



## 2. Strengthen and use country systems

*This paper is part of a series of briefs outlining the four **SWA Collaborative Behaviours**<sup>1</sup>. These papers draw on recent empirical evidence from eight case-studies<sup>2</sup> carried out by partners of Sanitation and Water for All's Country Processes Task Team along with broader evidence drawn from both the WASH sector and beyond.*

### What are country systems?

Core country systems are the fundamental capabilities of government needed for the effective and transparent management of public resources including those received through development assistance. They are used to deliver all kinds of services from education, through agricultural extension, to health, and include functions for: public financial management, human resources management, statistics, procurement and contract management. Though in developing countries water and sanitation service delivery makes greater use of cost recovery than services in other sectors (e.g. health and education), core country systems are key to putting cost recovery mechanisms in place (utilities and service providers), financing capital expenditure, and monitoring and regulating services.

Delivering universal access to WASH requires building on the backbone of core country systems, utilising the reach of decentralized levels of government and the economy-wide capacity (private sector and civil society contractors and service providers) to construct and manage services.<sup>3</sup>

This integration of WASH institutions with core country systems needs to be strengthened and supported by all actors. A systems approach necessitates building the capacity of line ministries and decentralized levels of government to improve the country's ability to plan, implement and monitor the delivery of services through the collaborative work of all sector partners.

### The importance of strengthening and using of country systems

<sup>1</sup> The other briefs in this series can [be found here](#).

<sup>2</sup> The case study material is drawn from the following countries: Burkina Faso, Ethiopia, Ghana, Honduras, Liberia, Niger, South Sudan, Timor Leste. The case studies were conducted by IRC, WaterAid and the Water and Sanitation Programme of the World Bank.

<sup>3</sup> AMCOW, 2011. *Pathways to Progress: Transitioning to Country-led Service Delivery Pathways to Meet Africa's Water Supply and Sanitation Targets*, Washington: World Bank.

Despite decades of discussion about the poor sustainability of WASH services, most WASH investment by both developing countries and their development partners still relies on project based approaches, rather than a system strengthening or programmatic approach. There are a number of reasons for this. Building infrastructure is a tangible result that both financier and beneficiary can point to as progress. A project-based approach simplifies attribution and lends itself to the type of numeric indicators, like beneficiary numbers and access, that domestic constituencies and political ministries increasingly expect to see. Finally, it is easier and quicker to fix infrastructure than it is to fix institutions. The long term horizon and incremental results of institutional reform makes building country systems more difficult and less appealing than building infrastructure.

But continued failure to strengthen and use country systems can have pernicious effects on the WASH sectors' capacity to deliver sustained services:

- (i) Developing and instituting implementation procedures that are parallel (and usually different) to those of core country systems serves to divert resources and dilute development impacts;
- (ii) Drawing capable staff out of line ministries into project implementation units reduces the capacity of line ministries and the likelihood of them attracting funding to WASH;
- (iii) When parallel delivery mechanisms are used, there is less investment in the capacity of core government actors, systems and relationships, yet these will form the backbone of sustained WASH services.

If sustainability is to be improved, if countries are to develop the capacity to serve growing populations and aid is to leverage domestic and commercial finance for expanding WASH services, a far greater emphasis on strengthening and using country systems is needed.

Already some development partners are investing in system strengthening, but there are large discrepancies in outcomes depending on the way this is done<sup>4</sup>. Improving the way that development partners and developing country governments work together on the dual objectives of increasing access and strengthening systems to accelerate progress towards universal access to WASH will be critical to delivering sanitation and water for all.

## Learning from current practice

**Project-based approaches are still wide spread across all types of developing countries.** Whether in Timor-Leste or South Sudan, Niger, Ghana or Honduras, project-based approaches are still the predominant mode of WASH intervention across developing countries whether fragile, low income or middle income.

Unsurprisingly, project-based approaches dominate in fragile states but there is variety in the way that projects are set up, some with greater potential than others to strengthen country systems. Tearfund's research of one of their own WASH projects in South Sudan pointed out that 'villagers uniformly identified NGOs rather than the Government as their service providers, and reported problems with provision to NGOs rather than local authorities'<sup>5</sup>. By contrast, SDC's project in the same part of South Sudan –

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<sup>4</sup> It is often better achieved through a state building approach which brings together teams working on core systems, line ministries responsible for service delivery, local government reform and private sector development.

<sup>5</sup> Pickwick, S., 2013. Double dividends? Exploring how Tearfund's water, sanitation and hygiene programmes in South Sudan can contribute to peace and state building. *Humanitarian Exchange Magazine*, May

implementing a combination of emergency and development WASH activities – is building the capacity of the State Government to expand and sustain services.

Rather more surprisingly though, in middle income countries (MICs) project implementation units (PIUs) with parallel financial management, procurement, reporting, and M&E are all still the norm. In MICs there has been a move from stand-alone (staffed by consultants) to embedded PIUs (staffed by civil servants) but ministries that oversee them say that there is little difference in the way the PIUs behave as their *modus operandi* is that of a parallel mechanism<sup>6</sup>.

**The shift to programmatic approaches has been most successful in HIPC<sup>7</sup> countries with a good understanding of public finance and aid effectiveness.** In contrast to fragile state and MICs, the greatest advances towards programmatic approaches have taken place in low income politically stable countries – but even in these countries there is much diversity in outcome and a continued need for further harmonization and alignment to be done. While in Ethiopia a 2009 public expenditure review showed that 65 percent of funding to expanding WASH services was channeled through country systems (using the core intergovernmental block grant system) there was still 35 percent of funding coming through projects<sup>8</sup>. In Burkina Faso – which was one of the initial countries to benefit from the HIPC debt relief program in 2000 – 80 percent of funding to WASH was still being channeled through projects in 2014<sup>9</sup>. Two important factors underlying the very different outcomes in Ethiopia and Burkina Faso include: a) that Ethiopia's federal system with its clear expenditure mandates and roles for decentralized levels of government – was partially in place in the early 2000s, and, b) that there was a highly sophisticated aid effectiveness discourse among both civil servants and development partners – which meant that those involved in negotiating aid relationships had a good grasp of the range of alternative channels and the consequences of each. Neither of these factors were the case in Burkina Faso.

**Addressing use of country systems requires recourse to higher levels of donor-government aid negotiation.** Only so much can be fixed from within a specific service delivery sector as there are a number of key bottlenecks to increasing donor use of country systems that need to be addressed by developing country governments and their development partners in higher level fora. This is because WASH specialists both on the donor and developing country side do not generally have the knowledge of core country systems or the authority to negotiate for the systemic changes required to improve behaviour. Recourse to an overarching development assistance dialogue provided by either a budget support mechanism or similar process is needed to negotiate the terms, conditions and mechanisms for switching from project-based to programmatic modalities. Increasing capacity for WASH service delivery at the decentralized county level requires action from the ministries responsible for core functions such as finance, planning, civil service reform and internal affairs responsible for decentralization as well as the ministries responsible for WASH.

**Both donors and developing counties need to change behaviors to make the shift.** In both Burkina Faso and Niger mechanisms for sector budget support have been set up but few donors have decided to use them. Donors cite weaknesses in the fiduciary arrangements and with accountability to outputs and outcomes as a reason not to use these sector budget support mechanisms. Where full

<sup>6</sup> Uytewaal, E. a. A. G., 2015. *Aid Effectiveness in WASH: Honduras Case Study*, The Hague: IRC.

<sup>7</sup> Heavily indebted poor countries

<sup>8</sup> World Bank, 2009. *Ethiopia Public Expenditure Review*, Washington: World Bank.

<sup>9</sup> Nansi et al, J., 2014. *Aid Effectiveness in Burkina Faso: Status, challenges and ways forward*, The Hague: IRC.

systems alignment is not immediately possible, developing countries and donors should endeavor to move through a series of intermediate steps to progressively strengthen country systems and move towards using them. Behavior changes are required on both sides of the aid partnership.

## Recommendations

Integration of WASH institutions with core country systems enhances sustainability, as well as extending reach and scale beyond that which is possible using project-based approaches. Though there is a trade-off between spending resources on directly expanding access versus spending it on system strengthening, there is a strong case for increasing investments in system strengthening as a means to sustaining access investments.

Achieving this requires a proactive relationship among developing country governments, and development partners in which both strive to make incremental steps towards analyzing, strengthening and using country systems.

To strengthen and use country systems, developing country governments should:

- Articulate to development partners their preference for assistance which can strengthen and increase the use of core country systems for financial management, procurement, HR management etc;
- Work with government ministries responsible for developing and overseeing the use of core country systems such as the Ministries of Finance, Planning and Economic affairs, to analyze and strengthen the application of these systems for developing WASH services;
- Promote, support and use capacity and systems at decentralized levels to both build infrastructure and to deliver sustained services.

Development partners should:

- Support line ministries responsible for WASH to progressively move towards the goals above;
- Ensure that Technical Assistance (TA) and training builds the capacity of line ministries to strengthen and use core country systems, to build and use capacity at decentralized levels and to build and use economy-wide capacity;
- Work to increase the proportion of sector aid that is delivered using procurement, PFM and other country systems.

Where full alignment of sector activities with country systems is not immediately possible, government and partners should agree a set of intermediate steps to progressively strengthen country systems and move towards using them. These systems should cover both national and decentralized levels. Only in this way will countries develop the capabilities needed to deliver and sustain water, sanitation and hygiene services for all.