

EIP Country Dialogues on Using and Strengthening Local Systems

1. The Use of Country Systems: Commitments and Progress

By endorsing the **Paris Declaration on Aid Effectiveness** in 2005 countries receiving aid agreed to strengthen their national systems and donors agreed to use them to the maximum extent possible. These commitments were reiterated in the **Accra Agenda for Action** (2008) and the Busan Outcome Document (2011), where it was agreed that the use of country systems should be the ‘default approach’. Under these commitments, country systems are defined as national arrangements and procedures for public financial management, procurement, audit, monitoring and evaluation and social and environmental procedures.

Despite these commitments, **progress in implementing them has been mixed**. In a recent report published by CABRI entitled [Towards a greater use of country systems in Africa: Recent trends and approaches](#), it was found that there was a greater willingness and momentum towards increased Use of Country Systems (UCS) evidenced by data from the Paris Declaration Surveys of 2005 to 2010. However, data from the 2014 Global Partnership Monitoring Report¹ show that this commitment is in decline across Africa.

2. Using and Strengthening Local Systems at the GPEDC

Discussions during the High-Level Meeting of the Global Partnership for Effective Development Cooperation² have shown that there is a need for progress towards use of country systems. Given these commitments and inconsistent progress, the [Effective Institutions Platform](#) (EIP) has developed materials and is initiating innovative approaches on the issue of [Use of Country Systems](#).

The EIP launched the implementation of **Country Dialogues for Using and Strengthening Local Systems** during the High-Level Meeting of the Global Partnership on Effective Development Cooperation in Mexico in April 2014 (cf. [Communiqué](#)).

3. Country Dialogues: objectives and process

Country Dialogues on Using and Strengthening Local Systems will provide a space for officials from national governments and the local community of donors to discuss challenges and risks in particular countries and promote better coordination amongst donors and partners and the use of common responses.

By establishing a partnership at country level Country Dialogues work towards the greater use of country systems and better integration of aid in the budget cycle. In particular, this initiative will:

¹ [Making Development Co-operation More Effective, 2014 Progress Report](#)

² Two sessions were dedicated to the issue of use of country systems: ‘[Unfinished Business: Moving forward to meet the Busan commitments](#)’ and ‘[Using Country Systems and Measuring their Strength: What’s Next?](#)’

- ✓ **Map local systems** in country and achieving a common understanding between local donors and countries on priority 'country systems' as well as definitions of rules for 'using country systems' and integrating aid on budget, adapted to the specific country context;
- ✓ **Identify current opportunities and constraints** in the strengthening and use of country systems, and integration of aid in the budget cycle budget;
- ✓ **Define joint Government-Donor targets and next steps** for achieving progress on strengthening and using country systems, and integrating aid on budget (in the form of a flexible route map for progression towards increasing the use of local systems);
- ✓ **Ensure high-level momentum** from donor headquarters for this initiative and establish concrete steps towards fulfilling the preferred options; and
- ✓ **Provide lessons learned** to share with other countries and to communicate to members of the Effective Institutions Platform (EIP).

Country dialogues offer a unique opportunity to bring partners (and stakeholders to be defined at country level) into a shared learning process to look at how **tangible progress can be made within the existing country reality**. It does not refer to the organisation of a series of meetings creating new initiatives at country level. Rather, it is a process, led by the Government of the host country, and taking advantage of existing initiatives, to help redefine the architecture of development financing, and in so doing, facilitate co-ordination across government and among donors too. It does not seek to increase the burden on either donors or the Government by duplicating initiatives that are already underway and will take into consideration both donor and partner country contexts.

All aid modalities – and not just budget support – can be a basis for discussion towards stronger use of country systems. The term '**local systems**' as opposed to 'country systems' is used in that it provides a more inclusive description of systems that are used by the authorities in a country and the systems that are used by local non-governmental entities.

IATI Common Standard

Efforts to provide complete, reliable and useful aid estimates remain a necessary component to making progress towards a greater use and strengthening of country systems. Further progress on the International Aid Transparency Initiative (IATI) common standard is needed. Countries should use this resource, including the budget identifier, which bridges the gaps between donors' projects and budget classifications used by countries.

4. What's next?

The EIP will pilot the initiative in 2014-2015. The Champions of the EIP pillar on use of country systems (and Co-Chairs of the EIP), USAID and the Collaborative African Budget Reform Initiative (CABRI), are currently identifying pilot countries and specific initiatives to be presented to the EIP membership in late 2014.

The session held during the EIP meeting will seek to gain inputs on the approach to country dialogues, identify potential stumbling blocks, as well as suggestions to improve the methodology in order to achieve greater impact. If consensus around such an approach to increasing use and strengthening local systems can be gained, the approach can be disseminated and increasingly used by partner countries and development partners within and beyond the EIP context.