

The Pooling of Technical Assistance

An Overview based on Field Research Experience in Six African Countries

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A Study for the Directorate-General for Development Cooperation (DGIS)
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Acronyms and Abbreviations

AFD	Agence Française de Développement (France)
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (Germany)
CDF	Comprehensive Development Framework
CFAA	Country Financial Accountability Assessment (World Bank)
CGIAR	Consultative Group for International Agricultural Research
CIDA	Canadian International Development Agency
CRSP	Civil Service Reform Programme (Ethiopia)
DAC	Development Assistance Committee (OECD)
DFID	Department for International Development (UK)
DGIS	Directorate-General for Development Cooperation (the Netherlands)
DPSM	Directorate of Public Service Management (Botswana)
EC	European Commission
ECDPM	European Centre for Development Policy Management
EFAG	Education Funding Agencies Group (Uganda)
ESIP	Education Sector Investment Programme (Uganda)
ESDP	Education Sector Development Programme (Ethiopia)
EU	European Union
FINNIDA	Finnish International Development Agency
GNP	gross national product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (Germany)
HIPC	Highly Indebted Poor Countries
IDA	international development agency
IDRC	International Development Research Centre (Canada)
JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (Germany)
M&E	monitoring and evaluation
MEDAC	Ministry of Economic Development and Cooperation (Ethiopia)
MOF	Ministry of Finance (Ethiopia)
MoU	Memorandum of Understanding
MFDP	Ministry of Finance and Development Planning (Botswana)
MPF	Ministry of Planning and Finance (Mozambique)
NGO	non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
OECD	Organisation for Economic Cooperation and Development
PAP	Programme Action Plan (Ethiopia)
PATA	Pooling Agreement for Technical Assistance (health sector, Mozambique)
PER	public expenditure review
PIM	Programme Implementation Manual (Ethiopia)
PRBS	poverty reduction budget support
PROAGRI	Agricultural Sector Programme (Mozambique)
PRODESS	Health and Social Sector Development Program (Mali)
PRSP	poverty reduction strategy paper
SDC	Swiss Agency for Development and Cooperation
Sida	Swedish International Development Agency
SIP	sector investment programme
SSTAF	Social Sector Technical Assistance Fund (Ethiopia)
SWAp	sector-wide approach
TA	technical assistance
TAS	Tanzania Assistance Strategy
ToR	terms of reference
TPAR	Tax Policy and Administrative Reform (Ethiopia)

UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
USAID	United States Agency for International Development
WHO	World Health Organisation

Executive Summary

In April of 2001, the Netherlands Ministry of Foreign Affairs asked the European Centre for Development Policy Management (ECDPM) to undertake a study on the pooling of funds to finance technical assistance in the context of sector-wide approaches. This study¹ is part of ongoing reflection within the development community on how to harmonise procedures so as to reduce the fragmentation of externally funded development activities as well as the considerable administrative burden they place on developing country administrations. It is based on reviews at field level and discussions with international development agencies (IDAs) and aims to encourage current attempts to bring abstract thinking on improved aid management practices to the operational level. A number of key questions are addressed, such as:

- To what extent is pooling a useful tool for harmonising donor procedures? When and where is it most effective?
- Does technical assistance² (TA) pooling provide a mechanism to enhance national ownership?
- What are the capacity and procedural constraints faced by both developing countries and IDAs in using pooling more extensively?
- To what extent is TA pooling contributing to changes in aid management practices, in particular the relationship between governments and the international development community and the practices of that community?

In answering these questions, the study has reviewed the broader and changing context of international development policy and activities. The result is a somewhat provocative look at issues related to the pooling of TA, particularly the role of national ownership, the capacity of both developing countries and IDAs to manage pools, and the procedural constraints to doing so. The conclusions call into question some conventional wisdom.

Background

In the mid-1990s, the international development community began to devise policy and procedural reforms to bring a new style and direction to development cooperation. These reforms, which were selectively implemented by most IDAs, included the sector investment programme (SIP) used mainly by the World Bank and the sector-wide approach (SWAp) favoured by a number of bilateral donors. Both mechanisms were designed to introduce more coherent planning and implementation of development interventions at the sector level according to the priorities set out by the national government, and to reduce the administrative burden on all development partners.

Within these collaborative arrangements, the mechanism of pooling funds to pay for TA, both outside and within SWAps, has been proposed as a means to reduce fragmentation among activities and to increase country leadership.

TA pooling has three key characteristics:

- There must be some collective action among IDAs and national participants with the goal of producing a development result.
- There must be some sort of collaboration or transfer of resources amongst the participants.
- The activity must be explicitly designed to support the agreed policy objectives of the partner country.

¹ Early in 2002, ECDPM will produce a shorter version of this report in three languages – English, French and Portuguese.

² In this report, TA refers to the transfer, adaptation, mobilisation and utilisation of services, skills, knowledge and technology. It includes both short- and long-term personnel from both national and foreign sources, plus training, support equipment, consultancies, study visits, seminars and various forms of linkage.

The field reviews identified three major types of TA pooling:

- *Full* TA pooling is the option with the most transfer of resources and control to the national participants who both contract with and direct TA personnel.
- In *mixed* TA pooling, national authorities manage the TA, but the contracting is done by one of the IDAs providing financing.
- In *loose* TA pooling, the least collaborative of the three approaches, the direction of the TA personnel is shared between the government and the IDAs. Personnel are normally contracted individually by one or more IDAs, often on a tied basis.

Current status and contribution of TA pooling in six countries

The study involved six country cases (Botswana, Ethiopia, Mali, Mozambique, Tanzania, and Uganda) focusing on the management of technical assistance and collaborative efforts such as pooling. There is an increasing amount of pooling in most of these countries, except in Mali, where donor collaboration is limited, and in Botswana, which succeeded in integrating aid resources into its national planning process. The current levels of pooling are still relatively small, and loose pooling is the most common form, reflecting the restrictions faced by some IDAs.

Serious *capacity shortages* in most of the countries reviewed, such as the lack of a single qualified accountant in the Government of Mozambique,³ have slowed progress in pooling of TA. Such shortages are exacerbated by complex coordination mechanisms, such as SWAps, which often result in additional requirements for TA to address capacity gaps. *Although the goal of SWAps is to increase ownership by the developing country, the result can sometimes be the opposite.*

The gradual trend to more TA pooling is *not yet having a major impact on national ownership*, although collaborative schemes generally reduce fragmentation, create more space for national ownership and have symbolic benefits. On the other hand, IDAs have initiated many schemes, and it was not immediately apparent that the developing country felt ownership towards them.

Small, context-aware and context-sensitive initiatives, following an incremental approach to reform, stand a better chance of success than grand, ambitious and one-size-fits-all schemes. They may also generate a greater sense of ownership.

The use of TA pooling does not appear, by itself, to lower the overall quantity of TA, especially in the early years of collaborative programmes such as SWAps. In addition, despite hopes that TA pooling would enable national governments to source TA from countries with cheaper expertise, such as Cuba and Asia, there has been *no apparent lowering of costs of TA*. Despite the rhetoric about untying *many IDA countries are reluctant to untie aid flows* that would shift procurement either to such countries or to other OECD countries. Furthermore, *local TA, especially in Africa, is becoming increasingly expensive*, often approaching the remuneration levels of personnel from OECD countries.

The assessment of *efficiency gains from TA pooling is mixed*. Most collaborative initiatives have proven to be far more labour intensive, time-consuming and organisationally complex than their advocates had predicted. This is especially true of SWAps that in some cases have incurred transaction costs at a level difficult to justify. There are, however, emerging signs of efficiency gains as both governments and IDAs learn about which category of TA pooling works best in what situation and for what reason.

³ World Bank, *Draft Mozambique Country Financial Assessment* (page 6, and referring to levels equivalent to chartered accountant, certified public accountants or 'revisor oficial de contas').

In some cases, TA pooling *highlights the comparative advantages and costs of different providers*, and thus increases transparency.

There is *some* evidence of a *correlation between the use of TA pooling and the crafting of better sector strategies and policies*. But it is important not to overstate the impact of TA pooling on the development of broader programme strategies. Deeper structural trends in collaborative activities are of far greater importance, such as an improved donor–government climate in Tanzania.

Factors shaping the use and contribution of TA pooling

Five interrelated factors appear to shape the use and performance of TA pooling:

- The *policies and organisational context* within the country. Most governments encourage the use of multiple funding channels as a means of financing TA within sector programmes. At the same time, many emphasise the importance of controlling the purpose and use of TA as opposed to its procurement and contracting. This policy position implicitly recognises the burden that the latter functions place on administrative and financial management systems.
- The *behaviour within the international funding community* in relation to TA pooling. This is influenced by three interconnected factors: policy and procedural restrictions, the strategies IDAs have developed for the use of TA, and the incentives within organisations to change their approaches. Conservative TA strategies and organisational incentives in IDAs that do not clearly support pooling, have discouraged activities in some countries, such as Mali.
- The *structure and management of the broader aid* relationship between the government and the IDA community in a particular country. Where the culture of collaboration is strong, TA pooling is more likely.
- *Relationships within the international funding community* in a particular country. Where there is a group of donors with a common vision, pooling is more likely. In Tanzania and Uganda, a cohesive group of ‘like-minded’ donors, especially those from Europe, have participated in SWAps and in some form of TA pooling.
- The *design and management of sector programme support*. Much as in the broader aid relationship itself, sector mechanisms are a form of collective action. At each stage of their organisational development, careful management and the right kind of organisational incentives must sustain the shared trust that underpins their functioning.

Suggested improvements in support of TA pooling

The report suggests a number of reforms and improvements to encourage TA pooling, many of which are quite provocative. Most of them are general in nature and will require more in-depth analysis before they can be made operational. These suggestions are summarised below; we invite readers to explore them further in Chapter 5.

- Major increases in TA pooling will require a *rethinking of the means and ends of TA*. *TA has become a focal point for criticism*, but the issue is often as much the environment in which it is used – lack of clarity of purpose, dysfunctional management structures, inadequate salaries for regular public servants, etc. The ongoing Netherlands-funded UNDP study of TA⁴ for capacity development is looking at some of these issues.

⁴ See *Reforming Technical Cooperation for Capacity Development* (<http://www.undp.org/capacity>).

- At the same time, the current tendency in some circles to reject TA, particularly long-term expatriate TA, as unnecessary is an overreaction to its weaknesses. In a world in which all countries are competing for skills and intellectual capacity on a global basis, *we see little justification for reducing TA for its own sake*. In countries like Mozambique, capacity gaps are increasing and TA can play a useful role, perhaps even in filling operational gaps. Botswana provides an interesting example of how this can be done under local guidance and management and with local ownership.
- *Better frameworks for assessing progress in capacity building are required*. A thorough organisational analysis seems to be one of the missing links in attempts to make TA pooling more effective.
- Strategy development frequently has to *balance detailed, up-front preparation and more incremental approaches* to learning by doing. The most successful schemes tend to evolve. *Moving too quickly on reform efforts or on too grand a scale can backfire*, as was the case in Mali. Participants also need to work together to think through strategies.
- A decision to proceed with TA pooling, especially full pooling, needs a clear assessment of *the organisational support required for success*, including working groups, dedicated administrative units and codes of conduct.
- The *harmonisation of IDA procedures is critical* for TA pooling. At the same time, many of the potential opportunities for TA pooling and procedural harmonisation depend upon the willingness of IDAs to *work within the national administrative, financial and legal systems*.
- Under pooling arrangements, the ‘controller’ roles of TA will likely diminish as national governments take control of TA to support their own interests. *Substitute control arrangements* (e.g. improved reporting, monitoring, evaluation and auditing) will then be required to provide IDAs with the confidence they need to maintain their financial support.
- TA pooling can be most effective within *restructured development cooperation relationships between countries and IDAs*. At the heart of the reforms required for such a restructuring are country leadership, mutual learning, greater cohesion and more collective action. Progress towards each of these goals will require serious thought and planning. It will also require *organisational reform within the international funding agencies* whose structures are not always supportive of these goals.

An emerging framework for thinking about TA pooling

The table below presents an analytical framework for thinking about TA pooling – the advantages of each type of pooling, the enabling conditions required, and the associated risks. It also suggests situations in which the different types of pooling may be most suitable.

- What are the *advantages* of each approach for the various participants? And as perceived by whom? Are participants clear about what they have to give up to secure these advantages?
- Which *enabling conditions* are critical as opposed to supportive, particularly with respect to implementation? What will make these three pooling approaches work, and why?
- What are the *risks* of these three approaches, and how can they be minimised? To what degree can and should they be understood in advance?
- What *situations* are most suitable for the three types of pooling?

Conclusions

The review has shown that pooling of TA is still in its infancy, although there are some modest but promising signs in several of the countries. The move to pooling is part of a broader change in the design and management of international development cooperation, at the core of which is the emphasis on country ownership and control. In the years ahead the challenge will be to encourage more pooling that promotes such ownership and control, while at the same time maintaining quality programming and effective implementation. At the same time, pooling of TA can not be de-linked from structural reform efforts (e.g. public sector reforms). It also can only be implemented in an environment with adequate capacity to direct the process, or where the necessary capacities can be created within a reasonably short time span, e.g. through special incentive schemes to bring capable persons into the civil service.

The authors have interpreted their mandate to include a review of the broader environment in which pooling is taking place, as well as the actual mechanism itself. This leads us to suggest three areas where further work would be helpful:

- to carry out further analysis of the issues raised in the recommendations in Chapter 5,
- to review the experiences of governments that have taken steps to improve the incentives in order to attract and retain qualified staff, and
- to examine approaches to harmonisation that take account of and support decentralisation processes.

An emerging framework for thinking about TA pooling

Type of TA arrangement		
FULL POOLING	MIXED POOLING	LOOSE POOLING
<p>ADVANTAGES (may be perceived differently by different stakeholders)</p>		
<ul style="list-style-type: none"> • Government in charge and makes decisions on what TA should lead to improved management skills and reinforced ownership • Can reduce coordination costs between IDAs and gov't in the long-term • Can reduce competition among IDAs • Complete transparency provides opportunity to compare costs of TA from different sources • Less opportunity for IDAs to put non-development demands on TA staff • (For central government agencies) funding is usually on budget and is centrally controlled • Allows IDAs to support objectives in areas where they have no comparative advantage 	<ul style="list-style-type: none"> • May require less time to put in place than full pooling • Relieves gov'ts with limited procurement and contracting skills of some management responsibility • Can reduce coordination costs between IDAs and the gov't in the long term • Less risk for donors • Reporting to donors may be easier than with full pooling • (For sectoral ministries) control is more decentralised • Allows IDAs to support objectives in areas where they have no comparative advantage 	<ul style="list-style-type: none"> • May be put in place relatively quickly and thus can support strategic innovations • Little pressure on local management systems • TA often chosen by common agreement to reflect recognised national or individual competencies of IDA countries • (Perversely) gov'ts may be more willing to admit local capacity gaps and use international TA if the costs are not known • Off-line nature provides funding for activities not funded through the central system • Since requirements are less onerous, a broader range of IDAs can be involved • (For sectoral ministries) control is more decentralised • (For donors who must show attribution) the role of each donor is evident and reporting is through their own systems.
<p>ENABLING CONDITIONS</p>		
<ul style="list-style-type: none"> • Good preparatory work among IDAs and gov't to produce stakeholder consensus on a sectoral strategy and on an M&E strategy • Good IDA–government relations • Willingness of IDAs to take risks • Full untying authority • Willingness of gov't ministries to give up individual projects • Reasonably competent and honest local management who are not overburdened with other activities • Solid gov't procurement procedures for both domestic and international purchasing 	<ul style="list-style-type: none"> • Good preparatory work among IDAs and gov't to produce stakeholder consensus on a sectoral strategy and on an M&E strategy • Reasonable IDA–gov't relations • Some willingness on part of IDAs to take risks • Willingness of gov't ministries to give up individual projects • One IDA prepared to take the lead and set up fund 	<ul style="list-style-type: none"> • Agreement among a limited number of IDAs on the appropriate use of TA

Type of TA arrangement		
FULL POOLING	MIXED POOLING	LOOSE POOLING
RISKS		
<ul style="list-style-type: none"> • Can take a long time to put in place • Lowest common denominator thinking can lead to less innovation • Individual foreign TA may be unwilling to sign contracts with individual governments • Political pressure to divert funds for other uses • Procurement and financial systems not adequate to resist corruption • Inadequate local expertise to meet all TA needs, resulting in rising costs • Pressures to use local or regional TA even if inappropriate or overly costly • Funds sometimes deducted from central budget allocations to individual ministries, thus reducing ministry interest 	<ul style="list-style-type: none"> • No opportunity to build up local procurement capacities through experience • Pool could be IDA-led, thus undermining local ownership • Little transparency on costs • Tendency to use more international TA than is necessary because of tied funding 	<ul style="list-style-type: none"> • No opportunity to build up local management capacities • The government's needs and preferences may not be given adequate attention, resulting in a lack of ownership • Pressure to use international TA, even if inappropriate, because of tied funding • No transparency with regard to costs • Harder for gov'ts to coordinate • Possibility of overwhelming gov'ts • IDAs have more opportunity to start their own initiatives, which may not respect gov't priorities
WHERE SUITABLE		
<ul style="list-style-type: none"> • Where amortisation of up-front transaction costs is possible over large activity • Where there is a high degree of trust between the government and IDAs • When hiring small numbers of individual TA staff (many IDAs may be reluctant to open large contracts to international tendering because they would lose out to lower-priced competitors) • When hiring national TA is a priority • When linkages between foreign TA and specific IDAs may indicate a lack of objectivity • Where the gov't has good procurement capacities as well as an overall vision 	<ul style="list-style-type: none"> • Where amortisation of up-front transaction costs is possible over a medium to large activity • Where the trust between the government and IDAs is weaker than in the case of full pooling, or IDAs have not developed strong collaborative mechanisms in the country concerned • Where considerable international TA is appropriate • Where IDAs have comparative advantages that can be utilised • Where the government's management procurement capacity is weak, but where there is an overall strategic vision 	<ul style="list-style-type: none"> • When activities are small and heavy transaction costs can not be amortised • Where there is little trust between the government and IDAs, or where IDAs have not developed strong collaborative mechanisms in the country concerned • Where untying authority is severely restricted

1 Introduction

Throughout most of the 1990s, the international development community including both developing countries and international development agencies (IDAs), were (or was) confronted with a series of interlocking constraints that limited the effectiveness of development cooperation.⁵ Readers will be familiar with the usual list of suspects – the proliferation of uncoordinated projects, the high administrative costs, the lack of country ownership, cost and time overruns, and a disappointing record of sustainability – all of which have been both the causes and effects of poor development performance. In some cases, the main objective of many projects – the building of capacity – was undermined by the very efforts that were designed to achieve it. In addition, the ‘fungibility’ factor⁶ tended to negate any benefits generated at the project level.⁷ These disappointing outcomes have regularly been apparent in the development cooperation programmes of most international development agencies (IDAs) operating in Africa, particularly those providing high levels of technical assistance (TA).⁸

Since the mid to late 1990s, a number of IDAs have responded by devising policy and procedural reforms in an attempt to move away from IDA-led interventions and towards country ownership. The objectives of these reforms were:

- to help build a supportive policy environment and an effective organisational infrastructure in support of poverty reduction;
- to create more policy and organisational space for partner countries to take the lead in, and ownership of, their own development programmes;
- to shift to more untying of development cooperation funds, including the provision of more budget support;
- to foster the integration of development cooperation interventions, including those at the macro and micro levels, and those comprising financial and technical elements;
- to reduce the fragmentation of IDA interventions, including shifting away from conventional projects and encouraging IDAs to pool their resource transfers; and
- to make better use of existing systems and capacities within the partner countries in the delivery of programmes, in order to reduce the reliance on external technical cooperation.

A common theme running through all these reforms was an emphasis on collaboration and joint action both between governments and IDAs, and among the IDAs themselves. Two of these collaborative approaches are the sector investment programme (SIP) used mainly by the World Bank, and the sector-wide approach (SWAp) favoured by a number of bilateral donors. Both mechanisms aim to introduce more coherence in the planning and implementation of development interventions at the sector level in accordance with the priorities determined by the national government, and to reduce the administrative burden on all the partners involved. Other collaborative approaches include the poverty reduction strategy papers (PRSPs) required by the Bretton Woods institutions under the Highly Indebted Poor Countries (HIPC) initiative, the World Bank’s Comprehensive Development Framework (CDF), the UNDP’s multi-sector programme approach, and a variety of sector programme support and SWAP-like arrangements.

Table 1 summarises the approaches of the most active bilateral agencies to sector-wide approaches, and particularly to what is now referred to as the ‘new paradigm’ – supporting poverty reduction through direct budget support in the long term, and sector programme support in the medium term.

⁵ Some of the early efforts to address these constraints are described in the *DAC Principles for Effective Aid*, OECD, 1992.

⁶ External funding frees up monies from other parts of the government budget, which can then be used on activities that may or may not be in keeping with the aims of the IDAs concerned, such as increased military expenditures.

⁷ See World Bank, *Assessing Aid: What Works, What Doesn’t and Why*, 1998.

⁸ In this report, the term ‘international development agencies’ refers to bilateral donors, UN organisations and multilateral funding organisations. International NGOs are described separately.

Table 1. Key elements of the approaches of bilateral IDAs.

Agency	Approaches
AFD (France)	Involved in a number of SWAps through parallel financing, but no formal policy; co-financing with other agencies is, however, now the rule.
CIDA	Discussion paper for consultations with Canadian public suggests greater involvement in programme approaches and more untied aid; already moving from heavy emphasis on project funding to increased involvement in SWAps, although most of this is still through parallel financing. Accountability regime encourages this because of emphasis on attribution of results to CIDA rather than to a group of IDAs. Because of tying restrictions, CIDA is unlikely to become involved in significant budget support in the near future.
DANIDA	New paradigm, policy being revised for the end of 2001, likely to move towards more pooling and collaboration; untying proposed in on-going policy review, although there is already greater flexibility than in the past. There are also discussions about the level of aid, with the possibility of increasing the ODA budget to 1.5% of GNP.
DFID	New paradigm; SWAps are now the major way of working in 13 or more countries. DFID wants to develop strong programmes including budget support with countries committed to poverty reduction; budget support is increasingly preferred where feasible; DFID is strong advocate of harmonisation.
DGIS	New paradigm, but recognition that major budgetary support is still 10 years away; decrease in number of programming countries has created disbursement pressures in the remaining ones. Much interest in pooling and harmonisation.
EC	New paradigm, but there are major gaps between policy and implementation in general, with limited risk taking; new development policy in 2000 encourages cooperation with other IDAs.
GTZ/BMZ	Considerable interest in SWAps. The Minister is known to favour programme-oriented approaches, but GTZ does not yet participate in the up-front joint planning of SWAps with other donors.
Ireland Aid	Policy being reviewed, but there is informal support for the new paradigm. Irish aid budget will increase to 0.7% of GNP by 2007. Seen by some other IDAs as innovative in its approaches.
FINNIDA	New policy for development cooperation in Feb 2001 clarifies support for poverty reduction and sectoral programming. Involvement in SWAps normally through parallel financing rather than through common activities.
NORAD	New paradigm, shifting from projects to programmatic approaches linked to national planning mechanisms such as CDFs and PRSPs. Strong emphasis on building competence and capacity internally, i.e. internal institutional development.
SDC (Switzerland)	Wants to expand involvement in SWAps – considers present involvement as an experiment towards developing a new policy in 2 or 3 years. Strongly committed to harmonisation.
Sida	New paradigm, with strong commitment to applying the principles of coordination, ownership, etc., that underpin SWAps to other funding mechanisms; hence increasing emphasis on finding common ground between programme and budget support, e.g. the need for institutional strengthening and good governance. Also looking at long-term (10 years) budget support to selected countries.

Most of these IDAs are also providing budget support, either at the sector level or, in some cases, through the central budget. In some cases, IDAs are providing sector support to a given country through both projects/programmes and budget support. Among the countries that were examined for this study, Mozambique, Tanzania and Uganda are most likely to receive un-earmarked budget support.⁹

The development community had expected that the implementation of new approaches and the new paradigm would reduce the total amount of technical assistance (TA) being used. So far, however, this has proven not to be the case; in fact, TA is still a very significant part of the official development assistance (ODA) of many IDAs, as Table 2 shows. In some cases, it has decreased, but in others it has risen significantly.

⁹ Earmarking implies defining the sector and purpose of the funding.

Table 2. Composition of official development assistance (ODA) by donor country, 1988–99 (at current prices and exchange rates, US\$ million).

	1988–89			1996			1999		
	ODA	TA	%	ODA	TA	%	ODA	TA	%
Australia	1,060	207	20%	1,074	411	38%	982	361	37%
Austria	292	49	17%	557	115	21%	527	105	20%
Belgium	652	160	25%	913	286	31%	760	276	36%
Canada	2,334	261	11%	1,795	331	18%	1,699	347	20%
Denmark	929	98	11%	1,772	104	6%	1,733	83	5%
Finland	657	45	7%	408	47	12%	416	72	17%
France	5,632	1,822	32%	7,451	2,502	34%	5,637	1,962	35%
Germany	4,839	1,523	31%	7,601	2,396	32%	5,515	1,911	35%
Greece				184	18	10%	194	24	12%
Ireland	53	12	23%	179	67	37%	245	0	0%
Italy	3,403	319	9%	2,416	60	2%	1,806	53	3%
Japan	9,049	1,115	12%	9,439	2,184	23%	15,323	2,136	14%
Luxembourg	18	0	0%	82	2	2%	119	1	1%
Netherlands	2,162	637	29%	3,246	952	29%	3,134	598	19%
New Zealand	96	41	43%	122	46	38%	134	53	40%
Norway	951	86	9%	1,311	168	13%	1,370	134	10%
Portugal	97	22	23%	218	64	29%	276	97	35%
Spain	395	51	13%	1,251	88	7%	1,363	118	9%
Sweden	1,666	261	16%	1,999	260	13%	1,630	47	3%
Switzerland	587	83	14%	1,026	374	36%	969	110	11%
UK	2,616	625	24%	3,199	849	27%	3,401	667	20%
USA	8,909	2,142	24%	9,377	2,787	30%	9,145	3,877	42%
Total DAC members	46,397	9,559	21%	55,620	14,111	25%	56,378	13,032	23%
EC	2,803	393	14%	5,455	226	4%	4,937	195	4%

Source: *The DAC Journal Development Cooperation, 2000 Report*. OECD, 2001, Vol. 2(1), Table 14.

Within this paradigm of increased collaboration, the establishment of pooled funds to pay for technical assistance is seen as a way to reduce the fragmentation of efforts and to encourage the role of country leadership.

This report, commissioned by the Ministry of Foreign Affairs of the Netherlands, and researched and produced by the European Centre for Development Policy Management (ECDPM) in Maastricht, the Netherlands, looks in more depth at the issue of TA pooling, including its prevalence and impacts to date, within the context of the reforms to development cooperation discussed above.

In looking at the issue of TA pooling, this report addresses four groups of related questions:

- What are the different kinds of TA pooling? How should the term pooling be defined and discussed?
- How widespread is TA pooling at present, and what contribution has it made to date?
- What factors appear to have shaped the current level of use and performance of TA pooling?
- What can be done to improve the use and effectiveness of TA pooling, and how?

While this report focuses on the issue of TA pooling, the authors would like to emphasise what it does not address. First, it is not another review of the design and performance of sector programme support, or CDFs, or PRSPs, or any other form of collaborative arrangement. As we shall see later, the influence of these approaches as the context for TA pooling is important and is addressed. But lack of space and the existence of a growing body of experience on these broader issues have led us to limit the attention given to that subject. Second, this is not just another report on the many issues associated with the effectiveness of technical assistance such as gap-filling versus advisory TA, short-term versus long-term TA, and so on, since a huge and slightly repetitive literature also exists on this subject. The

Netherlands Ministry of Foreign Affairs has also commissioned the United Nations Development Programme (UNDP) to undertake another major rethink of the topic, which has been under way since May 2001.¹⁰ The Netherlands Ministry of Foreign Affairs has also contracted PriceWaterhouseCoopers to analyse the experiences of the international private sector in the provision and use of TA.

We also do not go into the details of the financial management and contractual issues involved with TA pooling, since again, much has been written on these topics.¹¹ Finally, we provide only a limited analysis of many of the other issues that are intertwined with the topic of TA pooling, such as capacity building, country ownership, aid coordination, public sector reform, procedural harmonisation and organisational sustainability.

2 Definitions and Methodology

2.1 Definitions

As is usually the case in international development cooperation, in our literature search and field interviews we encountered a broad range of interpretations of the key terms. For example, the case studies use terms differently, reflecting different national practices. We therefore begin by setting out the definitions of the key terms used in this report.

Technical assistance (TA) is defined as the transfer, adaptation, mobilisation and utilisation of services, skills, knowledge and technology.¹² Such assistance can cover a multitude of functions, such as the provision of policy advice, capacity building or service delivery. In this report, the term refers to both short- and long-term TA from both national and foreign sources, plus training, support materials and equipment, consultancies, study visits, seminars and various forms of linkages.¹³ We do not include activities that are primarily connected with the supply of large equipment.

TA pooling

TA pooling is seen as having three key characteristics. First, the TA activity must involve some level of collective action amongst IDAs and national partners to produce a development result. Second, it must involve some sort of sharing, collaboration or transfer of resources among the partners. Third, the activity must be explicitly designed to support the agreed policy objectives of the partner country, which must exercise strategic control over the TA. We have therefore categorised three main types of TA pooling, referred to as ‘full’, ‘mixed’ and ‘loose’, representing decreasing levels of collaboration. Many variants exist within these broad categories but we have omitted these to simplify the discussion.

¹⁰ See *Reforming Technical Cooperation for Capacity Development* (www.undp.org/capacity).

¹¹ See, for example, Crown Agents, *Donor Accountability Study: A Study Regarding the Harmonisation of Donor Accountability Requirements for General and Sector Budget Support (Including SWAps) in the Areas of Commitments, Disbursements, Reporting and Auditing*, prepared for DFID, 31 May 2001. See also *Aid Management and Accountability Initiative 1991–1994*, Report of the UN Department for Development Support and Management Services, and the UNDP *Programme of Accountability and Transparency (PACT)*.

¹² This definition of TA is essentially the same as that used by the DAC for free-standing technical cooperation. TA is also defined as ‘a development cooperation instrument intended to strengthen social capacity at various levels in order to generate, transform, absorb and use skills and knowledge. It can take various forms, such as the assignment of personnel, research, training, networking, all of which can occur in many variations. TA is deployed as an integral part of aid efforts aimed at sustainable poverty reduction’. *Dutch Policy Framework for Technical Assistance*. Final report of the Technical Assistance Task Force, October 2000.

¹³ The inclusion of national TA is important here. In some of the countries we studied, especially Mozambique, Tanzania and Uganda, experts funded by IDAs are now increasingly being recruited from within the country itself in the form of independent consultants, civil servants working part time, or staff members of indigenous firms or foundations. In the capitals, groups of firms have sprung up much like their counterparts in the IDA countries. The Mozambique case study shows some of the downsides of this trend in the form of the loss of experienced staff from the public sector and some conflicts of interest.

Full TA pooling is the option with the greatest degree of transfer of resources and strategic control to the national partners. Full pooling can occur both inside and outside sector programme support, and has the following characteristics:

- The TA is funded and procured from a pool or basket controlled by the government using untied IDA funds, which are often combined with country funds. This kind of pooling can apply to short- or long-term assignments, or to the provision of national or international personnel. In some cases, the funding for the TA will be included in the regular budgets of the national or state government.
- Full TA pooling resources are managed using national procedures for procurement, contracting and management. In this type of pooling, the national partner, i.e. the government, has full management and contractual control over the TA.
- National partners and IDAs usually consult closely through working groups and broader supervisory committees.

In *mixed TA pooling*, the functions of procurement and personnel administration are separated from the strategic management and control of the TA, such as its supervision, deployment and performance assessment:

- there is no common pool managed by national authorities;
- the procurement and personnel administration is handled by an IDA or other third party using resources, both tied and untied, supplied by one or more IDAs; and
- the strategic management and control over the TA are carried out mainly by the national partners in consultation with the participating IDAs, much as in the case of full pooling.

Loose TA pooling is the least collaborative of the three approaches. It is often present in SWAps that began as little more than groups of projects connected through a coordination arrangement with the government. It has the following characteristics:

- the funding consists of tied or untied TA supplied, contracted and managed by the IDA providing the financing, much as in conventional arrangements; and
- the TA personnel come under the strategic control of national authorities, as in the cases of full and mixed TA pooling.

The elements and characteristics of these three types of TA pooling are compared in Table 3.

Table 3. Summary of characteristics of the three types of TA pooling.

	Full pooling	Mixed pooling	Loose pooling
Untied	×	×	×
Tied		×	×
Country procurement and contracting	×		
IDA procurement and contracting		×	×
Country role in strategic management	×	×	Shared with IDA
IDA role in strategic management			Shared with country

We should note that other forms of collaboration on TA are now emerging in international development cooperation. For some time, IDAs such as the World Bank have been setting up trust funds that can then be used to hire outside TA to supplement the agency's internal expertise. In other examples, broader, multi-stakeholder activities outside the regular programmes of most IDAs,¹⁴ aim to tackle multi-faceted crises such as HIV/AIDS, or to provide other forms of international public goods.

¹⁴ See, for example, Kanbur *et al.*, *The Future of Development Assistance: Common Pools and International Public Goods*, Policy Essay 25, Overseas Development Council, 1999.

Although these are critical issues that must be addressed in any comprehensive discussion of international development cooperation, they are not considered in this analysis.

A sector-wide approach (SWAp) is a method of working between and amongst governments, IDAs and some non-governmental organisations (NGOs) in which significant funding for a particular sector is provided to support an agreed sector policy and expenditure programme, under government leadership, using common approaches across the sector. Many such approaches involve the use of government procedures for disbursing and accounting for the funds provided. SWAps are usually underpinned by a set of values that emphasise national ownership, national execution and policy dialogue. They aim to bring greater coherence to a sector by: (a) adopting a programme rather than a project approach, (b) reducing the fragmentation of development cooperation efforts; (c) working within a shared policy and financing framework; and (d) strengthening the national institutional capacity.

Harmonisation is the process by which IDAs seek to reduce the transaction costs for both their country partners and themselves by standardising their operational policies and procedures. These procedures apply to activities such as planning and programme design, reporting, procurement, contracting for services, the terms and conditions for national and foreign TA personnel, financial control and management, performance monitoring, auditing and budgeting. A number of IDA representatives also point out that the harmonisation of procedures cannot be separated in any meaningful way from the harmonisation of IDA policies. One obvious means of harmonisation is the use by all participating IDAs of government systems where these meet acceptable standards.

Off-budget financing refers to monies that do not go through the national financial systems. They can be accessed without going through government procedures and are not subject to government priority setting. According to one estimate, 80% of all SWAp disbursements in Africa still go through project procedures, and only about 17% end up as budget support. *On-budget funds* are the opposite – they are under government control and are subject to government prioritisation. IMF and World Bank funding is always on budget. Finally, for the purposes of our analysis, we would like to comment on some of the special characteristics of TA that kept reappearing in our interviews and research for this report. As we shall see later, these characteristics are at the heart of some of the implementation issues that have shaped the prevalence and performance of TA pooling to date.

First, the divergence of views on the value of TA is greater now than at any time in the past. Many of the individuals we interviewed, both national government officials and IDA representatives, see TA as increasingly unnecessary and counterproductive. This view applies particularly to the use of long-term, foreign as ‘gap fillers’. But many in both groups also believe that the need for foreign technical skills and knowledge will continue as the economies of the partner countries grow and modernise. Reflecting these views, some IDAs are cutting back their supply of TA as a matter of policy, whereas others see such a move as ideological, premature and unconnected to realities in the field.¹⁵ While there may be a consensus on the past deficiencies of TA, there is as yet no such shared understanding pointing to a way forward.

Second, leaving aside its developmental value, TA remains a sensitive issue for IDAs in terms of their organisational visibility and legitimacy, the connection to national economic interests, and the role of development cooperation in promoting cultural values and language. Many IDAs are unwilling to untie their financial transfers for fear of ending up subsidising the supply of TA from their competitors. TA is one of the ODA transfers to the least developed countries that was excluded from the agreement on untying made at the OECD DAC High-Level Meeting in 2001. TA is also seen in some quarters as a monitoring tool that can be used to oversee the flow of funds, which will increasingly be shifted into national financial systems. IDAs that have cut back on TA have found that

¹⁵ Lauckner divides the international development community participating in the Tanzanian health SWAp into four categories: (1) IDAs withdrawing from TA and project aid; (2) IDAs using joint mechanisms and providing TA; (3) IDAs supplying TA and not using joint mechanisms; and (4) UN agencies. Lauckner, K., *Technical Assistance in the Context of the Health SWAp in Tanzania*, draft discussion paper, March 2001, p.16.

they have less access to information on field activities that they need in order to sustain organisational learning and to manage risk. In addition, many IDAs feel that a certain level of TA is required to ensure the support of domestic constituencies for stable or increased funding for international development programmes. Thus, there are clear incentives for IDAs to maintain significant levels of TA.

2.2 Methodology

In compiling this report, the authors faced the usual methodological difficulties that arise in most TA studies. Few governments or IDAs have explicitly thought much about TA pooling, or have collected data on its design and implementation. Few of the interviewees in either governments or IDAs in the six countries had a clear sense of the meaning or the implications of TA pooling. Information on organisational performance is, as usual, mostly uneven and anecdotal.

The information available at the field level was collected during short field visits (usually about 10 working days for each of the two consultants). A small study was also commissioned on the management of IDA–country relationships in Botswana. During these visits, the interviewers looked at the general situation of pooled TA rather than the operation of particular development programmes. They also visited the headquarters of international funding agencies in the following countries:

- Canada: Canadian International Development Agency (CIDA) in Ottawa;
- France: Ministry of Foreign Affairs and Agence Française de Développement (AFD) in Paris;
- Germany: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) in Eschborn, and the Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ) in Bonn;
- Netherlands: Directorate-General for Development Cooperation (DGIS), Ministry of Foreign Affairs, in The Hague;
- UK: Department for International Development (DFID) in London; and
- USA: the World Bank, in Washington, DC.

The researchers also contacted the European Commission (EC), and donor agencies in Denmark (Danish International Development Agency, DANIDA), Finland (Finnish International Development Agency, FINNIDA), Ireland (Ireland Aid), Norway (Norwegian Agency for Development Cooperation, NORAD), Sweden (Swedish International Development Agency, Sida), and Switzerland (Swiss Agency for Development and Cooperation, SDC). A full list of interviewees is given in Annex 1. The researchers also reviewed the literature in the fields of SWAs, technical cooperation and the management of development cooperation. The documents consulted are listed in the bibliography. Summaries of the six country reports can be found in Annexes 2–7.

3 Current Status and Contribution of TA Pooling in the Six Countries

In this section we assess the current status of TA pooling in the countries covered by this report: Botswana, Ethiopia, Mali, Mozambique, Tanzania and Uganda. We would emphasise here the tentative nature of our analysis of the use and effects of TA pooling to date. It is difficult to disentangle development contributions that can be traced directly to the influence of TA pooling in its various forms, from the wide range of other factors that influence particular outcomes. In addition, it is probably too early to make serious judgements about the value of TA pooling given the fact that most efforts are only one or two years old. The information provided below should therefore be regarded as indications of early trends that should be tracked more rigorously in the years ahead.

3.1 Current Levels and Deployment of Pooled TA

First we assess the current levels and deployment of TA pooling. As mentioned above, it is often difficult to obtain comprehensive data covering the various types and flows of pooled TA. Very little information is readily available at the field level or in the headquarters of IDAs. Nevertheless, in all the countries we visited, the general idea of TA pooling is gaining acceptance, but its use is still relatively small, for reasons we explain below. Most of the discussions on pooling in general refer to the overall increase in collaborative efforts and the growing shift to providing budget support. The officials we interviewed in the field, both in governments and in the IDA community, had not spent much time thinking about the pooling of TA and were in the early stages of considering its operational implications and potential benefits.

In Table 4, we have attempted to assign the various examples of pooling identified during the course of the study into the three types: full, mixed and loose. This chart should be regarded as indicative only, since a final assignment of each activity would require an in-depth knowledge that was not possible within the time limitations of this study. In addition, there is always potential for pools to move from one category to another, depending on the requirements of the funding IDAs at different times. The authors therefore apologise for any errors.

3.1.1 Full TA pooling

As Table 4 shows, examples of full TA pooling are present in four of the six countries, usually focusing on the provision of national personnel and individual foreign contract staff. Full pooling is the option with the most transfer of resources and control to the national participants who both contract with and direct TA personnel. All examples of full pooling – indeed of all types of TA – remain ‘off-budget’.¹⁶

- In Ethiopia, the Social Sectors TA Fund was to be an untied pool of funds at the disposal of the government, but its implementation was halted when hostilities broke out with Eritrea and the flow of aid funds largely dried up. Another proposal, also stalled, was to provide the Ethiopian Civil Service Reform Programme (CSR) with access to an untied pool of TA funds.¹⁷
- In Tanzania, we found two examples of full pooling, both of which had to do with public sector reform. Under the Local Government Reform Basket Fund, a non-SWAp arrangement, individual expatriates have been hired using a set of procedures agreed to by all the Fund participants.¹⁸ Similarly, the Tanzanian Performance Improvement Fund works through a complex system of technical committees and working groups to hire national and international TA.

¹⁶ TA makes up about 24% of all ODA to Tanzania and virtually all is deployed ‘off-budget’. But it is important to avoid sharp distinctions between financial flows that are ‘on-budget’ and ‘off-budget’. In Mozambique, some external funds were known to government financing authorities but were not included in the state budget. In effect, they were ‘on’ in terms of financial management, but ‘off’ in terms of legal and accounting procedures.

¹⁷ The proposed procedures for this CSR TA pool are relatively straightforward: it will provide consultants and TA for specialised problems. Where possible, it will use government recruitment and contracting procedures; reporting requirements will be harmonised; and an annual external audit will provide physical and financial oversight without placing an additional burden on the government.

¹⁸ The actual contracting of international TA personnel for the Local Government Reform Basket Fund is done by the Ministry of Local Government using an open competitive process.

Table 4. Examples of pooling identified during the course of the study.

Full pooling	Mixed pooling	Loose pooling
<p>Botswana Rather than encouraging pooling or even collaboration among donors, Botswana has taken an entirely different approach to TA. Its system is characterised by two main features. First, almost all external resources have been integrated into the national planning and budgeting system. As such, there has been no separate system for aid and for nationally funded activities. Second, TA has been integrated into the public service establishment. Manpower planning and budgeting constitute an integral part of the national planning process, falling under the responsibility of the Directorate of Public Service Management (DPSM). In this respect, DPSM takes charge of the recruitment of expatriates and oversees the process of localisation. Technical assistants have been a core component of aid flows, in view of the country's dire shortage of skilled manpower, and have played a significant role in strengthening the technical and delivery capacities of the public services. The fragmentation that is characteristic of the aid programmes of many developing countries has not been a problem in Botswana, and there has been no felt need for coordinating mechanisms such as pooling.</p>		
<p>Ethiopia</p> <ul style="list-style-type: none"> • Social Sectors TA Fund (not yet implemented) • Fiscal reform programme in the Ministry of Finance 		<ul style="list-style-type: none"> • Ministry of Economic Cooperation and Development Fund for capacity building
<p>Mali We were not able to identify any activities that could be categorised as pooling using the definitions adopted in this report.</p>		
<p>Mozambique</p> <ul style="list-style-type: none"> • Gabinete de Estudos • Education sector strategic plan (under development) • Health strategic plan • PROAGRI 	<ul style="list-style-type: none"> • Finance (Tribunal das Contas) • PATA 	<ul style="list-style-type: none"> • Capacity building for the police
<p>Tanzania</p> <ul style="list-style-type: none"> • Local Government Reform Basket Fund • Performance Improvement Fund 	<ul style="list-style-type: none"> • Policy Analysis Capacity Building 	<ul style="list-style-type: none"> • Health SWAp • Public Service Reform Programme • Local Government Reform Programme • Tax Administration Project • Public Expenditure Review and Medium-term Expenditure Framework
<p>Uganda</p> <ul style="list-style-type: none"> • TA pooling in education 	<ul style="list-style-type: none"> • Human rights and democratisation • TA pooling in the health sector • TA pooling in education 	

3.1.2 Mixed TA pooling

Mixed TA pooling involving two or more IDAs is increasing slowly in four of the countries, with Mali and Botswana being the exceptions. National authorities manage the TA, but the contracting is done by one of the IDAs providing financing. Some observers predicted that this category of pooling would not grow rapidly, given the possible appearance of IDA 'cartels' that could overwhelm the government.

- In Mozambique, the now suspended Pooling Agreement for Technical Assistance (PATA) was funded by the Netherlands, Norway and Switzerland, with UNDP managing the contracting and

payment of salaries. The Ministry of Health provided strategic management in terms of identifying the need for TA personnel, and for their selection, supervision and assessment.

- In Uganda, in the Human Rights and Democratisation Project, the European Union (EU) and DANIDA have pooled their resources and provide most of the TA through an implementation unit established by DANIDA. The EU has also supplied some TA staff whose salaries are paid outside the programme pool.

3.1.3 Loose pooling

Loose pooling is the most common form of provision of TA. It is the least collaborative of the three approaches and the direction of the TA personnel is shared between the IDAs and the government. Personnel are normally contracted individually by one of more IDAs, often on a tied basis. The authors of the Tanzania case report predict that in the years ahead, loose pooling will increase more rapidly in that country than either the full or the mixed types.

- In Tanzania, an example of loose pooling is the coordinated effort to provide election support, involving CIDA, DANIDA, DFID, DGIS, FINNIDA and Sida. In the health SWAp, the terms of reference and consultants' reports are discussed jointly by the SWAp partners, most of whom are engaged in loose pooling.
- In Ethiopia, IDAs are providing long-term TA for an integrated roads programme through individual agreements with the government.

3.1.4 TA pooling versus sector programme support

It may be useful to distinguish between the practice of TA pooling and that of sector programme support or SWAps. In the four countries mentioned above, TA pooling takes place both inside and outside of the sector arrangements. In Tanzania, for example, there is more TA pooling in sub-sector, narrow-purpose pools than in SWAps. In some cases, such as PATA in Mozambique, TA pooling began on its own and was then encouraged by donors to integrate itself into sector programme support. In most cases, IDAs seem to be more intent on integrating TA pooling into sector arrangements than their national counterparts, who remain wary of the implementation constraints.

The use of TA pooling, by itself, does not appear to have lowered the overall levels or the amount of TA, especially in the early years of collaborative programmes. There are a number of reasons for this:

- The factors driving the use of TA in general remain in place in all the countries, and have not been diluted in any major way by the gradual shift to pooling arrangements.
- The demands of implementation and capacity building had been underestimated in virtually all activities, especially in SWAps. The preparation of complex sector approaches requires skills in financial management, auditing, accounting and strategic planning, all of which are in short supply in many countries, regardless of the levels of national ownership or IDA collaboration. In practice, governments appear to be willing to accept TA from a pool as long as they have reasonable control during the preparation stage. This seems to be particularly true of TA sourced from the country itself.
- There is a perception among some IDAs that they will have less control and accountability in pooling arrangements than in projects and programmes. To compensate for the loss of direct supervision, some of them have proposed more foreign TA. According to research conducted by DANIDA, the number of TA personnel has risen as its participation in SWAps has increased. Some of our interviewees predicted that in the short and medium term there will be more TA SWAp implementation, as IDAs become concerned with the slow pace of results and their own

relative ignorance of sectoral issues. Others, however, expect declines in TA in the longer term as country governments shift SWAp funds away from what they perceive to be irrelevant TA.

We found little evidence that TA pooling alters the sectoral distribution of TA. Examples of pools range from police training in Mozambique, to policy analysis in Tanzania, to health sector analysis in Ethiopia. The factors shaping the distribution of TA have more to do with broader development needs and the policy preferences of both the governments and the IDAs.

3.2 Effects of TA Pooling

Effects on national ownership

The gradual trend to more TA pooling appears to be having a modest effect on the encouragement of national ownership. Collaborative schemes including TA pooling have the potential to reduce fragmentation and to create more space for national ownership which, in turn, may encourage the use of more pooling. Its use, even on a limited scale, can also have a symbolic impact that encourages national partners to assert their leadership on TA issues. The shift to more TA pooling also appears to reduce the tendency for IDAs to develop activities outside of national sector plan. It also appears that both mixed and loose TA approaches could contribute as much to the encouragement of national ownership as the full variety, provided they succeed in transferring strategic control to national partners and focus on achieving shared objectives.

As discussed later in this report, the factors that shape national ownership are far reaching. Few government officials, including those intent on reinforcing the shift to more national ownership, see the use of TA pooling, especially at the implementation stage, as a decisive operational influence. It is still unclear whether pooling, as a strategy, can dissolve the patterns of incentives and pressures on all the partners that have constrained national ownership in the past.¹⁹ As part of a broader reform of aid design and management, TA pooling is, however, having important symbolic benefits in terms of reinforcing the new paradigm of development cooperation.

Effects on the costs of TA

It would appear that TA pooling has not yet been able to reduce the overall costs of TA. In theory, a shift to more full pooling should enable national governments to source TA from countries where expertise is cheaper. Mozambique, for example, could obtain TA staff from Cuba, the former Soviet Union or Asia, rather than from the traditional, high-cost suppliers in Europe or North America. In the short to medium term, however, it seems that some IDA countries will be unwilling to untie aid flows so that procurement can shift either to lower-cost suppliers or to other more competitive IDA countries. Some cost savings are being achieved through the greater use of national TA, although in some cases the price levels are beginning to approach those of foreign TA, without necessarily providing the same quality of analysis.

Effects on the outcomes of TA

One of the anticipated benefits of TA pooling is better development outcomes. But it is difficult to come to the definite conclusion that TA pooling, *by itself*, is making a significant difference to increasing the effectiveness of capacity building, sustainability, relevance and other development goals. This should not be surprising, for two reasons:

- The deployment of even the best TA is likely to make only a modest contribution given the complexity of the factors involved in improving and sustaining organisational performance. In Mozambique, the assistance to the Gabinete de Estudos (a policy research unit within the Ministry of Finance), an example of full pooling, has followed the familiar pattern of boosting short-term outputs, but it has failed to build much in the way of an enduring set of core capacities, despite

¹⁹ See Brautigam, D., *Aid Dependence and Governance*, 2000.

high levels of national ownership. Pooling as a particular methodology cannot overcome poor design or lack of a proper strategy for the use of TA.

- Evaluations of sector programme support and/or projects that employ pooled TA have not focused on the causal relationship between pooled TA and programme outcomes. Part of the reason for this has to do with the embryonic state of the techniques for assessing progress in capacity development.

Effects on efficiency

As might be anticipated, our initial assessment of efficiency gains is mixed. Most SWAp have proven to be far more labour intensive and organisationally complex than their adherents had predicted, and TA pooling has not been able to reduce this burden to any real extent. In some cases, the development partners, both national and IDA, have tried to retain the old ways of project supervision and micromanagement in an effort to keep control of the SWAp, including the TA to which they have contributed. By resorting to complex guidelines and organisational structures they have acted, in part, to maintain the administrative burden.

There are nevertheless emerging signs of efficiency gains as both governments and IDAs have learned which category of TA pooling works best, in what situation, and for what purpose. Full pooling makes sense particularly for the supply of national TA. In Uganda, for example, the establishment of dedicated TA pools has eliminated the need for sectoral ministries to approach a different IDA each time they need technical support.

There are also cases in which mixed or loose pooling has the potential to save a good deal of time and effort, particularly if governments do not have the capacities to deal with the contracting and financial management. In the smaller, non-SWAp examples of TA pooling, such as police training in Mozambique (implemented by the UNDP, Portugal and Spain, and funded by the Netherlands and Switzerland), a group of IDAs has been able to focus their resources on a particular issue without shifting the burden of coordination to a Mozambican ministry that would be unable to carry out the task. More efficiency gains can be expected as experience is built up.

Effects on operational transparency

In some cases, pooling does seem to be able to improve the operational transparency of TA, a subject that has long been masked in IDA secrecy. In particular, it can help to highlight the comparative TA advantages and the costs of different providers. For example, donor X could more easily supply TA for activity X, or multilateral funder Y has better access to certain professional skills, provided it can secure funding from donor Z. In general, the sharing of information about TA can give all development partners a better sense of the purposes, potential contributions and comparative costs of various TA packages. In this sense, TA pooling can act to introduce more subtle competition into TA supply, and can encourage development partners to catch up with their counterparts in the public and private sectors for whom such ‘mix and match’ collaboration or pooling has long been standard practice.

Effects on strategy formulation

There appears to be some emerging evidence of a correlation between the use of TA pooling and the crafting of better sectoral strategies and policies. Our research revealed three aspects:

- In the case of education and health in Ethiopia, enormous efforts were invested up front in sector-wide analysis.²⁰ Full TA pooling, using national consultants teamed with those from IDA countries, has reduced fragmentation and has encouraged a more comprehensive approach to sectoral analysis.
- The use of TA pooling is able to diffuse the influence or control of individual IDAs in sensitive policy work. By doing so, it can lead to outcomes at the planning stage that are more acceptable to a broader range of partners. The generation of this kind of collective ownership has the potential to

²⁰ See also the report by Martin *et al.* on the preparations for the Ethiopian education sector SWAp.

bring wider benefits in terms of downstream collaboration. The loose pooling arrangement in the Mozambique health strategic plan falls into this category.

- The use of TA pooling encourages officials at the national and sub-national levels to think through their needs for TA, and to match them up against other demands from elsewhere in the sector or the region.

It is important not to overstate the impacts of TA pooling on the development of broader programme strategies. Deeper structural trends in the collaborative activities are of far greater importance. At least three such trends are apparent at the field level:

- In a number of SWAps, such as in the early stages of PROAGRI in Mozambique, the partners were preoccupied with the establishment of controls and procedures, often at the expense of strategy development.
- It is often difficult to disentangle emergency responses from longer-term plans, as in the case of sector support for agriculture in Ethiopia.
- In some SWAps and SWAP-like activities, development partners have tried to avoid getting bogged down in laborious strategic planning procedures and to use existing structures to monitor the gradual emergence of a strategy. They have also struggled to reach and maintain some sort of loose consensus. In such a context, TA pooling has the potential to make only a minor contribution.

Summary

We can sum up the current status and contribution of pooled TA in the four countries (excluding Botswana and Mali) as follows. Its use is growing as both governments and IDAs shift to more collaborative ways of designing and managing development interventions. All the development partners are experimenting with the different types of pooled TA and are learning about their comparative advantages and downsides. By itself, pooled TA is not a decisive innovation, but as part of a broader set of combined reforms, it can make a useful contribution.

4 Factors Shaping the Use and Contribution of TA Pooling

We now address the factors – the ‘why’ questions – underlying the current use and contribution of TA pooling. In doing so, we would emphasise the particular nature of cause and effect relationships in a complex system such as development cooperation. Many analyses of TA still implicitly seek linear causes of performance and effectiveness. From this perspective, the inclination is to chart out a results ‘chain’ or linked series of causes that move steadily in one direction, from cause to effect, without the possibility of multiple causes, complex correlations or separations in time and space. Our analysis of TA pooling leads us to think that its prevalence and performance derives from a variety of influences and causes that it, in turn, partially influences. A TA pooling arrangement is much like a Russian doll, obtaining its shape from the layers that encase it; it therefore cannot be understood strictly from the perspective of its own internal design or structure.

Five factors appear to shape the use and performance of TA pooling:

- the policies and organisational context within the country;
- the internal policies and procedures of individual IDAs;
- the relationships within the IDA community in a particular country;
- the design and management of the relationships between the country and the funding agencies; and
- the prevalence and design of sector programme support.

4.1 The Policies and Organisational Context within the Country

Five of the six countries (excluding Botswana) are engaged in formulating assistance strategies that attempt to pool and coordinate external development resources. All five have espoused policies that are intended to reduce their dependence on external TA. All have publicly voiced their confidence in their capacities for public sector management and have resisted the pressure for large numbers of foreign expatriates. Most of them can see some potential benefits of TA pooling, such as reducing the administrative burden in certain circumstances, and encouraging national capacity building. All accept the principle that country leadership is a key ingredient in any effective approach to TA pooling.

Within this aggregated view, however, there is a wide range of nuances and variations, most of which influence the use of TA pooling. In practice, a large proportion of the government officials interviewed are cautious about shifting rapidly to full TA pooling. Only Ethiopia and Uganda express support for national pools of funds to allow procurement of TA.²¹ Most officials are not aware of any single national organisation that would be able to respond effectively to a variety of TA needs at the national or sub-national levels. Some are concerned about the possibility of reducing flexibility by increasing the barriers to switching TA from one activity to another as and when needed. Others see TA pooling as a means of reducing the overall amount of ODA coming into the country.

Most governments are still encouraging the use of multiple funding channels within SWAs that could be used to fund both pooled and coordinated TA.²² During our discussions we were struck by the willingness of governments to give IDAs the time and the flexibility to participate in all forms of pooling as their procedures allow. Some governments, especially Tanzania and Uganda, are much more concerned about the purpose and use of TA than who does the procurement and contracting.²³ What is most important for government officials is that they have control in ensuring that TA, from whatever source, is appropriately applied to address the priority needs of the sector.

These nuanced perspectives were mirrored in the attitudes of central control agencies in most of the countries we visited. *Ministries of Finance* generally support the idea of pooling approaches and their potential leverage to bring the budgets and expenditures of sectoral ministries and IDAs within the overall financial framework of the government. Finance officials are most intent on reducing the fragmentation of aid investments and on shaping the direction of sector programmes to fit in with government priorities. Budget support is believed to provide the optimal combination of programme flexibility and central oversight. SWA ‘baskets’, managed through the government’s financial management system, are also seen as appropriate mechanisms.

Officials in ministries of finance also seek policy control and the opportunity to direct TA activities, but are concerned about the administrative burden involved in managing large TA contracts. Finance officials in countries such as Mozambique also appear to be cautious about using mechanisms such as SWAs inside their own ministries for activities such as public expenditure management. Some officials speculated that better IDA reporting with respect to TA procurement and deployment processes may be a more effective way of encouraging transparency than pooling.

Sectoral ministries appear to have a complex combination of motivations and interests with regard to TA pooling and their participation in sector programme support. The implementation of TA pooling can affect the pattern of organisational incentives that have grown up around the delivery of TA. For example, such ministries have traditionally entered into direct negotiations with IDAs in an effort to bypass central budget constraints and to get direct access to additional TA, equipment, training, travel

²¹ Most governments have not thought much about dedicated TA pools, especially within SWAs. But there is a general feeling that such an approach should not be encouraged for fear of draining away funds away from other SWA investments that would be of greater interest to national partners.

²² A survey of UNFPA staff found that in only one country was there a concern that non-participation in the common basket arrangement could jeopardise the position of reproductive health in the SWA. UNFPA Conference Paper.

²³ In Tanzania, for example, the Ministry of Transport has established a committee of senior officials to screen all requests before making recommendations to the Minister for final approval.

and operating funds. Arrangements that still provide these types of supplementary resources, particularly to those units in sectoral ministries that normally would not have access to project funds, are still welcomed, especially in the form of 'off-budget' baskets not controlled by central finance ministries. The effectiveness of coordination within sectoral ministries will affect the progress of TA pooling.

Sectoral ministries are also wary of the additional conditions, transparency and possible disruption to the flow of funds that might come with their participation in various pooling arrangements. They do not welcome the prospect of decisions on TA being controlled by finance ministries, which are usually unaware of the special needs in a particular sector. They have mixed feelings about the prospect of reducing crucial organisational and financial flexibility by having to deal with an IDA cartel, many of whose members might be poorly informed about the issues in a particular sector.²⁴ They are also uneasy that IDAs may fail to meet disbursement commitments that would be more automatic under a project approach. In some cases, sectoral ministries seem to suspect that the impetus for greater transparency would apply to them much more than to IDAs or to finance ministries. Finally, many sectoral ministries do not yet have the planning units that could help their technical staff in the design and management of TA. Most would prefer to receive TA through a mixed or loose form or pool, in order to ease the burden of administration.

In summary, it appears that government officials are often less enthusiastic about TA pooling than are some IDAs. In addition, sectoral ministries are often more cautious than central ministries such as finance and planning, a reflection in part of the perennial debate between control by the centre versus autonomy at the operational level.

Another in-country dynamic that is affecting the shift to TA pooling is the increasing *decentralisation*, which is well under way in all the countries we visited.²⁵ Many service functions to do with health and education are being shifted to the sub-national or even district level where, as yet, there are no established procedures for sector-wide planning, budgeting and coordination of TA. In practice, planning and management capacities at these levels are generally less well developed than those at the national level. This complicates the allocation decisions about which level of government should decide on TA issues, including those to do with pooling. In a number of countries, finance ministries include the costs of TA in state or provincial budget envelopes and then deduct them from national grants or financial transfers. Not surprisingly, this practice reduces provincial enthusiasm for TA, given the potential opportunity costs.

A final part of the national context for TA is that of *the administrative and financial management systems*. Many of the key administrative systems – financial management, procurement, contracting, auditing and enforcement – are either outdated or unable to cope with the building volume of work arising from the cumulative impact of poverty reduction strategy papers (PRSPs), sector programme support and other such programmes.²⁶ Most of these systems are also under constant repair or are being reformed. In some countries, such as Uganda, functions such as financial management and procurement have been decentralised to the district level. In all the countries, rapid progress is not a likely prospect given the complexity and pattern of incentives involved.²⁷ Most of our interviewees believe that the fear of misuse of funds and concerns about financial accountability are the major

²⁴ For example, few officials seemed interested in the idea of a TA 'pool' within a SWAp that could be used to fund TA exclusively. From their perspective such a proposal appeared to guarantee IDA access to TA resources, and would reduce their own flexibility to allocate funds elsewhere.

²⁵ For a more detailed discussion of this issue, see Nielsen (undated).

²⁶ Such systems are being built in a number of countries. In Tanzania, for example, the current operations of the new so-called platinum financial system shows promise. Progress has also been made on auditing, the procurement and management of medical stores and contracting for rural road construction. The National Procurement Bill is scheduled to go for approval to the National Assembly in 2001. However, there are only five trained accountants in the whole of the government. For a detailed account of the issues on the legal side in Tanzania, see Widner (2001).

²⁷ In Mozambique, for example, the Ministry of Planning and Finance was cautious in adopting new budgeting tools given the fragility of the present system and the potential for major disruptions in financial management. Successful 'pilot' schemes may remain so for many years due to delays in legislating or regulating them.

factors that are shaping the scale and type of funding agency involvement in pooling arrangements. Trust and confidence – or the lack thereof – remain the main barriers to full TA pooling.

4.2 The Behaviour of International Funding Agencies

Much of the actual behaviour to do with TA pooling within the international funding community is influenced by three interconnected factors: their policies and procedural restrictions, their TA strategies, and the pattern of organisational incentives.

Policies and procedural restrictions

Five IDAs – Belgium, Italy, USAID, the World Bank and the World Health Organisation (WHO) – are prohibited by their policies and procedures from engaging in any kind of basket funding. An even greater number, including CIDA, GTZ and JICA, do not provide major amounts of untied basket funds.²⁸ While most donors do have authority for national and regional untying with respect to TA, many still cannot untie internationally, and hence cannot contribute to pools designed to procure TA services on the international market.²⁹ Some of these restrictions are identified in Table 5 below, which is drawn from the Donor Accountability Study; others are noted in Tables 6 and 7.

Table 5. Procedural and regulatory flexibility for donor collaboration.

Agency	Able to act with other donors	Relies on other donors' studies or assessments	Able to accept appraisal based largely on joint appraisal	Willing to work with lead donor agreement	Willing to channel funds through the lead donor
DANIDA	Yes	Yes	Yes	Yes	Yes
DGIS	Yes	Yes	Yes	Yes; policy question not a legal one.	Yes
DFID	Yes	Yes	Yes	Yes	Yes
GTZ/BMZ	Yes	With the opinion of the executing agency	With the opinion of the executing agency	With the opinion of the executing agency	Yes
Ireland Aid	Yes	Yes	Yes	Yes	Yes
NORAD	Flexible	Yes	Yes	Yes	Yes
Sida	Flexible	Yes	Yes	Yes	Yes

TA strategies

The IDAs' TA strategies also limit the use of TA pooling. As Table 6 below shows, despite the years of attention to TA issues, few agencies have carefully thought through the role of TA in development cooperation for the 21st century, although the Netherlands and Norway are notable exceptions. This lack of clear thinking also extends to the role of TA for sector programme support. Even in those cases where the role of TA has been debated internally, it appears to be difficult to ensure a shared strategy or understanding between IDA staff at headquarters and in the field. IDAs also appear to be struggling with the disconnection between policy and implementation, and are finding it difficult to put in place mechanisms that can support sector programmes and various forms of pooling.

²⁸ The Kreditanstalt für Wiederaufbau (KfW), for example, can provide budget support to structural adjustment programmes and PRSPs, but it is limited in its ability to take part in basket funding for sectoral budgets. GTZ, in common with JICA, also does not finance recurrent costs.

²⁹ There are, of course, many variations to this general statement. In most instances, CIDA cannot untie internationally, but its funds can support TA pooling if the funding goes through any of the international financial institutions or certain international organisations such as CGIAR.

Table 6. TA and SWAps.

Agency	Guidance on SWAps	Status of TA, particularly with reference to SWAps
AFD (France)	No	TA plays major role in French aid, although levels have declined dramatically over the last decade.
CIDA	Some material in preparation	TA is integrated into projects and is not seen as separate entity, although during the 1990s between 28 and 33% of bilateral assistance has been TA. TA is subject to untying limitations for the overall bilateral programme, although these can be waived in particular cases.
DANIDA	Yes	New guidelines with clearer statement on TA expected before end 2001. Concern about lack of impact of TA on CD. Emphasis on more analysis DANIDA manages much TA including a lot of non-Danish expatriates. Pressure from the private sector to maintain more long-term TA.
DFID	Yes	DFID provides little long-term but considerable short-term TA and is free to match response to context using different forms of TA. Seen as being able to mobilise TA quickly. Pooling of TA may present problems because it is usually provided in kind through British expertise. Internal questions regarding the advantages of TA pooling over budget support.
DGIS	Yes	Policy Framework for TA approved by Dutch parliament in 2000 confirming principles of ownership and free choice among relevant options for capacity development to be given to partner governments. Recruitment of TA as part of agreed programme in principle by partner government or by Netherlands Embassy after consultation with government. The expectation is that this would lead to more considered choices and thus to a decrease in the volume of long-term TA. ³⁰ The unit managing TA in the Ministry has been abolished.
EC	Yes	No policy. Tenders for TA (and other activities) are open to both EC and developing country firms, but as the latter are usually unable to put forward same quality of personnel, hence EC spends large sums on European TA. Developing countries analyse bids and make final decisions for large TA contracts, but the system for getting onto TA list for <i>ad hoc</i> consultancies may not be very transparent. Difficult to mobilise short-term personnel quickly.
FINNIDA	<i>Ad hoc</i> , as needed	No policy, provides considerable expatriate TA. Because TA no longer attached to individual projects, the number of comptroller positions is being increased in order to ensure accountability.
GTZ/BMZ	Being developed	Since TA is seen as valid only when linked to capacity building, gap filling is not possible. The role of GTZ probably limits moves, as in some countries, to dramatically reduce or even abolish TA.
Ireland Aid	Yes	Policy not specific, but Ireland Aid has gone from heavy reliance on TA in the early 1980s to virtually none in the late 1990s. It is now recognised that there is a need for some focused, demand-led positions.
NORAD	Yes	Unwritten policy to avoid uncoordinated technical assistance by refusing to link Norwegian funding with the provision of national experts. Where expatriate assistance is required, it is rarely sourced in Norway. ³¹ Believes that foreign TA is giving programme approaches an IDA-driven flavour. Government-to-government TA has essentially been abolished.
SDC (Switzerland)	No	No policy, provides considerable expatriate TA in general, although the Mozambique office relies heavily on local staff.
Sida	Yes ³²	No written policy, but has essentially done away with TA supplied on a government-to-government basis; opposed to IDAs recruiting TA for their own projects.

³⁰ The Sectoral Approach Support Group of the Netherlands Ministry of Foreign Affairs, June 2000: 'Traditional technical assistance, focused on the long-term deployment of international experts in executive or operational roles will largely be a thing of the past ... Its form will ... change, for example providing expertise for a shorter period, tying into knowledge networks, using local and South-South expertise, etc.'. *The Sectoral Approach*, p.23.

³¹ For example, Norway is co-financing technical assistance from Harvard University to the Policy Unit of the Mozambique Ministry of Planning and Finance.

³² In an environment that is changing very rapidly, there was some suggestion that these guidelines may actually constrain staff from thinking creatively.

The pattern of organisational incentives

The third factor, the lack of clear incentives for pooling, is less openly discussed than the others, but is equally important. In designing their programmes, many IDAs are under significant pressure from partner countries, from domestic stakeholders and from other IDAs. In the face of rapidly changing development conditions, some IDAs seem uncertain about their role, the value of their TA contributions and the strength of the domestic support they can command. Most IDAs see the value of greater collaboration and of creating space for national partners. In countries such as Tanzania, the shift to sector programme support and some forms of TA pooling is more advanced. Peer IDA pressure is clearly a consideration. A number of IDAs are slowly shifting to, and experimenting with, pooling arrangements, but many are also under domestic pressure to earmark their interventions and 'prove' the value of 'their' results. Many IDAs still regard projects as the most effective way to deal with this issue. In particular, most are uneasy about de-linking the supply of TA from direct IDA funding without being clear about the impacts of such a move on their own organisational future. How will the reduced visibility in pooling arrangements affect perceptions of their impact? How will domestic control agencies (such as audit institutions) react when results are no longer clearly attributable to one IDA, as opposed to a group? How will key stakeholders, particularly those in the smaller donor countries, react to the loss of TA contracts? Will less tied TA expose them to an unacceptable degree of financial and political risk?

Table 7 shows the current pattern of IDA involvement in pooling and some of the problems they face.

Table 7. IDA involvement in pooling.

Agency	Involvement
AFD (France)	Tying restrictions prohibit any activities beyond loose pooling.
CIDA	Normally limited by restrictions on untying to anything but loose pooling, some exceptions have been made.
DANIDA	Considerable involvement (e.g. health sector in Ghana), seen by other donors as being willing to take risks.
DFID	Considerable involvement (health in Bangladesh, health strategic plan in Mozambique), but preference now for budget support in countries where conditions permit.
DGIS	Considerable involvement (e.g. basic education in Zambia).
EC	Relatively small contributions to pooling by EC standards (EUR 11 million over 3 years to the Ghana Health Fund and EUR 4 million to non-salary, recurrent health costs in Zambia). International procurement is difficult because regulations favour sourcing either in Europe or in developing countries, and getting derogation from this requirement is difficult.
FINNIDA	Some involvement (in education in Nepal and school construction in Zambia) but generally reluctant because Finnish firms are not competitive in international tenders; sometimes assistance is earmarked to ensure that Finnish content is maintained
GTZ/BMZ	No involvement. Financing of recurrent costs prohibited.
Ireland Aid	Considerable involvement (e.g. basic education in Zambia, health in Zambia, textbook fund in Mozambique). Sees pooling as a means to encourage local ownership. Irish policy is to support local systems as much as possible.
NORAD	Considerable involvement (e.g. Mozambique)
SDC (Switzerland)	The driving force behind most pooling efforts in Mozambique, with other donors such as NORAD, following behind. Involvement in health sector SWAp discussions since 1996. Also very active in the Tanzania Health SWAp along with DFID.
Sida	Considerable involvement (e.g. basic education in Zambia, planning unit in Mozambique), but it is recognised that sectoral tools not adequate and that broader capacity issues as identified in PRSPs must be addressed through civil service reform, improved financial management and institutional strengthening

4.3 The Relationship between the Partner Government and the IDA Community

In many countries, the structure and management of the broader aid relationship between the government and the IDA community have been key factors in helping the shift to TA pooling. Relationships that generate an enabling environment – a culture of collaboration – set the stage for TA pooling at the sector, programme and project levels. Uganda, for example, has made considerable progress in establishing a government-led consultative process using a combination of consultative groups, regular coordination meetings at the sector level and a range of personal and official contacts. Relationships that are less able to support collective action will limit the scope for TA pooling. In Ethiopia, for example, the erosion of trust between the government and the IDA community led to recriminations.

Three approaches to structuring the relationship between the government and the aid community are instructive (see Box 1). The Botswanan approach is the classic ‘country-dominated’ model, and has been the subject of a good deal of analysis, although not replication, over the years. Ironically, the Botswana model has assigned a role to TA – long-term and gap-filling – that is now out of favour within the international development community. Another emerging model is that of Tanzania, which may have more potential for emulation by other governments. The Tanzanian approach has been a work in progress since 1995 and, according to our interviewees, has done much to foster trust, collaboration and Tanzanian ownership of development cooperation over the last five or six years.³³ One of its key innovations has been the establishment of a mediation and monitoring function that tracks the performance of both the government and IDAs in implementing agreed objectives. The third example, a less happy one, is Mali where the relationship between the government and IDAs is tense and trust is low.³⁴

A productive aid relationship inspires trust and the willingness to experiment with a wider range of innovations such as TA pooling. Mutual efforts are needed to build a virtuous cycle, with greater IDA confidence, leading to less control and intrusion, more space for national ownership and the potential for better performance. The alternative is to revert to the ‘lose–lose’ pattern, or vicious cycle, in which IDAs impose tighter control over their investments and allow less space for country ownership, leading to the stunting of development performance. The creation of an enabling environment for TA pooling appears to depend critically upon the broader rules of the game that govern the wider aid relationship in a country. The quality of this partnership between IDAs and national actors seems to be equally, if not more important, than the operational design of the TA intervention.

Box 1: Three Approaches to Aid Management: Botswana, Mali and Tanzania

Botswana

The Botswanan approach involves a combination of strong country direction and aid integration, based on four key principles:

- All development cooperation is channelled through the national planning and budgeting system. Aid-funded projects must be included in the national development plan, which is approved by parliament, and have assigned budgets and resources.
- All TA, whether free-standing or linked to specific projects, is contracted by government, integrated into the human resources planning of the public service and assigned to established posts. Separate project and advisory posts are not created.

³³ NORAD field staff from across Africa were scheduled to visit Dar es Salaam in September 2001 to study the Tanzanian system.

³⁴ See OECD, Sahel and West Africa Club, *Analyse des resultats du questionnaire sur la gestion de l'aide*.

- The government, through the Ministry of Finance and Development Planning, ensures aid coordination by controlling all dealings with international funding agencies on a one-to-one basis. Sectoral ministries do not enter into separate agreements. There are no consultative or roundtable groups. Donors are encouraged to harmonise their procedures with those of the government.
- The government has proven itself more than willing to refuse offers of assistance that do not meet the needs of Botswana, a stance that is made easier because of large revenues from diamonds.

The findings of the analysis carried out for this report echo the conclusions of other observers: ‘the classic ills of technical cooperation so often cited: e.g. lack of ownership, too many stand-alone projects, parallel structures, burdensome procedures and accounting requirements, lack of coordination and poor sustainability, seem hardly to figure in Botswana’s thirty-year experience of cooperation with development partners’. Determined and capable country leadership reduces the choices available to IDAs, and in many ways makes their organisational lives much simpler.

Mali

The OECD’s Development Assistance Committee (DAC) commissioned an aid review in Mali covering the period 1996–98. One of the main conclusions centred on the fragmentation of IDA interventions and the cumulative impact of literally thousands of separate official visits, monitoring missions and evaluations. In response, the government of Mali set up an Aid Reform Secretariat in the Ministry of Finance with a mandate to review organisational structures, strategies and procedures. The IDAs were also requested to consider ways to improve harmonisation within the system. After two years of work, however, the results of this reform effort have been disappointing.

The major agreement to date has been on the level of per diems paid to national consultants. There has been little harmonisation among IDAs who do not even use Malian manuals or procedures. In some cases they have failed to honour agreements that they themselves helped to create.³⁵ There has been little collaboration of any kind. Neither the government nor the IDAs have shown the determination or leadership needed to induce more collaborative behaviour. Donors are disappointed in the achievements of the exercise and the tensions between Mali and the IDAs are far greater than in three other countries surveyed by the Sahel and West Africa Club of the OECD. Several donors commented that they would be reluctant to undertake a major exercise of this nature again. The end results have been lack of ownership of collective approaches, a decline in mutual confidence and increasingly individualistic behaviour – the opposite of the situation in Tanzania (see below).

Tanzania

By late 1994, relations between the government of Tanzania and the international funding community had become strained and unproductive despite more than 30 years of cooperation. In 1995, the Danish government hired a team of five trusted interlocutors, both foreign and Tanzanian, to suggest improvements that would be considered by both the government and the international community. The resulting report put forward a set of operating rules or code of practice to manage the relationship, plus a set of issues whose resolution would be regularly monitored by independent advisers.³⁶

The new arrangements put the government in the lead in managing the aid relationship, a move aimed at improving coherence and reducing fragmentation. Fora have been put in place at central agency and sector levels for collective dialogue in problem solving in order to build trust and transparency.³⁷ The performance of both the government and the international community is assessed and graded on a regular basis. In contrast with the Botswana model, the Tanzanian approach sees the aid relationship as more of a collective endeavour, which needs clear rules of the game and a means of mediating in disputes.

³⁵ OECD, Sahel and West Africa Club, *Analyse des résultats du questionnaire sur la gestion de l’aide*.

³⁶ The government and the IDAs have recently agreed to institutionalise the process by forming an advisory group with two donor-nominated representatives, two government-nominated representatives and one from the wider African community.

³⁷ There are currently 15 aid coordination sub-groups involving both funding agencies and the government.

4.4 Relationships within the International Funding Community in a Country

The use and effectiveness of TA pooling also appears to be correlated with the capacity of the IDA community operating in a particular country to collaborate among themselves. In Tanzania and Uganda, a cohesive group of 'like-minded' donors, most of them European, forms the heart of the IDA community. Most have untying authority even in the case of foreign TA. All have experience of working in national collaborative settings and across organisational boundaries. All of them are participating in SWApS and in some form of TA pooling. No one funding agency or donor monopolises the role of lead donor. The IDA peer pressure generated by this movement to collaboration has begun to affect the behaviour of the second group of slow movers in the IDA community, who have subsequently begun to contribute in a limited way to pooling arrangements. In these cases, IDA collaboration has added to, rather than reduced, the ability and willingness of the IDA community to accept government leadership.

In some of the other countries we examined, the relationships within the international funding community have not led to much momentum for collaboration. In Mali, the reduced role of the 'like-minded' group of IDAs has diminished their capacity to collaborate (see Box 1). Countries where one IDA (the World Bank or a bilateral donor) tends to monopolise the role of lead donor, seem to provide less of an enabling environment for TA pooling. The group dynamics of aid communities seem to benefit from 'loose' ties in which a greater number of partners feel comfortable pooling their resources without undue control or pressure from other actors.

4.5 The Design and Management of Sector Programme Support

Much as in the broader aid relationship itself, mechanisms such as SWApS are a form of collective action. At each stage of their organisational development, careful management and the right kind of organisational incentives must sustain the shared trust they need to keep functioning. Some of these management issues include an accepted way of group decision making, the constant management of inter-organisational relationships and conflicts, the proper structuring of roles and relationships within the SWAp, and an agreed way of distributing benefits.

Some of the key lessons that are being learned in the field are the following:

- Caution is needed in terms of the pace of the shift from loose to full TA pooling. There may be difficulties ahead in moving too quickly in the absence of both policy changes in the IDA community and improvements in the organisational capacities in the partner countries. The more effective programmes, such as in the education sector in Uganda, have tried to evolve through stages of increasing collaboration, starting with a partly earmarked fund divided up among various funding agencies, and moving towards budget support managed by national stakeholders. They have all started small, resisted the temptation to design complex approaches until they have learned more about the context in which they operate, and have moved incrementally through a series of experimental steps at the sub-sector level. These more effective programmes have gradually built up the capacity to cope with increasing complexity, wider participation and pressures to perform. This process can be seen as one of patient learning and confidence building.³⁸ Within this process, a shift to full and mixed TA pooling is likely to follow gradually as IDAs agree to untie their funding and find ways to collaborate. Too much initial enthusiasm may lead to disappointment and a reluctance to try again.
- It is necessary to find a balance between the need for inclusiveness and for operational efficiency. The involvement of too many development partners, particularly early in the life of a sector

³⁸ One field report has called this 'resolute, action-centred incrementalism'. Pavignani, *Swamped in a SWAp?*

support programme, can stifle initiative and dilute action. Lowest common denominator thinking can dominate the discussion and threaten the ability of the programme to foster innovation and change. But too great a role for a tight circle of key IDAs that, along with the government, control access to the financial basket can limit the motivation and participation of those on the periphery. As one means of avoiding this situation, in Tanzania, SNV, a Dutch NGO, was not a formal member of the Local Government Reform Programme but was included in some meetings and analytical activities in order to inject fresh thinking into the work.

- The partners involved in sector support programmes in general, and activities such as TA pooling in particular, may have to forgo some short-term organisational benefits in order to generate the potential systemic gains. For many, the costs may come early and the gains only later. Governments, for example, may have to be willing to give up their flexibility and inclination to fragment the cohesiveness of the IDA community for their own purposes. All partners must be willing to live with greater transparency and with the problems associated with unclear means and ends, vaguely connected causes and effects, long time frames, unclear results and many unintended side effects.
- The most effective programmes have tried to build up and sustain a shared and coherent view of the purpose of any pooled arrangements. Those reviewed have devised a variety of ways to do this, including a good deal of up-front planning and discussion, building up effective monitoring and evaluation systems, encouraging internal learning and communication, involving officials from other non-sectoral ministries such as Finance, and so on.

5 Suggested Improvements in Support of TA Pooling

In view of the above observations, some reforms and improvements to encourage more TA pooling can be considered. Most of these suggestions are general in nature, and will need to be refined before they can be made operational at the field level.

Restructure broader development cooperation relationships between countries and IDAs

TA pooling can function on its own as a useful device to help create development results at the project, programme and sector levels. But it can also contribute to, and benefit from the ongoing reforms of development cooperation, described in the Introduction as the ‘new paradigm’. As these reforms take hold and spread, the more scope will be created to move ahead with TA pooling, particularly full pooling. At the heart of these reforms is the need to restructure the overall development cooperation relationship on the basis of country leadership, mutual learning, greater cohesion and more collective action. In many of the countries we visited, this process is already under way.

Encourage a climate supportive of greater pooling and collective action

All development cooperation partners need to think broadly about accelerating the shift to more pooling and collective action. Over the last few decades, the rules of the game of development cooperation have coalesced into a style of operating that is biased against pooling and sustained collective action. The outcome, now better understood, has been a ‘tragedy of the commons’ in which most of the partners, both in the partner countries and in IDAs, have tried to protect their own interests by resorting to individual action in the form of unconnected projects, separate implementation units, customised reporting systems, too little investment in coordination, and so on. An agenda to promote more collective action seems to be emerging, for which we offer the following recommendations:

- All development partners must find ways to pool their knowledge, ideas, insights and promising practices, involving ‘communities of practice’ and knowledge networks at both the country and the international levels. This applies to relationships within governments, within the IDA community and between governments and IDAs. If the various types of pooling activities are to be effective, countries and IDAs need to work to build a new kind of relationship that will foster learning, experimentation and mutual support.
- In some instances, processes and procedures must be harmonised and shared. This objective is discussed in more detail below.
- Accountability for the outcomes or results of TA must be collectively shared. A sense of trust and collective endeavour is critical to making complex pooling possible at the different levels.
- Approaches to results-based management that encourage IDAs to focus solely or mainly on their own individual contributions need to be rethought.
- Pooling needs to be seen as part of a broader, more pluralistic framework for development cooperation that can include a balanced combination of budget support (mainly in support of PRSPs), basket funding, plus both programme and project support.³⁹ Although projects are no longer fashionable with many donors, we believe that some development issues, especially those that require piloting, experimentation and targeting, do not lend themselves to broad collective approaches. Projects with a narrower focus, even including tied TA, can provide the national partners with capabilities for innovation and learning that will remain useful. The challenge here is to fashion ways in which these experiments can be connected to, and fed into, mainstream operations. The pooling of ideas and interests at the initial planning stages of any TA intervention may matter more than its actual implementation.

Rethink the TA issue

Much of this report has focused on the organisational and procedural aspects of pooling as opposed to the substantive issues to do with TA. But in collaborative exercises, the scope for TA pooling will depend to a large degree on whether the development partners – both governments and IDAs – can reach a consensus on the wider purposes of TA. To help reach that level of agreement, more systematic thinking is still required. During the fieldwork for this study, two lines of thinking caught our attention:

- First, a good number of people appear to believe that TA’s record of development effectiveness has been poor and devoid of the ‘best’, or more modestly, ‘promising’ practices that pervade the rest of development cooperation. This particular view seems to us to be yet another reaction too far. There are many more examples of useful TA, most of which are accepted without much reflection, than unproductive ones. In many cases, the ineffectiveness of TA stems from a lack of coherence at the strategic level, poor organisational design or from the institutional and political constraints and disincentives that characterise the contexts of many TA interventions.
- Second, we are not persuaded by the view that the decline in the prevalence of TA is an automatic indicator of progress, and that self-reliance is the ultimate standard to which countries should aspire. In a world in which all countries, rich and poor, are short of the skills and intellectual capital they need to make rapid progress, and are competing for them on a global scale, and when ‘foreign aid is as much about knowledge as it is about money’,⁴⁰ we see little justification for reducing TA for its own sake. In some of the countries we studied, such as Mozambique, the gap between the demand for and the availability of trained people is widening as the private sector expands and the delivery of public services is decentralised.⁴¹ In some cases, as mentioned earlier, the preparation and implementation demands of sector programmes may increase the need for TA in the short and medium term. TA could still play a useful role in certain circumstances, even the

³⁹ The Swiss Agency for Development and Corporation, for example, sees itself as 66% in SWAps and 33% in projects. Cited in Burki, SCD, 2001.

⁴⁰ World Bank, *Assessing Aid: What Works, What Doesn’t, and Why*, 1998.

⁴¹ In Mozambique, only 6% of the staff of the Ministry of Planning and Finance have a university degree. The figure for the Ministry of Health is 4%.

unfashionable ‘gap filling’, as was clear in a number of the countries. For the foreseeable future, many of the poorer countries studied will need some sort of assistance to enable them to take part in the global exchange of knowledge.

What is really at issue in making TA effective is not its presence, volume or cost. Looking ahead, what is needed is to redefine its purpose, and to improve the design, context, selection and mode of provision – in short, TA needs to be modernised and more creatively deployed. As noted earlier, in countries such as Botswana that have mastered the management of TA, there seem to be few of the doubts that are found in the rest of the international development community. The research in Uganda yielded a number of examples of a growing capacity to manage TA effectively. The international private sector also appears to see TA, albeit in a quite different format, as a critical part of the transfer of innovation, technologies and knowledge. Along with many other aspects of international cooperation, TA suffers from an ingenuity gap – much more needs to be done to devise more effective ways to spread knowledge and learning.⁴²

The current rethinking of TA, sponsored by the Netherlands Ministry of Foreign Affairs and managed by the UNDP, may provide a useful impetus to move the thinking on TA forward in a number of areas. These include structural changes within IDAs and in the pattern of incentives that would lead to more effective TA; the role of the Internet and knowledge networks in the delivery and use of value-creating advice and insight; and different forms of design and delivery options for TA.

Combine market-based approaches and TA pooling

Introducing market-based competition into the design and supply of TA is now part of the ‘rethinking’ agenda. From this economic perspective, TA in the past has taken on the appearance of a free good. Few of those involved, especially those in the partner countries, are aware of its opportunity costs and have little incentive to pay attention to prices, costs and benefits when designing, supplying or allocating TA. The downsides of this lack of market-based competition are well known: distorted decisions, the inefficient allocation of its costs, few efforts by suppliers to restrict unnecessary TA or to price it competitively, and, finally, a limited flexibility for buyers to get the type of TA services that would be most effective.

When it comes to combining market-based approaches and TA pooling, a potential dilemma arises. Is it possible to reconcile an approach that emphasises competition and economic choice in the design and provision of TA, with one that supports collective action and collaboration amongst the development partners? Are these two approaches in conflict, or can they be combined for greater impact? This is not a topic that is receiving much attention at the field level, but it merits some thought given the growing importance of both approaches. In general, it would appear that the two approaches can be combined provided that sufficient groundwork is undertaken. Three points are relevant in this respect:

- Both approaches are moving in the direction of separating the financing of TA from its design and implementation. The challenge will be to get the right ‘fit’ for a particular programme.
- The trend towards including the cost of TA into national and provincial budgets and investment programmes goes part way towards highlighting the opportunity costs. This, in turn, requires user agencies to ‘pay’ for the TA in some way, and for IDAs to disclose its full costs. Both approaches rely on greater transparency to ensure their effectiveness.
- Introducing market-based competition into full TA pooling will succeed only if all the partners agree in advance on the ‘rules of the game’. High-cost suppliers, mainly in the IDA countries, will need to accept in advance the possibility that large contracts, such as for road construction, could go to lower-cost suppliers. Necessary TA that cannot be procured through international competition may be a candidate for mixed or loose pooling.

⁴² See Homer-Dixon, T., *The Ingenuity Gap: How Can We Solve the Problems of the Future*, 2000.

Develop some better frameworks for assessing capacity issues

A key part of this latest round of rethinking on TA has to do with the interrelationship between TA and capacity building. TA pooling is often cited as a better way of ensuring capacity and its sustainability, but the connection remains unclear. Despite the frequently repeated claims that capacity issues lie at the heart of the agendas of the international development community, we found mixed evidence of that in our field visits. The level of analysis and thus the understanding of institutional issues still seem to lag behind those concerned with economics, social development, environmental management, and many other issues. Only modest amounts of international research are devoted to capacity issues. Many of the organisational and institutional analyses carried out at the beginning of exercises such as SWAs seem to be only cursory. Many are conducted using a checklist, aimed more at fulfilling the IDAs' accountability and resource delivery requirements than to gain real insight into organisational strategy and behaviour.⁴³ TA issues are generally treated as marginal,⁴⁴ and the need for competent management of complex organisational change, in particular, seems to be poorly understood.⁴⁵ Few procedural changes are fashioned with the needs of the organisation in mind. Few TA approaches, pooled or otherwise, appear to be based on careful thought about how to deal with the dysfunctional conditions that surround most efforts at pooling.

For example, many programmes have consistently underestimated the time and resources that are needed to make meaningful institutional changes, despite decades of evidence to that effect. There seems to be little usable knowledge about how to improve the performance of the complex systems of organisations that are the subject of attention in PRSPs and SWAs. A thorough organisational analysis seems to be one of the missing links in attempts to make TA pooling more effective.⁴⁶ Without improved analysis and insight, it is likely to prove difficult to sustain a working consensus about the purposes of TA, and the necessary clarity that lies at the heart of effective TA pooling.

Invest in some up-front preparation in support of TA pooling

The crafting of strategies on TA and TA pooling frequently has to balance detailed, up-front preparation and more incremental approaches to learning by doing. Effective TA pooling seems to require a blend of both, but it must start with some shared understanding and intent if the collective action is to be sustained.

Development partners need to work together to think through a detailed strategy for TA pooling, particularly the full and mixed types that form part of complex, multi-participant activities. In some cases, an explicit agreement will be needed on the purpose of the TA pooling and how it is to be accessed, particularly if the funds are to be extra-budgetary. Funds for TA should not substitute for gaps in budgets or replicate activities already covered.

Sectoral ministries and sub-national governments may need assistance in putting capacity building strategies together and in securing internal government agreement for the procurement of the TA. In Tanzania, for example, the development partners have devoted a good deal of time to thinking through the options for structuring baskets of funds and, in the process, have developed effective new approaches. In the Local Government Reform Programme, a group of national partners from the central, regional and local levels, plus interested IDAs, discussed a comprehensive programme in 1997. Subsequently, the same group commissioned a study to look at the options for a Local

⁴³ Development cooperation is the only major 'industry' that still uses logical framework analysis, a vestige from the 1960s. For a critical analysis of the effects of the log frame, see Gasper, *Evaluating the 'Logical Framework Approach': Towards Learning-oriented Development Evaluation*, 1999. See also Smith, P., 'A comment on the limitations of the logical framework method, in reply to Gasper, and to Bell'. *Public Admin. Dev.* 20, 439-441 (2000).

⁴⁴ In the programme implementation manual used in the Ethiopian education SWAp, there is no mention of TA design and management.

⁴⁵ There may be some hope here. See DFID, *Change Models: Guidance Note*, draft for discussion.

⁴⁶ For one approach, see Bossuyt, J., *Mainstreaming Institutional Development: Why Is It Important and How Can It Be Done?* ECDPM, October 2001.

Government Reform Basket Fund. The option eventually chosen, which met the needs of the various stakeholders, absorbed 80% of the overall financing, including those funds originally foreseen for full pooling.

Build the organisational support to implement TA pooling

A decision to proceed with TA pooling, especially the full variety, needs to be accompanied by a clear understanding of the organisational support that will be required. TA pooling needs careful thinking and learning about implementation if it is to succeed. Examples of some approaches that have worked include the following:

- Putting in place working groups composed of both national and IDA partners. These groups can review requests for TA and decide on their deployment. They can also decide whether or not to set up databases of prospective TA personnel, how to use such resources and how to assess individual performance.
- Identifying a dedicated unit to provide administrative support.
- Providing some resources for the partner country, particularly at the sector and sub-national levels, to design and manage sector support.
- Ensuring that there is a real demand for the TA on the part of the government. In this regard, a new model is being proposed in Ethiopia, which would be demand led, and would provide support to develop the capacity to identify demand.
- Using organisational support to promote collaboration, including that to do with TA. Pooling in this sense applies to ideas, knowledge, organisational abilities and workloads as much as it does to the management of TA. Possible steps include the establishment of effective monitoring and evaluation systems, greater harmonisation of IDA procedures, delegated decision-making authority for all partners, more flexible procedures (especially with regard to budgets), and open reporting.
- Putting in place principles and codes of conduct governing collective action that will help to promote TA pooling.
- Experimenting with the most suitable organisational level and unit in which to locate the TA pool. Many of the eventual decisions will be made in the context of internal bureaucratic politics. National TA pools controlled by ministries of finance may well not find support within sectoral ministries. Regional ministries will no doubt expect the pools supplying TA to decentralised programmes to be under their control. More thought should be given to the needs of TA pooling at the district level. One option under review in Uganda involves establishing partnerships at the district level that would enable neighbouring districts to share TA skills.
- Experimenting with the establishment of a TA fund, agreed to by all the pooling partners, including the government. Discussions about such a fund can set the parameters for the sourcing of TA. In some SWAp, such as the one for education in Uganda, all TA – national and international, short and long term – is funded and managed through a consolidated TA fund. The partners need to come to an agreement that TA will be only be supplied through the pool on the basis of a request from the government, and through an agreed procedure.
- Starting with smaller pooling arrangements before moving to larger, more complex schemes. Many governments still do not have the capacity to manage large TA packages, and IDAs need to do more to harmonise their procedures. Mixed pooling can be a stepping stone to the full variety, particularly in areas where more ambitious pooling arrangements cannot yet work. Small TA pools within a SWAp to cover the costs of preparation may be useful.
- Doing more to connect existing TA pools once they are established. There may be opportunities for one sector pool to feed another, or to pool in the context of a PRSP or some other sectoral effort.

Move ahead on harmonisation

This report does not address in detail the issue of the harmonisation of IDA policies and procedures, since a good deal has already been written on this subject,⁴⁷ and various international task forces are now also looking at its implications.⁴⁸ Some functions such as reporting, holding annual reviews, monitoring, drafting memoranda of understanding and compensating national consultants could be harmonised relatively easily if discretion is given to IDA field offices in activities such as approving reporting formats. Other issues that reflect the interests and mandates of domestic regulatory agencies in the donor countries, such as accountability standards and financial management and control, will be more difficult to harmonise. Most IDAs continue to be concerned about the potential risks of the widespread adoption of these systems until they are better developed. The World Bank is currently using a Country Financial Accountability Assessment (CFAA) to verify the capacity of national financial systems.

The pace of harmonisation varies from country to country. In Mali, for example, it took more than two years for the IDAs to reach a consensus on expense scales for national TA personnel. In Tanzania and Uganda, the pace of collaboration on issues such as joint evaluation missions seems to have been much faster. Assuming that full, mixed and loose TA pooling will all be needed in the medium and long term, three aspects of harmonisation will be of particular importance:

- **Direct reporting.** Most governments want TA personnel to report directly to national authorities in order to exercise strategic control over their deployment and use. The government of Tanzania, for example, delayed the start of TA assistance to the Ministry of Finance while it negotiated at some length with an IDA that was reluctant to give up its direct control over the TA personnel it was providing.
- **Administrative procedures.** Both governments and IDAs are slowly learning to limit the administrative procedures designed as part of harmonisation processes. The governments of Tanzania and Mali came up with huge procurement manuals (225 and 650 pages, respectively) for use in their health sectors, but realised that these were excessive. In the Local Government Reform Basket Fund in Tanzania, IDAs have slowly given up the detailed scrutiny of line items in programme documents. In the case of the Local Government Reform Programme, financial manuals have been put together that meet the needs of both national and IDA partners.
- **Contracting.** This issue needs more attention. Most reports on accountability in SWAps focus directly on financial management, auditing and the procurement of equipment. Few deal directly with the issue of contracting and the key role it plays in making full TA pooling effective. Many countries have little capacity to manage procurement and contracting for international TA and are faced with filling the gap created by decisions of bilateral donors to place a smaller role than in the past, for example, the withdrawal by the Ministry of Foreign Affairs of the Netherlands from the direct provision of TA personnel and their move towards the integrated use of TA, where necessary, within sectoral frameworks.

Help to build national administrative, financial and legal systems

Many of the potential opportunities for TA pooling and procedural harmonisation will depend on the willingness of IDAs to work within the national administrative, financial and legal systems. Building such systems may not be as attractive to domestic constituencies as high-profile causes like child labour and girls' education, but this is an area in which genuine progress can be made, as is evident in some of the countries included in this study. For example, the government of Tanzania, with the help of a number of IDAs, is developing a national anti-corruption strategy, a variety of public sector reform programmes, new procurement legislation, new financial procedures and a strengthened judicial system.⁴⁹ The World Bank and several bilateral donors have supported the programme to

⁴⁷ See, for example, *Sector-wide Approaches and Financial Accountability*, report prepared for Ireland Aid, December 1998; and *Donor Accountability Study* (draft), prepared by the Crown Agents for DFID, 31 May 2001.

⁴⁸ *Report of the Workshop on Donor Harmonisation and Adjustment of Financial Management and Control Procedures under Sector Programmes*, The Hague, 25-26 May 2000.

⁴⁹ For example, the Public Procurement Act, which became operational in July 2001, provides for the establishment of tender boards at the regional, district, municipality and parastatal levels.

upgrade the country's financial and legal management systems, with good results. Sweden, for example, has more than a decade of experience working with supreme audit institutions, internal audit units and other financial management and control activities.

Invest in improved monitoring, learning, performance assessment and evaluation

The need for improved monitoring and evaluation raises the issue of the trade-offs among the different approaches to TA pooling. For example, foreign TA personnel have traditionally served a variety of functions on behalf of IDAs, in addition to providing technical advice such as monitoring financial management and gathering information on programme/project progress. In short, TA personnel have helped IDAs to fulfil their accountability requirements. Under pooling arrangements, these roles are likely to diminish as national governments take control of TA to support their own interests. Substitute control arrangements (e.g. improved reporting, monitoring, evaluation and auditing) will then be required to provide IDAs with the confidence they need to maintain their financial support.

In moving to pooling arrangements, international funding agencies are giving up some of their traditional means of control in exchange for greater national ownership, in the hope of improving the effectiveness of their investments. The procedures and methodologies of monitoring and evaluation (M&E) could, in principle, be most easily harmonised. Indeed, the strengthening of national systems for data collection and analysis in this area should be a priority in all pooling arrangements.⁵⁰ Some of the issues to be addressed include the following:

- Making the M&E of capacity building more effective. The current preoccupation with short-term results, which are usually crammed into the conventional 'inputs–outputs–outcomes' format, is increasingly seen as inappropriate. TA 'results', including those from pooled arrangements, need to be subject to much more realistic assessments than are now being carried out. In many cases, the monitoring of trends, directions and processes should take precedence over that of measuring variances against products or targets. Patience and the need for a long-term view become more important. As mentioned earlier, much of contemporary TA deals with learning and the diffusion of knowledge, yet it is notoriously difficult to monitor and evaluate the effectiveness of such unstructured activities. Programmes therefore need to accept reasonable approximations and plausible associations.
- Identifying more clearly the issues of M&E by whom, or who is accountable to whom. Service users, local communities and citizens are frequently in the best position to assess the effectiveness of capacity development and current performance levels. From this perspective, M&E becomes as much about group learning as it is about control. The more effective efforts at sector support using some form of pooled TA appear to be evolving into communities of learning.
- Shifting away from traditional means of tracking the effectiveness of IDA interventions through agency-specific 'results chains'.⁵¹ Under pooled arrangements, the work to demonstrate attribution becomes a collective effort. IDAs need to accept the implications of participating in collective efforts and their limited contributions to its generalised outcomes.⁵² This may, in turn, require IDAs to persuade domestic control agencies such as supreme audit organisations to accept a different approach to defining accountability. It also means learning to come up with frank assessments of joint endeavours.

Foster organisational changes within international funding agencies

The international funding agencies will have to speed up the leisurely pace of reform of their management systems. The shift to greater collaboration and pooling, including TA, has implications

⁵⁰ See, for example, the African Development Bank and the World Bank Operations Evaluations Department, *Evaluation of Capacity Development in Africa*, November 1998.

⁵¹ See Schacter, M., *Sector-Wide Approaches, Accountability and CIDA: Issues and Recommendations*, paper for CIDA, January 2001.

⁵² In some SWAps, IDAs have agreed to divide up the M&E tasks with different IDAs focusing on different issues on behalf of the SWAp participants.

for their structure and functioning, requiring just as much reform ‘in here’, within the IDAs, as ‘out there’ in the partner countries. Most IDAs still face the same constraints as in the past, as well as the new ones posed by the shift to collective action. A number are still under the same pressures to disburse, and their ability to meet commitments is still erratic. Many have made progress in decentralising their structures, but still lack the right combination of individual skills and organisational capacities at the field level. The rate of staff turnover remains high, and staff with an in-depth knowledge of field conditions are rare. Harmonisation has proceeded slowly.⁵³ Most IDAs still hoard information on costs and disbursements, especially on TA and project work. Pooling will have a number of organisational implications, including the following:

- Pooling can be effective at various levels. The growing tendency of TA pooling to be embedded within sectoral approaches points to the need for technical and financial assistance to be integrated into one package. This, in turn, suggests that IDAs themselves may need to be restructured, to create integrated organisational units that will be able to address both technical and financial issues.
- If IDAs are to be effectively involved in sector support and TA pooling, they will have to improve the technical capacity of field staff and shift decision-making authority to their field offices. IDA personnel will need a much more detailed knowledge of development issues on the ground, and will need to be able to perform a broader range of functions than simply collecting information, as they did in the past. Effective pooling will also increase the demands on all development partners to provide information. IDAs will therefore need to upgrade their management information systems to cope with the additional workload. Transparency usually leads to more work; indeed, the shift to pooling appears to increase the workloads of field staff.
- The skills profiles of field staff need to change. Effective participation in pooling will require staff with three key abilities: (1) to participate in policy discussions based on a sound knowledge of the sector; (2) to negotiate and sustain complex working relationships with a wide range of actors; and (3) to relate issues at the sector level to broader macroeconomic discussions. These three characteristics suggest that it would be beneficial to rotate IDA field staff less rapidly.

Table 8 outlines some of the issues IDAs are currently addressing with regard to their internal capacity.

⁵³ The constraints on harmonisation are pervasive. For example, one donor agency raised the question: ‘to what extent is an audit office that is not willing to accept internationally valid auditing standards for its own work able to properly fulfil its control function on behalf of the parliament of its own country *vis à vis* the government?’.

Table 8. Internal capacity and management issues within selected IDAs.

Agency	Changing patterns
CIDA	As a result of a highly centralised system, there is a shortage of field staff to participate in policy debates around new programming. Agency interpretation of results-based management has tended to encourage some staff to micromanage, which is inconsistent with multi-donor programming approaches. Extensive efforts supported by management to change attitudes, including an active internal and external network and various seminars on SWAps and related issues
DANIDA	There is much internal debate about the use of sector specialists versus general diplomats to handle the requirements of the new paradigm (i.e. budget support and SWAps) in the context of poverty alleviation. Discussions are ongoing about decentralisation to field offices, but staffing levels are presently inadequate. The DAC review cites shortages of analytical skills and recommends greater cooperation with other agencies.
DFID	DFID's greater emphasis on its policy role is leading to debates about the required qualifications of field personnel and subsequent calls for staff with a better understanding of macro issues, as opposed to detailed sectoral knowledge.
DGIS	The DAC review cites apparent communications problems between HQ and the field and the need to strengthen the analytical capacity within the Ministry. The numbers of staff assigned to management of development programmes may be inadequate as compared to staff assigned to other activities within the Ministry. Active training programmes on Institutional Sector and Organisational Analysis (ISOA) for both HQ and field staff. Pilot training programme on management development, with a focus on change management.
EC	The Commission lacks a comprehensive and effective management policy. ⁵⁴ The structure of EuropeAid is still being organised but seems to be designed more for project management than for programme approaches.
FINNIDA	Shortage of field staff restricts involvement in SWAps and mindsets need to change to better support new approaches. Training on SWAps has been introduced both in headquarters and the field
GTZ/MBZ	GTZ headquarters staff is being reduced considerably and partially relocated to the field.
Ireland Aid	Extensive efforts are being made to recruit staff at headquarters and in the field. Several staff training programmes have been introduced and efforts are being made to train staff systematically.
NORAD	Field staff need to have a better understanding of the implications of new approaches. Need for working tools and guidelines to strengthen implementation in the field. Many training activities for building knowledge of SWAps, including seminar in May 2001 on SWAps and corruption.
SDC (Switzerland)	Composition of staff is changing, from a heavy reliance on technical specialists to aid managers with backgrounds in economics or social sciences to be involved in policy issues.
Sida	Staff composition is changing in order to meet the needs of the new paradigm, i.e. there is a shift away from specialist staff to more policy analysts. Several internal seminars held on policy and practice of SWAps.

⁵⁴ Bossuyt *et al.*, *Assessing Trends in EC Development Policy: An Independent Review of the European Commission's External Aid Reform Process*, ECDPM Discussion Paper 16, May 2000, p.8.

6 An Emerging Framework for Thinking about TA Pooling

A simple analytical framework for assessing TA pooling arrangement is shown in Table 9. We would add some points of caution for those conducting such assessments:

- Assessors should be careful about resorting to the usual oversimplified ‘box-filling’ that is a legacy of the logical framework. The specific needs of a particular programme, which has been shaped by unique field conditions, should govern any assessment.
- Although the greater use of full pooling may be appropriate in the long term, in the short and medium terms, IDAs need to be cautious about moving too quickly toward full pooling in their enthusiasm to adopt the latest approach. In the current circumstances, full pooling works in some situations but not in others. Both mixed and loose pooling still have genuine advantages. Some of the government officials interviewed for this study are wary about implementing the more radical forms of TA pooling in view of the existing constraints. More trial and error and experimentation are therefore needed as part of an effort to master TA pooling in all its forms
- Some of the points listed in Table 9 may be regarded as both strengths and weaknesses. They will also be perceived differently by different partners. Full pooling can reduce the transaction costs of IDAs, but it could create major administrative problems for governments. Loose pooling may lend itself to more inclusiveness, but it can add to the transaction costs and the organisational complexity. The balance of advantages and disadvantages can only be worked out as a practical matter in the field.
- In some cases, different kinds of TA pooling could be used at the same time on the same collaborative activity. Over time, the balance among the types will shift, as development needs change, as IDAs adapt and alter their procedures, and as the national absorption capacity increases.
- The utility of identifying ‘prerequisites’ or ‘critical success factors’ for TA pooling is debatable. Causal factors with tight predictive power are rare in development cooperation. Instead, in Table 9 we have included ‘enabling conditions’ and ‘constraints’ that must be examined before embarking on the various forms of TA pooling.

The points in Table 9 may be useful in responding to some key questions:

- What are the advantages of each approach for the various development partners? And as perceived by whom? Are all the partners clear about what they have to give up in order to secure these advantages?
- Which enabling conditions are critical, as opposed to supportive, particularly with respect to implementation? What will be needed make these three pooling approaches work and why?
- What are the risks of these three approaches and how can they be minimised? To what degree can and should they be understood in advance?
- What situations are most suitable for the three types of pooling? How can the different types be best combined in the same programme?

Table 9. An analytical framework for assessing TA pooling arrangements.

Type of TA arrangement		
FULL POOLING	MIXED POOLING	LOOSE POOLING
ADVANTAGES (may be perceived differently by different stakeholders)		
<ul style="list-style-type: none"> • Government in charge and makes decisions on what TA should lead to improved management skills and reinforced ownership • Can reduce coordination costs between IDAs and gov't in the long-term • Can reduce competition among IDAs • Complete transparency provides opportunity to compare the costs of TA from different sources • Less opportunity for IDAs to put non-development demands on TA staff • (For central government agencies) funding is usually on budget and is centrally controlled • Allows IDAs to support objectives in areas where they have no comparative advantage 	<ul style="list-style-type: none"> • May require less time to put in place than full pooling • Relieves gov'ts with limited procurement and contracting skills of some management responsibility • Can reduce coordination costs between IDAs and the gov't in the long term • Less risk for donors • Reporting to donors may be easier than with full pooling • (For sectoral ministries) control is more decentralised • Allows IDAs to support objectives in areas where they have no comparative advantage 	<ul style="list-style-type: none"> • May be put in place relatively quickly and thus can support strategic innovations • Little pressure on local management systems • TA often chosen by common agreement to reflect recognised national or individual competencies of IDA countries • (Perversely) gov'ts may be more willing to admit local capacity gaps and use international TA if the costs are not known • Off-budget nature provides funding for activities not funded through the central system • Since requirements are less onerous, a broader range of IDAs can be involved • (For sectoral ministries) control is more decentralised • (For donors who must show attribution) the role of each donor is evident and reporting is through their own systems.
ENABLING CONDITIONS		
<ul style="list-style-type: none"> • Good preparatory work among IDAs and gov't to produce stakeholder consensus on a sectoral strategy and on an M&E strategy • Good IDA–government relations • Willingness of IDAs to take risks • Full untying authority • Willingness of gov't ministries to give up individual projects • Reasonably competent and honest local management who are not overburdened with other activities • Solid gov't procurement procedures for both domestic and international purchasing 	<ul style="list-style-type: none"> • Good preparatory work among IDAs and gov't to produce stakeholder consensus on a sectoral strategy and on an M&E strategy • Reasonable IDA–gov't relations • Some willingness on part of IDAs to take risks • Willingness of gov't ministries to give up individual projects • One IDA prepared to take the lead and set up fund 	<ul style="list-style-type: none"> • Agreement among a limited number of IDAs on the appropriate use of TA

Type of TA arrangement		
FULL POOLING	MIXED POOLING	LOOSE POOLING
RISKS		
<ul style="list-style-type: none"> • Can take a long time to put in place • Lowest common denominator thinking can lead to less innovation • Individual foreign TA may be unwilling to sign contracts with individual governments • Political pressure to divert funds for other uses • Procurement and financial systems may not be adequate to resist corruption • Inadequate local expertise to meet all TA needs, resulting in rising costs • Pressures to use local or regional TA even if inappropriate or overly costly • Funds sometimes deducted from central budget allocations to individual ministries, thus reducing ministry interest 	<ul style="list-style-type: none"> • No opportunity to build up local procurement capacities through experience • Pool could be IDA-led, thus undermining local ownership • Little transparency on costs • Tendency to use more international TA than is necessary because of tied funding 	<ul style="list-style-type: none"> • No opportunity to build up local management capacities • The government's needs and preferences may not be given adequate attention, resulting in a lack of ownership • Pressure to use international TA, even if inappropriate, because of tied funding • No transparency with regard to costs • Harder for gov'ts to coordinate • Possibility of overwhelming gov'ts • IDAs have more opportunity to start their own initiatives, which may not respect gov't priorities
WHERE SUITABLE		
<ul style="list-style-type: none"> • Where amortisation of up-front transaction costs is possible over large activity • Where there is a high degree of trust between the government and IDAs • When hiring small numbers of individual TA staff (many IDAs may be reluctant to open large contracts to international tendering because they would lose out to lower-priced competitors) • When hiring national TA is a priority • When linkages between foreign TA and specific IDAs would diminish appearance of objectivity • Where the gov't has good procurement capacities as well as an overall vision 	<ul style="list-style-type: none"> • Where amortisation of up-front transaction costs is possible over a medium-sized to large activity • Where the trust between the government and IDAs is weaker than in the case of full pooling, or IDAs have not developed strong collaborative mechanisms in the country concerned • Where considerable international TA is appropriate • Where IDAs have comparative advantages that can be utilised • Where the government's management procurement capacity is weak, but where there is an overall strategic vision 	<ul style="list-style-type: none"> • When activities are small and heavy transaction costs can not be amortised • Where there is little trust between the government and IDAs, or where IDAs have not developed strong collaborative mechanisms in the country concerned • Where untying authority is severely restricted

7 Conclusions

This review has shown that pooling of TA is still in its infancy, although with some modest promising signs in several of the countries visited. The move to TA pooling is part of a broader change in the design and management of international development cooperation, at the core of which is the emphasis on country ownership and control. The emerging spectrum of TA is becoming clear. At the conventional end, IDAs treat TA as over and above their regular development cooperation grants and loans. The TA is 'off-budget' and excluded from sectoral planning frameworks and budgets. IDAs decide how best to apply TA to their particular programme areas and then seek government approval for the use of particular TA staff.

At the other – and emerging end – of the spectrum, IDA funding, including that covering the supply of TA, is discussed up-front with the government and is included as part of regular budget provisions within the national financial budgeting and financial management system. TA is programmed and budgeted like any other resource, regardless of the source of the funds

The challenge in the years ahead will be to shift more TA activities along the spectrum, while at the same time maintaining quality programming and effective implementation. According to Kanbur *et al.*, 'sensible mechanisms for international cooperation on common goals are still in their infancy'.⁵⁵ Effective TA pooling can be one of these mechanisms.

At the same time, pooling of TA can not be de-linked from more structural reform efforts (e.g. public sector reforms). It also can only be implemented in an environment with adequate capacity or where capacities can be created within a reasonable short time span, e.g. through special incentive schemes to bring capable persons into the civil service.

The authors have interpreted their mandate to include a review of the broader environment in which pooling is taking place, as well as the actual mechanism itself. This leads us to suggest three areas where further work would be helpful:

- to carry out further analysis of the issues raised in the recommendations in Chapter 5,
- to review the experiences of governments that have taken steps to improve the incentives in order to attract and retain qualified staff, and
- to examine approaches to harmonisation that take account of and support decentralisation processes.

⁵⁵ Kanbur *et al.*, *The Future of Development Assistance: Common Pools and International Public Goods*, Policy Essay 25, Overseas Development Council, 1999.

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In addition, lists of the people interviewed for the individual cases studies can be found in the original reports.

Annex 2

Taking Charge of Technical Cooperation: Experience from Botswana: A Case of a Country in the Driver's Seat

Compared to many aid-dependent countries, Botswana's experience of aid in general and technical cooperation in particular has been a positive one. This can be attributed to the way in which the government has managed donor resources. As a result, the classic 'ills' of technical cooperation – the lack of local ownership, too many stand-alone projects, parallel structures, burdensome procedures and accounting requirements, lack of coordination, and poor sustainability – seem to have been less apparent. Today, Botswana has 'graduated' from being dependent on aid and is listed as a middle-income country, yet at independence in 1966, it was ranked as one of the world's least developed countries. Most donors have now withdrawn their assistance, and aid constitutes only a small portion of development expenditure.

Features of Aid Management in Botswana

- *Integration of aid into the national planning and budgeting system.* Almost all external resources have been integrated into the country's national planning system. There is no separate system for aid and for locally funded activities. This has been made possible by virtue of a robust and centralised national development planning system, which has provided the framework for managing the government's development priorities. Five- and six-year development plans have been implemented since independence. Their establishment was seen as a way not only to allocate scarce resources, but also as a mechanism for attracting foreign assistance. The 'weight' of the development plan is reinforced by the process of parliamentary approval, which gives the plan the force of law. Meanwhile, parliament's Public Accounts Committee plays a key role in monitoring the implementation of the plan, including the use of external resources.
- *Integration of TA into the public service establishment.* Manpower planning and budgeting are integral parts of the national planning process. The Directorate of Public Service Management (DPSM) is responsible for the recruitment of expatriates and has overseen the process of localisation. Consistent with the principle of integrating all aid into the national plan, technical assistance, whether free-standing or linked to specific projects, has been integrated into the manpower plans of the public service. In this respect,
 - TA requirements are considered from the perspective of sectoral and institutional needs;
 - TA is generally assigned to established posts rather than to project or advisory posts; and
 - TA is contracted to, and is responsible to the government in the first instance.
- *Centralised coordination and bilateral negotiations.* As coordinator of the national planning process, the Ministry of Finance and Development Planning (MFDP) has assumed a central coordinating function for all dealings with external agencies. Although line ministries are free to identify potential partners, they cannot enter into a contract with a donor. Planning officers, responsible to MFDP, are seconded to all spending ministries and play a leading role in the planning and budgeting process.

The government has also chosen to maintain bilateral relations with each agency. The 'roundtable' approach was never introduced. Additional coordination mechanisms also appeared superfluous given that the national planning system offered a satisfactory framework for coordination. This approach has allowed the government to remain firmly in the 'driver's seat', to 'pick and choose', and to match donors' characteristics and preferences to particular needs and sectors. As far as possible, like-minded donors have been encouraged to work together, and to specialise in

particular sectors. This has ensured that no single donor dominates a sector, and at same time has prevented too many donors crowding a particular sector.

- *Seeking compromise, but willing to say 'no'*. By dealing with the donors on a bilateral basis, the government has been willing to enter into negotiations in order to work out compromises satisfactory to both parties. Further, and perhaps, crucially, it has been willing to turn down offers of aid if it felt that the recognised 'costs' of assistance outweighed the potential benefits. The relationship has therefore been largely one of equals conducted in a comparatively transparent and business-like way, with the government probably holding the greater leverage.

Consequences for Capacity Development

The Botswanan approach to aid management has helped to ensure that technical assistance makes a positive contribution to strengthening local institutional capacities, and to respecting a country-driven agenda and the principle of national execution. Specifically,

- there is broad-based political and administrative ownership of externally funded projects and programmes;
- stand-alone projects and parallel structures such as project implementation units have been largely avoided; and
- the country has been able to avoid the build up of multiple sets of donor procedures, accounting requirements and uncoordinated activities.

Is the Experience Replicable? Why has it Worked?

Several contextual factors seem to have allowed Botswana and its development partners to maintain a positive record in the management and utilisation of aid, and to explain why donors and recipient have been 'willing' partners. The donors have been willing to 'let go' and to integrate their resources into the national system for a number of reasons:

- *Governance*: Botswana's political climate has engendered confidence among donors, facilitating the development of a relationship of trust and a positive climate for cooperation.
- *Administrative considerations*: Although the civil service has suffered from manpower shortages, it has demonstrated a satisfactory implementation capacity, such that donors have been confident that the system can manage and account for its development resources.
- *Economic considerations*: Donors have seen their resources as stimulant, or supplements to domestic efforts. For donors, this has given confidence that activities are locally owned, that they are financially sustainable and have a reasonable chance of being maintained after donor withdrawal. Further, the basic economic stability and continued high levels of growth have meant that the government has been able to afford to maintain a functional civil service.

The Botswanan government has also been well disposed towards the donors for a number of reasons:

- *Economic factors*: Apart from the early years of following independence, Botswana has never been dependent on aid. With its own growing resource base, donor inputs have not dominated the economy. This has given the government leverage in its negotiations with donors, whilst donors have never been in a position to impose policy conditionalities. As such, the donors have not had to challenge fundamental domestic policymaking, nor have they been perceived as 'interfering' in issues of national sovereignty.
- *The geopolitical context*: The peaceful transition to independence, as well as the fact that the country was not subject to large-scale European settlement during the colonial period, helped to create a positive climate for cooperation. Further, during the apartheid era in neighbouring South

Africa, the authorities in Botswana were anxious to build alliances with the donor community in order to reduce their dependence on the country's powerful neighbour. Moreover, the country's first president wished to promote a democratic, multiracial society in the midst of a racially troubled southern Africa, and recognised the role that the donor community could play in achieving that goal.

Annex 3

Pooling of Technical Assistance in the Context of SWApS:

Education and Health Sector Programmes in Ethiopia

The Social Sector Development Programme (health and education) is the most detailed of the sector programmes in Ethiopia. In 1996, a 20-year programme was prepared with very detailed five-year plans in education and health for each region, the two urban administrations of Addis Ababa and Dire Dawa and the federal ministries. A Programme Action Plan (PAP) and a Programme Implementation Manual (PIM) were prepared to provide agreed and harmonised (government and donor) financial management monitoring and reporting, procurement and supply arrangements.

The education and health sectors have gone the furthest towards being full sector-wide programmes. From the start there was clear and strong ownership of the process by the government, and the donors worked as a cohesive group. The relations between the donors and government were formal but cooperative. Several donors agreed that they would harmonise their own procedures with the revised, negotiated government procedures (PIM). The implementation of the sector programmes has encountered a number of problems, however:

- all actors underestimated the capacity requirements and importance of capacity building.
- donors were much slower than anticipated in providing the resources they had pledged, and continued to raise questions which they had seemingly agreed to by accepting the PIM;
- both donors and government seriously underestimated the actual time it would take for programmes to be put in place. For example, the mechanisms for data collection were insufficiently robust, and financial management and reporting systems were introduced that people did not know how to use.
- the conflict with Eritrea led to the suspension of external support.

The lack of a medium-term expenditure framework developed in collaboration with the Ministry of Finance, which is often cited as one of the prerequisites for a sector programme, has made it difficult to plan/adjust year on year, and in particular to link the development budget to the current budget. This problem has been exacerbated by the fact that there are few strong mechanisms allowing real dialogue between the regions, line and central ministries for the negotiation of budgets. Furthermore, there was some erosion of the trust and understanding between the government and the donors, which weakened the previously strong partnership.

Within the sector programmes, two further factors that impact on pooling and which, if not unique to Ethiopia, are certainly not common elsewhere. The first is the extent to which the regions are highly independent federal states, and the second is the 'offset' system applied to fiscal transfers. Under this system, resources from IDAs diminish are deducted from regular transfers from the national to the sub-national level, and hence make them less attractive. Considerable efforts are being made to capture more of the resources and to ensure a more equal distribution of wealth, however, this will require building and developing the capacity to manage and use resources at the regional and sub-regional levels.

TA Pooling Initiatives in Ethiopia

There are three examples of pooling in which the donors do not manage resources, two of which are genuine pooling attempts.

- In the case of a (now completed Swedish programme based in the Ministry of Economic Development and Cooperation (MEDAC), the Swedish government placed a sum of money at the disposal of the government, to be used for capacity building through TA.

- The pooling proposal for the Social Sectors TA Fund (SSTAF) – which the authors of the case study consider to be an excellent baseline document for a pooling process – has not been implemented for a number of reasons:
 - By the time the documentation had been developed to the stage it was possible to move to implementation, donor interest had waned due to the war with Eritrea.
 - Although the idea was jointly agreed and terms of reference (ToR) had been drawn up, the proposal was prepared by donor consultants. It was not a cooperative exercise involving the donors, the federal level and the regions, resulting in a lack of ownership and control.
 - There was the feeling amongst the donor community that a Memorandum of Understanding was required between them and the government.
 - The complexity of the actual modalities of implementation was underestimated.
 - After long negotiations, MEDAC and the Ministry of Finance agreed that Fund resources would be off-budget, and so would not affect transfers from the federal government. By the time this had been decided, however, many donors had lost interest

The social sector annual review missions (1999 and 2000) and the mid-term review (2001) have all highlighted the capacity problems at all levels of government. Both the government and donors now agree that capacity is a major factor limiting the successful implementation of the programmes.

- The fiscal reform programme under the Civil Service Reform Programme in the Ministry of Finance is made up of a number of separate ‘projects’ or ‘components’, all of which require TA of different types. It was proposed that provision of TA would be far more efficient if there were a general fund for TA rather than piecemeal recruitment. Acceptance of this has resulted in the preparation of a clear and simple Memorandum of Understanding for donor support to TA. The fund will provide consultancy and TA for relatively specialised problems. Where possible, the programme aims to use government procurement mechanisms and to place responsibility for selection in the hands of government, although there are financial limits above which government and donors will need to agree.

Discussion and Recommendations

During the discussions, there was a remarkably high level of agreement on the need for and usefulness of pooled resources for TA and for capacity building.

Government officials felt that they had already made a number of changes within the broad context of the Education and Social Development Program (ESDP), with strengthened reporting procedures, financial management and accounting. However, these had not been met with a positive response from the donors.

Financial management and reporting have been improved and, in the case of the social sectors, meet the requirements of the programme implementation manual, although further changes are required to make the PIM consistent with government procedures. Donors now need to harmonise their procedures with those of government (and *de facto* with each other).

Partial harmonisation creates just as many problems for government as no harmonisation. As long as more than one set of rules exists, the government will waste time training and managing two parallel systems.

It is generally agreed that at this time the most appropriate location for a pool would be in MEDAC, with the eventual aim of moving the resources to the regions. It is also agreed that an independent management structure is required.

Certainly in the social sectors, a considerable amount of work has already been done to prepare the ground for the SSTAF. Some further consultancy support might be useful in order to adapt the technical proposal in the current environment, to simplify the MoU, and to work out the actual implementation details. However, such a course of action should only be undertaken if the donors are serious about providing some resources for the fund as soon as the documentation is prepared.

Annex 4

Pooling of Technical Assistance in Sector Programmes in Mali

Official development assistance finances 70–80% of the Malian government's investment budget and 20–30% of its operating budget. Expenditures on technical assistance (TA) have been falling in recent years, from approximately US\$ 99 million in 1997 to US\$ 89 million in 1999. The recent implementation of the poverty reduction strategy for Highly Indebted Poor Countries (HIPC) may well increase the need for foreign expertise over the next few years.

Pooling of Technical Assistance

For this study, in April 2001, two consultants, including a Malian, interviewed representatives of the development agencies and national authorities involved in designing, planning and implementing sector programmes. It quickly became clear that only the Health and Social Development Programme (Prodess) of the Ministry of Health, Elderly People and Solidarity is moving, not without difficulties, towards the harmonisation of certain procedures, not including technical assistance. Other sectors and programmes (such as education, the environment, transport and decentralisation) are even less advanced in terms of both programming and implementation.

The consultants examined the overall foreign aid situation in Mali and the main coordinating mechanisms that are currently in place, including the aid reform process and the poverty reduction strategy. They assessed the prospects for pooling TA within Prodess, as well as the associated constraints, in order to give recommendations for action by the Malian authorities and their foreign partners, including DGIS.

The Aid Reform Process

The aid reform process was intended to help the Malian authorities coordinate and manage aid more effectively, but the results so far have been mixed. It has created a consultation framework for the overhaul of cooperation mechanisms and has facilitated a dialogue on the Prodess handbook of procedures. It has allowed the creation of a single frame of reference that has benefited the HIPC poverty reduction initiative. However, the planned institutional reforms have been slow to materialise, and the partners have not made much progress in harmonising aid practices. No special consideration has been given to TA in the process.

Within Prodess, the Health and Social Development Programme is one of the few programmes that encourages dialogue between the parties involved, particularly through the Health Partners' Group, which was set up for the purpose. Together with the Ministry of Health, the Group has undertaken to find solutions to problems connected with:

- the establishment of a joint fund and the management of programme finances;
- the transfer of powers and delegation of responsibilities to decentralised bodies; and
- the switch from a project to a programme approach. However, Prodess has been criticised for its subservience to planning tools, which has caused delays in implementation (especially with regard to the disbursement of funds).

At the present stage of the programme, pooling of TA is not an issue within Prodess. Yet the programme suffers from a lack of clear guidelines on the mobilisation and use of TA. It would benefit from a single, effective TA coordination and management structure that would also ensure proper monitoring and assessment of staff and activities. TA needs should be identified and the resulting costs

made known (since TA is usually managed from agency headquarters, and the Malian authorities do not keep accounts).

Ministry of Health officials want to see TA based on a comprehensive approach and planned in response to real needs identified at the national, regional and local levels. They believe it is essential that there be a link between needs and staff and career management within the Ministry.

Recommendations

The report recommends a frank and thorough discussion of TA in its entirety. Certain practices, such as gap filling and complying with the conditions laid down by the Bretton Woods institutions (especially with regard to salaries and staffing levels in the civil service), need to be questioned. Although these issues are of key importance to development in Mali, so far there has been no concerted action to address them.

It may be premature to talk of pooling TA in Mali, although a series of measures could be taken to ensure more rational and effective use of external assistance. In addition to such measures, it would be useful

- to hold consultations between various users and providers of TA;
- to devise simple, accessible management tools, to harmonise and standardise TA management procedures and methods within cooperating agencies, and
- to set up national capacity building programmes that will ensure continuity in the medium term.

Any such activities need to take into account the need for a through reform of the civil service in Mali.

There is an urgent need to discuss both technical aspects (such as staff profiles) and financial aspects so that TA can more easily be channelled to priority areas. It is also important to incorporate TA into permanent government structures, in order to avoid a proliferation of parallel structures that would be a drain on the country's resources.

DGIS could encourage discussion by creating formal and informal opportunities for dialogue with its partners to see what can be done to rationalise TA. The Netherlands could also encourage Ministry of Health officials in Mali to clarify their position with regard to foreign aid. There is growing recognition of the need to take a long-term view, and both the Malian authorities and their foreign partners are more open to new ideas than they were some years ago.

Annex 5

Pooling of Technical Assistance in the Context of Aid Management Reform: The Mozambique Case Study

This case study reviews and analyses the different practices of technical assistance (TA) pooling in Mozambique. It looks at current TA pooling developments in the context of sector-wide approaches (SWAp), as well as at selected pooling schemes introduced outside the ongoing SWAp efforts. TA pooling efforts are taking place in an environment of widespread aid reform initiated by the government of Mozambique and donors, in an attempt to increase the efficiency and effectiveness of development aid.

Mozambique is still recovering from 20 years of turmoil, caused by economic crises, war and social disruption. The democratisation process started with the end of the Cold War, and the introduction of a market economy in 1987 marked the beginning of a wide range of change processes. A large number of donor agencies and NGOs populate the development arena, lead the policy discussion and provide an excess of external resources, particularly in certain privileged sectors, against very limited absorption capacity. With aid amounting to 37% of GNP in 1997, the country's dependence on foreign assistance remains very high.

Pooling of TA, Pooling of Aid Flows

How is TA understood in Mozambique? Besides the provision of advice and the transfer of knowledge and skills to 'build capacities', a number of donors and government agencies understand TA as the fielding of personnel to bridge capacity gaps in crucial areas of the public sector. This is seen as a valuable and sometimes inescapable way to deal with the evident capacity needs. The narrow, and original, definition of what TA should do is slowly fading, in view of the recognition that a number of capacities are urgently needed to enable the government to fulfil its core functions. During interviews, representatives of both the government and funding agencies mentioned that the overall pooling of aid flows into sector programmes is more important than TA pooling, in order to realise agreed development objectives in the most effective way.

Aid management and the context of reform

Mozambique is struggling with a number of major reforms, including decentralisation, public sector reform, democratisation and some reforms in sectors such as health and education. These reforms are often driven by donors, and the extent to which the reform agenda is genuinely owned by the recipients is questionable.

The donor community is very diverse, ranging from the reform-oriented 'like-minded' agencies (including Ireland, the Netherlands, the Nordic countries, Switzerland and the UK), to those that prefer to act in isolation. Although not part of the like-minded group as such, the EU, USAID and the World Bank participate actively in SWAp.

During the 1990s an increasingly significant proportion of the TA in Mozambique was composed of Mozambicans, either those who had returned from studies abroad or who had left the public sector to work as independent consultants or with private sector firms. While this development has been welcomed by many players both within the government and among donors, the public sector has suffered greatly, because crucial decision makers have been replaced by less experienced and less skilled colleagues. The ongoing reform process has aggravated this situation, since many sectors

require new types of skills or higher skills in order to meet demands. To make the picture even more worrisome, the national human capital stock is being eroded by the mounting tide of AIDS.

Within this context, an array of pooling arrangements is being implemented, involving many sectors, and displaying different degrees of integration and local ownership. The schemes range from untied joint government and donor-coordinated SWAs, like the PROAGRI scheme for agriculture, which receives funding for institutional development and TA, to donor-coordinated joint funding schemes to upgrade the national police force. In addition, some joint donor-funded and government-coordinated schemes to supply gap-filling TA for essential government services are in operation, but have been criticised for their lack of sustainability. Due to capacity constraints within the government, combined with a diverse range of pro-active and insufficiently coordinated international actors, national human resource development is weak. TA, whether free-standing or linked to specific projects, has not been fully integrated into the public sector ranks.

Some tentative lessons from TA pooling in Mozambique

This case study examined a number of schemes in wide variety of sectors – agriculture, education, finance, health and the police. They also vary significantly in terms of their purpose, comprehensiveness, degree of tying of assistance, the level of ownership and integration with other activities, and, finally, success. The recipient authorities and donor agencies are experimenting with different approaches, some imported, others genuinely indigenous.

Some constraints emerge as recurrent themes across sectors. First and foremost, the serious capacity shortage in the country has slowed progress in all sectors. A multitude of donors with different agendas and interests, often with poor knowledge of the country and of specific sectors, has compounded the picture. Some risk-averse recipient authorities have been hesitant in choosing the direction of change, and have sometimes played the role of witnesses, rather than of protagonists, in the process. For the time being, a few tentative lessons can be drawn:

- The costs to stakeholders of setting up joint schemes tend to be high. Progress has been consistently slow across all sectors, and in some cases gains have been reversed. The results have often fallen short of the original objectives and in no instance have expectations been totally fulfilled.
- Context-aware and context-sensitive initiatives, following an incremental approach to reform, stand a better chance of success than grand, ambitious and ‘one-size-fits-all’ schemes. Thus, more investment by donors and recipients in knowledge, drawn from patient experimentation rather than from abstract elaboration of theoretical principles, is in order.
- Given the fast-moving environment, the most successful schemes tend to evolve over time in response to changing conditions and needs. Conversely, the negotiation of elaborate arrangements, encompassing most or all issues, is difficult to justify in view of the slow pace of progress and the high transaction costs. Indeed, such arrangements may be a waste of scarce resources.
- Complex coordination mechanisms, such as SWAs, although they are intended to put the recipient government into the driver’s seat and to rationalise aid flows, often end up requiring additional TA to address the capacity gaps. The original purpose of putting the recipient line structures back in command is therefore lost.
- Pooling of TA can be used as a ‘stepping stone’ towards more and intense sector coordination among donors and governments, particularly in situations where the environment is too weak to support ambitious SWAs. In none of the cases studied has this potential been fully realised.
- Ownership should not be regarded as an end in itself, but rather as a means to attain chosen goals. Only a few of the pools reviewed look strong in terms of ownership. The most promising schemes have been promoted by ministries who have taken the initiative in formulating concrete answers to domestic concerns, and financing agencies have responded supportively.

- Some of the most important hurdles are structural, encompassing the whole of the public sector. This suggests that more attention should be paid to them, rather than concentrating efforts within specific sectors, where the returns can only be partial.
- By supporting different types of TA pooling arrangements, donor agencies are increasingly learning that unilateral approaches cannot provide answers to every problem. Agencies not yet engaged in the reform process feel under increasing pressure to join. More pragmatic, evidence-based thinking is needed from donors and recipient governments, in order to make the pooling of funds for TA more effective.

Annex 6

TA Pooling and SWAPs in Tanzania

National ownership is at the forefront of the development debate in Tanzania. One of the reasons is a bid to rectify the problem of parallel and fragmented donor programmes. Attempts to rationalise coordination mechanisms have given rise to a sequence of initiatives, the most recent of which has been the Tanzania Assistance Strategy (TAS). Within this context, pooling is still an unfamiliar concept. Those with some prior knowledge understand it to relate to the coordination of common procedures/frameworks for the provision and/or funding of technical assistance (TA). Even where pooling-type arrangements have been introduced, the stakeholders do not necessarily refer to them as pooling.

The Nature of TA Pooling

Three forms of pooling can be found in Tanzania:

- *Full pooling*: TA is integrated into a single management and financing framework using untied funds under recipient country management and procurement.
- *Mixed pooling*: donors procure and manage TA using an untied or tied and donor-managed pool of funds to meet objectives determined by the host government.
- *Loose pooling*: donors procure and manage TA to meet objectives set out by the host government.

The use of SWAPs as a sector development strategy began in 1998, but is currently only applied in the health sector, with the overall objective of increasing coordination among donors and government, in order to make systematic improvements in the health sector, increase government ownership and enhance rather than fragment the government system. The concerns identified include:

- donors that provide funding through the sector basket mechanism dominate the policy and development process compared to non-basket donors, and this undermines the very purpose of the SWAP;
- funding procedures seem to contradict the aim to 'decentralise' provision of health services; and
- more attention is paid to financial rules and procedures than to implementation issues.

Despite the basket fund mechanism, many donors continue to support the sector through projects. This is because either they are prohibited from participating in such arrangements by internal regulations, or they lack confidence in the government's accounting systems. Others are moving towards common funding, but projects cannot be terminated abruptly.

Reasons for Pooling

On the donor side, besides restrictive policies and regulations, the main concern is whether pooling will interfere with the realisation of TA objectives. Pooling does not conflict with building local capacity to plan and implement development programmes. However, two other TA goals do not lend themselves easily to collaborative arrangements. The first is strengthening the supervisory capacity of local project/programme managers by ensuring that the required accounting and reporting (and sometimes procurement) procedures are up to standard. The second is building the capacity of IDA personnel that are deployed as TA by exposing them to conditions in the field.

On the recipient side, TA pooling is not at all viewed as a panacea for all the shortcomings associated with TA. The main advantage of pooling is its potential to reduce administrative burdens and to build local capacity for strategic development planning. The main disadvantage is the loss of flexibility in

managing external assistance. The question then is how far pooling is able to address the main problems associated with TA:

- *Accounting for TA:* Most TA is deployed off-budget, thereby denying responsible authorities an accurate picture of the resource envelope, and undermining the expenditure planning process. The solution is transparency and consistency in reporting the value and rationale for TA on the part of development partners rather than pooling.
- *Effectiveness of TA:* There are concerns that TA does not contribute to local capacity development and does not respond to local priority needs. Adequate capacity assessment mechanisms and transparent TA procurement processes rather than pooling could address this concern.
- *TA deployment procedures.* The multiplicity of deployment procedures creates an administrative burden and wastes time. Pooling is seen here to be a viable modality to enhance aid effectiveness where concern is primarily with multiple donor systems and procedures.
- *Level at which TA pooling would be deployed.* It is felt that no national TA pool would be capable of addressing all TA needs, since the type and quantities vary among different sectors and levels of institutions. Some sectoral ministries resist pooling, which they see as a form of control from the central ministries.

Factors that Constrain and Facilitate TA Pooling

The following constraints have been identified:

- *Rigid donor rules and regulations:* When pooling conflicts with donor rules and regulations, donor participation is hindered. Some donors are however showing a high degree of flexibility.
- *Weakening constituency for aid:* There is a concern that pooling could reduce the volume of TA coming into the country. This would reduce the benefits for the donor countries (e.g. employment, business opportunities, etc.), and thus the motivation to provide aid.
- *Lack of clear technical and financial development plans:* There is little local capacity to formulate strategic development plans, which provide the setting within which pooling can flourish.
- *Weakening competition and motivation to perform for consultants:* TA pooling may induce complacency among consulting firms and their personnel, because disciplinary action and even termination of contracts may take longer, pending agreement by all stakeholders.
- *Low level of confidence in the government accounting system:* Developing and implementing frameworks to cater for the reporting demands of pooling will require time and expertise. In the absence of trust in local managers, there is little motivation to participate.
- *Conflicting objectives and interpretations:* Each donor has a different rationale for and interpretation of TA, which can make it difficult for them to collaborate in a pooling arrangement.
- *Special treatment of TA:* Treatment of TA as a resource separate from other types of external assistance gives the impression that its opportunity cost is low (or fungibility is low).

For pooling to be more effective, the following issues must be addressed:

- *Clarity of interpretation and objectives of TA:* The purpose of TA needs to be more clearly defined, with means to ensure that it is then deployed for that purpose. The distinction between TA for gap filling and for capacity building also needs to be made clear.
- *Clarity on the role of TA pooling:* TA pooling can be regarded as both an end – to improve the *administration* of TA by reducing the fragmentation and duplication of procedures and the ensuing wastage of resources, and as a means – to improve the *effectiveness* of TA by promoting local ownership of development plans. TA pooling therefore needs to be assessed both as an objective and as a process in a bid to make the TA an effective instrument for building local capacity.
- *Aid relationships:* To operate smoothly, pooling needs good working relationships among the stakeholders. Relations between donors are quite harmonious, and many are now used to

working and discussing issues together. This provides a good basis for nurturing the transparency that is essential for efficient pooling. Trust and confidence among donors, between donors and local agencies, and within the government must be reinforced.

- *Local capacity to formulate strategic plans:* These plans provide the framework for TA pooling. The more local expertise is utilised in the formulation of these, the more one can expect to build local ownership.
- *Strong local commitment and political will:* Strong government leadership is another important factor for effective pooling. The government needs to demonstrate a strong commitment to ensuring the effectiveness of efforts to mobilise, manage and utilise external resources in general, and TA in particular.

Conclusions

The development of SWAps is still in its infancy, so that much of TA pooling takes place outside them. TA pooling arrangements are in place at national, sector, programme and project levels. The degree of pooling varies depending on the extent to which the parties are willing to pool in several areas associated with TA:

- *financial resources*, which may not be difficult once the hurdles associated with the accountability capacity of recipients and the attribution of funds are crossed;
- *knowledge/know-how/ideas*, through meetings, workshops, seminars, electronic communications, discussions, etc.; and
- *processes and procedures*. These seem to be the most problematic area both for the donors, whose main concern is the realisation of objectives, and for the recipients, who fear that they may lose their autonomy and an adequate representation of interests. The development of effective and 'tighter' TA pooling arrangements seems to depend on the extent to which the parties are motivated to pool in these areas.

Annex 7

TA Pooling in Uganda

The Ugandan government recognises that technical assistance (TA) can play an important role in Uganda's economic reforms. It is however concerned that TA is expensive and can displace rather than complement local capacities. Making TA more effective through pooling is implicit in the broader framework of integration of the budget process and the adoption of SWAps. Most of the integrative processes are recent and need to be consolidated before they can offer a basis for basket funding, including TA pooling. The government is committed to SWAps and to the shift to budget support, and views TA as part of this new approach.

Since the late 1990s there has been growing pressure to improve donor coordination and to strengthen partnerships. Principles, guidelines, codes of conduct and legal frameworks have been developed to govern the operations of donors and recipients and to consolidate their relationship. Considerable progress has also been made towards achieving a government-led development process. There is a reasonably well developed consultative process and the three consultative group meetings held so far have attracted high-level government participation.

The Ministry of Finance has insisted on the adoption of sector-wide approaches, investment programming and medium-term expenditure frameworks, and arranges tripartite meetings with donors and line ministries to help shape sector programmes. Line ministries manage sector coordination, and provide policy guidance to local authorities. Budget support is promoted as a way to pool aid into the budget. It is supported by a majority of donors. The consensus is to move towards an increased volume of budget support, while improving the modalities of project assistance for donors who cannot follow this course. Many donors have made commendable progress towards TA pooling, especially DFID, DGIS, Ireland Aid, UNDP and the World Bank.

Status of Pooling

Several modalities for handling TA coexist. There are, for example, four different ways to recruit TA:

- Donors handle the recruitment process without any government involvement, especially where TA is part of a funding agreement and as part of the inputs provided by donor(s).
- Donors formulate the draft terms of reference (ToR), discuss them with the ministry, and invite the ministry to participate in interviews and candidate selection.
- Ministries draw up the ToR and hand them over to the donors who identify the right experts and handle the whole recruitment process.
- Ministries handle the recruitment exercise with little consultation with donors, except to discuss funding.

In the health sector, the introduction of a SWAp has called for new arrangements and an internal organisation within the Ministry of Health that will facilitate more effective planning and better government–donor interactions. A Health Development Partners Group has been formed, which provides a coordination framework for donors supporting the sector through the SWAp. Principles for using TA include the requirement that the government determines the demand for TA. Other principles include capacity building and an emphasis on using local human resources, with second priority given to regional then international TA. Donors have set up a partnership fund to facilitate the move ahead with the SWAp and to fund TA. The basis for harmonisation is the Health Policy Advisory Committee, which includes ministry officials and representatives of donors supporting the sector.

In the education sector, the government and the Education Funding Agencies Group (EFAG) have signed a Memorandum of Understanding (MoU), agreeing to provide budget support, project support

and TA. These funds finance agreed sector priorities as identified within the Education Sector Investment Programme (ESIP) and budget framework. All EFAG members jointly participate to review sector plans and performance, and encourage the government to be proactive in identifying TA needs and in managing the process.

Since the ESIP was introduced, the partners have agreed to include all major education activities, including TA, within their workplans. Where TA requirements have been identified, resources may come from government or donor sources. Where there are appropriate national TA sources, then the government's own resources or the consolidated TA fund are used. Where the required TA is medium or long term, then ESIP TA funds are used. In the long term all TA will be funded and managed through a consolidated TA fund.

Donors who are not comfortable with budget support are allowed to sign up to the SWAp to establish areas of cooperation with the SWAp agencies, without necessarily becoming part of them.

Other Examples of Pooling

Some programmes have shifted from single donor project support to multi-donor programmatic support. For instance, the Human Rights and Democratisation programme represents a case of joint action involving funding from two donors but using one donor's implementing unit. This is integration at the operational level. Meanwhile, the World Bank operates through its Trust Funds to pool TA in World Bank supported initiatives e.g. Country Economic Memorandum Studies. Under the Trust Funds the World Bank supplements its own resources with donor funds to involve a pool of specialists who may also come from outside the World Bank.

Constraints on Pooling TA

Various factors constrain pooling. Donors are constrained by inflexible rules and procedures. Some seek to promote consultants/experts from their own countries, as a way of providing employment to their nationals, and in so doing, to meet the expectations of the taxpayers at home. Because of the concerns about accountability standards of the recipient, donors engage their own nationals to ensure accountability of project resources. Meanwhile, the recipient institutions, used to operating independently, prefer to deal with donors separately in order to maintain their flexibility, to ensure speedy recruitment, and to exploit opportunities for improving the remuneration and conditions of employment, including equipment and facilities.

The capacity to coordinate and define TA needs is generally lacking. The partners make little effort to spell out the key gaps that need to be addressed. Government officials are too busy or too weak to put in the required efforts. Many line ministries are generally too weak to manage TA effectively.

Factors that can make TA pooling more effective include the following:

- *Enhance local management of TA* so that it is more demand-driven and responsive to local needs.
- *Improve TA pooling at local levels.* Small districts should consider sharing experts.
- *Apply SWAPs to central ministries,* in order to harmonise initiatives ex ante and to reduce the costs of capacity building and TA in some sectors.
- *Focus on local capacity,* by improving the incentives to utilise existing local capacities, such as public sector conditions of service.
- *Treat TA like any other input.* TA should be programmed like any other resource, irrespective of the source of funds.
- *Participate in TA recruitment.* Recipient institutions should be involved in setting ToRs and in the TA selection process.

- *Improve internal coordination.* The Aid Liaison Department should manage the allocation of non-fungible TA by liaising between donors and relevant sectors and districts.
- *Maintain flexibility,* in order to cater for both programmed and emergency TA.
- *Put in place systems and procedures for TA pooling.* SWAPs make the need for mainstreaming TA essential. The principles are correct but much could be done to put in place systems and procedures. A separate TA framework is likely to undermine one of the basic principles of SWAP, i.e. capacity building.

Recommendations

There are good prospects for further advances in TA pooling in Uganda. The following recommendations are proposed:

- TA should aim to build local capacity in order to reduce costs in the future.
- Procurement procedures must avoid tilting the playing field against utilising local capacities.
- Public service reform, including pay reform, should be speeded up to ensure fuller utilisation of local capacities.
- TA should be considered, like any other input, as part of any SWAP.
- There is need to look for efficiency savings by streamlining the use of TA and ensuring that it supports domestic capacity building.
- The Ministry of Finance should take the lead in coordinating pooling, identifying the priority areas for TA support and making TA demand-driven.
- TA as a resource should be programmed together with other resources. Some sectors have surplus TA, while others have shortages.
- For effective TA management there is need to strengthen the capacity of the Planning and Human Resource Development departments in leading ministries to better prepare them to implement SWAPs and to identify the TA needs as they arise.
- There should be only one country programme, prepared by the government.