

# USAID: Expanding Use of Country Systems

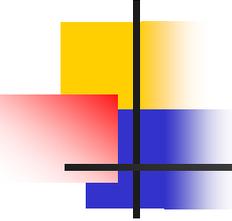


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Presentation for  
The International Consortium  
on Governmental Financial  
Management (ICGFM)

May 17-21, 2010  
Miami, Florida



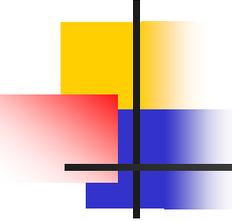


# Historical Perspective

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- 1989: 56% of USAID funds were implemented through country contracts under bilateral agreements
- 2009: Under 3% of USAID funds implemented through country systems



# Historical Perspective



Trended away from country systems  
due to:

- Criticism of USAID due to weaknesses in host country Public Financial Management (PFM) accountability
- USAID staff levels were shrinking (1990s, early 2000s)

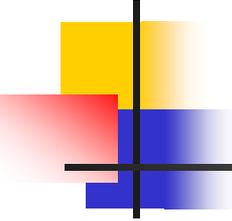
# Country Systems Experience

- USAID provided budget support to host governments in the past and will expand such support in the future
- USAID is party to INTOSAI MOU dated October 20, 2009
- Pakistan: Controller General of Accounts for audit of USAID budgetary support and pre-payment certification



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# Renewed Emphasis on Use of Country Systems

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- Paris Declaration
- Accra Agenda for Action
- USAID's Policy Direction

# Paris Declaration (2005)

- Donors use strengthened country systems
- Partner countries strengthen development capacity
- Strengthen Public Financial Management (PFM) capacity
- Strengthen national procurement systems

Joint Progress  
Toward Enhanced  
Aid Effectiveness



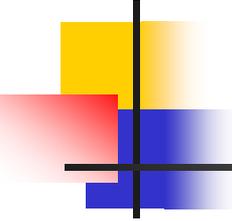
*Harmonisation  
Alignment,  
Results*

High Level Forum  
Paris ■ February 28 - March 2, 2005

# Accra Agenda for Action (AAA) (2008)

- Accelerate and deepen Paris Declaration implementation
- Donors' support for capacity development will be demand driven (country ownership)
- Improve service delivery to citizens





# USAID Policy

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## USAID's Strategy for Sustainable Development:

- building indigenous capacity and institutions
- enhancing participation
- encouraging accountability, transparency and the empowerment of communities and individuals

# Accra Agenda for Action (AAA) & USAID's Direction

- Paragraph 15 of the AAA:  
Strengthen and use country  
systems to the maximum extent possible

[http://www.usaid.gov/about\\_usaid/dfa/accra\\_agendaforaction.pdf](http://www.usaid.gov/about_usaid/dfa/accra_agendaforaction.pdf)

- USAID is moving towards  
maximizing use of country  
systems



# Use of Country Systems: AAA – Paragraph 15



- Country systems as 1<sup>st</sup> option
- Transparently state rationale for use of other aid delivery mechanisms
- Countries and donors jointly assess quality of country systems
- Country-led process to strengthen systems
- Donors start planning for use of country systems

# Use of Country Systems: USAID's Direction



- Identify opportunities to provide program assistance resources through country systems
- Conduct joint assessments of country systems
- Participate in joint efforts of capacity building where there is a lack of country accountability

# Use of Country Systems: Assessing Risk

- USAID is examining tools used by other donors (World Bank, DFID, etc.)
- PEFA framework
- USAID Assessment Pilot Programs



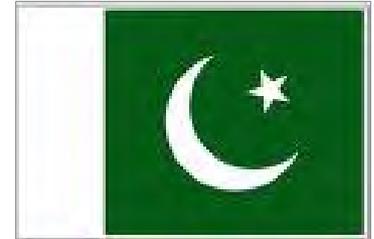
# Assessing Risk: PEFA & USAID

- PEFA framework will contribute to development of USAID risk assessment tool
- PEFA assessments are aimed at high level indicators
- USAID risk assessment tool at an in-depth level to address USG concerns of fiduciary risk



# Use of Country Systems: USAID Pilots

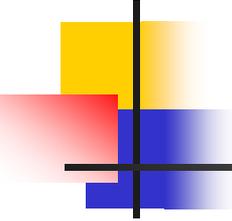
- Pakistan - Ongoing
  - Implementation
  - Develop mitigation strategies
  - Goal is to have majority of assistance through country systems and Pakistani organizations



# Use of Country Systems: USAID Pilots

- Rwanda - New
  - Develop and implement risk assessment tool
  - Marry tool to Pakistan results
  - Evaluate application for strengths and vulnerabilities





# USAID Policy Direction

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- Risk Identification – Assessments
- Risk Mitigation – Strategies
- Capacity Building – Donor Coordination
- Accountability Validation - Audits