The Policy and Evaluation Committee met on Monday, 7 December 2009, to consider the “Strategy for strengthening and use of country systems” (document GN-2538). The Management team gave a complete and well-organized presentation on the elements in the strategy to take into account in order to proceed with the use of country systems, with a concrete proposal differentiating between the various systems in the areas of development effectiveness, environmental safeguards, and fiduciary systems. The team also presented the costs of implementing the strategy and gave a precise description of what would require approval by the Board of Executive Directors.

The strategy for strengthening and use of country systems proposes different approaches, depending on the different systems. In the area of development effectiveness, there is a project-by-project approach, whereas in the area of environmental safeguards, a controlled pilot exercise is being conducted to determine the specific approach to take. In the case of fiduciary systems, a rigorous validation process will be used, for the purpose of ensuring consistency with international standards and best practices, in order to determine whether these systems should be used fully or partially.

The Executive Directors congratulated Management on a job well done that reflected the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. They agreed that the process should be driven by country demand and address the countries’ specific needs. The Executive Directors pointed out that the development of country systems goes hand in hand with the development of the countries, which should guide our actions in this regard.

However, some Executive Directors expressed the need for greater clarity on the validation processes for country procurement systems. Accordingly, they indicated that they are not prepared at this time to support changes to the Bank’s procurement policies and procedures. Other Executive Directors underscored the importance of significant action by the Bank to support the reform of country procurement systems and to make use of these systems in the case of Bank-financed operations, thereby contributing to the institutional strengthening of the countries.

The Executive Director for the United States noted that it would be important for the proposed reforms to be vetted in a public consultation process, to which Management responded that the proposal was based on extensive negotiations and decision-making processes at the level of the relevant agencies and groups of experts. The general topic of public consultations is an item of discussion that the Policy and Evaluation Committee has included on its agenda on recommendations for the review of the Disclosure of Information Policy (OP-102).
It was explained that the validation processes are subject to a comparative analysis of 54 indicators/best practices established by the OECD-DAC and the observance of basic principles related to the regulatory framework, institutional capacity, market practices, and controls, integrity, and transparency. All of the best practices included in the methodology should be present in the country system, according to the proposal. Once it has gone through the respective technical and management process, the item is included in the country strategy and corresponding annual program, for approval by the Board of Executive Directors. Management stated emphatically that the purpose and process for approving certifications will ensure that the changes entail an improvement on the standards and criteria in current use. If a country does not comply with the established criteria, the model currently used by the Bank will be maintained.

Given the foregoing, I believe there is general support by the Board of Executive Directors to proceed with the principles of the Paris Declaration and the Accra Agenda for Action, and specific support for all of the initiatives in the proposal, with the exception of the one relating to country procurement systems. To move forward on this pending item, I ask that any chairs with additional concerns send any specific questions they have in writing by the end of December 2009 so a meeting of the Committee can be convened during the second half of January 2010 for the purpose of moving toward an agreement on the procurement matter.

As Chairperson of the Policy and Evaluation Committee, I hereby recommend that the Board of Executive Directors approve the key principles, issues, and elements of the strategy for strengthening and use of country systems, as discussed in document GN-2538, with the exception of those related to country procurement systems, until the Board has reached a decision on this issue.