



Strengthening Country Systems:
An Experience Summit
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A SELECTIVE REVIEW OF USAID-FUNDED DEVELOPMENT MANAGEMENT RESEARCH AND PRACTICE: RELEVANCE FOR STRENGTHENING COUNTRY SYSTEMS

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EXECUTIVE SUMMARY¹

The current donor concern with channeling aid through country systems has raised the question of how to strengthen those systems to achieve the purported benefits: faster poverty reduction, increased sustainability, and lower costs. Past experience offers useful lessons for today's debate. This paper provides a selective, retrospective review of USAID efforts to strengthen public administration, concentrating on centrally funded projects, and identifies implications for strengthening country systems. A broad definition of country systems is used.

Institution building: The institution building framework of the 1960s and 70s identified internal organizational effectiveness factors (leadership, doctrine, program, resources, and structure), and linkages to the operating environment (enabling, functional, normative, and diffused). The dominant approach to institutional development was technology transfer and staff training. Lessons from this early experience include: 1) training alone did not improve performance; 2) new tools, procedures, and structures needed to be applied in order to influence development outcomes; and 3) when environments are unsupportive, building individual organizational capacity was insufficient to yield lasting results. The legacy of this work lives on through later generations of organizational assessment tools. The caveats regarding the limitations of training-driven and tool-focused institutional change, along with the recognition of the impact of the environment, are relevant to improving country systems' capacities to use external resources effectively.

Participation and local development: In the mid-1970s, USAID sought to target poor rural majorities by increasing community participation and improving sub-national development management. Research clarified participation's meaning—distinguishing its “what, who, and how” dimensions—and identified the managerial and environmental factors associated with its intended benefits. Technical assistance for integrated rural development uncovered the pluses and minuses of administrative alternatives. Effectively working through country systems that engage citizens can benefit from clarity on participation's three dimensions. Past findings regarding rural development management options offer insights for country systems strengthening.

¹ This summary is taken from a background paper prepared for the USAID Strengthening Country Systems Experience Summit. To access the full paper, please visit <http://kdid.org/library/selective-review-usaid-funded-development-management-research-and-practice-relevance-strengt>.



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Decentralization: USAID-sponsored research and technical assistance beginning in the late 1970s revealed that decentralization: 1) did not necessarily increase efficiency or effectiveness of development investments; 2) depended for success upon center-local linkages for financing, monitoring and oversight, and technical expertise; and 3) in practice often led to overly complex local revenue systems. In the 1990s, USAID focused on sectoral decentralization, and assessed rural roads maintenance, irrigation, community-based natural resources management, and service delivery through the application of Indiana University's institutional analysis and design framework, which offered a unifying systemic perspective on institutions and management. In-depth understanding of decentralization is key to using country financial and administrative systems, and most countries are decentralized to some degree. Country systems strengthening needs to be embedded in decentralized structures and processes. Past lessons on decentralization offer much experience relevant to USAID Forward.

Development management process approaches: By the early 1980s, the Agency had a management toolkit, but country managers lacked an effective process for moving from plans to results. The performance improvement approach focused on this gap. It built on country actors' felt need for, and commitment to, improvements. The process perspective highlighted that project "blueprints" were incompatible with engaging actors through an iterative process of joint problem specification, strategy development, action, and learning by doing. Systems change strategies need to pay attention to how change happens as well as to what changes are to be put in place. Country systems strengthening aims to build ownership and commitment, which requires flexibility to adapt as situations evolve and learning takes place.

Program management and sustainability: By the mid to late 1980s, USAID realized that: 1) most projects were too costly in the long-term, and benefit flows dropped after external investment ceased; and 2) projects sucked energy and talent out of resource-poor governments and local organizations. USAID concentrated on embedding new practices into permanent agencies to assure that improvements would create lasting change. USAID recognized that institutional and policy environments are influential through the incentives that they create. These lessons are directly relevant for the use of country systems. Working through country systems contributes to the Paris principles, offers greater prospects for sustainability, and may serve to strengthen those systems. Yet, this choice poses risks as well.

From programs to policy reform: In the late 1980s to early 90s, USAID expanded its portfolio to incorporate direct efforts to modify policies, and sought to apply the lessons from project and program management to implementing policy reforms. Missions operationalized these lessons through "non-project assistance" that offered budgetary support in exchange for meeting mutually agreed-upon policy conditionalities. Work on policy implementation combined technical and sectoral policy analysis with increasingly sophisticated political analysis to identify systemic factors facilitating and constraining reform. Experience suggests that successful country systems strengthening will need to identify country constituencies and enable them to create the space to pursue change. Strengthening country systems is not a one-shot undertaking, but will require strategic adaptation over time, and results cannot be completely predicted in advance.



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Development management and democratic governance: With successive waves of democratization in the 1990s, USAID explicitly recognized citizens as accountability actors, not just as service-delivery partners. This role highlighted how administrative systems design could—and should—establish accountability, transparency, responsiveness, fairness, and equity. USAID’s public administration focus expanded beyond the executive branch to include legislative strengthening and judicial reform programs, accompanying those to support civil society and media. Decentralization received new attention to its role in expanding democracy below the national level and in dealing with regional, ethnic, and socio-economic imbalances.

Understanding political economy has become more important, as the links between politics, power, exclusion, and history, and the possibilities for development results are more widely recognized. For country systems strengthening, the democratic governance lens focuses attention on accountability institutions (e.g., audit/oversight agencies and courts), which are important to addressing the risks in using country systems.

Summary: development management and strengthening country systems: A systems approach is helpful not only because it enables analysts or practitioners to see the whole instead of the parts, but because it can increase understanding of how the parts interact, the boundaries and the linkages among them, and potential leverage points. The analytic tools and management approaches summarized in this paper offer useful avenues to developing a nuanced picture of the institutional and political landscape within which country systems strengthening is situated. Dealing realistically with issues of politics and power remains a challenge. The risk for donor efforts to strengthen country systems is that the goals of reduced poverty, increased sustainability, and lower costs that constitute their rationale may not be priority concerns shared by key host government actors, despite stated commitments.