Effective Institutions Platform

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 (UCS)[1] should be the 'default approach' to channel aid. Despite Busan's commitment, progress in using country systems has been mixed according to data from the 2014 Global Partnership Monitoring Report. After an initial increase in the use of country systems (from 40% to 48% between 2005 and 2010), no further progress has been recorded with indicator 9a remaining around 48%, well below the target of 57%[2].

In order to improve results on this outcome, the Effective Institutions Platform (EIP) members, including CABRI and USAID, joined other partner countries and development partners (DPs) in discussions[3] to further elucidate the current status, good practices and main challenges around the use of country systems during the GPEDC meeting in Mexico in April 2014. **Country dialogues** on the challenge of using country system emerged as the priority, as they could generate the trust and partnerships needed for making progress on implementing this commitment. On that occasion the EIP launched the concept of **Country Dialogues for Using and Strengthening Local Systems.**

Given these commitments and strong partners' will to make progress on the UCS, the EIP has developed materials and initiated pilot dialogues following a country-led approach to this discussion.

2. Country Dialogues: objectives and process

The Country Dialogues provide a space for the government and DPs to discuss **risks and opportunities for using country systems**. Building on local efforts to integrate aid in the budget process, from planning to reporting, the Dialogues aim at fostering these efforts while ensuring that issues such as ownership, leadership, accountability, monitoring and evaluation systems (involving CSOs, Parliaments and Supreme Audit Institutions SAIs) are also taken into consideration.

- The Dialogues are launched at the **demand of the government** (usually the Ministry of Finance and/or Ministry of Planning) who is keen in seeing DPs increasingly use their national mechanisms of audit, procurement, treasury, planning and budget preparation.
- The starting point of a Country Dialogue is an **agreement between the DPs and the government** of the partner country on what is meant by UCS, moving away from a narrow understanding of UCS as only providing budget support to an approach that considers how aid can be integrated along the whole public management chain from planning to reporting.
- The Country Dialogue is resulting in a country-level agreement between DPs and the government on concretes themes and an **action plan** to move local systems at the centre stage and assist in strengthening country institutions in a more holistic manner.

[1] 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.
[2] Only seven developing countries, out of 46 participating to the target review, have reached the 85% target of aid reported on budget for Indicator 6.
[3] 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?'

3. Structure of the Dialogues

Country Dialogues on Using and Strengthening Local Systems have been launched in two pilot countries, Senegal and Bangladesh and they are taking place following these indicative stages:

Phase 1 consists of a **fact-finding mission** in order to produce an **inception report.**

Phase 2 takes the form of **in-country working sessions,** gradually moving from technical discussions toward high-level meetings, including participants from donor governments and the DAC, to commit to the engagements identified. The dialogues will begin by discussing the outcomes of the mapping/inception report and will identify short-term and medium-term opportunities for progress and collective action. These sessions will facilitate the drawing up of Joint development partner and Government options for progress (or a flexible route map for progress toward increasing UCS).

Phase 3 will **monitor progress** against the joint DPs and government options for progress six-month or a year after implementation. Besides feeding into the Dialogue, the results will also be shared in the framework of peer-to-peer learning alliances (P2P LA) and at the next High Level Meeting of the Global Partnership on Effective Development Cooperation (GPEDC) in 2016.

Actors and roles: The national government and DPs operating in the country are the main actors in the dialogue.

Advisory Group: composed of a limited number of representatives from both parties, this group will have the role to provide feedback at each step of the process.

The EIP Joint Secretariat: plays the role of the "honest broker", providing evidence and data to the factual dialogue, as well as bringing in political leverage ensuring high-level participation in the dialogue.

Facilitator: a professional facilitator will be hired for leading the working sessions in-country, by ensuring an interesting exchange of information with the active participation of the audience, preparing to-the-point questions, orienting the dialogue to reach a formal agreement on proposed recommendations.

Research Consultant: this expert on PFM reforms and aid policies will accompany the preparation of the inception report and the recommendations issued from the dialogue.

4. What's next?

- ✓ The EIP is piloting the initiative in 2015 in Senegal and Bangladesh. Other countries will potentially join before the end of the year. Lessons learned from the pilots will be presented at the HLF in Kenya in 2016.
- ✓ If consensus around such an approach to increasing the 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.