the new definer of these professional activities and these definitions are passed down through the contractual expectations attached to the transfer of financial resources.

In this study, a number of P-A relationships will be explored along with the consequences of the *Agent*'s actions and non-actions and the power of the *Principal* to influence the *Agents* to achieve its objectives. PAT focuses attention on the causes and consequences of different choices made, for instance by donors in the aid allocation process (Hicks et al. 2010).

There are a series of P-A relationships presented in the international development process. Accountability is multiple in nature, not dyadic as often assumed (Pollitt 2008) which makes the accountability relationships highly complex in nature. The public *Agents* are accountable to multiple *forum*s for different reasons and aspects of their conduct (Willems & Van Dooren 2012). The accountability process depends on the type of accountability relationship, and what the actor is accountable for. Similarly, different criteria define accountable behaviour and kinds of 'consequences', penalties and rewards (Willems & Van Dooren 2012; Wickamn & Hall 2014; Hall et al. 2006). For instance, voters in donor countries delegate authority to elected members to make decisions on aid allocations and public policy; in theory, the elected officials give their account to the voters or citizens at election time and face the consequences of their actions (Boven 2006) although the citizens do not directly set tasks for the political leaders. Another type of relationship observed in the international developmental context is the P-A relationship between the donor agency and the recipient government where a co-operative aid contract is negotiated between the two parties (Hicks et al. 2010). Over the course of this relationship, the *Principal* and *Agent* enter into a contract which could be a formal or an informal agreement where the accountability behaviour is judged by the various *forums*.

The traditional P-A interpretation of accountability with the one-sided focus on formal control of *Principal* and sanctions for the *Agent* is not suitable in modern day public governance (Behn 2001; Mulgan 2003; Pollitt 2008; Stone 1995). Gaining a better understanding of the multiplicity nature of accountability is more suitable for public sector governance and accountability (Willems & Van Dooren 2012). Moreover, relying solely on competitive party elections and representative parliaments to get traditional forms of political accountability is limited (Braithwaite 2008; Willems & Van Dooren 2012). Willems and Van Dooren (2012) argue that "analysing accountability in terms of multidimensional relationships is more promising: every forum has multiple functions and every function has multiple forums at its disposal" (p. 1016). As a result, public officials and politicians are confronted with many '*Principals*' who have diverging and often conflicting expectations, balancing act among multiple *Principals* reflecting multiple sources of control and judgement criteria. Rached (2016), drawing on Bovens (2010) states that an *Agent* may be differently accountable to multiple *Principals*. These relationships are dynamic and their nature may change over time.

Despite the negative impact it may produce, some authors argue the benefits of accountability overlapping between multiple forums or *Principals* (Braithwaite 2008; Mulgan 2003). Overlapping accountabilities increase the chance of being called to account to some authority for one's actions than not being called to account for at all, and compensates for each other's flaws (Willems & Van Dooren 2012). Braithwaite (2008) talks about 'superior accountability',

achieved through combined forms of accountability where certain types of accountability can cover the weaknesses through the strengths of others. For instance, internal audit forums such as auditor-general's control is weak due to no formal power to sanction, whereas judicial forums such as administrative tribunals have strong control over the public sector (Willems & Van Dooren 2012). Therefore, having both forums to account for makes it possible to seek accountability through alternative types of accountability. Nevertheless, when facing multiple *Principals*, decisions and actions of public *Agents* are influenced by the consequences attached to each P-A relationship (Wickamn & Hall 2014; Hall et al. 2006). This will be further discussed in the section below.

3.7 Judgement of Principals and Consequences for Agents

Given the complex nature of modern public accountability, investigating linear and traditional mechanisms of public accountability relationships in isolation is not fruitful. An accountability model needs to include account giving and consequences of judgement (Considine 2002; Hodge & Coghill 2007; Willems & Van Dooren 2012). Hall (2013) further extends this to explain the consequences of accountability as rewards or sanctions based on the actions, decisions and behaviours of a person, a group or an organisation to stakeholders and other relevant audiences. Keohane (2003) explains that since accountability requires some ability of the account holder (*Principal*) to sanction or influence the accountee (*Agent*) and as a result, the accountability relationships are closely linked to power relationships and the *Principal* can exercise some degree of influence over the *Agent*. Public *Agents* face several *Principals* reflecting multiple sources of control and judgment criteria (Rached 2016; Bovens 2014; Willems & Van Dooren 2012). Therefore, the relevant questions that arise are the type of accountability required to yield the expected outcomes, and to what extent or the right amount of accountability that is appropriate (Keohane 2003).

Accountability applies not only to hierarchical superiors and electorates but also to specialised agencies within the larger organisation, to courts, to distinct organisations with overlapping areas of responsibility, and to a variety of constituencies, some of them organised into nongovernmental interest groups. These accountability relationships are likely often to conflict with one another, since the *Principals* have different interests, values and purposes. The relationship between the forum and the actor often will have the nature of a P-A relationship as discussed in above sections. According to Boven (2006), Actor-Forum relationships are formed based on the ability of the forum to demand information and explanation for the actors' conduct. Boven (2006) suggests three stages to the Actor-Forum relationships: *(i) actor is obliged to give an account to the forum; (ii) forum needs to be able to interrogate the actor and to question the adequacy of the information or the legitimacy of the conduct; and (iii) the forum may pass judgement on the conduct of the actor - sanctions or rewards.*

It is evident that from the established actor-forum relationships in *Section 3.8*, in many of the accountability relationships, the forums are not always the direct supervisors where they set the tasks for the actor, for instance courts of legal accountability. Therefore, the *obligation* to give an account can be formal or informal but this does not undermine the legitimacy of the relationships or the power of those relationships where accountability is demanded (Boven 2006). Formal obligations can be but not limited to reporting to immediate supervisors,

supervisory agencies. Informal obligations are press conferences to the public, informal briefings and voluntary audits (Boven 2006). However, Willems and Van Dooren (2012) and Pollitt (2008) add that in Boven's (2006) definition of Actor-Forum relationships, *consequences* is the most crucial aspect in determining the amount of accountability, especially when public *Agents* are confronted with many *forums* (Willems & Van Dooren 2012).

Consequences can vary depending on the actor-forum relationships, formal and informal obligations and level of control over the agency for accountability. In order to appreciate accountability, it is essential to investigate the possible range of consequences (Willems & Van Dooren 2012; Hodge & Coghill 2007), which can be directly linked to the level of control over agency (Romzek & Dubnick 1987) and public sector responsiveness (Kramarz & Park 2016). No matter how small, there needs to be a certain level of obligation of the agent to give account to the *Principal* (Willems & Van Dooren 2012), and this can determine the level of response in multi-principal accountability context.

Principals can judge the decisions and actions of the *Agents* that they hold accountable, and hand down positive or negative consequences for the actions of the *Agents*. However, when forums (*Principal*) do not set the task(s) that needs to be completed, this further indicates that the judgement passed down may not be imposed by the *Principal* either, for instance, auditor-general's report cannot directly apply sanctions to the responsible minister or the ministry, they can scrutinise it, expose the mismanagement and suggest improvements, but they cannot enforce them. Parliament needs to take it and pressure the minister for a response who will in turn pressure the responsible department, ministry or public agency. If actors are accountable to multiple 'significant others' (*Principals*), they have the opportunity to make strategic choices over which forums or *Principals* are most sympathetic to their causes and they can also forge strategic alliances with their forums or *Principals* (Mulgan 2003). This influences the accountability relationships and level of responsiveness to the different *Principals*. Moreover, when the consequences of the accountability relationship are neither positive nor negative, it is likely that the accountability mechanisms have a purely symbolic role (Schillemans & Bovens 2011). On the other hand, higher control and strong consequences can significantly influence the accountability relationship. For instance, due to high aid dependence, the public sector is significantly influenced by donor agencies and not meeting donor conditions are expected to bring strong negative consequences. Agency theorists are often quite explicit about the fact that the presence of multiple *Principals* makes it challenging to control *Agents* (Schillemans & Bovens 2011; Miller 2005; Moe 1984). The problem with multiple accountabilities in this respect is that they provide actors (*Agents*) with the opportunity to shift forums and direct their accountability actions based on the perceived consequences.

The following section will address the types of public sector accountability that exist in the literature and would be relevant for this study. It also discusses the range of consequences associated with the P-A relationships.

3.8 Types of Accountability

Romzek and Dubnick's (1987) accountability framework is widely cited as the basic one that inspired other public administration accountability frameworks (Christie 2018; Cendón 2000; Bovens 2014; Dicke & Ott 1999; Dwivedi, Jabbra & Stone 1989). They identified four main accountability forums - political, legal, bureaucratic/organisational and professional. An

accountability forum “can be a specific person, such as a superior, a minister or a journalist, or it can be an agency, such as parliament, a court or the audit office” (Boven 2007, p. 13). In order to understand how accountability really works, we need to focus on the dynamics of the many different processes of accountability which can be extremely complex. Governments are being called to account by diverse account holders in a variety of forums for different aspects of their conduct. The accountability process will be arranged differently each time with different actors who demand different kinds of information. In each process, different criteria to decide what defines accountable behaviour will apply and different kinds of ‘consequences’ will be at the account holder’s disposal. Many scholars have attempted to reflect the complex diversity of accountability by formulating typologies (Willems & Van Dooren 2012, p. 1018).

This study will explore the dominant public sector accountability models and frameworks of Romzek and Dubnick (1987), Boven (2006), Mulgan (2000), Stone (2000), Willems & Van Dooren 2012) and Cendon (2000) to justify the relevant types of accountability relationships in this study. The overview in *Figure* 3.6 indicates different processes of public sector accountability. Although it is not an exhaustive list, it indicates the prominent classifications of accountability which are used to identify the common denominators relevant for this study. Accountability is a strategy to manage expectations; it is more than just being accountable or giving account, it is a continuous process of responding to pressures, which eventually leads to certain actions (Willems & Van Dooren 2012; Acar et al. 2008; Romzek & Dubnick 1987). Public Sector Accountability is increasingly becoming complex; the forums get more ‘crowded’ by actors and tools and the interchange between the different forums intensifies (Willems & Van Dooren 2012). In *Figure* 3.6, the blue rectangle represents internal public sector accountability processes, and the arrowhead points to the multiple *Principals*. The pyramid depicts the public sector governance structure and the P-A relationships which was discussed in detail in *Section* 3.4 (see *Figure* 3.2). Oval shapes in *Figure* 3.6 indicate some of the methods used by *Principals* to demand accountability from the public sector.

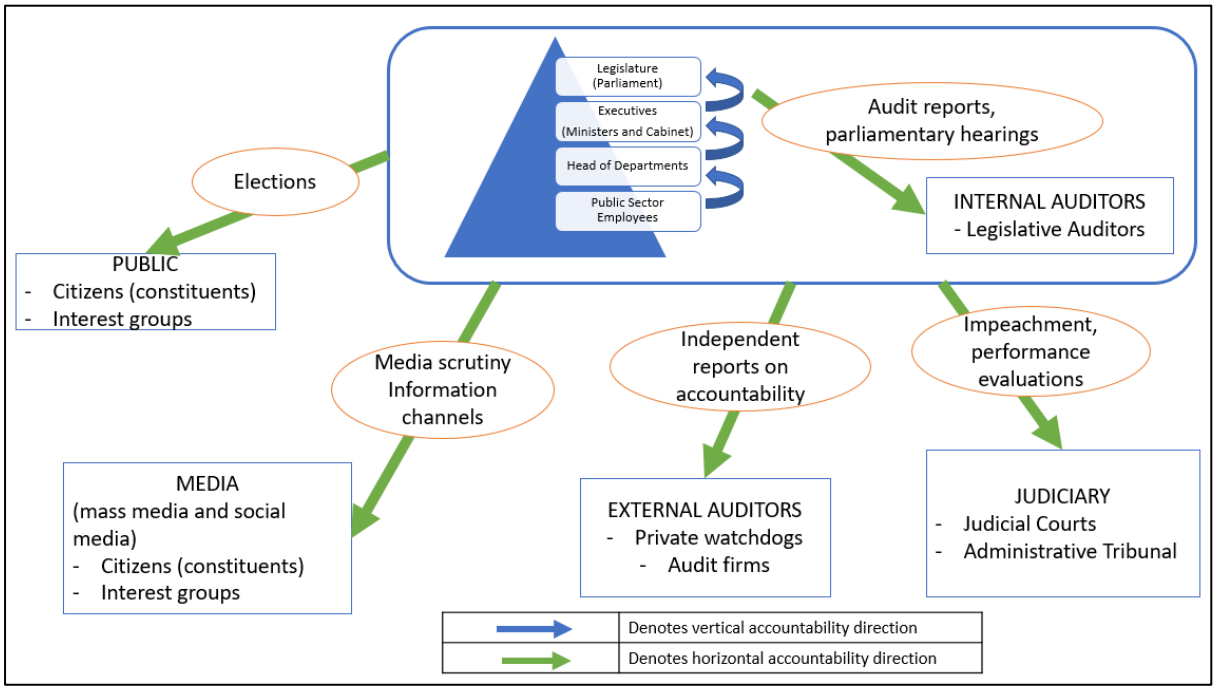
In contemporary public sector accountability, it is not fruitful to rely on traditional and linear accountability processes that defer to direct supervisory accountability between politicians and public administrators. Acar et al. (2008) and Schillemans (2008) suggest that a strategic approach focusing on both ‘vertical’ and ‘horizontal’ demands and pressures and how the public administration response needs to be looked at. Vertical accountability depicted by blue arrows in *Figure 3.6* refers to direct supervisory accountability relationships where the *Principals* set the tasks for the *Agents* such as supervisor-subordinate relationship. Horizontal accountability relationships are indicated by green arrows in *Figure* 3.6. The public, media, external auditors, judiciary and internal auditors such as auditor-general are presented as account holders in *Figure* 3.6 but are not true hierarchical superiors and do not set tasks that needs to be completed by the *Agents*. Nevertheless, these *Principals* can demand accountability from the public *Agents* through the methods indicated within the oval shapes in *Figure* 3.6, such as media scrutiny and independent reports.

The influence of the P-A approach is very much present in public sector accountability, and even the critics of P-A approach have difficulty in refraining from it (Willems & Van Dooren 2012). Philp (2009), a critic of the P-A approach to accountability, explains that horizontal accountability relationships are not based on formal or actual power, yet the account holder, i.e. peers and the public, are in a position to demand accountability from these parties. Although not clear and formal, P-A relationships exist, and Willems and Van Dooren (2012) argue that within Philp’s (2009) explanation, some P-A ingredients are clearly incorporated.

Formal accountability uses explicit performance standards and reporting relationships, such as hierarchy, external oversight, deference to staff expertise (Romzek 2000; refer to chapter 19 of Romzek 2014). Conversely, informal accountability is derived from implicit norms and unofficial performance expectations individuals have of each other (Romzek 2014; Koliba, Mills & Zia 2011; Romzek 2011). Mulgan (2019) states that governments are increasingly operating through informal accountability networks that are not subject to vertical accountability but increasingly respond to informal accountability mechanisms based on horizontal accountability relationships such as peer-to-peer accountability in the public sector. Nevertheless, as Philp (2009) and Willems and Van Dooren (2012) argued, these horizontal accountability mechanisms share sufficient characteristics that are normally associated with accountability, including the obligation to inform, discuss and accept consequences for their actions or non-actions (Mulgan 2019). Consequently, P-A relationships go beyond the formal accountability mechanisms to encompass non-supervisory or horizontal accountability mechanisms.

The main advantage of defining accountability in a P-A relationship is the conceptual clarity. Yet, when reconstructing how accountability works in practice, it evolves almost automatically into managing different expectations. It reflects a balancing act among multiple sources of control. Instead of a single P-A relationship, public sector officials and politicians are confronted with many '*Principals*' with diverging and often conflicting expectations as indicated by the multiple arrows in *Figure* 3.6. Yet, they remain P-A relationships, albeit complex ones (Willems & Van Dooren 2012, p. 1017). Therefore, this study will identify the most relevant typologies of public sector accountability for the international development context and identify their P-A relationships, both horizontal and vertical. The *Principals* shown in *Figure* 3.6 such as Public, Media, Judicial System are explored individually in more detail in the following sections.

Figure 3.6 Different Processes of Accountability



Source: Willems & Van Dooren (2011); IFAC (2001)

The accountability models need to include the whole range of possible consequences of public sector accountability relationships from strong to weak at the disposal of the account holder (Considine 2002; Hodge & Coghill 2007; Willems & Van Dooren 2012), which is based on the level of control over the public agency. In empirical accountability studies, research should move beyond P-A theory and understand the characteristics of the accountability forums and how *Agents* respond to the varying expectations of the multitude of *Principals* (forums) (Schillemans & Busuioc 2015). Each of the different types of accountability mechanisms considered in this study is detailed in the sections below with reference to the level of control and consequences discussed in *Section* 3.7 and *Section* 3.9 will expand on how judgement and consequences influence the degree of responsiveness of *actors* or *Agents.*

3.8.1 Political Accountability

A frequently discussed type of accountability in the public sector literature is political accountability. Political accountability is the requirement of the elected officials, civil servants and governments to give account to their constituents, legislative bodies, and parliament. Palumbo (2017) described political accountability as the umbilical cord that connects the citizens to their representatives. Political accountability represents the citizens' connection to its representatives, the pressure it creates to ensure responsiveness to their interests. It establishes the formal hierarchy and the decision-making processes within the political system, and ensures the transmission of legitimate authority to the non-elected members of the public system, executives and administrative branches of the government (Palumbo 2017). In response to P-A relationships, citizens do not hold formal power or control over elected officials, citizens do not set tasks for the elected officials, and therefore this relationship is considered a form of horizontal accountability. On the other hand, the transmission of legitimate authority and decisions set the formal hierarchical political systems which are

considered as vertical (formal) accountability relationships. Romzek and Dubnick (1987) referred to this as bureaucratic accountability.

The current study defines political accountability in terms of ‘parliamentary control’ and public sector 'bureaucratic accountability system’, that indicate clear and formal accountability relationships in the public system. Whereas citizens as a forum hold informal power to demand accountability from the elected officials that needs to be looked at separately to understand the various dynamics in the public sector. Giving account to the public as a horizontal (informal) accountability relationship is addressed separately in this study as Social Accountability (refer to *Section* 3.8.4).

In the contemporary parliamentary democracies, accountability as ‘parliamentary control’ is defined as the first conception of public agency accountability (Stone 1995). This is understood as the traditional form of accountability where administrators are accountable and need to continuously respond to the concerns of members of parliament. These orders ‘from above’ are cascaded down to the lower levels of the public sector hierarchies where Romzek and Dubnick (1987) referred to it as the bureaucratic accountability system. Here the subordinate follows the orders of one’s bureaucratic superiors without question. “Under this approach, the expectations of public administrators are managed through focusing attention on the priorities of these at the top of the bureaucratic hierarchy” (Romzek & Dubnick 1987, p. 228).

Political accountability is defined by a series of political *Principals* and *Agents* in the public sector. In this way Parliament is recognised as a political *Principal*, whereby the ministers are answering to it for the actions of their departments (Mulgan 2000; Stone 2000; see *Table* 3.2). Moreover, those officials are appointed and removed freely, according to only political reasons – positions of political confidence. This includes the Prime Minister or President of the Government, Ministers, and senior positions of the public service. In regard to the senior public administration positions, the title and level of the positions concerned depend on the legal and constitutional provisions in force. In some countries there is a very clear-cut definition and separation between the government and the public administration, whereas in other countries there is an intermediate territory between them, where although the activity conducted can be labelled "administrative", the form of appointment of those positions and their accountability is truly political (Cendon 2000; Peters 2018). This is the case in Sri Lanka where some senior positions such as the secretary and coordinating secretaries of ministries are politically appointed and dismissed according to the party in power. These senior positions are accountable to elected ministers which is a form of political accountability. As a result, the bureaucrats are politically influenced which is further cascaded down the civil service in Sri Lanka (Navaratna-Bandara 2016, p. 482). Hence, the P-A relationships listed in *Table* 3.2 are categorised as political accountability relationships.

The different presidential styles produced since 1978 amid political and military crises faced by Sri Lanka is “a pure hybrid” and not the “dichotomy” of politics and administration popularised in the literature (Parsons 1995). The final outcome is the creation of an administrator subservient to the politicians in power. This has created a “bureaucratic imbalance,” that is, the administrators failing to stand between the positions of “despotic” and “subservient” (Navaratna-Bandara 2016, p.478). It is not an exaggeration to say that Sri Lanka has a politico-bureaucratic system rather than a non-political bureaucratic system, as both the personnel management and administrative processes of the public administration are

now subjected to close political scrutiny and interference (Somasundaram 1997; Navaratna-Bandara 2016, p. 482).

The public service 'dichotomy' popularised by some research refers to the dilemma faced by public managers who are demanded to work within the democratic framework and be subject to the authority of elected politicians. Increasingly, they become more entrepreneurial and proactive by working together with ministers and legislators in addressing public issues can create a dilemma (Hartley, Alford, Hughes, & Yates 2015; Alford, Douglas, Geuijen & 't Hart 2017). At the more 'classic' end of the spectrum, the sole locus of an initiative is the elected politician, whereas on the other end, public managers and civil servants are expected to be proactive in striking a balance between political expectations and the expectations of other stakeholders. It is argued that institutional and contextual factors and cultural practices vary across time and space: constitutional norms of political and administrative systems, the beliefs and traditions shaping public service cultures at the level of agencies and policy sectors, the nature of the issues governments have to deal with, relationships between political and public service elites (Alford et al. 2017; Wilson 2013). Nevertheless, self-interested behaviour and power relationships that characterise P-A relationships create a situation where the *Principals* can exploit their *Agents* and have more incentives to achieve their own interests (Sobol 2016;). This form of accountability is deferring to close supervision and the degree of control of the public agency is significantly strong, therefore the consequences for not meeting the expectations of the political *Principals* can be significantly strong.

In the case of Sri Lanka, politicisation of the public administration results in political scrutiny and control over what officials do (Gunasekara & Anedo 2018; Kearney 1973; Warnapala 1974; Leitan 1979; Wijeweera 1988; Somasundaram 1997), which can influence the responsiveness of the public sector. Due to the power imbalance, *Principals* wield a strong influence over the public service to engage in actions that are self-serving and exploiting the public *Agents*, which can fatally undermine the country's public service (Sobol 2016). As a result, this research identifies Parliament as an ultimate political accountability *Principal* that can demand accountability from elected officials and ministers. Ministers have the role of a *Principal* and an *Agent*. Due to the Sri Lankan public service being politicised, control is filtered down so ministers demand accountability to political interests. This is further cascaded down to the public servants working under each of the ministries and departments that act as *Agents*. Political accountability relationships are identified in *Table* 3.3 below.

Table 3.2 Political Accountability P-A Relationships

Accountability Type	Principal (Forum)	Agent (Actor)	Consequences
Political	Parliament	Elected officials (President, Prime-Minister, Ministers)	**Strong** *Public service actions are influenced by political decisions and consequences of not meeting expectations can be strong for the Agents*
	Ministers	Secretary, Department Heads	
	Head of Departments	Public Servants (Civil Service)	

3.8.2 Professional Accountability

Professional accountability "invokes a sense of duty that one has as a member of a profession or expert" (Sinclair 1995, p. 229). What is important about professional accountability is that it values expertise and integrity (Iyoha & Oyerinde 2010). Regardless of their profession, professional accountability refers to one's sense of duty to perform their duties in accordance with professional standards and expectations. Professional accountability structures rely on the skills and expertise where the professional is given the control to get the job done using their level of expertise and skills (Romzek & Dubnick 1987; Koliba, Mills & Zia 2011). This form of accountability may refer to employees' relationships with professional associations such as oversight bodies and disciplinary tribunals. Many public managers and officials such as trained engineers, doctors, teachers, accountants that follow professional standards and codes laid down by professional bodies of acceptable practice are bound by professional accountability (Boven 2007). Professional accountability is maintained through compliance with profession or industry best practices, rules, or codes of ethics. Professional practice has been equated with ethical behaviour, competence, discretion, and responsiveness (Koliba, Mills & Zia 2011). Professional accountability refers to employees being accountable for their actions. Romzek and Dubnick (1987) categorised auditors, inspectors and controllers under the same category of professional accountability. Financial auditors, accountants and various other administrative roles follow and monitor professional standards, codes and specific statutes.

Cendon (2000, p. 33) explains that professional accountability is "acting in full compliance with the technical rules and practices of the profession". In the international developmental context, environmental officers and project officials responsible for a project are identified as the actors who need to comply with environmental laws and procedures. The professional agencies that have the power to sanction those that are not compliant with environmental laws and policies in Sri Lanka are the Ministry of Environment, Central Environmental Authority (CEA), Coast Conservation Department (CCD), and Marine Environment Protection Authority. The Auditor-General's Department is also identified as a professional agency that acts as a professional accountability *Principal* (see *Table* 3.3). However, unlike the direct supervisory P-A

relationships observed in political accountability, professional accountability relationships defer to professional experience within the public sector agency rather than superior 'orders'; therefore, control is suggested to be low and weak (Koliba, Mills & Zia 2011; Willems & Van Dooren 2012; Romzek & Dubnick 1987). The noted exception is the capacity of professions to sanction those violating professional codes of conduct or revoke licenses (Koliba, Mills & Zia 2011). However, environmental protection agencies do not hold strong powers and the Auditor-General's office does not have formal sanctioning authority (Willems & Van Dooren 2012; Koliba, Mills & Zia 2011). Hence the P-A relationship is expected to be weak and consequences of not meeting the expectations of these *Principals* are expected to be weak.

There is much discussion around the 'moral hazard' evident based on the asymmetry in information between the P-A where the actions taken by *Agents* that are not subject to explicit contracting by *Principals*. However, *Principals* are found to contravene regulations they impose themselves or drift from their initial goals (Busuioc 2013; Schillemans & Busuioc 2015). Moreover, Dicke (2002) and Mattli and Bütthe (2005) found that in some instances, there is a lack of political will to achieve delegated tasks or some political *Principals* become constraints in achieving the tasks executed by their own *Agents*. When public *Agents* are facing high political interference when decisions and actions are being determined, a weak professional accountability relationship is expected. This is particularly true when the professional *Principals* do not hold formal power or have an adequate amount of power to sanction the professional *Agents* (Willems & Van Dooren 2012; Kobila, Zia & Mills 2011).

Research shows that the public has lost confidence in professional institutions and *Agents* as they do not meet the expectations of the public (Free & Radcliffe 2009; Goldmann 2006). These criticisms have seriously damaged the level of public trust. Professionals continually encounter pressures about accountability, to increase the confidence and trust in the quality of their services (Mansouri & Rowney 2014). In an attempt to regain trust, there are increasing reports of horizontal accountability between the public and public service, particularly in the absence of any formal accountability mechanisms (Busuioc 2013; Mulgan 2019). Mulgan (2019) states that officials are increasingly becoming responsive to the public although the accountability relationship does not involve direct or formal power. Busuioc (2013, p. 250) observed how European public sector agencies started "lobbying" the European Union parliament for hearings and parliamentary visits, "voluntarily enveloping themselves in new accountability ties" in the absence of any formal obligations to do so. Schillemans (2008) similarly reported an initiative by a cluster of agencies to institutionalise new, 'horizontal' forms of accountability to be included in their public service processes.

Unlike what the 'moral hazard' literature is suggesting (Sobol 2016; Busuioc 2013; Schillemans & Busuioc 2015), 'intrinsic motivation' is a key factor to be taken into consideration in professional accountability of *Agents* (Schillemans & Busuioc 2015; Gailmard 2010). If the actor or the *Agent* is a highly trained professional or a professional organisation, or when the actor has invested considerable time, assets and its reputation in a specific task and in developing expertise, they are more likely to apply themselves to the task at hand and less likely to "shirk" (Schillemans & Busuioc 2015, p. 209). It is argued that despite the many pressures from *Principals* taking the form of political accountability *Principals*, strong intrinsic motivation and moral values can avoid moral hazards and ensure professional accountability. Despite the weak professional P-A relationships in the public sector, Gailmard (2010) comments on Public Service Motivation, which is an individual's commitment to the public

interest and civic duty where this intrinsic motivation will influence the public *Agent*, ensuring a high level of professional accountability. The presence of such strong core values could create an internal sense of responsibility, and result in accountable behaviours (Mansouri & Rowney 2014; Denhardt & Denhardt 2000; Dicke & Ott 1999; Dwivedi, Jabbra & Stone 1989). However, Schillemans and Busuioc (2015) add that intrinsic motivation alone is not going to stop P-A failures in professional accountability.

Gailmard (2010) further adds intrinsic motivation explains that individuals are not just attracted to policymaking in general in the public sector, but they do attach high importance to specific policy areas. For instance, one reason why a public *Agent* works in the Environmental Protection Agency would be because it is intrinsically rewarding for them as they consider environmental protection to be particularly morally important (Gailmard 2010). An increasing body of literature is looking at personal values, ethics and intrinsic motivations enhancing accountability of public *Agents* (Mansouri & Rowney 2014; Narayan 2016) which is in contrast to the popular accounting literature around 'moral hazard' of the P-A relationships in professional accountability. It can be expected that despite the strongly politicised P-A relationships in the public sector of Sri Lanka and the weak P-A professional relations, there is some evidence that public *Agents* are becoming increasingly more responsive to horizontal accountability types. In addition, due to intrinsic motivation of professional *Agents*, some improvements in professional accountability can be expected in the Sri Lankan public sector.

Table 3.3 Professional Accountability P-A relationships

Accountability	**Principal (Forum)**	**Agent (Actor)**	**Consequences**
Professional	Professional Governing Bodies (i.e. Central Environmental Authority (CEA), Auditor-General)	Environmental Officers and Project Officials	**Moderate to Weak** *Principals hold little power or no formal power to sanction Agents, but intrinsic motivation of the agent might improve accountability outcomes*
	Ministry of Mahaweli and Environment		

3.8.3 Legal Accountability

Legal accountability will usually be based on specific responsibilities, both formal and informal. Legal accountability is the most unambiguous type of accountability, as the legal scrutiny will be based on detailed legal standards, prescribed by civil, penal, or administrative statutes, or precedent (Boven 2007). Accountability to courts is expected to protect the rights of citizens, and the default sanctioning mechanism is judicial review (Steffek 2010). Boven (2005) adds that legal accountability can require government managers to be summoned by courts to give account for their own acts on behalf of the public agency they are responsible for. Policymakers and elected officials are sensitive to public criticism, and they are motivated to avoid any sense of shame and public criticism. Public criticism through social accountability

channels can challenge a public official's reputation sufficient enough to bring about change. Steffek (2010) adds that change is more likely to occur when there is synergy between the social accountability and legal mechanisms to hold public officials accountable.

Law is a powerful instrument for reshaping the policy arena. Although laws generally reflect the interests of those actors with greater bargaining power, law has also proven to be an important instrument for change. By its nature, law is a device that provides a particular language, structure, and formality for ordering things, and this characteristic gives it the potential to become a force independent of the initial powers and intentions behind it. Law, often in combination with other social and political strategies, can be used as a commitment and coordination device to promote accountability, and also to change the rules of the game to foster more equitable bargaining spaces. Effective laws are those that can shape bargaining spaces that increase contestability by underrepresented actors; that provide incentives by changing payoffs to lower the cost of compliance (or increase the cost of non-compliance); and that shift preferences by enhancing substantive focal points around which coordination can occur (WB 2017, p. 13).

In the case of legal accountability between governments (aid recipients) and international funding and aid agencies (such as the ADB, IMF, WB), funding contracts and agreements are set with conditionalities. Therefore, donor agencies as legal accountability *Principals* can demand accountability from the recipient governments as *Agents*, refer to *Table* 3.4. Goetz and Jenkins (2004) and Jenkins (2004) add that aid-dependent DCs' governments can feel more legally accountable to external donors than to their domestic institutions such as parliament due to resource dependence. The threat of non-compliance with conditionalities can result in serious sanctions such as withdrawal of international grants, loans. Nevertheless, if the funding agency does not sanction recipient governments as agreed, "the DC government come to realise that their accountability to aid donors is less strict than it might seem on paper" and do not feel strongly accountable to the donor conditions and delivering on the conditions other than explaining the reasons for non-compliance (Jenkins 2004, p. 10). Similarly, Swedlund (2017, p. 458) explains that "if donor agencies do not follow through with their threats to suspend aid in response to specific [conditionality], recipient-country officials are unlikely to be compelled to change their governance practices on account of such threats".

Nevertheless, there are significant reports of strong sanctions against recipient countries for non-compliance and of the threat of losing strategically important funding, especially countries that are highly dependent on foreign aid and funding (Swedlund 2017; Crawford & Kacarska 2017). As a result, DCs feel strongly accountable to aid and funding agencies and their conditions (Wenar 2006). Aid, by its very nature, involves power relationships (Mkandawire 2010) where the donor agencies with more power can demand accountability and set conditions to recipient countries. A study done in Ghana on social accountability and public sector reform promoted by the WB (Alawattage & Azure 2019) alluded to the high levels of government accountability to the WB. This study does not explicitly refer to the legal accountability between the recipient government and the international agencies, nevertheless, it addresses the powers exerted by international agencies such as the WB that can be counter-productive in achieving the recipient government's ultimate goals. Ghana, in its process of public sector reform led by WB, indicates a high level of accountability when meeting the demands of development partners but not the electorate (Alawattage & Azure 2019). Legal accountability is based on a relationship between the controlling party and public agency, so this party has the power to impose legal sanctions while the public agency is the 'executor'

(Romzek & Dubnick 1987). In the international developmental context, the Sri Lankan government (actor) as the recipient of funding from traditional or non-traditional donors, forms a legal contractual agreement with the donors or the funding agency *Principal* (forum). Due to Sri Lanka's high dependence on foreign aid and funding, the donor control over the country's public sector is expected to be strong and not meeting the aid conditions is expected to bring about strong negative consequences for the country.

Other research includes legal accountability as a form of administrative accountability (Cendon 2000). Legal accountability can refer to the relationship between the public administrator and legal system but also other external authorities that have the power to lay sanctions against public administrators that act as executors. The Sri Lankan legal system acts as a legal accountability *Principal* while the Sri Lankan public sector is responsible for projects by acting as the *Agent* or actor (see *Table* 3.4). In order to achieve the objective of the study and the stakeholders involved – legal systems and funding agencies – it is important to look at legal accountability of the public sector to the legal system and the funding agencies separately.

Legal accountability is increasingly becoming important given the greater trust placed in judicial systems than the parliament in various parts of the world, especially in DCs. In most Western countries, legal accountability is of increasing importance to public managers as a result of the growing formalisation of social relations (Behn 2001) or because of the greater trust which is placed in the courts (Harlow 2002). Legal accountability refers to the mechanisms which are used to hold public *Agents* liable for their decisions and actions that go against established rules and regulations (Cooper, Funnell & Lee 2012).

Some research suggests that despite the existence of a legal framework and legal provisions to deal with unlawful behaviours and acts carried out in the public sector, in reality, legal accountability is not as strong it seems. In the case of Ghana, Alawattage and Azure (2019) explain, due to recent reforms in the country, the legal framework is deemed to be quite rigorous and up-to-date and able to deal with illegal actions in the Ghanian public service. Nevertheless, most respondents were able to recount events of corruption and fraud in the public sector that legal accountability could not deter. Some respondents pointed out the common dilemma experienced by most of the less developed and DCs where the "politics overrun the law" and "the law does not apply to the men in power" (Alawattage & Azure 2019, p. 10). DCs like Sri Lanka and India have a rich colonial history where their judicial systems have exercised various levels of independence and growth in the last three to four decades. The Indian Constitution established a strong and independent judiciary, which has become one of the most powerful in the world.

By contrast, judicial independence was never entrenched in Sri Lanka due to insufficient constitutional safeguards and unbridled political interference (Abeyratne 2015). The Sri Lankan judiciary maintained a degree of institutional independence under the Soulbury Commission since Sri Lanka became independent from Britain in 1948 (then Ceylon), but could only enforce a limited scheme of rights. Sri Lanka became a republic in 1972 which brought about significant constitutional changes that strongly constrained judicial review. Particularly since 1978, the country has experienced politicisation of judicial appointments and undue political interference. However, research suggests the Sri Lankan Supreme Court is more rights-protective compared to India (Abeyratne 2015). Hence, both the government of Sri Lanka and donor agencies are accountable to the judicial system of Sri Lanka and the

courts can hand down sanctions for misappropriation. Legal accountability between the legal system and Sri Lankan public sector is expected to be strong and not meeting the laws is expected to bring about strong negative consequences.

Table 3.4 Legal Accountability P-A Relationships

Accountability	Principal (Forum)	Agent (Actor)	Consequences
Legal	International Donor Agencies/Funding Institutions	Government of Sri Lanka	**Strong** *Donor agencies with more power can demand accountability and set conditions to recipient countries and not meeting aid conditions can result in strong negative consequences*
	Sri Lanka Legal System	Government of Sri Lanka	**Strong** *The Sri Lankan judicial system can hand down sanctions for misappropriation*

3.8.4 Social Accountability

Social accountability tends to be closely linked with political accountability. Romzek and Dubnick (1987) described political accountability as related to social accountability. However, the two are differentiated from each other in that political accountability entails parliamentary control (Stone 1995), whereas social accountability focuses on civic engagement, acting according to the needs and interests of social groups or society as a whole which may not necessarily align with political expectations. Social accountability is increasingly becoming important but not so well defined, and it establishes a direct relationship with citizens (Cendon 2000; Barton 2006). Social accountability can be defined as an approach towards building accountability that relies on civic engagement, i.e. in which it is ordinary citizens and/or civil

society organisations who participate directly or indirectly in exacting accountability. Social accountability focuses on what external bodies do: whereby more attention is paid to the role of citizens, non-governmental organisations, interest groups, and customers or clients as relevant stakeholders (see *Table* 3.5) (Christie 2018; Malena, Forster, & Singh 2004; Cendon 2000). The WB's highly influential report and continued rhetoric propagates the idea of social accountability as a form of citizen engagement that goes beyond traditional mechanisms, to actually holding the state to account (WB 2012; Alawattage & Azure 2019).

With the serious institutional deficits experienced both in the developed countries and DCs, traditional forms of political accountability – citizens holding elected officials accountable during election – are recognised as inadequate (Peruzzotti & Smulovitz 2006). Increasing calls for alternative forms and strategies to achieve democratic and social accountability have seen the involvement of networks of NGOs and media playing an active role on the political stage to demand and monitor lawfulness of state actions and exposing cases of political corruption (Peruzzotti & Smulovitz 2006; Peruzzotti 2019). These forums are increasingly more effective in demanding social accountability and justice (Peruzzotti 2019).

Mass media is deemed to be another public forum that can demand public sector accountability (Boven 2006). Although the mass media does not have formal powers to apply sanctions, it does wield great influence. Willem and Van Dooren (2012) propose that the mass media has significant control over the public sector agency's actions. However, Boven (2006) reports that albeit more countries are trying to use mass media more effectively to demand public accountability, particularly in the world's democracies, we continue to see the misrepresentation, disregarding of public hearing and violation of key principles of democratic accountability. Social media can improve the conditions set by information asymmetry in social accountability (Eom, Hwang & Kim 2018). More attention has focused on e-governments and use of social media for openness, but research on social media and its interactions to facilitate better public service and engagement of citizens is very limited (Criado, Sandoval-Almazan, & Gil-Garcia 2013). Yet, social media is enhancing the democratic debate between citizens and a country's political institutions more than ever. Jimada (2019) reports how social media platforms have provided greater engagement of citizens who were previously ignored or not active in the public sphere such as younger generations and women in African countries demanding accountability from their governments (Shirazi 2013). The growth of the internet and social media in China has greatly expanded public opinion about the government (Zhang & Chan 2013).

Nevertheless, of the literature available, only a few believe that social media has actually had an impact on the responsiveness of governments, but it is only expected to be temporary (Eom, Hwang & Kim 2018). Mixed results indicate that social media has a moderate to weak influence on social accountability. Mixed results about social accountability outcomes are reported in the literature. Civil society groups as a particular public forum are not reported to have a strong control over public agency to demand accountability. Goodin (2008) alluded to network-based mechanisms of accountability where groups that share similar norms and values cooperatively network, monitor and sanction actors such as the government. Despite the engagement in critical dialogue, petitions, protests and campaigns in demanding accountability, the level of control is weak (Willems & Van Dooren 2012). However, there have been promising results reported in the civil societies in DCs, demanding accountability from their governments indicating some positive outcomes of social accountability (Sarker & Hassan 2010; Rahman 2005; Ahmad 2008). Mulgan (2019) states that: "In response to the

perceived weaknesses of state-based accountability institutions...[social accountability] horizontal in structure, advocates of improved accountability in DCs have sometimes looked beyond the state altogether, to the institutions of civil society" (p. 12). Given the mixed results on social accountability effectiveness, citizens representing social accountability *Principal* are different from civil society organisations and NGOs in their ability to demand accountability from elected officials and the public sector.

An influential analysis by the WB (2004) states there are two routes for demanding public sector accountability, the long and the short route. The "long route" requires citizens to seek accountability through state actors - including politicians, regulators, and bureaucrats, which is often found to be unreliable and inadequate (Peruzzotti & Smulovitz 2006; WB 2004). The "short route" is more direct and allows citizens to bypass official procedures and demand accountability from public agencies directly (WB 2004; Odugbemi & Lee 2011). This form of social accountability empowers citizens to become more active members of society to demand accountability as an individual or as a group. This is still considered to be within the P-A framework with citizens and civil society groups as *Principals* or forums (Mulgan 2019; see *Table* 3.5).

The WB 'social accountability' concept is based on the P-A modelling and the idea of ''client power" to identify two routes to social accountability: the ''long route" and the ''short route" as mentioned above, where the latter can provide the tools and information required for citizens as clients to demand accountability. Client power is questioned due to the information asymmetry between citizens and the public sector. In principle, as a P-A relationship exists between the citizens and the state, citizens should be the ultimate *Principal* or forum. However, information is power and as a result, the state can misuse this power by non-disclosure of information which deters citizens from making an informed judgement about the public sector performance or the ability to demand accountability when an agency problem arises (Alawattage & Azure 2019). According to the WB (2004, p. 56):

> Since information is power, it is often closely guarded – or never created in the first place. Politicians seldom create information about outputs and outcomes. Individuals know about the quality of the services they confront, but they have a difficult time translating that knowledge into public power. Indeed, politicians may use the selective provision of services as a clientelistic tool to 'buy' political support – or worse, to enforce state control of citizens while weakening their voice.

This is further questioned in countries with high rates of corruption and how the issue of information asymmetry can make social accountability ineffective. Cornwall (2011) and Alawattage and Azure (2019) believed that social accountability mechanisms are pre-defined and are implemented at a tokenistic level, used to 'rubber stamp' the legitimacy of the recipient government's social accountability mechanisms rather than effectively being accountable to people and communities.

Despite the continued interest and its positive outlook, Social Accountability generally fails to match the optimistic expectations (Brinkerhoff & Wetterberg 2016) except for a few success stories. Mechanisms of social accountability can be initiated and supported by the state, citizens or both, but very often they are demand-driven and operate from the bottom-up (Malena, Forster & Singh 2004). Several well-established community groups have been able to engage in activism at grass-root level to demand accountability (Brinkerhoff & Wetterberg 2016; Fox 2015). A study conducted on community-led accountability initiatives in Uganda

found that although some of these bottom-up accountability structure might be able to address some of the public sector corrupt practices, public agencies are governed by the government agencies where corruption is thought to exist, as a result the public *Agents* actions may be shaped by the internal power hierarchies that exist in the political system, therefore, even at grass-root levels, *Agents* can be influenced by it. To overcome these issues, social networks and civil society groups need to be strong and maintain an appropriate level of distancing from the formal pressures of the political power structures (Alawattage et al. 2007).

The pressure of civil society organisations have the potential to motivate and influence international funding agencies, donor agencies and recipient governments to be more efficient and effective (Basak & van der Werf 2019). However, in most DCs, civil society is too weak to demand accountability from public *Agents* (Brinkerhoff & Wetterberg 2016; Willems and Van Dooren 2012). Therefore, social accountability relationships between the citizens as *Principals* and public officials are expected to be weak (see *Table* 3.5). Instances of success are associated with some level of support from the government by creating space for public discussion, through at least minimal commitment to freedom of association and communication (Mulgan 2019). Bovens (2007) adds that more attention is being paid to interest groups, customers, and clients as relevant stakeholders to render account to their stakeholders. Civic exposés of governmental wrongdoing that with the support of the public is a result of the concerted efforts of a variety of civil 'forums' such as advocacy NGOs, informal networks of friends of families of victims of human rights violations, and mobilised sectors of the public (Peruzzotti 2019). This emphasises the importance of the active role of the society, ensuring that public administrators give account and satisfy the public's demands and interests (Cendon 2000).

This participation process becomes a relationship of accountability where citizens and social groups transmute into agents of control of administrative performance, and public administration is forced to give account and to justify its acts before them. This is especially important in an international development context with increasing infrastructure development and environmental and social impact from it. There are several other types of accountability that have originated that are moral, ethical and social in character (Christie 2018; Bovens 2007; Malena, Forster & Singh 2004). This thesis sets out to understand the actor-forum relationship of public administrators and politicians and citizens separately to that of other forms of public accountability.

Table 3.5 Social Accountability P-A Relationships

	Principal (Forum)	**Agent (Actor)**	**Consequences**
Social	Citizens	*Elected officials (President, Prime-Minister, Ministers)* *Public Servants*	**Weak** *Do not have the power and knowledge to demand accountability*
	Civil society groups and NGOs		**Weak to moderate** *ability to demand accountability is low but mixed outcomes reported in the past*
	Mass media and Social media		**Weak to moderate** *Helps with information asymmetry but accountability outcomes were poor or mixed previously*

3.9 Public Sector Degree of Responsiveness

The current study seeks to understand why Sri Lanka continues to experience environmental degradation although national laws exist to protect the environment, and continues to receive funding earmarked for environmental sustainability.

In public sector research, outcomes of public accountability and the success of accountability initiatives reported do not clearly look at the level of responsiveness and at to what extent (Joshi 2013). In the accountability literature, Koppell (2005) offered five dimensions of accountability that address the nature of accountability; transparency, liability, controllability,

responsibility and responsiveness. Most of these dimensions are addressed in the criteria proposed by Boven (2007) to differentiate the types of accountability and the actor-forum relationships: Who is accountable to whom? For What? and Why? However, what is not very well explored is the responsiveness and to what extent a person or an institution is responsive. PAT focuses on the responsiveness of the *Agent*'s decisions to the *Principal*'s goals, and how this responsiveness is mediated by actions available to each actor as well as institutional settings in which they interact (Gailmard 2014). Kramarz and Park (2016) add that as long as accountability is used as a tool to measure compliance and non-compliance and as an add-on to the execution of particular interventions, accountability will continue to be weak and will not ensure environmental protection. The institution goal and plans should focus on environmental sustainability, not just meeting standards or targets to be compliant (Kramarz & Park 2016). However, the level of responsiveness of an *Agent* beyond compliance and non-compliance, is not well explored in the literature.

In the environmental sustainability literature that refers to the private sector, Roome (1992) proposes strategic options model to measure responsiveness by looking at five environmental strategies for companies: non-compliance, compliance, compliance plus, commercial and environmental excellence, and leading edge. Non-compliance is not meeting any of the environmental standards. Compliance is a reactive action driven by legislation. Compliance-plus implies going beyond the existing standards and norms (Roome 1992; Chang 2015). Similarly, Aguilera, Rupp, Williams and Ganapathi (2007) argue how organisations respond to various pressures and engage in sustainability measures which are mainly proactive and reactive initiatives. They further argue that organisational responsiveness is decoupling where they observed companies introducing sustainability practices as a superficial form of window-dressing whereas some other companies introduce sustainability practices with serious intent (Aguilera et al. 2007).

Literature has mainly focused on private sector responsiveness to environmental sustainability, but more needs to be done on public sector organisations. Impact evaluation literature of public sector outcomes and effectiveness can be challenging, partly due to the lack of systematic data collection required from beneficiaries, funding allocations, etc. Qualitative data analysis is the most effective way to understand the responsiveness and impact (Acosta 2013). Fox (2015) looked at the public sector's capacity to respond to citizens' voices or social accountability to generate sanctions on those who are not accountable and proactive reforms in the public sector. Of the literature available in public responsiveness, it has mainly focused on political and bureaucratic responsiveness to constituents (Plescia, Kritzinger & De Sio 2019; Yang & Pandey 2007). However, in the current research, it goes beyond the elected politician and citizen to looking at various types of public sector accountability, i.e. *Principals* and *Agents*' responsiveness. Yang and Pandey (2007) add that evaluating general public responsiveness can be challenging as citizen expectations are subjective. This means that evaluating the congruence between public expectation and policy outcomes can vary significantly. Nevertheless, evaluating responsiveness issues that are salient for the public such as safety concerns versus evaluating responsiveness to a debated issue is different (Yang & Pandey 2007). Similar to safety issues, concerns and outcomes of environmental sustainability are expected to be very similar among public *Agents* where decisions and actions are made on issues of environmental sustainability.

Not much research has looked at public sector accountability and degree of responsiveness (Joshi 2013; Yang & Pandey 2007). Samkin and Schneider (2007) examined how

accountability mechanisms are exercised through reporting via the legitimacy lens. The authors discuss types of responsiveness of the public sector entity as implementing strategies proactively or reactively. Such an entity is reactive when strategies implemented are as a result of the stakeholder's dissatisfaction with the action of the entity. On the other hand, proactive refers to when strategies are used as a preventative measure (Samkin & Schneider 2007), further validating Ashforth and Gibbs' (1990) findings. Similarly, O'Keefe and Cadrin (2011) studied two main types of accountability strategies - proactive and reactive - where proactive was associated with preventative measures, regulations to reduce the impact on US marine life. Reactive measures are explained as punitive measures for when non-compliance with regulations is evident. They further added that reactive accountability measures cannot reach the expected outcome, whereas proactive accountability measures are the most responsive in achieving the expected outcome, in this case marine conservation. In addition, Samkin and Schneider (2007) alluded to defensive forms of actions by public entities to repair their reputation which can result from an unsatisfactory performance or inaction. Defensive strategies are operationalised after an event to repair or defend its actions.

Private sector literature has gone beyond simply categorising strategies to developing models to evaluate environmental strategies of companies and firms' responsiveness to environmental issues. Some research provided a comprehensive analysis on the level of adoption of environmental strategies, categorising them as merely driven by legal requirements or proactive behaviour (Buysse & Verbeke 2003). This is further discussed in the Corporate Social Performance (CSP) literature, CSP strategy, looking at proactive and reactive strategies in the organisation in responding to social and stakeholder issues (Bara 2010). The term 'performance' speaks of actions and outcomes (Wood 1991). The CSP model was first described by Carroll (1979), highlighting the degree of action taken by businesses or managers in response to pressures from various stakeholders which range on a continuum of 'do nothing' to 'do much'. This was further expanded by another model devised by Wartick and Cochran (1985). Wood (1991) stated that despite many authors having explored the CSP concept (Clarkson 1988; Reed et al. 1990), the theoretical framework has not moved significantly beyond Wartick and Cochran's (1985) model of CSP, called the RDAP scale. The RDAP scale explained how corporations respond to problems either in a reactive, defensive, accommodative or proactive way, which ranges from do-little/adversarial to do-much/collaborative approach to satisfy stakeholders' expectations.

Clarkson (1995) claims that the Reactive, Defensive, Accommodative, or Proactive (RDAP) scale which analyses strategies, posture, and behaviour of organisations in their response to directions, policies and programs, is useful in explaining corporate strategies or 'postures' towards the management of stakeholder issues (Vazquez-Brust, Liston-Heyes, Plaza-Úbeda, & Burgos-Jiménez 2010). *Table* 3.6 summarises the categories that include the Reactive component, whereby firms deny responsibility and 'fight all the way' in the face of environmental pressures, a Defensive component where firms are said to be 'doing only what is required' attempting the bare minimum, an Accommodative group in which firms try to be progressive, and a Proactive group where firms are portrayed as leaders in Environmental Management (Carroll 1979). Proactive CSR is defined as the company's integrity and ethical behaviour that goes beyond the country's laws and regulations proactively in order to support sustainable economic, social and environmental development (Torugsa et al. 2013; McWilliams et al. 2006).

Public sector research has attempted to use a similar evaluation, such as reactive and defensive (see Samkin & Schneider 2007), but it can be further extended by adopting the RDAP scale to look at the degree of responsiveness in the public sector. Reactive and Proactive assess only whether the public sector agency was compliant or not, but this is not adequate to address the research problem concerning why Sri Lanka continues to experience environmental degradation despite the existence of environmental protection initiatives and laws. Therefore, in order to address the research problem and the gap in the literature, responsiveness scale needs to explore issues beyond compliance, ranging from 'doing the least that is required', 'doing all that is required' and 'doing more than is required', to understand to what extent public sector agencies are accountable and responsive. Therefore, the RDAP scale is most suitable and can be adopted in the current research. Degree of responsiveness is even more relevant in this study as it looks at the public *Agent*'s response when environmental standards do not exist or are not mandatory. Moreover, the RDAP scale has been used to assess organisational responsiveness to sustainability policies. So, the scale can be readily adapted to environmental sustainability and public sector level of responsiveness, which will make it possible to bridge the gap in the literature by understanding the degree of public sector responsiveness to environmental sustainability.

Table 3.6 Responsiveness Scale

Rating	Posture and Strategy	Performance
Proactive	Anticipate responsibility	Doing more than is required
Accommodative	Accept responsibility	Doing all that is required
Defensive	Admit responsibility but fight it	Doing the least that is required
Reactive	Deny responsibility	Doing less than required

Source: Adapted from Clarkson (1995)

3.10 Summary

This chapter presented the theoretical framework which underpins the research objectives and questions that will be answered, and what the results mean. The primary objective of the thesis is to investigate public sector accountability and governance, dynamics of P-A Accountability relationships and the extent to which various types of public sector accountability impact on its responsiveness to environmental issues. This will be achieved by exploring the resource-dependent nature of Sri Lanka's level of economic progress. The literature on public sector accountability is considerable in both breadth across multiple disciplines, and depth in terms of the different applications and settings it has been applied in. The chapter reviewed the various prominent definitions of accountability available in the extant literature and identified the best definition of accountability that is applicable to Sri Lanka. Four main public sector accountability typologies are identified through the review and deep analysis of the extant literature, namely political, professional, legal and social accountability.

There is a gap in empirical research in public sector accountability, and from the social relations perspective, accountability can be empirically researched to understand it better. In order to understand the complexities of accountability relationships, it was important to define the actor-forum or P-A relationships that exist in each context. Thus, individual P-A relationships were identified and are evident within each different type of accountability to achieve the research objectives. Furthermore, the conceptual framework incorporates the dynamism, synergy and interrelatedness of accountability and governance as well as the resource-dependent nature of the public sector under investigation, its impact on the accountability relationships and responsiveness to environmental sustainability. This will be the basis upon which the case study method will be justified, and the data interpretation conducted in subsequent chapters. The resource-dependent nature of the P-A relationship between donors and recipient governments are making accountability relationships complex and challenging. Multiple actors in the development cooperation context shape the way in which the public sector agencies interpret and discharge their duties.

Various public sector accountability typologies have been identified in the literature, and some of the main actors in development cooperation relevant to this study are recipient governments, international developmental agencies and the general public. Recipient governments discharge varying levels of accountability depending on the account holder, based on varying level of consequences which reflect the level of responsiveness to environmental sustainability. Understanding these nuances will shed light on the public sector accountability to environmental sustainability. The next chapter explains the research methodology and methods used to conduct this study, including details about what was employed to collect and analyse the data.

CHAPTER 4

RESEARCH METHODOLOGY AND METHODS

4.1 Overview

The aim of this chapter is to justify and explain the philosophical stance and methodological approaches chosen to address the research objectives and research questions and to provide the rationale for their use in this study. While research methodology refers to the principles that guide the appropriateness of the methods used, methods refer to specific procedures employed in the collection and analysis of data (Guba & Lincoln 1994). This thesis uses a qualitative case study approach to collect data focusing on a single-case study. One of the main reasons for doing this is that qualitative methodology takes a naturalistic approach that seeks to understand phenomena in specific contexts such as a "real world setting [where] the researcher does not attempt to manipulate the phenomenon of interest" (Patton 2002, p. 39).

Qualitative research, broadly defined, means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss & Corbin 1990, p. 17) and instead, the kind of research that produces findings arrived from real-world settings where the "phenomenon of interest unfold naturally" (Patton 2002, p. 39). This is further justified by the philosophical assumptions of the current study. The research process is informed by the epistemological and ontological assumptions (Guba & Lincoln 1994). This chapter starts by identifying the various philosophical perspectives in research and identifying the most suitable philosophical position and the research paradigm to be used to address the research problem. Ontological and epistemological positioning (Creswell 2013; Denzin & Lincoln 2003) suggests that this thesis takes an interpretivist view, a subjective ontological position to explain and understand the situation under investigation.

The main focus of the research problem is to investigate the types and levels of public sector accountability and environmental sustainability in international developmental projects in Sri Lanka. This requires an in-depth understanding of the impact of the type of international funding, types of public sector accountability on environmental sustainability of internationally funded developmental projects in the country. The current study selected a single-case study that represents the requirements of the research objectives. As a result, the Southern Expressway project in Sri Lanka was selected, as it was the first major highway project which was funded by multiple funding agencies. The “Southern Expressway” is an ideal case study since it relied on support from international funding agencies. Primary data was collected in the form of interview comments while secondary data were gathered from publicly available government and project reports, documents from funding agencies, media stories and other relevant publicly available material.

This chapter is organised in five major sections. The first section explains the research paradigm, while the second section explains the research methods. Following this is the analytical methodology followed by data interpretation/coding and analysis of empirical data. The chapter concludes with a summary of what has been covered here.

4.2 Research Paradigm

In social research the methodology must be compatible with the theoretical paradigm. The term paradigm refers to a set of assumptions about the proper techniques for any specific inquiry: what is to be studied, how the research is conducted, what data are collected and how they should be interpreted (Mackenzie & Knipe 2006). The research process is informed by epistemological and ontological assumptions (Guba & Lincoln 1994). Ontology dispenses with the subjective reality of the social world, whereas epistemology lies within the replication of theory as opposed to the generalisation of social phenomena through lived experience (Llewelyn 2003). When conducting research, it is important to construct a philosophical positioning or paradigm of inquiry that would guide the research (Denzin & Lincoln 2003). Guba and Lincoln (1994, p. 17) define research paradigm as "the basic set of beliefs that guide action" which has also been termed differently by other as: epistemologies and ontologies by Crotty (1998); broadly conceived research methodologies (Neuman 2000); and worldviews (Creswell 2009). This study takes the researcher's ontological and epistemological positioning to inform the philosophical stance of the research. Crotty (1998, p. 2) explains there are four main elements that need to be addressed in any research process and they are:

- Epistemology that informs the theoretical perspective.
- Theoretical perspective that lies behind the methodology
- Methodology that governs the use of methods
- Proposed methods

Ontology is an important part of the framework development and along with epistemological positioning, it can inform the theoretical perspective chosen (Crotty 1998).

4.2.1 Ontology

Ontology is the "study of being" (Crotty 1998, p. 10), and it is concerned with the nature of existence. An ontological approach explains if the perception of reality is formed independently or if it depends on social actors (Wahyuni 2012; Weber 2004). Objective ontology explains that the reality is separate to the researcher and that there is only a single truth (Carson et al. 2001; Crotty 1998). The objective reality perspective explains that the single truth exists whether anyone is aware of its existence or not (Crotty 1998), and it is understood and explained through objective facts (Carson et al. 2001). The researcher maintains a distance between themselves and the object of research and is neutral (Carson et al. 2001). To maintain objectivity, the researcher would start with a theory, collect data to either support or reject the theory and make further adjustments before conducting any further analysis (Creswell 2003). If these studies are replicable, it would yield similar results. In order to replicate these studies, standardised measurements and tools need to be used for consistency (Carson et al. 2001; Crotty 1998). The standard tools that are generally used in understanding the objective reality of a social phenomenon are numerical and statistical tools (Creswell 2003).

On the other hand, when the researcher and reality are inseparable where the reality is dependent upon the social actors who contribute to social phenomena, this is called subjective reality (Wahyuni 2012; Bryman & Bell 2011; Weber 2004). Bryman and Bell (2011) assert that when social phenomena and their meaning are continually being accomplished by social actors, this concept is referred to as constructionism. The research tools to explore subjective reality from a constructionist framework are qualitative methods, such as interviews and field studies (Bryman & Bell 2011). With this in mind, the thesis investigates the types and levels of public sector accountability for environmental sustainability in international development projects. Certain social actors who could contribute to the relationship between international donor agencies and borrowing country governments and types of public sector accountability are explored here. In identifying the patterns and relationships between them and their contexts, it is evident that reality depends on the social actors shaping the phenomena and it is considered subjective. Subjective accounts of political and/or social interactions between public officials and the donor or funding agencies and how the reality is continuously constructed and similarly, are the objective of the methodology.

4.2.2 Epistemology

Epistemology is understanding "what it means to know" (Crotty 1998, p. 10); this is concerned with the relationship between the knower and what can be known (Guba & Lincoln 1994; Denzin & Lincoln 2003). Hay (2006, p. 83) adds that "an ontologists asks 'what exists to be known"? then the epistemologists ask "what are the conditions of acquiring knowledge of that which exists". Maynard (1994) further explains that epistemology is "concerned with providing a philosophical grounding for deciding what kinds of knowledge are possible and how we can ensure that they are both adequate and legitimate" (p. 10). When exploring epistemological considerations, the key epistemological positions in response to the two forms of ontological positions are positivism and interpretivism (Wahyuni 2012; Weber 2004; Bryman & Bell 2011). A third branch of epistemology that views interpretivism and positivism as a continuum is pragmatism (Wahyuni 2012). Hay (2011) adds that ontological choices precede epistemology which in return has implications for the methodology. *Table* 4.1 below summarises the three main research assumptions derived from ontological and epistemological perspectives.

Positivism and natural sciences share the same view that the researcher is separate from the reality or what is being researched and is an independent observer (Wahyuni 2012; Carson et al. 2001). Epistemologically, positivists use the scientific approach to generate knowledge through numerical measurements. Positivists test theories through hypotheses development and statistics-type tests (Wahyuni 2012; Bryman & Bell 2011). Positivists believe that researchers observing the same or similar factual problem using similar statistical tests will generate similar results which makes research outcomes generalisable (Creswell 2009).

In contrast, interpretivists believe that reality is constructed by social actors (Wahyuni 2012; Bryman & Bell 2011). They contend that the knowledge they build reflects their life experiences, culture, history, etc., in the process of making sense (reality) of the world (Weber 2004). Therefore, interpretivists reject the idea of a single truth proposed by positivists and instead believe there are multiple truths (Wahyuni 2012; Bryman & Bell 2011). Interpretivists use flexible research structures to capture as many interpretations of the social phenomena as possible through interactions and believe that research participants and the researcher are interdependent (Carson et al. 2001). Moreover, Blaikie (2007) explains, according to

interpretivists, the social world has already been "socially constructed" by the people and it is being reproduced through their continuing activities; people are constantly involved in interpreting their realities.

The two contrasting ontological and epistemological philosophical positions inform two research approaches – quantitative and qualitative (Bryman & Bell 2011). There are two ways of approaching this; either the ontological and epistemological stance could inform the corresponding research methodology or the chosen methodology to answer the research questions could be justified using the corresponding philosophical assumptions (Crotty 1998), i.e. objective reality and positivists' research approach. The quantitative methods generally test theory deductively whereas qualitative methods serve to induce and generate theory (Bryman & Bell 2011). Nevertheless, some state that both quantitative and qualitative data should be combined to validate and generate theory (Glaser & Strauss 2009; Urquhart 2012). This is further supported in mixed method research that either uses theory deductively or inductively (Creswell 2013; 2014).

Another branch of epistemology is pragmatism and as the name suggests, it means solving or answering research problems (Creswell 2013; 2014). Pragmatism views research philosophy as a continuum rather than mutually exclusive philosophical assumptions about the world like positivists and interpretivists (Wahyuni 2012). Therefore, pragmatists would utilise both quantitative and qualitative approaches to draw conclusions. Since pragmatists are not bound by any one system of philosophy, they pick any method or technique deemed suitable for a given situation, research problem and time (Creswell 2013; 2014). Pragmatists would start by analysing the research question to determine the method's design rather than understanding the ontological and epistemological underpinnings at the start (Wahyuni 2012).

Table 4.1 Philosophical Assumptions

Assumptions	Positivism	Interpretivism	Pragmatism
Ontology "What's out there to know about?"	Objective reality, reality is formed independently	Subjective reality, Researcher and reality area inseparable	Multiple realities, view chosen to best suit the research question
Epistemology "What can we hope to know about it"?	Researcher and reality are separate (objective)	Reality is constructed through lived experiences by the social actors (Subjective)	Either subjective or objective reality or both
Methodology "How can we go about acquiring that knowledge?"	Quantitative	Qualitative	Mixed methods

Source: Weber (2004); Wahyuni (2012); Hay (2011)

Even though this research follows the interpretivist paradigm as a deductive type, the research process begins by examining the literature, developing the theoretical and conceptual structure, analysis through empirical observation, whereas in an inductive process, theory is developed from empirical observations (Collis & Hussey 2003). From an ontological and epistemological perspective, the questions that need to be asked in the current study is: How do the various social actors, i.e. public sector officials, civil society, experience the world? The social interactions between international development and public sector officials are continuously being reproduced through what they do and how they interpret reality. To investigate how reality is constructed through the lived experiences of social actors, their individual perspectives need to be analysed. As discussed in *Chapter 2*, public sector accountability and dynamic accountability relationships are significantly influenced by continuous changes in the international development environment and existence of many accountability forums.

4.2.3 Research Design

Research design is the framework utilised to collect and analyse data to address the research question(s) at hand (Bryman & Bell 2011) and it provides direction for the research (Creswell 2013). Some researchers refer to research design as strategies of inquiry (Creswell 2013; Denzin & Lincoln 2003) and research methodologies (Mertens 1998). There are three types of research design: exploratory, explanatory and descriptive (Hair et al. 2007; Saunders et al. 2003). The exploratory design helps to develop a better understanding of a business problem or opportunity. Exploratory research investigates matters that are relatively unknown so an open inductive approach to research is taken to look for new insights into phenomena (Blaikie 2009; Marshall & Rossman 2014). Since qualitative research is open-ended, exploratory research is generally qualitative in character (Boeije 2009). Descriptive design seeks to present accurate account of some phenomenon by using measurements and frequency with a narrative form (Blaikie 2009; Blanche & et al. 2006). Explanatory research strategies on the other hand allows the researcher to observe patterns in social phenomena, attitudes and behaviours provide rich description and explanation of social phenomena which can be compared to the interpretivist view (Blanche et al. 2006). The current research adopted explanatory study design to explore public sector accountability in international development projects in Sri Lanka and the impact of international funding agencies, i.e. ADB, banks from China to determine the degree of responsiveness to environmental sustainability shown by the “Southern Expressway project” in Sri Lanka. To obtain in-depth knowledge about the research topic, adopting an interpretivist framework with qualitative methods is utilised.

4.3 Research Methods

Research methods are simply the techniques and instruments employed to collect data (Creswell 2013). These methods depend on the paradigm adopted. These techniques would reflect the epistemological assumptions and the research design (Bryman & Bell 2011). Although qualitative methods are associated with inductive reasoning, researchers usually apply qualitative methods to problems requiring a deductive approach in social and behavioural research (Collis & Hussey 2003). The corresponding methodology that would allow the researcher to gather subjective facts about the current research problem using standardised tools and techniques is qualitative methodology. Creswell (2012) categorises

research designs into qualitative, quantitative and mixed method strategies as summarised in *Table* 4.2 below.

Table 4.2 Research Methods

Quantitative	Qualitative	Mixed Methods
• Experimental designs • Non-experimental designs	• Narrative research • Phenomenology • Ethnography • Grounded theory studies • Case study	• Sequential • Concurrent • Transformative

Source: Creswell (2012, p. 12)

Although qualitative methods are often criticised for being too subjective, biased and lacking rigour, these methods are essential in investigating how individuals think and react, and are directed towards deep understanding of their commitment, perceptions, motivations, values and experiences of certain events (Lee, Saunders & Goulding 2005). Conversely, quantitative methodology espouses the collection of objective data, rigorous measurement and the use of statistical methods to generalise results, but is criticised for failing to explain the 'why' factors of "what" happened. Quantitative research fails to provide an in-depth understanding of the phenomenon by reflecting on perceptions in order to gain understanding of social and human activities. As indicated in *Table* 4.2, experimental methodological design does not explain 'why', 'how' or 'what' in complex situations. Alternative methodological designs are preferable for learning about complex connections between variables, and social/political dynamics. In this study, the researcher has adopted a qualitative framework to understand public sector accountability for environmental sustainability in international development projects in Sri Lanka. For other research that has taken a similar approach and framework in analysing public sector agencies and how they manage sustainable environmental policies, see Farneti and Guthrie (2009), Lokuwaduge and Heenatigala (2016) and Alwis (2009).

4.3.1 Qualitative Case Study Approach

The researcher's role in a qualitative study is to gain a holistic overview of the context under study, and attempt to capture realistic and timely data on the perceptions of people. It is primarily descriptive and interpretive, concentrating on a few selected individuals or phenomena in some detail (Borland 2001). According to Denzin and Lincoln (2005, p. 4) the "qualitative researcher uses a wide range of interconnected interpretive practices, hoping always to get a better understanding of the subject matter at hand". Miles and Huberman (1994, p. 6) highlight that: "Qualitative research is conducted using an intense and/or prolonged contact with a field or life situation, reflective of the everyday life of individuals, groups, societies, and organisations". A qualitative case-based research method enables an organisation and its operating environment to be understood, to realise the processes and perceptions of stakeholders involved through obtaining information from many different sources (Yin 2013; Bernard & Ryan 2010). It provides theories, models and descriptions of human experiences and perceptions within particular contexts. Denzil and Lincoln (2012)

explain how the case study approach makes it possible to understand a phenomenon in any degree of thoroughness, in-depth with detail, richness and completeness. According to Bebbington and Thomson (2013), case studies provide an “inside-out” view which will enable the researcher to gain an enhanced understanding of public sector accountability in this research. As such, a case study method can yield a rich set of information in order to address the research questions outlined. Indeed, the case study approach gives a researcher the flexibility to employ a wide variety of data collection techniques: document analysis, in-depth-interviews and observations (Yin 2003; Denzil & Lincoln 2011; Merriam 2015).

As an explanatory research, this study has chosen a case study method to investigate the environmental sustainability performance and public sector accountability relationships and international donor and funding agencies in Sri Lanka. The case study is the “Southern Expressway” project. Parker (2011) states that despite the call for more case and field studies and other forms of close engagement with practice in research, no significant change has been observed in the proportion of papers published in the recent years. Gray and Laughlin (2012) believe that case study research increases the understanding of environmental policies, and ultimately produces better insights into public sector accountability and level of responsiveness to environmental sustainability. A single case study design is appropriate when researching contexts which have previously been unavailable to researchers and are underexplored (Yang 2014; Yin 2011).

Moreover, Yin (2013) argues that the research method adopted should be based on the objectives of the study and discusses the relevance of case study work in answering "how" and "why" questions. As a result, a case study method allows the present research to produce deeply contextual and theoretically grounded explanations of the central focus of this thesis; the case study organisation and the environment which encompasses it (Ridder 2017; Yin 2017). Ahrens and Chapman (2006, p. 827) explain that in order to achieve a “fit” between factors such as theory, method and domain, there needs to be “ongoing theoretical repositioning”. Hoque et al. (2013, p.1174) elaborates on this by adding that “Such an approach to research recognizes that social reality is emergent, subjectively created, and objectified through human interaction”. Thus, it is not so much a debate on the mobilisation of empirics because doing qualitative field studies is a profoundly theoretical activity. The core ontological assumption in qualitative methodology is the acknowledgement that the field is itself not just part of the empirical world but is shaped by the theoretical interests of the researcher” Similarly, to achieve the objectives of this study, ex-post analysis of the ‘Southern Expressway project’ highlights the P-A relationships taking the form of accountability relationships of ministries, departments, international funding agencies and the public. In addition, the analysis highlights the role of power and influence on accountability and responsiveness to environmental sustainability due to resource dependence (Hoque et al. 2013).

Nevertheless, limitations to the in-depth case study research have been reported (Thomas 2010). The approach has been criticised for its lack of generalisability and scientific rigour. There are several ways to address these concerns (Stake 1995; Lincoln & Guba 1985; Malterud 2001) which include: i) use of theoretical sampling and drawing on a conceptual framework, ii) respondent validation, and iii) transparency in all aspects of research. Ultimately, to achieve the research objectives which are to explore the public sector accountability and environmental sustainability, where information is scarce from the research

context, it is paramount to conduct in-depth data collection and analysis. Hence, despite its inherent limitations, a qualitative case study approach will be the most suitable (Yin 2011; 2013). In order to overcome some of the limitations, as suggested by Malterud (2001), the present study built a conceptual framework, discussed in detail in *Chapter 3*, informed by the accountability and environmental sustainability literature which is centred around accountability, resource dependence and agency theories from management and accounting literature. Case selection and overcoming limitations are detailed in *Section 4.3.3.*

4.3.2 Case Studies in Environmental Accountability Literature

Given the complexities in accountability research, Guthrie and Parker (2004) and Scapens (2004) have been arguing to take an interdisciplinary and a pluralistic approach to this topic. According to Dumay, De Villiers, Guthrie, and Hsiao (2018) and Parker (2011), in the 1990s and early 2000s, quantitative methods peaked and particularly content analysis/historical analysis/other textual analysis research were cited. However, qualitative methods, particularly case/field study/interviews/action research have risen in popularity, so prominent researchers (Parker 2011; Dumay et al. 2018), have called for a more balanced and varied perspective in recent years. Case studies are being used in accounting research, particularly management accounting (Parker 2011; Scapens 2004), and public sector research (Lodhia & Burritt 2004). Nevertheless, Parker (2011) highlights the need for environmental sustainability and accountability research to have a much closer engagement with practice. As well, Gray (2002), Parker (2005), Adams and Larrinaga-González (2007) and Owen (2008) called for (field-based) research that engages with practice, and Ball and Grubnic (2007) wanted further qualitative research to understand the nature of sustainability accounting and accountability in the public sector. Yang (2014) discusses many reasons for engaging in qualitative methods in exploring public accountability, which he refers to as an embryonic field of study.

The literature that is available in public sector accountability is predominantly focused on Western and developed economy contexts (Ball 2005; Adams, Muir & Hoque 2014; Larrinaga-González & Pérez-Chamorro 2008; Ball & Grubnic 2007; Guthrie & Farneti 2008), with a few exceptions (Kim 2009; Lodhia & Burritt 2004; Samaratunge, Alam & Teicher 2008). Ball (2002) explored sustainability accounting in the UK local government scenario using an interpretive case study approach. This was done by synthesising a review of the related academic and professional literature complemented by a series of in-depth interviews with officials in local government bureaucracies. Similarly, Ball (2005; 2007) utilised case study approaches with Ball's (2007) empirical work on a single local government which was purposely selected. A single case is like "dissecting a sparrow: small as the sparrow is, it possesses all its internal organs-small but complete" (Yang 2014, p.166). Similarly, the 1986 *Challenger* disaster is a single case study conducted by Romzek and Dubnick (1987) which represented a genre of man-made accidents. Larrinaga-González and Pérez-Chamorro (2008) on the other hand utilised a multi-case study approach, to "explore whether distinctive, and more progressive, processes of sustainability accounting and accountability are possible in public sector organisations" (Larrinaga-González & Pérez-Chamorro 2008, p. 2). In order to meet this research aim, a case study approach to explore sustainability accountability practices of multiple water utilities was engaged. Lodhia and Burritt (2004) analysed an emerging economy - Fiji – with particular emphasis on a case of public sector accountability failure in the Fiji

Islands. The National Bank of Fiji (NBF) scandal exemplifies a single case study to illustrate how accountability, independence and financial viability are affected in different ways in this part of the world.

4.3.3 Case Selection

Out of the various types of case studies proposed by Creswell (2007) and Stake (1995), instrumental case study (Stake 1995) is the most relevant for the current study. A single instrumental case study is where: “the researcher focuses on an issue or concern, and then selects one bounded case to illustrate this issue” (Creswell 2007 p. 74). Bounded system refers to the research setting or a context (Stake 1995; Merriam 1998; Creswell 2007), ability of the researcher to identify a “case bounded by time or place that can inform a problem” (Creswell, Hanson, Clark Plano & Morales 2007 p. 241). Research generally favours use of multiple case study design for the purposes of replication and generalisabilty (Yin 2003). Creswell (2007) suggests that in order to address this challenge, the inquirer needs to select the case or cases that are representative of the research problem or issue being addressed. There are several methods to decide the suitable type of case selection process. Sidani and Sechrest (1996) suggest that one good way is to choose cases based on the study objectives and the judgement of the researcher.

Since the current research assumes a subjective reality depending on the social actors and individuals who contribute to social reality, it is effective to select a case that demonstrates the research issues that can investigate their lived experiences. In this, it is to select an example of international development in a developing economy – Sri Lanka. The following criteria or boundaries (context and setting) helped in examining the Southern Expressway project:

- International development project that is expected to be a top priority,
- Large-scale project that fits the Central Environmental Authority’s prescribed project list, to meet National Environmental Act (NEA) requirements,
- Project funded by multiple funding agencies, ADB, China, etc., for comparison purposes,
- Project(s) with developmental and public agency staff who have experience working with several partners or allies and can be interviewed to get their perspectives on accountability, environmental sustainability and developmental partner relationships.

Infrastructure development is a key component of the growth of DCs and foreign or funding is the main source of finance for their infrastructure projects. The ADB believes that rapid infrastructure growth is one of the keys to reducing poverty. ADB is a major contributor of the infrastructure development in Sri Lanka followed by the WB which provides financial and technical assistance to DCs. Developed countries contribute to international development in DCs through multilateral donor agencies, for instance the ADB for infrastructure projects as part of their aid commitments. Powerful bilateral donor and funding institutions such as CExImB are increasingly investing in infrastructure development in DCs. China’s Silk Road investment initiative is a good example of agreements and funding contracts with DCs as most of these governments including Sri Lanka are desperate for such financing, due to high government debt and restrictions attached to these loans compared to what the ADB and WB offer.

According to the MoF of Sri Lanka, the ADB, Japan International Corporation Agency (JICA) and the WB reported the highest disbursement during 2008 (MoF 2008, p. 210). The Southern Expressway, Colombo Port Expansion Project, Secondary Towns Rural Community Water Supply/Sanitation Project were the main projects which reported the highest disbursements during 2008. According to the Sri Lankan MoF (2018) annual report, of the total disbursements paid for the development projects and programs funded by foreign development partners and lending agencies in 2018, almost 40% (US$538 million) was utilised mainly in road and bridges, followed by water supply and sanitation amounting to 14% (US$192.9 million). In 2018. The top three developmental partners were ADB, China and Japan (JICA), respectively, 29%, 27% and 12% of the total development partner-wise disbursements in 2018 (MoF 2018). According to the Embassy of the People's Republic of China in Sri Lanka (n.d.), the Board of Investment of Sri Lanka (BOI n.d.) and Weerakoon and Perera (2016), the government implemented ambitious targets to expand physical infrastructure development to upgrade the sea, air and road transportation networks so that the country is a major regional trading hub in South Asia, one which can further attract investment.

Road development in the country has been recognised as requiring a lot of investment such as construction and widening of highways, reduction of traffic congestion, road maintenance and rehabilitation and bridge rehabilitation and reconstruction (Weerakoon & Perera 2016; WB 2016) The major road developments are: Southern Express Highway (129 km) (ADB 2014); Colombo - Katunayake Expressway - CKE (25.8 km); and Outer Circular Highway - OCH (28.9 km) (RDA n.d.). Of these three major projects, ‘Southern Expressway’ is the largest with two major funding agencies - ADB and JICA followed by CExImB funding the Southern Expressway Extension. The project was categorised as having high environmental and social sustainability impacts (ADB 2014). Consequently, the project had to follow NEA requirements and international environmental guidelines (see *Section 5.5* for Case Context). The map of the Southern Expressway in Appendix A indicates the sections funded by ADB and JICA and the Extension that was funded by China.

4.4 Analytical Approach

Yin (2003) and Crowe et al. (2011) assert that the case study approach usually involves the collection of multiple sources of evidence. Creswell (2013) suggests that a “hallmark of good qualitative research is the use of multiple sources of data” (p. 111). This further allows for data triangulation or validation (Marshall & Rossman 2014) and benefiting from prior development of theoretical propositions to guide data analysis. Moreover, it allows for greater internal validity of data collected in the study (Crowe et al. 2011). The research comprises qualitative analysis which includes primary and secondary data. Qualitative research methods and multiple data collection methods include but are not limited to interviews, focus groups and observations. Creswell (2015), Edwards and Holland (2013) and Yin (2017) provide an analysis of the advantages and disadvantages of some of the most common qualitative methods used, observations, documentary analysis and interviews.

Historically, in the area of qualitative research methods and design, triangulation is an important part of the research design process in identifying the methods utilised (Janesick 2003). Unlike quantitative research, qualitative research struggles to identify appropriate ways to ensure validity. Qualitative validity is essentially checking whether or not the explanation fits the description and is credible, particularly when there is “no one correct interpretation”

(Janesick 2003, p. 69). To ensure validity of a qualitative case study the methods must be used in harmony and in a relatively operationalist way. Such a perspective seeks to ascertain that the phenomenon exists by means of having two research methods corroborate or converge on the same phenomenon (Covaleski, Dirsmith & Samuel 2017). The underlying assumption for multiple data collection methods is that the data collected in different ways should lead to similar conclusions (Crowe et al. 2011).

Goddard's (2010) extensive review of public sector accounting research revealed that research outside of the US dominated in areas where context and qualitative methods are most readily applied such as accountability, governance and new public management. Among the qualitative methods used, interviews were used 98% of the time followed by document reviews 91% of the time. Van Helden and Uddin (2016) conducted a review of research published in public sector management accounting in emerging economies, common methods used in case study research include interviews, observations and documentation (Van Helden & Uddin 2016). Some research that utilised multiple qualitative data analysis methods in accounting research are: Lai, Leoni and Stacchezzini (2014), who looked at the socialising effects of accounting in flood recovery analysing public document analysis on flood recovery; O'Dwyer and Boomsma (2015) who examined NGO accountability using documentary review and in-depth interviews in Netherlands and Alawattage and Fernando (2017) who explored post-coloniality in corporate social and environmental accountability, with a particular focus on Sri Lanka and interviewed stakeholders involved in corporate social and environmental accountability. Similarly, Gunarathne and Lee (2015) used semi-structured interviews and secondary data evidence such as daily and monthly material and energy records, online resources. Collected data was assessed using content analysis to explore environmental management accounting in Sri Lanka's hotel industry.

This thesis opted to collect data in two main phases to obtain a variety of perspectives based on methods which could converge or otherwise. Here the case study-based analysis on ex-post data and information is based on published information on international development projects in Sri Lanka. It has been reported that the Sri Lankan public sector quantitative reporting is not accurate due to corruption issues (Wijesinghe et al. 2011). The most commonly used qualitative data method for countries like Sri Lanka are interviews (Wijesinghe et al. 2011). So, interviews were conducted in the second phase to get people's insights into the international development context of Sri Lanka. Nevertheless, there was some overlap of documentary analysis during the interview phase as new evidence emerged during interviews. Therefore, single case study focusing on Southern Expressway utilised two qualitative data collection methods, which are detailed next (see *Figure* 4.1).

In order to benefit from combining the data from multiple methods, this study utilised documentary sources/analysis and by semi-structured interviews. As depicted in *Table* 4.3, disadvantages of the two methods can be balanced out by each other to an extent, for instance, a weakness of documentary analysis is that material collected may be incomplete, inaccurate and weaknesses in record keeping, which is particularly observed in Sri Lanka (Wijesinghe et al. 2011). To overcome this, interviews will provide personal accounts and feelings about events which might not be obtained through documentary analysis. Additionally, protected information that is not generally available for public access can provide insights into accountability, so interviewees' answers can supply the information that is not available to the public. Moreover, the documentary analysis is expected to assist in refining the interview questions as more insights are gained from documentary analysis (Khalifa & Mahama 2017).

This research used documentary review for an empirical analysis of the secondary data sources. Themes were identified from the initial documentary analysis which further made it possible to collect primary data using in-depth interviews (Marshall & Rossman 2014). The analysis of reports of international development projects and government reports assisted in narrowing down the interview participants and major stakeholders involved. Nevertheless, documentary analysis continued during the interview phase as new information was identified and provided by the interviewees, further government policies and documents needed to be analysed that were not included initially.

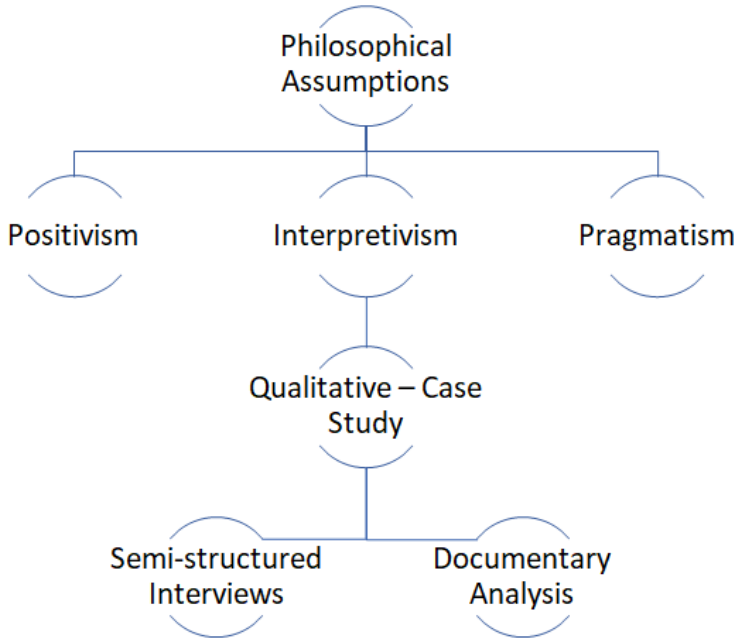
Table 4.3 Qualitative Methods - Advantages and Disadvantages

Data Source	**Advantages**	**Disadvantages**
Observations	Ability to gain first-hand experience. Can record and report information as it occurs. Unique and unusual situations can be observed and reported. Useful when researching topics that are uncomfortable for participants to discuss.	Researcher may be seen as intrusive. Private and personal information observed may not be able to report. Researcher does not have skills to properly observe and give attention to detail. Researcher may have difficulty in building rapport with certain participants.
Documentary	Allows the researcher to obtain information from the language and words of participants. Can access information that is convenient for the researcher. Written evidence that can save researchers time and expense in transcribing.	Protected information may not be available to the public. Challenges in searching out the information relevant for the research. Materials may be incomplete, inaccurate and weaknesses in record keeping.

Interviews	Can give insight into the meanings that individuals and groups attach to experiences, social processes, practices and events. Insights into everyday life, experiences of the individuals, how social processes and relationships work and the meanings that they generate. Interviewees can recount and convey their feelings and behaviours as part of their social world beyond the interview and the researcher is able to inquire and clarify the reasons.	The conversational mode in qualitative interviews resembles everyday spoken communication, however, it is not as easy as it seems as a research procedure. Limitations could be related to missed opportunities to follow up or clarification to confirm details, particularly with contested meanings, ambiguity and open-endedness. This can lead to an endless amount of subjectivity and reinterpretation. What a question or answer means to the interviewer can easily mean something different to the interviewee.

Source: Creswell (2015), Edwards and Holland (2013), and Yin (2017)

Figure 4.1 Analytical Framework



In this study the Southern Expressway served as the case study because it met the requirements of the research objectives and questions. The conceptual framework discussion indicated that public *agents* exercise their accountability differently with respect to specific contexts or relationships. This expressway was funded by several donor agencies which were ripe for investigation into how accountability relationships were handled by the public sector and the funding agencies. Other than the publicly available project reports that alluded to the accountability and environmental practices of the projects, interviews were paramount to understand the lived experiences of public sector officials, international funding agency

representatives and the public and what they thought about the public sector's responsiveness to environmental sustainability issues.

The historical context and information are important to clarify the roles and responsibilities of public sector officials and other stakeholders involved in international development. Nevertheless, the literature suggests that with the increasing changes in the funding environment and with significant increases in funding and aid flowing into countries like Sri Lanka, the expectations and accountability relationships remain dynamic. Given the scarcity of empirical research on DCs for this kind of topic, the case selection process will help obtain relevant information and address the questions. What this means is that as research suggests, in an area with limited empirical evidence, a single case study design in particular is appropriate (Yang 2014; Yin 2011). To investigate the subjective reality, to gain a deeper understanding of the changing roles and responsibilities of public *agents* in environmental sustainability and other accountability practices, interview evidence was expected to shed light on actual practice and changes experienced over the years to date. *Table* 4.4 summarises the methods utilised for achieving the objectives.

Table 4.4 Summary of Research Approaches

Research objective	Research method	Source of data
To investigate the public sector accountability towards environmentally sustainable policies and standards in internationally funded development projects in Sri Lanka	Empirical case analysis of international development project combined with documentary review of historical and contextual background information to understand the Sri Lankan governance and accountability structures.	Current environmental sustainability laws, policies, international development project reports, public announcements, media reports and interviews with a range of stakeholders involved in the selected case.
To investigate the variance in accountability depending on the type of project and international donor or funder.	Empirical case analysis of international development project that represents multiple funding agencies. Empirical evidence from single-case study of Southern Expressway with multiple funding agencies. Documentary and interview evidence.	Project reports from multiple funding agencies, government reports on contractual agreements, policies and conditions on international development and environmental sustainability. Interview public agents and representatives from multiple funding agencies.
With limited research in the area, this current study aims to outline the main functions relating to public sector developmental activities, clarifying roles and responsibilities of stakeholders involved in internationally funded development projects in Sri Lanka.	Single-case study approach to gain context specific evidence – empirical analysis of Southern Expressway project. Documentary evidence on governance and accountability structures, roles and responsibilities. Interviews to investigate written and unwritten rules and norms and changing roles.	Public sector reports, funding agency reports, contracts between international funding agency and recipient government, interviews with public agents, funding agents and the public.

Source: Prepared by the researcher

4.4.1 Document analysis

Document analysis is applicable in qualitative case studies because it provides descriptive evidence of a single phenomenon, event, organisation, or a program (Stake 1995; Yin 1994). Documentary evidence comprises ready-made sources of data that can be accessed by the researcher (Merriam & Tisdell 2015). It is considered a non-intrusive method of data collection without altering the setting in any way, due to the presence of the researcher such as during interviews and observations (Merriam & Tisdell 2015; Babbie 2010). These types of data can be available in a physical and online setting. The search for documentary evidence is systematic, but the researcher needs to be open to new insights on valuable data.

Documentary analysis serves a variety of purposes. Documents provide background and context for certain issues and conditions that impinge upon the phenomenon currently under investigation, which can be corroborated through interviews (Bowen 2009; Goldstein & Reiboldt 2004). Document analysis can provide profound insights into what is being investigated, including a perception of historical change from the time of the Southern Expressway was taken over by ADB and JICA in 1999 for construction, to the more recent construction of Southern Expressway extension and the post-completion phase in 2020. Documents can also assist in the interview design (Yanow 2007). In the current research, documentary analysis helped to inform the interview questions about past and current types and levels of public accountability and responsiveness. A few aspects need to be considered when collecting documentary evidence for analysis (Bowen 2009; O'Leary 2014). Documents need to be selected on the basis of their usefulness and relevance (Mills, Durepos, & Wiebe 2010). It is vital to include a wide array of documents in a study, although quality is better than quantity (Bowen 2009). Two major issues that need to be considered in the document evaluation are: a) the subjectivity of the author of the document(s) and bias, whether the author was a first-hand witness or used second-hand sources (Merriam & Tisdell 2015; Bowen 2009); and b) completeness of the document - how selective or comprehensive the data is (Bowen 2009; O'Leary 2014).

Some of the common types of documents used in research are (Wildermuth 2016):

- Public/official documents, i.e. birth and death records, legislations
- Financial documents
- Official statements, reports, i.e. annual reports, project reports
- Memos and other internal communications
- Diaries
- Images and video recordings

Other than semi-private documents, more official records are attractive to researchers as they are generally created and recorded in a systematic way and are easily accessed (Descombe 2003; Gray 2004).

Collected for this thesis are those documents relating to public sector accountability, environmental sustainability, international donor agencies, with a particular focus on the Southern Expressway project in Sri Lanka. This project produced 'episodic' records of a particular event, evaluations and process documents (Gray 2009). Reports of international donor agencies that highlighted the international environmental sustainability policies, Sri Lankan government/project practices and levels of accountability and historical data were

included. Government legislation and reports on public sector accountability and governance, environmental sustainability and international funding for development were accessed. This provided historical data on environmental sustainability and accountability relationships that exist in the international development context and how they have evolved or changed over time. Furthermore, media/newspaper articles published during the project provided insights into how the wider community viewed the public sector and its accountability for international development in the country. Initial document analysis assisted in contextualising the research problem which informed the interview data collection, so the investigation could go deeper (Bowen 2009; Goldstein & Reiboldt 2004). Moreover, documentary analysis assisted in identifying the relevant interviewees and important stakeholders to commence the interviews. Appendix B lists the full range of documents analysed.

4.4.1.1 Qualitative Content Analysis

Thematic analysis, otherwise known as Qualitative Content Analysis (QCA) is one of the most commonly used methods for analysing qualitative data (Kuckartz 2019; Kuckartz 2014; Mayring 2015; Schreier 2012). In qualitative studies, content analysis is used more often to analyse documents (Merriam & Tisdell 2015). Babbie (2010) notes that defining the 'units of analysis' for QCA may be difficult, but as Merriam and Tisdell (2015) explain, it is important to organise codes according to the schemes of the study and the theoretical framework. For this thesis, research questions and the conceptual framework are concentrated around types of accountability, P-A relationships between the main stakeholders such as public *Agents*, different funding and donor agencies and the degree of responsiveness to environmental sustainability, which will be used in the coding system (refer to *Section 4.5* of this chapter).

Many content analyses deal with measuring the frequency and variety of messages and confirming hypotheses which is different to QCA (Merriam & Tisdell 2015). QCA depends on the context, and the "reflexive and highly interactive nature of the investigator, concepts, data collection, and analysis" (Hesse-Biber & Leavy 2013, p. 128). QCA is differentiated into 'manifesto' and 'latent' (Schreier 2012). Manifesto content is characterised as clear, direct and standardised where most people will interpret the information in the same way. Whereas latent content is obscure and dependent on the context where different people will interpret it differently (Schreier 2012; Babbie 2010). One of the major criticisms of latent content is the subjectivity (Schreier 2012); however, engaging in more interpretation and providing reasons for favouring one interpretation over another is one way of overcoming this limitation (Schreier 2012). Moreover, having a limited body of data will allow a researcher to overcome this limitation by providing detailed analysis (Silverman 2005) and verify assertions (Berg 2009).

The current research objectives require the study to engage in a deeper level of interpretation and understanding of public sector accountability and level of responsiveness to environmental sustainability. Therefore, latent content analysis provides rich data and analysis to address this aspect. As discussed, the limitations of the latent content analysis can be overcome by providing reasons for favouring one interpretation over another, particularly the type of public sector accountability and the level of responsiveness to environmental sustainability (Kuckartz 2019), can assist in overcoming some of these limitations. Moreover, ensuring sufficient numbers of supporting evidence for each category can make the analysis robust. The researcher has determined the relevance of documents, and ascertained whether the content of the documents fit the conceptual framework as suggested by Bowen (2009).

Evidence on environmental and social sustainability assessments in international development projects and requirements were obtained in the document analysis. This informed the type of officials to be interviewed to gain further insights into the effectiveness of environmental assessment and practices in international development projects promulgated by the Sri Lankan government. Consequently, the researcher selected individuals who were greatly involved in projects funded by international donor agencies, particularly the Southern Expressway. The initial documentary analysis formed a significant proportion of the current research which involved reading and analysing the materials, constructing a framework and identifying key issues and gaps that have been reported or identified. For example, the environmental compliance requirements of the international donor agencies such as the ADB and the subsequent lack of implementation and non-compliance were looked at. The issues identified in the document analysis informed the key semi-structured interview questions such as validating documentary evidence versus reality and probing questions to understand how public sector accountability is manifested in the face of multiple accountability forums, which documentary evidence could not reveal. Nevertheless, once the interviews commenced, documentary analysis continued as new information was discovered during the interview process and more government policies and project reports needed to be analysed.

4.4.2 Interview Analysis

Interviews are suitable for research conducted to explore the experiences of actors in giving meaning to accountability in their daily lives (Yang 2014). Moreover, documentary analysis and interviews are increasingly becoming a dominant research method in public sector accountability research (Crofts & Bisman 2010).

Qualitative research relies heavily on in-depth interviews as a method of data collection (Marshall & Rossman 2014). In addition, the use of interview methods from an interpretivist perspective has been reviewed and heavily documented (Kvale 2007; Rubin & Rubin 2005; Arksey & Knight 1999). Kahn and Cannel (1957) explain that an interview is: “A conversation with a purpose” (p. 149). Interview conversation allows the researcher to understand the lived lives and experiences, feelings, attitudes and the world they live in (Kvale & Brinkmann 2009 p. xvii). Siedman (1998, p. 4) further explains that interviewing provides access to the context of people’s behaviour and thereby provides a way for researchers to understand what is meant by it. A basic assumption in in-depth interviewing research is that the meaning people make of their experience affects the way they carry out that experience.

Living in an interview-based society, “interviews seem to have become crucial for people to make sense of their lives” (Gobo 2011, pp. 24-25). In particular, in research that assumes the reality is constructed by the dynamic interactions of the social actors, it is vital to utilise research methods that allow direct observation or questions to the social actors involved in a given context. This approach suits the current research and compared to other methods of qualitative data collection, interviews can help investigate and prompt things that we cannot observe. Researchers can probe an interviewee’s thoughts, values, prejudices, perceptions, views, feelings and perspectives (Wellington & Szczerbinski 2007). Therefore, data collection through interviews is a vital tool in collecting primary qualitative data in case study research. Recruitment of research participants follows a purposeful sampling technique (Patton 1990) to reveal perspectives from different groups of actors. Recruited participants, while approached as individuals with unique perspectives on the Southern Expressway and

international development in Sri Lanka, were also recruited because they represented their institutional roles such as donor or funding agency official, public sector official.

As a qualitative case study, the collection of data through interviews was imperative for three main reasons. Firstly, the nature of environmental sustainability of international development projects and level of public sector accountability cannot be grounded solely on hard evidence of the level of responsiveness and the latent meaning of hard historical evidence available, particularly through documentary analysis. “One‘s own judgement must be brought to bear, as well as that of others— participants and observers—who have seen the reforms in operation and have thought much about how the system is operating” (Schick 1996, p. 9). The second reason is that official documents do not explain all aspects of the situation, especially the perceptions, responsive levels and behavioural aspects of the policy implementation and accountability. The historical documents also may be based on official rationalisation or may have been interpreted incorrectly by the writers. Lilleker (2003, p. 207) writes that interviews provide insight into events about which we know little of, activities that take place out of the public or media gaze, behind closed doors, etc. The third reason is that the research tradition demands procedures to verify the accuracy of statements, to establish relationships, and to determine the direction of cause-and-effect relationships (Marshall & Rossman 2014). This is significantly important in the current study as prior research has indicated that documentary evidence may not be reliable or recorded accurately in Sri Lanka (Wijesinghe et al. 2011). Therefore, interviews helped to validate the documentary evidence and probe interviewees to generate new information.

Of the three main methods of interviews - structured, semi-structured and unstructured (Qu & Dumay 2011), this study utilised semi-structured interviews to collect primary data from the target audience in Sri Lanka which has been suggested for explanatory studies (Denscombe 2014). Semi-structured interviews are commonly used in accounting studies (Hoque 2018; Horton, Macve & Struyen 2007; Adams & Larrinaga-González 2007; Norris & O'Dwyer 2004; O'Dwyer 2005). Semi-structured interviews offer a great flexibility in the research process which is particularly important when exploring perceptions, participants’ thinking and behaviours, meanings of complex and dynamic topics (Parker 2011a), such as accountability, environmental sustainability and how these dynamic concepts have evolved or translated into the public sector processes in international development contexts. Mayan (2001) suggests that semi-structured interviewing is useful when knowledge is limited and a topic needs to be explored from the subject’s perspective.

This is particularly relevant in public sector accountability in DCs and to identify the nuances in public sector accountability and environmental sustainability. Furthermore, according to Aberbach and Rockman (2002, p. 674) “elites especially…highly educated people … do not like being put in the straightjacket of close-ended questions”, So this research used semi-structured interviews to collect data from such people who worked in the Sri Lankan public sector, international donor and funding agencies and other relevant areas. Broad open-ended questions were asked to encourage the participants to speak in their own "voices" and thereby increase their propensity to "tell stories" (O'Dwyer 2005, p. 293), and to ask both the facts and opinions (Denscombe 2014). In addition, participants were asked about their understanding and opinions of specific events about the Southern Expressway’s construction and related events. During this process, as indicated by Lee and Saunders (2017), participants were able to suggest other officials who would be useful for the research, so in effect snowball selection was used.

Some interviewees were contacted via email and referrals were contacted via email or face-to-face. More information about recruitment of respondents is shown in *Section 4.4.2.1*. To gain access to participants within the public sector of Sri Lanka, a letter was written to get permission to interview officials before they were carried out in most cases. Participant Information Sheet and the Informed Consent form had been approved by the RMIT University Human Ethics Committee (project number 20443). The participant information sheet and the consent forms were shared with all respondents either via email or in hard copy format. Interviewees were informed that their answers will be treated with confidentiality and all identifiable information would be omitted. The participants were asked to sign the consent form to indicate their comfort with the data collection methods, storage, analysis and the use of information they provided. Further, participants were assured they could withdraw from the research study at any time.

The ethics policies and procedures required to collect the primary data were complied with, and all information would be held securely for five years after the study finished. Collected data will be stored securely in electronic and hard copy format using university data storage units.

4.4.2.1 Sampling Technique for Interviews- Participant Selections

A range of participants was selected for this study as suggested by Rubin and Rubin (2005; 2012) to provide a different point of view about the issue or topic being investigated (Flick 2008). Moreover, the interviewer is required to adjust the interview questions and style depending on the participants' background and experience with the research topic or issue being discussed (Magnusson & Marecek 2015). Accordingly, five distinct groups of individuals who have distinct perspectives on the issue in this study are:

i) Public sector officials directly involved with international development projects,
ii) Officials contracted by the public sector on international development projects
iii) International funding and donor agency officials
iv) NGO and civil society groups
v) Members of the public, especially affected community groups

This study is based on 36 semi-structured interviews with developmental project officers, government officials of the Road Development Authority, Central Environmental Authority, External Resource Department, Ministry of Environment and Mahaweli, environmental consultants, donor agencies, namely the ADB, WB, JICA, China's ExIm Bank, construction companies, NGO groups and civil society organisations and affected community members to obtain primary data (refer to Appendix C for the summary of interviews). Public sector officials who are currently employed and retired were all based in Sri Lanka. Interviewees recruited from environmental consultancies and international donor and funding agencies were all based in Sri Lanka, for instance representatives from ADB, WB and JICA who are from the Sri Lanka resident mission based in Colombo.

Initial recruitment was based on the project contact details available on ministry websites and donor and funding agency websites. There were 22 recruits that were directly contacted, and a further 14 participants were contacted through referrals from the direct recruits. It was clear right from the beginning that some of the individuals that were suitable to gain more insight of the historical processes were no longer working in the public sector or in the relevant

department or organisations. In addition, clear records and reports of relevant stakeholders are not available and accessing public sector records was a challenge, and therefore snowball sampling worked well to identify relevant participants. Gray (2004) asserts it is necessary to concentrate on those who were or are involved in making decisions about the issue addressed in the research, or those who are involved in a particular change being observed. They can cast their memories back on events that took place and provide detailed insights; in this case the government officials and donor agencies project officers were able to provide insights into how developmental projects were managed, currently managed and level of responsiveness of the public sector to environmental sustainability.

Snowball sampling technique is recommended when there is lack of empirical evidence and when using hard-to-find groups of individuals for interviews (Patton 2014; Lewis-Beck, Bryman & Liao 2003). Although some may refer snowball sampling or “chain referrals” to be trivial (Atkin & Flint 2001), this technique is particularly important in contacting respondents where higher levels of trust are required to initiate contact (Lewis-Beck, Bryman & Liao 2003), such as public sector officials and high-ranking public servants such as directors and deputy directors, project directors, etc., in Sri Lanka. Nevertheless, Rubin and Rubin (2012) add that a referral from somebody they (the potential participants) already knows and trusts helps establish accountability. Snowball technique or the chain referrals were particularly successful in most cases as the officials were comfortable in discussing true feelings and practices of public sector accountability due to higher levels of trust built between the researcher and the interviewee. The researcher was able to interview 14 participants through chain referrals. Chain referrals were mostly through emails where an official who already participated in an interview passed on the details of recommended potential participants via email and copying potential interviewees into the emails. In some instances, after the completion of the interview, if other potential interviewees were available at the time, I was referred to other officials who either agreed to participate in a face-to-face interview right away or organised another face-to-face or telephone discussion.

Similarly, civil society organisations and the international funding and donor agency representatives were contacted through the details available on the public website and the public profiles of the officials working on international development projects. Environmental consultant details were either obtained through referrals or information available in environmental impact assessment reports that are publicly available on donor or funding agency websites like that of the ADB. Affected community members were recruited through known networks of friends and family in Sri Lanka, families directly impacted by the Southern Expressway. All interviewees were comfortable with the researcher recording the interview proceedings for transcribing purposes, except for three public officials at a face-to-face interview – Respondents 6, 31 and 32. One was in a high-ranking position who did not feel comfortable being recorded when sharing sensitive information, true feelings and practices of public sector accountability in international development projects. Respondents 31 and 32 were affected community members who did not wish to be recorded but were willing to answer all the interview questions and share their true feelings about public sector accountability. As a result, notes were taken manually during these interviews.

The majority of interviewees were amicable and enthusiastic about sharing their opinions and feelings openly about public sector accountability and level of responsiveness. This is contrary to some prior experiences reported in the literature, for instance, Hapuarachchi, Hughey and Rennie (2016) who in their report on EIA effectiveness in Sri Lanka and New Zealand found

“some of the government employees involved in the processes were exceptionally reticent in commenting on some aspects (e.g. political influence)”. Most of the retired public officials were able to share experiences from their past and provide insights into the public sector practices with greater comfort; however, they were not able to link their past experiences with current practices. Most public officials were from the older age groups with a few exceptions and those in tenured positions who had a long service history in various public agencies. On the other hand, the younger respondents had worked in both the public sector and private sector and were comfortable in sharing their experiences that were relevant, particularly those who first started in the public sector and moved to funding agencies such as the ADB and WB. The civil society group representatives were generally younger and very vocal about their opinions and in sharing their experiences.

A summary of the interviews is listed in Appendix C. On average, the interviews were 40 min long with the shortest interview being around 20 min while the longest was roughly 1 hour and 30 minutes. Face-to-Face interviews were conducted between Nov 2018 and Jan 2019 and the telephone and video conferences were conducted between Jan 2018 and Sep 2019. The researcher visited Sri Lanka to conduct face-to-face interviews during these times and they were conducted in English. 30 interviews were in English with 4 interviewees that used both English and Sinhala[3], while 2 interviewees spoke in Sinhala. This allowed the interviewee to feel comfortable and encourage an easier flow of conversation and to share local narratives that are relevant for the study. The researcher translated the relevant content into English before analysis and when required.

All participants were only interviewed once except for one person. A high-ranking official at the Central Environmental Authority was initially interviewed in person and later interviewed a second time via telephone to clarify some issues. Generally, the interviews took place in the participants’ workplace except for the affected community members. A sample of interview questions is presented in Appendix D.

4.5 Data interpretation/Coding and Analysis of Empirical Data

Empirical analysis is “the process of moving from raw interviews to evidence-based interpretations that are the foundation of published reports" (Rubin & Rubin 2005, p. 201). Analysis is a step-by-step process to gain clear convincing answers to the research question (Rubin & Rubin 2012). Across most qualitative data analysis books and research, the main steps in qualitative data analysis are “preparing and organising the data (i.e., text data as in transcripts, or image data as in photographs) for analysis; then reducing the data into themes through a process of coding and condensing the codes; and finally representing the data in figures, tables, or a discussion” (Creswell & Poth 2016, p. 183). Further, these steps are not distinct steps in the data analysis process, they are interrelated and often have to be done simultaneously (Creswell & Poth 2016). Specifically, this thesis employs a deductive approach to QCA, based on existing theory and literature, guided by a more structured process (Hickey & Kipping 1996), thus helping to determine the initial coding scheme or relationships between

[3] The official language of Sri Lanka.

codes (Hsieh & Shannon 2005; Mayring 2015). Structured data analysis will assist in overcoming some limitations attached to QCA of being too subjective.

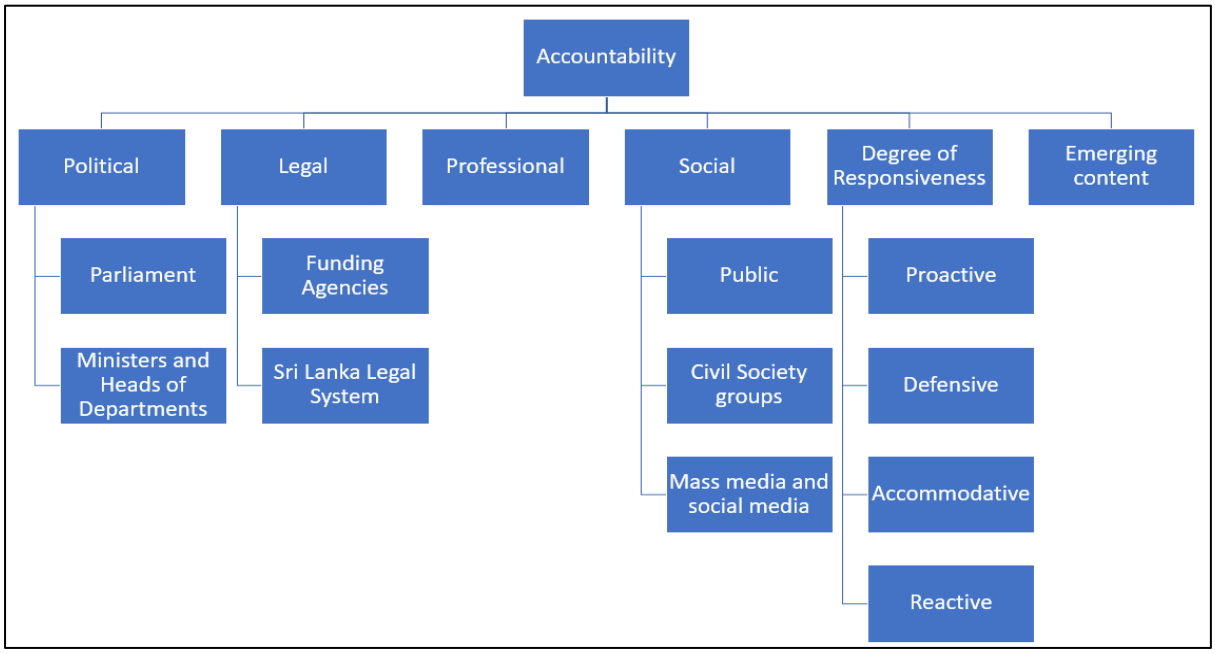
Various coding methods have been proposed in the past (Saldana 2012; Auerbach, Silverstein & Silverstein 2003; Miles & Huberman 1994); the literature suggests that the goal of the research and the research question(s) can inform the coding method appropriate for the study (Saldana 2012; Merriam & Tisdell 2015). Deductive method recommends using a list of codes or predetermined codes that would harmonise with the study's conceptual framework or paradigm will enable the researcher to answer the research questions and goals (Saldana 2012; Merriam & Tisdell 2015). This will allow for coding methods such as elaborative coding to begin with codes based on previous theoretical constructs and literature, which is also a form of 'top-down' coding (Auerbach, Silverstein and Silverstein 2003). The aim of this method of coding is to analyse textual data to develop theory further in contrast to 'bottom-up' methods suitable for grounded theory studies with the goal of developing new theory.

The current study is informed by the six steps for elaborative coding[4] suggested by Auerbach, Silverstein and Silverstein (2003) and 7 phases of evaluative qualitative text analysis[5] by Kuckartz (2014). Nevertheless, advice from other methodologists such as open coding in case study research by Creswell (2013, 2015) and coding methods and elaborative coding by Saldana (2012) and other relevant literature have been used as necessary to analyse and interpret the qualitative data. NVivo 12 served to code documentary evidence and interview transcripts. As suggested by Creswell (2009), data analysis was initiated with 'lean coding' with only a few relevant codes based on prior research. Nevertheless, Marshall and Rossman (2014) and Creswell (2007) discusses a continuum in the coding strategy, one that ranges from the 'prefigured' codes to 'emergent' codes. To ensure that the analysis is not restricted by the prefigured codes derived from past literature and theory, Creswell and Poth (2016) recommend that researchers be "open to additional codes emerging during the analysis". The coding of raw data was performed using NVivo and a node was generated for each conceptual element of the framework. Statements were then categorised into these nodes and aggregated into common themes to generate a story. Lean codes identified at the initial stage are depicted in *Figure* 4.2 below, which is based on the key concepts addressed in the research questions around types of public sector accountability, accountability relationships, type of funding agency and public sector responsiveness to environmental sustainability.

[4] Six Steps for Elaborative coding (Auerbach, Silverstein, & Silverstein 2003, p. 105), aimed to refine old constructs, develop new ones, and construct a theoretical narrative from text. These steps are based on three main processes: 1) Making the text manageable 2) Hearing what was said, and 3) developing theory (Auerbach, Silverstein & Silverstein 2003).

[5] Seven phases: 1) Define evaluative categories starting from the research question(s), 2) Identify and code the text passages that are relevant for the evaluative category in question, 3) compile the text segments coded with the same code, 4) define levels (values) for the evaluative categories and assign them to the text segments, If necessary, modify the category definition and the number of category values, 5) evaluate and code the entire data set, 6) analyse and present results (Kuckartz 2014, p. 92).

Figure 4.2 Prefigured Lean Codes



Documentary evidence such as reports collected from government websites, international donor and funding agency websites and other relevant sources listed in the documentary analysis section above, initial round of coding was completed. As suggested, new codes emerged during the documentary evidence coding. Initial coding of documentary evidence further informed the interview process and interview questions such as dwelling further into local laws and practices in environmental sustainability in international development projects at the ground level, unpublished documents and narratives around project initiation, implementation and completion. Coding of documentary evidence generated insights into accountability types and level of responsiveness to environmental sustainability. Interview transcripts were coded later, however, both the primary and secondary data were continuously reviewed and re-coded and categorised to ensure a thorough understanding of the material, deep reflection and pattern identification.

Continuous analysis and coding of the primary and secondary data, conversations, observations and practices, interpretations of the data collected is part of the process of finding patterns that function to tell a story (Saldana 2012). During this analysis phase, one follow-up interview took place with a high-ranking official at the Central Environmental Authority to clarify some issues around the CEA's authority to enforce and apply sanctions for non-compliance of the National Environmental Act. This follow up interview was conducted via telephone after the analysis of several other interviews of public officials and interviews of civil society groups' representatives. In these interviews they discussed the issues associated with CEA's slow actions when it comes to holding offenders accountable. Summary of these findings as they emerged were discussed with the high-ranking official and issues clarified, which further supported the emerging narrative.

To help with data interpretation, the researcher takes a closer look at the selected data and performs coding and category construction, based on the data's characteristics, to uncover themes pertinent to a phenomenon (Bowen 2009). As suggested by several authors (Saldana 2012; Creswell & Poth 2016; Miles & Huberman 1994), analytic memos are notes to reflect on

the coding process, emerging patterns and themes that are possibly leading towards theoretical development or creation (Saldana 2012). Memos tie together different pieces of data into patters and clusters, developing into concepts (Miles & Huberman 1994). Coding and analytic memo writing are concurrent qualitative data analytical activities. Therefore, in the current study, a running commentary of the coding process and the emerging patterns were recorded through memoing. During the memoing process, new patterns not initially expected at the code identification process and as new codes emerged, a narrative was developed to assist with the write-up of the findings and results. For instance, during the interviews, people from civil society groups highlighted that the networks developed between these groups and public officials made horizontal accountability stronger. They alluded to a pattern of accountability where public officials seek assistance from the public to lobby for top-down responsiveness when professional accountability is low. During the final stage of coding, findings were written up concurrently. Once the coding process reached saturation (Barbour 2013) and the analysis reached maturity and could respond to the research question, the story was written up.

4.5.1 Reliability and Validity

The term utilised to express the reliability of the qualitative research is research trustworthiness. Research trustworthiness measures the quality of qualitative data as it is associated with 'the concept of rigour which refers to the quality of qualitative enquiry and is used as a way of evaluating qualitative research' (Liamputtong 2009, p. 20). According to Liamputtong (2009), the concept of rigour is similar to those of reliability and validity in quantitative research or positivist research (Liamputtong 2009; Merriam 1998). The most important strategies or techniques that can be applied to ensure rigour in qualitative research (Liamputtong 2009; Rice & Ezzy 1999) are theoretical rigour, methodological or procedural rigour and interpretive rigour. Theoretical rigour is related to how appropriate the theories used in the study are with reference to the research aims. The researcher should provide reasonable arguments to support the theoretical rigour of the study (see *Chapter 3*). Methodological rigour refers to 'the selection of the methodological framework which adds to the strength of research design' (Liamputtong 2009, p. 24). Interpretive rigour relates to the process in achieving interpretations explained by the researcher and how this interpretation accurately explains informants' experiences (Wilkinson, Campbell & Judd 2008). Methodology design and data interpretation are explained in great detail in this chapter to ensure methodological rigour and trustworthiness.

The summaries of the findings were reviewed and discussed with key participants for validation. For instance, a follow-up interview was organised with a high-ranking official at the Central Environmental Authority to clarify some concerns around the EIA process, and to discuss the summary findings at that point. They were able to clarify the EIA process and no further changes were required to change. Moreover, a civil society organisation representative and a public sector official was contacted to review some of the summary findings through email, no changes were required. These key participants were selected due to their extensive experience, great interest in the current research and wanting to provide information and recommendations to recruit key participants. This is a type of qualitative validation approach, whereby participants are consulted to validate the interpretation of qualitative findings (Creswell 2007). Publishing of the research findings in a peer-reviewed journal and other prominent international conferences also provided another level of external validation.

4.6 Summary

This chapter justifies the use of a single case study approach to investigate public sector accountability and relevant relationships linked to environmental sustainability-related projects in Sri Lanka. Philosophical assumptions have been rationalised to identify the best research design to achieve the objectives and answer the questions. It was clear that reality depends on what social actors in the public sector and other stakeholders experience in terms of environmental sustainability and accountability relationships. Logically derived qualitative methods to collect data involves analysing published research articles, documents and interview-based evidence. It was paramount to investigate the available information about the international development context, economic state of the country, historical governance matters and public sector accountability. Documents were analysed as phase one of the data collection process, but as the findings evolved, the analysis of documentary evidence continued during the entire research process. The researcher needed to go back and forth between emerging narratives and to reconceptualise the findings.

Semi-structured interviews of public sector officials, international donor and funding agency staff, civil society organisation representatives and affected community members were conducted to establish a rich and in-depth understanding of public sector accountability and environmental sustainability. Interview data were validated by checking summary findings with key participants, while external validation was obtained through publication of a research paper in a peer reviewed journal and presentation at international conferences. Qualitative content analysis was applied to the data through the use of coding as suggested by several scholars. Coding method and framework were informed by the elaborative coding methods suggested by Auerbach, Silverstein and Silverstein (2003) and 7 phases of evaluative qualitative text analysis by Kuckartz (2014). As part of the coding process, both primary and secondary data collected were re-read several times and several overarching themes were identified that captured old and potentially new theoretical constructs. All-in-all, the entire methodology was explained in such a way to create a ‘big picture’ story based on the research findings. The findings and results will be more fully explained in Chapters Six, Seven and Eight of this thesis.

CHAPTER 5

RESEARCH SETTING

5.1 Introduction

This chapter highlights the environmental sustainability laws, how they have evolved in Sri Lanka, and how such attempts influenced the course of major projects. As a DC, Sri Lanka has a long history of links to international donor agencies and technical assistance offered by multilateral banks such as the ADB and WB. The role of international donor agencies in promoting and implementing sustainability accounting policies in certain Sri Lankan projects is covered here. Finally, the case context, detailing information about the Southern Expressway project will be discussed in detail.

Sri Lanka (previously known as Ceylon), a small island country surrounded by the Indian Ocean is situated within the fast-developing South Asian region, has a long history of public administration and environmental sustainability dating back to the times of ancient kings. Sri Lanka had been a colony under the Portuguese, Dutch and then the British and its current government administration practices inherited much from the British colonial era. When Sri Lanka became independent in 1948, on the recommendations of the Soulbury Commission, a parliamentary form of government was established and the public sector was brought under the Public Service Commission (Iqbal 2002). The 1978 'Constitution of the Democratic Socialist Republic of Sri Lanka' established an executive president with an appointed Prime Minister and elected Parliament. Sri Lanka's public sector was created under a welfare state-type economy. Ethnic problems spurred the creation of nine provincial governments, district and divisional secretariats (de Alwis 2009) which have taken on increasing responsibilities for environmental management.

Sri Lanka began to liberalise its economy in the late 1970s, earlier than other DCs (de Alwis 2009) and is now the most open economy in the South Asian region (Sarvananthan 2005; WB 2000). Being a former British colony, Sri Lanka highly values investing in human capital and promoting gender equity so that the human development outcomes are high. According to the Central Bank of Sri Lanka [CBSL] (2013), the literacy rate was 95% among 24-35-year old and despite the generally low-income level, life expectancy at birth in 2014 was 74.9 years. While dealing with the civil conflict for over two decades, the annual growth rate of GDP in Sri Lanka averaged 6.07% from 2003 until 2016, reaching an all-time high of 16.12% in the first quarter of 2012 and this was the highest in the region (Trading Economics n.d.), while the per capita income reached an all-time high of US$3637.54 in 2015. However, a record low of -2.6% GDP growth was reported in 2020 (WB n.d.). In the 1960s Sri Lanka's growth rate was one of the highest in the Asian region, Gross National Product (GNP) was substantially higher than that of Thailand, Indonesia and South Korea and not too far behind Malaysia and Singapore (Shrestha 2013; Kelegama 2000), however, the current per capita income of those countries has surpassed Sri Lanka. Even though Sri Lanka's economic status is now that of a MIC, "there is a growing realisation that SL's development has been well below its potential" (de Alwis 2009, p. 2; Bandara, Periris & Jayasinghe 2019).

5.2 Administrative Context of Sri Lanka

Sri Lanka is a socialist democracy. The national government through the parliament makes the laws and regulations that several ministries implement (Gov.lk n.d.). Sri Lanka has two types of administrative structures: first, de-concentrated administrative institutions working directly with the ministries, departments, boards, and authorities as *Agent* of the central government; and second, dissolved administrative institutions, i.e. provincial councils and local governments (Liyanage, Ramesh & Sivakumar 2018; Samaratunge, Alam & Teicher 2008). The problem is that public accountability has weakened over time due to a lack of institutional capacity, proper enforcement and insufficient parliamentary oversight (Samaratunge, Alam & Teicher 2008). The media has performed well below expectations with the government controlling and manipulating the information being released. International development agencies have expressed great concerns over poor transparency in the public sector (ADB 2007). In 2004, the ADB (2004, p. 35) reported that:

> Given its spread and ramifications, corruption constitutes a major challenge faced by the country...Currently there are no specific strategies formulated, planned or being implemented to combat corruption. The very fact that the institution was set up to combat corruption – the Commission to Investigate Allegations of Bribery or corruption – has remained inactive due to the non-appointment of the full complement of commissioners as well as the non-provision of staff indicates the attitude of the policy level to the issue.

5.3 Environmental Sustainability in Sri Lanka

The high population density and efforts to improve living standards in Sri Lanka have put tremendous pressure on the natural environment (Geekiyanage, Vithanage, Wijesekara & Pushpakumara 2015). During the past few decades the amount of natural resources has been substantially destroyed due to unsustainable practices. The Sri Lankan government working in conjunction with multinational institutions has made possible a major change in large industries so that SD can progress in the public and private sectors (Geekiyanage et al. 2015). Sri Lanka's environmental challenges are concentrated around: deforestation; soil erosion; wildlife populations threatened by poaching and urbanisation; coastal degradation from mining activities and increased pollution; freshwater resources being polluted by industrial waste and sewage runoff; waste disposal; and air pollution in Colombo and other cities due to emissions from motor vehicles and factories and other industries (Yahampath 2014; Iyyer 2009; Geekiyanage et al. 2015).

Environmental protection and conservation have been documented throughout Sri Lanka's history. Judge Weeramantry, former Vice-President of the International Court of Justice, has referred extensively to SD of the country and the culture's ancient wisdom. In his book, *Tread Lightly on The Earth: religion, the environment, and the human future* (2009), he discusses human interactions with the environment and need to prioritise protecting it, learning from the cultural and religious scriptures from thousands of years ago. He refers to the teachings of the world's great religions - Buddhism, Hinduism, Christianity, Islam, and Judaism. For example, in the Buddhist scriptures, "its basic teachings integrate with concerns for the future and the case of future generations, and that the respect for all living things – including plants and animals, is an integral part of its attitude towards the environment" (as cited by Ranaweera

2010, p. xvi). The sermon of the Buddhist missionary Thera Arahant Mahinda who brought Buddhism to Sri Lanka from India in the 3rd century BC, preached to King Devanampiyatissa of Sri Lanka (written in Mahawamsa – the Great Chronicle of Sri Lanka): "O King" said the Thera, "you may be the king of this country but you are not the owner of this land. You are its trustee and you hold this land for the benefit of all those who are entitled to use it both now and the generations to come" (cited by Ranaweera 2010, p. xvi). Weeramantry (2009) states that sustainability was understood over two thousand years ago, and it is not a modern phenomenon. These examples from history and religious teachings not only provide insights into ancient wisdom but how we need to learn from them and how to tackle or avoid environmental problems, although solutions may not be the same as before. Ranaweera (2013) adds that the ancestors were far more responsible in protecting the environment. While practising SD, ancient Sri Lankans produced significant innovations in irrigation and water management, architectural and structural engineering, and metallurgy (Ranaweera 2013).

In a speech made by the then Minister for Environment and Natural Resources, Hon. Shivaji Rukman Senanayake at the World Summit on Sustainable Development in Johannesburg, South Africa in 2002, stated:

> Sustainable development is not new to Sri Lanka. It is deeply rooted in our culture, in our traditions, and in our values. My country has always followed the principle of renouncing extremes, in our development efforts. Our vision of sustainable development is to become an advanced, prosperous, equitable, and environmentally sound nation by following the traditional Sri Lankan way- the middle path…
>
> (Senanayake 2002)

Echoing this sentiment, the then Prime Minister of Sri Lanka in the Country Report of Sri Lanka for the United Nations Conference on Sustainable Development (Rio+20) in 2012, stated that;

> Sustainable Development is nothing new to Sri Lanka. It is deeply rooted in our society as a way of life and as an integral part of our economic pursuits. The unique hydraulic civilization which flourished over 1500 years was the high watermark reached by our forefathers in applying ecological checks and balances to counter nature's adverse interventions
>
> (Ministry of Environment 2012, p. vi)

5.3.1 Environmental Policies and Legislation

Some of the oldest ordinances and legislation introduced in Sri Lanka to protect the environment and the wildlife are listed in Appendix E – Key Policies and Laws on Environment and Wildlife Conservation, although it is by no means exhaustive.

The main objectives of any government are to promote economic progress and social wellbeing through effective policies and efficient delivery of them (Alwis 2009) through the public sector. Up to the early 1980s the main focus of environmental legislation in the South Asian region was to control pollution generated by industrial activities. Sri Lanka was one of the first countries in South Asia to introduce a framework legislating for the environment, specifically the National Environmental Act (No. 47) of 1980 (amended in 1989, Act No. 56 and Act No. 53 of 2000). This established the Environmental Council and the Central Environmental Authority – charged with executive environmental management functions, and

empowered to administer the relevant legislation (CEA Act No. 47 of 1980). The major duties of CEA include but are not limited to (CEA Act No. 47 of 1980; SACEP 2002):

- Advising and providing recommendations to the minister on national environmental policy and regulating criteria
- Conduct surveys as to the causes, nature, extent and prevention of pollution and research on environmental degradation and develop criteria for protection and improvement of the environment;
- Responsible for all regulatory activities and identifying standards required for protection and uses to ensure environmental sustainability;
- Evaluate the EIAs of development proposals; and provide recommendations and directives on certain aspects of environmental pollution to the local authorities (SACEP 2002, CEA n.d.).

The Ministry of Mahaweli Development and Environment is concerned with national legislation and policies to protect and honour international conventions. Sri Lanka has been a leader in the South Asian region for environmental protection, particularly in introducing several initiatives and programs. The United Nations Environmental Conference held in Stockholm in 1972 was one of the first major milestones for Sri Lanka as a DC. Since then, Sri Lanka has been a signatory to a number of UN treaties on environmental protection. Sri Lanka implemented the Montreal Protocol (a protocol to the Vienna Convention for the Protection of the Ozone Layer) successfully. The former Ministry of Environment and Forestry established a Montreal Protocol Unit to coordinate all matters related to this protocol in 1994 (National Ozone Unit 2013). This effort was globally recognised, and the National Ozone Unit of Sri Lanka received the Montreal Protocol Implementers Award presented by the United Nations Environment Programme (UNEP) in 2007. Furthermore, the Director of the National Ozone Unit of the Ministry of Environment and Natural Resources obtained the 2008 Ozone Layer Protection Award at the Award Ceremony in Washington DC (National Ozone Unit 2016). Moreover, Sri Lanka is a signatory or is a party to number of conventions/ treaties/ protocols in the field of environment, refer to Appendix F.

As part of Sri Lanka's commitment to the SDGs established by the United Nations, a number of initiatives have been undertaken by the government. One was to establish a dedicated ministry for SD to coordinate, facilitate and report on the implementation of these SDGs. The establishment of a Parliamentary Select Committee for SD aimed to provide political leadership on this issue. Meanwhile the enactment of the Sustainable Development Act No. 19 of 2017 set out the legal framework for implementing the SDGs (Parliament of the Democratic Socialist Republic of Sri Lanka 2017).

5.3.2 Statutory Tools for Environmental Law Enforcement

It is necessary here to describe and explain the features of the Sri Lankan laws that empower the institutions to put environmental protection into effect, especially recent legislation. *Table* 5.1 provides a summary of the main tools used to enforce the environmental law in the country.

Table 5.1 Main Tools Used to Enforce the Environmental Law

Licensing and permitting	• Well-established tool available to regulate industries that can potentially impact on the environment • Established under the National Environment Act (1980) and amended by Acts no. 56 (1988) and 53 of (2000). • Gazette No. 1533/16 dated on 25 January 2008 - clearly states the prescribed activities for which a license is required, separating category A and B activities • License must be renewed every three years and requires an environmental impact assessment report as part of the renewal process.
Environmental Impact Assessment (EIA) Statement.	• Tool is employed by the CEA to regulate environmental compliance procedures • NEA and subsequent gazettes detail the content requirements of the EIA and its processes • EIA process applies only to the prescribed projects that have been identified and detailed under the provisions of Part IV C of the NEA • EIAs is conducted by Project Approving Agencies (PAAs), gazetted by the Minister for Environment Gazette Notification No. 859/14 dated 23.02.1995 • PAA must integrate EIA requirements with other planning and environmental review procedures, so that all such procedures run concurrently rather than consequently • The EIA approval process involves six main steps according to the CEA (refer to *Section 5.3.3* for more details)
Strategic Environmental Assessment	• SEA is applied at a higher strategic level, thereby ensuring that possible environmental impacts of a policy plan or program are addressed at strategic level • SEA is a recommended tool, not a mandatory tool in planning • In May 2006, the Cabinet of Ministers directed that in future, all new policies, programs or plans implemented by ministries and government agencies should be subjected to SEA

5.3.3.1 EIA Procedures

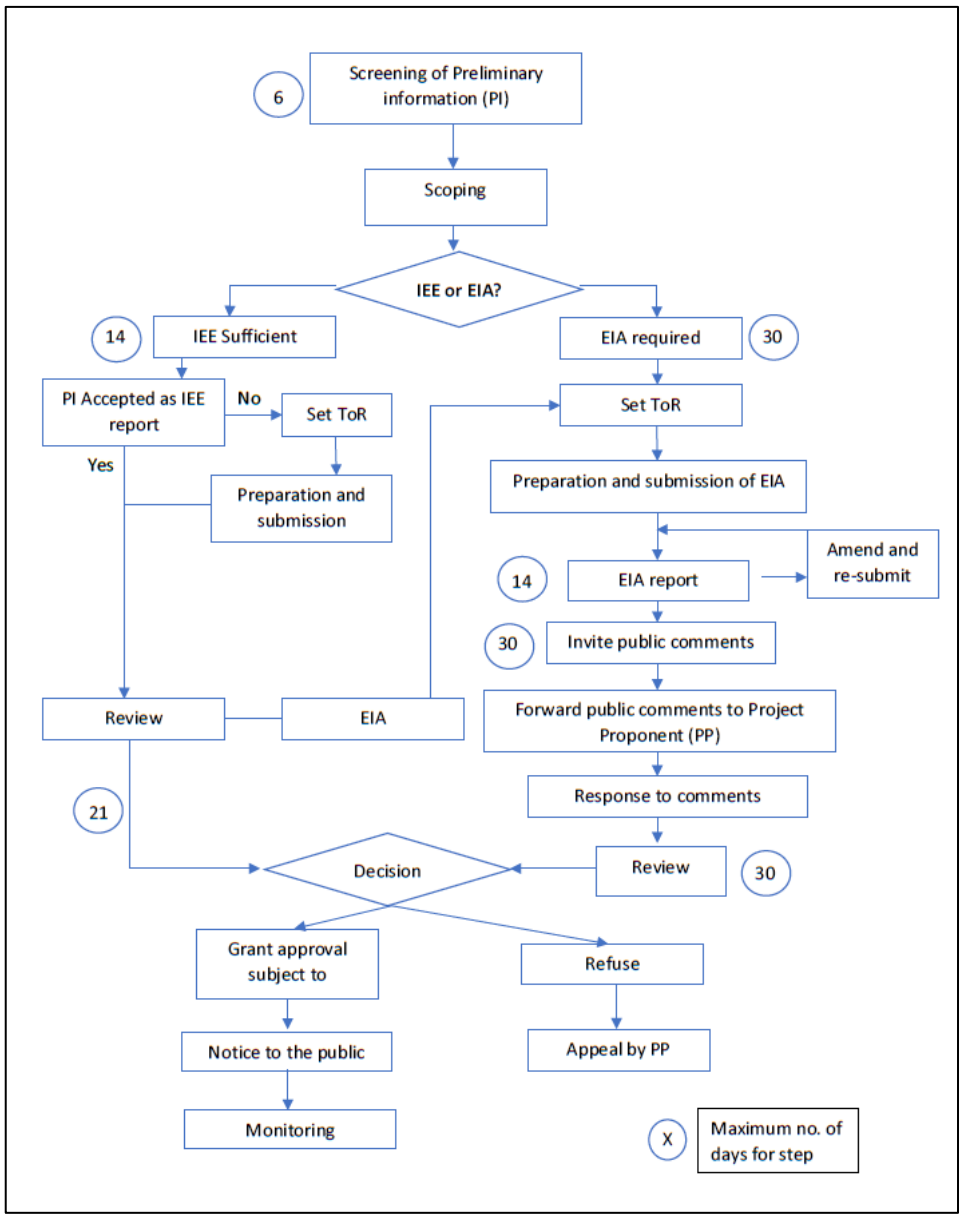
EIA is “a process for taking account of the potential environmental consequences of a proposed action during the planning, design, decision-making and implementation states of that” (Morrison-Saunders & Arts 2012, p. 1). EIA is employed by the CEA to regulate environmental compliance procedures. The NEA includes the role of the Central Environmental Authority (CEA), the provision for EIA processes and it defines the projects that require EIA depending on the type of activity being conducted. EIAs can be undertaken at the government and provincial levels, although specific procedures may vary considerably between jurisdictions (CEA 1980; Morrison-Saunders & Arts 2012). The EIA process is initiated by project proponents (PP). Depending on the type of impact and type of jurisdiction, any environmental impacts likely to occur in the project area must have the approval from the

appropriate project approval agency (PPA), listed under the Gazette Notification No. 859/14 dated 23.02.1995 (CEA 1995).

The EIA approval process involves six main steps according to the CEA (1980). These steps can be categorised into two main stages – Preparation and Evaluation. Preparation stage includes submission of preliminary information, environmental scoping and EIA/IEE report preparation. Evaluation stage involves public participation and evaluation of the report, decision-making and finally compliance monitoring. EIA procedures in accordance with the NEA are depicted in *Figure* 5.1 below. CEA (1980) states that the three most crucial steps in the process are the preliminary information stage, environmental scoping and public participation. It further adds that the timing of the IEE or the EIA is crucial so that the correct decisions are made. On this note, for the preliminary information stage, PPs are required to state what is relevant to the proposed project, description of the proposed site which includes maps and any data that would be relevant for the PPA to make an informed decision. Preliminary information may even be considered as an IEE given the comprehensiveness of information required. Environmental scoping refers to all environmental issues needing to be identified and included in the IEE or the EIA in more detail at a later stage. The issues will generally refer to the environment, wildlife, health, water, land use, tourism, etc. To identify these potential issues, it is best to ensure a high level of inter-agency, inter-departmental cooperation and other experts working together to identify issues and measures to solve them.

The PAA decides if a project requires an Initial Environmental Examination (IEE) or an EIA. Depending on the significance of the anticipated outcomes, there are two types of reports submitted for approval – Initial Environmental Examination (IEE) and the Environmental Impact Assessment (EIA). The CEA published the list of PAA under the Gazette Notification No. 859/14 dated 23.02.1995 (CEA 1995) and various government agencies would approve proposed projects depending on the level of impact and nature of such schemes (Samarakoon & Rowan 2008; CEA 2015). Then, the PAA delivers the Terms of Reference (ToR) which define the level of detail that should be given to each issue identified in the environmental scoping stage. Having a wide spectrum of experts during the scoping stage helps to identify potential issues and mitigation measures. Once the ToRs have been drafted by the PAA, depending on the level of expertise available, project proponents would seek assistance from a team of consultants to prepare the EIA report (CEA 1993). This is quite a comprehensive process which not only requires cooperation from experts in the area but also field investigations, identifying affected and concerned institutions and individuals along with the media and interest groups. The EIA will be prepared in the national languages of the borrowing country, mostly in Sinhala and English, or in some cases Tamil. Next, PAA announces the availability of the EIA to public scrutiny through public notices and announcements, available in one newspaper each in Sinhala, Tamil and English languages and in the gazette. Members of the public can submit queries about projects and the EIA within 30 days. Depending on the comments received, the PAA will decide if a case warrants a public hearing and make the final approval decision (CEA 1995; NARA 2009; Samarakoon & Rowan 2008). If the project is not approved, the PP can appeal the decision. EIA alone will not result in environmental protection, so the next most important step is monitoring and meeting conditions imposed by the PAA. NEA states that the PAA should forward a report which contains the Project Monitoring or Management Plan for every project approved within 30 days.

Figure 5.1 EIA Procedures in Accordance with NEA



Source: CEA (1993); NARA (2009, p. 21); Hapuarachchi et al. (2016)

5.3.3.2 Effectiveness of Environmental Sustainability in Sri Lanka

Despite the processes in place, the deteriorating Sri Lankan natural environment has raised concerns both locally and internationally (Hapuarachchi et al. 2016). Better policies and practices are demanded by people. The Central Environmental Authority is responsible for overall environmental protection and the monitoring process of EIA (Samarakoon & Rowan 2008; CEA 1993; Mallawatanthri, Marambe & Skehan 2014). It has been reported that despite the level of knowledge held by the CEA, PAAs of different areas do not possess the same expertise to make judgements and recommendations to project proponents; therefore, the CEA provides appropriate guidance to PAA with EIA assessments. Knowledge and skills available through universities, government training and private sector assistance have not been utilised effectively to overcome these weaknesses; attempts to build capacity within the

PAAs are reported to be ad hoc and not proactive. These have been reported as the main barriers to effective implementation and the EIA monitoring process in Sri Lanka (Mallawatanthri, Marambe & Skehan 2014; Mackee et al. 2001). Other reasons for discrepancies in EIA implementation are legal loopholes in the list of activities subject to EIA, inadequate mechanisms, sanctions that are too weak to prevent non-compliance, limitations related to data, funding and staffing issues, quality of EIA consultants, etc. (ADB 2010; OECD 2012; Gamalath et al. 2014; Zubair 2001; Hapuarachchi et al. 2016).

Lack of baseline data has led to employing unreliable secondary data in the evaluation process (Gamalath et al. 2014) or fabricating the data to bypass the EIA process altogether (Zubair 2001). Hapuarachchi et al. (2016) add that the scale of a project and what it may do to the environment can easily be manipulated and pass an in-depth environmental evaluation and public scrutiny altogether. Large-scale infrastructure development such as transport and highway projects cover a large area which makes it difficult to collect and identify sufficient amounts of data about what is really happening. Reasons associated with this are limited timeframes and resources available. Despite the instructions on how to conduct an EIA, EIA guidelines do not stipulate the content and to what extent EIA needs to be conducted, hence most reports simply identify impact without the extent of the severity (Gamalath et al. 2014). As EIA is focused on short-term and project level impacts, cumulative impact is not considered, where a SEA would be suitable (Folkeson, Antonson & Helldin 2013). However, SEA is not compulsory and is not used adequately, although all PPs are expected to carry out a SEA prior to implementing new programs or projects (CEA 2013).

Lack of public participation is one of the most common issues related to the EIA process reported in the literature, particularly in the DCs (Gamalath et al. 2014; Zubair 2001; Hapuarachchi et al. 2016). Nevertheless, according to NEA, the public participation process involved a 30-day period, which is reported to be more than some developed countries such as New Zealand (Hapuarachchi et al. 2016). However, this period is either not used effectively due to lack of understanding shown by the community (Gamalath et al. 2014) or not operationalised by the public sector effectively (Zubair 2001; Hapuarachchi et al. 2016).

One of the most important stages of any EIA process is monitoring of environmental impact and implementing mitigation measures; if monitoring is not conducted adequately, environmental sustainability cannot be expected (Hapuarachchi et al. 2016). Unfortunately, monitoring deficiencies continue to be a major issue in Sri Lanka, and monitoring reviews conducted since the early 2000s yielded similar results without much improvement (Zubair 2001; Gamalath et al. 2014; Yahampath 2014). Overall, despite the potential for achieving environmental sustainability through proper EIA, this simply has not occurred in Sri Lanka. Development projects are expected to follow the EIA process correctly and implement mitigation and monitoring adequately, but the number of loopholes make it difficult for the authorities and violators cannot be held to account (Geekiyanage et al. 2015; Zubair 2001). If the legal framework is not adequate or not enforced, it is the responsibility of the government to strengthen the existing legislation (Geekiyanage et al. 2015).

5.4 International Development in Sri Lanka

Donor agencies have taken centre stage in fostering a link between economic development and environmental protection by promoting guidelines (Modak et al. 2013). International donor

agencies such as the WB and ADB have spurred environmental and social policies in Sri Lanka over the last two to three decades (Hapuarachchi et al. 2016; Lenssen et al. 2012; UN 2013; Fukuda-Parr 2012; Samarakoon & Rowan 2008). Traditional donors such as the WB, ADB and JICA require an EIA for any significant development projects they fund. This has brought noteworthy benefits in terms of SD, even in instances where certain projects do not require EIA according to the NEA or prescribed project list (Hapuarachchi et al. 2016). For instance, expansion of existing roads, which is not required to undergo environmental scrutiny under the NER 1993, required an EIA under the conditions set out by the WB, ADB and JICA. In the country partnership strategies issued for the 2012–2016 funding cycle for Sri Lanka, both the ADB and the WB emphasised not only environmentally friendly development, but also the importance of integrating disaster and climate risk into development planning processes (Hapuarachchi et al. 2016). Donor agencies provide capacity building and development support to DCs and recipient countries of international development funding (OECD 2003). Nevertheless, there are significant criticisms around the ability of international donor and funding agencies to achieve SD. More needs to be done in this area to integrate sustainability into recipient countries' policies and laws.

Public sector infrastructure development projects receive significant assistance through international aid and loans provided by donor agencies such as the WB and ADB. The total aid commitment in 2005 was US$1,656 million, at that time it was recorded as the highest annual aid commitment made to Sri Lanka at any one time. This was particularly the case with funds flowing to support post-tsunami rehabilitation and reconstruction activities (MoF 2005). The total disbursement of foreign aid in 2004 was US$805 million and it increased by 25% or US$253 million in 2005. Of the total disbursement, Japan's government made the largest disbursement of 47%, although ADB's disbursement fell due to implementation issues (MoF 2005). Sri Lanka's external debt as a percentage of GDP was 40.4% in 2005 (MoF 2005), which was attributed to the high level of funding commitments for post-tsunami (2004) redevelopment. The WB, ADB and Japan International Cooperation Agency (JICA) play a significant role in the country's development, and in combination they held approximately 45% of lending to the country in 2012 (CBSL 2012).

Sri Lanka's foreign debt as a percentage of GDP fluctuated over the last decade and the foreign aid compositions have drastically changed. As a percentage of GDP, foreign aid amounted to 31.6% in 2010, 31.7% in 2015, and jumped to 35.2% in 2017 and 42.6% in 2019. *Table* 5.2 below indicates the drastic changes in the foreign aid landscape in Sri Lanka with a significant increase in Chinese funding entering the country. In 2010, 67% of the total bilateral loans were received from Japan, followed by 8% from China. Of the multilateral debt, 53% was from ADB (MoF 2010). By 2019, bilateral aid from China ranked the highest at 56% of all bilateral funding followed by Japan at 15%. China recorded the highest commitment at US$1,871.4 million, while Japan was next at US$282.2 million in 2018. ADB and the WB recorded US$65 million and US$421.8 million, respectively, in 2018. What is interesting to note is that Chinese financial disbursements stood at US$648.4 million in 2019 and in comparison, the total amount of multilateral funding disbursed in 2019 stood at US$492.1 million (MoF 2019). It further emphasises the reality of a significant reduction in multilateral ODA flowing into Sri Lanka.

Table 5.2 External Financing Disbursements by Major Development Partner

	Disbursements (US $ Million)				
Development partner	**2005**	**2010**	**2015**	**2018**	**2019**
China	11	126	407.8	371	648.4
Japan	241	337	175.1	171	187.5
ADB	219	343	289.6	401	279
WB	158	154	155	153.2	177.7

Source: MoF (2005; 2010; 2015; 2018; 2019)

5.4.1 Asian Development Bank

ADB is one of the major multilateral development banks, and since ADB was established in 1966, Sri Lanka has maintained a productive partnership with this organisation for over 48 years. In total, 171 loans to Sri Lanka that amounted to US$6.18 billion were approved. ADB has assisted Sri Lanka with grants that are worth US$358 million for projects and further approved 261 technical assistance grants worth US$124 million (ERD 2014). The annual disbursements and financial commitments have fluctuated over the last decade. *Table* 5.3 below summarises the financial commitments and disbursements between 2005 and 2019.

Table 5.3 ADB Funding Commitments and Disbursements

	Amount in US$ million			
	2005	**2007**	**2016**	**2019**
Commitment	161	465.4	575.10	765
Disbursement	219	175.8	336.63	279.5

Source: MoF (2005; 2007; 2016; 2019)

ADB has recently reviewed its existing environmental and social protection policies and have developed a safeguard policy statement (SPS) that has consolidated three previous policies: The involuntary resettlement policy (ADB 1995), the Policy on Indigenous Peoples (ADB 1998) and the Environment Policy (ADB 2002). The Paris Declaration on Aid Effectiveness (OECD 2005) and the Accra Agenda for Action (OECD 2008) formed an important basis for embracing the new Safeguard Policy Statement (SPS) in 2009 with a strong emphasis on supporting countries to strengthen their own country safeguard systems and ability to manage environmental and social risks (ADB 2009; OECD 2012). The new SPS is designed to be applied to current and future projects in DCs and the reviewed SPS seeks to cater for the varying needs and capacities of them. SPS describes the common objectives of the safeguard policies and the delivery process for doing so is described in detail. It is expected that through supervision and reviews, the borrowing countries will comply with ADB's requirements at the preparatory and implementation stages of projects (ADB 2009; OECD 2012).

It is the responsibility of the borrowing country to ensure that the provisions of the three safeguard policies are implemented, and understand social and environmental assessments, consultations with affected people and communities, followed up by implementing and monitoring safeguard plans. The final stage is preparing monitoring reports for the ADB and other stakeholders (ADB 2009; OECD 2012). Nevertheless, borrowing countries are not expected to plan the projects alone, and for this reason ADB is committed to ensuring these countries meet the policy requirements and responsibilities (ADB 2009; OECD 2012). ADB provides capacity-building programs, due diligence, review and will provide supervision during the project to ensure it complies with safeguard policies (ADB 2009; OECD 2012). The ADB procedures for environmental assessment operate in Sri Lanka. Three types or categories of projects are recognised by the ADB:

- Category A projects where significant adverse impact is expected, thus a full EIA is required;
- Category B projects where less significant adverse impact is expected, thus an IEE is required; and
- Category C projects where adverse impacts are unlikely, thus no EIA or IEE is required.

Southern Transport Development Project, also known as the Southern Expressway project was rated as a Category A project which was expected to have generate significant adverse impacts, hence a comprehensive EIA was required (ADB 2014).

ADB reorganised its compliance process in 2002 and made it a requirement to include a review of the implementation of safeguard policies as part of the project performance evaluation report. If a project is deemed a risk and is not complying with safeguard policies, the project is reviewed again at Staff Review Committee meetings (ADB 2009). A reviewed accountability mechanism was introduced in May 2003 to better support communities adversely affected by development schemes. One program is to allow affected people to express their grievances to seek assistance/solutions and to report any violations of ADB's safeguard policies. This mechanism is developed for two main functions in mind: firstly, consultation with people and communities directly affected by ADB-funded projects led by special project facilitators in finding solutions to problems; and secondly, allowing affected people to file requests to access ADB's compliance review panel.

When the Southern Expressway project started, ADB applied the environmental safeguards from 1998 at the time of approval and latest safeguards (2003) were applicable at the time of approval of this project's supplementary loan. Appendix G of this thesis has a list of Environmental Assessments carried out to fulfil the requirements of ADB and CEA (ADB 2014). ADB has the Independent Evaluation Department (IED), formerly the Operations Evaluation Department or OED, that was established to carry out independent and objective evaluations of ADB's policies, strategies and related operations (OECD 2010). Independent reports are presented to the Development Effectiveness Committee (DEC) that was established by ADB's board of directors. It consists of not more than six members of the board and meets about 12 times a year. DEC was set up to assist the ADB board to carry out its responsibility to check the programs and activities of ADB are achieving development outcomes properly. The DEC reviews and endorses the work program of IED and reports back to the board with recommendations. All public sector evaluation reports are publicly disclosed

on the ADB website at the time of circulation to the president and board of directors (OECD 2010; 2012).

ADB has been the lead development agency investing in the road sector and engaging in government policy dialogue in Sri Lanka, however according to a IED and DEC evaluation, the ADB's transport sector intervention has been rated overall as less than successful (ADB 2012). Findings listed from the evaluation of Southern Expressway Project as the biggest intervention project paid more attention to the project formulation stages so that there was enough time to identify environmental and social issues (ADB 2012b). Despite the extensive environmental sustainability and impact assessments, effectiveness continues to be an issue, but nevertheless, evaluation mechanisms such as IED and DEC ensure continuous improvement.

5.4.2 Japanese International Cooperation Agency (JICA)

The partnership between Sri Lanka and Japan dates back to the 1950s and the first Japanese development assistance began in 1954, as technical cooperation provided through the Colombo Plan (ERD 2017). Japan holds a substantial share of total foreign loans and grant investments in Sri Lanka, and became the second largest bilateral partner of Sri Lanka's total foreign loan disbursement in 2019 (MoF 2019). Japanese ODA is focused on acquiring technological expertise and knowledge transfer. Considering the significant amount of technical expertise required in certain sectors such as roads and bridges, urban transport, power and energy, water supply and ports and aviation, Japan's technical assistance and funding have targeted these sectors (ERD 2017). They provide a significant number of short- and long-term training programs annually through the JICA to train staff to make productive decisions and deliver good quality service to the people of Sri Lanka. Of the training received, JICA focuses on the environment as well. It is expected that bilateral cooperation between Japan and Sri Lanka will increase with further financial assistance flowing into the country (ERD 2017).

Table 5.4 JICA Funding Commitments and Disbursements

	Amount in US$ million		
	2007	**2016**	**2019**
Commitment	371.0	345.15	282.2
Disbursement	229.5	175.1	187.5

Source: MoF (2007; 2016; 2019)

JICA consolidated its previous guidelines and implemented new guidelines for environmental and social issues in April 2010 (JICA 2010).

JICA categorises projects into 3 kinds. Category A means they are likely to have significant adverse impact, while category B refers to less potential or less adverse impact, Category C projects are likely to have minimal or little adverse impact on the environment and society (JICA 2010). Similar to ADB, JICA provides additional support to the EIA process and other

assessments JICA requires. In addition to the direct and immediate environmental and social impacts of projects, JICA requires assessments on cumulative impacts as well as impacts associated with indivisible projects as well as the impact during the whole life cycle of the project is considered (JICA 2010). These necessities go beyond the NEA requirements in Sri Lanka. JICA categorised the Southern Expressway as a category A project under the 1999 JBIC Environmental Guidelines for ODA Loans and the more recent environmental safeguards established in 2002, due to the project likely to cause problems (JICA 2016).

5.4.2 China as a Non-Traditional (Emerging) Donor in Sri Lanka

Sri Lanka is heavily dependent on foreign aid for infrastructure development (Hapuarachchi et al. 2016). Over the last three to four decades, projects were mostly funded by more traditional donors such as the WB, ADB and JICA. However, Sri Lanka - now being a MIC - has reduced access to ODA and more access to export credit agencies has been increased and such financing sources such as China became a major source for investing in infrastructure projects (ERD 2009). ERD (2017, p. 2) adds that:

> The composition and the form of foreign financing have changed over the past years with the graduation of Sri Lanka into lower middle-income economy. In, parallel to the increase of per capita income, Sri Lanka has been gradually disqualified for the concessional external assistance generally available for lower income countries. In 2017, both ADB and World Bank, the leading multilateral development partners of Sri Lanka have officially announced the formal graduation of Sri Lanka from eligibility to access concessional resources from them.

Subsequently, Sri Lanka is increasingly looking to China as a non-traditional donor to supplement the external funding requirements with Sri Lanka's graduation to the MIC status and end of the civil war in 2009. China's foreign financing commitment stood at 23% in 2007 with ADB at 28% and JICA at 22%, and China's percentage drastically increased to 54% in 2009 (ERD 2009). The highest amount of ODA was committed and disbursed by China in 2019 (ERD 2019). A total of US$1,632.6 million was disbursed in 2019 of which US$648.5 (40%) was from China. Similarly, the total commitment of loans from bilateral and multilateral donors in 2019 amounted to US$3,312.5 million of which US41,061.7 (31%) originated from China. See *Table* 5.6 below for an overview of Chinese funding commitments and disbursements over the last decade. In 2012, 46% of all foreign borrowing came from two Chinese banks (CBSL 2012). Of the total disbursements made for projects and programs in 2018, most of it has been utilised mainly for roads and bridges (MoF 2018).

Table 5.5 Chinese Funding Commitment and Disbursements

	Amount in US$ million			
	2007	2016	2018	2019
Commitment	79.4	439.83	500	1061.7
Disbursement	173.8	440.76	401	648.5*

*does not include disbursements made to State-Owned Enterprises

Source: MoF (2007; 2016; 2018; 2019)

5.4.2.1 Chinese Funding and Tied Aid

China does not offer official statistics on its aid disbursement, and some debate still persists as to what actually counts as aid (Li 2017). China is not a member of the OECD, so it does not follow the official definition of Official Development Assistance by OECD-DAC. For instance, the bulk of Chinese financing in Africa falls under the category of development finance, but not aid. The literature often fails to separate Chinese foreign direct investment (FDI) in Africa from its aid projects, commercial deals, and contracts with African governments and other organisations (Shinn 2016). This fact is privately acknowledged by Chinese government analysts, although Chinese literature constantly blurs the distinction between the two categories (Sun 2014). The Chinese government encourages its agencies and commercial entities to sow some confusion, where direct investment, service contracts, labour cooperation, foreign trade and export are combined to conceal the real details (Zhao, Kennedy & Tang 2018; Sun 2014). The goal is to maximise feasibility and flexibility of Chinese projects to meet local realities in a recipient country, but it also makes it difficult to capture which portion of the financing is, or should be categorised as aid. One rather convincing theory is that the Chinese government pays for the difference between the interest rates of concessional loans provided to African countries and comparable commercial loans. Only a small difference in interest rates could qualify as Chinese aid (Sun 2014).

Bilateral development assistance like that from China comes with the requirements that the recipient country utilises goods and services from the donor country on aid-assisted projects (Zhao, Kennedy & Tang 2018), but does not carry the 'good governance' conditionalities that currently characterise traditional donors such as the WB (McCormick 2008). Like loans, assistance in the form of grants may be tied to utilising donor country goods and services. A substantial literature grapples with the question whether tied aid is no good for development objectives. Tying aid can give it more political support in the donor country, but it can also make it costlier and less effective for recipient countries as it reduces competition for services. Tying aid to specific commodities and services, or to procurement in a specific country or region, can increase development project costs by as much as 20-30% (OECD 1991; Roberts et al. 2014). Donors have begun to reduce the amount of aid that they tie to, yet the practice is still widespread (Roberts et al. 2014). For example, Chinese foreign aid is “tied” because it directly benefits the Chinese economy, both abroad and at home (Zhao, Kennedy & Tang 2018; Sun 2014). Chinese concessional loans stipulate up to 50% of the loan being ‘tied’ (Wolf, Wang & Warner 2013; Bräutigam 2011). Of the South Asian countries receiving aid from China, Parkistan is number one followed by Sri Lanka between 2000 and 2010 (Wolf, Wang & Warner 2013) and it can be assumed that a significant amount of these projects were ‘tied’.

5.4.2.2 China’s Environmental Sustainability Practices

There is significant concern for environmental sustainability in development and promotion of SDGs in non-traditional donor funded projects (de Renzio & Seifert 2014; Power & Mohan 2010; Quinn 2011). There have been mixed results reported from Sri Lanka, and China has been responding to the increasing pressure from international institutions to address some of the concerns about SD. A brief history of environmentally sustainable practices is discussed in this section.

Outside of environmental feasibility assessments as part of the loan application to CExImB, there is no real requirement to have environmental management or social protection plans in place for any project (Li 2017; Hapuarachchi et al. 2016; Huang 2014). These requirements with reference to the procedures, encourage contracting agencies to devise their bank-financed project as a commercially viable one rather than a socially and environmentally sensitive scheme. On the other hand, placing a strong requirement for social development and environmental protection may reduce the future probability of contracting agencies or governments qualifying for finance from the banks. This is a particularly huge risk where the host government may have weak regulatory frameworks governing environmental and social protection. Though the Chinese government was at both Paris and Busan Aid Effectiveness meetings, China insisted that its 'south-south cooperation' activities are qualitatively different from Western aid and should not be governed by traditional aid principles (The Asia Foundation 2014).

China has not been idle in the past in responding to environmental and sustainability issues. In 2008 'Guidelines for Environmental and Social Impact Assessment of the CExImB Loan Projects' were introduced. All projects require ESIA with loan applications, to include labour issues, land acquisition and migrant protection. CExImB may inspect projects and demands regular reports and updates from borrowers. Similarly, in 2013, China introduced the first specialised guidelines of Environmental Protection for Overseas Investment and Cooperation. Although it is not compulsory, some companies found in breach of environmental protection laws in recipient countries faced penalties from their headquarters in China. According to Zhang and Smith (2017) the fact that there are Chinese policies guiding standards of environmental and social protection for foreign-funded projects does not necessarily mean they are implemented by the contracting agencies. It is important to note that the standards applied (or not) in China's overseas projects are not necessarily out of line with the standards set within China for similar projects (Woods 2008). *Table* 5.6 summarises the important policies and guidelines on SD in China.

Table 5.6 Changes in Chinese Regulations for Overseas Investment

2006	CDB becomes China's first bank to accede to UN's 'Global Compact', a voluntary framework encouraging CSR relating to human rights, labour, environment and anti-corruption. State Council issues 'Nine Principles on Overseas Investment', requiring companies to comply with local laws, bid transparently for contracts, protect local labourers' rights and the environment, and implement CSR.
2007	PBC's Banking Regulatory Commission issues 'Green Credit Policy and Guidelines', requiring ESIAs with loan applications and holding banks responsible for supervising clients' performance. Emphasises compliance with host-country standards, not international ones. ExIm Bank issues 'Environmental Policy' requiring EIAs for loans and regular review throughout the project cycle, and updates its 2004 'Guidelines for ESIAs of Loan Projects'.
2008	'Guidelines for Environmental and Social Impact Assessment of the China ExIm Bank Loan Projects'. Requires Environmental and Social Impact Assessment with loan applications,

	to include labour issues, land acquisition and migrant protection. ExIm Bank may inspect projects and requires regular reporting from borrowers.
2009	Ministry of Commerce (MoCom) and Ministry of Forestry issue 'Guidebook of Sustainable Operations and Exploration of Overseas Forests by Chinese Enterprises'.
2010	State Forestry Administration issues 'Guide on Sustainable Overseas Forests Management and Utilization by Chinese Enterprises'. MoCom, Ministry of Environmental Protection (MEP) and the Global Environmental Institute issue 'Environmental Protection Policies on Chinese Investment Overseas'. Banks develop implementing guidance, e.g. 'Guidance of CDB on Reviewing the Development of Environmental Projects'; 'CDB Pollution-Reducing and Energy Saving Work Plan'. CDB issues 'EIA Framework for Small Business Loans Projects', referring to the WB's EIA policy and related Chinese laws and regulations.
2012	Banking Regulatory Commission issues updated 'Green Credit Guidelines', requiring banks to ensure that borrowers abide by international norms in addition to host-country laws when investing abroad.
2013	MoCom and MEP issue 'Guidelines for Environmental Protection in Foreign Investment and Cooperation'. MoCom issues 'Regulations of Behaviour in Competition Abroad in the Area of International Investment and Cooperation', which proposes recording unethical practices (e.g. bribery, collusion) and using this to influence credit allocation.

Sources: Hameiri and Jones (2018); Sauvant and Chen (2014)

Despite the existence of a number of sustainability policies and guidelines, the practice of SD regarding Chinese funded projects is questioned by researchers (Hapuarachchi et al. 2016; Naim 2007; Zhang & Smith 2017). Some authors describe China as an irresponsible emerging power that is non-democratic and non-transparent in its practices (Naim 2007; The Asia Foundation 2014; Palagashvili & Williamson 2018; Lancaster 2007; Samy 2010; de Renzio & Seifert 2014). Other scholars, traditional donors, and even some recipient countries agree with Naím (2007) and have expressed concerns that political stability, good governance and accountability in recipient nations are threatened (Li 2017), as China supports dictatorships or autocratic states that are avoided by OECD donors (Lengauer 2011). Hapuarachchi et al. (2016) note that in their study Chinese funded projects did not require environmental assessment as a condition of funding in Sri Lanka.

5.5 Case Context

The CBSL asserts that to ensure a sustainable high economic growth in the country, infrastructure is essential, such as transport, roads, highways, ports, etc. Owing to the continuous investment and development, gradual improvements can be observed, however, the demand for these facilities continue to increase (CBSL 2015). Road construction as an evolving sector and a key player in the nation's economy has been identified as causing a range of countless environmental and socio-economic problems in Sri Lanka (Hapuarachchi & Jayawickrama 2017).

Sri Lanka relies heavily on road transport. The current demand for passenger travel is around 80 billion passenger-kilometers per year, of which road transport accounts for 93%. About 97% of freight traffic, measured in ton-km, is conveyed by road. The 113,000 km road network throughout the country includes about 11,900 km of national highways. The condition and standards of these roads cannot accommodate rapidly growing freight and passenger traffic. Sri Lanka has three deep seaports – Colombo, Trincomalee, and Galle – but only Colombo has commercial significance. Following economic liberalisation, a port expansion program, and the onset of containerisation and trans-shipment cargo, port traffic grew at an average rate of 6.5% per year and reached the equivalent of 4 million containers of twenty-foot equivalent units in 2010. The government prioritised an improved road network throughout the country. It has invested about $3.7 billion for the improvement and rehabilitation of national, provincial, and rural roads. Approximately 2,900 km of national roads were improved or rehabilitated during 2000–2010, and approximately 2,300 km of these roads were widened to multiple lane standards. Around 380 bridges were constructed or reconstructed. As a result of this program, 60% of the national road network reached acceptable standards during the last 6 years (ADB 2012a).

5.5.1 Southern Transport Development Project (STDP) & Extension of Southern Expressway Project (ESEP)

The Southern Transport Development Project (STDP), also known as the Southern Expressway project (here after, Southern Expressway), set out to connect Colombo and Matara, and later extended to Hambantota as the Southern Expressway Extension Project (ESEP). See Appendix A of this thesis for the map of Southern Expressway and ESEP. The main objective of the project is to develop the country's southern region by connecting it with the capital, increasing commercial activity, reducing poverty and providing more employment in agriculture, tourism and trade (ADB 2014; Pullenayegem 2008). The Southern Expressway was from the very beginning a single project, and one project management unit (PMU) managed the whole project regardless of financing source (ADB 2014). This project has received attention both locally and internationally, particularly for its impact on the community, environment and the country's budget (ADB 2014). The Southern Expressway was one of the highest priority infrastructure investments and financed by several developmental partners and the government (ADB 2014; Amarasinghe 2014; Pullenayegem 2008). The Road Development Authority (RDA) acts as the implementing agency (ADB 2014).

The Southern Expressway was divided into four sections for finance purposes. Japan International Cooperation Agency (JICA) financed sections I and II, extending from Kottawa to Kurugahahetekma (67.6 km) (ADB 2014; Amarasinghe 2014). ADB financed sections III and IV, from Kurudugahahetekma to Matara Godagama (59.5 km) and Galle port access road of 5 km was also funded by ADB (Amarasinghe 2014; ADB 2014). The expressway was constructed with an asphalt concrete pavement and shoulders, a substantial number of bridges and other drainage structures, and major and minor intersections with other roads (ADB 2014). Construction of the Extension of Southern Expressway (herein-after Southern Expressway Extension) from Matara to Hambantota including links to Mattala, 96 km is complete and open to the public as of 23 February 2020 (Ada Derana News 23 Feb 2020). Southern Expressway Extension was funded by CExImB (RDA n.d.), a long four-lane expressway which is connecting major cities along the southern coast of Sri Lanka and the

second largest port of the country – Hamabantota Port (MAGA n.d.). The Southern Expressway extension is split into four sections: Matara to Beliatta (30 km), Beliyatta to Wetiya (26 km), Wetiya to Andarawewa (15 km), and Mattala to Hambantota via Andarawewa (25 km) (RDA n.d.). The complete expressway including the extension from Kottawa to Mattala stretches for more than 200 km.

5.5.2 Environmental and Social Impact of the Southern Expressway

The area covered by the project is dominated by agriculture. The hill ridges are mostly cultivated as tea, cinnamon, rubber and coconut plantations, while valleys are dominated by paddy land and irrigation systems (ADB 2007a). Altitude in the region varies from 2 m to 30 m above sea level and the annual rainfall varies from 3,000 mm to 5,000 mm (ADB 2007a; Pullenayegem 2008). Piped water supply is available in some areas near the expressway while elsewhere the population is reliant on tube wells and dug wells. The expressway crosses five major rivers as well as many small tributaries (ADB 2007a).

The expressway crosses over 60% high ground and 40% wetland (Withanage 2005). The hilly regions were subjected to the cut and fill method of construction. However, this approach has led to major environmental problems (Withanage 2005). For instance, the stability of the geological formation has been threatened due to the exploitation of soil, and there is the possibility for small earth slips occurring. This situation may be aggravated as a result of monsoonal rains (Withanage 2005). Moreover, extensive soil erosion due to construction of the project has greatly affected adjacent surface water quality (Withanage 2005). More recent studies have indicated continued issues related to the environment and continue to affect the people living along the expressway. A study looking at a particular section of the Southern Expressway indicated that up to 89% of the people along the 400 m road strip under investigation experienced changes in flood conditions after the expressway construction. Constructional and design issues are linked to these major environmental changes and unsustainability, for instance improper culvert construction and poor maintenance has resulted in changes to previous drainage pattern and wetland fillings are altering flood conditions along the expressways, increasing runoff and creating urban floods (Sankalani & Jayasinghe 2019). Aquatic life has been threatened due to the changing flow patterns and siltation in waterways. An improper drainage design has resulted in aquatic fauna being severely threatened along with larger animals that have been affected due to improper road designs aggravating drainage issues (Withanage 2005).

According to the EIA prepared by the RDA, the total number of people affected by the project is approximately 760,000. Over 1,325 households, approximating 6,186 individuals will be displaced when the project is finished. Of these, 38% of households were relocated to other sites (ADB 2007). The remaining 65% chose self-relocation in which they opted to find their own land and houses. In addition, the project affected more than 4,000 households close to the ROW (right-of-way) because of loss of land/houses and displacements (ADB 2007). ADB (2014) reported that at the end of the Southern Expressway project the total number of households affected was 5,800, displaced households were 1,326 and 102 commercial structures and agricultural land were affected due to land acquisitions. Temporary damages to houses from blasting, vibration, and crops (based on complaints) was around 600 houses. Not a lot of information is available on the Southern Expressway Extension with progress

updates and completion reports from CExImB, which is very different to the ADB and the JICA sections completed almost a decade ago.

When the project proposal was announced in 1992, many people opposed the construction of the expressway (Withanage 2005). The project has generated serious social, environmental and legal issues. Some of the main controversies associated with the Southern Expressway as outlined by Withanage (2005) include: weak public participation and consultation process; inadequate information disclosure procedures; issues related to resettlement and unsatisfactory resettlement packages; a significant shift in the "trace" (the route) of the highway (without public participation and after approval was granted); non-consideration of proper alternatives and incorrect evaluation of alternatives; and inadequate environmental considerations and a weak EIA report (Pullenayegem 2008).

When ADB failed to meet EIA requirements at the beginning stage of the Southern Expressway, Withanage (2005) notes that four cases against ADB were filed in the Sri Lanka Court of Appeal in 2002. ADB was ordered to conduct an EIA on the alterations to the project, however, they ignored this and declared the loan effective. Nevertheless, accountability improved over the course of the project, ADB later directed RDA to ensure project compliance with ADB guidelines (ADB 2014). Similarly, the Southern Expressway Extension section lacked detailed reports from the CExImB. However, a comprehensive study conducted by Chatham House, an independent international affairs think tank, identified that earlier projects funded by China were significantly harmful to the environment (Wignaraja et al. 2020). In response to increasing scrutiny, the Chinese government has adopted best practices in line with international standards to address environmental and social impacts of major infrastructure projects in Sri Lanka. Doing so has to some extent improved environmental conditions of more recent projects in the country (Wignaraja et al. 2020).

5.6 Summary

Public accountability has weakened over time due to a lack of institutional capacity and insufficient parliamentary oversight and law enforcement mechanisms. The media has not been able to exert pressure to demand accountability and transparency or full disclosure from the government which forced international agencies such as the ADB to express their great concerns about what was going on in the public sector (ADB 2007; Samaratunge, Alam & Teicher 2008). One of the biggest achievements in recent environmental protection is the introduction of laws through the NEA and establishment of the Environmental Council and the Central Environmental Authority. Sri Lanka has been a leader in the South Asian region on issues of environmental sustainability and climate change over the last three to four decades.

Sri Lanka is heavily dependent on international aid, particularly to supplement the increasing infrastructure for economic progress, and given the need to recover from the devastating three decade-long civil war which ended in 2009. Funding trends over the last decade have drastically changed with a large amount of non-traditional donor funding entering the country. China’s funding is ‘unconditional’ which makes it attractive to the leaders of countries like Sri Lanka, but scholars are warning of the dangers of reduced transparency/full disclosure and accountability of non-traditional donors and their projects, which can significantly damage the environment in the long-term. These changes in the foreign aid landscape and their impact on the already weak public sector accountability and environmental sustainability together will be

explored in the following chapters, using the conceptual framework developed in Chapter 3. Despite Sri Lanka's initiatives in addressing environmental sustainability and SD, a number of shortfalls have been reported in the literature and the country continues to experience significant environmental degradation and damage caused by development in the name of 'progress'. Changing aid landscape will create unique accountability relationships with the public sector of Sri Lanka and how it responds to these changing forums and governance structures.

CHAPTER 6

DATA ANALYSIS AND FINDINGS

6.1 Chapter overview

This chapter addresses the three research questions by addressing the four main typologies of accountability separately, namely Political, Legal, Professional and Social Accountability and how these relationships are influenced by resource dependence. PAT in the form of actor-forum relationships is applied to explain the processes involved in the Southern Expressway project and how each accountability relationship impacts on environmental sustainability. This is the focus of *RQ 1 - how the different types of public sector accountability impact on environmental sustainability in Sri Lanka.* The role of resource dependence which Sri Lanka suffers from presently and especially with reference to environmental sustainability. With the significant shift to non-traditional donor engagement, this chapter addresses *RQ 3 - Is there a difference in public sector accountability in environmental sustainability depending on the type of development project or international donor?* Here the contrasting documentary and interview evidence is assessed for traditional and non-traditional donor influence on public sector accountability for environmental sustainability in Sri Lanka. Finally, each of the four accountability typologies help to address *RQ 2 - To what extent (responsiveness) is the Sri Lankan public sector accountable for environmental sustainability in internationally funded development projects?*

This chapter starts with political accountability in *Section* 6.2, referring to public sector governance structures and systems in the country, followed by the level of responsiveness to political accountability in *Section* 6.2.3. The second accountability typology addressed in this chapter is legal accountability, and it analyses the public sector's accountability to traditional donors and funding agencies in *Section* 6.3.1 followed by its accountability to non-traditional donors in *Section* 6.3.2. Legal responsiveness to environmental sustainability is explained in *Section* 6.3.3. Professional accountability in *Section* 6.4 follows the logical structure of the project flow chart to present the results of various professionals at the different stages of the process followed by professional responsiveness to environmental sustainability in *Section* 6.4.10. Finally, *Section* 6.5. covers social accountability and explores three main areas: NGO and SCO engagement; public engagement; and social and mass media influence on social accountability. Responsiveness to social accountability is discussed in *Section* 6.6 followed by a summary of the chapter in *Section* 6.7

6.2 Political Accountability

A series of P-A or actor-forum relationships exist in the public sector governance hierarchy, as depicted in *Figure 3.2*. Sri Lanka's parliament formally ensures accountability of the Ministers/Cabinet. Ministers and Heads of Departments hold a dual role of both *Principal (forum)* and *Agent (actor).* At the bottom of the hierarchy, public servants are *Agents (actors)*. The following sections will explore these political accountability relationships and responsiveness to environmental sustainability.

6.2.1 Government Initiatives in Environmental Sustainability

Documentary analysis of the election manifesto and the government's documents published by the MoF reveals significant changes over the years due to political turmoil and different parties in power. Former President of Sri Lanka, Mrs Chandrika Bandaranaike Kumaratunga was in office until 2005, succeeded by Mr Mahinda Rajapakse in that year. During their periods of rule, security and safety were a key priority due to the civil war and significant budget allocations set aside for settling it. Nevertheless, it is clear from the election manifesto that environmental sustainability and protecting the natural resources has been a key priority in recent years. The election manifesto of President Rajapakse (Mahinda Chinthana [President's Manifesto] 2010, p. 57) states:

> I will ensure that Sri Lanka abides by the global treaties and agreements on environmental and climate change and will strengthen Sri Lanka's ties with the UN Agencies.

President Rajapakse initiated several programs aimed at protecting the environment and natural resources, and reducing environmental pollution, through the auspices of the Ministry of Mahaweli Development and Environment. President Sirisena (2015 - 2020) continued some of these projects and extended the government's commitment further. Documentary analysis reveals the influence of international agencies, treaties and international declarations for maintaining this strong commitment. Several references to MDGs, SDGs, Rio+20[6] agreements and other declarations and how they have influenced national policies and election promises were noted and have helped shape policies since 2003. Appendix H lists some of the major environmental sustainability initiatives in the country, but it is not exhaustive.

Sri Lanka was a signatory to the United Nations Millennium Declaration of 8 September 2002, which required DCs to join and fight against poverty and environmental degradation. In 2005, the UN reviewed the progress achieved thus far in order to formulate further measures, to support what participating countries were doing. As a result, further initiatives such as updated policies were introduced to combat the rapid environmental degradation and environmental pollution. Sri Lanka has achieved a high-level of human development and much success under the MGS strategy, particularly in terms of improving health, education, and reducing poverty. Since the endorsement of the 2030 Agenda for SD, the government of Sri Lanka has undertaken several initiatives to advance the country. These include: the establishment of a dedicated ministry for implementing the SDGs; creating a Parliamentary Select Committee for SD to provide political leadership of the SDGs; and legislating the Sustainable Development Act No. 19 of 2017 for implementing the SDGs. Moreover, from 2015 to 2020, President Maithripala Sirisena was the Minister of Environment until January 2020. A statement delivered by the Minister of SD and Wildlife in Sri Lanka at the high-level political forum on SD in New York was as follows:

[6] The United Nations Conference on Sustainable Development - or Rio+20 - took place in Rio de Janeiro, Brazil on 20-22 June 2012. It resulted in a focused political outcome document which contains clear and practical measures for implementing sustainable development (United Nations General Assembly 2012).

> As the first country in the Asia-Pacific Region to establish a Ministry for Sustainable Development, and as the current Chair of the Asia-Pacific Forum on Sustainable Development, Sri Lanka now is in a unique leadership position to champion transformation to sustainable development…a National Sustainable Development Act in conformity with the SDGs will be tabled in the Parliament of Sri Lanka…The objective of this new act is to formulate a National Policy and Strategy on Sustainable Development and provide the legal and institutional framework for developing and implementing it. The Act will mandate ministries, provincial councils, local governments and all public sector agencies to prepare sustainable development strategies and carry out audits and provide annual progress reports based on a set of sustainable development standards, guidelines and indicators.
>
> (UN 2016)

New initiatives and new policies were not able to achieve the expected outcomes and furthermore, evidence of new programs initiated by the country's leader does not necessarily indicate that the GoSL is highly accountable for environmental sustainability according to the Legal Adviser of an NGO group (Respondent 20):

> *I think there's some kind of misjudgement as to where the resources go and what priorities…So, ironically, they say that the environment minister is our president, so, that they say the environment is a priority, but I don't think it is. I feel like it is, basically, kind of… I guess, that's more acceptance to do things… Because you look at international policy there's more… like, even CEA (Central Environmental Authority) has been saying you need a new policy, you need to revive things, but I don't know if that is a genuine thing...It is difficult to assess as to where the government is coming from… again, as we said, the different departments, also, they make an effort…*
>
> (Respondent 20 - Legal Adviser of an NGO group)

A WB Environmental Specialist (Respondent 23) explained the "*lack of appetite of the leadership*" in the country to make a genuine effort to improve the current conditions. Authorities acknowledge the need for change, but the fundamental changes required in the system continue to be overlooked. In Sri Lanka, change is extremely slow:

> *institutions many have grown in staff strength, in terms of their strength of enforcement strength, and to introduce systems, to make change...no it has gone the other way… while the CEA really acknowledged our findings and they … fully acknowledge the findings and admitted the gaps in their systems, they recognise the need to change…when it comes to changing systems, the NEA system was designed 25 years ago…so it goes without saying but whether the government has the appetite, the right leadership is not clear.*
>
> (Respondent 23 - Environmental Specialist at WB)

An environmental officer at the Ministry of Mahaweli Development and Environment (Respondent 34) admitted that despite the availability of resources and new initiatives, implementation is very slow and on top of that, changes in the public sector leadership had a significant impact on the implementation and outcomes of programs initiated by the ministry or the department. Re-shuffling of political appointments and department heads changes priority projects within the department and the ministry. As a result, programs were moved down the priority list and new initiatives were continuously introduced without long-term

commitment to environmental programs. Furthermore, evidence indicates that although Sri Lanka does not lack taking initiatives in environmental sustainability, documentary analysis and interviews repeatedly emphasised the slow implementation and minimal effectiveness of these programs. Presidential manifestos from 2005 to 2020 attempted to indicate a strong commitment to SD and environmental sustainability but there is evidence of a high level of non-accountability.

6.2.2 Politicised Governance Structure - Mismatch of Accountability

In the Sri Lankan governance structure as explained earlier (Chapter 3, *Section*s 3.4 and 3.8.1), secretaries of the cabinet ministries are political appointments. When the government changes, bureaucratic heads of ministries change along with the ministers. This results in a high level of political influence and political pressure to operate in the interests of the ministers and political party, which has a significant impact on political accountability and integrity of the public service. Politically appointed senior bureaucrats are involved in the negotiation stage of all developmental projects, as a result, project decisions are politically influenced. Despite the good faith of parties involved, political interference is inevitable in most projects. Some public sector interviewees and consultants offered the following comments:

> *...it is not practical in Sri Lanka because of, you know, so many government pressures and political pressures, and they want to finish this project in three, four months, so they get pressure from the ministry and from there to the RDA...from the RDA and the client and then to us.*
>
> (Respondent 24 - Environmental Consultant working for RDA)

> *...every time we discuss the project [monitoring committee], the problem is so many people are involved in that project, most of the times there is political…political influence*
>
> (Respondent 16 - Retired ERD Director)

The Central Environmental Authority (CEA) is responsible for environmental sustainability but it does not have the power to refuse political interference. Of the public *Agents* interviewed, 9 officials (Respondents 1, 2, 3, 4, 6, 10, 16, 18, 34 from CEA, RDA, SLLRDC and Ministry of Mahaweli Development and Environment) explain how they feel strongly influenced by political pressure either directly or indirectly and are not able to fight it; they may be pressured to overlook the procedure and the law. Director Generals (DGs) are accountable to the ministers and their secretaries, and this accountability relationship and power are misused at times to fulfil ministers' personal interests and not the general public's. This is the inherent dilemma of the public sector governance structure and political system of the country, in that it requires significant public sector reform to ensure accountability to prevent corruption. Despite the contractual agreement between the donors and recipient country government, donor agencies explain how they are not able to intervene in political interference cases directly at the project planning and implementation stages. International agencies are only able to act on these issues if the government reforms the system completely. This was confirmed by the Retired ERD Director (Respondent 16) and Environmental Specialist at WB (Respondent 23). The

only resolution is through legal accountability and this means checking the contractual agreements between the funding agency and borrowing countries.

6.2.3 Public Sector Tokenistic Responsiveness to Environmental Sustainability

Sri Lankan public sector activities are significantly shaped by political considerations and the Southern Expressway project was not different. It is evident that proper implementation, application and continuous monitoring of policy implementation are poorly done. As an important component of effectiveness of any developmental project, reviews need to be conducted and published for accountability and transparency. However, the public does not have access to progress reports and project completion and review reports.

Some public agents from RDA, CEA and an external environmental consultant (Respondents 1, 3, 4, 5, 6, 10, 16, 22) explained that although various programs and environmental laws have been approved by the cabinet, they direct the departments to expedite the environmental sustainability assessments and guidelines without due diligence. This is a good example of how environmental laws and initiatives simply serve as window dressing. It would be mistaken for accommodative behaviour - doing all that is required to ensure environmental sustainability, when in fact it is a form of reactive behaviour - doing less than what is required, as politicians and ministers direct the various departments to overlook the laws that are in place. Expediting projects is a common practice and particularly when they are close to an election. It was highlighted by Respondents 3 and 4 as follows:

> *The major constraint to implementing the recommendations of the environmental assessment… or activating plans … the time period of the project. Now this comes from the government. They have their own agendas...So, we have to provide them… give the project to them, so that they can...So, we decide…really in stress… They don't have time to see these safeguards...those kinds of issues are there...It is not a priority.*

(Respondent 3 - Environmental Specialist at RDA)

> *Our government…if a certain election is coming up then always the pressure is on us. Before that election date, complete the…project…There are a lot of problems in the project, so it is very difficult to complete.*

(Respondent 4 – Deputy Director at RDA)

One of the project directors at RDA (Respondent 27) shared the same sentiments as Respondent 4 about the political pressure to complete projects without considering environmental safeguards, especially when elections were being held.

On the other hand, public officials explain that due to resource dependence and Sri Lanka being a 'poor' country, '*they want more money and funding'*, the funding comes with conditions about environmental sustainability:

> *Always they will try to comply with that [conditions]...most of the projects, the government is focusing [on conditions] without considering the actual benefits…*

(Respondent 27- An RDA Project Director).

Officials are simply committing to the conditions at a superficial level to avoid legal sanctions, to ensure a flow of funding but not actually honouring the conditions for ensuring long-term environmental sustainability. An environmental specialist at Sri Lanka Land Reclamation and Development Corporation (SLLRDC) further added that environmental sustainability is only looked at because 'it is in the process' of developing the country, so genuine responsiveness is very poor. Respondent 4 (Deputy Director at RDA) further added that due to the high political pressure to complete the project quickly, "*all the staff engaged in the project work think about the progress of the project, they do not think about the environmental safeguard problems*". This coupled with weak accountability measures and politicians pursuing personal outcomes cannot achieve environmental sustainability. These actions can be categorised as '*defensive*' behaviour where political pressure is encouraging the public sector to do the least that is required to ensure approval of funding disbursements.

One environmental specialist (Respondent 25) stated that constant changes in government policy, changing the goal posts regularly and competing projects of outgoing and preceding presidents exert a significant negative impact at the operational level. During President Sirisena's time (2015- 2020) he was also the Minister of Environment and ostensibly supposed to give high priority to environmental sustainability. However, environmental specialists and several members of CEA (Respondents 1 & 2) explained that enforceability is weak and political influence is about completing projects as soon as possible, not following all environmental laws and guidelines adequately:

> *It should be a priority in the country…but the ministers are changing in the government and changing everything within a very short period of time. CEA is under the president [former president], I don't know why the CEA is still in that same position. That is an unfortunate situation about it as it is a mandatory body.*

(Respondent 22 - An environmental consultant at CExImB)

A Senior Director at CEA (Respondent 1), explained that the reason for weak enforcement is "*because there are, you know, political influences...basically, you know that the government, the politicians are also reluctant to, give some orders and to have an election loss*". This creates a contradiction between the country's development priorities. It seems that with the president also being the Minister of the Environment, the government is giving high priority to environmental sustainability but the reality is that conditions have not improved and according to the interviewees, political accountability is about expediting projects rather than making the time to conduct thorough assessments. This indicates another example of tokenistic behaviour which has resulted in very low levels of public sector responsiveness, i.e. doing the least that is required or less, indicating a *defensive* or a *reactive* level of responsiveness to environmental sustainability. This further confirms, the plethora of environmental laws, policies and programs passed through the cabinet such as the Sri Lanka Sustainable Development Act passed in 2017 and National Bio Diversity Strategic Action Plan (NBSAP) passed in 2016 (refer to *Appendix H*), they simply serve as a shield to cover up mistakes.

6.2.3.1 Ownership and Strong Leadership for Environmental Sustainability

Political accountability can potentially indicate a higher level of responsiveness, for instance accommodative or proactive behaviour. High resource dependence to supplement rapid developmental needs and corrupt political behaviour has resulted in low public sector responsiveness to environmental sustainability. However, analysis of several success stories in the public sector helps us to understand the reason for a high level of political responsiveness and proactive behaviour in Sri Lanka. Recent developments in response to SDGs are noteworthy. To improve the country's energy efficiency, Green Guidelines were designed and developed by the Ministry of Mahaweli and Environment collaboration with the Ministry of Energy and Urban Development Authority (UDA). An Environmental Management Officer at the Ministry of Environment (Respondent 34) added that the guidelines are designed to create energy-efficient new construction and certifications of approval. These guidelines are mandatory for all new construction in the public sector of Sri Lanka. According to Respondent 34, Sri Lanka had the sole ownership of the program, it was initiated for the private sector but later extended it to the public sector by making these guidelines compulsory for all new public building construction.

Similarly, the SLLRDC recently adopted a system called the "Rapid Assessment of the Planned Ecosystem Services" which was supported by the Ramsar Convention in 2018[7]. It was implemented as a direct outcome of the Wetland Management Strategy:

> *this method was first used in Sri Lanka – the papers have also been published...it is not yet compulsory, but we [SLLRDC] and the UDA, we are doing it, we are practicing it...But we want to make it compulsory, like EIA … our plan is to make it a compulsory thing.*
>
> (Respondent 18 - Environmental Specialist at SLLRDC)

This proactive measure improved the existing systems and assessments to some extent. Moreover, donor agencies are yet to adopt this system as part of their safeguard assessments which indicates Sri Lanka's proactive response as an early adopter. Since the wetland management strategy and the new assessments were *"in line with the government's plan*" (Respondent 18) the new initiatives were successful. This is a clear example of how strong political accountability can enhance proactive responses to environmental sustainability. Similarly, an environmental officer at an NGO (responded 26) added that new policies related to chemical management, waste management have been implemented which are particularly relevant for the private sector, according to Respondent 26:

> *but I actually don't see any improvement with regards to forest conservation...I fail to see any modifications to the EIA process". "We fail to see any immediate action taken by the government to solve these issues [environmental and wildlife*

[7] According to Ramsar (2014), "The convention on wetlands is the intergovernmental treaty that provides the framework for the conservation and wise use of wetlands and their resources. The Convention was adopted in the Iranian city of Ramsar in 1971 and came into force in 1975. Since then, almost 90% of UN member states, from all the world's geographic regions, have acceded to become 'Contracting Parties'".

issues]...there are many research coming and suggestions...coming that you can do this and you can do that to prevent this...government is not acting quick enough.

Respondent 26 – Environmental Officer at an NGO further added that with policies related to consumer goods, laws are acted upon without compromise by the public agents because "…*when it comes to consumer goods...politicians are not much interested, but when it comes to environmental issues and infrastructure projects...it involves the public...they want the people's vote"*. As a result, there will be political interference in a project, designed to ensure people's votes although it may compromise the environment such as encroaching on forest land or forest clearing for agricultural purposes.

In summary, political influence is significantly high in international development projects. Several initiatives have been taken to improve the environmental conditions in the country as part of the political commitment of the incoming presidents over the last two decades. However, the interview evidence indicates that the public sector level of responsiveness to environmental sustainability is low due to high political interference. Nevertheless, areas where political interference is low, senior members of the ministries have been able to make decisions and implement environmental sustainability programs more successfully. With less political interference, the public sector is able to achieve proactive levels of political accountability.

6.3 Legal Accountability

Public sector legal accountability in this thesis refers to two *forums* - international donor or funding agency – and the Sri Lankan judicial system. Clear accountability relationships and requirements are established through contractual agreements and the rule of law. Non-compliance and not meeting accountability standards at each of these forums could result in legal sanctions. Respondent 16, a retired Director at ERD explained that at the time of the STDP, there was strong legal accountability of the ERD to the donor agency – UN Development Program (UNDP) – to form a monitoring division and take part in the monitoring committee:

We [External Resource *Department] implemented this [monitoring division] because of the monitoring system funded by UNDP…they introduced the monitoring program for Sri Lanka, not only this [STDP] project…every foreign funded project*.

(Respondent 16 – Retired Director at ERD)

Funding agencies further confirmed the clear expectations of the recipient country to ensure accountability and compliance with the agreed terms and conditions. The WB and ADB in particular indicated the strong sanctions associated with non-compliance:

There would be legal ramifications…environmental documents that were prepared during the preparation stage of the project. There are a number of project requirements depending on the type of project, so all that is referred to in the legal agreement between the bank and the government, so any non-compliance would have legal ramifications.

(Respondent 23 - An Environmental Specialist at the WB)

The ADB Operations Manual (2013) clearly states the legal agreement between the donor agency and the recipient country (p. 7):

> The project team ensures that legal agreements include adequate covenants to address implementation of the SPS [Safeguard Policy Statement] and specifically the EMP [Environmental Management/ Monitoring Plan] and/or EARF, resettlement plan and/or resettlement framework, IPP and/or IPPF, and/or other instruments, where applicable, including the submission of monitoring reports. The versions of the EMP and/or EARF, resettlement plan and/or resettlement framework, IPP and/or IPPF, and/or other instruments that ADB and the borrower/client have agreed upon are referred to in legal agreements. Where relevant, the legal agreement includes clauses on obligation of the borrower/client to incorporate safeguard requirements in bidding documents and civil work contracts.

The UN stipulates clear indicators to achieve SDGs by 2030 and Sri Lanka's legal frameworks and policy changes further support the power wielded by international agencies. They have the ability to pressure recipient countries such as Sri Lanka to adopt necessary governance and best practice approaches such as SDGs. One Project Director at ADB (Respondent 14) stated the strong compliance monitoring systems and procedures that are in place for ADB funded projects to ensure environmental compliance:

> *If they do not comply with the expected standard, there are certain procedures, initially we inform then discuss with them, later stage we can warn them, but if the situation goes to the critical state, we reduce the grace period, we can reduce the loan repayment period and finally, we can stop the loan but...if there are actions like that, if the situation goes from bad to worse, there is no point in enforcing punishment, our intention is to bring the project on to the right track, but if there are no punishment procedures, people not take care about that …these are the stern actions we can take…so that's why these stern actions are documented.*
>
> (Respondent 14 – Project Director at ADB)

Despite the policy requirements, environmental degradation and non-compliance with environmental safeguard policies continue to be a significant problem when it comes to international projects. As indicated in the report by Ministry of Sustainable Development, Wildlife and Regional Development (MSDWRD 2018, p. 63): "Even though there are several legislations to address the land degradation problem in Sri Lanka, these have failed to address the problem due to poor implementation".

The Southern Expressway, also known as Southern Transport Development Project (STDP) illustrates this further. The Southern Expressway connecting Colombo to Galle and further down to the transport hub of Matara (see Appendix 1 – Map of Southern Expressway and Southern Expressway Extension). This expressway is altogether approximately 200 km long. Initially, the project was estimated to cost $348.75 million, but this escalated to $741.1 million. After several revisions to the original project, construction started in 2003. The project was supposed to be completed by 2010 but delayed to 2011 due to compliance issues and public protests. The Southern Expressway was completed and officially inaugurated in November 2011, Galle to Matara section opened in March 2014. It was financed by the ADB, Japan Bank for International Cooperation (later renamed JICA) and the Government of Sri Lanka (RDA n.d; ADB 2014). During the construction phase, due to serious issues associated with non-

compliance with environmental laws and ADB safeguard policies, the Compliance Review Panel (CRP) of ADB requested that ADB:

> …[S]uspend disbursements for the Project until the Project Proponent and the Government of Sri Lanka ensure that…The Project complies with all ADB Policies and Operations Manuals especially those pertaining to Resettlement, Environment…
>
> (ADB 2005, p. 65).

Environmental Specialist at SLLRDC (Respondent 18) on the issue of projects conducted by traditional donors such as WB and ADB, remarked:

> *…the ones who are doing the project. Also, we have a role in monitoring the system. But they [ADB and WB] are still very concerned about the monitoring because that's how they are passing the money; they are not passing the entire grant amount at once. So, they do have a very strict monitoring system. So, once we have fulfilled those things… they go to the next thing, next step.*
>
> (Respondent 18 - Environmental Specialist at SLLRDC)

Although legal accountability between the government of Sri Lanka and international donor agencies may seem strong in terms of agreeing to good governance practices and policies to avoid sanctions, the effectiveness of these policies in the long-term is not as significant, validating the statement in the MSDWRD report of 2018. There exists a gap between the expected and actual outcomes. Officials from RDA further emphasised that due to the resource-dependent nature of Sri Lanka, GoSL agrees to conditions set by the funding agencies without a clear understanding of the compliance requirements and the long-term benefits such as the desired level of environmental sustainability. All they are interested in is the continuous flow of funding from donors:

> *As we are poor, they [GoSL] want to have money however…most of them [donors] are giving their conditions, always they [GoSL] try to comply with that one… most of the projects, as a government they are focusing without considering their benefits...*
>
> (Respondent 27 – An RDA Project Director)

Nevertheless, the presence of legal accountability and sanctions for non-compliance can ensure conditions are respected, although discrepancies continue to exist between expected and actual outcomes.

6.3.1 Legal Accountability to Traditional Donors

Donor environmental guidelines and policies are essential when the national environmental standards and policies are not adequate and will not achieve the SDGs. For instance, the prescribed project list gazetted under the NEA serves as a loophole to avoid environmental sustainability, according to an environmental engineer at an NGO (Respondent 21). People are constructing 99 rooms in a hotel to avoid EIA as 100+ rooms require an EIA. Sri Lankan Environmental Consultant (Respondent 24) explained how ADB's strict guidelines have helped to protect the environment and sensitive areas throughout Sri Lanka. Smaller road projects proposed by RDA would not warrant extensive studies or an EIA as it is not part of

the prescribed project list. For instance, in the iRoad project[8] currently overseen by RDA, certain roads were as shorter than one kilometer and some of these small roads are located in national parks. However, CEA does not require EIA assessment for these roads, but as a result of ADB environmental assessments, the project was not approved and required avoiding all areas impacting on the environment, natural resources and wildlife. This further highlights the importance of legal accountability and donor guidance in Sri Lanka to hold the public sector to account:

> *Yes, it's very helpful because during this iRoad project time, we realised some roads, you know, like, one kilometre, some roads fall within the national park, then the ADB has the reports [environmental reports], RDA has to drop the project…ADB doesn't want to include the road in their funding. So they requested RDA to drop the project because it is not in line with their [ADB] guidelines.*

(Respondent 24 - Environmental Consultant working for RDA)

An environmental specialist at ADB (Respondent 25) explained that, at the commencement of the Southern Expressway, *"as far as I remember…when ADB laid down their terms and conditions they said… what is more stringent we will comply…at that time JICA did not have a very clear environmental and social safeguard statement… so JICA section also adhered to ADB conditions".* Similarly, ADB's Compliance Review report (2005, pp. 56-57) stated that ADB and JICA formed a partnership and shared their best practices to ensure environmental sustainability of the Southern Expressway:

> ADB specified in its…Loan Agreement [Southern Expressway] that the environmental mitigation measures identified in the EIA and in the CEA's approval of the Project – the entire project [including JICA sections] – are incorporated in the design of the highway, and followed during construction, operation, and maintenance of the project highway. This is consistent with OM [ADB's operations manual] Section 29/BP, para 31 that the environmental requirements for ADB-assisted project apply to all projects co-financed by ADB.

CEA further highlighted the importance of donor influence and pressure on the public sector to enforce environmental laws and safeguard policies applied to projects in Sri Lanka. Due to political influence, in some instances CEA is not able to exercise its powers to properly oversee how projects are progressing. In these instances, CEA must partner with donor agencies such as the ADB to strengthen its position to influence the proposing agency and contractors, so that the environmental guidelines and laws are strictly adhered to:

> *In fact, actually this ADB involvement was beneficial to us; our position was strengthened by the ADB donors...In practice, like, Sri Lanka, you know that enforcement is the biggest problem...enforcement is a bit weak because there are, you know, political influence so, in this case, of course with a donor… basically, the government, the politicians are also reluctant to give some orders or to lose the election...since RDA as a government agency also makes it difficult for us to fulfil certain aspects. But in this case, because of the donor, the ADB...we were able to control...to a certain extent.*

[8] A project implemented by the Government of Sri Lanka called the Integrated Road Investment Program (iRoad) to improve the connectivity between rural communities and socioeconomic centers. It did so by improving the transport efficiency on selected national, provincial and local roads. Under the iRoad Program, around 3750 km of rural roads throughout the country will be improved and updated (iRoad RDA n.d.).

(Respondent 1 - Senior Director at CEA)

Moreover, since the ADB and JICA were traditional donors working on the Southern Expressway project, they contacted the affected communities and the public to ensure EIA reports were accurately reporting environmental and social information. According to one of the RDA Officers (Respondent 11), "*donor agencies like ADB and JICA, they conduct field studies, they take translators to the site and cross-check information on the EIA against the claims of the affected communities"*. Respondent 11 further added that "*I didn't see this* [cross-examination of information] *in the Southern Expressway extension"* funded by CExImB.

Donors play a significant role in setting environmental sustainability as a key priority in infrastructure development projects. In a country with weak accountability mechanisms, traditional donor pressure from ADB, JICA and WB has ensured environmental sustainability to some extent. An Environmental Specialist at RDA (Respondent 3) and Technical Officer at RDA (Respondent 11) highlighted the practices of traditional donors like the ADB in infrastructure development projects such as Southern Expressway. ADB closely monitored the incorporation of the Environmental Management Plan (EMP) into construction plans by requiring the contractors to develop their own action plan depending on the EMP. Moreover, ADB and JICA closely monitored the implementation of the action plan. In the case where the environmental authorities such as CEA or RDA Environment and Social Division (ESD) are not effective in enforcing and monitoring the environmental sustainability activities on a regular basis, ADB and JICA were influential:

> *They [ADB, JICA] monitor… the EMP goes to the contractors. But these local people, they hardly look at them. But they [ADB, JICA] monitor the implementation part...they monitor the incorporation of EMP, and how the contractor comes up with their own action plan and how it is implemented.*

(Respondent 3 - Environmental Specialist at RDA)

Moreover, Respondents 3, 10, 9, 8, and 7 who were RDA officials highlighted the rigorous reporting requirements of ADB, JICA and WB. Proposing agencies such as RDA are required to provide regular reports to the donor agencies for their perusal which allows for the donor agency to hold the proposing agency and the contractors accountable. Proposing agencies are required to engage in regular monitoring through field visits, data collection and recording of information. Moreover, the environmental specialists employed by the contractors are required to gather regular data and information to prepare reports for the proposing agency. For instance, RDA's ESD thoroughly reviews the reports submitted by contractors before the reports are submitted to the CEA and donor agencies.

Donor agencies review EIA reports and other compliance documents submitted by the proposing agencies at the local level in Sri Lanka and depending on the magnitude and environmental issues observed during the project construction stage, certain reports are reviewed at the headquarters of the donor institutions. This ensures high standards and quality reporting by the proposing agency and contractors. The WB reports that projects operate in a 'ring-fence' manner means that it can monitor environmental performance at every stage of the project before funding is approved for all stages. This is a form of accountability exercised by the WB:

> *I would say…the assessment part… the assessments have to be reviewed by the WB, we ensure that the assessment of a certain quality, quality that the bank would require, some of these assessments depending on the severity of the project's impacts, will go to Washington, some of it gets cleared at Colombo [Sri Lanka Resident Mission], some go to Washington [WB headquarters] for clearance…the environmental management of environmental and social impact happens in a ring fence way.*

(Respondent 23 - Environmental Specialist at WB)

Moreover, an Environmental Specialist at JICA (Respondent 29) added that the implementing government agency of Sri Lanka does not meet the legal accountability requirements, they have the power withhold or cancel the loan: "*we go time to time in order to do a…check and if we find something then we will ask them [implementing government agency] to explain...first they have to explain what happened…in the end ..the last resort remedy is that we [JICA] can withhold funds or worst case cancel the loan".*

6.3.1.1 Introduction of Accountability Mechanisms

When the Southern Expressway commenced, Sri Lanka did not have a comprehensive complaint handling mechanism for most projects, particularly through the RDA. The ADB's Policy on Involuntary Resettlement requires that a grievance redress mechanism is set up. which not only addresses social issues but can raise other issues from the inception stage until completion. However, due to the novelty of this process and not having a clear mandate of its objectives and operations, it was detrimental for public sector accountability. This resulted in a number of issues escalating from the grassroot levels all the way up to the UN Human Rights Convention. The affected communities were not well informed of the grievance mechanisms. This was a significant setback for the Southern Expressway, particularly given the scale of the project.

As an outcome of the Southern Expressway, effective Grievance Redress Mechanisms (GRM) were introduced by RDA with the recommendation and assistance from ADB. An environmental specialist at RDA (Respondent 3) explained that some of the major improvements experienced since the STDP are *"social agreements… now, we use GRM for local funded projects, ADB recommended it initially…but we apply to other local and funded projects… for all funds, it doesn't matter, we apply it"*. Similarly, online project monitoring systems to improve decision-making have been introduced in Sri Lanka. As detailed by Respondent 16, the internal online system is available for all external funded projects to improve how decisions are made in the public sector. Moreover, this is aimed at improving the accountability level of various stakeholders involved at various levels, ministries and departments. Similarly, Respondent 14, a project director at ADB detailed a new online project monitoring system that will be implemented in ADB funded projects in Sri Lanka.

6.3.1.2 Establishment of ESD at RDA

As a result of a feasibility study conducted by an external consultancy company - Wilbur Smith Associates (WSA) – for the Southern Expressway - a significant amount of potential environmental and social impacts was highlighted. Recommendations included effective monitoring and mitigation of environmental and social issues. The report also identified the limited institutional capacity of the RDA at the time to engage in environmental sustainability

activities. WSA suggested considerable resources to be allocated to repair the situation and to enhance the monitoring function in the Project Management Unit (PMU). ADB recommended that the RDA establish an environmental and social monitoring unit within RDA to supplement the number of road development projects underway, according to respondent 5, a deputy director at RDA. This was possible due to the commitment of donor agencies to conduct comprehensive studies and engage experts. As a result, in 2006 the government of Sri Lanka established the Environment and Social Division (ESD), also known as Environment and Social Development Division within the RDA with technical support from ADB to oversee the large array of transport development projects and their environmental and social sustainability requirements (ADB 2013). Introducing new accountability policies or technical assistance to establish accountability mechanisms cannot be expected through non-traditional donors such as CExlmB. They are more focused on financial outcomes rather than SD.

6.3.2 Legal Accountability Requirement to Non-Traditional Donors and Emerging Challenges with Chinese Funded Projects

Unlike the agreements with traditional donors, non-traditional donors do not stipulate strong environmental and social impact assessment provisions and monitoring requirements as part of the legal accountability. Due to the oversight and lack of appropriate levels of environmental analysis and adequate time taken to conduct comprehensive studies, projects will encounter significant environmental issues. Construction companies and environmental specialists generally negotiate with the funding institution for extra funding to cover 'unforeseen' problems that are not taken into consideration during the budgeting stage. This could potentially be avoided by conducting more thorough assessments. In certain cases, impact may not be direct or may not be identified until much later, for instance flooding due to the lack of proper drainage planning or destroying wetlands.

Projects funded by non-traditional donors such as CExImB are significantly influenced by political interference and conditions set by donors – legal accountability. When the donor conditions do not stipulate environmental and social impact assessment and mitigation, legal accountability does not ensure environmental sustainability. If projects are unsolicited proposals[9] or 'tied' loans[10], this puts CEA in a very tight position and it is not able to partner with the funding agency in the effort to strengthen the CEA's powers to counteract political interference or to influence the implementing agency and contractors to improve their environmental performance in the country. A senior official at RDA (Respondent 9) added that, the Southern Expressway Extension was constructed under a 'tied' loan, it *"means the donor who gives their money believes they can recommend a contractor…please do this job through this contractor only, nobody can challenge that"*. As a result, strong legal accountability to non-traditional donors results in public agencies adhering to conditions set by the donors such as the selection of contractors but it does not include environmental sustainability or support from Chinese donors to implement mitigating measures. These are not stipulated in their loan

[9] A privately initiated process where by a private sector entity (Unsolicited Proposal proponent) contacts the government with a proposal to develop an infrastructure project, with an explicit request from the government to do so (WB 2017).

[10]"Tied aid describes official grants of loans that limit procurement to companies in the donor country or in a small group of countries. Tied aid often prevents recipient countries from receiving good value for goods, services, or works (OECD n.d.).

agreement. Environmental Specialist at RDA (Respondent 3) stated that *"when you compare JICA, ADB they request… they require frequent reports on environmental safeguards, but Southern Expressway Extension, they don't require any reports",* this was further validated by a Director at CEA (Respondent 1) and a RDA Project Technical Officer (Respondent 11), as a result, no legal accountability to environmental sustainability is established in the Chinese funded extension other than allowing the Sri Lankan government to follow its own national law requirements.

Unlike ADB and WB funded projects, projects funded by CExImB do not have provisions in place to support the implementing agency with separate funding and time allocations to conduct extensive environmental studies and feasibility studies to minimise environmental impact. For ADB and WB funded projects, there are separate budget items for environmental assessments, monitoring and mitigation during the planning stage, however, according to an Environmental Consultant working for CExImB (Respondent 15), for Chinese funded projects, the government of Sri Lanka or the proposing agency includes 10-15% of the total project cost for environmental safeguards, it is treated as an overhead expense:

> *now in relation to this project [southern expressway extension] …during the budgeting stage…the government of Sri Lanka has been through all the figures at that time…They include ten to fifteen percent of the total contract value as environmental safeguard...into the budget...So, there's no separate component of environmental budget to implement that. That means including the environmental management plan, there's no separate… budget amount...it is treated like overheads.*

(Respondent 15 - Environmental Consultant -CExImB)

Without clear budgetary allocations and loan agreement on environmental sustainability, construction companies do not provide adequate resources and facilities for environmental specialists to carry out their daily duties such as regular site visits, and its not effective on the ground level. Environmental Consultant for the CExImB (Respondent 22) further added that very minimum resources were provided by the construction company: "*I had to fight with them to take some noise measurements, vibration measurements, I had to argue with them …we require these types of equipment to monitor…. If we don't do this, you fail as a company… this is not good for the company. Then I bought these instruments to undertake measurement at the site we have to answer the questions at the meeting conducted with the RDA, otherwise we fail as a contractor...normally they [Chinese construction company] don't provide… I have to fight with them to get these things…"*. This indicates the low priority attached to environmental monitoring and management at the construction level. Due to lack of experience and skills, construction companies are not able to adequately monitor and ensure environmental sustainability. Respondent 22 further added "*construction company didn't have any idea ...Chinese person [environmental specialist] didn't have any idea of [how to] prepare environmental management action plan…how to prepare a mechanism to address public matters, I developed all the things*". Another environmental specialist at ADB (Respondent 25) added that more recently, environmental officer is appointed by the construction company without the genuine commitment to environmental sustainability, *"most of these people are for the namesake...they bring in a person…give him a desk and a computer…they don't give them the facility to go to the site… so that creates a huge problem…"*

Chinese funded projects may not have adequate amounts of funding to conduct extensive studies at the feasibility study stage, or funding to complete a comprehensive EIA and to implement the environmental management plan during the construction stage. Without a clear agreement and contract on environmental sustainability, Chinese donors do not demand legal accountability from implementing agencies to adhere to environmental sustainability conditions. This can exacerbate the already weakened public sector governance and public accountability due to inadequate resource allocations. Inadequate measurement of environmental impact and mitigation in Chinese funded projects, results in public *Agents* overlooking signs of environmental degradation and misappropriation of resources.

Moreover, if significant environmental impacts are identified during the construction stage, contractors or the proposing agency cannot halt the project to mitigate the issue. Instead further monetary resources are allocated to continue the construction. This can significantly increase the total loan amount:

> *Now, according to this project, Southern Highway…I think that there's a clause in our contract saying that for any unforeseen activity or unforeseen time extensions, the time extension may not be given but in that instant of time extension, they give a cost estimation to put more people on and complete the process within the same period. Instead of time, you get money, more money to complete the project within the same period.*
>
> *If you find any activity that is obstructing the… unforeseen activity, right? Then you can get payment because it is a separate item for additional environmental activities...but we are only entitled to get that amount of money, only if we found that kind of activity that is not included in the…original bidding process…*

(Respondent 15 - Environmental Consultant - CExImB)

As shown by the interview comments, legal accountability of the Chinese funded Southern Expressway Extension ensured the project would be completed on time at the expense of adequate environmental assessment and mitigation. With the rise of non-traditional donors entering Sri Lanka, it is important to ensure that local environmental laws are adhered to or other solutions are developed.

When enquiring about the environmental standards of a Chinese construction company, a Chinese national working on the Southern Expressway Extension project as an Engineer (Respondent 28) explained that "*environmental issues are only applied by RDA and contractor, not the bank [China ExIm Bank] and the* [Chinese] *government doesn't stipulate any environmental guidelines on Chinese construction companies operating in overseas development projects*". However, this respondent added that in their company, *"…every year a third party gives a certificate on ISO9001",* the most recognised quality management system certification. Respondent 22, an environmental consultant working for a Chinese construction company explained how challenging it was to ensure Chinese funded projects adhered to environmental laws in Sri Lanka:

> *…our [Sri Lanka's] natural resources matter…it finally affects our [Sri Lankan] people, they [Chinese companies] are not caring about that. I had to put much effort to make them [Chinese construction companies] comply with SDG requirements, because every time they are saying no need to comply, no need to do this… contractors are here for business. When they do not comply, I faced a lot of difficulty…*

(Respondent 22 - Environmental Consultant at a Chinese Construction Company)

This was further validated by Respondent 25 who used to work at CEA before moving to ADB:

> *…unfortunate thing is…contractors [Chinese construction companies] who came…that was the issue…they weren't the local contractors…they didn't care much about environmental management plans.*

Without clear legal accountability to environmental sustainability between Chinese donors and the GoSL, it is challenging to persuade construction companies to ensure environmental sustainability in Chinese funded projects.

6.3.3 Legal Responsiveness to Environmental Sustainability

Despite the less than satisfactory level of political responsiveness to environmental sustainability, respondents indicated that having some influence and support from the international agencies and donors, helped ensure a higher level of public sector responsiveness. However, this varied depending on the type of international donor, whether traditional or non-traditional.

6.3.3.1 Traditional Donor and Judicial System influence on responsiveness

Traditional donor agencies like the ADB, WB and JICA approached environmental sustainability as a key priority in Sri Lanka. Despite the failure of ADB to ensure a high level of accountability in the initial stages of the Southern Expressway, overall, ADB has helped bring about positive change through changes in governance and sustainability practices. Moreover, ADB and JICA have stronger safeguard policies and principles that make SDGs achievable. High levels of legal accountability to traditional donors, discussed in *Section* 6.3.1, have influenced the public sector to follow the environmental assessments and monitoring. All the interviewees agreed the high standards and environmental sustainability requirements of ADB and JICA prompted them to be more responsive.

ADB, WB and JICA evidently have strict environmental and social safeguard policies that are very clearly stipulated for all projects. Some of these requirements are more stringent than Sri Lankan laws such as the NEA and EIA. For instance, WB guidelines do not exclude any projects from conducting environmental assessment prior to development, whereas the NEA has a gazetted list of prescribed projects that require an EIA. Most of the RDA, CEA public agents and environmental specialists and consultants explained the rigour in the environmental assessment of these traditional donors and how it ensured environmental sustainability. They further explained how the traditional donors ensured that all environmental and social impacts were considered as a key priority in all projects:

> *...we [public sector of SL] have a role in monitoring the system. But they [traditional donors] are still very concerned about the monitoring because that's how they are passing the money, they are not passing the entire grant amount at once. So, they do have a very strict monitoring system. So, once we have fulfilled those things, they go to the next thing, the next step.*

(Respondent 18 - Environmental Specialist at SLLRCD)

Monitoring and rigour in evaluating projects is further illustrated through the multiple assessments and validation processes in place at traditional donor agencies:

> *...reports submitted by the executing agencies are assessed and evaluated by the country office [Sri Lanka resident mission] of the donor agency or it goes to Washington [WB headquarters] in the case of the WB..… We ensure that the assessment of a certain quality…*

(Respondent 23 – An Environmental Specialist at the WB)

Respondent 22 who worked for CEA and as an external environmental specialist for ADB stated, *"WB, JICA and ADB, Sri Lanka have to comply with their requirements"*. Respondent 25, an ADB environmental specialist who worked on the Southern Expressway validated this statement by asserting, *"before submitting to the CEA, ADB will review the reports"*. If RDA reports do not meet the standards, they are expected to improve the situation and adjust the reports accordingly which creates a high level of responsiveness to legal accountability.

Respondent 5, an RDA director, stated that *"WB funded a road project in Kandy, around the lake, it was proposed to remove 8 large trees for the road project, WB said you can't even cut one tree, not even one, they asked to stop the road…the construction…we asked can we cut a branch, they said not even to cut a branch… they don't give money if we do…then we changed the plan to avoid environmental damage".*

This is further validated by a retired Project Director at ADB (Respondent 17):

> *...major studies, ADB does not just rely on studies done by Sri Lanka, they hire external consultants - both local and international - depending on the expertise required and type of assessment conducted. This acts as an audit process for environmental and social assessment processes….*

Despite the time it may take, traditional donors are willing to extend a project to ensure that it meets environmental and social sustainability requirements. Strong accountability practices of the donor agencies are forcing the Sri Lankan public sector to ensure all conditions and costs are met. However, as explained in *Section* 6.2.2, the public sector is subjected to much political pressure. Traditional donors have strict processes to ensure environmental sustainability measures are in place for each stage of implementation. Traditional donor funded projects are taking longer than required to complete due to compliance issues, however, traditional donors ensure that the projects meet their requirements:

> *They [traditional donors] don't approve. Then we have to show them, like, for example, like now, when they are giving this money, loans or grants, you have to send them the designs. It depends on the project size and our different projects have different kinds of...requirements. So, unless we are fulfilling their requirements they don't approve either the designs or whatever...they don't approve them so we have to go back and we have to do it in that way…For most of the projects … that's the one reason most of the projects keep on dragging.*

(Respondent 18 - Environmental Specialist at SLLRDC)

Although the public sector might be forced to expedite projects without thorough environmental assessments due to political interference, traditional donor principles and rigorous audit/review processes have forced the public sector of Sri Lanka to be more accountable and

responsive to both local and international environmental sustainability laws and principles. However, less than satisfactory levels of assessments and reporting are evident, and this results in projects being extended to address non-compliance issues. This indicates close to a *reactive* degree of responsiveness, government agents found to be non-compliant but later indicate *defensive* degree of responsiveness, having to review and adjust environmental sustainability processes to ensure at least minimum level of compliance, for approval from traditional donor agencies. Nevertheless, traditional donors ensure at least a *defensive* level of responsiveness from the public agencies in most cases.

As suggested by one interviewee (Respondent 18), this can often drag the project longer than needed, which could potentially be avoided if the assessments and reporting were done correctly in the first place. Traditional donors have an important role to play in the international development context because they demand legal accountability. Nevertheless, a major incident was reported from the Southern Expressway, whereby traditional donors failed to demand legal accountability from the public agencies and the Supreme Court of Sri Lanka ordered the implementing agency to conduct a supplementary EIA to correct its mistakes. A case was filed by at least 50 project affectees to the Court of Appeal in 2002 about the breach of NEA, social and environmental impact from the Southern Expressway, which resulted in a Judicial Committee comprising retired Supreme Court judges investigating the issue. They concluded that the project is feasible "if the government procedures relating to deviations were followed and that the affected people were given an opportunity to make representations on the FT [final trace of the road]" (ADB 2005, p. 15).

This led to another collection of affected community members going to the Supreme Court of Sri Lanka and in January 2004 it upheld the outcome of the Court of Appeal to deny the appellants the writ relief sought. However, it decided that the human and legal rights of the affected communities had been infringed. Moreover, the Supreme Court specified in its judgement in the cases filed by the affected persons that the requirements of the NEA were not met. Regulation 17 laid down under the NEA requires approval afresh for alterations. The changes made to the trace were confirmed by the Supreme Court as done according to the definitions of the NEA, and warranted a supplementary environmental impact assessment:

> …the Supreme Court has ruled that the deviations have not been legally approved. This is a breach of the ADB Policies…The Supreme Court ruled that the deviations ("alterations") had not been studied in the EIA and required that a supplementary EIA be conducted. ADB Policies require that national environmental laws are adhered to and that projects with significant changes (as in this case), be re-appraised with new environmental and social documentation produced and approved as the case may be.

(ADB 2005, p. 75)

It was a painstakingly long process for the affected communities to demand accountability through the judicial system for the social and environmental damage caused by the expressway project. Nevertheless, the decision of the Supreme Court meant the project had to be steered in the right direction and the affected communities could be heard (ADB 2005). ADB's CRP report states that the non-compliance "is contrary to the terms of the Loan Agreement that the ADB and the GoSL signed" (ADB 2005, p. 76). The ADB's accountability mechanisms allowed CRP to demand the implementing agency – RDA – to make the project compliant with environmental safeguards and report regularly until the project is brought into

compliance. CRP (ADB 2005) stated that: *"management cannot be satisfied with the environmental impact assessment (EIA) done in 1999 and the ensuing Environmental Findings Report (EFR) for the ADB section* (p. viii). It recommended ADB and RDA to:

> assess the environmental impacts of the Galle access road and any stretch of the ADB section on the Final Trace (FT) different from the Combined Trace (CT) including consulting project-affected people…ensure the incorporation of the environmental impact assessments and the recommended mitigation measures of any stretch of the ADB section on the FT different from the CT and of the Galle access road in the Environment Management Plan (EMP) for the Project…update Project Information Document…at least on a monthly basis with full information for all categories, until the Project is brought into compliance (p. 61).

Despite the mixed results reported of legal accountability in the Southern Expressway, there is evidence to suggest that once non-compliance issues were identified and legal accountability was established, ADB and Sri Lanka Judicial System were able to demand legal accountability from public *Agent* to make the southern expressway project compliant with NEA and ADB guidelines:

> Supplementary environmental assessment and updating of the environmental management plan for the ADB section and Galle Port Access Road prepared by University of Moratuwa [Sri Lanka]. This report was prepared to fill gaps in environmental assessment for those sections of the Final Trace which deviated from the Combined Trace. This included the Galle Port Access Road (ADB 2014, p.100).

This is typical of RDA's level of responsiveness changing from *reactive* to potentially *defensive to an accommodative* level of responsiveness. That is, doing the least or all that is required to be accountable for environmental guidelines and recommendations. Nevertheless, a WB environmental specialist stated: "*the challenges are in terms of accountability...when it is only the WB that require certain mitigatory actions to be taken for activities that it finances"* and when some other projects do not demand the same level of responsiveness, environmental sustainability can be problematic. More recently with increasing non-traditional donors and funding agencies polarising the international development domain in Sri Lanka, more projects are funded by non-traditional funding agencies such as China. The Southern Expressway Extension project funded by China, project operations are significantly different from the ADB and JICA.

6.3.3.2 Double-Edged Sword - Chinese Funded Projects

Legal contracts between China and Sri Lanka in terms of environmental sustainability and other SDGs are different to those between ADB, JICA and Sri Lanka as explained in *Section* 6.3.2. Unlike the traditional funding agencies, Chinese funded schemes do not have good governance or environmental sustainability conditions attached to the foreign aid or funding contract. As a result, Chinese funding seems more attractive to the government. One of the directors at RDA (Respondent 5) explains that Sri Lanka finds Chinese funding attractive because it does not have conditions attached despite the high interest rates, *"when there are no conditions, if there are no rules, we are ready to get the loan…it is more attractive…you can get it anytime, no guarantors, no conditions, no problem in getting but the problem is high interest".* They further added that *resource dependence* explains this. An environmental specialist contracted by the Chinese construction company (Respondent 22) added, *"...according to the contract agreement…the contractor should follow all Sri Lankan law and*

rule...any Chinese project, you have to follow the local guidelines". Hence in theory, all development projects funded by China are required to comply with NEA and EIA requirement. This is further validated by external environmental consultants working for RDA (Respondent 24): *"...with Chinese, also, we have to comply with the CEA guidelines...only then can we start with the construction".* However, in practice, this is not as straightforward as it seems.

Due to weak governance structures and political interference, national laws are not adequately enforced. Unlike traditional donor funded projects, Chinese donors do not pressure and influence implementing agencies to ensure project compliance to national environmental laws. The Chinese government claims that it does not interfere with national policies and laws and the borrowing countries are responsible for ensuring compliance with their laws. The Export Import Bank of China's Green Finance policy document (2016, p. 22) states that: *"The Bank requires that loan projects comply with the environmental protection policies, laws and regulations of China and the host countries, and obtain necessary approval from relevant authorities, while completely following the review and approval procedures",* which reflects the Environmental Protection Guidelines issues by the China's Ministry of Commerce and the Ministry of Environmental Protection in 2013 (MoCom 2013). Moreover, the document emphasises the CExImB's requirement to obtain approval from the recipient country authorities such as the Central Environmental Authority of Sri Lanka as part of the approval process: "*making the approval from the host countries' environmental protection departments one of the prerequisites for application submission, besides considering environmental protection risk assessment as an indispensable part of risk analysis*" (Export Import Bank of China 2016, p. 22).

In practice, however, CEA authorities (Respondent 1) explained that:

> *...between JICA, ADB...and China requirements there was a huge difference!...in China, of course, actually, they do not have any standards. What they wanted was just a letter from the CEA to ensure that the environmental approval has been obtained for the project...Otherwise, they were not concerned at all about environmental matters...if they have a letter from the CEA, that's enough for them, China...They do not want to comply with the conditions. They just wanted that letter.*

CEA provides approval to projects with conditions that need to be complied with throughout the project, involving thorough monitoring and exercising mitigation measures. Due to political pressure to speed up a project, the public agents are pulled in contrary directions. However, with the high legal accountability of traditional donor agencies, environmental sustainability was maintained to some extent:

> *...[Southern Expressway] Extension is funded by the Chinese and we have, JICA funded sections, So, when you compare those two projects… JICA, they request… they require frequent reports on environmental safeguards, but Extension, they don't. They don't require any reports.*
>
> (Respondent 3 - Environmental Specialist at RDA)

Respondent 27, a project director of the expressway, shared a similar view,

> *Chinese, they didn't bother about that [EIA], ADB…they closely monitored...they always followed their conditions, nobody cannot violate those conditions, [China] ExIm bank didn't consider in that regard, they wanted to complete their job on*

time...they didn't bother about environmental factors. They wanted to complete the road.

As explained by an RDA Deputy Director (Respondent 4), the legal accountability to non-traditional donors is about completing the project as soon as possible, there are no environmental sustainability conditions that need to be met:

> *China there are no guidelines, at least they do not require for us as a donor to comply to…our local guidelines…the sad thing is normally our local one [NEA] also not implementing within Chinese projects, the government want very speedily complete these projects…all the staff engaged in the project work, think about the progress of the project, they do not think about the environmental safeguard problems…*
>
> (Respondent 4 - Deputy Director at RDA)

This can result in significant impact on the environment. This was further supported by another RDA director (Respondent 5), *"Ragala Road [project funded by China], without anything, they cut the road, the whole road slid…due to recent rains in October [2018], there was a large landslide, all the roads were under water for about 3 weeks...impassable …Chinese they are interested in the environment, but no conditions".* High level of legal accountability to expedite or complete projects as agreed between the Chinese funding agency and GoSL is evident but environmental sustainability is not one of them. Without a strong influence from Chinese funding agency, implementing agencies have not met NEA requirements either, which indicates a *reactive* level of responsiveness. Moreover, the environmental specialist at RDA (Respondent 3) stated the lack of support from China in the Southern Expressway Extension made it difficult to ensure a high level of responsiveness to environmental sustainability. In most cases, one person from RDA ESD would need to look after several large-scale projects, without additional support from donors, so it was extremely challenging.

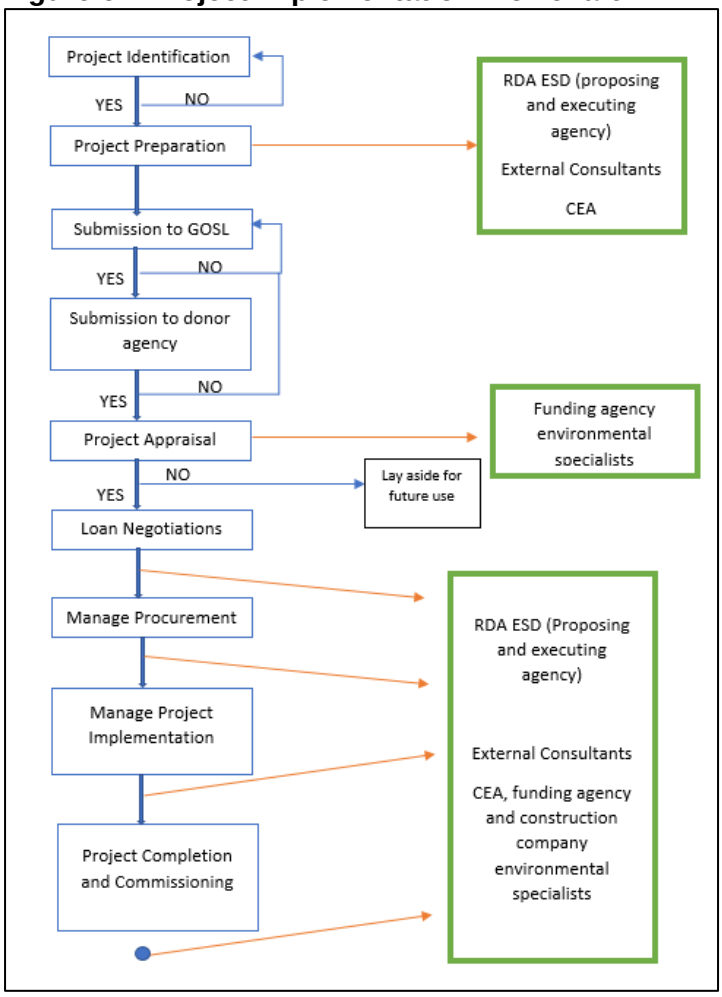
Non-traditional donor funded projects such as those by CExImB are more attractive in Sri Lanka due to their 'non-conditional' status, particularly around reform policies. The onus is on the host country to follow its laws and policies in the case of non-traditional donor funded projects. Due to the weak governance structures, capacity and resources, Sri Lanka finds it challenging to adhere to environmental sustainability laws in the projects without adequate support from funding agencies. Beset by significant political interference, Sri Lankan public sector legal accountability focuses on expediting projects funded by China and ignores environmental sustainability.

6.4 Professional Accountability and Responsiveness

The professional *Principals* or authorities responsible for environmental sustainability is the CEA in Sri Lanka and the Ministry of Mahaweli Development and Environment in Sri Lanka. According to the project implementation flow chart (*Figure* 6.1) and project life cycle documents published by ADB and JICA, several gate-keepers are responsible for environmental protection and sustainability (depicted by orange arrows). These environmental professionals are responsible for enforcing and complying with national guidelines and laws. In addition, environmental professionals are bound by international guidelines and safeguards

of the funding agencies such as the ADB, WB and JICA where professional accountability is for both local and international environmental laws and policies. The chart below highlights the role of environmental professionals.

Figure 6.1 Project Implementation Flowchart



Source: JICA (2003)

The various stakeholders in professional accountability relationships can be simplified in this research as incorporating the following professionals: environmental specialists at CEA, CCD officials, officials from various regulatory bodies such as SLLRDC, forest and wildlife department, natural resources, etc. There are also environmental specialists and contractors working for RDA and the construction companies. These specialists and public sector officials are bound by a professional code of conduct to ensure they meet standard practices in terms of environmental sustainability. Sri Lanka is a pioneer in South Asia in its development of comprehensive national policies and laws that protect the natural environment and resources, according to the Environmental Assessment and Management Framework published by the MoF in 2018 (p. 83). Several environmental specialists and public sector officials working in international projects clearly highlighted their responsibility in ensuring projects are completed according to the NEA (Respondents 1, 2, 3, 22, 15). International donor agencies are bound by Sri Lankan law to follow NEA requirements, implementing agencies and contractors are required to follow the EIA processes, they will face prosecution if they do not obey. Several senior public sector officials and environmental specialists emphasised the comprehensive

nature of the NEA and the EIA process stipulated by the Act. If the EIA is followed through, this will help to safeguard the environment, said an ADB Environmental Specialist (Respondent 25).

6.4.1. Preliminary Information and Feasibility Studies

The first stage of project implementation as identified by the External Resource Department (ERD n.d.) is project identification, setting objectives and linking them to the country's economic development strategy. As part of the preparation phase, a feasibility study is conducted which looks at financial, engineering and technical viability. The project implementing agency submits preliminary information on environmental and social impact to the project approving agency and Central Environmental Authority. Project Approving Agencies (PAA) are listed on the CEA website (CEA 1995), and relevant agencies will need to be contacted depending on the type of project being built. Terms of Reference (ToRs) are prepared by the CEA for either the Initial Environmental Examination (IEE) report or Environmental Impact Assessment (EIA) after screening the project using the criteria developed by CEA. Prescribed projects stipulate the type of clearance required and content requirements. When developing the ToR, the PAA and CEA will consult with other public agencies for their opinions.

Preliminary information gathered during the feasibility study stage is separate to the IEE or EIA assessment. During the feasibility study stage, the final site has not been identified, however, comparisons of potentially viable alternatives are submitted. Once the final site has been identified, an EIA will need to be prepared according to the ToR recommended by the PAA and/or CEA. As well as local guidelines, international guidelines highlight the importance of completing the EIA after the feasibility study is done. NEA published in 1980 (CEA 1980) clearly highlights that:

> A project proponent of any proposed prescribed project shall as early as possible submit to the Project Approving Agency preliminary information on the project requested by the appropriate Project Approving Agency...The Project Approving Agency shall in consultation with the Authority subject such preliminary information to environmental scoping, in order to set Terms of Reference for the for the Initial Environmental Examination Report or Environmental Impact Assessment Report, as the case may be, and in doing so the Project Approving Agency may take into consideration the views of state agencies and the public.

Similarly, MoF Environmental Assessment & Management Framework (2018a p.108) states:

> EIA and IEEs are effective tools for evaluating the environmental risks and opportunities of project proposals and improving the quality of outcomes. Ideally the EIA/IEE should be carried out at the end of the preliminary design phase so that the impacts of each planned activity can be evaluated and alternatives can be worked out for activities that have major impacts. The outcomes of the EIA/IEE should then be used to finalise the transaction design, which should ensure that the impacts of the given transaction are minimal. The importance of this management tool as a means of foreseeing potential environmental impacts caused by proposed transactions and its use in making transactions more suitable to the environment has been highly effective.

The ADB operations manual (2003, p. 2) documents that the EIA is a process, "rather than a one-time report, and includes necessary environmental analyses and environmental management planning that take place throughout the project cycle". Nevertheless, in reality, feasibility studies and EIA assessments are not done in sequence and EIA is generally only done once. Due to time pressures and demands made by politicians/ministers, in most cases, EIA assessments are completed before the final site and design have been decided by the proposing agencies. Adequate examination and study of the environment may not be completed on the final site of the project and alternative sites may be overlooked. One of the Environmental consultants working for RDA (Respondent 24) asserted:

> *Normally with EIA and when you are preparing an EIA report, it has to be conducted after the feasibility study...engineering design everything has to be done and finalized before the EIA is finished. Then only we know, what is the magnitude of the project, what is the exact trace and...what is the plan of the project, but what happens is, because of the government process now, we conduct EIA and the feasibility studies together...so, we have to include both the studies – the feasibility study, and EIA studies in parallel...we have to do them separately, but it is better if we can do the EIA...after the completion of the feasibility study.*

EIAs are generally developed by external consultants working for the proposing agency in accordance with the TOR. In projects like the Southern Expressway, RDA as the implementing agency does not have significant authority to allocate extended amounts of time to conduct a thorough environmental assessment and to conduct EIA after the feasibility study due to political pressure. One consultant (Respondent 24) remarked: "*Even CEA has requested to do the EIA studies after the completion of the feasibility study...But that is not practical in Sri Lanka*". This is due to political pressures to complete the assessments in a hurry. As an environmental authority, CEA is not able to force agencies or the NEA to allocate enough time to conduct environmental assessments. This confirms there is a low level of professional accountability to meet the national and international environmental safeguards and laws. *Defensive* level of responsiveness is evident as the projects are 'doing the least' amount possible by conducting both feasibility and EIA concurrently.

6.4.2 Environmental Impact Assessment and Compliance

Despite being a small developing country in the South Asian region, as early as 1980, Sri Lanka's National Environmental Act was published and established the Central Environmental Authority and set provisions in place to protect the environment. EIA requirements were later amended in 1988:

> It shall be the duty of all projects approving agencies to require from any Government Department, Corporation, Statutory Board, Local Authority, Company, Firm or individual who submit any prescribed project for its approval to submit within a specified time an initial environmental examination report or an environmental impact assessment report as required by the project approving agency relating to such project and containing such information and particulars as may be prescribed by the Minister for the purpose (CEA 1988 Clause 23BB).

In 1993, EIA approving agencies and EMP requirements were clearly stipulated in the Sri Lankan Order published under Gazette Notification No. 772/22 and dated 24.06.1993 (CEA 1993). This indicates a strong commitment to environmental protection and environmental sustainability strategies. Nevertheless, significant violations of the government's

environmental laws and donor safeguard policies were reported in Sri Lanka for one of the first highways built in the country. The Southern Expressway project was first on the drawing board in 1992. EIA was not conducted by the RDA which was in fact the implementing agency. It is a significant violation of the environmental law and CEA failed to take action and hold RDA and other relevant government agencies to account. This is a classic example of the misalignment of the Sri Lankan public sector governance structures. Adoption or introduction of environmental laws and guidelines is basically tokenistic and the responsible authorities do not enforce the laws, especially when other public sector agencies are at fault. As early as 1992, the CEA was a very small department and not resourced adequately to oversee large and a significant number of projects. This was explained by an environmental specialist at ADB who used to work at the CEA (Respondent 25):

> *The Southern Expressway was one of the first highway projects in the country…at that time the EIA process was not that…I mean…the EIA process was there but CEA and other agencies were also not that aware of how a good EIA should be handled…if you take the initial EIA of STDP…you can check the EIA report...it doesn't have the environmental management plan…that was one of the key issues…*

ADB and JICA agreed to co-fund the STDP project and as a result an EIA was completed at a later stage by the University of Moratuwa in Sri Lanka and was conditionally approved by CEA. Once ADB and JICA agreed to co-fund the project, during the project appraisal stage, donors required RDA to complete an EIA. It indicates the donor agencies were aware of the environmental legislation and compliance requirements. Nevertheless, this process was not entirely without its problems. According to ADB (2005, p. 9):

> In December 1996, GOSL forwarded to ADB the 1996 EIA. In December 1996, ADB fielded a follow-up fact-finding mission stating it was not able to associate with the proposed Southern Highway Project unless environmental and social impact studies were done in accordance with ADB policies and this project would require substantive resettlement and compensation for affected households. ADB stated that it was also aware that environmental and social impacts would be very substantial and would be likely to require extensive and costly mitigation measures.

As part of the feasibility study conducted by ADB, it was recommended that the original trace would need to be changed, so it became a Combined Trace (CT), a "compromise" which united much of the Original Trace (60%) and other deviations to avoid major wetlands and other environmental problems. As part of the EIA approval process, CEA approved the CT subject to 58 conditions (ADB 2005). Respondent 25 added that "*...there were several traces…one of the traces was going on a wetland area...then what happened was CEA gave a directive to RDA to change the alignment*…". As a result, RDA with the assistance of ADB requested some flexibility around the location of the Final Trace (FT) of the Southern Expressway. According to the CRP documents from ADB, CEA requested that RDA would need to conduct a supplementary EIA if the FT was to be different from the original or the combined traces that were assessed previously. However, this did not happen, one of environmental specialist at ADB (Respondent 25) noted about the Southern Expressway:

> *If you take the section change it was not a huge area, …what RDA should have done was do a study on that changed section…. And basically what went on was*

> *that the number of affected people went up…that was the case…these people were not informed…. So that was the reason…*

This was a clear indication of CEA's inability to monitor conditions and enforce the CEA and NEA requirements adequately in developmental projects, resulting in implementing agencies 'doing less than required' – *reactive* responsiveness.

Regardless of the earlier accounts of poor professional accountability of CEA in enforcing, this evaluation illustrates CEA's interest in protecting the wetlands in the region, ensuring it thoroughly reviewed the EIA submission and provided relevant recommendations to protect the environment during construction. This is further validated by several environmental specialists, consultants and ADB environmental specialists (Respondents 25, 22, 24). Nevertheless, CEA is responsible for following up on the conditions and recommendations provided, holding authorities accountable for not conducting appropriate assessments in line with the NEA, which was absent at the beginning of the Southern Expressway. An Assistant Director at CEA (Respondent 2) stated that construction went ahead with minimum compliance:

> *Section 1 of the Southern Expressway….it runs through a forest…protected area, they [RDA] were asked to avoid this area...but now they have received approval [from CEA] due to practical reasons.*

An environmental specialist at ADB (Respondent 22) further added stated:

> *they [CEA] are not very strong enough during that period [Southern Expressway implementation], they are just doing the approval of EIA during the approval stage and keep it aside, they are not doing the monitoring part, that is the failure in our country.*

The project continued to violate the NEA and ADB environmental guidelines. This further demonstrates a low level of responsiveness to professional accountability, *reactive* level of responsiveness - doing less than required by RDA as CEA allowed the project to continue despite its non-compliance issues.

Moreover, public information and participation in the environmental review process have been inadequate since late 1999. RDA failed to provide adequate information, affected communities were not informed and public hearings were not held for the affected communities on the FT. According to Respondent 25, "...*RDA also changed the alignment and it was not explained to the people…that was the key issue …it even went to ADB and went to the courts also…...what was wrong was...they (RDA) didn't tell the public of the change……what RDA should have done was do a study on that changed section….".* This is confirmed by affected community members (Respondents 31 and 32). Respondent 31 explained how they were never told about the FT of the highway and the community members were never officially informed of the exact location of the highway. Yet again, *reactive* level of responsiveness was shown by CEA and RDA during the early stages of the Southern Expressway where they have done less than what was required of them as environmental specialists and authoritative bodies.

A reason for the low level of response to professional accountability is because there are no strong consequences attached if environmental sustainability laws and the EIA recommendations are flouted. One CEA senior official (Respondent 1) stated a legal framework and a system to reprimand those that do not follow obey the laws is lacking: "*the*

current law does not clearly specify what we can do if the project proponent does not comply with the condition". As a result, environmental officers who are required to analyse, monitor and report on EIA and EMP non-compliance do not feel strongly accountable and they do the least amount possible to complete a project. It can be expected that environmental project officers and consultants do not feel pressured nor do they have the authority to ensure compliance. They are merely fulfilling EIA requirements as a 'tick-box' exercise.

Nevertheless, the CEA is working to improve the legal framework and enforce professional accountability. "*We are in the process of amending the law to strengthen CEA [empower], about the law of compliance*" according to Respondent 1. This is characteristic of a *defensive* level of responsiveness from CEA, admitting to responsibility, yet not progressing significantly to try and improve professional accountability.

Since the commencement of the Southern Expressway, both public agents and external stakeholders such as NGO groups agree that the public sector resourcing has improved to ensure environmental sustainability in terms of qualified environmental specialists. Environmental Specialist at SLLRDC (Respondent 18) said, "...*we do have the resources and we do have the capacity, also. I think we have not understood the importance of monitoring – like regular monitoring*". Environmental aspects are not treated as a priority in the developmental process, except it is considered a hindrance to the developmental process. As a result, public agents are motivated to do the least amount of work possible to continue with the project, rather than doing all it takes to ensure all mitigation measures are implemented. This seems to be linked to the long-term implications of developmental induced environmental degradation:

> *…the people who are writing the EIA it seems …they are following a single template and they are not really looking at it, case by case… in that situation sometimes it is a matter of, like, just filling out this form. When they do write reports, but they are not applicable because …the quality is low, the reports that are written are not always up to standard… that is one of the issues.*
>
> (Respondent 20 - Legal Head at an NGO)

This strongly suggests a reactive and defensive behaviour of the public sector professionals by doing the least amount required to complete the task or doing less than what is required:

> *From my understanding, our monitoring is not very powerful...we are not doing it in a very effective way. But they [traditional donor agencies] do it, I mean, like, because they have to report, because they have to prepare the reports...t's an essential part of their whole process. But for us [public sector], monitoring has not become an essential part. We have not understood the importance of monitoring...we do the monitoring but not very regularly, just at the end of the project or a stage...We are doing it because we have to do it.*
>
> (Respondent 18 – Environmental Specialist at SLLRCD)

6.4.3 Prescribed Projects

To ensure environmental sustainability of international projects, NEA, Safeguard statements and policies of international donor agencies set out all the relevant processes. CEA gazette of prescribed projects and project approving agency lists were published in 1995 which guides

the projects requiring IEE and EIA (CEA 1995). EIA is expected to play a major role in protecting affected communities and maintaining environmental justice, however, since governing bodies such as CEA and environmental protection agents do not enforce compliance, project professionals in the field do not feel a strong sense of accountability for their actions or non-actions because problems are simply not followed up. Due to limited enforceability of environmental protection measures, the EIA prescribed project list has been used as a loophole to avoid the EIA process altogether, said one of the Environmental Engineer at an NGO group (Respondent 21): *"…in general, the EIA project has its loopholes… there are issues there. It is not as effective as it could be…"*

These examples indicate the low level of responsiveness to environmental sustainability, in some cases doing less than what is required leading to a *reactive* degree of responsiveness. An Environmental Specialist at the WB (Respondent 23) adds that CEA admits its responsibility, indicating a strong interest in improving the prescribed project list which was gazetted over 30 years ago, but no change is evident. This has characteristics of *defensive* level of responsiveness by the CEA – admit responsibility, but fight it. Donor agencies such as the WB have been pioneering in reviewing the EIA process and operations in Sri Lanka and identifying problems in protecting the environment due to rapid economic development:

> *We have actually...until about 5 years ago… we did a comprehensive analysis on the EIA system...in the sense…. Operational side of the EIA system and we particularly looked at a few areas like the threshold business, how it's making many projects go under the radar, they have so many approval agencies, all the effectiveness of that, we had like about 4 or 5 key priority areas, which we believed was making the whole system inefficient… we agreed with the CEA on what we investigated and we had quite a comprehensive … analysis and the report was delivered. I think the CEA was very much interested and they acknowledged the gaps in their system, they showed willingness but...in Sri Lanka change is extremely slow.*
>
> (Respondent 23 - An Environmental Specialist at WB)

6.4.4 Cumulative Impact

The NEA currently does not require a mandatory Strategic Environmental Impact Assessment for the cumulative impact of several project-related or other activities conducted by local and international authorities. Several NGO bodies and the public have raised concerns about the impact of multiple projects conducted in the same area or inter-connected projects on environmental sustainability. Moreover, one environmental specialist at RDA (Respondent 3) expressed concern about the cumulative impact of road development projects throughout the country but explained that cumulative impact is something that is not consistently looked at. Donor agency officials at the ADB and JICA explained how this has been looked at in the past through inter-donor collaboration. ADB and JICA worked very closely on the Southern Expressway development but this was not prevalent in many areas.

At the beginning of the project, CEA did not require the proposing agency or the contractor to clearly identify their sources of raw materials, extraction processes and maintenance actions as part of the EIA process and EMP. Certain contractors undertook illegal activities to secure materials such as soil from protected areas which defied the EIA process. External Consultant (Respondent 24) explained this: "*you know, doing the project [executing agency], CEA gives*

the approval to them", which means EIA is approved without clearly identifying the specific excavation sites. Environmental consultants like Respondent 24 would provide recommendations in the initial *"EIA report...about the material...some specifications according to the geological survey…"* but it was left to the construction company to follow those recommendations. In practice what actually happened was during the construction stage, according to Respondent 24, "*contractors, they get more materials from some other client, that they can easily access. So, there are now issues, some they go to protected areas...get the materials… so, there is impact, due to this method during construction".* Respondent 15 - Environmental Consultant working for CExImB - explained that: "*Burrowing soil is cause for a major problem in this area because it is a high demand market in this area and people are, in the sense, trying to burrow or excavate soil illegally or legally. So, they just leave only the pits at the end of the day"* without filling the pit in a responsible manner.

In response to this, CEA introduced better policies and updated the EIA process to enhance environmental sustainability on extraction issues. A high level of professional accountability of CEA is observed and identified through the interviews conducted with CEA officials (Respondents 1 and 2) and environmental consultants (Respondents 25 and 15) who were engaged in the highway development projects confirmed the same. CEA is expecting that the executing agencies are including the mining and burrowing sites as part of the EIA submitted to the CEA; if it is not included, CEA will request contractors to develop separate EIAs for quarries and mining sites for soil and other construction materials to ensure environmental sustainability. This was further validated in the documentary analysis, as an environment circular was issued in 2015 for Soil and Gravel mining and transportation procedure (MoMDE 2015).

Measures put in place by CEA were applied to subsequent projects such as the Southern Expressway Extension, Ruwanpura Highway and Outer Circular Highway:

> *The CEA is saying that so many development is taking place in the country, so all material has to be secured by the client itself [executing agency, not the contractor]...so, we did the Ruwanpura highway recently and during the technical meeting...what CEA told was us, like, to get the environmental approval, client has to secure the material extraction site...try and protect the material extraction site...That means they have to either, you know, acquire that site and maintain it" without getting material from other sites or protected areas.*
>
> (Respondent 24 - An Environmental Consultant)

In the China-funded Southern Expressway Extension there were issues around obtaining adequate amounts of soil and gravel to construct the road which was not considered during the planning stage. An Environmental Consultant working for CExImB (Respondent 15) confirmed that the executing agency in charge of feasibility studies and initial assessment did not identify burrowing sites for raw materials and did not include burrowing sites in the EIA:

> *During the preparation of the EIA report they have made the main construction method through supply of construction materials only, they have incorporated that aspect in the EIA report. So, what they have mentioned is that it was the responsibility of the contractor to find all this material but they did not actually think that this will be a serious issue because they thought by cutting and filling they can balance the requirements because in certain areas they have to cut [hills and*

mountains] so that they can use that soil for the filling but [certain areas were flat land]...there were no hills involved. So, now they don't have fill material now for that section. Now they are looking for soil and materials since they haven't got that aspect in the EIA report they have to get separate EIA reports for soil extraction and for blasting activities.

(Respondent 1 - CEA Senior Official)

This further emphasises CEA's attempt to take full responsibility and 'doing all that is required' to ensure professional accountability and to hold relevant stakeholders accountable for environmental sustainability – that is, taken an *accommodative* degree of responsiveness.

6.4.5 Environmental Management and Monitoring Report

Developmental project activities will have explicit impacts on the natural environment and thus require a specific plan to institute and monitor mitigation measures and take desired actions as timely as possible. This is referred to as the Environmental Management Plan (EMP), *"clearly describing adverse impacts and mitigation actions that are easy to implement"* (MoF 2018a). Sri Lanka's Order published under the Gazette Notification No. 772/22 dated 24.06.1993 (CEA 1993), states *"it shall be the duty of all Project Approving Agencies to forward to the Authority a report which contains a plan to monitor the implementation of every approved project, within thirty days from granting of approval under regulations 9 (i) and 13 (i) [NEA] by such agencies".* Similarly, several international donor agencies like the ADB and WB guidelines explain the need of EMP but clear guidance on how to prepare an EMP was not available at the early stages of the Southern Expressway project (ADB 2005), but some requirements of EMP were made available later. Lack of clear guidelines and ambiguity reduced the level of professional accountability.

The documentary analysis identified in the CRP final report that: "The CEA's conditional approval required RDA to forward CEA an environmental monitoring plan [EMP] and that the monitoring program be implemented "as soon as possible". The Supplementary EIA Report identified the need for RDA to develop a systematic monitoring plan to address the environmental monitoring requirements presented in the report, and that the plan should provide an efficient, comprehensive, and effective convention for ensuring that construction and operation of the project are monitored for environmental compliance. However, an EMP for Southern Expressway was not published until 2004 and the updated EMP was approved by CEA on 3 September 2007. So, both RDA and ADB ignored the conditions set by CEA to develop an EMP and ensure its compliance during the construction, operation and maintenance phases of the project, indicating *reactive* level of responsiveness to professional accountability.

ADB environmental guidelines changed in 2003 on how to formulate an EMP. However, not having a comprehensive method of developing an EMP is not a valid argument for not developing an EMP. Affected communities and NGOs made complaints about the ADB accountability mechanism and government agencies as they could not obtain the relevant documents. One affected community member (Respondent 31) explained, "*We didn't get any*

information about the final trade, the road selected for the project...we had to think and judge that from the areas they were measuring and assessing...we didn't get any information...we didn't know about an EMP, I don't think we got any information about the environment at all actually..." EMP is only ever effective as an implementing and monitoring system. If the EMP is not put into operation, having an EMP does not serve any purpose as put by one of the project directors at RDA, Respondent 12. Therefore, development of EMP and investing in monitoring systems are paramount for environmental sustainability.

6.4.6 Systems to Improve Professional Accountability

Lack of accurate data and information available for all parties involved in the feasibility studies and EIA process, lack of a central information management system is linked to miscommunication and misinterpretation of information reported between public sector departments, inefficiencies in the EIA process and poor communication between the departments. A proper database or information management system was not available in Sri Lanka to manage projects centrally, nor a database to maintain baseline data collected to monitor project impacts on the environment and other forms of environmental information that can be accessed by project approving agencies and executing agencies. As a result, various government departments work in silos. An environmental specialist at RDA (Respondent 3) explains, "*we don't have the sites, the locations, specific details",* location specific data are only collected during the detail design stage, "*only in the detail design stage...we decide how much, what height, what are the mitigation measures"*. Furrthermore, to protect the environment, "*mitigation measures can be more specific with these details so the EMP should be updated with the detailed design"*. So, in effect the EIA is developed without accurate information and mitigation measures when it should be updated with available and more accurate data. Although the EMP is supposed to be updated after the location-specific data are collected, this does not happen to the level it needs to be.

The low level of professional accountability is exacerbated by the lack of an information management system for the public sector to make effective decisions. Real time data and progress of mitigation measures during the construction of the project is reported in a very inefficient manner. The environmental specialist at RDA (Respondent 3) explains that currently, the field officers would inspect the sites, take manual notes, and return to the office to prepare reports to be shared with the CEA. They further added that this can be improved with a more efficient system: *"we can have the EMP with us, we can monitor the specific mitigation measure… Suppose we can give some rankings, we can share with other people, let's say our division, or the CEA"* in a timely fashion than what is currently done. RDA officials, other public agents and several environmental specialists at traditional donor agencies such as Respondents 14, 23, 16 and 3 expressed the view that the EIA, environmental monitoring, transparency and accountability can be improved if modern technology is employed. Interview analysis revealed a lack of resources and accountability systems deter those public agents that are genuinely interested in environmental sustainability from demanding and exercising higher levels of professional accountability.

A project director at ADB (Respondent 14) noted the importance of an online monitoring system to ensure a high level of accountability and compliance with environmental sustainability practices and importance of empowering environmental officers at the ground level so that they could advocate for environmental sustainability during the construction

phase. Respondent 4 explained how they introduced an online system to monitor environmental mitigation measures in certain ADB funded projects in Sri Lanka. This was further confirmed by the RDA official (Respondent 3) that an IT-based EMP monitoring system introduced with the iRoad project[11] was initiated in 2013, a few years after the completion of the Southern Expressway. Respondent 14 further expressed the concern that:

> *the problem is the environment officer is not adequately empowered to make decisions. All the decisions are taken by the project officer for the building....they are all engineers...all the engineers are concentrating only on the physical problems, not on the environmental monitoring system. So, the intention of my [ADB] system is to give due attention or due prominence to the environment mitigation. It is not that they are not taking adequate methods, but once there is a system like this then automatically they have to view the priority of the environment mitigation*.

This is expected to improve professional accountability and empower public sector officials:

> *In terms of the environmental monitoring process. In order to lower impact … I developed an online monitoring system...while going through the field or the area where the contractor has implemented, the consultant and the contractor can upload the status of the mitigation method into the system...the implementor, in their opinion, can upload the information but he or she is not entitled to change the information after that. That means that you cannot manipulate the system.*

(Respondent 14 – Project Director at ADB)

Respondent 14 noted that the information recorded and reported can be cross-checked against the reports developed. At each stage of the construction, engineers and environmental officers update the system and status of the mitigation measures with visuals and GPS locations. Again, according to this respondent:

> *The photographs are straight away going into the system with the location, that means the EIA system, with data, that will straight away go to the Google Earth location. Therefore, from the map, also, we can see where are the locations where environmental mitigation is not taken adequately, or the locations, that [mitigation] have been done inadequately.*

It is a comprehensive system that enables higher levels of professional accountability. Thus, RDA indicated that ADB initiatives have great potential but these systems need to be applied in all projects to get effective results.

6.4.7 Enforcement of Environmental Sustainability by Private and Public Agencies

The CEA is a public sector agency that finds it extremely difficult to hold other government agencies accountable for their non-compliance with the law. However, it can exercise its powers more freely when dealing with private contractors wanting an Environmental Protection License (EPL). CEA is confident in holding private contractors accountable for not adhering to the laws associated with EPL, demonstrating higher levels of responsiveness, such as *accommodative responsiveness*. An environmental consultant (Respondent 22)

[11] Integrated Road Investment Program, funded by ADB. The program seeks to improve transport efficiency by connecting rural communities with higher socioeconomic communities (iRoad RDA n.d.).

explained, "*every district has a separate office (CEA), they...rarely visit[site visits*]…*unless it is to check if private contractors have met the conditions of EPL…they [CEA] are giving the approvals. If the contractors are operating a metal crusher plant, concrete mixing plant, contractor has to apply for enviro protection license from CEA, for that special purpose they [CEA] visit the site and give approval with so many conditions".*

However, when it comes to holding another government agency accountable, CEA does not exercise the same level of authority:

> *very reluctant to sue other government bodies...that is the fundamental thing they are supposed to do, they are not supposed to go behind some small person, they are supposed to go behind the big polluters!...Like people who actually give permission for the industries to go ahead, but then if they don't do that… that is like a major part…*

(Respondent 20 – Head of Legal at an NGO)

Due to significant political pressures, CEA officials (Respondents 1 and 20) feel that it is difficult to hold other government agencies to account:

> *in case of this sector, even the army, you know….is a government agency and RDA is also a government agency...It is very difficult for us to fulfil certain aspects [of accountability].*

(Respondent 1 – Senior Director at CEA)

Not only CEA, but the Ports and Coast Conservation Department as another authority having very similar experiences:

> *they said that it is a government-to-government agency and we don't want to sue them...And so that is that. It's absurd! It's the Ports Conservation Department… which is supposed to be, like the authority body…And then they literally show us the EIA and then: "Oh, look. Yes, we can prosecute", but it is a government body, so they're not going to…*

(Respondent 20 – Head of Legal at an NGO)

NGO groups explain the importance of an independent body for assessing and monitoring social and environmental issues in the country. Yet there is the problem of politics and public sector governance structure in Sri Lanka. It is counterproductive in investing and trying to improve a system to uphold environmental sustainability when the governing body is not able to exercise its authority:

> *...ideally, when you… when there is a development project, there should be like a project approving agency, which is an independent" same authority should not be responsible for environmental sustainability and overall project approval, there needs to be a sole authority designated to analyse the project and pass the project. It can't be just CEA's responsibility …*

(Respondent 19 – Head of Science Department at an NGO)

This opinion is strongly held by other NGO representatives who actively lobby for this. This is expected to significantly improve professional accountability of the relevant public agents who should do their work free of political pressure when it comes to governance issues.

6.4.8 Enforcement of Environmental Sustainability in Chinese Funded Projects

Infrastructure building and construction companies employ environmental specialists to develop, implement and monitor environmental management and monitoring plans. They work closely with the implementing agencies to identify any barriers and prepare reports for CEA. Although qualified, at the early sections of the Southern Expressway, environmental specialists working with the contractors did not have much experience working on large-scale highway projects. A Project Director at RDA (Respondent 12) states that the Southern Expressway was the first major highway project in Sri Lanka, so CEA and RDA reported there were challenges in ensuring the contractors met all the requirements set by the CEA to ensure responsible environmental sustainability. The situation significantly improved according to the CEA as a number of environmental specialists both within the public sector and private sector gained international experience and training. CEA continues to monitor the quality of environmental specialists on the ground through assessments and checking qualifications. This is progressively becoming an issue in the country with international contractors such as those from China taking up most of the infrastructure projects.

As part of infrastructure development projects funded by the CExImB's tied loans, it is required for the Sri Lankan government to engage Chinese construction companies such as China State Construction Engineering Corporation (CSCEC), one of the world's largest construction companies. According to one project director of RDA (Respondent 27), the Southern Expressway Extension from Matara to Hambanthota is a 'tied loan' from CExImB. 'Tied loan' requires GoSL to recruit the construction companies and environmental specialists recommended in the loan agreement. Some major issues identified with internationally qualified environmental specialists, particularly from China, are language barriers and ability to check their environmental management qualifications and experience. Due to political interference, implementing agencies such as RDA that accepted Chinese construction companies for the Southern Expressway Extension, could not exercise their power to check such qualifications:

> *Most of the time, the projects, with the Chinese loan, Chinese people always try to bring Chinese expertise people to these countries but they are not trained… actually we can't check their expertise, qualifications… language is the main thing…Even when we request, their paper qualifications, we can't question them.*

(Respondent 4- Deputy Director at RDA)

Therefore, CEA as a governing body or the RDA is not able to hold the funding agency and the construction company accountable for employing under qualified staff for environmental management. Chinese companies wield more power over the government agency due to their connections with politicians. An environmental consultant working for a Chinese construction company (Respondent 22) added about political influence, *"Chinese people are in Sri Lanka with so many powers…they have the connections [with the…], they don't want to listen to us".* Although this is reflected as an inability of governing bodies to demand professional accountability from implementing agencies and construction companies, during the interviews with the RDA and CEA, it was clear that the individual professional accountability of public agents was high. They portrayed the need to hold responsible *Agents* accountable for hiring

underqualified and inexperienced staff on environmental management issues. However, due to political interference, professional accountability is low.

Public *Agents* are pushed in opposite directions due to political interference and professional accountability. Due to resource dependence and public sector governance issues in DCs, public *Agents* are being pressured to complete projects at a fast rate and overlook environmental laws to expedite the project. On the other hand, *Agents* do not feel empowered to exercise professional accountability against political interference, and the governance systems are not ready to empower professionals to pursue professional standards and laws and to squash political interference, as a result *defensive* and *reactive* responses are observed. Nevertheless, in some instances, particularly when there is less political interference, CEA has been able to introduce new mechanisms and introduce new tools to enhance environmental sustainability, demonstrating higher degrees of responsiveness. This illustrates the challenges in professional accountability in Sri Lanka.

6.5 Social Accountability through NGOs and CSOs

Political pressure is found to be extensive and Sri Lanka's public sector is pulled in different directions due to demands stated by ministers, department heads and professional guidelines. Public *Agents* are partnering with other powerful offices to increase professional accountability to environmental sustainability, such as the CEA and RDA. Due to the weak governance structures that are crippled by political realities, government officials and environmental specialists are linking with external bodies such as NGOs to hold public sector agencies accountable. Certain *Agents* in the public sector, external networks of NGOs and interest groups have developed strong partnerships to enhance professional and social accountability. The Head of Legal at one NGO (Respondent 20) explained how they work closely with officials on environmental issues and international development to enhance public sector accountability. Several people from the Forest Department and the Department of Wildlife, have approached some NGOs to pursue public sector accountability and to lobby for changes where needed:

> *government agencies themselves tell us, "Look, we have this information, so, can you do something about it?" because of political interference...they don't have the ability to try the case themselves, which they can do, ideally...but they come to us and they say, "take action". So, what we will do is we do our own impartial investigation...the science division takes a look at the data, the evidence...do site visits and assess the ground situation…we talk to all the relevant government institutions, So, let's say, it's a marine issue, then we talk to the Fisheries or the Marine Protection Authority, or whatever the stakeholder organisations are, and then we try to sort out the issue then and there, if possible. So, we don't straight away go into litigation...We have meetings with them and say, "This issue is happening; what are you doing, what's your response?" And then, most of our cases cover several rounds of discussion.*

(Respondent 19 - Head of Science Department at an NGO)

Some NGOs believe government officials who show a high level of professional accountability do not want to be hindered by political pressure, and they work with other NGOs to demand accountability through social accountability channels. This is further confirmed by an environmental officer at one NGO (Respondent 26). Some public *Agents* believe they can rely

on social accountability more than the professional accountability pathways. This further highlights the inadequacies of the governance processes despite the existence of various accountability mechanisms and reporting structures in Sri Lanka's government. Nevertheless, it is promising to observe how certain individuals are taking an 'outside the box' approach to achieve professional accountability through external networks, although this can take a long time to hold culprits accountable if at all. Many NGOs oversee social impact and environmental issues and the policies associated with them. Yet these NGOs lack the resources to hold the public sector accountable for non-compliance in many projects. However, Respondents 19 and 20 from an NGO shared a case they are working on where a project is almost completed by the Ministry of Tourism without a proper EIA and the Coastal Conservation and Ports Authority took no action:

> *...we filed a case... in the Court of Appeal...We sued the Ports Conservation. We sued all the other Agents. And, basically, then under the second appeal itself, the Court of Appeal issued the interim order staying all further construction… further development need to halt until the final determination in this case...*

(Respondent 20 - Head of Legal at an NGO)

Elsewhere, the Public Interest Law Foundation (PILF) experienced significant setbacks in its legal battle to stop potential environmental damage the Southern Expressway would cause. The PILF filed a writ challenging the decision of the CEA - approving an EIA without thoroughly considering alternatives at the beginning of the project and over CEA ignoring EIA requirements. However, the case was dismissed as the NGO did not represent the interests of the affected people. According to the CRP report of ADB, at a later stage, a group of 50 affected people acted due to the damage done by the Southern Expressway, so the NGO group was not alone in seeking justice. For social accountability to succeed, NGOs and CSOs need to work closely with citizens to have wins where public sector officials are made to account for their actions.

6.5.1 Citizens Engagement and Citizens Awareness

Interviewed community members were not aware of any particular NGO groups actively assisting affected communities during the early stages of the Southern Expressway project. Respondent 31, an affected community member suggested that in the future, it will be useful for NGO groups to be around at critical moments such as public information sessions, and to organise meetings to make people aware of their rights, project processes. Respondent 31 explained that "*as a government servant myself, I knew some of the processes and people to contact to get information and to address some of the issues through the right channels".* He was aware of the public sector accountability mechanisms and he could access information about the project to obtain a better understanding. Respondent 31 further added that they were able to help other affected community members to seek social accountability.

Affected community members (Respondents 31 and 32) said that generally people from such communities that were poor, did not have the capacity to hold authorities accountable. Respondent 31 explained how they were able to utilise the right channels to obtain information they could not get initially, and to organise extra community meetings with the relevant authorities such as divisional secretariat offices for compensation claims. As a result, the division that they belonged to – Horana, Sri Lanka - did not experience any community protests and all members cooperated with the project. This was not the case in some neighbouring

regions such as Akmeemana division. Due to the success of the Horana division, some community members of the Akmeemana division approached Respondent 31 for advice on how to address the issues. Community members tend to rely on each other to find social accountability and they trust the community level support more, explained by Respondent 33.

Interviews with affected community members demonstrated their lack of awareness about project processes, environmental and social accountability standards and mechanisms for achieving them. As a result, the public tends to ignore or not be aware of lapses in environmental and social accountability standards unless they have a direct and obvious impact on them. It was clear that when the Southern Expressway project began, they were deprived of information about it, there were insufficient public hearings to know what the implications for their community would be. Communities were generally sceptical about the project and what it meant for their properties, livelihoods and future. According to Respondents 31 and 32:

> *They didn't tell us a lot of information about the highway and how it's going to impact the community. They just came in and said that the government will come and take your lands and you will have to cooperate with that, and you will be compensated in due course.*
>
> (Respondent 31 - Affected community member)

> *People were protesting and complained...even took it up to the courts because at the beginning, people didn't understand anything well and the information was not communicated well...*
>
> (Respondent 32 - Affected community member)

Some of the RDA staff who came to talk to them were not well prepared or trained to relay information clearly and accurately. They simply exercised their authority by saying things like "*government will take over your lands anyway, so the best thing is to cooperate*", rather than documenting people's opinions, concerns, or making any attempt to understand them:

> *...there was an incident, this RDA person came and made a scene and was very rude to the local community participants at the public hearing...the public protested and requested the RDA officer to leave and that they will not deal with him in the future…*
>
> (Respondent 31 - Affected community member)

The RDA has since then claimed that relationships and communication skills have significantly improved since the first highway development. One official (Respondent 11) who worked on the Southern Expressway stated that the environmental officers of RDA, "*with more experience...knowledge have improved...handling issues, handling people and complaints...identifying solutions to problems… [have improved] they know the problems from [the Southern Expressway]...they have studied more and understand issues better*". Community members explained they conducted meetings at religious gathering centres such as at Buddhist temple grounds and community halls in the presence of local council members/ divisional secretariats. It was evident from the comments that affected communities were not aware of their rights, or the laws they could refer to. They were informed about accountability mechanisms, such as directing complaints to the divisional secretariats and the RDA regional

offices. The public preferred to contact the divisional secretariats or the RDA regional office rather than RDA headquarters or the donor agency.

People were significantly more concerned about the social impact of the project rather than the environmental effects. Community members explained that as a developing nation, people are always sceptical about major government projects that can in most cases leave the poor and affected communities worse off due to misappropriation, lack of planning and proper governance. People simply wanted compensation for lost properties and their livelihoods affected by a new project. Moreover, people did not have a clear understanding of how major construction and changes to the landscape of the area can have long-term significant consequences for the environment. One interviewee (Respondent 31) explained how he did not know what an EIA process was, nor about the environmental management plan or how the environmental impacts were mitigated. He agreed that if the community members were informed about this in detail, they could have been active partners and helped ensure environmental and social sustainability during the construction process.

Another affected community member (Respondent 32) explained that they knew of people who expressed their concerns about filling in wetlands and paddy fields to build the highway and stated this to the relevant authorities. Some farmers questioned the filling and excavation of embankments and its impact on the flow of irrigation and passage of drainage water. Interviewees do not recall having follow up meetings organised by RDA or other authority to explain and update the communities about the situation regularly before or during the project. Although some community leaders took the initiative to form groups to organise meetings with the divisional secretariat on issues such as compensation claims, environmental concerns were not raised to the same extent. This is further validated as the reported number of written comments received from the public about the initial EIA published in 1999 were predominantly focused on property damage and damage to the environment related to their livelihoods such as paddy fields, cultivating lands, roads, walkways, etc. In total, 287 comments were received, which covered a total of 2380 specific matters, but only 2 comments were specifically about the environment and 8 comments were categorised as miscellaneous, including criticism of the EIA's quality, 588 comments about damage to houses and properties and 1,782 comments about damage to houses and properties, and environmental impacts (ADB 1999, p. 14).

Since the Southern Expressway construction, public awareness of large-scale transport projects, their social and environmental impact has increased. Public sector officials explained that awareness of environmental impact is stronger than before. According to the environmental specialist at SLLRDC (Respondent 18) and interviewees from the NGO groups (Respondents 20 and 26), with more information on the media and social media, "*more than earlier times, our people are so aware of these environmental issues and social issues*" (Respondent 18). Nevertheless, more needs to be done in this area to increase awareness of environmental and social issues and long-term impact of projects and accountability mechanisms.

6.5.3 Social Media and Social Accountability

Sri Lanka's level of public engagement is that as a democracy, people have been able to exercise their rights to protest for change to happen. However, political interference has resulted in public complaints falling on deaf ears or have been handled very ineffectively. Some interviewees explained how social media has propelled public engagement to an

advanced level to achieve better outcomes in terms of outreach, awareness of issues and educating the public about pressing issues. The environmental specialist at SLLRDC (Respondent 18) added that civil society is "*so aware of these environmental issues and social issues"* more than before, particularly compared to the period when the Southern Expressway was first initiated. Government and the public agencies feel the pressure from social accountability as demonstrated through the public sector's actions where *"the government has given a guarantee, not every time, but there is a kind of like a development in the environmental and social aspects because people are more aware about it"* (Respondent 18). Politicians and the public sector are feeling the pressure from civil society groups, pressure groups, particularly through social media, civil protests, so officials pay more attention to social matters now. NGO groups have a social media presence and the broadcast opinions on environmental issues and international development. According to Respondent 20 (Head of Legal at an NGO) *"people are more sensitive about what they should do...more education. Civic consciousness has increased*" through social media. Social accountability was always present in Sri Lanka, particularly looking at some of the cases from the 1990s. However, as Respondent 19 added, "*it came to a different level with the social media and all that".*

Yet, social media can have a detrimental impact on development. Some individuals and groups use social media to mislead people by providing inaccurate information which has created problems. For instance, an environmental specialist explained a situation where a particular environmental department in Sri Lanka wanted to improve the wetlands for the locals rather than leaving them as 'marshy lands'. Encroaching happens very easily so a project was designed to develop recreational spaces in the wetland areas to enhance their functioning. During this process, an invasive species was identified and trees were removed to mitigate the situation. According to Respondent 18, "*Initially we didn't have the intention of making a lake there. But once we started removing all the root systems automatically it created a lake*". Without having a clear understanding of the reasons, environmental groups used social media platforms to campaign against development on the grounds that it will destroy the environment. Social media can have a negative impact on development and detract from what was intended.

6.6 Social Accountability and Level of Responsiveness

Interview and documentary analyses of NGO groups and their involvement in environmental sustainability indicates that they – and when they link up with the public - have more power than before to seek social accountability. Social media has played a significant role in enhancing social accountability, particularly since it can influence election outcomes and the political decisions that are made. Some public sector officials have identified social accountability to be significantly stronger than professional accountability because the former can influence public sector responsiveness to environmental sustainability. In most cases, social accountability is activated by affected communities or NGOs groups when they experience injustice or non-compliance of a project. This has encouraged the public sector to move from a *reactive* status to more of a *defensive* or *accommodative* status by doing at least the minimum standard required. On the other hand, NGO groups are persistent and have been able to enhance policy responsiveness to environmental sustainability through their advocacy. As explained by one of the Legal Heads of an NGO group, CEA has been inviting independent

NGO groups onto project monitoring committees to provide feedback and engage in policy advocacy.

Compared to when the Southern Expressway was started, the public in general is more aware of environmental impact and development-induced disasters in Sri Lanka. One environmental specialist at SLLRDC (Respondent 18) and environmental specialist at ADB (Respondent 25) highlighted how people protest more frequently about environmental degradation and clearings because they insist on accountability. In one instance, with the support of an NGO, people protested and complained directly to ADB headquarters in Manila about a road development too close to a protected forest region and as a result the project was halted immediately. So, the public has gained more in their demands for social accountability from government officials and funding agencies. When successful, they have been able to demand at least a *defensive* level of responsiveness from the public sector.

6.7 Summary

This chapter presented an analysis of the interview data in order to understand and explain the impact of different types of public sector accountability on environmental sustainability. The level of responsiveness was explained in detail and especially with reference to international funding agencies in Sri Lanka. In summarising the interview data, the following key findings emerged from this analysis. Firstly, Sri Lankan political accountability relationships are strongly linked to political forums, yet due to inherent limitations in the public sector governance structure and political appointments, political forums may not have the best interests of the public that they represent at heart. Secondly, environmental sustainability initiatives are not new in Sri Lanka and in fact the country is a leader in the Asian region on a number of fronts involving SD. This chapter further established that initiatives do not necessarily translate into effective outcomes. Instead of proactive responses to environmental sustainability, political accountability seems tokenistic, hence there is a generally defensive to reactive level of responsiveness.

Thirdly, legal accountability indicated a different level of responsiveness to environmental sustainability depending on the type of funding agency. Although some traditional donor funded sections of the Southern Expressway experienced problems impacting on the environment due to lack of accountability, overall traditional donors tend to induce a higher level of accountability and responsiveness to environmental sustainability compared to non-traditional funding agencies such as CExImB. Fourthly, professional accountability had mixed results. Interview evidence indicates an improvement in professional accountability from the commencement of Southern Expressway to the completion of the Extension. Due to high levels of political interference, some professional accountability *Principals* do not hold significant power. Areas with less political interference suggested higher levels of responsiveness, i.e. an *Accommodative* level of responsiveness. Fifthly and lastly, social accountability provided insights into new pathways for achieving public sector accountability. Social awareness and civic consciousness have greatly improved since the commencement of the Southern Expressway, and as a result, social accountability *Principals* are gaining traction in demanding accountability from government and political officials as *Agents*.

The next chapter will explain the theoretical implications of the empirical findings and discuss how limited understandings of public sector accountability impact on environmental sustainability in international development projects. The discussion of key findings will inform

us about what is lacking in the literature on public sector accountability and environmental sustainability.

CHAPTER 7

DISCUSSION

7.1 Overview

The present research extends and opens up investigations into public sector accountability for environmental sustainability in a number of ways: 1) identifying and exploring the different types of public sector accountability; 2) implications for public sector accountability and to what extent P-A relationships and resource dependence affect environmental sustainability; and 3) exploring the gaps between traditional and non-traditional donor funded development projects and public sector accountability. Presented here is a broad discussion of these elements drawing on the literature review presented in *Chapter 2* and using the conceptual framework established in *Chapter 3*. The conceptual framework identifies four main public sector accountability typologies – political, professional, legal and social - which are further separated into P-A relationships to understand the influence of resource dependence on P-A accountability relationships in the public sector. Exploring the degree of responsiveness to environmental sustainability within each type of public sector accountability will address research questions 1 and 2. Deconstructing the type of donor and a deeper analysis of their impact on environmental sustainability addresses the gap in the literature on public sector accountability. Specifically, this is between traditional and non-traditional donor funded development projects, addressing research question 3. This chapters starts with theoretical implications of the findings in section 7.2, interconnections of resource dependency and P-A relationships on legal, political and professional accountability relationships and their level of responsiveness followed by social accountability findings. *Section* 7.3 synthesises the findings and discussions around the three research questions, followed by the summary of the chapter.

7.2 Theoretical Implications

From the start of the Southern Expressway to the completion of the Southern Expressway Extension in March 2020, Sri Lanka's foreign funding landscape has significantly changed. Post-tsunami (2004) redevelopment and post-civil war (2009) redevelopment attracted much foreign aid and funding agencies to supplement economic growth. Sri Lanka's foreign debt to GDP ratio was 36.1% in 2010 and it rose 42.6% in 2019 (MoF 2010; MoF 2019). Due to the high dependence on international aid and funding, donor agencies and funding agencies have the authority to influence decisions and practices either positively or negatively. Similar to what the extant literature is suggesting, Sri Lanka has become increasingly dependent on foreign aid and funding. According to P-A relationships, donors and funding agencies as *Principals* hold much power and can demand accountability or answers from the Sri Lankan government. This was further evident in the interview responses of public sector officials responsible for the Southern Expressway. Sri Lanka as a 'poor' nation depends on foreign aid and it is important to comply with their conditions to secure funding and to ensure it keeps flowing.

7.2.1 Interconnections of Legal, Political and Professional Accountability

Donor power is transmitted to political and professional accountability in the form of P-A relationships in the Sri Lankan public sector. Legal, Political and Professional Accountability are interconnected and accountability relationships are influenced by the resource dependence in the form of funding. Legal accountability encompasses the donor agency and the Sri Lankan judiciary system as a *Principal.* GoSL is required to discharge accountability by meeting funding conditions and agreements. Not meeting them can result in significant damaging *consequences* in the form of less funding, or loss of funding altogether. Elected politicians are driven by the donor demands to secure funding to meet election promises and politicians as ministers demand accountability from public *Agents*. Sri Lanka's public sector governance structure further encourages political influence on professional accountability, which is further discussed in *Section 7.2.2*.

Judiciary review in Sri Lanka is not as straightforward as Steffek (2010) describes. Getting the Sri Lankan judiciary system to demand accountability from public *Agents* was found to be challenging in the case of the Southern Expressway. This is similar to Alawattage and Azure's (2019) findings. Nevertheless, once accountability issues were identified, legal accountability was able to obtain at least a *defensive* level of responsiveness from the project implementing agency which was in line with Abeyratne's (2015) findings on Sri Lanka's supreme court rulings.

The literature suggests that due to high resource dependence (Swedlund 2017; Crawford & Kacarska 2017; Bouwman 2011; Chen 2011; Hillman & Dalziel 2003), countries like Sri Lanka show a high level of legal accountability to donors (Romzek & Dubnick 1987; Mkandawire 2010). However, *defensive* and at times *reactive* forms of responsiveness to environmental sustainability were observed during the Southern Expressway project, meaning doing the least amount requirement or doing less than what is required, which indicates a low level of accountability for environmental sustainability. It does not assume that Sri Lanka is not bound by the demands of resource dependence; in fact it emerged that politicians and public *Agents* try to comply with the conditions for the sole purpose of securing funding without a clear commitment to long-term benefits (see Momtaz & Kabir 2013; Goldin et al. 2002; Alshuwaikhat 2005; Li 2017). Nevertheless, through strong corrective measures and sanctions, donor agencies, for instance the ADB ensured that Sri Lanka meets at least the minimum conditions set for environmental sustainability on the Southern Expressway project. It provides insights into the reasons why countries like Sri Lanka continue to benefit from foreign aid despite its low level of responsiveness to environmental sustainability (Elayah 2016).

Sri Lanka does not lack environmental sustainability laws or initiatives, yet the required and desired outcomes are not evident. Documentary evidence of the presidential election manifesto and other documents published by the MoF indicate environmental sustainability as a priority. Nevertheless, further documentary evidence and interviews of public *Agents* support the fact that implementation and level of responsiveness at the ground level is low. McCourt (2001) in his comprehensive analysis of Sri Lankan public policy highlighted how the then president's (Mrs Chandrika Bandaranaike) election manifesto and the personal donor commitment to reform indicated a strong commitment, yet the gap between policy commitment and policy outcomes were attributed to "the positive effect of the president's personal

commitment and the negative effect of the slimness of [the then president's] government's majority would cancel each other out" (p. 10). Similar findings were found in this study where perceived commitment of the president does not translate into a strong level of accountability or responsiveness to environmental sustainability.

Moreover, with frequent changes in the leadership and government priorities, these significantly hinder the implementation of environmental sustainability programs in Sri Lanka. The ADB report (2011) on Governance and Public Management of Sri Lanka further confirms this important matter, that every time Cabinet is dissolved, executive positions such as all Secretaries of Ministries, Auditor-Generals will be reappointed, so "this blurred the division between the political head (the Minister) and the bureaucratic head (the Secretary) in central Ministries. This situation has been further aggravated as Heads of Departments are also appointed by the Cabinet of Ministers" (p. 2) which hampers the political and professional accountability relationships in the public sector without clear direction and commitment to long-term benefits. This further provides evidence on the gap identified in the literature for why Sri Lanka is not reaping the benefits of a seemingly strong political attachment to environmental sustainability.

The dichotomy of the politico-administrative model is significantly less relevant in understanding the relationship between politics and administration in Sri Lanka. Comprehensive studies conducted by Kearney (1973), Warnapala (1974), Leitan (1979), Wijeweera (1988), Somasundaram (1997) and Gunasekara and Anedo (2018) highlight the politicisation of public administration in Sri Lanka and in particular the influence of ministers and members of the legislature. This is further validated as the demand to give account to political *forums or Principals* comes across as stronger than from professional *forums or Principals*. Public sector officials are compelled to meet the interests of ministers rather than meeting environmental standards and guidelines within the RDA and CEA. This is consistent with what was found in other DCs (Kabir & Momtaz 2013; Paliwal & Srivastava 2012). When faced with multiple accountability forums or *Principals*, Schillemans and Boven (2011), Willems and Van Dooren (2012), Bridgman (2007), Dubnick and Romzek (1993), Romzek (2000) and Campbell and Wilson (1995) explained how officials continue to assess the 'accountability' forums they face, to identify legitimate powers to decide the level of responsiveness to what is demanded of them. It emerges that public officials exert higher levels of responsiveness to political accountability *Principals* when facing multiple *Principals* such as professional and political *Principals*. *Principals* who have more control and power to sanction the *Agent*, such as politicians and administrative heads in the current study will have more influence over public agents than professional agencies such as CEA, which does not possess the same or more control (Kramarz & Park 2016).

7.2.2 Professional Accountability and Environmental Sustainability

Sri Lankan professional agencies such as the CEA do not have the same authority to sanction other government agencies for non-compliance due to a lot of political interference. Therefore, professional accountability and responsiveness to environmental sustainability are weak, especially when faced with multiple accountability *Principals* such as political and professional (Willems & Van Dooren 2012). It is agreed that demanding professional accountability can be challenging but in advanced nations such as the USA and the UK, bodies such as the

Environmental Protection Authority have the power to sanction violators of professional codes of conduct, although they may not hold direct supervisory powers (Koliba, Mills & Zia 2011), but in DCs, these processes are not as well-developed (Kim 2009). Romzek and Dubnick (1987) in their seminal work of analysing the *Challenger* disaster of 1986 and the influence of public sector accountability emphasise the importance of professionalism having to face off political and public sector bureaucratic pressures. It was recommended that NASA be reformed to show more professional accountability in its systems. Therefore, in order to improve public sector outcomes, professional accountability systems need to be reformed in Sri Lanka.

CEA as a professional body acts as an *Agent* in political accountability and as a *Principal* in professional accountability. In order to counteract political interference, professional bodies such as CEA have been able to leverage donor agencies to demand accountability, particularly when government *Agents* are found to be non-compliant with environmental sustainability laws and policies. Traditional donors such as the ADB and WB have strong environmental sustainability conditions attached to developmental projects. If projects are found to be non-compliant, strong consequences follow, such as a particular instance in the Southern Expressway, where ADB stopped the project to allow for the project to become compliant with environmental sustainability conditions before continuing. Due to dependence on aid to continue with infrastructure development and to avoid strong negative consequences, RDA complied with ADB conditions. Dealing with multiple accountability *Principals*, CEA is able to strengthen its legislative power to sanction and demand accountability from RDA during the Southern Expressway projects with the support of ADB and JICA. As explained by donor agency representatives, donors cannot directly intervene in political matters; nevertheless, in collaboration with professional agencies such as CEA, they are able to strengthen each other's positions to demand higher levels of environmental sustainability responsiveness from public agencies such as RDA for the Southern Expressway project. This form of accountability is termed 'superior accountability' by Braithwaite (2008), when certain *accountability Principals* are weak, a 'superior accountability' needs to be utilised in combination with weaker forms of accountability to achieve the required objective.

7.2.3 Shift in Donor Landscape and Change in Public Sector Responsiveness

Demanding accountability and high levels of responsiveness to environmental sustainability is increasingly becoming challenging given the changing donor landscape in Sri Lanka. Current research outcomes address the gap in providing systematic evaluation of traditional and non-traditional donor contributions (Besharati 2019) and responsiveness in international development projects in Sri Lanka. This is particularly the case with the rapid rise of Chinese funding entering DCs (Palagashvili & Williamson 2018). Sri Lanka has been a recipient of foreign aid for a number of decades, but in recent years, the aid landscape has changed with more non-traditional donors and funding agencies such as CExImB making their presence felt with projects like the Southern Expressway Extension. Public *Agents* at RDA were able to compare their experience working with ADB and JICA during the initial stages of the project and the extension part of it. Southern Expressway sections were opened to the public in 2011 and 2014 and the extension was completed and opened to the public in March 2020, in time for the general election in Sri Lanka.

According to the MoF reports on External Financing Disbursements by Major Development Partners, ADB and JICA were the top funding partners in the early 2000s and at the end of 2019, China took over and became the single highest funding partner (MoF 2005; 2010; 2019). With Sri Lanka's graduation to MIC status, Sri Lanka lost its eligibility to concessionary loans from traditional donors such as WB and ADB (ERD 2017). As a result, Chinese funding commitments increased from US$318 million in 2005 to US$1061.7 million in 2019 (MoF 2005; 2019). Nevertheless, according to the MoF annual reports, ADB and WB funding fluctuated over the years, but did not significantly drop despite Sri Lanka becoming a MIC. On the other hand, JICA's falling commitment was evident between 2005 and 2019, and is consistent with Glennie's (2011) report on aid to MIC published by the Overseas Development Institute: "The major donor to have most reduced its aid to MIC is Japan, halving the proportion of aid to MICs from over 66% to just under 34% in ten years" (p. 8). Interviewees from traditional donor agencies such as WB added that a significant decline in aid and funding was not experienced in Sri Lanka. In fact, since the commencement of the Southern Expressway, Sri Lanka has completed several other major infrastructure development projects since the end of the three decade long civil war. The WB (2016) reported that between 2010 and 2013, Sri Lanka experienced an average growth rate of 7.5%, but this dropped significantly to 2.3% in 2019.

Traditional donors like the ADB and WB have reform, good governance and SD conditions attached to their funding whereas non-traditional funding agencies do not, which makes them attractive to the Sri Lankan government. Interviews with public officials indicate that despite the high interest rates, Sri Lanka has been obtaining funding from non-traditional donors, particularly China at a rapidly increasing rate over the last decade. Discussions with environmental specialists from funding agencies and public *Agents* at RDA and CEA stated that this greatly compromised environmental sustainability responsiveness in infrastructure development projects compared to traditional donor funded projects. ADB and JICA funded sections of the Southern Expressway found to have stringent environmental sustainability policy requirements in addition to the Sri Lankan NEA law. Moreover, during the early stages of building the Southern Expressway, between ADB and JICA, ADB had the most advanced environmental safeguard policies, as per the co-funding agreement JICA section adopted ADB best practice methods. This agrees with the existing literature on traditional donor funded projects and environmental sustainability responsiveness (de Silva, Yapa & Vesty 2020; Hapuarachchi et al. 2016). It confirms the need to assess the impact of emerging donors and a decline in traditional donor support (Besharati 2019; Palagashvili & Williamson 2018). This study addresses this gap by analysing the rapidly shifting funding environment in Sri Lanka and public sector accountability to environmental sustainability in these projects.

The Southern Expressway Extension funded by CExImB did not have extra environmental sustainability requirements to meet other than giving 'freedom' to public *Agents* to follow the national law. Officials repeatedly emphasised that professional accountability was hampered by significant political interference to expedite projects and the EIA process. Political interference was evident in traditional donor funded projects as well, however, CEA was able to strengthen its position with the support of the 'superior legal accountability' powers of traditional donors – WB, ADB – to demand accountability. However, in the case of Chinese funded projects, since legal accountability does not explicitly stipulate environmental sustainability requirements, any legal accountability was in fact low. As a result, when faced with political interference, CEA and other professional agencies find it extremely challenging to demand compliance with EIA and NEA requirements in Chinese funded projects such as

the Southern Expressway Extension. This has undermined public sector responsiveness to environmental sustainability and the claim is supported by a recent analysis conducted by Chatham House, which stated that the earlier projects managed by China experienced negative environmental or social outcomes (Wignaraja et al. 2020).

An additional level of national compliance is required with Chinese funding due to the tied-aid nature of projects. Chinese funded projects such as the Southern Expressway Extension funding agreement requires the Sri Lankan government to utilise the Chinese government approved construction companies, for example China Construction Corporation (Dreher et al. 2021). CEA and RDA require that construction companies appoint an environmental specialist(s) to develop, implement and monitor the relevant management and monitoring plans. CEA and RDA-ESD reported significant push back due to political interference in checking relevant qualifications and experience of international environmental specialists appointed by Chinese construction companies. Moreover, language barriers made it difficult to implement and monitor environmental sustainability matters. Not having strong legal and professional accountability resulted in low responsiveness, mostly *reactive* to some *defensive* levels in the Chinese funded Southern Expressway Extension.

ADB was not without its compliance issues during the early stages of the expressway project, but ADB accountability systems and Sri Lanka's legal system were able to demand accountability and order ADB and RDA to conduct a supplementary EIA for the section of the expressway omitted from the EIA process. This is further evidence that whenever *actors or Agents* have indicated a *reactive* level of responsiveness, meaning doing less than what is required, legal accountability *Principals* have acted as a 'superior accountability' power to demand responsiveness from non-compliant actors. CEA further adds that it wants to develop the legal framework around social and environmental sustainability *Principals* and national laws have the power to demand accountability from public *Agents* and project stakeholders. This is further validated by Romzek and Dubnick (1987) in their recommendations to NASA in the wake of the 1986 *Challenger* disaster.

Despite ADB's non-compliance incident reported in the Southern Expressway, overall the public *Agents* confirm the positive support of traditional donors such as the ADB, JICA and WB regarding environmental sustainability. Since the Southern Expressway project started, as legal accountability *Principals,* traditional donor agencies have been able to demand somewhat a high levels of environmental sustainability responses from the public sector of Sri Lanka throughout the beginning, middle and completion of an infrastructure development project. Moreover, accountability mechanisms such as the Grievance Redress Mechanism have worked where the impacted communities can direct their complaints and issues directly to the project management unit. Moreover, the government of Sri Lanka has completed a number of highway and road development projects and ADB provided much-needed support to establish the RDA ESD – a specialist unit overseeing social and environmental aspects of all RDA managed projects. Nevertheless, public *Agents* and environmental specialists at CEA and RDA continue to be concerned about the ability of the public sector to get accountability: firstly, due to its poor enforcement authority; and secondly, lack of resources for environmental monitoring in rapidly increasing development in Sri Lanka. Environmental specialists at ADB, JICA and WB have played a key role in supporting RDA and CEA staff to monitor and ensure construction companies and project staff plan adequately, monitor and engage in mitigation measures. This is not evident in Chinese funded projects due to reasons such as primary motivation of Chinese funded projects, language barriers, underqualified staff, inexperienced

international environmental specialists working in Chinese construction companies and political interference in Chinese funded projects.

Despite the mixed results observed between traditional and non-traditional donor funded sections of the Southern Expressway and its extension sections, overall public sector accountability and responsiveness to environmental sustainability was higher in ADB, JICA and WB funded projects compared to the Chinese funded international development projects in Sri Lanka. Sri Lanka is increasingly attracted to Chinese funding as they do not have reform conditions attached like with traditional donors. Nevertheless, Sri Lanka continues to rely heavily on international funding to supplement its development, therefore the GoSL is accountable to both traditional donor conditions and non-traditional tied-aid conditions to ensure continued funding for infrastructure development. The key difference is that when environmental sustainability conditions are not part of the agreement of non-traditional donors, legal accountability cannot be established in projects such as the Southern Expressway Extension project. In the case of traditional donors, legal accountability relationships between traditional donors could strengthen the weak professional accountability *Principals,* but this was not evident in the Chinese funded projects. In the absence of high *professional accountability*, environmental sustainability is significantly impacted in non-traditional donor funded developmental projects in Sri Lanka. Further development of the legal framework based on the NEA and environmental sustainability policies might improve accountability by combining the strengths of the Sri Lankan legal system and professional accountability *Principals*.

7.2.4 Surrogate Accountability

Professional accountability *Principals* are shifting their efforts in identifying alternative pathways to achieve high levels of public sector responsiveness to environmental sustainability. Environmental experts from RDA and CEA are increasingly developing mutually beneficial informal relationships to demand high responsiveness to environmental issues. Public *Agents* and several NGOs and CSOs reported that social accountability and *social Principals* are increasingly able to demand public sector accountability, in some instances where *professional accountability Principals* were subjected to high political interference. Due to the limitations of the politico-administrative model blurring the difference between political and administrative responsibilities, the consequences of not meeting the demands of politicians and senior bureaucrats can undermine public sector officials' dedication to their job. Elected officials' motivation for developmental projects may not align with public interest, further, donor conditions can influence political decision-making which is transmitted down to the public administration. This was further discussed by Boven (2000) and Mascarenhas (1993) in regard to what happened in the Thatcher government in the UK. Weak governance structures and weak accountability to professional authorities such as the Auditor-General exacerbated the issue. Boven (2006) explained that the Auditor-General did not hold direct power over public sector agencies so they could not enforce compliance. In the case of Sri Lanka, parliamentary comments address public officials' responsibility about public spending but actioning complaints is rare. Moreover, supervisory authorities such as CEA admit that they are not able to exercise their authority over another government agency for perceived non-compliance, which results in low responsiveness. This can be categorised as a *defensive* level of responsiveness as they clearly accept the responsibility but defend their lack of actions.

It is observed that CSOs, NGOs and public sector officials are increasingly working together on international development projects in a consultative way to develop mutually beneficial relationships so that environmental sustainability of developmental projects is possible. When officials have been unsuccessful in demanding accountability for non-compliance, they have collaborated with NGOs and *social Principals* to demand accountability from public agents responsible for projects through social accountability mechanisms, which have been successful. This is different to the 'superior accountability' powers that were discussed earlier. Despite its success identified through the interviews with public *Agents* CSOs, outcomes are varied, and this relationship is significantly dependent on the individual and their commitment to professional accountability, linked to intrinsic motivation of the *Agent*. These outcomes further support the findings of Schillemans and Busuioc (2015), Gailmard (2010) and Narayan (2016).

Corporate accountability literature popularised the term 'surrogate accountability', to empower the vulnerable to hold those in authority accountable for their actions in DCs (Belal & Roberts 2010; Koenig-Archibugi 2010; Momin 2013; Rubenstein 2007). In the corporate accountability literature, it refers to citizens and affected communities as vulnerable stakeholders of company actions and environmental degradation (Rubenstein 2007). Rubenstein (2007) and Koenig-Archibugi (2010) explain that surrogate accountability is about holding 'power wielders' to account through a third party, 'on behalf' of the aggrieved party. Koenig-Archibugi (2010) adds that this typically occurs when accountability holders are themselves too weak to control and sanction power wielders. In this study, *professional accountability Principals* such as CEA are accountability holders that are too weak to control and sanction power wielders or oppose political interference. So public *Agents* are utilising a 'third party' – CSOs and NGOs - as *social accountability Principals* to demand accountability through social accountability channels. This particular route of accountability and mutually beneficial relationship can ensure responsiveness if the non-direct supervisory forms of accountability such as the CEA do not possess adequate power over public *Agents* and other responsible *Agents*.

7.2.5 Shorter Route to accountability

The Grievance Redress Mechanism (GRM) was introduced by ADB to RDA during Southern Expressway construction, "A grievance arises when there is an actual or supposed circumstance which can be regarded as just cause for complaint…[as a] inclusion of a system to manage and provide solutions for grievances" (ADB 2009, p. 1). This system is now available for all projects implemented by RDA in Sri Lanka. It is an initiative to improve public sector accountability and empower the wider community to hold the non-elected officials accountable for their decisions and actions. Public officials, environmental specialists and officers at RDA, CEA and other departments explained the positive impact of this new initiative. They further added how it enhanced the responsiveness of the public sector to address environmental and social concerns of affected communities. It reinforces the argument made by Peruzzotti and Smulovitz (2006), Odugbemi and Lee (2011), Joshi and Houtzager (2012) and Shah (2007) that public sector accountability and governance can be improved through shorter routes to accountability with mechanisms giving direct feedback on government activities and what they deliver. This is more effective than the 'long-route' where citizens have to seek accountability through state actors - politicians, regulators, and bureaucrats (Peruzzotti & Smulovitz 2006; WB 2004) – but often found to be unreliable (Peruzzotti & Smulovitz 2006; WB 2004).

In fact, affected community members relied heavily on local authorities such as divisional secretaries' offices to obtain information and file complaints to RDA and demand solutions rather than the GRM. Affected community members highlighted their lack of awareness and understanding of environmental and social sustainability conditions at the commencement of the Southern Expressway and as a result not demanding social accountability for non-compliance. This further supports the findings of Alawattage and Azure (2019) that information asymmetry between the citizens and the political elite deprives citizens of the ability to make an informed judgement about the public sector's performance. Despite the new initiatives and short-route accountability mechanisms in the Southern Expressway project, affected communities did not anticipate higher levels of responsiveness or effective solutions to address their concerns. Moreover, when asked if they approached RDA or the donor agencies directly, they explained that RDA's actions are very slow and there is no trust in getting quick responses or outcomes. This finding supports Brinkerhoff and Wetterberg (2016) and Tanny and Al-Hossienie (2019), especially when the go-ahead for a project is cleared by the politicians. Brinkerhoff, Wetterberg and Dunn (2012) explain that social accountability mechanisms are most effective only with repeated interactions between citizens and public officials. When this is not evident, citizens' trust in the social accountability mechanisms vanishes. Moreover, Devarajan et al.'s (2014) work further supports the findings that apathy shown by the government is linked to overall governance failure, and political interference simply destroys any pretension to accountability.

Nevertheless, some positive changes and environmental sustainability responsiveness was reported in the current study. The GRM implemented by RDA during the Southern Expressway project was an ADB-driven initiative. During the early stages of building the Southern Expressway, Sri Lanka significantly relied on ADB as the top funding agency for infrastructure development and technical assistance. Therefore, high legal accountability to public sector reform conditions is evident between the GoSL and ADB in the form of new initiatives such as GRM, which are not only benefiting ADB funded projects but all projects implemented by RDA. Given the weak governance structure and the slow implementation in the public sector, strong legal accountability to ADB has enabled GRM to be successful in Sri Lanka.

In addition, CEA did include some CSOs on the project monitoring committees which was reported to be highly effective by CEA and CSO representatives in enhancing the short route to accountability. Schnell (2014) and Brinkerhoff and Wetterberg (2016) further support this argument that citizens demanding accountability alone will not be able to sustain high levels of responsiveness; some level of positive support and encouragement from the government in the form of established accountability mechanisms is needed to ensure better accountability outcomes. Despite its slowness, the short route to social accountability is getting traction in international development projects in Sri Lanka (see Brinkerhoff & Wetterberg 2016; Tanny & Al-Hossienie 2019; Brinkerhoff, Wetterberg & Dunn 2012).

7.2.6 Social Accountability and Public Participation

Three main groups of citizenship participation were identified in this research. The first group consists of ordinary affected community members who did not have a good understanding of accountability processes, mechanisms and how to seek assistance. Meanwhile the second group comprised affected citizens with access to information, had a clear understanding of how to seek legal and other forms of assistance and the third and final group consisted of

CSOs and NGOs who actively demanded social accountability through various means. The majority in the first group were only concerned about the impact of the project on their properties, livelihoods and how to get adequate compensation. They significantly relied on information provided to them through face-to-face meetings organised by the local government and divisional secretariat office. The second group tended to have links to the public sector, knew official avenues to seek assistance, understood about RDA and donor agency accountability mechanisms and legal avenues to seek justice. They tended to go beyond the immediate accountability mechanisms, all the way up to the Supreme Court and formed community organisations to get justice. For the final group that consisted of CSOs and NGOs, they had a thorough understanding of the project's social and environmental impact and how to seek justice through social and legal mechanisms.

What drives citizens to mobilise, express voice, and seek to hold state actors accountable varies across categories of publics, as Lee (2011) explains. Those individuals who play a leadership role and exercise power will shape patterns of agency and collective action (Brinkerhoff & Wetterberg 2016). Moreover, interviewees explained that most affected community members were in the first group, but did not have a good understanding of their rights to seek accountability through the various online systems, particularly at the commencement of the Southern Expressway project. Despite the EMP (Environmental Management Plan) being posted at a later stage online, the affected members interviewed do not recall given detailed information about the EMP other than the monetary compensation process. They solely relied on the information that was provided to them in hard copy versions by agencies such as RDA or their local authorities such as the divisional secretariat's office, rather than sourcing published reports or other information from various online websites such as the ADB.

In Sri Lanka, online campaigns and some tools for accountability could not be accessed by affected communities. It confirms McGee and Gaventa's (2011) and Carter's (2014) findings that open e-government style initiatives or online aid-transparency campaigns may work in some settings but do not make sense if they are not widely available. This further contributes to the understanding of resource dependence and social accountability more broadly. The public agencies can manipulate the actions and the behaviours of the citizens as they hold the power to control the important information. Due to asymmetry of information, it was found that social accountability has been quite weak in the early stages of the Southern Expressway. Nevertheless, this is improving with the citizens finding alternative methods to gather 'scarce information' on environmental and social conditions and rights of citizens to demand accountability through social media and NGOs. Further, this study helps to understand the under-theorised side of citizen participation and public sector accountability (Joshi 2010).

7.2.7 Social Media and Social Accountability

Mixed results were reported by affected community members and public *Agents* about the impact of social media and accountability mechanisms. Despite affected community members reporting that they did not have a good understanding about new accountability mechanisms or do not recall getting information about these mechanisms, several public *Agents* interviewed reported several accounts of positive changes due to social media and the GRM that was introduced by RDA. Albeit slow, social media presence and online campaigns are increasingly becoming more effective in Sri Lanka and public officials explain how social media

and other online campaigns are making public officials more responsive to the people. As the interviewees from one CSO added, social media and online outlets have made the voices of the public louder and make it possible to increase civic consciousness about social and environmental issues. This is contrary to what is reported by Malena, Forster and Singh (2004) and Panday and Jamil (2011) on effectiveness of social accountability mechanisms and social media in influencing government's responsiveness (see Eom, Hwang & Kim 2018; Nica et al. 2014). Consequently, social media can help solve information asymmetry (Eom, Hwang & Kim 2018), related to environmental and social sustainability concerns.

7.3 Synthesis of discussion on research questions

The discussion presented in this section synthesises the core themes around the three research questions. *RQ1* explored how the different types of public sector accountability impact on environmental sustainability in Sri Lanka. Four accountability typologies were identified to understand in detail the impact of each type of accountability on environmental sustainability. *RQ2* examined to what extent the Sri Lankan public sector is accountable for environmental sustainability in international developmental projects. The extent of public sector accountability was explored by assessing the level of responsiveness, using the RDAP scale popularised by Clarkson (1995) in corporate performance literature, with four degrees of responsiveness to environmental sustainability. Finally, *RQ3* investigated if public sector accountability varies for environmental sustainability if the type of donor funding the project also varies.

7.3.1 Research Question 1

RQ1 explored how political, professional, legal and social accountability affected the environmental sustainability of development projects. *Chapter 3*, section 3.8, identified specific *actor-forum* relationships which were compared to P-A relationships for each accountability typology. *Chapter 6*, *Section*s 6.2 to 6.5 presented information relevant for political accountability, legal accountability, professional accountability and social accountability, respectively. Documentary evidence and interview evidence explored how P-A relationships exercise different types of accountability. High levels of resource dependence of aid and other international funding sources impact on the P-A relationships of political, legal and professional accountability. Legal accountability relationship stipulates that the donor agency holds the power to manipulate the borrowing country because it controls the resources. This is further transmitted down to political accountability relationships. Elected officials who agree to conditions set by donor agencies can influence other political and subsequently professional accountability relationships in the public sector.

This is predominantly related to the political-administration governance structure of Sri Lanka that inherently supports political influence over the public sector. It was found that both political and professional accountability *Principals* exert control over environmental sustainability decisions and actions very differently. When the public officials were faced with directives from multiple accountability *Principals*, they aimed for the most minimal negative consequences. Officials experienced political interference when projects were in progress and high levels of punitive action were taken when political orders are not followed through. Professional accountability *Principals* such as CEA and RDA ESD do not possess the same level of power

to resist political demands and consequences for not meeting CEA standards are almost non-existent. Therefore, public officials were more likely to obey political demands. In response to such political interference and weak governance systems, some public *Agents* were found to be working with a 'third party' – Social Accountability *Principals* – as a surrogate to demand accountability from politicians and public sector executives.

Social accountability mechanisms indicate some improvement since the implementation of the Southern Expressway project. When it started, public participation was not effective and community members did not have a clear understanding about social accountability mechanisms. Nevertheless, social media and other media outlets are improving civic consciousness about environmental and social sustainability issues. More needs to be done in contacting communities that cannot access social accountability mechanisms. Nevertheless, the short route to accountability through GRM introduced by RDA with the support of ADB, collaboration of CEA with CSOs in project monitoring committees are a few examples of how social accountability mechanisms have improved. It is evident that government support in creating the environment for social accountability has resulted in better engagement with the public. Despite continued improvements in public sector accountability, Sri Lanka continues to experience environmental degradation. The next section explores the level of responsiveness to public sector accountability.

7.3.2 Research Question 2

RQ2 examined the level of responsiveness of Sri Lanka's public sector to environmental sustainability. To explore the responsiveness level, Clarkson's (1995) RDAP scale served to break down the results further by looking at the degree of responsiveness to it. Results indicated that politicians agree to donor agencies' conditions due to resource dependence for economic development without a clear understanding of the long-term benefits associated with environmental sustainability; projects are mainly seen as supporting the economic and financial situation of the country and parties with certain interests to protect. Therefore, in order to meet both election interests for the politicians and legal accountability demands of donors, political accountability relationships demand officials to expedite projects by meeting the minimum requirements of project conditions stipulated by donors and funding agencies. This results in a *defensive* level of responsiveness from public *Agents, which is* 'doing the least that is required'. When the projects are found to be non-compliant (*reactive level)* with the laws and donor conditions, the consequences were negative in the case of the Southern Expressway, as a result, the responsiveness changed from *reactive* up to *defensive and accommodative* - doing the least or doing all that is required by the donors respectively. However, it was identified that when political interference was low, public *Agents* indicated a high level of responsiveness, some instances *proactive* level of responsiveness. Social accountability mechanisms and social media have continued to improve environmental sustainability responsiveness in the country compared to when the Southern Expressway project began. Public *Agents* reported that government departments and politicians are increasingly more vigilant about public outcry on social media and other media outlets. This has resulted in public sector responsiveness changing from a *reactive* status – 'doing less than is required' - to a *defensive* or an *accommodative* status by 'doing the least that is required' or 'doing all that is required'.

7.3.3 Research Question 3

RQ3 investigated the difference in public sector accountability in environmental sustainability between traditional donor and non-traditional donor funded projects. It explored the changing nature of the donor environment since the commencement of the Southern Expressway project and how it shaped the accountability relationships and environmental sustainability. ADB, WB and JICA were categorised as traditional donors while CExImB was a non-traditional donor. Sri Lanka has experienced an exponential growth in non-traditional donor funding, particularly after Sri Lanka's graduation to MIC status and the end of the three decade-long civil war. According to ERD (2017), Sri Lanka is not eligible for concessionary external funding and it is now significantly dependent on Chinese aid.

Interview data repeatedly emphasised that traditional donors demanded high accountability to environmental sustainability laws and safeguards compared to non-traditional donors. At the time of Southern Expressway, Sri Lanka's top foreign funding agencies were ADB and JICA, therefore GoSL depended significantly on funding from these agencies. Therefore, it was important to meet their environmental and safeguard conditions as well as the NEA. ADB and JICA provided extra assistance to RDA to monitor the environmental conditions. ADB was found to be non-compliant with its own environmental safeguards at the beginning of the Southern Expressway project; it was rectified through the Sri Lankan judicial system and ADB accountability mechanisms. Nevertheless, traditional donors like the ADB and JICA which funded the first two sections of the expressway demanded that the Sri Lankan public sector meet the national laws and donor safeguards at an advanced level. JICA's safeguard principles were not as advanced as ADB's at the beginning, and it was agreed that to ensure a high level of environmental sustainability in both sections, JICA would adhere to the ADB safeguard principles and country's laws.

CExImB did not stipulate any clear environmental sustainability conditions in the loan agreement, and as a result legal accountability was not established between the GoSL and CExImB. The Sri Lankan public sector was left to its own devices to follow national laws without the additional support or oversight from the non-traditional funding agencies to meet the NEA. Moreover, non-traditional donor funded projects were at the mercy of significant political influence which resulted in public sector officials and professional accountability relationships being shaped by political interference. Public officials found it very challenging to demand accountability from CExImB funded projects. They found that due to tied loans from China, it was extremely difficult to verify foreign workers' qualifications and experience and ensure environmental sustainability in Chinese funded projects such as the Southern Expressway Extension.

Professional bodies such as CEA were able to partner with ADB and JICA as 'superior accountability powers' that could demand accountability from public *Agents* when they were found to be non-compliant. This was not possible with CExImB, resulting in a low level of responsiveness, *reactive* level of responsiveness in most cases, and then some cases of *defensive* levels of responsiveness to environmental sustainability in non-traditional donor funded projects.

7.3 Summary

This chapter has presented a theoretically informed discussion on the impact of public sector accountability on environmental sustainability, through the lens of resource dependence and P-A theories. Key findings confirmed the significant influence of resource dependence on Sri Lanka's public sector accountability and in turn its impact on environmental sustainability. Donor and funding agencies as legal accountability *Principals* have the power to demand accountability from the recipient government as an *Agent*, which validates existing literature, and the Sri Lankan public sector does not have a clear long-term commitment to environmental sustainability conditions set by ADB and JICA in the Southern Expressway project. As a result, the level of responsiveness has been meeting the minimum standards to ensure compliance, and it helps explain the continued environmental degradation occurring in Sri Lanka. The consequences attached for non-compliance can be quite severe, yet in some cases *reactive* level of responsiveness was observed, due to strong donor pressure, the projects have corrected its response to at least a *defensive* level. Nevertheless, some positive improvements were identified, albeit slow to occur. Interestingly, this is not so much the case with the Chinese funded Southern Expressway Extension. Chinese funded projects are significantly influenced by political interference with professional accountability *Principals* such as CEA, are compromised. The research further confirms the extant literature that Chinese funded projects do not stipulate any environmental sustainability policies and guidelines. CEA and RDA found it challenging to ensure that the Chinese funded section complied with national law.

Nevertheless, social accountability is found to have some strengths in demanding accountability, particularly NGOs, CSOs and use of social media platforms. Evidence indicates an improved civic consciousness about environmental sustainability since the commencement of the Southern Expressway. Over time, social accountability and the accountability mechanisms introduced by the public sector have also created a more conducive environment. Subsequently, professional accountability *Principals* are starting to utilise social accountability mechanisms as a form of 'surrogate accountability' to demand accountability from the public officials in charge of development projects. This has brought about positive outcomes on multiple occasions. It all comes down to individual professional accountability *Principals* to take unconventional steps, which is linked to the 'intrinsic motivation' research around accountability. This is contrary to research done in other DCs. Therefore, it is important to note that although some accountability *Principals* are struggling to enforce environmental sustainability laws, they are finding alternative ways and networks to demand public sector accountability for environmental sustainability.

CHAPTER 8

SUMMARY AND CONCLUSION

8.1. Overview

This chapter presents the conclusions of the study. *Chapter 6* explained the results obtained from the documentary analysis and the interview findings based on the conceptual framework discussed in *Chapter 3.* It detailed public sector accountability and its response to environmental sustainability in international development projects with a particular focus on Sri Lanka's Southern Expressway and Southern Expressway Extension. It examined four main types of public sector accountability, influence of resource dependence and P-A relationships on environmental sustainability with further analysis on the changing nature of the foreign aid landscape in Sri Lanka. *Chapter 7* synthesised the findings reported in the literature review in C*hapter 2* and discussion using the conceptual framework furnished in *Chapter 3*. Furthermore, the implications of this study, its contribution to extending the literature on public sector accountability and SD, are broadly discussed in this chapter. Chapter starts with research findings in *Section* 8.2 with research contributions discussed in *Section* 8.3. Finally, the chapter concludes with some limitations of the current research and suggestions for future research.

8.2 Summary of Research Findings

This research examined public sector accountability for environmental sustainability in international developmental projects, influenced by resource dependence and P-A theoretical relationships. The research stems from the limited literature on public sector accountability, particularly in DCs and the current research makes a number of new contributions to the literature, theory and practice as outlined here. Resource dependence between donor agencies and recipient governments creates a power imbalance between the two parties where donor agencies as a *Principal* hold significant control over the actions and behaviours of the *Agent* – GoSL. Sri Lanka's governance structure creates an inherent blurring of boundaries between politics and public administration in Sri Lanka. As a result, the donor agency conditions and controls trickle down the public sector through a series of P-A relationships. The various *Principals* and *Agents* were described and explained to clarify the role of various public *Agents* and their responsiveness to environmental sustainability.

Four main accountability typologies identified were political, legal, professional and social accountability. Political, legal and professional accountability relationships were identified as being influenced by the resource-dependent nature of a nation. Confirming the existing literature (Pfeffer & Salancik 1978; Bouwman 2011; Chen 2011, Zainon et al. 2014) where donor agencies were found to wield significant control over the GoSL, and therefore, donor agencies as a *Legal Principal* can demand a high level of accountability from the public sector. Legal accountability demands cascade down to other political and professional accountability relationships in the Sri Lankan public sector.

Sri Lanka's history suggests that the country does not lack any laws and regulations around environmental sustainability and documentary evidence indicates numerous environmental sustainability initiatives were taken up over the last two to three decades. Nevertheless, environmental degradation has continued to afflict the country. Moreover, donor agencies, namely the ADB, WB and JICA have high-level environmental sustainability policies and safeguarding principles in place. Yet, there is not enough empirical evidence to understand the impact of donor agencies on environmental sustainability. The current research adds to the existing knowledge by investigating why Sri Lanka continues to suffer from environmental degradation despite high levels of accountability to *legal and political principals*. Public sector responsiveness to various accountability *Principals* identified using the LDAP scale indicates that although the recipient government feels that it is highly accountable to donor agencies, it does not have a clear understanding of the long-term benefits associated with donor environmental policies and safeguards, hence only doing the least amount required to ensure compliance.

The realities identified during the documentary analysis and interviews made clear that public *Agents* are directed to expedite projects to meet election promises which seem to contradict the documentary findings where it emerged that a plethora of environmental sustainability programs and policies had been implemented in Sri Lanka. In such instances where projects were found to be non-compliant or reactive level of responsiveness (doing less than what is required), the ADB and WB have strong consequences in withholding funds but mostly looking at correcting the mistakes and ensuring at least *defensive to accommodative* level of responsiveness. However, the public sector tries to meet the conditions by implementing various sustainability programs without a long-term commitment to improving the environmental state of the country, which can be attributed to the continued degradation despite traditional donor focus on environmental sustainability in development projects. *Chapter 6, Section 6.3.3* detailed the impact of traditional and non-traditional donor influence on environmental sustainability and responsiveness. These findings provide much needed new insights, highlighted in *Chapter 7, Section 7.2.1,* about why the country continues to experience poor environmental sustainability despite strict donor conditions and reforms.

As expected, political interference has significantly thwarted the professional agencies such as CEA and RDA from demanding accountability from public *Agents*. Professional agencies are pulled in multiple directions, having to placate political interests and ensure the public *Agents* obey the environmental laws and policies. When faced with multiple accountability *Principals*, these *Agents* submit to the demands of the *Principals* with the power to punish or attach punishment for non-compliance. Professional accountability *Principals* do not hold enough power to demand accountability, therefore, public *Agents* or *actors* tend to follow political demands with stronger consequences than professional accountability demands with low to no consequences for non-compliance. This is another finding, detailed in *Chapter 7, Section 7.2.2*, helping to understand the public sector accountability dynamics in Sri Lanka and its impact on environmental sustainability. Public *Agents* act as *Agents* in political accountability relationships and as *Principals* in professional accountability relationships, so in effect professional accountability relationships are influenced by political decisions. Current research identified that in instances where political interference was low, public sector administrative heads were able to achieve a *proactive* level of responsiveness to environmental sustainability (refer to *Section 6.2.3.1*).

It was found that professional accountability *Principals* such as CEA are partnering with 'superior accountability' *Principals* to strengthen their positions to demand accountability from public *Agents*, particularly when they are found to be non-compliant with national laws. Due to resource dependence, donor agencies have more power to demand accountability, and as a result, CEA works with donor agencies to strengthen their position to demand accountability from project-implementing agencies and construction companies. This has yielded positive results for environmental sustainability in the country. Detailed discussion of this finding was covered in *Chapter 6, Section 6.4.2* and *Chapter 7, Section 7.2.2*. However, this relationship is rapidly dwindling with the changing donor landscape in the country, as explained in *Section 7.2.3*.

Donor agencies are categorised into traditional and non-traditional types in this thesis (refer to *Chapter 2, Section 2.9*), to identify the impact of the type of donor or funding agency on environmental sustainability of projects. Research findings supplement the existing literature by providing empirical evidence for the difference between traditional and non-traditional donor funded projects and environmental sustainability. The ADB, WB and JICA have environmental safeguard principles attached to loan agreements on top of the national laws. However, non-traditional donors such as CExImB do not stipulate environmental sustainability policies, so the recipient government is left on its own to follow through the national laws without much resources or oversight. As a result, legal accountability for the environment is not evident in non-traditional donor funded projects. This was found to have a negative impact on projects such as the Southern Expressway Extension, supporting some of the existing findings discussed in *Chapter 2, Section 2.9*. With an exponential rate of non-traditional donors entering the country, Sri Lanka must strengthen other accountability *Principals* such as CEA as a professional agency to demand accountability from project implementers and construction companies.

Unlike the current literature on social accountability in DCs (refer to *Chapter 2, Section 2.8.1*), Sri Lanka has indicated some changes in the right direction. Although the public and the media do not hold supervisory or direct power over the public sector in their P-A relationship, social accountability has improved since the commencement of the Southern Expressway project. Social media and other outlets have further enhanced civic consciousness which has improved social accountability practices. CSOs and NGOs play a vital role in advocating and demanding social accountability. Nevertheless, a conducive environment and platforms created to improve social-accountability mechanisms by the public sector are showing signs of improved social accountability and governance. The GRM introduced by RDA through the support of ADB during the Southern Expressway project has created a shorter route to accountability, discussed in *Chapter 7, Section 7.2.5.* The current research findings indicate a positive improvement in social accountability and public sector responsiveness as a consequence of this. Moreover, CEA has collaborated with CSOs and NGOs in the project monitoring committee which provides more opportunities for public participation and the short route to accountability (see *Chapter 6, Section 6.5 and 6.6* and *Chapter 7, Sections 7.2.5 to 7.2.7*). These findings indicate the positive direction the Sri Lankan public sector is taking in social accountability and a high level of responsiveness to environmental sustainability.

This is further supported through another unique finding where professional accountability *Principal*s are utilising social accountability as a 'surrogate accountability' to demand public sector responsiveness and environmental sustainability. At times, due to extensive political interference, weak professional accountability *Principals* such as the RDA do not have the

power to sanction wielders of power or oppose political interference, so they contact CSOs and NGOs as a 'third party'. They want to demand accountability from politicians and executives through social accountability channels. This achieves a higher level of responsiveness to environmental sustainability as highlighted in *Chapter 7, Section 7.2.4.* Nevertheless, this informal pathway is precarious and relationships between the professional accountability *Principal*s and social accountability *Principal*s depend on the individuals and their networks.

8.3 Research Contribution

The significance of this thesis in terms of theory, literature on accountability and environmental sustainability, method and practice are discussed below.

8.3.1 Theoretical

An in-depth case analysis made possible a multi-faceted investigation into public sector accountability typologies, discovering new tensions in the accountability and what it means for P-A theory. One of the main objectives of the current study was to untangle the complex web of stakeholders involved in the developmental scenario and explore the different accountability relationships. It contributed in providing further context with specific insights about *actor-forum or P-A relationships* (Adams & Larrinaga 2019; Tilt 2018) which are guided by the diverse roles and responsibilities of the various authorities. Moreover, the dynamics of accountability typologies were faced with multiple accountability forums or *Principals*. New accountability pathways in the Sri Lankan public sector were discovered and that were not discussed in other literature. Limited research is available in this field, looking at the changes experienced in countries that are aid dependent, however, have attained MIC status thus reducing access to aid. Sri Lanka is a unique case study for investigating resource dependence and its influence on public sector accountability, particularly since it is now a MIC. Resource dependence was found to influence accountability relationships, and this study empirically investigated how this can have implications for environmental sustainability, particularly with the rise of non-traditional donor funding entering the country at an alarming rate.

8.3.2 Literature

Much research is available in social and environmental accounting and accountability in the private sector, but there have been calls for more research in public sector accountability to address SD. Further gaps were identified in the literature around the lack of focus on 'accountability' in addressing social and environmental degradation and with the greater focus of incorporating accountability framework into the SDGs. This research extends the research in SD, and accountability to environmental sustainability in particular. Limited research is available from DCs (Belal 2015), on why continued degradation of the environment is occurring, despite trillions of dollars being allocated to SD. Adams and Larrinaga (2019) and Tilt (2018) further add that, more contextual and country-specific empirical evidence is required to better understand and solve SD issues. With the rise of non-traditional funding changing the foreign aid landscape, more empirical evidence is required to clarify how these changes have and will influence environmental sustainability. This thesis was able to bridge the gaps by extending the understanding of public sector accountability and environmental

sustainability in the international development context and further investigating if the level of accountability varied depending on the donor.

8.3.3 Practice

Parker (2011a) promoted the idea of establishing social and environmental accounting in real life settings. Moreover, the field has demanded interdisciplinary and new narratives to address (un)sustainable development (Gray 2010). In the past, environmental and social sustainability literature tried to fit sustainable practices into the existing accounting frameworks and mechanisms and the current systems do not fit. SDG research and international agencies are promoting accountability in the SDG framework to improve results in the future, learning from the mistakes made in the past. Despite the range of research criticising the aid effectiveness and influence of international agencies, international aid and funding play a critical role in SD. As the foreign aid landscape changes from a traditional donor dominance to a greater dependence on non-traditional donors, it is important to accept this reality and identify new mechanisms to promote SD in these regions. The results are timely, exploring how the public sector accountability relationships affect environmental sustainability and level of responsiveness, particularly when multiple donors are involved. The research was able to develop empirically informed knowledge about the effects of accountability mechanisms in real-world settings (Schillemans 2015; Flinders 2014; Schillemans & Busuioc 2015). This study makes specific contributions to practice by identifying the accountability mechanisms that have been successful in Sri Lanka. Moreover, highlighting potential disparities in how accountability is discharged depends on the type of accountability *Principal* or donor (Schillemans 2015), and subsequently the level of responsiveness to environmental sustainability (Kramarz & Park 2016).

8.3.5 Method

This study adds to the growing number of analyses conducting in-depth qualitative case studies to produce rich insights on the public sector (Goddard 2010; Van Helden & Uddin 2016; Dumay et al. 2018; Parker 2011). Adams (2019), Gray (2010; 2002), Adams and Larrinaga-González (2007) and Owen (2008) suggest field-based research that engages with practice, and context-specific case studies (Adams & Larrinaga 2019) to gain an in-depth understanding of sustainability accounting and accountability in the public sector. The research uses a case study research method using documentary analysis and interviews to obtain the qualitative data (Goddard 2010; Van Helden & Uddin 2016). Using a single-case study approach allowed the researcher to examine unthought-of areas, develop unique insights and describe rich information about the feelings, perceptions, and experiences of many people.

8.4 Limitations and Future Research Directions

The conceptual framework provided a foundation which guided data collection, interpretation and presentation. Data collection methodology was limited to two main qualitative methods. In order to develop a robust conceptual framework, extant research in social and environmental accounting, accountability and SD were reviewed to find the gaps in the literature. This can inadvertently guide the researcher in following the direction set forth by

prominent researchers or prominent journals such as AAAJ, SEAJ, etc., without investigating other areas that are not so popular. The qualitative single-case study approach provides a deeper understanding of contextual-specific knowledge, feelings and perceptions of the actors who operate in international development. Research outcomes are country-specific although they may be applicable in other similar DCs.

This thesis only utilised two data collection methods, and having additional methods of collecting data such as observations would have provided more insights into accountability relationships in practice and validating the findings from the documentary evidence and interviews. Additional data sources would provide a greater validity of data. Therefore, future research needs to employ multiple data collection methods such as observations or ethnographic research to obtain better perspectives about the research context. The number of documents collected for the review and type of documents used was limited. Adding more documents would have unearthed more insights on the issue. Nevertheless, to negate the reported lack of accuracy particularly in government reports, interviewees were able to clarify the issues identified in the documentary review. Future studies could look at published and unpublished documents and processes to gain different perspectives into public sector accountability.

Interviewer-induced bias is a potential area of concern. Most interviewees in the public sector of Sri Lanka were initially contacted through the information available on their respective department websites. To obtain accurate information, referrals were useful and as a result, a limited number of interviews were conducted. Moreover, some relevant project staff and senior public sector officials involved in the early stages of the Southern Expressway project were no longer in the public sector, not working in the same area or had retired. This limited the access to interviewees who were able to provide first-hand information based on their experiences. Most public sector officials interviewed were from the senior ranks but not many lower ranked officials. The main reason for this is that senior officials or retired staff were more comfortable in sharing sensitive information than those in lower positions. Moreover, an inherent limitation of interview methods is that it may not be possible to capture the full story, as it is very much dependent on the memory of respondents.

Had the researcher interviewed more stakeholders, particularly affected community members, more donor agency representatives and public sector officials from more government departments, the results may have been more nuanced. Therefore, future research could consider interviewing more stakeholders from other groups, such as affected community members, CSOs and NGOs to get a more dynamic perspective on accountability and environmental sustainability issues. Data interpretation is an important area to ensure rigour and thoroughness in reducing researcher bias. To restrict subjectivity, the findings were iteratively reviewed and validated through targeted interviewees and externally validated through peer-reviewed journal articles and international conference papers. Nevertheless, researcher bias may not be completely eliminated. To limit this problem a detailed data interpretation process through coding and mechanisms to ensure research validity and reliability was discussed in detail in *Chapter 4.*8.7.

Public sector accountability for environmental sustainability is limited, and for DCs it is inadequate. DCs and DAC donors are pressured to ensure they meet SDGs as part of international development projects. Nevertheless, recipient governments discharge varying levels of accountability to account holders based on their dependence on resources, P-A

relationship and consequences related to accountability actions and non-actions. The present research is an in-depth empirical investigation of various stakeholders involved in the international developmental context, and what their role is in environmental sustainability.

Sri Lanka's politicised public sector governance structure means that political interference in public sector activities is inevitable. It emerged that professional accountability *Principal*s such as public *Agents* responsible for environmental sustainability have very little power to sanction and counteract political interference. However, professional accountability *Principal*s have identified non-conventional pathways to continue to demand accountability from public *Agents* through a 'third party' (surrogate accountability) that has more power than themselves such as social accountability *Principal*s, or partnering with other accountability *Principal*s (superior accountability). Included here are traditional donors who are in a stronger position to demand better accountability. Nevertheless, this situation can be improved by giving more power to professional accountability *Principal*s to demand responsiveness from public *Agents*.

Sri Lanka is experiencing a significant rise in non-traditional donor funding entering the country compared to traditional donor funding, which is increasingly posing a threat to environmental sustainability of projects. Based on resource dependence theory and PAT, Sri Lanka's public sector as an *Agent* is significantly influenced by donors, both traditional and non-traditional. Traditional donors such as the ADB and WB have been demanding high levels of accountability to environmental sustainability, but non-traditional donors such as CExImB do not demand accountability to SDGs and environmental sustainability policies or safeguards. Validating some of the existing literature, Sri Lankan projects have confirmed the level of responsiveness to environmental sustainability is low in non-traditional donor funded projects compared to traditional donor funded projects. Conditions and loan agreements alone have not ensured high levels of environmental sustainability. It is clear from this thesis that *legal accountability Principals* alone cannot ensure high levels of responsiveness to environmental sustainability.

Finally, although there are gaps in Sri Lankan environmental policy, new mechanisms and social accountability have been able to demand accountability from public *Agents*. This was partly supported by creating a conducive 'short-routes' to demand accountability and more public participation. Current research indicates that in some respects, public sector accountability is headed in the right direction, but nevertheless, political interference has had a significant negative impact on overall responsiveness to environmental sustainability.

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APPENDICES

Appendix A - Map Indicating Sections Funded by ADB, JICA and China

Source: ADB (2014, p. ix)

Section	Segment	Distance (km)
Section I	Kottawa- Kahathuduwa	5.9
	Kahathuduwa – Gelanigama	7.8
	Gelanigama – Dodangoda	21.2
Section II	Dodangoda – Welipenna	11.2
	Welipenna-Kurudugahahethekma	21.6
Section III	Kurudugahahethekma-Baddegama	12.2
	Baddegama-Pinnaduwa	15.5
Section IV	Pinnaduwa-Godagama	32.2

Source: ADB (2014, p. 49)

Section	Segment	Distance (km)
ESEP Section 1	Matara – Beliatta	30
ESEP Section 2	Beliatta – Wetiya	26
ESEP Section 3	Wetiya to Andarawewa	15
ESEP Section 4	Mattala to Hambantota via Andarawewa	25

Source: RDA (n.d.)

Appendix B - Summary of Documents Used for Analysis

	Publication	Time Period	Number of documents	Total no. of documents
ADB	Operations Manual, Safeguards and Policies	2003 - 2013	10	64
	Compliance Review Panel (CRP) documents	2004 - 2014	12	
	Loan Agreements	2008	1	
	Changes to Scope	2008	1	
	Completion Reports	2012- 2014	3	
	Environmental Assessments and Measures	1999 - 2014	7	
	Environmental Management Plan	2006 - 2007	2	
	Environmental Monitoring Report	2007 - 2011	24	
	Report and Recommendation of the President to the Board of Directors	1999 & 2008	2	
	Technical Assistance Completion Report	2013	1	
	STDP Consolidated Final Report on GRM	2009	1	
Sri Lanka Auditor-General	Southern Expressway Extension	2014	1	7
	Southern Expressway	2012- 2015	6	
CEA	Acts and Regulations	1980- 2018	31	39
	Planning and Monitoring Unit - Annual Reports	2010- 2017	8	
ERD	Circulars	2011- 2014	4	20

	Performance Reports	2007 - 2019	12	
	Policies and Acts	1957, 1962, 1963, 1980, 1984	4	
The Exlm Bank of China	White paper on Green Finance	2016	1	1
Ministry of Commerce People's Republic of China	Announcements and Orders- Notification of the Ministry of Commerce and the Ministry of Environmental Protection on Issuing the Guidelines for Environmental Protection in Foreign Investment and Cooperation	2013	1	1
JICA	Guidelines for Environmental and Social Considerations	2010	1	6
	JICA Guidelines for Operations Evaluation	2014	1	
	Operations Evaluation in JICA		1	
	Practical Guide Book for Project Directors	2003	1	
	Project Evaluation of Southern Highway Report	2008 & 2015	2	
MoF	Annual Reports	2005 - 2019	8	10
	Environmental Assessment & Management Framework	2018	1	
	Statistical Information	2016	1	
Ministry of Sustainable Development, Wildlife and	Sri Lanka Voluntary National Review on the Status of Implementing Sustainable Development Goals	2018	1	2

Regional Development	Annual Reports	2018	1	
RDA	EIA - Southern Expressway Extension	2014	1	3
	Project Report - Extension of Southern Expressway		2	
Sri Lanka Parliament	Hansard	2018	3	3
World Bank	Project Appraisal Document	2005	1	2
	WB Social and Environmental Safeguards	2013	1	
Ministry of Mahaweli Development & Environment	Environment circular for Soil and Gravel mining and transportation procedure	2015	1	8
	Haritha Lanka Program	2009	1	
	Solid Waste Management program under the Pilisaru Project	2008	1	
	National Green Reporting System (NGRS) of Sri Lanka	2011	1	
	National Climate Change Adaptation Strategy for Sri Lanka (NCCAS)	2010	1	
	National Bio Diversity Strategic Action Plan (NBSAP)	2016	1	
	Sri Lanka NEXT-A Blue Green Era programme	2018	1	
	Environment circular for Soil and Gravel mining and transportation procedure	2015	1	
President's Manifesto	President Mahinda Rajapakse's Manifesto (Mahinda Chinthana)	2010	1	3

	President Maithripala Sirisena's Manifesto (A Compassionate Maithri Governance A Stable Country)	2015	1	
	Vision 2025 – The Government's Economic Vision	2017	1	
Ministry of Environment and Natural Resources	National Environmental Policy and Strategies	2003	1	1
Parliament of The Democratic Socialist Republic of Sri Lanka	Solid Waste Management program under the Pilisaru Project	2008	1	2
	Sri Lanka Sustainable Development Act	2017	1	

Appendix C - List of Respondents

Respondent	Position	Department/ Organisation	Highest Level of Qualification	Period of Tenure	Age group	Dates of interviews	Length of Interview	Mode of interview	Category 1 - Public sector officials directly involved with international development projects, Category 2 - Officials contracted by the public sector on International Development Projects Category 3 - International Funding, Donor agency officials and associated consultants Category 4 - NGO and Civil society groups Category 5 - Affected community members.
1	Senior Director	Central Environmental Authority	Masters degree	25 years in	55-64 years	18-Dec-18	35 minutes	Face-to-Face	Category 1
2	Assistant Director	Central Environmental Authority	Masters degree	21 years	45-54 years	18-Dec-18	55 minutes	Face-to-Face	Category 1
3	Environmental Specialist	Road Development Authority	Masters degree	12 years	35-44 years	17-Dec-18	40 minutes	Face-to-Face	Category 1
4	Deputy Director	Road Development Authority	Masters degree	23 years	45-54 years	17-Dec-18	35 minutes	Face-to-Face	Category 1

5	Deputy Director	Road Development Authority	Masters degree	20 years	45-54 years	17-Dec-18	1 hour	Face-to-Face	Category 1
6	Deputy Director	Road Development Authority	Masters degree	24 years	45-54 years	17-Nov-18	30 minutes (recording stopped 8 minutes into the interview)	Face-to-Face	Category 1
7	Senior Official	Road Development Authority	Masters degree	40 years	55-64 years	30-Jan-18	33 Minutes	Video Conference via Viber	Category 1
8	retired Director General	Road Development Authority	Masters in Engineering	36 years	55-64 years	7-Feb-18	19 minutes	Video Conference via Viber	Category 1
9	Deputy Director	Road Development Authority	Masters in Engineering	20 years	45-54 years	30-Jan-18	20 minutes	Telephone	Category 1
10	Senior Official	Road Development Authority	Bachelor degree	5 years	35-44 years	17-Dec-18	25 minutes	Face-to-Face	Category 1
11	Project Technical Officer	Road Development Authority	Professional Certificate	32 years	55-64 years	17-Dec-18	23 minutes	Face-to-Face	Category 1
12	Project Director	Road Development Authority	Double Masters	7 years	65 + years	24-Sep-19	26 minutes	Telephone	Category 1

13	Senior Official	Road Development Authority	Masters in Construction and landscaping	30 years	55-64 years	8-Feb-18	30 minutes	Video Conference via Viber	Category 1
14	Project Director	ADB (Resident Mission in Sri Lanka)	Doctorate	6 years	55-64 years	7-Feb-18	1 hour	Video Conference via Viber	Category 3
15	Environmental Consultant	China ExIm Bank (based in Colombo, Sri Lanka)	Masters degree	2 years 5 months in the current position	45-54 years	5-Feb-18	47 minutes	Telephone	Category 3
16	Retired Director	External Resource Department	Bachelor degree	40+ years	65 + years	27-Nov-18	32 minutes	Telephone	Category 1
17	Retired Project Director	ADB (Resident Mission in Sri Lanka)	Masters degree	14 years	55-64 years	22-Nov-18	38 minutes	Telephone	Category 3
18	Environmental Specialist	Sri Lanka Land Reclamation and Development Corporation	Masters degree	4.5 years	25-34 years	17-Nov-18	43 minutes	Face-to-Face	Category 1
19	Head of Science	NGO/Civil Society Organisation-Sri Lanka	Masters degree	3 years	25-34 years	18-Dec-18	37 minutes	Face-to-Face	Category 4
20	Head of Legal	NGO/Civil Society Organisation-Sri Lanka	Masters degree	1 year	25-34 years	18-Dec-18	1 hour 5 minutes	Face-to-Face	Category 4

21	Environmental Engineer	NGO/Civil Society Organisation-Sri Lanka	Masters degree	10 months in the current position	25-34 years	6-Dec-18	21 minutes	Telephone	Category 4
22	Environmental Specialist	Chinese Construction Company (based in Colombo, Sri Lanka)	Masters degree	10 years	45-54 years	11-Jan-19	1 hour	Telephone	Category 3
23	Environmental Specialist	WB (Resident Mission in Sri Lanka)	Bachelor degree	5+ years	35-44 years	10-Dec-18	1 hour 31 minutes	Telephone	Category 3
24	Environmental Consultant	Consulting Company to RDA	Masters degree	5 years	25-34 years	29-Nov-18	58 minutes	Telephone	Category 3
25	Environmental Specialist	ADB (Resident Mission in Sri Lanka)	Masters degree	5 years	35-44 years	23-Sep-19	59 minutes	Telephone	Category 3
26	Environmental Officer	NGO/Civil Society Organisation-Sri Lanka	Masters degree	3.5 years	25-34 years	4-Feb-19	24 minutes	Telephone	Category 4
27	Project Director	Road Development Authority	Masters degree	20 years	45-54 years	2-Feb-18	34 minutes	Video Conference via Viber	Category 1
28	Project Manager	Chinese Construction Company (based in Colombo)	not obtained	not obtained	35-44 years	5-Feb-18	34 minutes	Telephone	Category 3

29	Environmental Specialist	JICA (Resident Mission in Sri Lanka)	Bachelor degree	6 years	45-54	6-Feb-18	51 minutes	Telephone	Category 3
30	Former Senior Official	External Resource Department	Masters degree	20 years	55-64 years	28-Nov-18	1 hour	Telephone	Category 1
31	Affected Community Member	'Horana' division (SL)	Bachelor degree	N/A	65+ years	17-Nov-18	50 minutes	Telephone	Category 5
32	Affected Community Member	'Horana' division (SL)	Masters degree	N/A	25-34 years	26-Jan-19	21 minutes (did not wish to be recorded)	Face-to-Face	Category 5
33	Affected Community Member	'Horana' division (SL)	Bachelor degree	N/A	65+ years	30-Jan-19	25 minutes (did not wish to be recorded)	Face-to-Face	Category 5
34	Environmental Officer	Ministry of Mahaweli and Environment	Masters degree	18 years	35-44 years	18-Dec-18	31 minutes	Face-to-Face	Category 1
35	University Lecturer and EIA Consultant	University in Sri Lanka	Doctorate	20+ years in the current position	45-54 years	5-Dec-18	19 minutes	Telephone	Category 3
36	Project Director	Road Development Authority	Masters Degree	20 years	45-54 years	2-Feb-18	37 minutes	Video Conference via Viber	Category 1

Appendix D - Sample Interview Questions

The interview questions below are indicative of the questions likely to be asked during semi-structured interviews. Chapter 4 - Research Methodology discusses in detail how the semi-structured interviews were carried out. Semi-structured interviews allowed more freedom in the research process to dwell deeper and to explore perceptions, participants' thinking and behaviours and flexibility when responding to questions in their own way. The interviewer facilitated the discussion, drawing out perceptions and thoughts and facilitating a smooth transition from topic to topic.

Sample interview questions are separated into five categories, refer to Appendix C.

Category 1 – Public Officials and Category 2 – external consultants and specialists contracted by the public sector were asked similar questions as both types of interviewees met the sector's requirements concerning international development projects. Therefore, category 1 and 2 questions have been combined.

Category 1 - Public Sector Officials and Category 2 - Officials contracted by the public sector on International Development Projects

1) What is the Project Implementation process, starting from the project proposing stage?
2) Explain the EIA process and various donor safeguards and how they are operationalised
3) Explain the barriers to carrying out these processes successfully but what also helps them (Political interference, strong commitment to the law and EIA requirements, public participation)
4) Explain how the project implementation of the Southern Expressway and Expressway Extension issues were experienced
5) Explain the project implementation experiences of ADB, JICA and China in Southern Expressway and Expressway Extension, with a special emphasis on environmental assessment and monitoring
6) How are the public sector capacity needs fulfilled to enhance environmental sustainability capacity in Sri Lanka? Promoters and Barriers?
7) Detail the progress experienced in Environmental Assessments and Monitoring process and infrastructure development in Sri Lanka at the start of the whole Southern Expressway-Southern Expressway extension project and other highway development projects?

Category 3 - International Funding, Donor agency officials and associated consultants

1) What is the Project Implementation process, starting with the proposal stage?
2) Explain the Donor requirements around environmental sustainability and how they are operationalised
3) Explain the barriers but also what helps in carrying out these processes successfully (Political interference, strong commitment to the law and EIA requirements, public participation)
4) Explain the project implementation of the Southern Expressway or Expressway Extension, and detail the issues that were experienced and how they were resolved

5) How does the donor assess the capacity sources in the country to realise environmental sustainability, and what factors promote and deter reform?
6) Detail the progress and policy implementations experienced in Environmental Assessments and Monitoring process and infrastructure development in Sri Lanka and at the donor agency, including the whole Southern Expressway and extension project and other highway projects?

Category 4 - NGO and Civil society groups

1) How does the NGO or CSO get involved in promoting environmental sustainability, starting from the project proposal stage?
2) Explain the requirements of the Law and Donor requirements around environmental sustainability and how they are operationalised
3) Explain the barriers but also what helps in carrying out these processes successfully (Political interference, strong commitment to the law and EIA requirements, public participation)
4) Explain the project implementation of the Southern Expressway and Expressway Extension, detail the issues that were experienced and how they were resolved or not
5) What role does the [NGO or CSO] play in advocacy and policy development? Explain the progress or hindrance experienced in terms of public participation and ability to demand accountability and change in international development projects
6) Detail the progress and policy implementations experienced in Environmental Assessments and Monitoring process and infrastructure development in Sri Lanka, including the whole Southern Expressway and extension project and other highway projects?

Category 5 - Affected Community Members

1) Explain your understanding of how the highway project was implemented
2) Explain how you were affected by the Southern Expressway and/or Southern Expressway Extension
3) Explain your understanding of the accountability mechanisms, how well they were utilised and their effectiveness. How did you feel about your ability to demand accountability?
4) What level of support did you receive from RDA, CEA or other government department and NGO or CSOs to resolve social and environmental issues?
5) What were the barriers to resolving issues and promoting social and environmental sustainability during the project's implementation?
6) What were the positive aspects of social and environmental sustainability during the project and what were the reasons for the good outcomes?
7) Detail the progress you have experienced from the beginning to the completion and post-completion phases of the project.

Appendix E - Key Policies and Laws on Environment and Wildlife Conservation

Year	Policy/Law (competent authority)	Provision for biodiversity conservation
1848	Timber Ordinance No. 24	Reservation of forests, largely for timber production
1885	Forest Ordinance No. 10 [Conservation of forests]	Protection of forests and their products in reserved forest (including stream reservations) and village forests, primarily for sustained production; also, protection of wildlife in sanctuaries
1907	Forest Ordinance No. 16 [Conservator of forests]	Protection of forests and their products in reserved forests and village forests, primarily to provide for controlled exploitation of timber
1929	First authoritative forest policy statement	Preservation of indigenous flora and fauna
1938	Amended	Clearing of forests prohibited above 5000 feet Plantations to be gradually converted to indigenous species
1937	Fauna and Flora Protection Ordinance No. 2 [Director of Wildlife]	Protection of wildlife in national reserves (i.e. strict natural reserves, national parks, and intermediate zones comprising only crown land] and sanctuaries (comprising both crown and private land). Outside such protected areas total protection afforded to wildlife in national reserves and sanctuaries. In sanctuaries, habitats protected only on state land while traditional human activities may continue on privately-owned land.
1964	Amendment Act No. 44 in 1964	Nature reserve and jungle corridor incorporated as categories of national reserve
1970	Amendment Act No. 1 in 1970	Intermediate zone to provide for controlled hunting was removed from ordinance.
1993	Amendment Act No. 49 in 1993	Refuge, marine reserve and buffer zone as additional categories of national reserve
1953	1953 National Forest Policy	Emphasis on conserving forests to preserve and ameliorate the environment, and to protect flora and
1980	Re-stated in 1972 and 1980	fauna for aesthetic, scientific, historical and socio-economic reasons
1969 & 1975	1969 UNESCO Biological Programme and 1975 UNESCO Man and Biosphere Programme	Arboreta representative of the main bio-climatic zones established and demarcated in forest and proposed reserved

1982	Mahaweli Environmental Project	Network of protected areas established to mitigate impact of Mahaweli Development Project on wildlife and to protect catchments in the upper reaches of Mahaweli Ganga
1988	National Heritage Wilderness Area Act No. 3 [Conservator of Forests]	Protection of state land having unique ecosystem, genetic resources, or outstanding natural features, in national heritage wilderness area
1990	National Policy for Wildlife Conservation (approved by Cabinet)	Objectives include the maintenance of ecological processes and preservation of genetic diversity; *ex-situ* conservation recognised as important for threaten species
1990	Forestry Sector Development Programme:	Logging of natural forests banned in wet zones, pending review of their values for conservation of Biodiversity, soil and water resources.

Source: FOA (1997); Iyyer (2009); De Zoysa (2001).

Appendix F - International Conventions, Treaties and Protocols Sri Lanka Is A Signatory To

Environmental conventions/ treaties/ protocols	**Year**
Vienna Convention on Substances that Deplete the Ozone Layer	1985
Montreal Protocol on Substances that Deplete the Ozone Layer (ratified on 15 December 1989)	1987
Bonn Convention on Migratory Species	1989
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	1973
London Amendment	1990 (ratified on 16 June 1993)
Copenhagen Amendment	1992 (ratified in July 1997)
Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat	1971
Convention Concerning the Protection of the World Cultural and Natural Heritage	1972
Convention on the Conservation of Migratory Species of Wild Animals	1979
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	1989
Convention on Biological Diversity	1992

United Nations Framework Convention on Climate Change	1992 (ratified on 23 November 1993)
United Nations Convention to Combat Desertification	1994
United Nations Convention on the Law of the Sea	1982
Agreement for the establishment of the Indian Ocean Tuna Commission	1993
International Plant Protection Convention	
Marine Pollution Prevention Authority Plant Protection Agreement for Asia and Pacific Region	
Convention on the Continental Shelf	
Convention on Fishing and Conservation of the Living Resources of the High Seas	
Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Under Water	
Treaty on principles governing the activities of states in the exploration and use if outer space including the moon and other celestial bodies	
International Convention on Civil Liability for Oil pollution Damage	
International Convention Relating to intervention on the high seas in cases of oil pollution casualties	
Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and on their destruction	
Convention on the prohibition of military or any other hostile use of environmental Codification techniques	

The International Convention for the Prevention of Pollution from the ships (MARPOL)	1973
Bio-safety Protocol	2000
Millennium Declaration	2000
2030 Agenda for SD	2015

Source: SACEP (2002, pp. 8-9)

Appendix G - Environmental Assessments Carried Out to Fulfil ADB and CEA Requirements

Name of Report	Year	Remarks
Environmental impact assessment (EIA) prepared by the University of Moratuwa	December 1996	This was the first environmental assessment report prepared for the highway based on the Original Trace
Initial environmental examination (IEE) prepared under PPTA 2892 (Southern Transport Corridor)	March 1999	The assessment covered four alternative alignments with the Combined Trace recommended as the preferred alternative.
EIA on Combined Trace and Original Trace prepared by the University of Moratuwa	March 1999	This report mainly updated the 1996 EIA report to cover the CT
Summary EIA (SEIA) report prepared by Balloffet and Associates	July 1999	The report contents were based on the EIA of March 1999 as well the IEE of March 1999. This SEIA was circulated to the Board on 20 July 1999, 120 days before the Board planned approval date
Environmental findings report prepared by Wilbur Smith Associates under PPTA 3184 (Preparation of The Southern Transport Development Project)	November 2000	The focus of this report was to assess actions taken to address requirements of the CEA's conditional approval letter and make updates to the EIA report of 1999 prepared by the University of Moratuwa.
Drainage report	May 2003	This report was prepared in response to CEA's requirement for conduct of a detailed hydrological study to mitigate impacts of flooding and include adequate drainage structures in the detailed design.
Supplementary environmental assessment and updating of the environmental management plan	August 2006	This report was prepared to fill gaps in environmental assessment for those sections of the Final Trace

for the ADB section and Galle Port Access Road prepared by University of Moratuwa		which deviated from the Combined Trace. This included the Galle Port Access Road.
EIA of expansion to four lanes. Prepared by RDA	September 2006	This study assessed the environmental impacts associated with expanding the expressway from two to four lanes from Kurundugahahethekma to Godagama in Matara
SEIA for the supplementary financing loan and technical assistance grant	April 2007	This SEIA was based on the supplementary environmental assessment of August 2006 and the EIA of expansion to four lanes of September 2006. It followed the Environmental Impact Assessment Guidelines (2003) of ADB. This SEIA was disclosed on 19 April 2007 to meet the 120day disclosure requirement.

Source: ADB (2014, pp. 99-100)

Appendix H - Environmental Sustainability Initiatives

President	Program	Year Commenced	Aim
Chandrika Bandaranaike Kumaratunga	National Environmental Policy and Strategies	2003	Firstly, to promote the sound management of Sri Lanka's environment in its entirety without compromise, balancing the needs for social and economic development and environmental integrity, to the maximum extent possible while restricting inimical activities. Secondly, to manage the environment by linking together the activities, interests and perspectives of all groups, including the people, non-government organisations and government at both the central and the local levels. Thirdly to assure environmental accountability. (Ministry of Environment and Natural Resources [MoENR] 2003)
Mahinda Rajapakse	Haritha Lanka Program	2009	Activities to protect our water resources and catchment areas, protection of the ocean and aquatic resources, prevention of air pollution, soil conservation, the introduction of innovative methods for agriculture, promotion of renewable energy sources, promote eco-friendly industries, build healthy towns and housing schemes, develop an environmental friendly transport system, implement waste management systems, prepare the country for environmental change, and to promote cultural awareness and education. A National Council for Sustainable Development (NCSD) was established under this program (MoMDE 2009)
	Solid Waste Management program under the Pilisaru Project	2008	The main objectives of the policy are (a) to ensure environmental accountability and social responsibility of all waste generators, waste managers and service providers (b) to actively involve individuals and all institutions in integrated and environmentally sound solid waste management practices (c) to maximise resource recovery with a view to minimise the amount of waste for disposal and (d) to minimise adverse environmental impacts due to waste disposal to ensure health and well-being of the people and on ecosystems (CEA 2008)

	Marine Pollution Prevention Act, No. 35 of 2008	2008	To set up the Marine Environment Protection Authority to safeguard and preserve the coastline of Sri Lanka (Parliament of The Democratic Socialist Republic of Sri Lanka 2008).
	Girithuru Sevana program	2010	Program to re-forest the catchment areas (Mahinda Chinthana [President's Manifesto] 2010)
	Hela Thuru Sevana' program	2010	Planting of local trees instead of the imported species to promote indigenous reforestation. (Mahinda Chinthana [President's Manifesto] 2010)
	National Green Reporting System (NGRS) of Sri Lanka	2011	To promote reporting of sustainability performance in manufacturing and services sectors in 2011.Green Reporting is an effective communication tool for transmission of the information on the sustainability performances of the manufacturing and services sector. (Ministry of Environment 2011)
	National Climate Change Adaptation Strategy for Sri Lanka (NCCAS)	2011- 2016	Aims to increase Sri Lanka's resilience to climate change impacts whilst pursuing sustainable economic development. The NCCAS aims to stimulate improved effectiveness of environmental management and better organisation of stakeholders to address climate change adaptation (MoMDE 2010)
	Ministry for Sustainable Development	2015	First country in the Asia-Pacific region to establish cabinet level ministry and Parliamentary Sectoral Oversight Committee dedicated to SD and Environment and Natural Resources which provided the legal framework for preparing a National Strategy to facilitate the implementation of the SDGs (WHO 2019)
	National Bio Diversity	2016	Ministry of Mahaweli Development and Environment formulated NBSAP, having assessed the constraints and opportunities as well as to suit emerging national and global priorities (considering climate resilient

	Strategic Action Plan (NBSAP)		actions as well). This strategy based on fivefold strategic objectives also recognises among others the 12 principles of an Ecosystem approach (Ministry of Mahaweli Development and Environment (MoMDE 2016)
Maithripala Sirisena	Sri Lanka Sustainable Development Act	2017	Promotes the integration of environmental, economic and social factors in the making of all decisions by the government. The Act establishes the Sustainable Development Council which is the apex mechanism to look after matters pertaining to the implementation of SDGs in the country. The Act, among other things, provides for environmental and social audits for new development projects. Ministerial Committee and an Experts Committee were appointed to formulate the National Sustainable Development Vision 2030 outlining strategies for achieving the SDGs (Parliament of The Democratic Socialist Republic of Sri Lanka 2017)
	Sri Lanka NEXT-A Blue Green Era programme	2018	“In terms of Implementation of the Paris Agreement, Agenda 2030 (Sustainable Development Goals) and other UN commitments, this Ministry has shown the tremendous achievements. “Sri Lanka NEXT-A Blue Green Era” Programme would be a platform to showcase such commitments to the nation and it further provides an opportunity for the green inventers, knowledge holders to exchange their experiences and thoughts” (MoMDE 2018, p.4)

Appendix I - Research Output

De Silva, K. M., Senarath Yapa, P.W. and Vesty G. 2020, 'Impact of Accountability Mechanisms on the Public Sector Environmental Sustainability Performance: A Case Study of Sri Lanka', Australasian Accounting Business and Finance Journal, Vol. 14, no. 3, 38-55

De Silva, K., 2019, 'Public Sector Governance and Accountability for Environmental Sustainability: The Case of Sri Lanka', Environmental, Social and Governance for Sustainability Conference- Victoria University, Melbourne

De Silva, K., Senarath Yapa, P.W and Vesty, G. 2018, 'Impact of Accountability Mechanisms on the Public Sector Environmental Sustainability Performance: A Case Study of Sri Lanka'. 17th Australasian Centre for Social and Environmental Accounting Research (A-CSEAR) Conference- Monash University Business School, Melbourne in December 2018.

De Silva, K., Senarath Yapa, P.W. & Vesty, G. 2018, 'Public Sector Accountability, International Donor Agencies and Environmental Sustainability: The Case of Sri Lanka in Fast Developing Asia. 12th Interdisciplinary Perspectives on Accounting Conference - University of Edinburgh Business School, Scotland.

De Silva, K., 2018, 'Analysis of the impact of international donor agencies on public sector Environmental sustainability performance in Sri Lanka', 9th Financial Markets and Corporate Governance Conference at La Trobe University.

De Silva, K., Senarath Yapa, P.W and Vesty, G. 2017, 'Public Sector Performance - international donor agencies and sustainability accounting policies in developing countries – the case of Sri Lanka'. Sustainability and Governance International Conference, RMIT University, Melbourne

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Notice of Project Amendment Approval

Date:	24 November 2017
Project number:	20443
Project title:	*Public sector sustainable accounting policy adoption in developing countries: The case of Sri Lanka*
Risk classification:	Low Risk
Chief Investigator:	A/Prof Prem Yapa
Student Investigator:	Keshara De Silva Godage
Other Investigator:	Dr Gillian Vesty

Project Approved: **From: 13 September 2016** **To: 22 January 2022**

Project Amendment Approved: **From:** 24 November 2017

Amendment Details:
Extension of time to 22 January 2022 to reflect upgrade to PhD.

Terms of approval:
Responsibilities of the principal investigator

It is the responsibility of the principal investigator to ensure that all other investigators and staff on a project are aware of the terms of approval and to ensure that the project is conducted as approved by BCHEAN. Approval is only valid while the investigator holds a position at RMIT University.

1. *Amendments*
   Approval must be sought from BCHEAN to amend any aspect of a project including approved documents. To apply for an amendment submit a request for amendment form to the BCHEAN secretary. This form is available on the Human Research Ethics Committee (HREC) website. Amendments must not be implemented without first gaining approval from BCHEAN.
2. *Adverse events*
   You should notify BCHEAN immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.
3. *Participant Information and Consent Form (PICF)*
   The PICF must be distributed to all research participants, where relevant, and the consent form is to be retained and stored by the investigator. The PICF must contain the RMIT University logo and a complaints clause including the above project number.
4. *Annual reports*
   Continued approval of this project is dependent on the submission of an annual report.
5. *Final report*
   A final report must be provided at the conclusion of the project. BCHEAN must be notified if the project is discontinued before the expected date of completion.
6. *Monitoring*
   Projects may be subject to an audit or any other form of monitoring by BCHEAN at any time.
7. *Retention and storage of data*
   The investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.

Regards,

Associate Professor Penny Weller
Chairperson
RMIT BCHEAN