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Using Country Systems and Localizing Aid: A New Approach

USAID History

- 1960s - 70s- Project Funding
- 1980s- early 90s: Non-project Assistance
- Mid 90s-2008: Dependence on contractors and NGOs due to staff cuts and increased aid budget
- 2008-2012: Doubled the size of foreign service allowing for new approaches to development partnership



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International Movement

- Recognition that 50 percent of donor assistance was not aligned with country priorities and transaction costs too high
- Paris Agenda emphasized use of host country government systems
- Accra and Busan focus on country ownership
- Busan - Key role of private sector, civil society and others to strengthen systems





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Obama Administration's New Approach

PPD Global Development Policy

- Host Country Ownership: Political Will
- Evidence Based Decision-making
- Sustainability - Use of country systems (not just government systems)
- Systems Strengthening; e.g. Health, Education





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USAID's Reform

Policy Framework: “Nurturing lasting institutions, systems and capacities”

- Partnering
- Leveraging
- Sustainability

Implementation and Procurement Reform

- Major Reform: 30 percent of aid given directly to local entities (public and private) by 2015
- 2011 only 11 percent provided through local entities
- Whole of society approach
- Localizing aid



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Challenges

1. Change of mindset from results-based to systems approach
2. Timeline is longer and measurement is harder
3. No common definition of a country system
4. Lack of evidence that new development model is more effective
5. Governance and transparency fundamental to "using their pipes"
6. Risks in diversion of funds and not achieving results



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Opportunities

1. Harness the energy of a wide range of actors
2. Increased demand for data and transparency
3. Decreased transaction costs
4. ODI research, experience summit

