

**2006 ASIAN REGIONAL FORUM ON AID EFFECTIVENESS:
IMPLEMENTATION, MONITORING AND EVALUATION**

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What is required to deliver external assistance through country systems?

Thematic study no. 2

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The opinions expressed in this case study are the author's alone,
and do not represent the official views of the organisers of
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Executive summary

1. This thematic case study considers the joint commitment under the Paris Declaration to strengthen government systems for procurement and public financial management, and to increase the use of these systems for the delivery of external assistance. It covers two complex reform processes that are both seen as broadly successful: public procurement reform in the Philippines and public financial management (PFM) reform in Bangladesh. The emphasis is on the *process of reform*.

2. In both cases, reform has been underway for many years (14 for Bangladesh and 7 in the Philippines), but neither country has yet achieved the standards set out in DAC best-practice indicators. In both cases, stakeholders considered that the pace of change was governed by the political and institutional context, and could not have been substantially faster. Both case studies deliver strong lessons on the importance of long-term, incremental change processes.

3. In both cases, the level of success was determined more by process elements, than by the technical merits of the reforms themselves. The cases demonstrate that having the right technical approach is a necessary but not sufficient condition. The following elements emerged as important.

- The process was owned and driven by country stakeholders.
- Ownership was maintained through skilled management of the political process and painstaking consensus building across government.
- A vision for reform was sustained over a long period, but matched by considerable tactical flexibility in identifying opportunities for progress in the short-term.
- A core group of reformers emerged in the administration, to become champions of the reform process.
- Technical assistance was most effective when its form was determined by the partner country.
- Technical assistance played a catalytic role, when effort was put into building and maintaining quality relationships. TA providers needed political and diplomatic skills to be effective.
- Progress was on occasion inhibited by over-prescriptive planning and target setting, which prevented the necessary flexibility.

4. Both countries still have some distance to go in achieving greater use of country systems for the delivery of external assistance. Agreement has been reached in a number of areas, notably local procurement. However, the case studies demonstrate that the standards set by donors as a condition of systems alignment can take many years to achieve.

5. In the meantime, donors continue to impose additional rules and procedures to meet their own accountability needs. Demanding financial and performance information that is not required for a government's management and accountability needs can divert effort away from reform processes. While there are occasions when donors may need to set higher standards of financial and performance information than are available through country systems, they should take care to minimise any negative impact on country-led reforms.