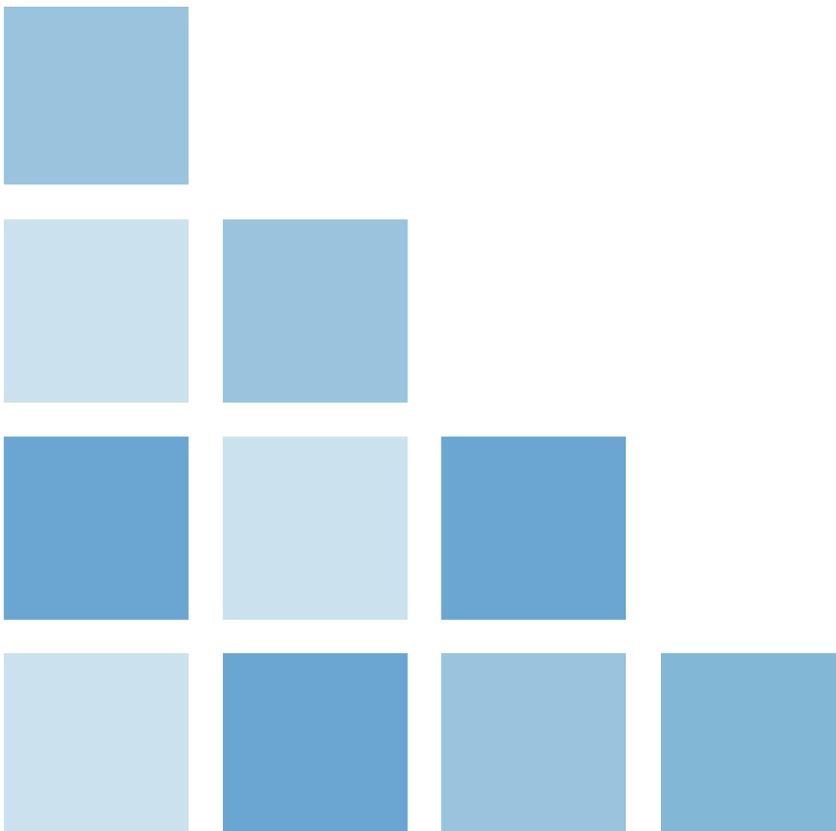


Peer-learning workshop on Use of Country Systems across the International Dialogue on Peacebuilding and Statebuilding (IDPS)

Workshop Report

08-Dec-2017



Peer-learning workshop on Use of Country Systems across the International Dialogue on Peacebuilding and Statebuilding (IDPS)

Workshop Report

Purpose

A half day workshop jointly hosted and organised in conjunction with the World Bank Conflict, Fragility and Violence Hub, the UN/World Bank Aid Coordination Office, and the International Dialogue Secretariat, was organised as a way of furthering peer learning across IDPS members, on the current 'state of play' with respect to thinking and progress on the Use of Country Systems (UCS). Its aim was to facilitate the comparing of experiences, and to identify strategic ways of advancing the agenda at country and headquarter levels i.e. an agenda for action for the International Dialogue leadership on the Use of Country Systems going forward.

This workshop examined in particular the cases of Somalia and Central African Republic¹ from a cross-constituency perspective (government, development partners and civil society), and reviewed the g7+ recent draft policy paper outlining its perspective on the Use of Country Systems. The consultation and a review of relevant documentation provided by International Dialogue members will be used to pull together a Use of Country Systems 'State of Play' report, for Dialogue members' consideration². What follows is a report of highlights from the meeting itself.

Participants

Participants included host, Manager of the World Bank FCV Hub in Nairobi (Amara Konneh), WB/UN Aid Coordination Officer (Sarah Cramer), Officials from the Somali Ministry of Finance (g7+ focal point, Adil Garane), Central Bank and Prime Minister's Office, IWG co-chair and g7+ focal point from Central African Republic (Bienvenu Hervé Kovoungbo), USAID representative of UCS Working Group (Nina Bowen), ISE consultants (Nelly Macklenberg and Alexander Park).

Key Messages

1. The International Dialogue can make all the difference – allowing for shared understanding and more nuanced positions – as it was seen in the country dialogue on UCS in Somalia.
2. Donors must acknowledge PFM advances and move forward on UCS: It takes two to tango.
3. Fiduciary Risk does not mean Value for Money.
4. UCS is about quality engagement to build state capability not quality tick boxing.
5. International guidance is difficult to translate, country specific guidance is required.

¹ The scheduled participation of g7+ focal points from Timor Leste and Liberia was shelved, due to logistical difficulties. Subsequent interviews and a review of existing documentation will be used to ensure that these additional country perspectives are integrated into the State of Play report.

² The Institute for State Effectiveness was commissioned by the IDPS secretariat, to co-facilitate the workshop, conduct a review of the literature, and interview participants, in order to pull together a State of Play report. The Co-Chairs of the International Dialogue's Implementation Working Group provided inputs into the framing of the final report.

6. GPEDC UCS monitoring framework is flawed and requires overhaul.
7. Communicating why UCS is worthwhile remains a challenge.
8. Pseudo UCS is not enough.

Main Takeaways

1. New Deal is needed in MICs facing fragility and displacement

Amara Konneh opened the proceedings, welcomed this opportunity for IDPS collaboration and invited the Dialogue to explore the broader applicability of New Deal principles in an evolving global landscape, where migration, displacement and fragility as a middle income country phenomenon, are increasingly common features.

2. Donors must acknowledge PFM advances and move forward on UCS: It takes two to tango

g7+ Secretariat presentation by Habib Mayar of draft 'Policy note on the Use of Country Systems in Development Assistance' highlighted the need to acknowledge the very real progress many g7+ countries had made on PFM, and encouraged development partners to take the necessary steps to overcome their low risk appetites, and make good their commitments to use country systems where capacity was improved (see Annex - g7+ Policy note 2017 'Main messages').

3. UCS is about quality engagement to build state capability not quality tick boxing: The Start of any conversation is the truth and Dialogue is the X factor

- Somalia Use of Country System's Working Group shared its experience of a two year-long country dialogue between donors and government, in a context where physically, dialogue is difficult because of security challenges. Nevertheless, dialogue over two years had made the difference, contributing to the nuancing positions and approaches and shared understanding of what was meant by Use of Country Systems by government and donors. They presented highlights from Risk Benefit Study (soon to be published).
- Paradoxical claims about risk aversion are not uniformly applied to government and third parties e.g. NGOs, leaving the latter equally or even more exposed to risk. Fiduciary risk does not equal value for money.
- Use of Country Systems is not just about the money but about the systems and the quality of engagement with government, with Statebuilding as the ultimate goal. UCS is not just budget support – it is about the 'how' of engaging and making states capable.
- Country specific guidance need to guide implementation rather than international guidance. Tailored and country specific approaches are required. Only dialogue at country level between government and development partners can determine the use of country systems standards locally.
- Concerns were raised regarding the GPEDC monitoring framework approach to measuring UCS progress because it compares very different systems in different countries. The GPEDC monitoring framework will require an update.
- Currently, humanitarian financing lies outside of the scope of the New Deal which creates some rejection of the New Deal language. Governments need to work closer with humanitarian actors in order to be associated with delivering results for citizens. Communication is important in this process and can help building legitimacy and trust in state institutions.

- There was mixed interest among participants regarding the Use of Local systems (e.g. Resorting to local civil society organisations rather than to international NGOs)³.

4. Pseudo UCS is not enough

‘Pseudo use of country systems’ refers to a quantitative UCS with minimal qualitative differences in the way of doing business e.g. development partners may use country systems even where the state is weak, but with little government oversight. Although ‘pseudo UCS’ can be useful as a starting point for promoting better behaviour, it is not enough.

Next steps

- ‘State of Play’ report to be drafted to capture workshop conclusions, results of desk review and individual interviews – to be completed by end of December 2017
- UCS Working Group’s Risk Benefit study to be launched in January 2018
- Blogs summarising main conclusions are now being disseminated on IDPS and OECD websites
- Discussions with IDPS leadership required on using IDPS member wide consultation in March 2018 to put UCS lessons on the table, with stocktaking since Stockholm on progress for 10th Anniversary
- Dissemination of copies of UCS Working Group road map, via Dialogue platform to follow.

³ Blind spot also on ‘gender’ in UCS discussions. Situating UCS within broader discussions about ‘budget’ and ‘aid management’, then possibility to include civil society with gender budgeting lens (raised in Gender Inclusion workshop which followed Monday

Annex – g7+ Policy note 2017 ‘Main messages’

g7+ Policy Note 2017 Main Messages

Obstacles to greater use of country systems	Potential Solutions
Concerns over misuse or diversion of funds	Risk-mitigation options include co-signatory mechanisms, project accounts, payments on reimbursement basis, results-based financing and ex-post audits (see next section).
Concerns over insufficient PFM capacity on the part of partner governments	The very real improvements in PFM capacity on the part of partner governments should be cherished and supported.
Donors’ preference for quick fixes in service delivery	Donors need to acknowledge that such quick fixes are ultimately unsustainable.
Donors’ resistance to change	Clear instructions from donors’ headquarters to country offices
Lack of awareness of the benefits of using country systems and the risks of not doing so.	Donors and partner governments need to ensure that as well as taking both the short-term fiduciary risks of use of country systems, they also take into account the long-term risks of not using country systems, and understand the long-term benefits of strengthening country