A Selective Review of USAID-Funded Development Management Research and Practice: Relevance for Strengthening Country Systems

Background Paper for the USAID Experience Summit on Strengthening Country Systems

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EXECUTIVE SUMMARY

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.

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.

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.

INTRODUCTION

While what is past may be prologue, to borrow Shakespeare's words, in some circumstances present-day international development thinking and action are often, to varying degrees, uninformed by past perspectives and experiences that have relevance today. Driven by the OECD's 2005 Paris Declaration, and reinforced in the recent 2011 Busan meetings, one current donor concern is channeling aid through country systems, which has raised the question of how to strengthen those systems such that the purported benefits—faster poverty reduction, increased sustainability, and lower costs—are achieved (see OECD 2005, 2011). Questions about systems and systems strengthening have been posed before, and answers from the past can hold some useful lessons for today's debate. Critical to these answers is a functioning state and an efficient and effective public administration. These two are intimately interconnected; as the OECD (2008: 1) notes, "a state does not exist without a minimum of administrative capacity."

To identify a set of those lessons, this background paper focuses on the U.S. Agency for International Development's (USAID's) past efforts to strengthen public administration in developing countries; a body of work subsumed under the label of development management.[1] The review is necessarily selective given that the literature on this topic is enormous, and that USAID has had a long track record of relevant analytic work and field projects. The discussion concentrates on centrally funded USAID projects that combined research and analysis with field support, managed by the Office of Development Administration.[2]

Ever since the start of development assistance in the post-World War II period, U.S. foreign policy recognized that: a) aid risks having only limited outcomes and impacts over the long-term unless countries built strong institutions to manage their development, and b) institutional and administrative weaknesses are major constraints to achieving results and to aid effectiveness (Rondinelli 1987: 4-7). However, what to do in order to address those risks and to build institutional capacity and effective public administration is not obvious. The hunt for answers has preoccupied USAID (and other international donors) for decades. Any donor's development strategies and approaches evolve from a dynamic set of interdependent influences, including national foreign policy agendas and budgets, learning from past experience, and changing contexts and emerging challenges. For the purposes of this paper, I retrospectively organize USAID's support for development management framed largely in terms of successive iterations of systems thinking. However, my framing should not be mistaken for a consciously designed strategy on the part of the Agency.

Systems thinking is concerned with complexity, with the core notion being a set of elements that are connected to constitute a complex whole, which exists within a larger environment. That whole possesses a set of properties and mechanisms that enable it to persist and adapt over time as its environment changes

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[1] The labels, definitions, and concepts have evolved over time, from development administration to development management. The latter term is used in this paper. For more on this evolution see Bryant and White (1982), Rondinelli (1987), Esman (1991), Brinkerhoff and Coston (1999), and Brinkerhoff (2008).

[2] The office changed names and bureaucratic homes within USAID several times since its creation in 1969 as a unit in the Technical Assistance Bureau. It was integrated into the Center for Democracy and Governance in 1993, and its traces are currently located in the Center of Excellence on Democracy, Human Rights, and Governance, established in 2012.

(Chapman 2004). To oversimplify, USAID's efforts to build institutions to manage development can be categorized along two systems paths: a) simplifying complexity by dividing institutional and administrative systems into sub-components until they are sufficiently clear-cut to be analyzed and understood; and b) exploring the linkages among system elements and between systems and their environments to uncover associations, input-output relationships, and causality. Steps along these paths have been shaped by evolving perspectives on what purposes developing country public administration is called upon to fulfill, along with whatever institutional capacities are required, as well as by USAID's foreign policy directives (see Brinkerhoff 2008).

The paper traces the arc of USAID-supported development management research and fieldwork along these systems paths, in roughly chronological order, identifying along the way the implications for current Agency concerns with country systems strengthening. Following an initial section on defining country systems, the second section reviews the institution building construct and public administration technology transfer and training. The third section covers rural development participation and local organizations, followed by a fourth section on decentralization. In the fifth section, the discussion examines development management improvement, noting how criticism of rigid and pre-planned projects led to elaboration of process approaches to development intervention and reorientation of public-sector organizations to embrace learning and flexibility. The sixth and seventh sections detail how USAID, in search of sustainable development impacts and institutionalized change, expanded its focus from projects to programs, and then to policy reform. The eighth section reviews shifts in USAID's development management assistance as the Agency took on board a strong commitment to democratic governance in the wake of successive waves of democratization around the world. The last section summarizes the implications of USAID's prior pathways of development management analysis and country support for current thinking about support to country systems.

I. COUNTRY SYSTEMS

The definition of country systems, like much of the terminology of international development, is both broad and diverse. The OECD characterizes them as follows, "Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring" (2005: 4). This definition concentrates on public sector financial systems at the central government level. The World Bank employs a broader definition of country systems: "the country's legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules, and procedures" (2005: 1). This inclusive definition covers what could be considered the full institutional apparatus of the state necessary for it to function. For purposes of this review, the more comprehensive definition of country systems is adopted, with the narrower financial management conception considered as one element of the larger conceptualization. This viewpoint on country systems meshes with USAID Forward's orientation, which envisions resource transfers through country government financial systems, plus direct funding of local organizations to implement development projects.

II. Institution Building

In the 1960s and early 1970s, USAID invested in research to understand the factors associated with effective public-sector organizations.[3] The institution building approach focused on enumerating the organizational essentials that lead to performance, and much of this literature took a systems approach that unpacked the components of organizational performance and examined interactions between organizations and their environments (Blase 1986). Institutionalizing administrative capacities required attention to the following organizational elements (Esman 1972):

- Leadership: the people who direct, guide, and plan strategies and actions
- Doctrine: the organization's mission, purpose, and values
- Program: what the organization produces, e.g., goods and/or services
- Resources: the organization's inputs, physical, financial, and human
- Structure: the procedures and practices established to accomplish the organization's purpose and produce its intended outputs.

Strengthening each of these factors internal to the organization would, the institution building theorists held, enable it to become effective. Regarding interactions with its environment, the organization needed to pay attention to four types of linkages (Ibid.):

- Enabling linkages: transactions with entities controlling needed resources and authority
- Functional linkages: transactions with organizations that produce complementary or competing outputs
- Normative linkages: actions to tap sources of legitimacy and positive valuing of the organization
- Diffused linkages: connections with the organization's larger publics

While the institution building framework provided a set of variables that addressed the elements of organizational effectiveness, the model had less to say about what to do to facilitate organizations to put these in place. The dominant approach to institutional development during this period was to transfer administrative tools from U.S. public administration to developing countries to enable states to fulfill their role in guiding, planning, and financing development, in keeping with modernization theory. Basic administrative tools, such as budgeting and financial management, accompanied by training, showed some successes; but for the most part, results were limited (Siffin 1977). An assessment carried out for USAID revealed the weaknesses in the technology transfer and training approach, and its authors were early proponents of taking a comprehensive systems view to development management improvement (Esman and Montgomery 1969).

Several lessons from this early experience stood out as particularly important. First, while training helped to professionalize the civil service and public administration, by itself training could not bring about better performance. Second, new tools, procedures, and structures could be installed, but unless the organization

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[3] The core of this research took place through the Midwest Universities Consortium for International Activities (MUCIA), headquartered at Michigan State University, and through the Program of Advanced Study in Institutional Development and Technical Assistance Methodology (PASITAM), at Indiana University.

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used them to do things differently there was little impact on development outcomes. Third, the organization's ability to do things differently did not depend simply on making internal improvements; if the larger public sector environment was not supportive, building individual organizational capacity was not enough to yield lasting results. In light of these findings, USAID reduced its funding for general public administration training and for research on institution building due to the inability to demonstrate tangible results within a short timeframe, and to the difficulty in demonstrating a link between improving public administration and development.

Implications for Country Systems Strengthening

Although USAID discontinued support for stand-alone public sector institution building, the approach to assessing institutional capacities according to categories of organizational elements has remained a useful and widely applied concept, with a variety of elaborations and specification for particular types of organizations. The legacy of the early institution building work supported by USAID can be traced through numerous iterations of assessment tools, which can be employed for the components of country systems under consideration. These connections are perhaps most directly visible in applications to public sector institutions, though there are numerous USAID projects that have extended and adapted such tools for the private sector, and for non-governmental organizations involved in service delivery as well as for civil society organizations (e.g., associations or community groups).[4] An important aspect of country systems strengthening is to evaluate the capacities and organizational stock of those systems, whether public sector institutions, private entities, or civil society organizations, as input to USAID programming decisions.

The caveats regarding the limitations of training-driven and tool-focused institutional change are also relevant to the USAID Forward plans for improving country systems' capacities to use external resources effectively. The reviews of the early institution building studies highlighted the importance of a supportive environment so that the "seeds" of administrative systems changes sown in individuals and organizations could take root. Today's concerns with enabling environments reflect that realization, and efforts to channel donor resources to country systems need to pay attention to the facilitating and constraining factors in country environments (see Table 1 below).

III. PARTICIPATION AND LOCAL DEVELOPMENT

The Foreign Assistance Act of 1973, the so-called "New Directions" mandate, stated that the purpose of foreign assistance should be to alleviate the conditions of poor majorities in developing countries. In response to this directive, USAID oriented its projects toward rural areas, where the poorest of the poor, who had been excluded from participating in modernization, were located. Improved public administration continued to be a core component of USAID development management assistance, with a focus on the sub-national level: local governments, and local organizations such as cooperatives, farmers associations, and community groups.

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[4] See, for example, USAID (2000), which contains several well-known examples of assessment tools for NGOs that employ a variant of the organizational elements noted above.

USAID initiated a series of applied research and technical assistance projects, both to learn how best to reach the rural poor with services and to work with Missions to develop projects that incorporated those lessons.[5]

Beginning in the mid-1970s, Cornell University undertook a series of studies of rural development participation with an eye to clarifying first, the meaning of participation, and second, the managerial and environmental factors associated with generating the benefits that participation could bring. The Cornell team's studies disaggregated the participation concept into three dimensions: 1) what kind of participation is taking place (in decision-making, implementation, benefits, and evaluation); 2) who is participating in which kind (local residents, local leaders, government personnel, and expatriate project staff); and 3) how participation is occurring. This latter dimension was characterized in terms of initiative (externally or locally mobilized), inducements (voluntary or coercive), structures and channels (individual or collective, formal or informal, direct or representative), duration (continuous or intermittent), scope (broad or narrow range of activities), and results (e.g., increased availability of services, local empowerment). Further, the studies sought to illuminate the environmental factors–socio-economic, political, cultural, historical, and physical–that facilitate or constrain participatory options (see Uphoff and Cohen 1980, Uphoff 1998). The Cornell studies were influential in reinforcing the importance of a systems perspective to understanding the complexities of rural development participation. A key finding was that participatory local organizations needed regional and national linkages to be successful.

Among the operational approaches to addressing the needs of the rural poor was integrated rural development, in itself a systems-based construct that recognized that promoting development effectively called for recognizing the holistic nature of rural peoples' livelihood strategies and the artificiality of addressing their needs sectorally. In 1978, USAID launched a project to focus on the organization and administration of integrated rural development (IRD), implemented by Development Alternatives Incorporated (DAI). In the course of providing assistance to a variety of USAID Mission IRD projects around the world, DAI undertook an assessment of the common managerial problems arising in implementing IRD.

DAI teams identified such problems as coordination of activities across a wide range of government agencies, supervising teams from a variety of technical disciplines and organizational locations, inadequate information for management decision-making, and weak incentives for personnel from cooperating agencies to support the achievement of IRD objectives. Their analyses highlighted four structural alternatives for managing IRD: national line ministries, sub-national government units, specially created integrated development entities, and independent project implementation units. Each of these had advantages and disadvantages in terms of effective management across sectoral systems (Honadle and VanSant 1985).

Implications for Country Systems Strengthening

Participation has been an enduring element of donor assistance for decades, and lessons from the past are continually being rediscovered as "new" insights. Much of the USAID-supported work on participation has become part and parcel of the received wisdom on this topic. Effectively working through country systems that engage citizens as community members, or more formally as civil society organizations, can benefit from

[5] This section draws upon Brinkerhoff (1986) and Rondinelli (1987).

clarity on the "who, what, and how" dimensions that the Cornell analytic framework lays out. For example, USAID Forward proposes engaging local civil society organizations as service delivery contractors while also anticipating that such organizations will participate as accountability watchdogs. In some country contexts, participation in both these roles may be difficult or incompatible.

The IRD Project's findings regarding management options offer insights of potential relevance for country systems strengthening. For example, Honadle and VanSant's (1985) caution regarding the drawbacks for sustainable administrative systems change of special implementation units, as privileged "islands" of resources and staff, remains valid in thinking about country systems. Their option of working through subnational government bodies as a means to introduce new practices iteratively while using the experience as a learning tool is an alternative strategy for passing donor resources to local entities (Ibid.).

IV. DECENTRALIZATION

Concurrent with the applied work on IRD was USAID-sponsored research and technical assistance on decentralization beginning in the late 1970s.[6] From a systems perspective, decentralization is a major structural feature of how governments organize politics, administration, and public finance; and the assignments of authorities, responsibilities, capacities, and resources across government levels are key variables in the performance of the state. Emerging from this work was the widely cited taxonomy of four types of decentralization: deconcentration, delegation, devolution, and privatization, which helped to clarify the meaning of this inherently complex topic (Rondinelli 1981). Findings from assessments of field experience revealed that while decentralization could increase public participation in rural development, it did not automatically lead to increases in efficiency or effectiveness of development investments. Further, successful decentralization was found to depend upon linkages between central and local governments where the center played a strong role in financing, monitoring and oversight, and provision of technical expertise (Leonard and Marshall 1982).

Syracuse University undertook analysis and country assistance focused on local government finance through the Local Revenue Administration Project (LRAP), with extended analytic support in Peru, Bangladesh, Burkina Faso, and the Philippines. LRAP teams delved deep into country tax and revenue systems to assess their functioning and make recommendations for improvement. Their analyses demonstrated that local revenue collection cannot be separated from the larger public fiscal and financial system; all local governments derive some portion of their revenues from intergovernmental transfers. How revenues are shared, what kinds of relationships (e.g., technical, oversight, reporting) exist between local and national governments, and who has what taxing and spending authorities are important. Among the overarching lessons was that in most countries, local revenue systems were overly complex and difficult to manage; thus revenue system reforms should aim for administrative simplicity (Schroeder 1989).

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[6] The University of Wisconsin examined regional planning and area development, while the University of California at Berkeley explored administrative decentralization for rural development.

From 1988-1994, the Decentralization: Finance and Management Project (DFM), implemented by Associates in Rural Development in cooperation with Syracuse University and Indiana University, focused on sectoral decentralization with concentrations on rural roads maintenance, irrigation, community-based natural resources management, and service delivery in health and education. The institutional analysis and design (IAD) framework developed by Indiana University's Workshop in Political Theory and Policy Analysis provided a unifying systemic perspective on the workings of institutions across the project's sectoral studies and policy analyses for USAID Missions and Washington Bureaus.

The framework identifies five categories of variables that affect a given action arena: 1) the physical or technical environment; 2) attributes of communities involved in action; 3) the institutional arrangements, composed of rules; 4) the patterns of interactions or decision-making among individuals; and 5) outcomes. Action arenas comprise an action situation and a set of actors. "Action situations refer to the social space where individuals interact, exchange goods and services, engage in appropriation and provision activities, solve problems, or fight" (Ostrom et al. 1994: 28). Actors, which may be individuals, groups, or formal organizations, are analyzed in terms of their preferences, information-processing capacities, decision-making criteria for selecting a course of action, and the resources they can muster. IAD pays particular attention to the incentives that institutional arrangements create, both positive and perverse. The framework helps explain outcomes as a function of the interactions among these system variables at linked levels of action arenas from operational (e.g., service delivery) to constitutional rule-making.[7]

Figure 1: Institutional Analysis and Design Framework
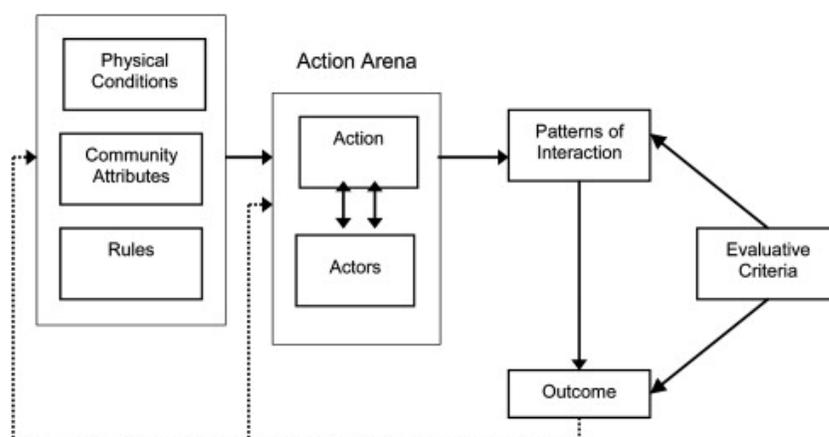
Source: Ostrom et al. (1994)

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[7] See Ostrom et al. (1994) and Ostrom et al. (1988). Among DFM's key publications are Ostrom (1992) and Ostrom et al. (1993).

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In terms of contributing to development management, DFM's application of the IAD framework enabled comparative analysis of institutional development across a wide range of settings, and deepened understanding of how social action is embedded in dense and nested networks, both formal and informal. DFM helped to situate decentralization in a broader context, and through its work on sectoral applications demonstrated that successful decentralization depends "on complex institutional arrangements and governance systems, rather than relatively simple formal administrative hierarchies" (ARD 1994: 18). DFM also documented how local indigenous, often informal, institutional arrangements represent a source of social capital for solving problems, and should not be ignored by public sector officials or by donors.[8]

Implications for Country Systems Strengthening

In-depth understanding of decentralization is key to using host-country government financial and administrative systems for donor resources. Most countries' governance structures are decentralized to some degree. Country systems strengthening needs to be embedded in decentralized structures and processes. The accumulated lessons of the past on decentralization offer a rich lode of relevant experience to inform USAID Forward. LRAP's recommendation to reduce the complexity of decentralized administrative and financial systems is germane to donor efforts to use country systems. The DFM's focus on local institutional means for problem-solving and its application of the IAD framework help to clarify where and how country systems might be employed to reach intended development outcomes. The IAD framework demonstrates the systemic complexities and nested nature of the institutional rules and structures within which country systems are situated.[9]

V. Development Management Process Approaches

Under the Reagan administration, USAID's development management strategy pursued: institutional development in key sectors, strengthening local initiative and local enterprises, building capacity in institutions providing management services, and assisting governments with policy reform (USAID 1982).[10] USAID's lessons from the applied research and field experience of the 1970s led programming to concentrate on targeted improvements in administrative capacity and service delivery, managerial performance at sub-national levels of government, and increased responsiveness to local needs. The Agency had developed a toolkit that stressed results-based planning and management by objectives, which included familiar development management tools and techniques such as, for example, the Logical Framework, objective trees, and PERT networks (see Delp et al. 1977). The toolkit offered help to organizations to accomplish tasks and reach specific targets, but still lacking was an effective process for organizational change to incorporate the tools in the service of development projects.

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[8] This finding echoes Cornell University's earlier work on rural development participation.
[9] USAID has continued a robust program of analysis and field support on decentralization.
[10] To help to implement the strategy, USAID engaged the Development Project Management Center (DPMC) at the U.S. Department of Agriculture, and the National Association of Schools of Public Affairs and Administration (NASPAA) to provide technical assistance to field Missions and central bureaus.

DPMC, building on the literature and practice of management consulting and organizational development, sought to address this gap, and elaborated an approach to performance improvement that built on country actors' felt need for, and commitment to, change to initiate an improvement process led by multilevel teams engaged in learning by doing to achieve specific organizational performance targets. In essence, the DPMC model looked back to the institution building model, combined it with the management toolkit, and added an action-training process approach to addressing the factors associated with effective organizational functioning. Among the effectiveness factors identified are what the model termed facilitative conditions that need to be in place, or created, to enable performance improvement.[11]

DPMC applied and refined the performance improvement model over the course of about 60 short-term assignments and 5 long-term country projects (Brinkerhoff 1986).[12] Among DPMC's successes was the Sahel Financial Management Project, which helped to install simple bookkeeping and accounting systems in local organizations, using action-training, so that these organizations could manage their finances and report on the Mission funds they received.

NASPAA provided a range of management assistance to Missions, including audit system improvements, personnel management, and assistance to help Latin American business schools connect to practitioners. NASPAA took as its starting point on improving development management the delivery mechanism for USAID assistance: projects. David Korten, who combined a background in community development with business administration, observed that USAID's project cycle inhibited efforts to reach the poor and achieve sustainable benefits. USAID projects constituted "blueprints" that were ill adapted to managing the conditions under which people-centered and participatory development could take place. Parallel to donor procedures, developing country public-sector agencies operated with their own version of blueprints, driven by top-down centralized planning and technocratic implementers.

Korten's alternative, the "learning process" approach, focused on combining external resources with local knowledge and priorities to solve mutually determined socio-economic development problems while empowering the poor. Rather than being planned in advance, solutions emerge from an iterative process of joint problem specification, strategy development, action, analysis, and feedback.[13] This collaborative cycle engages donors, host country staff of public agencies, and beneficiaries in discovering and implementing what works. The cycle addresses learning to be effective first, then learning to be efficient, followed by learning to expand. Korten and other NASPAA researchers argued that operationalizing the learning process approach in both donor agencies and developing country public administrations called for a "bureaucratic reorientation" to create new performance criteria, personnel incentives, and organizational procedures (see Thomas 1985).

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[11] The facilitative conditions include: felt need for change, commitment to change, multilevel involvement, openness to learning, and continuity of effort (Brinkerhoff 1986).

[12] To expand the application of DPMC's work, USAID and the Department of Agriculture provided seed funding to the University of Maryland in 1983 to create the International Development Management Center (IDMC) on the College Park campus. IDMC operated for ten years, closing its doors in the summer of 1993.

[13] Korten published extensively on people-centered development. The basic elements of the learning process approach and its organizational implications can be found in Korten (1980 and 1984).

Implications for Country Systems Strengthening

Systems change strategies need to pay attention to how change happens as well as to what changes are to be put in place. The process approaches and tools pioneered by DPMC and NASPAA have informed today's models and practices for institutional and management change that incorporate systems thinking. Also important for country systems strengthening is the recognition that change is conditioned by the incentives created within the organizations where country actors operate. Without shifts in organizational structures and procedures, systems changes are unlikely to last. Among the risks for donors of using country systems is that if the intended development results are dependent upon structural or procedural changes in those systems that are unlikely to be made, then achieving results may be uncertain at best.

Country systems strengthening aims to build ownership and commitment, which, country actor-driven process approaches demonstrate, requires flexibility to adapt donor program designs as situations evolve and learning takes place. Country systems strengthening is more likely to build ownership and commitment when flexible programs are designed and implemented collaboratively.

VI. PROGRAM MANAGEMENT AND SUSTAINABILITY

The lessons from field applications of the performance improvement and learning process approaches led to a greater appreciation of how successful management change is embedded in the particular country contexts of USAID development projects. Yet by the mid to late 1980s, USAID (and the rest of the donor community) confronted several troubling issues. First, the short-term successes achieved by management-intensive projects were too costly for developing countries to continue in the long-term. Sustainability analyses revealed that benefit flows dwindled or stopped relatively soon after external investment ceased (USAID 1988). Second, the resource-rich portfolio of donor-funded sectoral projects sucked energy and talent out of resource-poor governments and local organizations. Thus, not only were countries unable to assume and continue service delivery responsibility once project funding ended, but their public administrations were often left worse off than before. Third, many developing countries' economies were stagnating or declining, crippled by the cumulative effects of years of misguided centrally planned development strategies, which further eroded already weak government capacity.

USAID reoriented its management assistance to concentrate on sustainability, with an explicit systems focus.[14] Among the results was an increased understanding of how donor interventions need to fit within host country operating environments. These orientations highlighted the integration of development investments into the administrative systems of the countries involved, with more attention to embedding new management practices into permanent agencies to assure that improvements would create lasting change, along with building key stakeholder support for the innovations (Brinkerhoff 1991).

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[14] A contributor to this reorientation was an applied research project, initiated by the Asia Bureau, which created a model of institutional sustainability that incorporated systems theory, organizational contingency theory, and political economy. The University of Maryland's IDMC carried out the research, and the results were published in Brinkerhoff and Goldsmith (1990). An article version of the research findings can be found in Brinkerhoff and Goldsmith (1992).

The Agency concentrated its management improvement efforts on strengthening mainstream service delivery agencies and their programs. Many of the tools and approaches that USAID had created for project management worked well for managing programs, though among the differences between project and program management is a different mix of routine versus strategic managerial tasks, with proportionally more emphasis on the strategic ones in managing programs (Brinkerhoff 1991). With appropriately designed improvements and support for the changes they introduced, service delivery agencies were better able to produce a sustainable flow of services. Among the lessons of experience with program management was the recognition that institutional and policy environments strongly influence the degree to which performance can be improved and sustained. This influence is exerted through the incentives that these environments create. Table 1 provides an example of a tool for assessing program environments.

Table 1: Factors Contributing to Environmental Hostility

	Factors Contributing to Low Hostility in the Environment	**Factors Contributing to High Hostility in the Environment**
Direct Influences		
Level of demand for system outputs	High level of extant demand; demand creation unnecessary	Low level of extant demand; demand creation necessary
Nature of system outputs	Outputs are private in nature, easily translated into value or inputs	Outputs are public in nature; hard to value or translate into inputs
Characteristics of stakeholders	Members of lower socio-economic strata, unorganized, low demand-making ability; conflicting interests	Members of political, economic, or socio-cultural elite; high demand-making ability; non-conflicting interests
Indirect Influences		
Stability	Environment is stable along economic, political, and socio-cultural dimensions	Environment is unstable along economic, political, and socio-cultural dimensions
Flexibility	Economic, political, and socio-cultural features of the environment permit and/or support system change	Economic, political, and socio-cultural features of the environment do not permit and/or support system change
Artificiality	Environment displays low levels of distortion along economic, political, and socio-cultural dimensions	Environment displays high levels of distortion along economic, political, and socio-cultural dimensions

Source: Brinkerhoff et al. (1990)

Implications for Country Systems Strengthening

USAID's lessons for sustainable program management resonate strongly with the current debates on the use of country systems, particularly budgeting, financial management, and procurement systems. Situating donor-funded programs within host country systems contributes to the Paris principles of alignment and harmonization, offers greater prospects for sustainable management practices, and may serve to strengthen those systems. Yet, as numerous observers have noted, this choice has substantial risks for donors: delays, inefficiencies, diffusion of effort, waste, as well as fraud and corruption can undermine both system-strengthening objectives and the achievement of development results (Glennie et al. 2012). Tools, such as

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Table 1, can help to mitigate such risks through accurately identifying where constraints may lie, and offering analytic input to crafting management strategies to address them.

VII. FROM PROGRAMS TO POLICY REFORM

USAID acted upon the implications of the findings about the impact of program environments on sustainability and achievement of development results beginning in the late 1980s and early 90s by revising and expanding the Agency's portfolio to incorporate direct efforts to modify policies. USAID's policy reforms and the multilateral assistance agencies' structural adjustment concentrated mainly on the analysis and design of appropriate policies. They paid less attention to how reforms would be put in place. However, as the policy reform agenda moved from so-called "stroke of the pen" reforms, for example, exchange rate devaluation or elimination of trade restrictions, to long-haul policy changes, such as revising sectoral policies or shifting service delivery from the public sector to private partners, the importance of effective implementation became clear. This realization led USAID to explore how what had been learned about project and program management could be applied to implementing policy reforms, and provoked an interest in further investigation of contextual factors to identify potential levers that would increase the effectiveness and sustainability of USAID investments.

Missions operationalized these lessons through "non-project assistance" (NPA) packages that engaged developing country governments in a dialogue leading to budgetary support allocated upon achievement of a set of mutually agreed-upon policy conditionalities. In many countries, NPA was paired with technical assistance to help governments reach the policy targets, employing institutional analysis and development management tools, both technical and process. The NPA experience with the Fertilizer Sub-Sector Reform Program (FRSSP) in Cameroon is illustrative. The FRSSP aimed to privatize the fertilizer market, replacing the public sector monopoly with a competitive private market, and gradually eliminating government subsidies. Analysis of the reform identified the importance for success of clarifying the impact of the physical and technical context on the operations of the fertilizer industry and its structure, examining how government policy affects the industry, and paying close attention to the incentives for stakeholders related to the existing policy regime and the privatization that USAID was promoting. One study commented on this systems perspective, saying, "USAID approached the reform of the 'fertilizer sub-sector' from a holistic perspective. They focused on a total and sustainable transformation of the way fertilizer was marketed in Cameroon rather on the achievement of disparate and unrelated reforms" (Walker 1994: 76).[15] This same study remarked upon the extent to which eventual success depended upon a long dialogue process between the Mission and country actors to move reform forward.

Centrally funded programs provided field support as well as engaged in analysis to develop understanding and knowledge regarding practical reform strategies. Foremost among such efforts was a ten-year undertaking (1990-2001) called Implementing Policy Change (IPC), carried out by a team led by Management Systems

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[15] See also Truong and Walker (1990), which elaborates on the importance of engaging stakeholders and managing the reform process based on a deep understanding of the institutional context. These analyses were carried out as part of the DFM Project and applied Indiana University's IAD framework, summarized above.

International. IPC found that while many of the approaches and tools from project and program management lessons were applicable for changing policies, the focus on policy implementation revealed some important distinguishing features. These combine to make policy implementation complex and difficult, and particularly susceptible to derailment and/or delay:[16]

- <u>Policy implementation is not a linear, coherent process</u>. With policy implementation, change is often fragmented, frequently interrupted, and unpredictable. How to sequence actions, what to pay attention to, and who to include can be hard to determine, and can vary over the life of the policy change process.
- <u>No single agency can manage the policy implementation effort</u>. In almost every case, policies require the concerted actions of multiple agencies and groups. Even if one of them is nominally the lead agency, in reality no individual entity is "in charge" of policy implementation. Authority and responsibility are dispersed among the actors involved, which means that traditional command-and-control management is rarely effective.
- <u>Policy implementation creates winners and losers</u>. Policies usually involve the imposition of costs on some societal groups, while advantaging others. This means that policy reforms often become highly politicized. Most often, the losers are those who benefit from the current state of affairs in the country and who are in a powerful position to defend the status quo and resist change. Progress depends upon country champions and supportive coalitions to push ahead.
- <u>The resources required to implement policies may not be readily available</u>. Projects and programs have dedicated budgets, but policies–particularly at the start of a reform–often lack the resources needed for implementation. Making progress means lobbying for new funding, identifying existing sources of implementation support, and negotiating for resource reallocation. All of these efforts are subject to the vagaries of national budgeting processes and shifting political winds.

The distinctive characteristics of policy implementation made it clear that would-be implementers needed a new way of thinking about how to manage the reform process. USAID, through IPC, sought to develop in-depth understanding, a common vocabulary, practical tools, and case examples for managing policy change, much as the Agency had done previously for project and program management. IPC developed a framework to help host country policy managers understand and navigate the complexities associated with policy implementation, which begins with a policy decision and then divides policy implementation into six tasks that are roughly sequential, though they all need to be revisited over the life of a given reform. Figure 2 illustrates the cycle.

Figure 2: Policy Implementation Task Cycle
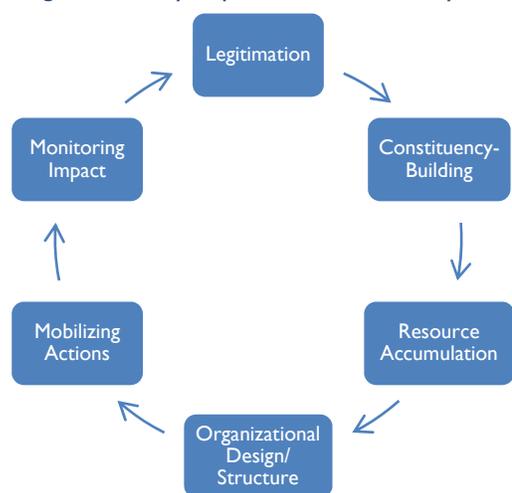
Source: Brinkerhoff and Crosby (2002)

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[16] This section draws on Brinkerhoff and Crosby (2002); this book compiles IPC experience, lessons, and tools.

The tasks in the cycle are explained below, along with some examples:

1) <u>Legitimation</u>, or getting the policy accepted as important, desirable, and worth achieving, is the first implementation task. This is especially critical for policies that are part of a donor assistance package, which risk being seen as externally imposed. Legitimation means getting buy-in from the right people in the country to push the reform process forward. An important outcome of this task is the emergence of a policy champion (an individual or group who believes in the policy) to take on leadership for the subsequent implementation tasks. In Ukraine, for example, USAID assistance helped springboard widespread concerns about the negative effects of corruption on private investment into the eventual adoption of a clear set of transparent rules and regulations for business. Meetings at the local and national level forged a consensus on the desirability of the business community working with public officials to curb abuses. This laid the groundwork for a locally focused strategy to implement the new regulations.

2) <u>Constituency-Building</u>, or gaining active support for a proposed policy from groups that see the reform as desirable or beneficial, is the second implementation task. This support needs to translate into commitment to take actions that will help the policy to achieve its objectives. In tandem with seeking out supporters, constituency-building seeks to reduce or deflect the opposition of groups who consider the proposed reform measure to be harmful or threatening. This task must often be pursued throughout reform implementation to assure ongoing support and to ward off derailment. Participation is a key element in most constituency-building, as demonstrated by the broad-based consultative process that USAID created to advance the implementation of regionally integrated transportation and communication policy in the 11 member countries of the Southern African Development Community (SADC). A series of large national workshops invited public and private sector actors into the process, and discussed and prioritized the issues relevant to each of the sectors. Then regional workshops assembled the national input, ironed out points of disagreement, and produced draft policy protocols. These protocols were incorporated into regional treaties and eventually adopted by each SADC member country. The result was harmonized standards and regulations for railway, road, ports and shipping, air transport, telecommunications, postal service, and meteorology implemented uniformly throughout the region.

3) <u>Resource Accumulation</u>, the third policy implementation task, means ensuring that present and future budgets and human resource allocations are sufficient to support policy implementation requirements. Accomplishing this task can involve a variety of activities: for example, lobbying constituencies to contribute resources, negotiating with ministries for budget line-item funding, designing new resource allocation systems, and so on. In Egypt, for example, the National Program for Integrated Rural Development introduced governance policy reforms to strengthen local government. USAID supported technical assistance to help sub-national authorities to design and manage a decentralized decision-making and resource allocation system. This system promoted demand-driven local-level planning and project implementation in support of the government's decentralization policy, resulting in a better fit between local needs and use of resources.

4) <u>Organizational Design/Structure</u> is the fourth policy implementation task. This involves adjusting the objectives, procedures, systems, and structures of the agencies responsible for policy implementation.

Sometimes this task can also include establishing new organizations, formal or informal, that link the various entities with a role to play in implementation. In Zambia, USAID facilitated the creation of a Policy Analysis and Coordination Unit in the Office of the President whose purpose was to bridge the gap between policy formulation and implementation. The unit put in place new systems, procedures, and structures for making policy in a more participatory, coordinated fashion, and for tracking implementation progress. In West Africa, USAID provided assistance to implement regional livestock trade policy. For the three countries involved, an informal committee structure was established that assembled government officials and private sector operators for dialogue, action planning, and results monitoring. This structure contributed to the success achieved in reducing excessive fees charged to livestock producers, eliminating needless regulations, and increasing the volume of livestock trade in the region.

5) <u>Mobilizing Actions</u>, the fifth task, builds upon the favorable constituencies assembled for the policy (Task 2) and marshals their commitment and resources to engage in concrete efforts to make change happen. Its focus is on identifying, activating, and pursuing action strategies. It brings together mobilized constituencies and resources, and within the organizational structures created, develops, and carries out the steps necessary to translate intent into results. In Bulgaria, business associations, with USAID support, organized to work collaboratively with government to develop a new small and medium enterprise law, following a successful constituency-building campaign with small and medium enterprises to identify their interests and prepare a policy dialogue agenda. In Mozambique, USAID helped to organize national and provincial workshops to facilitate the implementation of the country's decentralization policy. These workshops fostered debate and helped to build a consensus among government and civil society stakeholders on strategies, roles, responsibilities, and actions to make decentralization operational.

6) <u>Monitoring Impact</u>, or setting up and using systems to monitor implementation progress, is the final policy implementation task. Monitoring systems not only alert decision-makers to implementation snags, but also inform them of the intended and unintended impacts of implementation efforts. Policy monitoring can become politicized. How information is used depends not only on the quality of the information, but also on the way information is packaged and transmitted, and on the perceived interests and agendas of those transmitting it. With USAID assistance, Honduras established a Policy Analysis and Implementation Unit to assist the President's Economic Cabinet to improve policy decision-making with a strong focus on tracking implementation and results achieved. As a result, Cabinet ministers managed their sectoral portfolios more effectively, and fine-tuned investments to respond to citizens' needs. The need for policy monitoring capacity figured prominently in the recommendations of a USAID-sponsored study for the Palestinian Authority of ways to improve policy-making.

Implications for Country Systems Strengthening

USAID's work on policy reform implementation combined technical and sectoral policy analysis with increasingly sophisticated political analysis to identify systemic factors facilitating and constraining reform. These analyses were coupled with the management process approaches and tools outlined above to support the active management of policy change across multiple organizational boundaries, and incorporating citizens and the private sector as well as government officials in implementation. Whichever country system

(budgeting, financial, procurement, service delivery) donors may contemplate strengthening, the experience with policy reform strongly suggests that considering country systems strengthening efforts as cases of policy change and applying the analytic and management tools will increase the likelihood of success.

Particularly on the process side, a key lesson from IPC's 10 years of research and practice that is relevant for today's interest in country systems strengthening is the need to identify country constituencies for working through and on systems, and to enable them to create the space to pursue change. A second relevant lesson is that because policy reform is a long-term endeavor, strategically managing change contributes to successful outcomes. Similarly, strengthening country systems is not a one-shot undertaking, but will require strategic adaptation over time. Finally, in keeping with the systems notion that outcomes are emergent from the interactions among elements within the system and cannot be completely predicted in advance, another lesson is that achievement of the intended policy result may not necessarily be reached. In fact, that may not be the most important outcome of the reform implementation process: the constituency-building, organizational capacities, resource mobilization, and country actor learning may turn out to be the more significant outcomes through their contributions to country systems strengthening.

VIII. DEVELOPMENT MANAGEMENT AND DEMOCRATIC GOVERNANCE

As the successive waves of democratization set in motion in the 1990s by the collapse of the Soviet Union washed over the developing world, USAID discourse on public management shifted from a concentration on government to governance, explicitly recognizing the role of non-state actors both as instrumental partners in solving societal problems and delivering services, and as citizens holding their government accountable. This latter role emphasized the linkages between democratic governance and public management, which highlighted how administrative systems design could–and should from USAID's democracy promotion perspective–establish accountability, transparency, responsiveness, fairness, and equity. The development argument for this perspective was supported by research on the contribution of good governance to aid effectiveness and development effectiveness (see, for example, World Bank 1997, Burnside and Dollar 2004), and on the synergies between democratic governance and sectoral policies and services (Brinkerhoff 2000).

Included within the analytic streams of USAID-supported initiatives summarized above were assessments of, and technical assistance to, public-private partnerships: civil society and private sector participation with public entities to deliver services, maintain infrastructure, and manage resources, and change policies.[17] Success depends upon effective engagement with the public sector, and the quality of this engagement is affected by how democratic a country's governance system is: e.g., the more access to information, venues for debate and opinion-sharing, public-sector transparency and responsiveness, and accountability mechanisms, the better the policy partnerships. To support these partnerships, USAID emphasized capacity-building for lobbying and advocacy, the establishment of policy change networks, and the enhancement of government's ability to interact constructively with civil society actors (Brinkerhoff and Crosby 2002).

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[17] Much of DFM's work on decentralization work and IPC's on policy implementation addressed state-society connections, as the brief examples cited demonstrate.

Among the good governance metrics is a low level of corruption, and USAID, as well as other donors, have focused analytic attention and technical assistance on reducing corruption. Public management scholars and practitioners have a long history of addressing corruption problems in political and administrative systems. USAID-supported analyses recognized that corruption is best tackled by considering it as a systemic feature of politics and administration rather than as discrete incidents undertaken by particular individuals or groups (see, for example, Meagher 1997). The resulting approaches build variously on Klitgaard's (1988: 75) well-known formulation that corruption equals monopoly plus discretion minus accountability. These approaches involve reducing monopoly control (e.g., reducing regulation that enables permit issuers to serve as gatekeepers), reducing discretion (e.g., computerizing data to limit opportunities to change entries), and increasing accountability (e.g., greater transparency, more oversight and checks and balances). These insights have informed a robust USAID portfolio of anti-corruption efforts.

The Agency's commitment to democracy and democratic governance expanded its public administration focus beyond the executive branch to include legislatures and courts. USAID launched legislative strengthening and judicial reform programs, accompanying those to support civil society and media. Decentralization remained a core concern, with new attention not simply to its administrative efficiencies, but to its role in expanding democratic practices below the national level and in dealing with regional, ethnic, and socio-economic imbalances. Understanding the political economy of the countries where USAID works became even more important, as the links between politics, power, exclusion, and history and the possibilities for development results became more widely recognized. For example, research on patronage networks revealed that citizens' ability and willingness to opt out of connections to powerful patrons was limited in many cases; donors' assumptions about local demand for good governance were often overstated (Brinkerhoff and Goldsmith 2005).

In USAID, the analysis and technical interventions to address public management have shifted from their original development administration home to various offices that have sectoral concerns.[18] The clearest example is in the health sector, where the Global Health Bureau oversees a portfolio of health systems strengthening projects that in various ways incorporate attention to governance and administrative issues.

Implications for Country Systems Strengthening

Framing development management within the broader context of democratic governance highlights the links between government and citizens, and the importance of the quality of those links. It also reinforces the salience of politics: the elite pacts, societal cleavages, and historical legacies that shape how public policy deliberations take place, decisions are made, and resources are allocated. In terms of country systems strengthening, the democratic governance lens focuses attention on the institutions that address accountability issues: audit/oversight agencies and courts that enforce (or not) contracts, procurement laws, anti-corruption statutes, and so on. These are all important to addressing the risk factors that donors are concerned about when considering resource flows through country systems. Effective country budgeting, finance, procurement,

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[18] This shift is not completely new, but has been a gradual process over the past 10-15 years. It has been accelerated of late due to shifts in funding priorities, with health receiving and maintaining large Congressional allocations within the foreign assistance budget, and shrinking resources going to democracy and governance.

and administrative systems need to be transparent, accountable, and reliably consistent in order for donors to use them as funding conduits. A key consideration, however, is how much transparency, accountability, and reliability is enough. Many observers have noted that the donors' good governance agenda sets a standard that is unrealistic and unachievable for many countries (Andrews 2008, Brinkerhoff 2008). In reaction, some have called for "good enough" governance (Grindle 2007).

The democratic governance lens also highlights the role of citizens: first, as partners engaged with public sector agencies in the co-production of services, and second as active contributors to good governance. This role is a reminder that country systems should not be narrowly conceived as solely public sector-based. Citizens, as co-producers of public goods and services, are actors in country systems.[19] Strengthening country systems means paying attention to their capacities and incentives. For example, where engaging with government systems requires technical competence, citizens may face information asymmetries and knowledge barriers (Brinkerhoff 2008). Further, citizens' potential contributions to good governance are strongly mediated by the incentives created by interest-group politics, patronage, and power differentials. These impinge significantly on the extent to which citizen engagement with country systems can contribute to their effectiveness in achieving development results (Ibid.).

IX. SUMMARY: DEVELOPMENT MANAGEMENT AND STRENGTHENING COUNTRY SYSTEMS

This background review has highlighted where USAID-funded development management research and analysis offer insights for current considerations of channeling resources through country systems. In line with the systems thinking perspective that has framed the review, those insights relate to: a) identifying the components of public administration and governance systems and how they connect, and b) clarifying the nested and interactive nature of those systems and how the environments surrounding their component elements influence performance over time. A systems approach to country systems 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 by clarifying both the boundaries and the linkages among them, and can help to identify leverage points.

Country systems have many moving parts, and among the relevant development management lessons learned is that selecting individual components of country systems for donor intervention needs to confront their interdependencies and embeddedness in a specific context. As systems thinking indicates, system outcomes are emergent rather than specifiable in advance since they are a function of the interactions and connections among system components. For example, while there are technical factors in procurement systems that are subject to improvement, in most countries, procurement and contracting are strongly influenced by politics and patronage. Thus the interpenetration and mutual interaction among politics, informal and personal connections, and technical factors account for procurement system performance in ways that are likely to be imperfectly predictable.

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[19] Glennie et al. (2012) treat civil society as a separate category of country systems.

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The analytic tools and 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. Understanding incentives and nested systems of rules (Figure 1), mapping decentralization, identifying factors in host country environments that support or constrain sustainability (Table 1), and tracking the management tasks involved in policy implementation (Figure 2) are all paths to filling in the contours of the landscape.

The process tools provide valuable insights into how to blend technical interventions to improve country systems with change management processes that will engage country actors in designing and implementing reforms. The IPC experience, for example, suggests the utility of viewing country systems strengthening as policy change: a multi-organizational and long-term endeavor that needs country champions and constituencies to move forward, while adapting to changing conditions and building on progress.

Thinking about country systems in the context of democratic governance brings attention to the roles, capacities, and interests of non-state actors in those systems, and highlights the need to think about systems strengthening not simply from the supply side, but incorporating sources of demand as well, while being realistic about demand regarding internal public administration systems such as budgeting, procurement, and finance. It also raises the salience of informal relationships and governance, which differ from the formal public administration and governance structures and procedures that garner the bulk of donor attention. While USAID has been criticized in some quarters for an overly idealized view of state-citizen relations (e.g., Carothers 1999), the Agency has (particularly in confronting challenges in conflict-affected states) developed an expanded toolkit that enables a more nuanced grasp of governance and social relations.[20]

Dealing realistically with issues of politics and power remains a challenge for donors, including USAID. As Hyden (2008: 262-263) notes, the international development community "has tended to take authority, consensus and the pursuit of collective goals as givens …on the premise that there is a 'negotiated order' among equal partners." This view contrasts with alternative concepts of power and authority based on contestation and conflict among societal groups, where goals and outcomes may not necessarily represent a broad consensus but may in fact reflect those of the more powerful, and may differ significantly from donor objectives.

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. As USAID envisions increased utilization of country systems with reduced presence of, and reliance on, international NGOs and contractors, the Agency's ability to influence country actors and oversee the use of its resources will be diminished. As Unsworth (2009) remarks, donors' "default" interventions and policy dialogue stance remain largely technical despite better analytic

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[20] See for example the tools developed by the Office of Conflict Management and Mitigation. The caveat is that Agency staff may know more about the political and institutional environments of the countries USAID operates in, but applying that knowledge may encounter the bureaucratic barriers of established routines and practices, and US government agendas that are unrelated to development. Unsworth (2009) elaborates on the difficulties donors face in dealing with politics.

understanding of politics. Learning from USAID's past investments in development management can assist in shifting this default position in addressing country systems strengthening.

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