

IMPLEMENTATION AND PROCUREMENT REFORM: A GATEWAY TO COUNTRY OWNERSHIP

Background

MFAN believes that any successful and sustainable approach to global development must be driven by the priorities of people in developing countries. In particular, MFAN has recommended that U.S. strategies in developing countries incorporate plans to support the ability of citizens and local civil society to help drive the development process, set development priorities, combat corruption, and hold their own governments accountable. As such, we see the U.S. Agency for International Development's (USAID) Implementation and Procurement Reform (IPR) initiative as an important tool to give partner countries and their people more direct responsibility – and ownership – over their own development.

In line with U.S. commitments to international best practices of development, and in concert with efforts undertaken by other donor governments and multilateral institutions, USAID has embarked on an effort to apply the notion of “country ownership” to the way in which it provides assistance in developing countries. The IPR initiative is designed to strengthen local capacity in our partner countries – and thereby increase the sustainability of development – by raising the total amount of development assistance administered through country governments and local organizations and businesses to a global average of 30 percent by 2015. The President's September 2010 global development policy states: “Where our partners set in place systems that reflect high standards of transparency, good governance, and accountability, the United States will:

- Respond directly to country priorities, making new investments in line with established national strategies and country development plans based on broad consultation.
- Empower responsible governments to drive development and sustain outcomes by working through national institutions rather than around them.”¹

The policy also emphasizes “building sustainable capacity in the public sectors of our partners and at their national and community levels to provide basic services over the long-term” to “help increase the capacity of our partners to meet those needs.” IPR is an attempt to reach this goal.

Country Ownership and Building Developing Country Capacity: Recommendations for Successful Implementation of IPR

USAID has already made meaningful progress toward elevating the imperative to build developing country capacity in its policies and procedures. In January of this year, the Agency revised its “Source, Origin, and Nationality” regulation², or S/O/N, to provide greater flexibility in procurement by allowing the agency to purchase the goods it needs not just from the U.S. (as had been the case), but also from the country where the good is being used or from another developing country that offers a competitive price.

Through IPR, USAID is seeking to bring the Administration's country-led reforms to life in a number of ways. The Agency is managing risk by developing clear metrics to assess the capabilities of country systems to effectively and transparently deliver services in a manner accountable to both their own citizens and to U.S. taxpayers. It is also enhancing its in-house technical expertise in the areas of procurement and contract oversight by replenishing operating expenses that have been historically curtailed and prioritizing the recruitment and retention of its own staff with these core competencies. Finally, USAID is further enabling stronger oversight by breaking down large, inflexible contracts that became the norm during USAID's outsourcing era into smaller, more manageable awards with a more diverse range of local partners.

With an initial target of disbursing less than a third of U.S. development assistance through local actors over the next three years, USAID is giving itself an opportunity to assess – and reassess – progress on implementation of IPR, and make any necessary mid-course corrections along the way. MFAN supports the intent of IPR in support of increased local ownership, and we make the following recommendations to help IPR fulfill its promise of more effective, sustainable development:

1. **Create a strong enabling environment for local NGOs and businesses to thrive.** Transparent, well-functioning country systems are only part of the development equation; engaged civil-society and private-sector actors *must lead the way* by driving the effectiveness and accountability of local institutions through active participation. Partner governments should cultivate ongoing dialogues with in-country stakeholders, including local and international civil-society organizations, to ensure plans are locally owned and cooperatively developed, implemented, and sustained.
2. **Bring all stakeholders into the planning process to optimize efficiency, execution, and long-term viability of IPR reforms.** During the years when USAID's own capacity was depleted, not-for-profit and for-profit organizations alike, U.S.-based and international, filled the void in helping to address the needs of the poorest and most vulnerable around the world. As the U.S. Government seeks to shift more assistance over to local entities, longstanding U.S. development partners should be consulted regularly and systematically to leverage their experience and expertise in building local capacity abroad.
3. **Ensure USAID, as an agency, is oriented toward building local capacity through all of its programs.** While USAID has set out a target percentage of its assistance that will flow through partner country governments and local organizations and businesses by 2015, achieving a target alone will not be indicative of a change in approach. Building local capacity should be a central part of USAID's mission across its programming, regardless of the implementing partners involved.
4. **Devote enough well-trained personnel and resources necessary to effectively implement and responsibly administer the new procurement policy.** USAID's operating budget must continue to support the Agency's ability to more effectively oversee program implementation and monitor accountability and results.
5. **Be prudent, vigilant, and transparent throughout the implementation process.** In an increasingly resource-constrained budget environment, it is even more critical that IPR is done right. Doubling the level of assistance disbursed through local means is a noble but ambitious goal, which demands smart, responsible approaches that incorporate safeguards to ensure responsible stewardship of taxpayer dollars.

IPR is an important, incremental step in fostering a development process that is truly sustainable for partner countries and ultimately owned by them – while at the same time gradually reducing our aid footprint. This is a universally-accepted principle of aid effectiveness and a well-established best practice in the field of development. MFAN looks forward to working with the Administration and the broader development community to continue on the course of locally-owned, sustainable development.

References

- 1 "Fact Sheet: U.S. Global Development Policy," *The White House*, September 22, 2010: <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>
- 2 *Final Rule: Procurement of Commodities and Services Financed by USAID Federal Program Funds*, 22 CFR Part 228, RIN 0412-AA70, Effective February 6, 2012: <http://www.gpo.gov/fdsys/pkg/FR-2012-01-10/html/2011-33240.htm>

MFAN is a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. MFAN was created to build upon the bipartisan consensus that has emerged over the last decade that the U.S. should play a leadership role in achieving economic growth and reducing poverty and suffering around the world, and that we can play this role more effectively, efficiently, and transparently.