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SPECIAL ISSUE: TECHNICAL COOPERATION

Technical Assistance: Correcting the Precedents

Opportunity Costs and Effective Markets

Technical Cooperation and Stakeholder Ownership

Accountability— to What End?

Volunteerism and Capacity Development

South-South Cooperation and Capacity Development

Is the Development Industry Ready for Change?

Are Donors Ready for Change?

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Foreword

This second issue of UNDP's *Development Policy Journal* contains articles by experts and practitioners who have participated in our two-year research programme on Reforming Technical Cooperation for Capacity Development, funded by the Government of the Netherlands.

As part of its current programme, UNDP commissioned a series of background papers and "focus studies" on aspects of how technical cooperation impacts on capacity development. These papers drew on a variety of experiences from different regions. Early drafts of these papers came under extensive peer review, including an author's workshop in Turin, Italy at the end of 2001, attended by many development practitioners. The present volume contains condensed versions of seven of these papers.

Each article approaches the role of technical cooperation in capacity development from a different perspective. Some of the articles examine the basic premises of technical cooperation. The others look at the question mainly from either the donor or the recipient viewpoint.

The *Development Policy Journal* is intended to present original ideas and provoke discussion. The opinions of the respective authors do not necessarily represent the views of UNDP. We welcome reactions to the contents and look forward to receiving ideas and articles for future issues.

Shoji Nishimoto

Assistant Administrator and Director
Bureau for Development Policy

Technical Assistance:¹ Correcting the Precedents

by Peter Morgan

Unlike many of the recent proposed action plans for improving technical assistance, complete with careful recommendations and operational steps, this paper takes a step back half a century to concentrate on why technical assistance became a problem rather than a solution. Looking at the features that made development cooperation revolutionary in the history of international relations, it examines TA from the perspective of the organisational pressures and dynamics it involved. It also asks how the current cycle of reappraisal and reform began – and looks ahead to the latest proposals for change.

The Emergence of Donor-Driven TA

The space for any organisational reform is usually shaped, at least to some degree, by legacies from the past, notably the evolution of the approach to technical assistance (TA) that came out of the first steps in international development cooperation system after the Second World War. Strictly speaking, there was nothing new about international technical assistance *per se*. Exchanges or transfers of knowledge or techniques had been going on for centuries. Peter The Great brought in French engineers to build St. Petersburg. Japan borrowed relentlessly from the West after the arrival of Admiral Perry in 1851 in an effort to catch up with Europe and North America. The private sector managed huge flows of technical assistance for centuries. Simply put, people had been engaged in varying levels of cross-national, cross-cultural learning for most of their history.

Nonetheless, the approach to TA that began in the late 1940s departed radically from much of what had gone before. Some of the key new features have begun emerging clearly only now:

- The design and provision of international TA became, for the first time, an issue of public policy; TA for development cooperation was funded from the government budgets of developed countries. This had two major implications. First, on the assumption that poor countries could not or would not pay for such services, the bulk of the financing was to come from the TA supplier rather than its recip-

¹ In this journal, free-standing “technical assistance” is used synonymously with “technical cooperation”, according to the preference of each author.

ient. This accelerated a shift of power and control from the recipient to the supplier – the reverse of the conventional pattern up to that time. Second, the provision of TA was now to be managed as a public sector activity in accordance with the government regulations and procedures of each supplying country. TA activities were now to be bureaucratically structured and controlled as part of a process of change. TA now became part of projects and programmes for which staff in new international development organisations (IDOs) were accountable.

- These IDOs were unusual structures, the like of which we are not likely to see again. Most became “all-purpose” bodies, mandated to deal with activities ranging from bee keeping to gender mainstreaming. Further, from the outset, they suffered from the structural flaws that gradually eroded their capabilities over time. While their clients lived in other countries, their key stakeholders were domestic. Initially, almost none had effective research capacities or capable field systems. In addition, as public sector organisations, they were weighed down by commercial, security and political agendas that diluted their development impact.
- In broad terms, their functions fell into two categories: the normative (meaning political /symbolic) and the operational – a dichotomy that was to create insoluble constraints to effective management.² On the normative side, even those programmes that concerned TA focused on grandiose objectives, among them eliminating world poverty and solving the governance problems of ungovernable states. Simply put, to maintain some sense of domestic support and legitimacy, IDOs had to promise levels of performance and development benefits that could never be achieved.
- On the operational side, three biases were programmed into IDOs – and endured half a century. Most were structured to emphasise the planning and control of TA-rich projects, which were to be “designed” and then “delivered”. An organisational device of the North American construction industry – the project – was adopted to organise most TA. From the beginning, this process stunted IDO capacities for creative experimentation, for process facilitation, and for incremental discovery.³ Second, most IDOs fixated on policy issues, overlooking implementation as a core competence. Internal incentive systems rewarded those staff who committed funds and then moved on. TA performance proved difficult to monitor. A planning-implementation gap grew. Third, these same incentive systems acted against devoting much attention to institutional issues, a traditional bias in the public sector. Energies concentrated on task accomplishment and directly resolving what appeared to be urgent development problems.

² For analysis of this issue at the World Bank, see Robert Hunter Wade, *The US Role In The Malaise At The World Bank: Get Up, Gulliver!* paper presented to the Annual Meeting of the American Political Science Association, August 28-30, 2001.

³ For a longer analysis of this point, see Dennis Rondinelli, *Development Projects as Policy Experiments: An Adaptive Approach to Development Administration*, 1983.

- From the beginning, IDOs (and most of their permanent staff and TA personnel) came to their work with a particular view of the nature, creation and transfer of knowledge – termed “positivist” by those who study the organisations. From this perspective, knowledge had an independent existence detachable from context, perception and action; it had not grown out of a process of social construction. Given these assumptions, the TA advisor or development practitioner soon took on the role of expert physician and diagnostician, “transferring” generic technical solutions to fill knowledge “gaps” that would then enable “counterparts” to improve their performance.⁴ Not surprisingly, this transfer process soon became entangled with a techno-hubris; TA could have a major impact on complex problems in three to five years or less – for the first time in history. The less “capable” countries were and the more they seemed to need technical improvement, the more they should receive. Many in the development community lost a sense of reality about what was feasible and absorbable. They lost track, too, of what they did and did not understand about the complex systems in which they were intervening.
- This faith in expertise rested on the mental model of technical and economic control and rationality. Usually, knowable answers could be structured into manageable programmes that, in turn, could be planned and scheduled in advance of implementation. IDOs could focus on isolated components such as training or policy analysis – apart from political, social, organisational aspects they could also address. Tools and techniques could improve performance: log frames, strategic planning, work breakdown structures, decision trees, action plans and their like. Again, simply put, TA mirrored the “machine thinking” of the late 1950s and early 1960s, which conceived processes in terms of physical construction. Smart people using best practice were seen as the key. Success was natural and achievable – given the application of sufficient control, direction, commitment and ownership. Projects could engineer success by tracking “results chains”. Failure was an aberration for which participants must be held accountable.

We can grasp the revolutionary nature of this approach if we bear in mind the fact that in the past, TA had usually taken some form of voluntary exchange and had, for the most part, been a private sector activity focused on the needs of individuals. Clients or customers were in charge. The process was not consciously managed as a government programme. Time limits mattered much less and the importance of cultural adaptation loomed much larger. Broader (and hidden) government agendas were less intrusive. The scale and breadth of the objectives were much more modest.

⁴ The development cooperation industry was one of the few to adopt the counterpart approach to training.

The Outcomes

Much of the writing on TA centres on failure and poor performance. But much of this analysis obscures more than it reveals because it stems from somewhat simplistic notions of “pass” and “fail”. Few incentives also exist for participants to analyse success and failure in any detail for fear of unsettling their key domestic constituents. Thus, in speaking of failure and “corrosive” practices, we need to ask more “so what” questions, along with “compared to what” and “why” if we hope to end up with serious judgments on the performance and contribution of TA. We should also keep in mind the following qualifications:

- Many development problems are insoluble through the application of TA from any source. They are deeply systemic and societal dysfunctions that took our own societies decades and even centuries to address even partially under circumstances far more conducive to redress. Most accounts of TA failure come from the far end of the spectrum of difficulty, i.e. organisational performance in soft sectors supported by governments in poor unstable states. Even choosing an approach to address issues like good governance or poverty reduction evokes the problems of the contested theories that rise and fall in the development agenda.⁵ Yet most IDOs continue to create an impression that their programmes have the potential for dramatic improvement.⁶
- We must also face the “so what” question. In the early 1980s, a World Bank concluded on the basis of a survey of 95 completed projects with some form of TA for capacity building, that 36 per cent achieved “substantial success”, 51 per cent “partial” success, while 13 per cent had “negligible” results.⁷ From the late 1980s through 1997, about 30 per cent of Bank-supported projects had “unsatisfactory” development outcomes. Bank exit evaluations also judged close to 66 per cent as not having had “substantial” institutional development impacts. But these figures, especially the latter ones on institutional development, closely approximate those found in organisational change efforts in the North American private sector. We could therefore draw a very different conclusion, i.e. that most efforts at capaci-

⁵ A comment by the American analyst George Kennan in 1951 about Russia in 1951 still makes good reading: “Let us not hover nervously over the people who come after, applying litmus paper daily to their political complexions to find out whether they answer to our concept of “democratic”. Give them time; let them be Russians; let them work out their internal problems in their own manner... The ways by which peoples advance toward dignity and enlightenment in government are things that constitute the deepest and most intimate processes of national life. There is nothing less understandable to foreigners, nothing in which foreign interference can do less good”. cited in Cohen, p.215.

⁶ “The facts are clear and simple to relate. Between 1987 and 1998, the number of people living on less than \$1 per day, the Bank’s measure of extreme poverty, remained the same. The proportion of the population declined modestly from 28 per cent to 24 per cent. This is not much of an accomplishment for an expenditure of \$200 billion”. Allan Meltzer, *Testimony at the Hearings before the Joint Economic Committee*, US Congress, March 8, 2001.

⁷ Robert Casseen, *Does Aid Work?* 1986, p.200.

ty-building fail at about the same rate, everywhere and at all times *and especially the first time*.⁸ But they fail for different reasons in different contexts.

- We must also put TA in a more balanced perspective. Although usually one of the most visible components of a development activity, in practice it is simply one of many influences that determine the overall effectiveness of the activity. It is part of a wider “soft system” over which it has only marginal leverage. The TA itself can be well-designed and managed, but end up submerged under the weight of broader organisational, economic, financial and political constraints.⁹
- Finally, we need to bear in mind the fact that, on balance, TA in the latter part of the 20th century made a series of genuine contributions. Most of these advances took place in activities such as meteorology, agriculture, health, population and high technology.¹⁰ The common thread appears to have been the transfer and absorption of technical procedures into non-politicised environments. The success ratio seems to drop dramatically when TA is used to address organisational and social constraints.

Nevertheless, TA has had a pattern of poor performance now well documented and labeled “corrosive” by UNDP. We can summarise these as follows:

- TA in many instances lead to the erosion of the ownership, commitment and independent action of national actors. Put in place to help generate independence, TA led in too many cases to a sense of dependence.¹¹ IDOs and their implementing agencies used the disparities in power, resources and technological confidence to crowd out national initiative. IDO staff in many cases were also uncertain about how to combine the need to meet their specific management accountabilities with the less obvious needs for listening, experimentation, timing, learning and responsiveness. The dependence issue mirrors a perennial debate in all societies that arises from one group’s (or individual’s) helping another. It is also the basis of many criticisms of development cooperation. How can such an exchange lead to an ongoing ability to perform?

⁸ We tend to lose track of the arithmetic of innovation. Over 75 per cent of all new businesses fail. Over 80 per cent of new products in the private sector fail within six months. No more than one out of every 5000 compounds makes it through the development and testing stage to become an approved drug in the USA. For every 1000 turtle eggs laid, only one makes it through to adulthood.

⁹ TA in the private sector has a series of advantages including less politicisation, fewer agendas, better incentives, less ambitious objectives and a tighter technical focus.

¹⁰ See Robert Cassen, *Does Aid Work*, chap.6.

¹¹ Brautigam, D. (2000).

- A key part of this erosion in national ownership was a growing trend, especially in the 1980s, to undermine the functional capabilities of those whom TA was trying to assist. TA, in short, ended up making many situations worse. In their efforts to control, manage and accomplish, IDOs went around indigenous organisational systems and set up their own structures, which then sucked resources away from failing national capabilities, especially those involved in planning, budgeting and administration.
- In some instances, TA led to encouraging countries to put in place the wrong policies, organisations and institutions, especially when it helped put in place decisions and techniques that proved damaging in the medium and long term.¹² In the early 1960s, TA thinking reflected a concern with adapting the techniques from one context to another. However, by the 1980s, this theme had disappeared. In many cases, TA introduced formal organisational techniques too heavy, too complex, too costly and, in the end, unsuitable to unstable, resource-poor environments. IDOs also

THE NEW PARADIGM PROJECT IN CUBA

In 1998, the International Service for National Agricultural Research (ISNAR) started a regional project in Central and South America called "Building Capacity for the Strategic Management of Institutional Change in Agricultural Science and Technology Organisations in Latin America" or the "new Paradigm Project" with support from the ISNAR, the Swiss Agency for Development and Cooperation and the Ministry of Foreign Affairs of the Netherlands. Overall, it aimed at building the conceptual, methodological, organisational and technical capacities in the strategic management of change. The initial home of the project was in The Swine Research Institute in Cuba, one of 16 organisations comprising a technical network within the Government of Cuba.

The critical success factors here included:

- A sustained effort in applied action research
- An explicit emphasis on thinking in new ways about institutional and organisational change, including whole systems change, constructivism, soft systems theory, action learning and so on.
- An experimental approach to designing an effective way to facilitate and support such a process of change.
- Complete ownership by the participants, particularly those from Cuba, the host country. Donor agencies provided general monitoring and support only.
- The outreach to other countries for knowledge and advice including Venezuela, Bolivia, Brazil, Argentina, Dominican Republic and Panama,

The purpose of TA, going in all directions, is to teach how to learn what participants have to know.

The International Union for the Conservation of Nature in Pakistan (IUCNP)

The Pakistan Office of IUCN, The World Conservation Union, was established in 1987 with one staff member working half time. The organisation was a hybrid, being both a quasi-autonomous field office of an international body and a Pakistani NGO. IUCNP made its reputation in Pakistan by working with the government on a national conservation strategy that was later judged to be one of the best of its kind in the world. It then diversified into the design and management of field projects. By 1992, it had about 35 staff. By 1996, it had grown to 75. By 1998, it had branches in all the regions and provinces of Pakistan and had over 300 staff. By 2000, it had become the driving force behind the growth of IUCN's programme and organisational structure throughout Asia. Throughout, this period, IUCNP received TA from a variety of donors.

The critical success factors here included:

- The ability to take advantage of the opportunities that are constantly available in a difficult and dysfunctional environment.
- The ability of the organisation to devise and constantly refine its strategy of building its own capacity.
- The determination of national staff to build a Pakistani organisation that could compare with the best NGOs in the world.
- The ability to use "gap filling" TA for productive purposes.
- The need for such an organisation to manage its stakeholders, both domestic and foreign, with skills and discipline.

¹² Readers will be familiar with many of the debates on subjects such as structural adjustment. For a severe critique of US technical assistance to Russia in the 1990s, see Stephen Cohen, *Failed Crusade: America and the Tragedy of Post-Communist Russia*, 2000.

found it difficult to differentiate between indigenous organisations and institutions that could be re-formed to make a broader development contribution and those that needed to be dismantled to prevent special interests from capturing the benefits. In some cases, new flows of funds set off a new chain of unforeseen political effects that TA suppliers did not understand.

- In part, this lack of understanding led to lack of sustainable impact. Too many TA interventions appeared to leave no organisational legacy, even in the short term. Once the IDO assistance was withdrawn, financial and organisational support systems in the country also withered away, leaving behind abandoned staff and a good deal of dissatisfaction and frustration. But this kind of analysis calls for qualification. First, a number of organisations in the public sector built through TA in the 1970s proved to be sustainable, but unproductive and predatory. Many of the privatisation programmes of the 1980s and 1990s were devoted to eliminating organisations that TA had helped make sustainable in the 1960s and 1970s.
- TA can be faulted for self-perpetuation and excessive costs. IDOs and other domestic interest groups pushed expensive TA as a specific solution to ill-defined problems. TA slowly turned into a transfer of resources from IDOs to some of their own constituents. The care and feeding of the TA personnel created overhead costs that drained scarce resources and time from national officials. And the high costs of such interventions also shifted investments from other development possibilities that could have offered better opportunities.
- Finally, the TA issue had a corrosive effect on the motivation and sense of professionalism of some staff within IDOs. If TA was seen as a pattern of recurring poor performance that persisted despite the best efforts of operational IDO staff, their professional morale and sense of personal mastery dwindled. Indeed, the tension in IDOs between those at the senior level who had to manage external perceptions and those at the middle and lower levels who had to deliver programmes arose in part from differing views on improving dysfunctional TA.¹³

Why Did TA Fail and Why Did It Persist?

Why the failure?

All kinds of examples of organisations persist in policies and practices they know to be unproductive. IDOs are no different. One can broadly speculate, but different explanations will apply to different IDOs and in different countries.

¹³ See Robert Hunter Wade, p.6.

- Country ownership and motivation remained the single greatest determinants of TA effectiveness. Even after IDOs acknowledged their importance, they found the principle difficult to integrate into their operations. Though governments everywhere showed uneven patterns of enthusiasm for projects or policies, depending on various political and bureaucratic factors, operational staff had no systematic way of assessing borrower commitment during TA design. They generally felt that the notions of commitment and ownership remained abstractions too subjective or too political to analyse with any rigour. The more complex the intervention, the more difficult this assessment became, along with maintaining country commitment. Nor was it always clear how technical excellence could be combined with country ownership. Finally, few interventions were likely to focus on the ownership issue on the assumption that a likely mixed judgment on country commitment might lessen the chances of management approval.
- For the most part, disparities in power and influence among the participants and the intrusion of non-development agendas led to deforming and inverting key TA relationships. IDOs, for example, became much more responsive and accountable to their domestic stakeholders and regulators than to those in the countries they were trying to assist. Implementing agencies tended to respond to the IDOs that paid them. Recipient governments ended up more accountable to the international funding community than to their own electorates.¹⁴ Country agencies that negotiated TA projects – such as finance ministries – were not the ones that had to make such arrangements work. And in many cases, the ultimate beneficiaries were not as involved in the design and preparation of such projects as they needed to be.
- Much of the TA was predicated on an implicit “missing link” theory of capacity building, the key missing link being technical and policy advice for the development process, not unlike a crossword puzzle. In most cases, this was untrue and naïve. As this paper will later show, knowledge and technique almost never catalysed a dysfunctional system to reconfigure itself and move towards effectiveness. The key(s) lay elsewhere – in the context that few TA suppliers understood.¹⁵
- In many cases, participants ended up largely ignoring the difficult, ambiguous contexts. IDOs and hired executing agencies focused instead on the “hard” structures of the delivery process - proposal calls, contracts, work breakdowns, terms of reference, budgets and similar instruments. Then they turned attention to the “hard” technical strategies – usually imported from outside. Most, if not all par-

¹⁴ Brautigam, D. (2000).

¹⁵ Janine Wedell analyses the failure of TA in Eastern Europe in the late 1980s and early 1990s and attributes a good deal of the reasons to a pervasive misreading of the context in many of the countries involved, especially the complex system of informal relationships, involving personalised patron-client contacts and lateral networks that pervaded the official economy and the bureaucracy.

ticipants failed to manage or, in many cases, even think much about the “soft” stuff – a sufficient understanding of the critical contextual factors, motivation, gaining ownership and incentives, legitimacy and credibility, sense-making, and managing relationships and constituencies – in short, the key ingredients for encouraging and supporting change and innovation.

- Most TA interventions struggled under the weight of conflicting objectives. In many cases, TA was designed to meet supplier objectives such as commercial gain, political support or cultural penetration. Some TA added to the organisational capabilities of the supplier by monitoring financial management or gathering information on project activities. Some aimed at convincing domestic stakeholders that the IDO was responding to their demands. Recipients loaded on another implicit pile of objectives: they accepted TA for symbolic reasons, to access accompanying operating costs, training and equipment. Some TA became resources to be used in internal bureaucratic struggles. And some was used to simply get work. The explicit stated objectives of most TA projects and programmes – short-term performance and longer-term capacity-building – were simply two objectives among many others vying for resources and attention.
- This traditional approach to TA gradually buckled under the weight of its inherent tendency towards fragmentation and complexity. The reliance on projects, those “privileged particles of development”,¹⁶ chopped up the development process. Styles of thinking in the international development community emphasised some issues, e.g. economics, and ignored most others. Few IDOs had much incentive to coordinate their efforts with those of other organisations. Most tried to keep full control over their interventions to create the appearance of accountability and management. Interest groups within and outside IDOs introduced more and more TA components into their interventions, regardless of a recipient’s capacity to absorb them. Similarly, few recipient country organisations, especially within the public sector, had much interest in inter-organisational coordination and in sharing their access to resources outside.
- Most projects could not bridge the growing “knowing-doing” gap that hindered the work. Much TA still contained a good deal of residual arrogance about the validity of certain kinds of knowledge and techniques. Yet the most effective TA practitioners factored in their lack of understanding of a whole range of issues from the outset, trying to spur the ability of participants to learn the right things fast enough and then to feed it quickly enough into the action cycle and back again into learning to make an overall difference to performance. Despite the endless production of “lessons learned” and “best practices”, virtually all the par-

¹⁶ In the words of Albert Hirschman.

ticipants in development cooperation, both at the country and IDO levels, did not have the resources or the time or the incentives or the willingness to master the learning-performance-learning cycle.¹⁷ Indeed, many of the factors that locked the TA system in place also acted to limit learning and, above all, action.

- In hindsight, we can see that the conflicting purposes of TA were never resolved. In the earlier years, much work focused on task accomplishment in both the short and the longer term. In the 1980s, emphasis on capacity-building gave TA personnel a mandate to help national participants build various functional capabilities. Yet this second task was frequently traded off against the first. And finally, IDOs did not find ways to add a third critical purpose: helping country participants to build the capacity to build capacity. Countries needed organisations that came with an in-built capacity for creative evolution and change – initially to deal with the many discontinuities that overwhelmed them after the withdrawal of IDO support. To this day, we still know little about how TA might be used to generate that kind of capacity.
- As their economic and political systems crumbled in the 1970s and 1980s, many countries lost the capacity to manage and absorb TA, setting up a vicious cycle of non-performance. The more their capacity for such management declined, the more IDOs stepped into help ensure the effectiveness of their investments – which in turn, further eroded country capacities.

Why did this approach to TA persist?

In fact, the traditional approach to TA has changed slowly over the last three decades. The value of participation was recognised in the 1970s and 1980s. Process approaches to TA design appeared slowly in the late 1970s. The 1980s witnessed an emphasis on capacity building, along with less reliance on expatriate TA. Its dysfunctions were again analysed extensively in the 1980s and 1990s. The need for analysed country ownership began to be addressed in the 1990s. But these were incremental improvements that, on balance, made little difference to the rate of TA success or failure. The pace of reform and adaptation remained halting and cautious. How then can we explain this slow response to failure? Why the persistence (some might say addiction) of practices known to be dysfunctional?

- Most IDOs have been ambivalent about the idea of results and performance. For much of the period, the burden on IDOs was to perform at the “front” or the symbolic end by producing plans, policies, intentions, prescriptions, strategies and the

¹⁷ The inability of the development cooperation industry to learn effectively and quickly as been documented extensively. See Robert Cassen, 1986. Also Eliot Berg, *Why Aren't Aid Organisations Better Learners?* 2000, SIDA, *Operational Learning in Development Cooperation: How Knowledge is Generated and Shared*, 1998.

pursuit of development fashions. Few rewards existed at the “back” end in terms of a disciplined approach to implementation and the generation of sustained performance at the field level. Neither IDO allocations nor budgets and staff financial benefits were connected to performance at the field level. In fact, the fate of few constituencies in any part of the system, including those at the country level, depended largely on the actual performance of TA. Those that did had little chance to protest by words or action. Ending up with structured orderly failures was, in some instances, a better option than leaving behind a messy success.

- Part of the underlying dynamics of the performance issue turned on the “who benefits” question. Turning TA into a public sector programme, a stream of resources supplied from one government to another, led to the dysfunctional outcomes that the “public choice” school of analysis has long predicted.¹⁸ Interest groups that controlled public decision-making in both the supplier and recipient countries tried to capture many of the benefits from TA, including jobs and income, higher fees, overhead costs, bureaucratic power and organisational survival. Poor TA performance in a narrow developmental sense was affordable and persistent, in part, because of the benefits the broader process of resource-sharing conferred on many of the participants.
- As Eliot Berg has shown, it is extremely hard to kill failed ideas in development cooperation, including most of those associated with TA.¹⁹ The planning-implementation gap discussed earlier compartmentalised thinking. Participants are convinced that special circumstances in the context rather than the inherent weaknesses of the ideas restricted effectiveness. People continue to believe that idea X could still work, provided more resources and more country commitment could be made available. Feedback was confused and unreliable. Definitive judgments about cause and effect were rarely clear enough to block the flow of resources into and around the system.
- In an industry preoccupied with development fads and fashions, TA has long been perceived as an intractable and slightly dowdy old issue. It has had none of the intellectual flash of big policy issues where IDO careers are made. Concern about its ineffectiveness has concentrated mainly at the operating levels of IDOs and governments, where people were in a position to see the persistent dysfunctional patterns. Government ministers and senior IDO officials have shown little interest in the issue over the years. Simply put, those with the knowledge had no power to change it. Those with the authority gave it little priority.

¹⁸ See Eduardo Wiesner, “Transaction cost economics and public sector rent-seeking in developing countries: toward a theory of government failure” in Robert Picciotto and Eduardo Wiesner, *Evaluation and Development: The Institutional Dimension*, The World Bank, 1998.

¹⁹ Berg, 2000.

- This is not to say that symbolic reform programmes were not put in place. As this paper indicated earlier, most IDOs in supplier countries were poorly structured and equipped from the beginning to carry out their *operational* objectives. These agencies' deeper goals lay elsewhere – a basic choice with major implications for TA, given its high degree of operational content. One response became a series of never-ending programmes of TA reform, none of them ever resourced for success. By the 1980s and 1990s, few IDOs were prepared to accept the implications of thoroughgoing change. They compromised by promulgating a series of symbolic reforms that promised the appearance of change. In the words of two analysts, “solutions normally last for a much shorter time than insoluble problems”.²⁰ Given the cross-pressures under which IDOs found themselves, the payoffs of a concerted effort to improve TA performance were not worth the organisational grief, in view of the other issues the IDOs faced.
- Despite the weaknesses of field systems in most IDOs, TA also played a critical organisational role. TA personnel functioned as financial controllers, as monitors and information-gatherers and as commercial ambassadors. All these roles brought the IDOS security and legitimacy, but could not be funded from regular operational funds.
- Finally, one can argue that the alternatives to TA, especially to individual IDOs, were not clear and were certainly not agreed. The international development community was dealing here with a classic collective action problem. If one IDO undertook major reforms, such as untying for international TA, other supplier countries could benefit at its expense and, in the process, alienate key domestic constituencies in the supplier country. In many ways, this collective action dilemma locked the international development community into a kind of cautious, low-performance state of interaction common in many situations in which individual efforts at reform were punished rather than rewarded.

BUILDING THE RULE OF LAW IN TANZANIA

Few challenges can be more daunting than building the rule of law in a highly politicised environment. Politicians have little patience with notions concerning the separation of powers, the independence of the judiciary and limitations to political interventions. Budgets, even for the basics of pens, paper and court rooms are always derisory. Legal issues in many countries have no real constituency ready to fight for their attention. And such issues are often seen as foreign concerns and of little importance to a poor country. Yet Tanzania has made genuine progress in building the rule of law over the past 25 years with the help of some substantial TA.³⁴

The critical success factors here included:

- The crucial role of a national champion, i.e. the Chief Justice of Tanzania, over a period of two decades and his access to support and resources through an international network of legal experts. The critical aspect of “ownership” began with the personal, not the organisational.
- A sense of history and timing. The Tanzanian political system would not accept the idea of the separation of powers and legal restrictions on political decisions in the 1970s. No intervention, no matter how well designed, could have had an impact. By the mid-1980s, the political dynamics had shifted. Space and opportunities for reform had opened up.
- As the economy shifted to a more market-based approach and as the political system evolved toward a multi-party model, new domestic constituencies arose supporting legal reform and outside TA.

³⁴ This whole story has been told in Jennifer Widner, *Building The Rule of Law: Francis Nyalali and the road to judicial independence in Africa, 2000.*

²⁰ For the same patterns in the UN and the World Bank, see Helge Ole Bergesen and Leiv Lunde, *Dinosaurs or Dynamos: The United Nations and the World Bank at The Turn of the Century*, Earthscan, 1999.

What Accounts for TA Effectiveness?

Reading much of the literature on TA (including this paper) would lead to the belief that few examples of useful TA exist. Even those positive examples are usually poorly analysed in terms of the root causes of their performance. But most observers will have their own list of projects and programmes that used TA to good effect. The boxes of this paper contains a summary of five cases from which a number of hypotheses (as opposed to “lessons”) can be derived. These examples are presented neither as a rigorous nor even a representative survey. Many of the organisations involved are small. Most are outside the public sector. They all focus on the connection between TA and capacity building. And they do provide some clues about making TA effective.

Each of these cases either started with, or soon developed, a conscious “theory of action” or “mental model” or set of organising principles about building their capabilities and the potential contribution of TA to that process. Most, such as the International Union for the Conservation of Nature in Pakistan (IUCNP) and the Madrassas in East Africa, began with some basic ideas and then slowly experimented and expanded their scope as their confidence and access to resources grew. They used access to outside TA to check progress, provide new ideas and fill in certain gaps. But TA contributed only marginally to these core management ideas – which originated with national participants themselves as they reflected on their lives, their work and the needs of their country or region. All these groups ended up with a set of organising principles that worked in the context. And most kept a balance between accomplishing daily operational tasks and crafting longer-term strategies for organisational improvement.

These projects generated a good “fit” or balance between the TA and other organisational aspects. For this analysis, this notion of “fit” can be divided up into five components: context, purpose, strategy, methodology and management.²¹ The TA fitted into this system of activities but did not supplant it. It helped the organisation evolve into a combination of features that added up to a system that performed well.

In all these cases, the participants moved quickly beyond issues concerning their sense of ownership. They considered these obvious, aspects of their work that TA did not particularly affect. While TA could damage country ownership, it could not do much to create it. The larger challenge for the leadership was generating and sustaining the motivation of the staff and the incentives that drove their work forward. Staff were encouraged to see their work as a chance to improve both their own sense of professional mastery and to make a contribution to the development of their

²¹ These characteristics are similar to those of Samuel Paul set out in 1982—programme environment, strategy, structure and processes.

country. In the Tanzanian case, a range of incentives for the lawyers and accountants concerning the growth of professional respect energised the process of institutional development – in this particular instance, building the rule of law and better national standards of auditing and accounting.

Early on, these projects developed a “reprocessing” ability – a capacity to sort, synthesise, discard and customise technical knowledge from a variety of TA sources. Most technical advice, especially across cultures, simply does not fit into the new context: It is not focused on the right stuff. It is too advanced. It is old stuff. Its organisational implications cannot be dealt with quickly. And so on. These projects developed the ability to sift through the flow of TA advice and pick out what they could apply to the type of problems and constraints they faced. They learned how to “mix and match”. In practice, they turned themselves into “learning engines” with a sense of what they needed to know. And they developed a flow of indigenous TA back to the supplier – a feedback loop – that helped to redirect the flow of TA back to the project.

They got their organisational and personal relationships more or less right. Power and authority stayed at the project level; its distribution was managed according to the implementation needs of the participants, not the reporting and accountability needs of the IDO. TA providers assumed an important, but essentially secondary role. IDOs focused more on support, facilitation, learning and buffering. In these projects, there were no counterparts – and therefore no “handing over” when outside assistance ended.

Effective TA needed a network of champions to make it work – a group of people who cared profoundly in both professional and personal terms about the fate of the intervention. At the receiving end, the TA intervention needed entrepreneurs, protectors and managers. And it needed followers as well as leaders to make it effective. At the supplier end, it needed people playing many of the same roles. Above all, it needed a strong relationship between these two groups.

Effective TA also depended on an effective approach to change management. Timing and sequencing were critical. Country actors frequently had to delay major organisational changes while they went through a preparatory period of communicating, shoring up shaky internal coalitions, dealing with recalcitrant stakeholders, doing pilot projects and educating staff on the nature of the reforms. In retrospect, no amount or type of TA would have made much difference to judicial reform in Tanzania in the 1980s – or strategising for environmental protection in the 1970s in Pakistan. Effective TA could still function in unstable, politicised environments, provided it could tap into deeper pools of support and protection. By itself, the TA appeared to have little success in implementing large-scale organ-

isational changes – unless such changes were part of an effective program of change that allowed for gestation and learning.

All these projects appeared to find a way to overcome the performance dilemma. They needed to use TA to gain some early results so as to establish their credibility and momentum. But they also accepted the idea that objectives such as capacity building would require sustained efforts over many years. They managed to use TA to generate the right kinds of results in the right order in the right sequence.

THE MADRASSAS SCHOOLS IN EAST AFRICA

The Islamic community in Mombasa, Kenya, decided to establish a system of madrasa schools for early childhood education that could combine both the teaching of both Islamic values and certain non-religious skills that would allow children to make their way in a secular society. The Aga Khan Foundation and the Bernard Van Leer Foundation combined their efforts to help community groups set up schools in the Mombasa area, then in a few rural areas of the Coast Province and later in Uganda and Zanzibar. TA was provided to the overall programme over a period of six years. The schools themselves were managed and partly paid for by local Islamic communities but had to meet strict performance standards laid down by the programme. Schools eventually “graduated” and were then given funds to start a community endowment.

The critical success factors were the following:

- A disciplined focus by programme staff on organisational learning and its linkage to performance.
- An ability to take technical advice on early childhood education and customise it to fit into a very different cultural and religious context.
- An emphasis on “what if” divergent thinking. Staff were encouraged to come up with ingenious solutions, such as the community endowments.

The summaries of the Boxes do not demonstrate much of the conventional wisdom that still pervades the debate on TA. None of the examples relied much on training. Indeed, some such as the Madrassas, devoted little, if any resources, to formal courses or study tours. Many of them used the dreaded “gap filling” TA and found it useful as part of their efforts to become more sustainable organisationally. Some of them, such as IUCN Pakistan, survived – and indeed prospered – in a dysfunctional institutional environment and made every effort to take advantage of the opportunities that such a context produced. Some of them benefited from inspired individual leadership. Others relied on group solidarity and consensus to make a difference.

What all these cases shared was a complex amalgam of opportunity, commitment, imagination and discipline or what Janine Wedell has colourfully called “a chemical reaction”.²² At the heart of this reaction lay a quality that one analyst has called ingenuity.²³ Technical ingenuity, much of which TA helped, related to the functional, the physical and the procedural. But the critical element was the quality of social ingenuity at the country level – the ability of individuals and groups to collaborate for productive ends. All these organisations had the ability to summon up the social ingenuity to make good use of the TA.

²² Wedell, p.8.

²³ Thomas Homer-Dixon talks about ingenuity as something like a set of insights that tell us how to arrange the constituent parts of our social and physical worlds in ways that help us to achieve our goals. (p. 21).

Alternative Approaches to Designing and Managing TA

This paper has argued that a new approach - a new mental model of TA - has been slowly emerging in the latter part of the 1990s. Much is still experimental and open to question. But we can now see new patterns and mechanisms appearing, driven both by countries themselves and by a number of IDOs earlier unwilling to accept incremental adjustments to past TA practices. These changes include innovations such as Sector-Wide Approaches (SWAs), Comprehensive Development Frameworks (CDFs), and Poverty Reduction Strategy Programmes (PRSPs).²⁴

The factors driving these changes have been the following:

- A heightened concern about the performance and results of development cooperation programmes and their ability to make much of a difference to a whole set of intractable issues. If IDOs are to improve the performance of their contributions, TA is an obvious focus of attention.
- A host of new actors is moving into development cooperation with more innovative approaches to TA. Some of these organisations include new foundations, such as the Soros and Gates Foundations, with financial capacities equal to those of traditional funding agencies. In addition, large international NGOs, multinational corporations, new networks and many others are becoming major players in international TA.
- The spectre of the growing irrelevance of development cooperation organisations.
- The need to focus more closely on global public goods that require much more collective action to implement.²⁵
- A new generation of leadership coming from certain bilateral donors, mainly in Europe, and their willingness to address a variety of issues such as budgetary support.
- The growing demands of countries for more effective ways of designing and implementing development cooperation.

²⁴ It may be helpful here to note the evolving pattern of thinking on collaborative approaches, including SWAs. Many of the initial prescriptions in the mid-1990s bring back memories of the centralised planning techniques of the 1960s, including a comprehensive inclusion of all sector expenditures, implementation procedures common to all financiers, clear sector strategies and frameworks in advance of implementation, medium-term expenditure programmes capturing most of the significant contributions, a high level of “blueprinting” and finally, the participation of all national actors, including NGOs and the private sector. This enthusiasm for order, comprehensiveness and technical rationality has faded as the experience of implementation has accumulated. The second generation of SWAs in particular seem less ambitious in their design, less prescriptive and more willing to respond to field conditions.

²⁵ See Inge Kaul, Isabelle Grunberg and Marc Stern, *Global Public Goods: International Cooperation in the 21st Century*, 1999, also Ravi Kanbur and Todd Sandler, *The Future of Development Assistance: Common Pools and International Public Goods*, 1999.

Though these mechanisms differ in certain ways, they share some common principles that respond to some of the constraints to effective TA discussed earlier. We can summarise three of the key principles as follows:

1. The restructuring of organisational relationships to encourage country ownership of its own development interventions and those of IDOs. The intent is to redesign the allocation and decision-making processes to emphasise country control and to have IDOs make more use of country financial and administrative systems for programme delivery. In the medium term, we may see IDOs cease having their own country programmes for a particular country.
2. The reduction of the fragmentation of development interventions. This is to be addressed in a variety of ways: including all the key actors in these collaborative arrangements; having government take the lead on greater IDO coordination; paying more attention to a greater range of development influences, including social, cultural and political; harmonising IDO procedures such as reporting, accounting and monitoring; trying to do away with separate implementation structures controlled by individual IDOs; and by shifting IDO policies away from tied aid and towards more budgetary support. We can see here a shift to a more dynamic “systems” approach to development cooperation.
3. The encouragement of more trust and collective action among all the participants. . Achieving effectiveness in activities such as SWaPs derives critically from trust, open dialogue and the transparency of information and actions. IDOs would give the government more space to assert its ownership and leadership. Governments would enable IDOs to meet their accountabilities by treating them as legitimate stakeholders and dialogue partners. Hopefully, the incentive pattern will start to reward IDOs for inclusive rather than individualistic behaviour.

The potential for some long-overdue innovation in TA practices follows from these roader principles. Collaborative – or more precisely, “pooled” TA – is a reform that holds promise for improving TA effectiveness in the years ahead.²⁶ To make pooled TA work, the following issues are important:²⁷

- Putting in place improved overall relationships between countries and IDOs that foster greater collaboration at the operational level. Countries such as Tanzania have already devised innovative approaches to the overall management of development cooperation that has already produced results.

²⁶ For a review of the issues to do with pooled TA, see Heather Baser and Peter Morgan, *The Pooling of Technical Assistance: An Overview based on Field Experience in Six African Countries*, ECDPM report to The Ministry of Foreign Affairs of The Netherlands, October 2001.

²⁷ The above report goes into more details on the advantages, disadvantages and risks of three types of pooling arrangements.

- Encouraging IDOs to change their own TA policies, which would allow them to untie funds for pooled TA.
- Helping to build the national financial, legal and administrative systems that can allow countries to manage the planning, procurement, contracting, assessment and supervision of TA.
- Helping countries build the capacities to manage these kinds of complex collaborative arrangements.
- Helping to build a series of collaborative relationships - within governments, with the IDO community, between governments and the IDO community – that can create an enabling environment for TA pooling.
- Thinking through new approaches to TA in general that can help make such interventions a more effective contribution to development. This should include improved approaches to the monitoring and evaluation of capacity building using TA.
- Rethinking the implications of new forms of shared accountability by Governments and IDOs for pooled TA.

Most of these approaches are still relatively new and the pattern of their longer-term outcomes remains hazy. But they have the potential to become part of the core of the new approach to TA that which we can expect to emerge in the years ahead. We can see, for example, an effort to rebalance the aid relationships with the country or the client returning to its appropriate role as the central actor in the TA relationship. The controlling flow in TA is likely to go back to the demand side rather than the supply side of the last half-century. International development organisations will slowly lose their intrusive, directive pattern of intervention. More holistic, systems thinking approaches have begun to replace the mechanical technocratic patterns of the last few decades.

What to Do Now?

If the old “delivery” patterns are yielding to innovations ranging from budgetary support to use of the Internet, if we are no longer thinking in terms of “gap filling”, we still need to focus strategically on the means and ends of TA in the new century. Declines in the prevalence of TA are not automatic indicators of progress and self-reliance is not 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, when “foreign aid is as much about knowledge as it is about money”, there is little justifi-

cation for reducing TA for its own sake.²⁸ What is really at issue in making TA effective is not its presence, volume or cost. The heart of the matter is its purpose, design, context, selection and mode of provision – in short, its modernisation and creative deployment. In any such exercise, special attention needs to be paid to issues such as the role of the Internet, ownership, the new TA needs related to decentralisation, human resources planning, pay and incentive schemes, alternative methods of delivering and applying knowledge and more creative ways to approach organisational innovation and change.²⁹ For the foreseeable future, many poorer countries will need some sort of subsidisation to take part in this global process.

Reforming IDOs

International development organisations are now looking at other ways of introducing TA into development activities. In the longer term, IDOs may need to get out of operations and programme delivery altogether and concentrate on broader policy questions and domestic liaison. We may therefore be looking at the restructuring of IDOs as they adjust to new ways to provide TA.

- The trend toward the decentralisation of IDOs needs to continue. Individual field offices need to be staffed with officers who can master the substance of complex policy and organisational issues and who can negotiate in the context of collective action on TA in terms of SWAps.
- The principle of pooling may need to be extended beyond specific development programmes into the formal IDO structures. One recent proposal called for establishing a national development cooperation commission operating at the country level managed by IDOs and national participants.
- Some smaller IDOs that no longer have the internal capacity to support complex interventions may have to merge, at least in an organisational sense at the field level, with other IDOs in a similar position. We can already see the formation of integrated IDO field offices at country or regional levels that can function as knowledge and organisational hubs. These may eventually become self-financing and only loosely coupled to any specific IDO.
- IDOs are now losing the capacity to function effectively as TA suppliers, controllers, allocators and gatekeepers. An increasing proportion of relevant technical knowledge is now housed in global networks involving many countries.

²⁸ The World Bank, *Assessing Aid: What Works, What Doesn't, and Why*, 1998, p. ix.

²⁹ Some of these issues are addressed in the UNDP *Human Development Report 2001* entitled *Making New Technologies Work for Human Development*.

Some of these may need subsidisation from IDOs to focus on the specific issues that need addressing in a range of countries.³⁰

Experimenting with Collaborative and Market-based Approaches

Approaches such as SWAps, SWAp-like programmes and CDFs offer promise for new ways to apply TA. Collaborative and market-based approaches may conflict in certain instances, such as the use of pooled TA with SWAps. Over the next three to four years, a concerted effort needs to be made to learn from the emerging experience, particularly on this point.³¹

Monitoring and Measurement

We need more effective approaches to assess the results of TA interventions in the field. In the future, collective monitoring and evaluation will likely replace traditional control techniques. The recent emphasis on performance and results can increase discipline in TA design and give impetus to learning more about the drivers of performance at the field level, both of which have been weaknesses of the more traditional approaches to TA over the years.³² But the current collection of mechanical measurement techniques can push participants back into unproductive practices such as acting against innovation and experimentation, manipulating data and indicators for the sake of appearances and disregarding process issues.

Capacity building

IDOs increasingly claim capacity building as the key objective of contemporary TA. Yet a global industry – such as international development cooperation – can manage to devote few resources to improving its core competencies in such a critical area. In the 1960s, enormous resources were devoted to agricultural research. The Consultative Group on International Agricultural Research still exists as an international network. If TA is to improve its performance in the new century, a similar effort is required to support capacity building.

³⁰ For example, ACCESO, a regional NGO based in Costa Rica, is now establishing a website dedicated to frameworks for organisational analysis.

³¹ There is already a growing literature on the SWAp experience, including The World Bank, *Education and Health in Sub-Saharan Africa: A Review of Sector-Wide Approaches*, 2001.

³² See, for example, Omer Gokcekus, Nick Manning, Ranjana Mukerjee and Raj Nallari, *Institutional Environment and Public Officials' Performance in Guyana*, World Bank Technical Paper #506, 2001.

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Opportunity Costs and Effective Markets

By S. Ibi Ajayi and Afeikhena Jerome

This article analyses technical cooperation experience to date from a market perspective, examining the tensions between efficiency imperatives and distortions caused by lack of information and other pressures in an area hitherto regarded as beyond the scope of markets. The determinants of supply and demand for TC are examined, especially the ways in which appraising opportunity costs can help allocate increasingly scarce resources so that they work most efficiently and effectively. The article concludes by exploring ten market-oriented innovations for TC that hold promise for reducing poverty and fostering self-reliance.

Defining Some Concepts

Technical Cooperation.

While both donors and recipients agree that the main objective of TC is “to substitute for a lack of national capacity and to help to develop capacity that is lacking”, both sides may have other objectives and, as UNDP states, “... some of the difficulties in the aid relationship result from differences in the understanding of such objectives” (UNDP, 1999, p.5). Broadly, TC falls into two categories. These are investment-related or technical cooperation inputs necessary to assist in the implementation of capital investment projects and general institutional support; or “free-standing” technical cooperation” which is provided regardless of the needs of specific investment projects.

Within these two categories, at least eight different types of TC exist (see Box 1,) ranging from the provision of high-level advice to presidents and ministers, to the mobilisation of small farmers in remote rural areas. Some, such as “performing” and “gap filling”, concern the implementation of specific assignments. Investment-related TC includes support for the preparation, planning and management of specific capital projects. By contrast, free-standing TC includes augmenting national capacity in the implementation of programmes, human resources development (fellowship programmes, training seminars, study tours, and the provision of advice). “Hard” TC is usually seen as part of supervision/engineering or technical feasibility studies, while “free-standing” or “soft” TC refers to activities in support of training and managerial/advisory services.

Opportunity Costs

Usually – and naively – TC is considered a free good or resource for the recipient country.¹ First, part of TC resources takes the form of loans for which payment must be made. Second, TC involves a number of indirect costs for its recipients. These include transportation and accommodation for the expatriate personnel on the TC programmes/projects, counterpart costs for the programmes, and the cost of the central administration that these programmes need. Third, there are costs – often not quantifiable – that actors incur to learn from each other, understand and negotiate TC forms, and make changes in the implementation of TC activities. Another major indirect cost is the heavy use of managerial capacity for design, monitoring and supervision of TC projects.

In addition to all these, TC has opportunity costs; the resources could have been used in an alternative venture that might better suit sustainable development. The opportunity cost of any good or service is simply defined as alternatives foregone for that good or service. The ineffectiveness of TC stems principally from the lack of opportunity cost consciousness. This results in too much, low-priority technical cooperation.

BOX 1. TYPES OF TECHNICAL COOPERATION

“HIGH-LEVEL ADVISING”: the provision of advice and counsel on matters of high policy to the most senior decision-makers in DC governments. An expert performing this function “works closely with ministers and permanent secretaries, disassociates him/herself from the funding source and undertakes complicated assignments related to major economic and planning questions that require neutral evaluation and secrecy”. Examples would be the work on international trade strategies, major economic reform, investment policy and public service restructuring. The provision of advice rather than the transfer of skills is the prime objective. No counterparts are normally provided.

“PERFORMING”: the performance of a specific technical task with a definable result and schedule. It implicitly sees TC as a process that procures and transfers products from other countries rather than one that stimulates the use of internal resources. Little attempt is made to implant skills or create a local capacity.

“GAP FILLING” OR “SUBSTITUTING”: similar to “performing” but more oriented to the delivery of a regular service than the production of a special product. The basic intent is to fill a position until a national can be recruited and trained. Gap filling was used most extensively in the immediate post-colonial period but is still a prominent feature of many TC programmes.

“OPERATIONAL ADVISING” AND “ON-THE-JOB TEACHING”: the provision of advice rather than direct decision-making or performance. The objective is the transfer of skills to local employees through coaching and role modelling. The focus here is on personal support rather than production.

“FORMAL TEACHING”: a normal teaching function in the form of seminars, workshops or academic instruction. Such a function is not usually connected to the regular delivery of government services.

“MOBILISING”: assistance to a group, institution or community to increase its capacity to carry out its mandate. The emphasis is on empowerment and assisting local personnel to change attitudes and patterns of social and political power. Such TC personnel normally combine advisory and advocacy functions.

“FACILITATING”: the provision of support and the arranging of access for developing countries to individuals, information and institutions in donor countries usually in the form of study tours, practical attachments, network building and seminar presentations. This function emerged in the 1980s as a relatively new form of technical cooperation.

“GATE KEEPING OR CONTROLLING”: the provision of outside personnel to control and scrutinise project operations such as accounting or procurement or to help implement policy prescriptions demanded by outside agencies. Such TC personnel are seen more as insurance against risk.

Source: Adapted from Morgan, P. and H. Baser, (1993) Making Technical Assistance More Effective. Technical Cooperation Directorate, CIDA, July.

¹ See Berg (1993)

If we apply the concept of opportunity costs to TC, those of donor and the recipients differ. In accepting TC from one country, recipients may forgo that alternative from another country, which is available to it. In another sense, the opportunity cost of a TC project, for example, is what the members of a society give up now and in the future in order to carry out the project. However, for developing countries, there are usually no readily available alternatives because of costs associated with search, information and managerial imperatives, and the segmented market structure for the delivery of TC. Thus, TC recipients may have no information about the relative merits of alternatives available to them. In short, given market imperfections, the opportunity costs of TC to the recipients may be unnecessarily higher than would be the case if the market were perfect and could therefore be exploited. Other costs may also come into play: loss of control on national priorities; distortion of the market; reliance on foreign expertise and, in some cases, loss of local expertise to external donor countries that offer higher remuneration than is locally available.

In most countries, TC is seen as a “free” good because it is not funded from the national budget. But few systems exist within developing country governments to promote a more rational choice between competing uses of TC resources (e.g., foreign versus local) and little sense of opportunity costs exist. Frequently, this results in an overuse of technical cooperation, a bias against local resources and a reduction of the chances of achieving a sustainable impact from the aid. For some recipient countries, there are also social, political and environmental costs of engaging in a particular TC initiative as opposed to another.

By contrast, the donor in marketing a particular TC initiative for a country has interests that may be economic, political or, indeed, altruistic. TC may be given to heighten donor value in the view of the recipient country’s government, or advance donor commercial interests, cultural aspirations, political ambition and diplomatic objectives – as was support to the Mobutu regime in the former Zaire, to check the spread of communism in Southern and Eastern Africa. In many cases, donors are obliged by their parliaments/governments to support advocacy themes, which have low budget priority on the recipient side.² The opportunity cost of TC to the donor therefore lies in the alternative that the donor could get from other countries to which the programme could have been packaged for basically the same sets of reasons.

All in all, without widespread awareness of opportunity costs by both donors and recipients, a more rational use of TC will be difficult to attain.

² In this case, the substitution effect is minimal, since no budget allocation would be made in its absence. There is a kind of game theory involved here: the donor hopes that the cooperation experience will in due course encourage the recipient to give this theme a higher priority in his budget. If not, the programme will disappear with the departure of the donor.

Markets

Apart from the conventional concepts of markets to both shoppers and economists, they may be viewed as means of processing large amounts of information about the preferences of donors and recipients, which are disseminated in the form of price signals.

The concept of markets is useful for a number of reasons. First, in a decentralised market economy, the market makes decisions on prices and production volumes. Thus, the market aids in the allocation of scarce resources to their best use. Second, the theoretical framework of markets is based on the concept of reciprocity. Applied to the donor-recipient issue, both stand to gain from TC. Both will benefit by maximising their objectives. Generally, recipients – at least in the short term – have incentives to maximise the amount of TC inflow, since it lightens the burden imposed by budgetary and balance of payments constraints. The donors also have their own objectives, sketched above. Third, markets involve self-interests. They work best when agents pursue their own self-interest.

While the concept of markets provides a general framework for analyzing fundamental issues in many cases of technical cooperation, many distortions of market result from lack of information, donor pressure, and eagerness on the part of the recipient country to take decisions without access to further information on the merits of TC. As might well be expected, the transaction costs for information are high.

Amartya Sen (1999) argues that a market economy provides both a means of enlarging personal freedom and the most effective known way of promoting economic growth. However, no market economy can operate in a vacuum. It requires a secure institutional infrastructure to function effectively. This will involve adherence to the rule of law, a coherent system of corporate, contract and bankruptcy law and legally established property rights. Markets can also fail for a variety of reasons (Rodrik, 2001) when:

- Participants engage in fraudulent or anti-competitive behaviour
- Transaction costs prevent the internalising of technological and other non-pecuniary externalities
- Incomplete information results in moral hazard and adverse selection.

When donors fail to disclose the total cost of their commitments or, indeed, the time horizon of their commitments, there is the possibility of adverse selection. When recipients do not know the total cost of investments, they may not take sufficient precautions in terms of cost-effectiveness since this has become so difficult to measure

because of lack of information. This is now happening in Cambodia (see Godfrey *et al.*, 2001). Several studies point out a continued lack of transparency on the part of some donors, who may refuse or be unable to share data on such important issues as the costing of projects/programmes – as is the case of Egypt and Bangladesh. When the time horizons of projects are unknown, recipients may begin believing that the project will last forever. Issues of the sustainability of the projects become highly problematic when donors fail to give further funding.

The introduction of market elements into the TC process can consequently be seen as a potentially promising avenue – if two basic policy reforms take place: (i) the introduction of greater cost-consciousness, which will require attaching prices to all technical cooperation personnel paid out of the user agents' budget rather than from a global allocation in the ministry of finance budget; and (ii) the untying of aid packages to give flexibility to the recipient governments so that they can make separate requests for equipment, personnel, and other components of the project as a whole.³

Few development practitioners think in terms of a market for TC because of the apparent absence of definable supply and demand functions, as well as a price in the conventional economic sense. Yet the introduction of market-based competition must become an integral element of rethinking TC. Like any other scarce commodity, TC has a price that someone has to pay. The market for TC is also imperfect for many reasons. First, costs and prices play an insignificant role in the determination of supply and demand. Donors are not strictly guided by costs, while recipients see its costs – if at all – outside their national budgets and may therefore make irrational use of TC resources. Second, recipients have limited flexibility in the choice of the mix of inputs they really want. Some donors bundle TC, giving recipients no choice other than accepting the totality of the package. Some countries such as the United States of America, Belgium and Spain, for example, had average untied ratios of under 25 per cent between 1995-99 (see OECD, 2001). In most cases, it is cheaper to use local skills rather than expensive expatriate personnel. Yet donors, too, express uneasiness about the “free good” character of TC; the 1991 annual report of DAC urged both donors and recipients to pay greater attention to costs and cost-effectiveness.

All in all, the major features and imperfections of the TC market are the following:

(i) Lack of Cost-Consciousness at the Macro Level

The two groups of market actors – recipients and donors – are each divided into decision-makers in the core economic agencies, who are rarely preoccupied with the

³ Browne, 2002.

overall volume of technical cooperation at the macroeconomic level. This may arise from the fact that neither money nor real costs to the local economy are perceived as significant. Most TC takes place through grants with few associated costs. Even in the past, the counterpart and other monetary costs paid by the host country were in most cases modest, compared with the market prices of the services provided. Moreover, these monetary costs were often unpaid when budgets came under stress.

Consequently, the incentive to economise on the volume of TC becomes minimal. Both donors (as suppliers) and recipients respond to the incentive of volume and disbursements rather than effectiveness.

(ii) Divergent Costs and Benefits Between Users and Payers

A key aspect of market malfunction is the divorce between actors who benefit from technical cooperation and those who pay most of the costs incurred by the presence of expatriate technical assistance personnel. As noted earlier, technical cooperation decision-making on the demand side is decentralized, and individual bureaux or ministries are largely responsible for projects. For these agencies, TC is free or nearly free in terms of their own budgets. The user agency may incur some search costs to line up financing and some inconvenience costs if things go badly, but these are usually minor matters easily dealt with. In return, the user agency benefits directly from the TC presence in numerous ways.

(iii) Weak Cost-Price Signals on the Supply Side

Cost plays some role on the supply side. In requests for proposals (when TC projects are open to bids), cost is one criterion for selecting winning contractors. But given a country programme, the offer of TC projects is not responsive to project costs. In other words, the supply of each donor's projects is inelastic in terms of price for several reasons. Donors seek to satisfy many different objectives with technical cooperation, many of which often make cost considerations secondary. As on the demand side, much TC complements investment projects and policy loans. Its cost is often a small proportion of total project cost, and its benefits in expediting project implementation are highly valued. Consequently, donor agencies at all levels – national headquarters, local aid missions, and project implementing units – regard this kind of TC as decidedly cost-effective.

(iv) The Tied Nature of Aid Packages

As indicated earlier, many TC packages are bundled by donors (suppliers) and cannot be unbundled by recipients (demanders). When funds must be used to purchase goods and services from a donor country, aid is "tied". This leads recipients to request or to accept passively more technical assistance personnel than they want,

simply to obtain the fringe benefits: vehicles, computers, copiers, supplies, and access to training and travel abroad. Moreover, donor practices restrict the right of recipients to choose between local and imported skills, even when local skills are available, would be cheaper to use, and can be suitably employed in donor-financed projects. Jepman (1991) estimates that tying aid reduces its value by 15-30 per cent.

(v) Asymmetry Information

The asymmetry of information among many market participants creates problems of moral hazard or hidden action and adverse selection. Donors may undertake certain actions that recipients cannot monitor or enforce perfectly. These problems may be ameliorated through market signaling or screening. If the informed side takes the active role, market signaling takes place. Otherwise, the side without information may propose a menu of contracts among which the informed side selects, thus creating market screening.

Unfortunately, few attempts have been made in the microeconomic literature to devise incentive schemes that would lead to Pareto-efficient outcomes at both the project and programme levels. Broadly, TC follows standard public sector practice. If incentives exist, they are related only to completion dates. It is often difficult to measure outcomes (Gray, 1986). There is therefore a need for coordinated experimentation with contracting devices, quality screening for bids, and price revelation mechanisms to address a number of principal agency dilemmas.

Efficiency

Efficiency can be defined in terms of resource allocation – with both donor and recipient perspectives. It can also be expressed in terms of achieving objectives for a given amount invested. Thus, the aspects of efficiency that are important for this study include locative efficiency and X-efficiency. For the latter, some of the following questions will arise: Are services produced at the minimum costs? Are the best practices and the most efficient technologies used? Are the targeted beneficiaries actually benefiting? Production can only take place at minimum cost if competition exists in the TC market. The most efficient technologies can also be used if the search is unlimited.

We usually discuss three types of efficiency: In *productive* efficiency, the output of an economy is produced at the lowest cost. In *locative* efficiency, resources are allocated to the production of the goods and services that are valued most by the society in question. In *distributional* efficiency, output is distributed so that, given disposable income and market prices, consumers would not wish to spend their income in any other way. In view of earlier discussion, all three criteria should be applied to TC.

Determinants of Supply and Demand for TC – and Cost-benefit Considerations

The mixed history of TC is discussed elsewhere in this issue of the *Development Policy Journal*. Suffice it to say here that examples of both success and failure abound the world over. However, symptoms of dysfunction are becoming very apparent and stem in part from contradictions between the efficiency imperatives discussed earlier and distortions of incentives. Despite the validity of numerous criticisms and a host of factors that have kept TC from fostering the self-reliance it ostensibly sought, it still makes critical contributions to many developing countries that lack both skilled personnel and mature institutions, both as part of capital assistance projects and as free-standing interventions. One of its strengths in terms of markets is its potential for establishing links with developments elsewhere, stimulating innovation and exploiting new technologies. By providing specific know-how and skills, it keeps the demand side in touch with developments elsewhere.

The Supply of TC and Demand for It

Within the market framework of this study, the need for examining the demand for TC cannot be divorced from the issue of totality of aid resources available worldwide. The historical aspect of the aid supply of aid must be retold here briefly to advance understanding of the market for aid in general and TC in particular. The principal source of funds for financing development has long been ODA. About half a century ago, the international community agreed that (rich) developed countries should assist the poor developing countries to get development off the ground. Inspired by the Pearson Commission in 1969, the UN formalised this principle when it called on donor countries to give 0.7 percent of their GNP in ODA, a target endorsed by many donors. Only five countries – Denmark, Luxembourg, Netherlands, Norway and Sweden – have ever achieved the target. They have continued to do so in recent times. While the USA is the world's second largest donor in terms of volume, it is the 22nd of 22 donors- in terms of percentage of GNP – only 0.10 percent of GNP in 2000.⁴ However, even in 1969, ODA as a proportion of countries GNP had begun falling.

In 2000, ODA stood at a mere 0.22 percent of the GNP for the aggregate of the 22 members of the OECD's Development Assistance Committee. It has been estimated that if DAC members actually delivered ODA according to the target of 0.7 percent of GNP total aid would have increased by about \$100 billion per year. The supply of TC has to be conceived within the totality of the sources of aid, while its demand must be conceived within the concept of the need for economic development programmes in the various countries requiring aid.

⁴ Browne, 2002.

Public support, always an important factor in aid supply, is likely to wane in circumstances where there has been overall decline in aid performance. Thus an increase in the supply of aid *all things being equal* will be justified if aid effectiveness is ensured. Indeed, the DAC has warned that “without better effectiveness, a large increase in flows may only lead to even longer project pipelines, corruption and relaxation of policies” (DCD/DAC, 2001. p.4). Awareness of the Millennium Development Goals among donor publics may help increase the aid supply – and also public concern with aid effectiveness.

This being said, DAC members now face potentially powerful new sets of pressures to increase the supply of aid in general over the next decade (DCD/DAC, 2001) that stem from the following factors, among others:

- Fighting poverty is increasingly seen as an integral part of the globalisation process
- The outcome of the Monterrey Conference on International Financing for Development
- If the Poverty Reduction Strategy papers and the poverty reduction growth facilities process are successful, higher volumes of aid may be forthcoming to finance increased social and other public investments.

In terms of specific numbers introduced into the debate on the Millennium Development Goals we have:

- The World Bank estimates of \$54 billion in additional aid that is needed to enable low-income countries with good policies or might sufficiently improve their policies to reach the goal of halving the proportion of people living in poverty by 2015.
- The WHO Commission on Macroeconomics and Health (CMH), in its report published on 20 December 2001 estimates that up to \$31 billion in additional aid could be needed and justified for the health sector alone by 2015 at the country level, with a further \$7 billion for the supply of global public goods.
- In terms of the Education for all Initiative (EFA), UNESCO estimates that about \$14 billion will be needed for universal primary education.

Sub-Saharan Africa requires investments of 30 per cent of GDP to support the high growth needed to half poverty by 2015; savings were just 13 per cent of GDP in the 1990s. Reducing poverty by half would require additional aid of about \$10 billion a year, assuming that good policies are adopted. The aid requirements of all other countries are estimated at \$20 billion.

In addition, other causes will swell demand for future aid. It has been estimated that humanitarian assistance will call for an extra \$3 billion or \$4 billion a year, and addressing the need for global public goods (peacekeeping; the prevention of contagious diseases; research into tropical medicine among others) will require a budget in the order of \$20 billion a year.

Then, too, non-aid resources will have to come into the picture. Nonetheless, meeting all these targets creates *effective* demand for aid.

These numbers are predicated, of course, on effective overall governance and economic management in developing countries. They also depend on the emergence of effective national sector strategies for health and education. Thus, effective demand for a significant increase in aid hinges on major policy and institutional improvement in developing countries and the ability of countries to articulate programmes/projects required by their economies. Aid is a two-way street. Improvements in developing countries will result in part from real prospects of medium term aid commitments on which to base effective sector strategies and macroeconomic management. As the 2001 DAC Report put the equation, "... effective demand for and effective supply of significant increases in aid are fundamentally interdependent. Without a much higher level of mutual accountability in donor-recipient relationship than ever achieved in the past, aid increases will be neither justified nor realized". (DCD/ DAC, 2001 p.4).

Increasing aid effectiveness to handle increasing aid flows will also require capacity building by both donors and recipients. It will necessarily encompass:

- Institutional development
- Human capacity building
- Arrangements for the governance of aid.

As indicated earlier, the demand for TC and its supply have often been only peripherally related to genuine needs, as well as subjected to differing donor procedures. This has not encouraged the articulation of a clear demand, nor has it fostered involvement and commitment on the recipient side.

The criteria needed to assess the pertinence or genuineness of TC demand include:

- Responsiveness to the priorities of the recipient country's needs
- Availability of national expertise to assess and quantify demand

- A strategy for sustainability
- Evaluation of the opportunity costs of what is being demanded.

Costs and Benefits of TC

Attempts to quantify the benefits and costs of TC are fraught with analytical problems because the complexity of social and economic change makes it difficult to divorce the impact of TC from other factors. The international community is well aware of the efforts involved in evaluating TC returns from such expenditures as the transfer of knowledge. However, the benefits of TC can be enormous. In some countries, a modest expenditure has had a disproportionate impact on economic performance.

Market-Oriented Innovations for Effective TC delivery: Ten Proposals

Making TC more effective involves not only delivering the existing package more effectively, but also changing the mix of delivery modes. The introduction of market-based approaches into the design, supply, and management of TC will help accommodate the concepts of opportunity costs, efficiency, opening what may become one among other promising new avenues that are now emerging. These range from putting recipients at the centre of decision-making; increasing the use of available national capacities; addressing the issue of incentives; providing new forms of TC in support of crisis-ridden public administrations; and arriving at a recipient-led management of TC programmes and proper coordination among donors and untying of aid.

1. "Ownership" and "Participation"

Under pressure for changes in aid relations, the World Bank has introduced new strategies called Comprehensive Development Framework (CDF), and the Poverty Reduction Strategy Papers (PRSPs), intended as homegrown, government-led, country-owned and poverty-focused whose design and implementation will involve both civil servants and grassroots groups (see Box 3). The IMF has renamed its Enhanced Structural Adjustment Facility, the Poverty Reduction and Growth Facility and tailored it to the PRSP process. The CDF, introduced in 1999, aims at helping donors coordinate their support for a strategy chosen by the country's chosen strategy. The Framework crystallises the following principles espoused by the DAC, UNDP and several bilateral aid agencies.

- A holistic approach to development that balances macroeconomic with Structural, human, and physical development needs

- A framework anchored by four key interrelated principles, pursued at the country level:
 - A long-term vision and strategy
 - Enhanced country ownership of development goals and actions
 - More strategic partnership among stakeholders
 - Accountability for development results, or a focus on development results.
- An approach that builds on lessons of experience of external partners and developing countries

According to the World Bank (2001, p.80), the CDF “... can encourage a better balance between sectors and greater transparency in complementarities and trade-offs between, macroeconomic and social needs. Further, the better alignment of strategies and greater selectivity for each player in the development effort – which the CDF can promote – will mean that there is greater policy consistency and that more can be done with available resources”.

If we highlight some of the elements of this framework, the relevance of the CDF to markets, opportunity costs, efficiency and the effectiveness of aid becomes far more clear:

- The holistic principle implies that the development strategy should account for organic sectoral linkages rather than present needs sector by sector.
- It thereby emphasises the interdependence of all elements of development.
- It also underscores partnership among governments, donors, civil society, the private sector and other actors.
- The country takes the lead role in owning and directing the development agenda.

The long-term vision of the CDF is expected to induce coherence of development strategies over time and thus provides a safeguard against opportunistic decision-making and the tendency to solve problems by throwing money, projects and personnel at them. Allowing recipients to take part in development enhances the prospects of making decisions that correspond to needs and programme/project feasibility and eliminating waste. Choices become guided by price signals and opportunity costs. Effectiveness increases because choice tends to devolve upon projects

with greater benefits and impacts than others. The CDF monitoring process also allows for making adjustments in accordance with indicators of performance derived from medium and long-term poverty reduction goals, which serve as benchmarks of accountability as well.

2. Sector-wide Approaches (SWAs)

SWAs mark a movement away from projects to a programmatic approach and, as Box 2 illustrates, offer promise for new approaches to TC delivery. The social development programme (health and education) of Ethiopia, launched in 1996, manifested both strong country ownership and donor coordination of their respective resource contributions. Uganda, Philippines, Bangladesh, Cote d'Ivoire and Ghana have also adopted SWAp types of development programming.

3. The Pooling of Aid

Under the pooling approach, each potential TC recipient would elaborate its own development strategy, programmes and projects with appropriate consultation both domestically and with donors who have agreed to disburse funds into a common pool upon approval of the plan. The level of financing provided derives from the donors' assessment of the strategy and ability of the recipient country to implement the programme effectively. Participating donors cannot restrict their funding to particular programmes or projects. Potentially, the pooling process also provides a mechanism for increasing recipient awareness of the consequences of pursuing policies that may not reflect agreed objectives. Collaborative or pooled TC also promises to enhance TC effectiveness in the years ahead. (Baser and

BOX 2: SECTOR WIDE APPROACHES TO TA

To address problems of ownership, donor coordination, and fungibility donors are experimenting with pooling their resources to support sectorwide strategies designed and implemented by the recipient government. The country, in consultation with key stake-holders, designs a sector strategy and a budget framework extending several years forward, and donors put their money into the central expenditure pool for the sector. The approach encourages country ownership of sector strategies and programmes. It also links sector expenditure with the overall macroeconomic framework. And it ensures coordination of donor and recipient activities.

Some benefits of a sector-wide programme are evident in the Zambian health sector. In 1994, the government presented its national health policy and strategy to donors and – to ensure equitable distribution of services and coherent implementation of the strategy asked them not to fund specific provinces or projects but to fund the Ministry of Health centrally. Hesitant at first, donors began to comply. An independent evaluation in 1997 found that "health workers are better motivated; clinics are functioning; funds are flowing to the districts; some modicum of decentralization is in place; and important part of the private sector has become formally involved".

The approach ensures full ownership by the country and eliminates problems of donor coordination. With the country having more ownership and control over what happens, the use of resources can be much more efficient. But it also means great changes in donor-recipient relations and perhaps greater difficulties in implementation. Several sectorwide programs have stumbled because of the recipient country's inadequate institutional capacity. Lack of consistency with the macroeconomic programme has been another problem.

Source: - Adapted from World Bank (2000) World Development Report 2000/2001

Morgan, 2001) through the establishment of national development cooperations commission, operating at the country level and managed by donors and nationals. The key words here are effectiveness and efficiency of resource use. Countries such as Tanzania and Mozambique have already devised innovative approaches that are yielding concrete results. Donors have agreed to pool some of their funds in at least three sectors: rural roads, health and education.

4. *Reducing the Fragmentation of Development Activities*

Efficiency and effectiveness also depend in no small measure on reducing the fragmentation of development activities by such means as the following:

- Recipient governments' taking the lead in donor coordination;
- Harmonising donor procedures on reports, accounting and incentives;
- Eliminating external donor control through individual implementation structures;
- Shifting donor policies from tied aid and towards greater support of recipients' national budgets.

5. *Country ownership of TC and Partnership*

The meaning of "ownership" continues to evolve from the passive acceptance of aid by the recipient, dominant during the last 30 years, to recipient direction of the development agenda with the support of all other actors. Enabling the country to assume this "driver's seat" implies strong partnership among government, civil society, the donors, the private sector, the international development agencies and other development actors. Such partnership also tends to reduce wasteful competition

Box 3: THE PRSP APPROACH

In December 1999, the Boards of the IMF and World Bank approved the "Poverty Reduction Strategy Paper (PRSP) approach", seeking to link external support to domestically developed, result-oriented poverty strategies. As part of the PRSP process, governments are required to prepare and monitor their PRSPs through a participatory process involving domestic stakeholders and external development partners so as to broaden country ownership of the strategy, facilitate implementation and strengthen government accountability.

Emerging experience indicates that PRSPs have had relatively successful. The participatory process in most countries that have completed PRSPs or entered the final stages has created more open dialogue within governments and the civil society. The donor community, ranging from major UN organisations (UNDP and WHO), to bilateral agencies (including those of Canada, Denmark, Germany, Netherlands, Sweden and UK) has warmly embraced the principles of the approach, providing technical and financial support to PRSP preparation and aligning their assistance programmes to support PRSPs.

Despite these achievements, building domestic consensus that encompasses not only the views of government but also a wide range of domestic stakeholders has equally proved difficult. Potential tension also exists between the principle of country ownership and the need to account to donors for the effective use of their resources.

In late 2001, four regional PRSP forums (for Africa, Central Asia and the Caucasus, Central and South America and East Asia) took place to feed into a joint international conference organised by the World Bank and IMF from 14-17 January 14-17, 2002 to review the achievements and challenges of the PRSP approach to date.

among donors, align donor actions with national strategies and promote the selectivity that avoids duplication. All these factors enhance efficiency.

Based on real demand, such ownership reflects the notion of markets with appropriate price indications. Using local experts, who have the advantage of knowing their environment, will not only enhance efficiency, but increase TC quality. Similarly, using local or regional materials within a system of competitive bidding will have significant impact on prices without a sacrifice of quality.

Country case studies reveal widespread advances in ownership. Uganda and Bolivia have advanced rapidly in this regard; the process is evolving slowly in the Philippines and Bangladesh. Strong country ownership contributed to Viet Nam's success in reducing poverty. In Egypt and Gabon, however, donors are allowed to pursue their own agendas as long as they do not go against national interests. The studies also reveal, though, that many poor countries need to make significant institutional strides so as to expand their capacity to define development problems and identify appropriate strategies and the actions needed for their implementation. Support for local capacity- building ranks high on these country agendas.

During the last few years, several donors – including the EC under the Lome Convention – have moved towards systems of co-management of aid interventions. The two parties involved delineate their respective responsibilities clearly for managing operational activities. Recipient administrations are expected to take the lead in proposing new projects or programmes, including the identification of possible TC requirements, while donor agency staff are entrusted primarily with technical and financial control. In recent Belgian arrangements with Burundi and Rwanda, Belgium limits its role to funding management in accordance with the recipients' own plans and priorities. If considered necessary by Burundi, Belgium provides TC.

Sweden and Norway have proposed a more radical approach, aimed at transferring full management of aid-financed operations to recipient governments. This implies a radical redefinition of roles in which donors increasingly withdraw from project administration and implementation and concentrate on analysis, follow-up, and evaluation, along with the monitoring and recycling of experience. Under these kinds of circumstances, the donor agency would eventually function largely as a financial manager, limiting its intervention to appraising the relevance and viability of project proposals submitted by recipient countries and exercising control over the use of the resources.

6. *Competitive Bidding*

A remarkably high percentage of bilateral development assistance goes directly to overseas contractors, foreign technical personnel with no involvement – or knowledge – of the TC recipient. The various contractors should competitive bidding in which both the donor and recipients participate in negotiating. Contracts in such cases should go to the lowest bidder with the necessary competence. This eliminates many of the costs associated with TC resulting from inappropriate provision of assistance that arises from donor-centric attitudes and practices. Moreover, with the development of a very competitive domestic market for local expertise, costs will fall, as illustrated by the Latin American experience with national execution modalities (Del Castillo, 2001). Transparency in the bidding process must be ensured so that suppliers can feel secure about payments upon completing their work without kick-backs to political officials, another source of enormous wastage and inefficiency.

7. *Untying Aid*

Untying aid and making TC financing truly fungible will significantly reduce its costs and enhance its effectiveness to recipient countries. Tied assistance in any form distorts the operation of the free market mechanism, raises the costs of goods and services by between 15-30 per cent, and imposes administrative burdens on both recipients and donors. It also tends to favour projects that require capital-intensive imports or donor-based technical expertise and thereby imposes constraints on other options. This kind of bias also leads to the provision of goods, technology and advice that may correspond to recipient priorities (OECD 2001). Data for 1995-99 show a decline in the proportion of tied aid (see Annex Table 3). Further, in April 2001, the DAC high-level meeting adopted a recommendation on untying aid to the least developed countries.

8. *Instituting Individual and Collective Donor Performance Indicators*

Pursuing the market mechanism will also benefit from instituting a set of donor performance indicators to assess the progress of TC programmes. Recording findings at the level of the recipient countries will monitor not only performance in individual countries, but provide donors with a common information source. A high degree of visibility will also encourage a competitive spirit among all the parties concerned for reducing waste and promoting the effectiveness of TC programmes. It will also spur the rectification of marked shortfalls.

9. Incentive Structures

In addition to bolstering efficiency criteria, reshaping TC in terms of market models will call for providing incentives to enhance its effectiveness. Many disincentive systems now exist in developing countries, among them collapsing salary levels, the absence of promotions, corruption, and low morale stemming from negligence of the merit principle. Some of the incentives now under consideration include the donor supplements for civil service salaries and special salary scales for those involved in TC operations. Neither of these proposals has found much favour among donors or the governments of recipient countries because of their potential for destroying the general salary structure of the civil service, especially after the expiration of the TC programme. Additionally, the suggestion that only those involved in TC programmes should enjoy a special salary scale can lead to political abuses, particularly where local leaders are tempted to use such posts as patronage.

In Cambodia, an aid-dependent country, the incentive system provided for those working on aid projects has had negative effects on the rest of the economy (Godfrey *et al*, 2001). In Bangladesh, too, TC agencies have distorted the labour market by offering relatively higher salaries and thereby attracting skilled people away from national employment to the detriment of long-term national growth and development.

10. Other Options

a) Changing the Incentive Pattern for Recipient Country Governments

The UNDP National Technical Cooperation Assessment and Planning (NatCAP) approach linked TC decisions to the national priorities of the government so as to foster systematic planning of TC needs. NatCAP allowed for factoring opportunity costs into the trade-offs and choices involved in TC allocations and decisions across the different government bodies. The full NaTCAP process entailed three stages: (a) putting in place a database on the location, volume and sources of TC throughout the country; (b) designing a national policy framework for TC; and (c) determining TC priorities in the light of macro, sectoral and sub-sectoral linkages.

b) Changing Incentives for Donors

In disbursing TC to recipient countries, many donors use a number of consulting firms and equipment vendors who depend on the tied nature of TC and are more interested in dispensing volumes than achieving efficiency or effectiveness at the field level. To counter this tendency, some donors, such as SIDA, have begun rewarding implementing agencies for strengthening or creating local capacity. USAID is experimenting with an approach called "Design and Perform" that rewards contrac-

tors for meeting performance standards rather than supplying inputs. The World Bank is improving its grading systems of consultants' performance to serve both as a performance inducement and as a learning tool for the Bank.

c) TCDC

See the article entitled "South-South Cooperation" in this issue of the *Development Policy Journal*.

In conclusion, three major spurs to the current rethinking of TC are the needs to

- reduce long-term TC, which sometimes seems unending;
- favour performers; and
- facilitate the deployment of local resources (Morgan and Baser, 1993).

All three imperatives point towards changing the traditional mix. The ten market-oriented options discussed above will be useful to different countries, both donor and recipient, at different times under differing circumstances. None need eclipse the others. The operative principle is that of least intervention. The highest objective is encouraging local initiatives and thereby reducing the dependency fostered by poverty rather than growth.

Annex

Table 1
Estimate of Technical Cooperation (TC) and Technical Assistance (TA) in 1999
(In Million of Current Dollars)

Aid and Donor Category	Inputs		TC (1)	%	TA (2)	%
	(Total)	%				
Part 1: ODA	52362	89	15470	98	15052	88
Bilateral (DAC)	37835	64	13033	82	10271	60
• Investment Aid	6566	11		0	1313	8
• Technical Cooperation	13033	22	13033	82	6777	40
• Food Assistance	1045	2		0	209	1
• Emergency Rescue	4365	7		0	1091	6
• Investments Loans	4400	7		0	880	5
• Other Bilateral Inputs	8426	14		0		0
Multilateral	13465	23	2331	15	4516	26
Countries Non-Members of DAC	1062	2	106	1	266	2
Part 2: NGO	6684	11	334	2	2005	12
TOTAL (APD + NGO)	59046	100	15804	100	17057	100

Source: DAC Donors Data + Estimates

TC = Costs of Technical Cooperation Project

TA= Costs of Technical Assistance (expertise + Training)

Table 2
Cost of TC and TA Projects Financed by Multilaterals in 1999
(In Million of Current Dollars)

	TC Projects	% costs of TC Projects in APD	% of total TC	TA (expertise + training) Estimate	% of TA in ODA	% total TA	TA in Loan	ODA	% on total ODA
EC	184	4	8	1522	31	34		4911	36
WB (IDA)	208	6	9	867	23	19	2000	3770	28
ABB	106	1	5	211	23	5	205	937	7
UNICEF	530	94	23	327	58	7		564	4
UNDP	404	80	17	356	70	8		508	4
AfDB	55	12	2	106	23	2	99	459	3
UNTAA	392	92	17	364	85	8		428	3
WFP		0	0	71	20	2		354	3
UNRWA	0	0	0	143	50	3		286	2
UNHCR	0	0	0	127	50	3		253	2
IADB	91	41	4	78	35	2	58	223	2
IMF	52	26	2	43	22	1		197	1
UNFPA	161	87	7	148	80	3		185	1
Other UN	137	85	6	97	60	2		161	1
Other Multilateral	11	5	0	57	25	1	25	229	2
Total	2331	17	100	4516	34	100	2387	13465	100

Source: Estimation of Global Technical Corporation Flows.

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Technical Cooperation and Stakeholder Ownership

by Shekhar Singh

Ownership is the acceptance of responsibility through the process of stakeholder participation, empowerment and consensus. The author draws upon field experience in programmes for environmental regeneration at the grassroots level to ask who truly has a stake. He seeks to define ownership by identifying all the groups involved, including those whom an initiative affects adversely. He presents profiles for owner-friendly modalities of TC design and delivery ranging from the donor to the displaced, including governments and groups earlier overlooked in TC, among them, women and the marginalised groups, and urges greater participation by all those involved.

Stakeholders and Ownership

This study assumes that the desired end of technical cooperation is an appropriate level and type of ownership by all stakeholders. For this reason, it seeks to synthesise, rather than polarise stakeholders. Although TC modalities¹ cannot promote ownership by themselves, inappropriate ones can often retard it. What makes the critical difference is stakeholder inclination and commitment to moving towards wider ownership and a fruitful balance of owners for the purposes of each TC initiative.

Ownership implies empowerment and responsibility (parallel to the legal notion of rights and obligations). In the context of technical cooperation initiatives (TCIs),² the term denotes a “sense of ownership” applicable to processes or entities of which the “owner” is a part,³ rather than the narrower sense in which one “owns” a possession.⁴

¹ The modality of a TCI is understood to be its structure and the processes involved in its conception, design, implementation and evaluation. Ordinarily, the subject matter of a TCI is not seen to be a part of its modality, though it might influence the choice of modalities.

² For the purposes of this study, Technical Cooperation Initiatives (TCIs) are understood to be projects, programmes, or other types of initiatives that seek to help develop capacities inherent in systems, institutions and individuals through a sharing of expertise and/or know-how.

³ This is akin to the “sense of ownership” one has towards one’s country and unlike owning an object.

⁴ Brautigam (2000) quotes Johnson and Wasty (1993), who use an alternative definition of “ownership” that is based on four dimensions: [1] locus of initiative, [2] level of intellectual conviction among key policymakers, [3] actions and speeches in support of the reforms by top leadership, and [4] visible efforts toward consensus-building among various constituencies (4-5). Each dimension of ownership was rated according to four-level scale intended to capture the intensity of ownership. For example, at the highest ownership level for ‘locus of initiative’, ‘the initiative for formulating and implementing the adjustment program was clearly the borrower’s.’ At the lowest level, ‘the program was prepared by the Bank and funding extended, despite governmental disagreement and reluctance to implement some aspects of the program’(4).

The level of responsibility inherent in ownership does not necessarily mirror empowerment at all times. Donors, for example, may have a very high level of responsibility towards a TCI, especially towards facilitating the empowerment of other stakeholders, but need not exercise power in the overall design and implementation of the TCI. Similarly, local communities may need to be significantly empowered to make decisions, but may have much less responsibility than their government to create the conditions that permit the TCI to evolve and function fruitfully.

Universal stakeholder ownership is easier for TCIs that have no losers (if that is possible) or where few “losers” exist in comparison to the “winners”. It is relatively difficult where the opposite is true. In addition, where TCI benefits are immediate and focused and the costs are long-term and dispersed, ownership potential grows. Similarly, where a TCI is culturally and socially appropriate, and easy to understand, justify and accept, it is ownership-friendly. Finally, where the process of stakeholder empowerment has started from the beginning and the design and implementation of the TCI are not only an outcome of such empowerment, but also a consensus of views and opinions of the various stakeholders, much greater potential for widely-based ownership develops.

The path to ownership necessarily moves through stakeholder participation and involvement and through building stakeholder consensus. However, stakeholder participation or involvement in a process does not by itself imply or lead to ownership. Neither does stakeholder consensus.

It is easier to invoke participation than to empower, and easier to empower than to build consensus. However, empowerment without consensus can lead to chaos. And if consensus, along with participation and empowerment is to result in stakeholder responsibility for the process, it must be genuine. A forced or artificial consensus often results in stakeholders’ abdicating responsibility, but retaining the right to interfere and criticise while refusing to contribute to the process or the outcome.⁵

Ownership, therefore, is the acceptance of *responsibility* through the process of stakeholder *participation*, *empowerment* and *consensus*.

⁵ This, of course, poses a problem when “unpopular” or “hard” decisions need to be taken. Whereas in the short term and in emergencies, there may be merit in taking such decisions, sustainability lies in doing all that is necessary to forge genuine consensus, though not unanimity, among critical stakeholders even about such decisions. Another approach is to have a consensus about the fundamental principles involved and then take hard decisions that follow from such principles, even if they are unpopular. This is a necessary to safeguard the interests of a group that is in a numerical minority. However, transparency and the credibility of the decision makers go a long way in making such decisions “stick”.

Who are the Stakeholders?

One way of classifying stakeholders is to divide them into external (non-national) and internal (national) stakeholders. However, it may be useful to distinguish among:

- *Intended direct beneficiaries*: those for whose benefit the TCI is designed and implemented, including the national, sub-national and local recipient governments, but especially the recipient population.
- *Intended indirect beneficiaries*: typically the people and governments of the donor countries, and the world population in general – if TCIs help make the world a better place.
- *Unintended beneficiaries*: including intermediaries, consultants, agencies and enterprises supplying goods and services for the TCI. This includes “rent seekers” among both the donors and the recipients.
- *Intended direct losers*: mainly those in recipient countries whose illegitimate power or gains a TCI seeks to curb – for example the corrupt or exploitative individuals and agencies.
- *Unintended direct losers*: mainly those inadvertently and adversely affected by the project, like those displaced by irrigation projects or those whose access to natural resources is curbed due to conservation projects. These are the innocent victims.
- *Unintended indirect losers*: including those who pay an opportunity cost, because the money their government is using to fund TCIs is, consequently, unavailable to meet their own felt needs. Also included are those possible recipients who were passed over in favour of the actual recipients.

Advantages of Expanded Ownership

Expanded ownership, especially ownership by recipient local communities and governments, brings with it five broad categories of advantage: political, epistemological, psychological, implementation- and sustainability-related.

a) Political Advantage

With the emergence of self-determination, self-reliance and decentralised and participatory democracy as widely acclaimed values, the ownership of TCIs by local stakeholders, especially local communities, brings immense political prestige to donors.

On the other hand, centralised or donor-controlled TCIs have earned various bilateral and multilateral agencies a reputation of being manipulative and undemocratic, vulnerable to charges of pursuing hidden agendas in the guise of TCIs. This has not only tarnished their image abroad but also, over time, weakened support in their own constituencies.

Broadening of the ownership base also allows for the formation of strategic alliances that could significantly strengthen TCI design and implementation and help neutralize disruptive political and commercial interests. The involvement of beneficiary communities could help counteract self-serving tendencies both in donors and in governments. Similarly, the involvement of potential losers could ensure that neither donors nor governments cut costs at their expense and work hard to optimise the benefits of the initiative. The involvement of the beneficiary private sector could not only weaken other disruptive commercial influences, but also help neutralise regressive influences among donors and recipient governments.

b) Epistemological Advantage

Local involvement is usually the best and often the only way to ensure that TCIs are designed and operated in a manner that is appropriate to local realities. Detailed knowledge of local conditions within which TCIs have to function, especially micro-level peculiarities and variations, cannot be adequately captured without the involvement of local stakeholders. Often TCIs designed with the best of intentions and the highest levels of professionalism do not deliver because local realities are not adequately understood or appropriately weighed and taken into consideration. What is acceptable and what is not, what works and what does not, and what is the best way of making things work, are questions best answered by people who live and work in the host environment and have a major direct stake in the initiative. Outsiders, national or expatriate, whatever their experience, rarely have such detailed and updated knowledge. Local communities also have a wealth of traditional knowledge, which is mostly ignored mainly because few non-locals understand or appreciate its value.

c) Psychological Advantage

TCIs that are not appropriately owned by national stakeholders promote the mentality of dependence on donors. Many countries and societies are plagued by such a mentality and have lost both the ability and the will to take responsibility for their own situation and problems.

d) Implementation Advantage

Where local stakeholders own a TCI, the national government as well as the affected community assumes greater commitment and responsibility for its success. If local stakeholders support the initiative, they can often pressure the government for early and effective implementation. They can also play an important role in informally monitoring its implementation and providing feedback, thereby promoting efficiency. This increased efficiency makes the TCI more economical.

Moreover, an initiative that is owned by all major local stakeholders is much more likely not to face major opposition and obstruction from within and outside the government. Many TCIs are inordinately delayed, even abandoned, because of strident and persistent public protests against its objectives, impacts and methods. These protests take place not only within the country, but are often supported by international NGOs, the press and even groups within donor countries.

e) Sustainability Advantage

Where an initiative is not appropriately owned, it exists only as long as the donor can finance it. The moment the donor disappears, it collapses and its gains, if any, are lost forever. Also, as “project funds” dry up, local communities refuse to shoulder the financial burden of sustaining or carrying forward the gains. This happens when major in-country stakeholders do not subscribe to the objectives and/or the methods of the TCI. This also happens when nations and their people start believing that meeting even their own felt needs is the responsibility of the donor. In some cases, the establishment of aggressive TCIs can destroy the initiative and incentive of communities, and even governments, to continue to do even what little they were doing on their own to solve their problems. Over time, a sort of transference takes place and what was initially a local agenda starts being considered a donor agenda. In perverse cases, after a donor has left, there is even a tendency to destroy what has been achieved, because it is seen as the agenda of a donor who will no longer protect “its own interests”.

Ownership Profile

Very often, national ownership is understood to mean ownership by national governments. Sometimes, this is restricted to a formal endorsement by the national government to the TCI. In any case, governments do not always speak for all their people. Therefore, it is important to hear and involve all the various categories of stakeholders listed earlier.

Perhaps the most important stakeholders are those communities directly affected by the TCI. Among those directly affected, it is not only the intended beneficiaries, but the unintended direct losers that one needs to hear and involve.

An inclusive process of formulating and implementing a TCI is as important for making TCIs ownership-friendly as are its objectives and strategies. Therefore, it is important to involve all stakeholders from the start, whether they are potentially supportive or in opposition. However, the weight that each stakeholder's views and opinions should have differs from issue to issue and stakeholder to stakeholder.

Each category of stakeholder should have an appropriate ownership profile.⁶

The appropriate notion of ownership for *donor agencies*⁷ and *donor countries* could include:

- A responsibility to ensure that the people of recipient countries are appropriately involved and empowered, especially in the process of TCI design and implementation.
- A commitment to participate in this process, when invited, but a responsibility to ensure that participation is aimed at helping partner nations to identify their own needs, formulate their own objectives and decide upon what are the best methods for them. It could extend to advising the countries and bringing to their notice experiences and options.
- The obligation to help set up appropriate mechanisms for facilitating stakeholder ownership, where the capacity or inclination to do so is missing in host countries.
- The responsibility to help governments achieve their stated and explicit agendas, insofar as these were democratically arrived at and were not dictated by any specific interest, including donors.
- The responsibility to ensure that the implementing authorities are meaningfully accountable to their own people. Where such a process is not in place, the donor has the obligation to insist on its being set up and, until that time, to take on some of the monitoring responsibilities.

⁶ The notion of ownership involves, to varying degrees, the notion of control. Therefore, as different stakeholders have different ownership profiles, they also have different types and levels of control. Similarly, ownership also involves both being accountable and being accountable to – again different types of accountability for different stakeholders.

⁷ Donor agencies also have obligations to the governments and people of their country and to the international community. However, insofar as these run counter to their obligations to the recipient country, their legitimacy is questionable – for example, where the need to be answerable to their governments, or to cater to the inclination of their larger constituencies, leads them to force TCI objectives or modalities onto partner countries.

- The obligation to see through what it has started and not leave things half done – unless it is clearly in the interest of the partner country to not pursue it further.
- The obligation to share some of its wealth and expertise with those less fortunate.

For the *intended government beneficiaries* the appropriate notion of ownership would include:

- The right to insist that donors can come in only on the basis of national consensus, as described below.
- A responsibility to ensure that TCIs are received and utilised in a manner consonant with the will of its people, their expressed needs and priorities, and their preferred methods for addressing them.
- Consequently, the responsibility to ensure that adequate mechanisms exist to involve and empower the people, especially the historically disempowered ones, including women.
- It also entails the obligation to ensure that fair and transparent methods of conflict resolution are developed and applied, where necessary.
- The responsibility to ensure that the people have the information and support that they need to make the relevant decisions.
- The responsibility to ensure that the implementation of the TCI is done in a manner that ensures accountability to stakeholders, especially the local ones.
- Where governments do not have the capacity to fulfil any of these responsibilities, the donor has the responsibility to help develop such a capacity. In the meantime, it can take temporary responsibility for ensuring that these functions are performed, until indigenous capacity is developed.

For the *intended local-community beneficiaries*, the appropriate notion of ownership would include:

- The right to be involved and empowered in the process of making decisions that are likely to affect their lives (positively or negatively), the weight of their opinion being in direct proportion to the impact that the TCI will have on them.

- The right to have their needs addressed in the manner and with the priority that they themselves determine or that has been determined as a part of a consensus to which they were a party.
- The obligation to take responsibility for the TCI by monitoring it and doing all that is necessary and possible to ensure its success.
- The responsibility to ensure that the capacities developed through the TCI are not frittered away once the TCI is over.

The appropriate notion of ownership for *those adversely affected* would include:

- The right to participate in the decision-making and conflict-resolution processes.
- The right to suggest, and have appropriately considered, alternatives that could minimise their losses.
- For those who are innocent victims, the right to receive appropriate compensation/rehabilitation for their loss such that:
 - It does not impoverish them economically, socially or culturally.
 - It leaves them at least no worse off than before.
 - It ensures that their compensation is at least at the same ratio to their loss as the initiative's benefits are to its costs.

Ownership-Friendly Modalities

To move towards more appropriate TCI ownership, some of the modalities that need to be established are discussed below. There are, nevertheless, many real and imagined constraints to fuller ownership that are discussed later.

For Stakeholder Participation and Involvement

TCI design and implementation modalities must encourage and facilitate appropriate levels of participation. Some of the tasks such modalities must facilitate include:

a) Identifying Stakeholders

Though the relevant categories of stakeholders have been detailed above, the actual identification of who falls into each of the defined categories is not always easy. This is a problem particularly at the design stage, when the various parameters of a pro-

posed TCI are not yet clear and, therefore, the direct losers and beneficiaries cannot be identified with any level of certainty. However, any participatory exercise becomes meaningless without the involvement of these critical stakeholders.⁸

Even where the scope of the proposed TCI has become clear, the identification of those directly affected is not simple. Depending on the objectives and methodology proposed, backward and forward linkages have to be worked out to see whom the TCI would affect.

Further breaking down stakeholder categories and ensuring that all the groups within each category get a voice is critical. It is especially important to clearly identify the disempowered sections of each category of stakeholders, including women, indigenous people, and those economically disadvantaged.

GENDER SENSITIVITY

Though they pay lip service to gender sensitivity, most TCIs do not have any modalities specifically designed to involve women in their planning and implementation or for making the design sensitive to women's concerns. The problem starts with the collection of data that are gender-insensitive or, at best, gender neutral. This leads to an understanding of problems and solutions from a male perspective that tends to exclude women as potential beneficiaries. In some cases, such insensitivity results in making women's situations worse than they were before the TCI.

A study of various dams and irrigation systems done for the World Commission on Dams revealed that water distribution systems were often designed to make water available to farmers at night. This enabled systems to use the surplus power available at that time. However, in many societies, women farmers could not work the fields at night. They were therefore excluded not only from the benefits of the irrigation system but, in comparison to their male colleagues, became economically worse off (Singh and Banerji 2002).

b) Disseminating Appropriate Information

Participation cannot be meaningful unless it is informed. Therefore, prior to involving stakeholders, each must be given access to relevant data in a comprehensible manner. Where there are illiterate stakeholder groups, this is a special challenge.

There is an Indian saying which, loosely translated, reads:

"You cannot keep your mouth and your mind open at the same time."

Also, to make the discussions meaningful, it is not enough to provide information on the proposed TCI alone; alternative designs and alternatives to the TCI itself must also be analysed and the information disseminated.

c) Invoking Stakeholder Participation

Persuading the critical stakeholders to participate appropriately is no easy task. Many stakeholders may be unable or unwilling to participate, or simply uninterested in the process. TCI modalities must deal with each of these types of situations.

⁸ See UNDP 1998, p14, for an alternate but less satisfactory classification of stakeholders that totally leaves out those adversely affected.

Stakeholders are sometimes unable to participate because they do not have the time or even the minimal resources required. Social structures may not allow them to participate. This is especially true of the most critical of stakeholders, those historically disempowered, especially women and weaker segments of the society. Stakeholders may also be unwilling to participate because they are cynical about the value of such participation, about the usefulness of the proposed TCI or about TCIs in general, or suspicious of the donor or the government agencies involved. They may also be unwilling to participate if they feel inadequate or unprepared.

Lack of interest and apathy can also arise from a sense of hopelessness and a belief that nothing and no one is ever going to help.

d) For Facilitating Stakeholder Participation.

Even after identifying all the stakeholders, disseminating relevant information and arousing enthusiasm, TCI initiators still face challenges in the actual modalities of participation. In many TCIs, especially those intended for widespread impacts, the number of stakeholders can be very large. Their geographical spread can also be huge. How does one effectively disseminate information and engage so a large and dispersed a stakeholder community?

It is important to distinguish, in such cases, between those stakeholders who would be directly affected by the proposed TCI and those who would only be indirectly affected. Although the latter will be far more numerous, they may be only reactive, whereas those who are directly affected must be pro-active.

In other words, for the larger group of indirectly affected stakeholders it may be appropriate to use the printed and electronic mass media to disseminate information, and acceptable to await their response. The donors and other project proponents can afford to react to their comments, suggestions and objections without having to actually seek them out. Of course, modalities designed to arouse their interest must be used. Also, for special interest groups among them, like experts, influential groups and individuals, the press, etc., a more direct approach may be prudent.

On the other hand, directly affected stakeholders must be approached more vigorously and efforts would have to be made to ensure their participation rather than simply await it. Here again, the literate and educated ones can be approached through written material, letters, e-mails and even linked to Internet discussion groups. However, for many of the less educated, especially rural stakeholders, direct contact would have to be made through public meetings and perhaps through traditional systems of information dissemination and interaction.

In any case, the focus must be those who are directly affected and, among them, those who are ordinarily not heard, including women and other disempowered sections, and those likely to be adversely affected.

Reaching out to all stakeholders is only the first challenge. Ensuring a free, frank, informed and constructive dialogue itself poses many others. Fortunately, many tried and tested methods are available today (for example the participatory rural appraisal approach) to break through the many linguistic and cultural barriers that inhibit a constructive and open exchange of views. These need to be included in the participation modalities. Special care has to be taken to ensure that the process of involvement is culturally appropriate.

The success of such a process depends on appropriate human resources. It is usually difficult for outsiders, foreigners or nationals, to access the community. Therefore, local intermediaries have to be identified and trained for the task. They must have the ability to listen and to encourage others to think and talk. They must have the ability to hear and understand everything with an open mind and to keep their own preconceptions out of the way. However, as local intermediaries may carry with them local biases, a system of checks and balances has to be put in place.

For Stakeholder Empowerment

Stakeholder participation by itself, however extensive and successful, does not lead to empowerment. Very often, stakeholder consultations are just that: stakeholders are consulted and their views noted, but then the consultants and managers get on with designing and implementing the TCI. This is especially – and often – the case when things are first decided before stakeholder consideration.

Apart from not leading to empowerment, such a process dissuades stakeholders from participating further in this or other similar processes. Therefore, the dangers of consultation are twofold if it does not lead to empowerment: not only is there no commitment for the specific TCI, but stakeholders will resist future consultations.

To lead to empowerment, the rights of each stakeholder have to be made explicit and respected from the very beginning of the process. They must know where their views count and to what extent, and this must be demonstrable. They must also feel empowered to participate in the process of conflict resolution and consensus-building and feel confident that the consensus so arrived at would determine the nature of the TCI.

Participation is a bit like antibiotics. If you do not do the full course, stakeholders can develop an "immunity" to participation.

a) Decentralised Decision-Making

Stakeholder empowerment is possible only if the process of decision-making is decentralised and flexible. Flexible and decentralised decision-making also allows for easy mid-term corrections in the process of TCI implementation and thereby makes the TCI responsive to changing local perceptions and needs.

After prolonged discussion the Bank accepted the concept of an indicative plan, which was to be prepared on the basis of detailed and participatory planning exercises in a small sample of the villages. The overall budget would be based on the extrapolation of per-village costs, as determined from this sample of villages. The project would therefore have an eco-development fund that would not be tied to specific activities in specific villages at a specific cost. What would be stipulated was the method to be used in determining the activities to be taken up in each village and their cost (Singh and Sharma 2001).

b) Transparency

Transparency at all stages of the TCI: design, implementation and evaluation, is essential to win public trust. It is also an important precondition of informed public participation and an effective method of ensuring probity. Where TCIs are designed and implemented in secrecy, most intended beneficiaries and other concerned people never learn what has been planned, why, and how it is to be implemented. Therefore they cannot demand accountability from their governments and other institutions.

Consequently, TCI modalities must include effective measures to make all information public. Many methods are available today, including the use of the media and Internet, and by organizing public hearings for the affected communities. All these need to be appropriately used to ensure that those who are affected by a TCI know exactly what to expect and can object if something less or something different is delivered.

c) Answerability

The openness with which TCIs are planned and implemented and their responsiveness and answerability to stakeholders have a profound impact on their ownership-friendliness. A critical precondition for the active participation of stakeholders in a TCI is that the TCI management must be answerable in some effective way to the stakeholders, especially to those directly affected. Transparency, as discussed above, is one method of ensuring broad answerability. However, while this may be appropriate for most categories of stakeholders, for those directly affected, some more pro-active form of answerability has to be institutionalised.

d) Monitoring and Evaluation

The involvement of stakeholders, especially the local stakeholders, in the process of monitoring and evaluation, is an important modality for ensuring answerability and empowerment. It is also important to share the findings of such monitoring and evaluation with all the stakeholders.

For Building Stakeholder Consensus

As more voices are heard, more discordant notes are sounded. Some discord may be illegitimate or even vicious, but some has a legitimate basis. They are a result of genuine differences of opinions and perceptions. If all these are not respectfully heard and dealt with, there is antagonism and alienation. Where people feel that they have been heard non-judgmentally and with adequate respect, they are far more likely to participate in the TCI processes, even if it does not fully meet their expectations, than if they were not heard at all. It is not only their absolute (veto) power that empowers them; the opportunity to persuade other stakeholders to accept their point of view also empowers them. Though consensus cannot be built and conflicts cannot be resolved unless there is a spirit of compromise and the acceptance of the principle of “give and take”, the fact that the most disempowered segments of the society have an opportunity, through this process, to ensure that they don’t just “give” but also “take” a little, is itself an empowering experience.

PUBLIC HEARINGS

Sometimes the best solutions to social problems emerge from society itself. This is what happened in the Indian state of Rajasthan where the villagers, fed up with corruption in the Panchayat (local government) system, decided to do something about it. Under the banner of the Mazdoor Kisan Shakti Sangathan (MKSS-Labourer, Farmer Empowerment Society) they started demanding copies of bills, vouchers and muster rolls relating to expenditure incurred by the panchayats. Because of a sympathetic bureaucrat, the vouchers and muster rolls for the few village panchayats were made available. The MKSS then organized jan sunwais (public hearings) between December 1994 and April, 1995, where these muster rolls and vouchers were read out to the whole village. The results were startling. Village after village discovered that many of the works that were supposed to have been undertaken in the village and for which vouchers existed had never actually been carried out. They also discovered that many of the names on the muster rolls were false, some even belonging to fictitious characters or to individuals long dead.

As news of this spread rapidly, more and more villagers started demanding access to muster rolls and vouchers. There was, understandably, panic among the panchayat functionaries who protested and the Gram Sevaks (village level government functionaries) of Ajmer District even went on strike. However, this only strengthened the determination of the local people to demand and exercise a right to information about their money. The slogan they adopted was: Hamare Paise, Hamara Hisab (our money, our accounts). The movement has spread today to many parts of the country; some states have even enacted laws that support of the demands of the people, legally ensuring their access to such information. (Singh 2001)

There are many stages in the design of a TCI when conflicts can occur. Some of these are discussed below.

a) While Setting Broad Goals and Objectives

Usually this is the least controversial stage, as the basic explicit goal of all TCIs can be considered the promotion of human welfare⁹ or poverty alleviation. The broad objectives are usually also non-controversial. They could be the protection of the environment, the empowerment of women, improvements in health and sanitation, raising of incomes, increasing agricultural or industrial productivity, or eradicating illiteracy.

b) While Prioritising Among Objectives

Given the desirability of these various broad objectives, different stakeholders often have differing priorities. Donors usually have priority focus areas partly determined by their own perceptions and partly by the perceptions of their constituents. However, these perceptions tend to change over time, as do the related priorities.

In some cases, donor priorities are explicitly imposed on recipients and TCI grants are offered as inducements. For example, much greater support is currently available for AIDS prevention programmes than for the prevention of dysentery and diarrhea, even though many governments may consider the latter two higher priorities. However, on other occasions governments may seek support for areas they consider important, but competing demands and political realities inhibit their own ability to support it adequately. This is often the case with biodiversity conservation. National governments also have their own priorities that do not always match those of the donor. Sometimes governments seek additional support for their priority areas, which may or may not match the priorities of the donors.

There can be similar differences of perceptions and priorities between and among all the other categories of stakeholders. Most notably, different sections of the civil society (both within the donor and the recipient countries) may have serious misgivings about the priorities implicit or explicit in a TCI or in a portfolio of TCIs.

c) While Deciding on the Scope

Once the objective has been decided, the scope (coverage/location) needs to be determined. The coverage can be geographical or could include one or more categories of potential beneficiaries and exclude others. Here, again, there can be differences between the donor and the recipient government, and within and between other stakeholders, including the sub-national governments, the civil socie-

⁹ Some stakeholders may be concerned about ensuring that human welfare does not ignore animal welfare.

ty in general, the people directly affected by the programme or project, and by those who are excluded and therefore pay an opportunity cost.

Location is relevant to site-specific projects and programmes and can again be much debated, especially by those who suffer adverse impacts or those who lose out on potential benefits, because of the proposed location.

d) While Selecting Strategies

Even sharper differences of opinion can arise in determining the strategies to be adopted for achieving the chosen objective. Take, for example, the goal or objective of poverty alleviation. The first level of debate can be on whether poverty should be alleviated by creating more wealth or by redistributing the wealth that already exists – or by doing both.

At the second level, if the decision is to create more wealth, then the debate can concentrate on whether this should be done through the enhancing agricultural productivity, industrial productivity or some other means.

If the focus becomes agricultural productivity, then the debate shifts to whether this should take place through dryland farming or irrigated agriculture. And if it is to be irrigated agriculture, then should enhancement be achieved through conserving and better using the water already available or should water supplies be enhanced. If enhancement is thought necessary, then should this be through small irrigation structures or large dams. A similar debate can occur for any other sector or issue.

Of course, most processes of designing a TCI skip most of these steps, coming straight to the operational step of building a dam. Though it may not be possible, each time, to debate all the preceding issues fully, the lack of a debate and consensus-building on these issues often becomes a basis of criticism and alienation. But they are least common in efforts where there are no direct losers.

For Ensuring Stakeholder Responsibility

Though all the steps outlined above may ensure that stakeholders take responsibility for *the process of TCI design*, something more needs to be done if they are to accept responsibility for *the TCI itself*, especially through its implementation phase.

a) Fighting Donor Dependence

One unfortunate outcome of donor support has been the development of a dependence syndrome. Such a mindset is a critical barrier to the owning of responsibility for

TCIs.¹⁰ The adage of resisting doing the thing right but, instead, trying to do the right thing is particularly relevant here. Barring emergencies, short term, “efficient”, donor-driven interventions must be resisted for long term, perhaps less dramatic, local initiatives. The quantum of aid and the size of TCIs, as discussed later, are also of particular relevance here.

b) Addressing Felt Needs and Priorities

The TCI must address the felt priorities of the stakeholders or reflect a consensus to which they were a party.

c) Ensuring Real Benefits

The TCI must be seen as likely to result in actual benefits rather than notional or elusive ones. TCIs are often focused on outputs rather than on outcomes and impacts.¹¹ People are trained, institutions are strengthened, expertise is transferred or developed, but little effort is made to determine whether the training, the institutions or the expertise is actually delivering the goods and services intended.

Where TCIs do not have real impacts, the intended beneficiaries lose interest and stop considering it their responsibility. Once they have seen many TCIs go this way, a general skepticism about TCIs develops and it becomes progressively more difficult to involve potential beneficiaries and generate any great enthusiasm about the next.

d) Ensuring Cultural, Social and Economic Viability and Optimality

The benefits of each initiative have to be balanced against its financial, economic, social and environmental costs. The initiative also has to be assessed in terms of whether it involves non-negotiable costs; in different cultures and at different times, some things cannot be priced or “traded off”; they are held sacred.

Every cost benefit analysis must be supplemented by a “class benefit” analysis that shows which groups benefit from the initiative and which have to pay for

ENTRY LEVEL ACTIVITIES

Often rural initiatives are prefaced by what are known as “entry level” activities. These are described as activities designed to give “an entry” into the rural community. In fact, they reflect a compromise and consensus reached with the local communities. For example, if a TCI is seeking to raise adult literacy levels in a village or a region plagued with acute water shortage, a compromise often reached with the villagers is that the TCI would help them dig wells if, in return, they helped in promoting adult literacy. However, reaching such a compromise requires local-level decision-making powers and flexibility are required.

¹⁰ For an excellent discussion on aid dependence, see Braughtigam 2000.

¹¹ There is an admitted problem with the measurement of outcomes or impacts. However, this is partly because TCIs are originally designed to deliver outputs and their milestones and timeframes are oriented accordingly. It therefore becomes difficult to retrofit an outcome or impact based evaluation system. Also, adequate outcome or impact indicators have not yet been developed and tested and it seems too early to abandon the approach.

it. Often, TCIs may contribute to economic growth, but adversely affect equity, benefiting the rich at the expense of the poor, the strong to the detriment of the weak or the influential at the cost of the marginalised.

Similarly, one must determine if the initiative is the best possible way to achieve the desired results. Other options must be considered. Past experiences and their lessons must be examined in relation to specific proposed strategies and assessed appropriately in the context of the field reality.

e) Pacing for Assimilation

The time frames for planning and implementing TCIs, especially the time available to consult and involve various stakeholders, often determines their “ownership friendliness”. Rigid timeframes, coupled with large amounts of funding, often lead to wasting funds, as panic sets in to spend all the money before the initiative closes.

One critical element in managing change is the difference in the ways that cultures look at time. In western cultures, which most of the donors represent, time is seen as an adversary and efforts are made to do things as quickly as possible. In other cultures, especially in Africa and Asia, time is often regarded as an ally; the longer you can afford to take to do something, the better it will be assimilated. Rushing into things or through them is considered uncultured; even conversations and discussions take – and are designed to take – weeks and months rather than hours and days. Donors must therefore take the time to ask themselves not how quickly they can complete a TCI, but how slowly they can afford to do it. Nonetheless, making haste slowly does not include bureaucratic delay – which usually serves only to exacerbate misunderstanding.

f) Designing for Sustainability

Sustainability is both a benefit of stakeholder ownership and a precondition for it. Unless TCIs are designed to have a good chance of sustaining themselves over time, stakeholders hesitate to accept responsibility for them.

i. Appropriate Institutional Structures, Staffing and Funding

The structure and staffing of TCIs influence their long-term viability and sustainability. In general, the greater the integration of these structures into the existing social and governance systems, the greater their chances of persisting over time.¹²

¹² “Low levels of ownership are only partly related to the rise of adjustment lending in the 1980s, which legitimised an unprecedented degree of external ownership of policy decision normally made by the political leadership of a country (Brautigam and Botchwey, 1998). The widespread use over the past three decades of enclave project implementation or management units, and offshore, off-budget “Special Accounts” for projects also exacerbated this problem. Although these practices have been condemned by many donor studies, they persist. A recent OECD and UNDP study of the aid system in Mali showed that between 1985 and 1995, the majority of donors used project implementation units rather than working through the regular bureaucracy; some donors, including USAID, the World Bank, and Germany (GTZ) used them for all of their projects in Mali (1998: 37-50)”(Brautigam 2000).

Admittedly, existing systems and institutions may be inadequate or inappropriate to the proposed TCI, tempting implementers to set up a system, removed from existing structures. However, sustainability considerations tend to call for rooting the TCI in existing systems and guiding it to develop and expand them – and the institutional capacities they require – even though this may delay the specific objectives of a TCI. Of course, this kind of option may not be available where the TCI concerns emergency relief or where systems and structures have collapsed, as in failed states. Even then, an explicit and measurable objective of all TCIs should be developing indigenous capacities, even while they carry out their primary tasks.

Similar problems exist in staffing TCIs. Again, as a general principle, TCIs are far more sustainable when staffed by nationals and locals. Where adequate local capacity is not available, one must focus on developing it prior to TCI implementation or concurrent with it.

The domination of TCIs by expatriates can significantly compromise the sustainability of TCIs and raise other problems, among them donor credibility. This often happens when donors prescribe cuts in government expenditure and insist upon greater equity in distributing resources, but send in consultants who are paid 20 to 30 times the national salary. Elliot Berg (1993) quotes an unnamed “high-ranking” official of UNICEF :

“I believe that the vast bulk of technical experts and expertise at present provided by the UN and donor system has outlived their usefulness ... judged by the criteria for which they have been provided: the provision of specific technical expertise or experience which is not available among nationals of the country ... for a limited period until national personnel have acquired the training and expertise to take over the job... (Far) from diminishing, the numbers of technical experts provided has grown decade-by-decade since the 1950s...

“[Costs have] reached extraordinary disproportions. In Tanzania, for example, the total cost of technical assistance in 1988 was some \$300 million, of which at least \$200 million represented the salaries, per diems, housing allowances, air travel and other direct costs of the 1,000 or so international experts provided as the core of technical assistance. In contrast, the total salary cost of the whole civil service in Tanzania in the same year, including administration, clerical staff, teachers and health workers, was \$100 million. [This situation...] is not untypical ... The time has come to rethink the purpose of aid and technical assistance within the UN system”.

Expatriate consultants not only seem to take jobs from nationals¹³ (Berg 1993), but often have their own ideas of how things should be done that clash with the way their hosts would like them done. This creates friction, compromises the initiative and often raises the questions of ownership – the more so when payment for expatriates strain other elements of the national budget.

The “counterpart” system does not seem to work well. Local counterparts are either not properly selected or not adequately motivated to be recipients of transferred expertise. Nor do expatriate consultants always have the motivation or ability to “transfer” their expertise. He or she is generally selected for expertise rather than the ability to develop counterpart capacity – the hardest outcome to measure under any circumstances.

ii. Appropriate levels of Funding

Modalities of funding patterns also play important roles for sustainability and ownership. Many TCIs pump into the system amounts of money totally dissonant with local realities. When donors withdraw and reduce these massive funds, local implementers and even beneficiaries who are used to that amount of funding are not inclined to work within a shrunken pattern. In some cases they convince themselves that even the pre-TCI level of activities can no longer be carried out with the reduced monies available, even when fewer resources supported these activities before the donor’s arrival.

UNSUSTAINABLE TCIs

In a forest fire prevention project in Indonesia, post-project assessments revealed that forest officers had stopped inspecting the field stations. When asked why, they responded that after the completion of the project they did not have money to maintain or run the vehicles that had been bought under the project. Further investigations revealed that, before the project, they had all used public transport for inspection tours, but had developed a taste for traveling in their own vehicles.

Credibility of the donor and of the TCI process is critical to winning public support. Contradictions appear glaring when the donor claims to work towards sustainability, but sets up TCIs that use levels of resources impossible to maintain through national budgets.

In some cases, too, a TCI results in donor replacements of national funding – which does not reappear after the donor’s departure because of additionalities. In a sense, this is an abdication by national governments of their own responsibilities. This “flexibility” often defeats the purpose of the TCI by failing to strengthen the sector that was considered a priority. Yet this is common where a TCI does not appear to address a felt national priority. Given an opportunity to secure financial support through a TCI in a non-priority sector, most governments shift their own resources to areas to which they give higher priority and then back to the donor’s at a far lower – often unsustainable – level. Perhaps the only answer is setting up a system for restricting the TCI to the resources of the national budget.

¹³ See also ‘Principles for New Orientations in Technical Cooperation’. The International Journal of Technical Cooperation, Vol.1, No.1, Summer 1995, pp 1-17.

Just as large-budget TCIs are essentially unsustainable and potentially counter-productive, high operational expenses also lead to undesirable distortions. Adopting frugal norms would not only make TCIs more acceptable to national stakeholders, but would also promote sustainability and allow the same amount of money to do much more good. Moreover, building into TCI design the gradual replacement of donor funds by national funds, while maintaining the same level of activities, would not only ensure funding at nationally replicable levels, but guard against other dislocations.

THE SIZE OF TCIs

A factor in this is the size and scale of most multi-lateral donor projects. Large corporations are the beneficiaries of large, expensive engineering projects. Since it costs as much in staff-support services to administer a \$500,000 project as a \$50 million effort, an MDB will usually choose the larger one (Pearl 1989).

iii. Addressing Root Causes

Should TCIs address the symptoms of a problem or try tackling the root cause? Always an issue in the project approach to development, it continues in the programmatic direction, even where programmes are sector-wide. In fact, neither approach tends to reveal the true inter-linkages between problems and sectors. Though local communities want the symptoms tackled (stomachs filled, shelter provided) and certainly do not think in sectors, most affected populations would like problems solved in a permanent and fundamental way.

Factors Inhibiting Stakeholder Ownership

National Governments

National governments would like to do things their own way and to do it themselves, as long as the donor is willing to pay for it. Where they welcome expatriate consultants, they either see their expertise as critical and not available internally or regard them as extrabudgetary staff that can assist their work without burdening their budgets (Berg 1993).

Donor resistance to allowing national governments to design and handle TCIs by themselves stems from many factors. Most commonly, donors feel that adequate institutional and individual capacity does not exist within the country.

FUND ADDITIONALITY

In the 1980s, various bilateral and multilateral donors initiated major community or social forestry programmes, giving financial and technical assistance for raising plantations that could meet basic rural community needs. Subsequent assessments showed that most such TCIs caused national governments to withdraw their own forestry funds completely. The fact that the TCIs focused exclusively on social or community forestry meant that all other aspects of forestry were seriously neglected, leaving forests worse than they had been.

- They have reservations about the sincerity and/or objectivity of national implementers.
- They believe that the country's procedures are so complex that only those with prior donor experience can handle them.
- The donor has come under pressure to provide employment for its own nationals.
- Culturally, donor personnel feel more comfortable working with people of their own background than with people from different cultures.

Other factors that shape donor decisions include:

- Whether national governments appear to represent a minority viewpoint, as is sometimes the case with military dictatorships, or have an elitist character.
- Whether they have majority support (through elections or otherwise), but seem insensitive to minority viewpoints or issues important to the donor, such as environment or gender.
- Whether the recipient government can make decisions and implement TCIs.
- Whether the recipient government professes political or economic ideologies at variance with those of the donor countries.
- Whether the recipient government seems dominated by a few self-serving individuals.
- Whether the recipient government subscribes to the broad, hidden or explicit, donor agendas, such as nuclear proliferation or international trade regimes, including copyright and patent protection.

Some of these factors stem from underlying cultural differences between donors, differences in defining justice, democracy, participation, even efficiency. Where genuine elements of cultural diversity exist, they are understood as characteristics of what is wrong rather than what is different.

Where donors try to “persuade” recipient governments to do what they consider to be in their best interests, the temptation of additional finances or the threat of stopping existing resource flows usually compromises the possibility of ownership.

Conditionalities: Conditionalities used to induce systemic changes which donors rather than recipient governments consider desirable tend to reflect the political and ideological interests of donor countries. Many prescribe how a particular TCI should operate, independent of the larger system in which the presumed shortcoming exists. While some conditionalities seem benign, some end by injuring innocent parties or distorting socioeconomic systems. The structural adjustment programmes of the late 1980s were a case in point. In terms of ownership, conditions forced on host governments often endanger not only the TCI they accompany, but others that may follow.

CONDITIONALITIES

Stung by criticism about the adverse impacts of their assistance on some of the poorest people of the world, many donors have started prescribing stringent procedures for assessing and mitigating the adverse impacts of TCIs on certain groups, especially indigenous peoples, and apply these strictures rigidly. Recipient countries react by trying to circumvent such measures, even as they appear to observe them.

In some TCIs that displace illegal occupants of public lands, the rehabilitation packages have been so liberal that such groups fare better than the remaining legal population. This not only leads to resentment, but encourages others to squat on public land in the hope that some donor will pay for their "displacement".

Sub-National Governments

Sub-national governments include provincial or state governments, municipal authorities and local governments, many of which have varying degrees of political independence and direct responsibility for administering national, sub-national and local projects, programmes and policies. Most of the factors that inhibit the involvement of national governments apply to sub-national authorities and are supplemented by others:

- A hesitation, even an antipathy, among national governments to allow the direct participation of "lower" levels, duplicated by the "lower" level itself towards subsidiary authorities.
- A danger of creating or aggravating tensions between national and sub-national governments and among various sub-national governments, which may threaten to destabilise the political situation.
- The difficulties in coordinating activities run directly by sub-national governments.
- The inability to persuade national governments to shed bureaucratic structures inappropriate to supervising and coordinating activities at lower levels. This often results in the diversion of TCIs' resources to unnecessary "management" costs.

Beneficiary Communities

Despite many diverse demonstrations of the benefits of decentralisation during the last decade, officials still perceive a number of grassroots groups as being ignorant or adhering to unacceptable political and cultural values. They also hesitate to risk creating political ripples between various levels of the government and between or within various community groups. National governments are even more apprehensive about letting donors speak directly with communities, community groups and NGOs. Almost all recipient governments reject or try to stage-manage interactions at the community level, sometimes with good reason. As Rajni Kothari (1986), has observed, there are “pervasive and powerful forces that are at work to which perhaps a large part of the present genre of NGOs, particularly those involved in ‘delivering development’, have themselves unwittingly contributed.....[B]oth world capitalism and important institutions involved in ‘development’ – the World Bank, IMF, UNDP, various donor agencies and consortia – are discovering in the NGO model a most effective instrument of promoting their interest in penetrating Third World economies and particularly their rural interiors which neither private industries nor government bureaucracies were capable of doing. Besides, they present an image that is far less threatening than the other two”.

LISTENING TO UNHEARD VOICES

Action Aid, an international NGO, has initiated the exercise entitled “Listening to People in Poverty”, which involves teams of experts, volunteers and Action Aid’s own national staff moving around and talking to the most marginalised and oppressed groups in society. The current series focuses on conditions of chronic hunger; children who are “left out” of education; women and children in institutions such as jails, juvenile justice and women’s rescue homes, and mental hospitals; and poor or corrupt and arbitrary governance.

Other obstructions to community involvement include:

- An absence of institutions through which donors could work with the community.
- The heterogeneity of communities, which complicates hearing the voices of several segments, especially the least empowered.
- The prevalence of priorities or values incomprehensible to outsiders and donor representatives.
- Inappropriate timeframes for eliciting community views.
- Insufficient or inappropriate means of communicating information, especially about alternative TCI designs or intended results and impacts, that allow communities to make informed choices.

Intended Direct Losers

These typically include individuals and organisations/agencies whose activities or influence the TCI aims to curb because they appear to be part of the problem, often corrupt or passive officials. However, involving such people can help reveal what really ails a system – whether lack of incentives, opportunity constraints, external forces, poor training or inadequate remuneration or other rewards – or threats of destitution. Under many circumstances, overcoming these kinds of constraints may become the best means of neutralizing obvious potential opposition. On the other hand, involving such people early in the TCI may prove wholly counter-productive, particularly in view of their possible mobilising of opposition to the TCI and/or politicising its substance.

**NATURE RESERVES MANAGEMENT PROJECT:
PEOPLE'S REPUBLIC OF CHINA**

One of the components of the project was aimed at enhancing people's participation in reserve management. It envisaged participatory planning for the use of resources by local people in designated zones of nature reserves. The planning and implementation of participatory plans for resource use included:

1. PRA training for staff of the nature reserves
2. Developing community resource management plans with the involvement of local communities
3. Implementing income generation activities for local communities through community investment grants as a part of the community resource management plans
4. Various education and awareness activities aimed at local communities.

Unintended Direct Losers

The people physically, economically and socially displaced by a TCI are in many ways the most critical stakeholders. If their losses cannot be minimised, the overall gains of a TCI become questionable and may have undesirable impacts elsewhere. Reaching these unintended direct losers may be particularly difficult because they may be wholly unaware of the very existence of the TCI.

In some cases they protest – usually too late. In many cases, they disappear without trace. Those who survive often become candidates for another round of TCIs, having lost not only their material means, but much of their cultural and geographical identity as well. Consequently, whatever the presumed “unproductive” expenditure, TCIs should estimate not only the impacts of their stated objectives, but their potential for incidental (or “collateral”) damage and provide for conflict resolution, as well as mechanisms to allow the losers to begin building new lives.

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Accountability - to What End?

by Arild O. Hauge

In its most basic sense, accountability means answerability. This article examines accountability mechanisms for managing aid resources as a means of reconciling public actions with the achievement of public policy goals. The author asks if current procedures for sound financial management of TC, including formats for its monitoring and evaluation, add up to a framework for encouraging responsibility – especially where neither donors nor recipients have traditions of admitting to failure.

However, if accountability procedures begin to take account of the reactions of TC's intended beneficiaries, capacities for satisfying them may well emerge. This will involve moving TC accountability from its present donor-recipient nexus to the relationship between recipient authorities and their domestic public.

Ends and Means

The idea of accountability in development assistance – notably technical cooperation (TC) – entails three fundamental questions: *What* to account for; to *Whom*; and *How*? The very term *technical* connotes efficiency, a quantifiable return on investment, and arose from public perceptions in donor countries about demonstrable effects of aid. Although developing countries as a group had unquestionably made substantial gains in longevity and literacy, voters in the North tended to associate these successes with a general trickle-down from global economic prosperity and advances in science and communications than with aid as such. Even where dramatic improvements directly connected with ODA had taken place – as in the control of river blindness, the development and use of new varieties of maize and the spread of oral rehydration treatment – these achievements fell far short of brightening the overall picture of development in donor eyes, particularly in sub-Saharan Africa and other areas elsewhere in which poverty stubbornly persisted.

In making a case for ODA, donor policy-makers must speak to the values, beliefs and interests of the people in donor countries and their legislators.¹ From their perspective, aid is taxpayer money spent outside national borders, sometimes through use of third party intermediaries over which little direct control can be exercised. Logically, this perception would confine TC use primarily to three categories of assistance: (a) as an adjunct to “one-off” or “free-standing” infrastructure investment projects; (b)

¹ As acknowledged by e.g. the UN Executive Committee report “Toward a new aid compact”, 2001.

pure operational gap-filling, e.g. as a part of humanitarian or humanitarian assistance, notably in post-conflict reconstruction; and (c) private sector development.

One must ask, though, what direct bearing such efforts may have on the overarching Millennium Development Goals, particularly those proposed by the Development Assistance Committee of OECD in its 1996 Report and later adopted by all 189 United Nations Member States at the Millennium Summit in 2000: poverty reduction, child mortality, the empowerment of women, and access to health and education.

Understandably, donors whose operations may span several dozen different countries, as well as increasingly diverse areas of TC, need some uniformity to how their interventions are structured and monitored. However, the accountability systems that have emerged mirror the relative bargaining power of donors and recipients. The techniques and standards applied to TC accountability are designed by donor country technicians, whose language, style and presentation tend to reflect the capacities and needs of their own institutions. Consequently, donor criteria emphasise recipient country capacity, notably that of the national public sector. Given the mutual investments of donors, recipient governments and non-government groups, this paper calls for additional perspectives so as to serve the primary goal of TC – the elusive, multi-faceted phenomenon of capacity development, increasingly known by its abbreviation, CD.

While many discussions of capacity have taken place during the last few years, suffice it to define the concept here as the collective ability of a society, at all levels, to identify and respond to concerns and opportunities. For the particular theme of this paper, capacity is *the ability of individuals and institutions to perform functions effectively, efficiently and sustainably*.²

Shifting Goalposts of Public Management Success

Over the last two decades, the goalpost of public management has gradually shifted from a predominant concern with doing things right to ascertaining that the right things get done. Many recent public management innovations and reforms consequently emphasise downstream results rather than rulebook implementation efficiency. In short, they stress attaining broad public policy goals.

To improve the effectiveness of public services, a host of new mechanisms, such as corporatisation, performance contracts, output budgeting, outsourcing and client charters, have been introduced in a number of developed countries³ - and in their

² In line with Hildebrand/Grindle's 1996 study for UNDP, "Building sustainable capacity" and the 1998 UNDP paper "Capacity assessment and development".

³ For an overview of developed country reform initiatives, see e.g. Pollit and Bouckaert (1999) "Public management reform".

development assistance agencies. Not surprisingly, then, a number of developing countries have begun experimenting with such reforms.⁴ Although no developing country has adopted the wholesale and comprehensive reforms exemplified by New Zealand's new public management (NPM), several have adopted individual instruments associated with the NPM package,⁵ often with intellectual and financial sponsorship from international financial institutions and TC agencies. Examples include Malaysia's experimentation with total quality management (TQM) and Uganda's attempt at results-oriented management. Another common type of reform is corporatisation – converting civil service departments into free-standing agencies or enterprises, undertaken in countries as different as Jamaica, Ghana, Tanzania and Singapore.

Whether these initiatives ultimately lead to improved public service delivery or living standards remains to be determined.⁶ Their universal applicability to the development arena certainly cannot be taken for granted.⁷ Nonetheless, concern with results and the responsiveness of aid recipients persist and are affecting both the donor and recipient sides of development management.

Following the reform of overall public administration practices, bilateral and multilateral development agencies⁸ introduced planning frameworks and operational instruments intended to emphasise the downstream results at which ODA aims, along with accountability for these results. The distinction between inputs, outputs, outcomes and impact entered the mainstream of TC parlance – along with debate about attribution and questions as to how performance indicators could measure results.

At the same time, new dimensions of development awareness also emerged – among them, the idea that poverty encompassed far more than monetary deprivation. Increasingly, too, poverty became recognised as the smallest common denominator as a source of risks that spread internationally – conflict, terrorism, disease and environmental degradation. Finally, a notion of a rights-based approach to development⁹ has begun receiving increasing attention.

⁴ See e.g. Polidano (1999) "The New Public Management in Developing Countries".

⁵ The use of arms-length contracts to govern relationships with and among public service agencies may be the defining characteristic of New Zealand reforms. A broader range of reform activities is nevertheless generally associated with New Zealand and the umbrella "new public management" term. For a detailed review of New Zealand reforms see Schick, "The spirit of reform" (1996).

⁶ On New Zealand outcomes see e.g. "Can the Kiwi economy fly?" *The Economist*, 30 Nov 2000.

⁷ Schick (1998) "Why most developing countries should not try New Zealand reforms".

⁸ E.g. CIDA, USAID and UNDP.

⁹ See e.g. UN General Assembly resolution 52/136 of December, 1997 and A. Sen (1990).

The Means and End of Accountability

We must therefore examine the purpose of accountability. Narrowly conceived, accountability ensures that public resources are not wasted – whether by honest mistake or fraudulent design. Systems of cash management, contracting, accounting and audit then become instruments for curtailing opportunities for corruption. The benchmarks of this conception become established standards of bookkeeping, procurement and fiduciary controls. However, positing such benchmarks implies that appropriate procedure at all levels of government will ensure the attainment of desirable public outcomes – and that centralised rules and regulations for sound financial management can articulate the appropriate framework for encouraging responsibility.¹⁰

However, if accountability is conceived far more broadly – as a means of reconciling public actions with achieving public policy objectives – other dimensions emerge. Accountability then comprises the rules, customs, standards and systems that collectively guide and inspire officials towards maximising progress in accordance with the development aspirations of the public they serve. In this larger enterprise, the benchmarks of accountability become expectations for achieving goals – well beyond compliance with rules and regulations. Performance is assessed relative to targets for producing organisational outputs and outcomes become the accomplishment of missions. On both sides of the TC equation, public service management consequently focuses on overall aid effectiveness. Its parameters become

- standards and processes for formulation of public priorities, goals and targets
- methods of programme design and work planning
- criteria of resource allocation
- mechanisms of liaison among institutions and with the public
- rules of financial management and fiduciary control
- structure of incentives, sanctions and rewards.

All in all, accountability therefore becomes a dimension of sound governance – the democratic exercise of political, economic and administrative authority in the

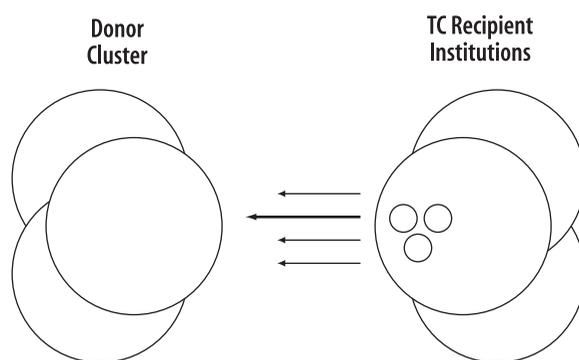
¹⁰ Even at the cutting edge of private for-profit enterprise, accountability incorporates perspectives that complement those of finance and “internal-business-processes”. In for instance the “balanced scorecard” approach to corporate management, the “customer” and “learning” perspectives carry equal weight. See e.g. Kaplan & Norton (1996).

management of a nation's affairs.¹¹ Most recognizably, accountability rests upon the norms, systems and practices that create incentives for appropriate behaviours and actions.

Accountability, Control and Ownership in the TC arena

The foremost lesson of some two decades of evaluation is that TC does not result in CD without recipient "ownership" – which had hitherto been equated largely with a more or less passive act of acceptance. For the most part, national authorities in recipient countries saw their task as transforming pre-industrial societies into industrial engines and tended to accept the ideas of industrialised powers, whether capitalist or communist, as to how to do so. Donor notions therefore tended to dominate the development agenda from its earliest days. However, the more recipients perceive reforms as shaped by external advisers, the more domestic capacity for management tends to erode, as does recipient governments' sense of accountability for development outcomes.¹²

The essence of accountability is answerability – the anticipation of scrutiny and the obligation to answer questions, about how decisions and actions conform to norms and expectations. In an ideal TC world, accountability and incentives, monitoring and evaluation (M&E) would all be tied to achieving results at the level of real human development. In practice, however, the current model of TC looks like the chart below.



¹¹ It is one component of "the complex set of mechanisms, processes, relationships and institutions through which citizens and groups articulate their interests, exercise their rights and obligations, and mediate their differences" that constitutes governance as defined by UNDP in its 1997 publication *Reconceptualizing Governance*.

¹² As argued with reference to economic management in Africa by the 2000 World Bank report *Can Africa Claim the 21st Century?*

Both sides badly need CD in this vital area. Employees of aid agencies are rewarded not for the long-term sustainable development that occurs on their watch, but for getting projects approved by their boards, for the disbursement of funds, and for meeting the output targets in the project design.¹³ Developing countries that manage themselves effectively threaten the displacement of current TC experts and agency staff.

On the recipient side, incentives derive as much from the informal and intangible dynamics of personal relations, the benefits accruing to political patronage, and the acquisition of power conferred by the attraction of TC resources rather than the expectation of rewards to performance acknowledged through formal accountability processes.

Moreover, none of the TC stakeholders has a tradition for admitting to failure. TC agency officials are not sanctioned for posting programme advisors who, whatever their intentions, end by doing little good for indigenous capacity development. At the project level, decision-makers on both sides may share disappointment when such capacities fail to develop, but assure themselves that prospects remain bright so long as the flow of TC continues. Existing accountability mechanisms, such as M&E, may keep managers from doing the wrong things, but do little to link incentives to results. In large measure, this stems from modalities that structure accountability in terms of donor rules and compliance standards and relate above all to the interactions between the executive branch of recipient governments, on the one hand, and donors on the other, the former being answerable to the latter.

However, this broad classification of the two sides of the interchange into “donors” and “recipients” masks significant realities within each category. Any group of donors comprises differences in perceptions, values and concerns among expatriate advisory personnel, consultants and suppliers; aid agencies in the field; aid agency HQ; foreign affairs ministries; parliamentarians and taxpayers. Likewise, on the recipient side, little commonality of interests may exist among the foreign affairs ministry; the finance ministry; line ministries; TC project “counterpart” staff; and frontline service providers.

A number of donor persons directly involved sometimes assume that recipients will somehow become enthused about the ideas that animate a particular programme or project. The modality of “national execution” in particular, which makes recipient authorities accountable for all the formalities of management, seems to express a hope that ownership can be created through accountability. Instead, recipients often feel that they have been relegated to the chores of administrative paperwork – that

¹³ Brautigam (2000).

they have responsibility without the levers of control. All the while, those who are ultimately supposed to benefit from TC find their interests largely held in proxy by their public servants.

Moreover, ultimate beneficiaries themselves are rarely a cohesive group. They represent diverse needs, interests and beliefs that vary with their location, social status, gender, age, educational level, ethnic affiliation and other differences. This, in turn, leads to the assumption that public servants will help beneficiaries articulate their concerns and reconcile conflicting views among them – a staggering task even, perhaps especially, where national authorities are honest custodians of popular interest.

TC Accountability vs. Capacity Development?

Current TC accountability arrangements have worked against capacity development in three major ways:

Short-term project cycles geared to implementation.

Agreements on TC budgets, objectives, timetables and managerial arrangements assume that successful development interventions proceed in a narrowly time-bound sequence from problem identification to project preparation through appraisal to implementation and finally to evaluation. Production oriented, they imply that development problems can be fully understood and solutions confidently determined from the outset by a linear transfer of experiences from one location and culture to another. They therefore tend to make the implementation of pre-planned project activities a goal in its own right and thus obscure the multi-dimensional processes of adaptation and learning on both sides that constitute real progress in developing capacity. Moreover, these processes rarely unfold within the short-term.

Multiplicity of donor M&E formats

Compliance with differing monitoring and evaluation (M&E) formats from multiple donors has become a massive enterprise of data collection, information management and reporting for many developing countries.¹⁴ More important, this multiplicity of information requirements and procedures tends to foster adherence to preset rules and to breed passivity and reluctance to take risks and initiatives¹⁵ – in contrast to promoting indigenous capacities. Donor M&E requirements divert

¹⁴ An African country often has to have negotiations, prepare requests, maintain accounts and submit reports in accordance with more than 50 different donor M&E formats. According to Brautigam (2000), Kenya had 2000 donor-funded projects in 1996 and Tanzania in 1997 had 1800, while war-torn Mozambique was trying to keep track of 405 health projects funded by different donors

¹⁵ Schick (1996).

national TC practitioners from building on the foundations of domestic culture, institutional arrangements and decision-making processes. The most prized organisational skill becomes familiarity with the intricacies of the different rulebooks. Knowledge is guarded and transparency is weakened.

The weaker indigenous capacities for accountability, the more donors have felt inclined to establish their own control arrangements – which ultimately results only in increasing aid dependence. The capacity created within the enclaves of TC accountability rarely expands beyond project boundaries.

Lack of TC integration with recipient management

TC takes place in isolation from the essential decision-making processes of the recipient at either the interministerial, parliamentary or local government level of deliberation. This is most visible in the management of funds. The bulk of actual funding for TC is rarely entrusted to or seen by recipients. Most TC is provided in-kind, its costs absorbed through personnel and procurement systems maintained by the donor or donor-appointed agents. National authorities usually handle only the funding earmarked for minor items of local procurement.¹⁶ Even where donors subscribe to budget support or SWAps, funds are often earmarked for specific budget lines and come with additional accountability requirements. Recipient authorities have little scope for alternative resource use or re-allocation.

Moreover, a number of the most highly-skilled nationals are drawn into separate enclaves of TC project management, which offer superior pay, better work facilities, and prospects of overseas travel; their performance is also appraised by outsiders.

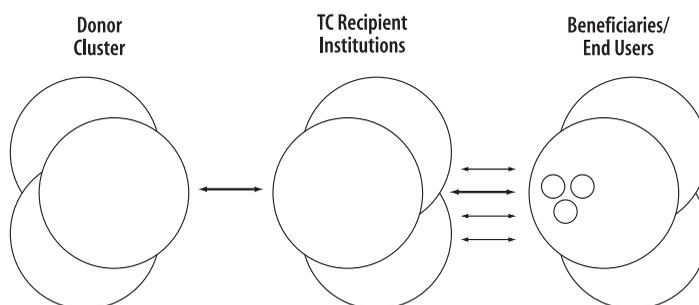
In Tanzania, where donor funding represented 30 per cent of total expenditure, 70 per cent of these moneys did not appear in the country's 1996/97 budget. A comparable situation was manifest in Ukraine in 1992, when donor funding amounted to 12 per cent of GDP.¹⁷ Even in Uganda, which led other countries in debt conversion under the HIPC initiative, total programmatic and budget support constitutes a smaller share of ODA than the off-budget financing of discrete donor-funded projects.¹⁸ Where Consultative Groups and Donor Roundtables rather than national parliaments holding the purse strings in aid-dependent countries, finance ministers may rank their presentations to donors higher than those to their own legislative bodies.¹⁹

¹⁶ In addition, many TC agreements stipulate restrict procurement to donor suppliers.

¹⁷ Brautigam (2000).

¹⁸ Government of Uganda Budget Estimates and Public Investment Plan, 1999/00-2001-02.

¹⁹ Brautigam (2000).



Taking Accountability Where It Belongs: Making Beneficiary Voice Count

Meaningful institutional reform in developing countries is unlikely to occur solely as a result of public officials' own initiative and energy. In too many instances, public administrations have long performed poorly, doing little to improve lives of ordinary citizens; citizens have grown to expect little from their governments and consequently demand little; and, to complete the vicious circle, the public administration, sensing little demand, delivers little.²⁰ However, the degenerative action can be reversed – in part through TC – if accountability, which involves justification and scrutiny of public affairs, is exercised not only within public administration, but also by the citizens outside it. Micro, “bottom-up” or “voice” mechanisms of accountability can therefore be an important supplement to the more established hierarchical, central or macro-level accountability systems.²¹ They can also serve as barometers of change in levels of human development.

All development efforts, including both TC and CD, aim at making a difference in the lives of their target beneficiaries themselves. Changing levels of end-user approval – in other words, client satisfaction – can act as generic proxy measures of outcome-level changes that result from public actions. Levels of public approval can also be used for the purpose of goal- and target-setting, and, more controversially, managerial performance assessment and resource allocation.

Though few public service users can comment on complex technical matters, they are eminently qualified as to whether public services meet their needs and expectations; whether specific aspects are satisfactory or unsatisfactory; and whether the concerned agencies are responsive, reliable and accountable. Much evidence has emerged on the analytical abilities of the poor – e.g. to map, list, score, rank and diagram their concerns and preferences.²² Quantifying and grading dimensions of

²⁰ This point is made by M. Schacter, “Monitoring and Evaluation Capacity Development in Sub-Saharan Africa”, (2000a).

²¹ A conceptual framework for “voice” and “exit”, in the context of developing country management, is provided by S. Paul (1991) “Strengthening Public Service Accountability”.

²² See e.g. R. Chambers (1997) *Whose Reality Counts: Putting the last first*

public services from the perspective of users can help government agencies measure and benchmark their performance, understand the factors that contribute to it, and respond better to the needs and expectations of the people they serve.²³

For instance, the Public Affairs Centre in Bangalore,²⁴ India, initiated the development of a system for monitoring the perceptions of public service end-users. Based upon interviews at the household or frontline facility levels, users are asked to rate, or give “scores” relating to services sought or received. Ratings are given for waiting times, courtesy, responsiveness and general satisfaction with health, environmental and educational services; these are then published in newspapers and other media. Taken together, the surveys and the publication of their results appear to be changing behaviours at the frontline facilities – making managers more responsive to client needs and providing better quality services. The improvements are rooted in direct accountability between the frontline service facility managers and their constituency of end-users. Similar experiences have taken place in the Philippines.²⁵

Even where government institutions do not provide direct services to the public, the client perspective can still have a powerful role. Government planners or finance ministry officials, for instance, also have clients, albeit elsewhere in the civil service - who can rate performance, timeliness and quality of work. There is, of course, a risk that user response will provide reliable evaluations only when users can no longer profit from collusion with producers, particularly where both are government departments that may find it useful to maintain useless activities to preserve their jobs or reap other material benefits.²⁶

Nonetheless, public service managers who depend upon client feedback and approval – to obtain their share of public resources, for performance appraisal and remuneration – tend not to deliver bad service. As Nobel Laureate Amartya Sen has observed, “Democratic governments ... have to win elections and face public criticism, and have strong incentives to undertake measures to avert famines and other catastrophes. It is not surprising that no famine has ever taken place in the history of the world in a functioning democracy...”²⁷

²³ “Filipino Scorecard on Pro Poor Services”, World Bank 2001.

²⁴ The key PAC instrument has been called the “Bangalore Scorecard”. The history of PAC’s operations and its experience with client scorecards is well documented on its public website, <http://www.pacindia.org/>.

²⁵ See the “Filipino Scorecard on Pro Poor Services”, World Bank (2001b).

²⁶ In cases of apparent risk, efforts need to concentrate on identifying other, materials aspects of functional performance or task fulfillment – that can be objectively verified.

²⁷ In A. Sen (1999) *Development as Freedom*, p. 16.

TC Support for Elements of Recipient Public Accountability

Because fostering accountability must focus on the mechanisms in place within recipient countries, there is a need for strengthening their generic infrastructure of relevant institutions, including audit agencies, ombudsman offices and “watchdog” bodies, and parliamentary accounts committees. These mechanisms can only benefit from establishing accountability to the end-user public. This means focusing, too, on downstream results, or outcomes, of public action.

Harnessing the power of transparency

Access to information moves centre stage within a rights-based approach to development. Open information flows improve governance and social and economic outcomes by increasing public demand for more effective institutions. The availability and exchange of information through open debate holds officials to account and thereby fosters changes in behaviour and supplies ideas for change.²⁸

An expenditure tracking study conducted in Uganda in 1996 found that only 35 per cent of funds allocated to school construction and operations ever reached the intended schools. A follow-up study in 2000 found that the figure had risen to 90 per cent, while primary school enrolment had increased from 50 to 95 per cent.²⁹ One of the major factors was the introduction of a policy of transparency³⁰ – making it mandatory to post public notices of resource allocations. Parents now turn up at district administrator and school heads’ door, demanding what is happening to money given to “their” classroom or teacher. Further, when a study revealed that the elaborate system of monitoring visits by officials was uncoordinated and that inspectors were chiefly interested in collecting travel and lunch allowances, the government encouraged the creation of school management committees and parent associations as an alternative micro-mechanism. The members of these bodies have a more genuine interest in the school facilities than ministerial or district inspectors, observe the facilities at close quarters on a regular basis, and can undertake basic inspection tasks without traveling and its attendant expenses.

This is but one instance of the power of transparency to change behaviours and organisations. To guide managers towards reducing poverty, transparency and openness must be applied to the entire process of goal-setting, resource allocation and

²⁸ *World Development Report 2002*, World Bank (2001a).

²⁹ A series of three expenditure tracking studies have been conducted in the Ugandan education sector since 1996. The latest (Uganda 2001) was conducted in 2001 and presented to the October 2001 education sector review.

³⁰ In parallel with the policy of transparency, Uganda has adopted a sector-wide approach to planning, budgeting and donor liaison. In preference to stand-alone TC projects, donor funds are increasingly channelled through Government’s own budgets and decision-making processes. Resource plans and strategies are prepared and reviewed by a sector working group which meets twice yearly, and which brings together the education ministry, central agencies, NGOs and donors.

service delivery. Information about success and positive performance is as important as information about misconduct and failure. The domain of public information access should include records of:

- financial appropriation
- recruitment
- actual expenditures
- operational target-setting
- outreach efforts
- past service delivery
- managerial performance assessment
- client feedback and complaints.

Donors should not only strengthen it as a generic component of recipient governance and public management, but for the internal environment of their own operations.

Voice mechanisms, service delivery scorecards and civil society monitoring

Although few CSOs have been created or appointed to act as watchdogs in public sector corruption or the quality of public service delivery, civil society and voluntary organisations can have a major role in continuous monitoring of public service delivery.³¹ Particularly where information is hard to come by, community-based monitoring may be more effective than monitoring from central HQ. As the Ugandan example has shown, the community has strong incentives to monitor and can do so at low cost.³² Whatever weaknesses low-tech survey and data management techniques may reveal from the viewpoint of academic research methodology, they have proved effective in improving the scope and quality of frontline public service provision.

Mechanisms for “voice”- based accountability include:

- client scorecards;
- customer satisfaction surveys;

³¹ See e.g. K. Mackay, “The Role of Civil Society in Assessing Public Sector Performance in Ghana”, 2000.

³² J. Stiglitz (2000).

- user groups (notably in health and education); and
- public hearings and panels.

Scorecards or client satisfaction survey data can be compiled at the level of the facility and also at the household level. Household level data collection has the advantage of capturing not just those who actually make use of service facilities, but also those who do not (who may also be legitimate stakeholders). The effectiveness of these mechanisms lies not in the monitoring itself, but the process of feedback into operational management – how the observations are utilised to change service delivery operations.

Establishing, maintaining and coordinating all these tools for capturing public opinion involves three kinds of institutional stakeholders, often working in tandem:

- NGO/CSOs unaffiliated with service providers;
- the agencies that provide direct services to the public; and
- government ministries or oversight agencies.

Donors, too, can support the institutionalization of client scorecards by

- incorporating the scorecard mechanism into the design of projects for continuous review of their own TC programme operations;
- insisting that institutional recipients, such as those involved in SWAs, establish or maintain client scorecard mechanisms;
- providing support to institutions that are part of the enabling environment for operationalising scorecards, such as NGOs with survey management capabilities.

Again, whatever the imperfections of client voice and approval in measuring ultimate downstream results, they provide reliable indications of what matters to the intended beneficiaries. At the end of the day, it is better to have approximate information about important issues than to have precise data on those that may be irrelevant to human development.

Strengthening evaluation within recipient country management

While monitoring relates to the continuous observation of inputs, activities, outputs and outcomes, evaluation reflects on all these components of TC. It is a periodic exercise aimed at understanding the interrelationship between inputs, activities and outputs on the one hand and outcomes on the other. It is vital not only to the administration of TC, but to capacity development in recipient country public sector management.

Though evaluation presumably represents the culmination of the project cycle, TC practitioners themselves frequently manifest ambivalence about it – in part because it generally does not take place as a partnership exercise. This leads some to perceive it as external control, undertaken by people who have little understanding of the unique context of the activity under review. Because of the formal necessity of evaluation, it is often carried out in a perfunctory way. It can also be used as a pretext for discrediting the management of the particular TC effort.

However, with the global shift in emphasis from project micro-management to broader policy direction, evaluations are increasingly seen as having the greatest impact when applied to programme and policy-level activities rather than to isolated individual projects. Ideally, then, evaluation should be organised under recipient leadership as an integral element of broad, reflective decision-making objectives in which the findings and recommendations of discrete projects coalesce for shaping national change – the ultimate goal of capacity development. If the evaluation concerns enhancing the quality of public investment, it should be carried out at different levels of recipient country government: the level of overall national resource allocation and policy formulation; the level of individual sectors or technical ministries; the level of regions, municipalities or local authorities; and at the level of individual public organisations. After all, the root of the word itself is value. If the exercise does not build capacity for further development, its value disappears.

Emerging Policy Conditions of Aid Effectiveness

Determining the effectiveness of TC involves changing donor approaches as much as field-level techniques. No single innovation of measurement, performance appraisal or project management technology can ascertain coherence, focus and overall development impact. Reform must start with recognising that current TC accountability arrangements obstruct the development of ownership and, consequently, capacity development. Ultimately, aid fails if it fosters dependence and capacity decline. From this viewpoint, new policy orientations emerge:

Commitment to capacities emerging from within national institutions

Calls for “ownership” and “participation” take the form of token consultations and purely nominal expressions of priority; “government requests” are drafted by the donors themselves.

Successful development demands strong institutions on the recipient side. TC can only supplement or catalyse the development of their capacity. Activities that take place within individual TC projects and programmes are only one small component of addressing long-term capacity. Ultimately, national priorities and efforts determine whether capacity development or genuine human development take place. Consequently, the planning and management of TC should not take place in a decision-making process separated from the normal governance processes of the recipient country. Even where TC decisions appear to parallel these indigenous processes, they risk conflict with other development priorities, project implementation arrangements and accountability needs. The management of TC activities therefore needs to be made part and parcel of the recipient countries’ national development planning; resource allocation; financial management and procurement; operational liaison and decision-making.

The critical capacities to be addressed are not those needed for implementing TC projects, but those needed for coping with challenges outside the scope of TC – and indeed without TC itself.

As the President of the World Bank stated as early as 1997, donors must “learn to let go”.³³ Developing institutional arrangements that work in the unique local context calls for experimentation and the risk of failure along the way. Donors must see themselves as placing their technical expertise at the disposal of recipient institutions. Where invited, donors may play a facilitative part, engaging in “process consultation”, but relinquishing their former role as a principal – whether in terms of agenda-setting, resource control, decision-making powers or the management of accountability arrangements.

Programmatic modalities for provision of TC

With few exceptions, individual, compartmentalised TC projects in their traditional form simply do not work. Moreover, their accountability requirements tend to jeopardise the emergence of the very capacity that TC should aim at creating. The pooling of donor resources in budget support, SWAPs or other mechanisms of programmatic assistance under recipient management, by contrast, operates so as to encourage ownership and, consequently, the sustainability of TC efforts.

³³ J. Wolfensohn, (1997), “The Challenge of Inclusion”, Address to Annual (WB/IMF) Meeting.

The pooling of donor resources rests upon two crucial assumptions: the willingness and ability of national authorities and donors to reach agreement on common objectives; and donors' entrusting responsibility for management and accountability to national operational structures while supporting the recipients in their assuming these responsibilities.

In practice, funds can be provided as blanket budget support, earmarked for individual sectors or for specified kinds of spending. Although a critical element is the agreement of donors to a common accountability requirement and M&E arrangements, there are several options for phasing in responsibilities on the part of national institutions so that they progressively take on performance tasks. As one moves from traditional stand-alone projects to unconditional and untied budget support, three major categories of TC pooling exist:³⁴

Loose pooling – where management of TC personnel is shared, and where contracting is done by donors;

Mixed pooling – where national authorities manage TC personnel, but donor agencies carry out most of the contracting; and

Full pooling – where donors transfer both resources and control to national authorities, who thus contract and direct TC resources.

The last of the pooling categories provides donors with great savings in their respective monitoring and reporting staffs and also permits them to coordinate their TC efforts more closely. Donors remain, after all, major stakeholders in implementing capacity development activities. In operational terms, they take part in sectoral working groups and budget negotiations. To the extent that they need reporting beyond that furnished by national managers, joint multi-donor evaluations and sector reviews may provide mechanisms that minimise incremental workloads and avoid the risks of inhibiting the evolution of national capacity. Joint donor co-financing of programmes also represents an interim type of resource pooling. Although the UN Common Country Assessment/UN Development Assistance Framework process has not yet led to much joint programming or transfer of accountability to national authorities, it does address the need for donor convergence in development priorities and operational practices on the donor agency side.

Among recipient countries, Botswana has so far travelled furthest down the ownership road; it rejects assistance that is not channelled through national budgets and financial management systems. Within the existing realities of ODA, the CDF/PRSP

³⁴ Baser and Morgan (2001).

process may represent the most immediate opportunity for recipient authorities to establish and maintain their priority-setting, dialogue, coordination and funds management requirements. However, the CDF/PRSP option rests upon the evolution of indigenous decision-making systems and processes from the field level upwards into a cohesive nation-wide framework for development.

Abandoning the quest for individual attribution

Donors have to answer to the expectations of their own respective domestic constituencies for clear demonstrations of the impact of TC. Today, with results-based management, this means downstream results or aid effectiveness. The anticipation of downstream results is reasonable, as is the call for evidence to that effect. However, the expectation of attribution is not.

True commitment to human development outcomes does not permit specifying a unique value-added, or discrete influence of each TC agency, let alone individual projects. They all interact in a holistic conception of development. Consequently, the very act of trying to attribute a particular outcome to one or another means isolating the accountability and reporting functions of their work from that of other activities and thereby undermines the prospects of attaining these very outcomes. Quality, if defined as visibility of results in one element of the process – an individual TC project – then comes at the expense of the whole. Successes can only be shared.

German unification, which has consumed close to US\$1,000 billion since 1989 for 22 million citizens, provides an oblique reference point. Although the former German Democratic Republic had an infrastructure and skills base far more advanced than most developing countries, the unification effort remains far from complete. This one case has cost approximately the same amount as the whole of ODA over the last 20 years, which is aimed at a population about 100 times as great. This fact not only indicates the magnitude of time and material resources needed for the success of development, but the issue of what “effects” any individual TC project may have upon the integrated whole.

Recipient commitment to domestic accountability as aid conditionality

If the primary nexus of TC accountability moves from the relationship between donors and recipient authorities to the ways in which it functions within the recipients’ national governance arrangements, the principal check on public action must be accountability (a) within the public service of recipient authorities and (b) between recipient authorities and their domestic public. The priority now given to empowering citizens to hold their own governments accountable can express itself

through wide-ranging policy actions, among them decentralisation and participatory local governance. If the World Bank is correct,³⁵ those countries that have embraced openness, responsiveness and participation are also the ones that have enjoyed the greatest development successes.

Donors are unlikely to entrust the management of their resources to national authorities that are not considered as having some minimum of democratic legitimacy and commitment to honesty in their accountability systems. Aid will be wasted in countries where private rent-seeking takes precedence over public policy goals. Against letting go of the TC controls, donors will need to be assured of the basic efficacy of the recipients' accountability arrangements. Assurances in this regard should effectively become the paramount component of TC conditionality.

In the short term, then, setting minimum standards to recipients' commitment to accountability might well lead to the exclusion of some countries from TC support. One can only hope that aggregate ODA flows will not shrink proportionally, but can temporarily be directed to such areas as debt relief or import programme financing.

³⁵ See its 2000 publication *Can Africa Claim the 21st Century?*

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Volunteerism and Capacity Development

by Brian Pratt

The International Year of the Volunteer (IYV) in 2001 highlighted the scope and potential of volunteerism globally. It has led to a better understanding of the types of volunteer and their respective contributions. There is considerable benefit to be gained from the multiplier effect of engaging and supporting volunteers at all levels in development in general, and capacity development in particular. The ethos of volunteerism is wholly compatible with capacity development, development approaches that stress facilitation and fostering the growth of social capital rather than the transfer of technical expertise. Nonetheless, further steps should be taken to ensure that the contributions of volunteers are more explicitly factored into capacity development programmes. This article provides suggestions for doing so through local and national civil society organisations, governments at different levels and through other organisations that involve volunteers.

Volunteering has in many societies and over many years been a major force for development. The lack of recognition of volunteerism may reflect the failure, over decades, of economists and planners to take sufficient account of the informal sector in general. As with the informal sector, the difficulty in assigning “real” or “accurate” monetary values to volunteers’ contributions has obscured their actual importance to national development.¹ This has resulted in a failure to incorporate the power and diversity of volunteering strategically into development programmes. There is, however, ample and growing evidence of the importance of volunteering in international development and strengthening civil society.

Research during the 1990s consistently produced unexpectedly high estimates of the amount of time invested by volunteers in many parts of the world. Early results of a number of studies still under way have already forced governments and academics alike to review their previous assumptions. Many - though by no means all - volunteers work in the voluntary sector and the figures from this sector are enlightening. In the studies coordinated by Johns Hopkins University, it was estimated that the “voluntary sector” accounted for around 4.6 per cent of the GDP of the 22 countries initially surveyed. The research revealed, moreover, that in addition to paid staff (19 million), the sector was sustained by voluntary labour equivalent to a further 10 million full time employees, excluding volunteers in religious organisations.² More

¹ See Roy, Kakoli and Ziemek, Suzanne, “On the Economics of Volunteering”, unpublished, 2001.

² Salamon, J., Abheir, H., and Associates, *The Emerging Sector Re-visited*, Johns Hopkins Institute for Policy Studies, 1999.

recent research in the UK has calculated that every year, some 22 million people invest at least four hours per week in a range of voluntary activities, amounting to more than 90 million hours per week.³ All the evidence suggests that such patterns can be witnessed worldwide, in developing, transitional and developed countries.⁴

Volunteers have always played an important role in the voluntary sector, and over the past two decades this role has continued to grow. The “rolling back of the state” in many industrialised countries during the 1980s led to an increased focus on non-state actors as providers of services. This model was then exported and became a part of the orthodox package of international development. An important implication of the rolling back of the state in developing countries was a renewed focus on the role of NGOs and others in providing services, often based on earlier small-scale programmes. There have been many obstacles to scaling up the small civil society-based services initiatives, though there have been notable successes as well. Some of the variations have been geographical – for example, the establishment of large health services run by church missions and groups such as the Aga Khan health service in Africa; while in South Asia, microcredit has become an art on a massive scale, along with the provision of primary education. In the late 1990s, there emerged increased recognition that a weak state was neither propitious for development nor, ironically, for the fostering of a strong civil society. Hence, international development policy has swung back slightly towards greater acknowledgement of the roles and functions of the state. Nevertheless, the scale and contribution of the voluntary sector and volunteers internationally have been both recognised and enshrined in legislation and development plans.⁵

Domestic Community Volunteering

The 2002 Beijing Declaration on Voluntary Service clearly recognised the almost universal presence of voluntarism. Domestic or local forms of volunteering, especially voluntary activity at the community level, are visible in many societies across the globe. In the Andes, for example, *mingas* or *faenas* are traditional ways of communities coming together to share labour, usually for the common good. Similar traditions exist in Africa and Asia. Records show that these forms of reciprocal labour can be traced back many centuries. In the contemporary context, these traditions have not only survived in rural communities, but have also been transferred to urban settings and are routinely adopted in modern infrastructure projects. These traditions in many countries offer safety nets (especially in times of crisis) and encourage individual voluntary action for the public good.

³ Institute for Volunteering Research, summary of 1997 National Survey of Volunteers

⁴ Cerfe/United Nations Volunteers, “The Missing Pages: The Role of the Poor as Volunteers” in *Strategies for Combating Poverty*, part 3. Also Salamon et al, Op. Cit.

⁵ Clayton, A. Oakley, P., Taylor, J., *Civil Society Organisations and Service Provision*, United Nations Research Institute for Social Development, Geneva, 2000

It should be noted that tensions exist between traditions of volunteering. It has sometimes been argued that in developed Northern countries volunteering has increasingly been dedicated to social welfare delivery. In many developing and transitional countries, volunteering is regarded as part of social transformation:

VOLUNTEERING IN CRISES

Local volunteering frequently plays a pivotal role in circumstances of severe crisis. In addition to the ad hoc responses of neighbours to natural disasters, there exist diverse examples of volunteering sustaining administrative frameworks in the absence of the control or effective provision of services by the State. In the case of Kosovo, following the withdrawal of provincial autonomy by Belgrade in 1989 up until the armed conflict in 1999, voluntary activity within a parallel administrative framework sustained local governance and services ranging from health care and education to security and even tax collection.

The literature emanating from the “south” has focused on the growth and evolving role of NGOs in the developmental processes, suggesting its transformational potential... in contrast, research from the “north” has focused on the organisations themselves...concentrating on its role in service delivery and welfare provision... rather than on advocacy and social change.⁶

The risk here is that policy emanating in the North may ascribe rather more conservative roles to volunteering than would be found elsewhere. Indeed, there is a tendency in certain programmes to view developing country volunteers only in terms of the labour they can contribute to externally sponsored development programmes. Despite some strong feelings that have polarised debate between volunteers as activists or advocates on one side and contributors to service delivery on the other, in practice volunteers play both roles in most societies.

Volunteerism in Capacity Development

Capacity development is relevant to volunteering in two distinct but equally important senses. Firstly, volunteers undertake capacity development activities in many ways, and in so doing, engage with a range of individual and organisations. Secondly, one particular dimension of capacity development is the fostering of greater and more effective volunteer activity. The case box on the Red Cross illustrates a commitment

THE RED CROSS EXAMPLE

The Red Cross has long recognised the need for voluntary action within countries where its member societies operate, and enshrined this value in its founding statements in the nineteenth century. Thus, many millions of people have worked as Red Cross volunteers. To ensure that National Red Cross societies maintain adequate levels of capacity in key areas (e.g. dealing with local emergencies/first aid), there exist several programmes to develop the volunteer-based character of the national societies. Some of these programmes are coordinated by the International Federation, while others are the products of local initiatives.

⁶ Roy and Ziemek, Op. Cit., p.8.

to both approaches: improving the spread of basic skills within society, as well as augmenting the capacity of national societies to carry out functions that include the development of a volunteer base.

Voluntary action has specific values and attributes that reinforce the processes of capacity development.

Values:

- commitment and solidarity
- value-based programmes
- belief in collective action for the public good
- commitment to human rights and gender equity

Community ownership:

- empathy between local communities and the concept of volunteering
- a significant number of volunteers belong to the communities which they serve
- direct contact with communities through living and working at the grassroots
- the reciprocity of exchanging skills and experiences

Institutional basis:

- a generally lower level of institutional self-interest by volunteer placement agencies in perpetuating posts and dependence
- synergies that arise from being able to simultaneously work at different levels, producing complementarity within a programme
- the increased priority given to “soft skills” such as facilitation, communication and dedication to the overall processes of development, rather than short-term isolated technical inputs
- the use of regional and national volunteers by some international agencies, which significantly reduces culture clash, and ensures a better “fit” of programmes to local needs and institutions
- the fact that volunteers are generally requested by their hosts, rather than imposed as a condition of funding or other assistance.

Sustainability:

- collective organisational capacity building increases sustainability
- local rather than external resources are mobilised
- spreading capacity development throughout organisations and communities leads to higher levels of capacity retention than the traditional TA counterpart model. Thus, volunteering provides capacities for the many rather than just the one.

This list is certainly not exhaustive, nor do all volunteers display all these virtues. Indeed, there are cases where poor use of volunteers has resulted in their recreating the same problems found in technical cooperation in general.

In terms of direct capacity development activity, individual volunteers appear to operate at several distinct levels. While some volunteer-based programmes choose to focus on just one of these areas, an increasing number operate at different levels simultaneously in order to obtain synergies through coordinated action, as well as to ensure that weaknesses on one front do not constrain opportunities on another. For example, while a great deal of work with returnees was carried out in Bosnia-Herzegovina by both local and international volunteers in areas such as peace-building and physical reconstruction, other volunteers sought to draw up basic legislation which could facilitate the emergence of local civil society.

The Individual Level

The training of individuals has been the mainstay of many volunteer service programmes, in the form of traditional teaching in formal and informal settings, other types of adult training or the use of counterparts. Although there is a recognition that capacity development must

SUPPORTING CHILDREN

ATD Fourth World reports that in Manila, volunteers meet children every week to read books, draw and paint at a street library. Not only volunteers run the programme; the older boys and girls in the community take more and more initiative to support other children. Fernando, now 19, has been involved in the street libraries for 10 years and organises reading sessions for children in his neighbourhood.

go beyond the individual to address organisational concerns and needs, learning starts with individuals. Whether through a volunteer service placement, a local CSO providing informal education in areas not covered by formal education, or individuals at community level working with people to improve their literacy, there are many applications for this level of basic capacity development.

The Community Level

Numerous volunteers work at the community level, on the basis of both formal volunteering arrangements and informal local mechanisms. They provide capacity development as well as other contributions, such as community construction projects, education, health and other services, civic action, lobbying and advocacy. The collective impact of these resources is overwhelming, given the almost universal acceptance and scale of volunteerism.

"It is the individual farmer or fisherman who decides to adopt sustainable cultivation or fishing practices. The active participation of rural people in pursuing sustainability objectives can best be promoted through local community organisations. Such organisations are based on voluntary membership and may include community councils, peasant unions, water users, pastoral groups, workers associations or co-operatives."

— UNDP/FAO 1996

The Intermediary Level

In recent years, there has been a move away from the provision of technical expertise in particular sectors. This is due to a recognition that the failure of many development programmes has had more to do with management or organisational weaknesses within intermediary organisations (e.g, NGOs and other civil society organisations, or local government) than with a deficit in specific technical skills.

Many agencies have realised that to ensure greater impact, they need to understand and focus upon building capacity at an organisational level. An increasing proportion of programmes now focus on the needs of an organisation rather than the individuals within it or the technical requirements identified by sectoral specialists. Such an approach calls for a greater emphasis on skills such as facilitation and organisational analysis rather than specific technical competencies. Volunteering has proved to be particularly suited in responding to such needs.

An NGO in South Asia was experiencing several management problems, which were beginning to affect its work. One of the major issues was a lack of a financial management system. Three local volunteers - two of whom were accountants - provided support over a period of three months to review the accounts and, more importantly, to devise and write down financial procedures for the NGO to follow. Staff were trained in the use of these systems and how to maintain them. This went a long way towards re-establishing the credibility of the organisation among staff, donors and peer groups.

The Private Sector

Private sector organisations and personnel, whose involvement in many countries has traditionally been of a philanthropic nature, are now contributing to capacity development work. This includes the voluntary provision of vocational and professional training by private sector personnel under the auspices of international service agencies, as well as other forms, such as the ethical training initiatives that have witnessed a more sophisticated cross-fertilisation of commercial and voluntary sector values and methods. In some parts of the world, new forms of private sector community-based volunteering are being developed, while other companies actively support company volunteering schemes.⁷ Both the staff and the management of corporations have encouraged business volunteering.

PRIVATE SECTOR MENTORING

In India, the Bharatiya Yuva Shakti Trust has organised many seminars, training programmes and exhibitions encouraging large corporations and other private businesses to provide volunteers specifically to mentor "Young entrepreneurs" and small businesses in a programme called Business & Youth Starting Together.

The Public Sector

Formal volunteering, perhaps surprisingly, is often tied to the public sector. Despite the occasional reluctance of the state to recognise its importance, research has shown that voluntary work is critical in enabling the public sector to function. The majority of volunteers in some countries are engaged in social and welfare services under *local government* administration. These include health, education and other welfare services for the disabled, the sick and the aged.⁸ The voluntary associations and individual volunteers who keep schools, clinics, hospitals and residential homes functioning are innumerable. Another significant area is the contribution of volunteers at the national government level where, for example, many of the national consultative groups, called upon by the move towards democratic governance, usually operate on a voluntary basis.

A PERUVIAN HOSPITAL

A reforming psychiatrist took over an ancient and ailing state-run hospital for the mentally ill in the highlands of Peru, which housed patients who had mostly languished for many years. Seeking ways of accelerating the rate at which patients were released, he invited an elderly local volunteer to teach or re-introduce weaving to many of the female patients. While this was initially conceived merely as a more productive pastime, it quickly transpired that the women in the weaving classes were recovering from their ailments faster than previously. Not long after, discharge rates were up and the women were able to leave the hospital with a vocational skill. So successful was the programme, that spare land was lent to the hospital and another local volunteer came to help patients cultivate potatoes and other local crops. Patients were thus able to leave and obtain jobs in agriculture. The average stay in the hospital was reduced from ten years or more to a matter of a few months representing both a reduction in costs and an improvement in the well-being of the patients.

⁷ UNDP, UNCTAD, *Trade and Environment: Capacity Building for Sustainable Development*, Geneva, 1998.

⁸ Salamon et al, Op. Cit.

Institutional Development

Institution-building encompasses more than just organisational or technical/sectoral development, and relates closely to the development of social capital within a given society. One can argue that volunteering contributes to the fulfilment of wider societal goals beyond the achievement of narrow aims and provision of specific services, and engenders greater commitment and public awareness. Volunteering is clearly a significant indicator that a population is engaging in activities and processes that contribute to the creation and sustaining of common or public goods. The capacities of whole societies can be enhanced through a strong volunteer ethic. Voluntary action contributes to pluralism of organisational forms and the bolstering of networks of people and communities. It helps ensure, moreover, that the space between the state and the individual is not left as a vacuum.

One of the great contributions of volunteers of all kinds is their ability to cross societal and organisational lines, a function that we might describe as “relational volunteering”. In cases where volunteers from different origins or organisations work together, they can often more effectively break down the barriers between different regions and institutions. A recent example of this relational quality is offered by the activities of NGO leaders in Cyprus, most of them volunteers drawn from diverse professional contexts, including state, commercial and social services sectors. In attempting to rebuild civil society in a divided country, these leaders are able to draw upon their different backgrounds to achieve a range of goals. Another example drawn from the same region is offered by the mutual voluntary aid exchanged between Greece and Turkey, when earthquakes struck both countries a few years ago. The voluntary collaboration between these two populations has subsequently led to an official Memorandum of Understanding between the two countries regarding future disasters.

In more formal scenarios, volunteers have proved able to “speak” across frontiers to share information and experiences, to network, to engage in multiple partnerships, and to bring bodies together through both the conscious use of volunteers in different spheres as well as planned programmes.

TWINNING

Twinning programmes can often provide relational volunteering. One such scheme between towns in Senegal and France led to the reconstruction of a local market which in turn drew in people from the rural areas, as well as opening the town to trade from outside. The twinning arrangement led to multiple new relationships being built.

Peace-Building

A related area in which volunteering has taken on an increased importance is that of peace-building, with both local and international volunteers engaging in various forms of conflict resolution activity. Here, capacity development is integral to building learning and understanding through exchanges and joint activities. Volunteers working in “peace brigades” have been able to win the confidence of conflict-affected communities by proving themselves as honest brokers capable of bringing warring groups together. In other contexts, international services and local volunteers have been able to contribute towards building the capacity, strength and depth of civil society through civic education for voters and their elected representatives.

New Challenges

In the past few years, new challenges have emerged for all levels of volunteers as government-to-government aid has increasingly taken the form of all-inclusive packages conditional upon certain forms of public governance and citizen participation. Whereas international assistance was previously tied to projects, it is often now related to entire sectors or overall budgetary support. This reveals the intent to introduce voluntary participation in policy level discussions and improved governance over resources. Relatively new ideas such as Country Development Frameworks or Poverty Reduction Strategy Papers assume that civil society is sufficiently strong to engage in serious debates over economic policy decisions and budgetary allocations. These developments provide opportunities for communities, the voluntary sector and service volunteers to work together in order to jointly review and engage in such processes. However, this requires the collation of community experiences, the review of financial data, the preparation of advocacy materials and the development of necessary skills.

Several groups are also concerned with and challenged by the need to engage with Sector-wide Approaches (SWAs), which may in fact exclude many stakeholders because so many key discussions take place at a high level between official aid agency representatives and local ministers. The challenge here is to bring the views of communities to these debates, and civil society generally and volunteers from both state and non-state backgrounds can play a key role in this process

EDUCATION BENEFITS

In Indonesia, a major national education programme sought to increase the level of community participation by parents and other stakeholders by developing new forms of local level voluntary action, governance and monitoring. In other countries, parent-teacher associations (PTAs) have provided a key element of community involvement in education, well beyond simply raising funds. In Brazil, private sector and community collaboration has led to improvements in schools and raised scholastic levels.

A good SWAp should ensure the inclusion of local volunteers at a range of levels: from expert advisers to those offering grass roots community perspectives.

The Main Strengths of Volunteerism in Capacity Development

An understanding of the comparative advantages of volunteering in capacity development can point us towards some possible new solutions to old problems.

Fostering Ownership

Through the direct involvement of local and other volunteers with poor people, communities and organisations, problems of hosts failing to own the capacity development processes can be avoided.

One very potent combination can be found where local and international (or other external) volunteers work together. Such cooperation can engender a greater sense of ownership of the process among local groups, while the external volunteers are encouraged to view the host community rather than their recruitment agency as their primary point of reference. Combinations of this kind can include professional volunteer training and guiding other, untrained, volunteers; external volunteers reinforcing local efforts (e.g. election monitoring, disaster relief); or the kind of mix of foreign and national volunteers now often found in the programmes of agencies such as United Nations Volunteers (UNV) and others. The International Year of the Volunteer (IYV) did a great deal to encourage societies to look to their own volunteer sources and to mobilise them for public means. There is, however, a need to ensure a more active follow-up of the commitments made during the IYV to ensure an enabling environment that allows volunteerism to grow and maximise its contribution to national development.

Bolstering International Exchange and Solidarity

In today's world, boundaries are increasingly flexible and the scope of voluntary actions can more easily transcend frontiers. This trend has encouraged the globalisation of advocacy efforts, notably the orchestrated campaigns against land mines, which saw myriad volunteers across numerous countries simultaneously undertaking different actions that shared a common aim and engendered a sense of international solidarity. This dimension of volunteering was noted several years ago in an early review of OXFAM entitled "Bridge of People", OXFAM's role as a bridge between the hundreds of thousands of volunteers engaged in fundraising, other activities in the UK and the many people engaged in grassroots community work throughout the developing world.⁹

⁹ Whittaker, B., *A Bridge of People*, London, 1980

The nature of cross-border volunteering has been epitomised more recently in several initiatives in promoting on-line volunteering, in which volunteers use the Internet to reach groups in other countries and contribute to their capacity development. On-line volunteering helps to remove the distinctions between the local and the international.

Sharing Knowledge

Traditional technical cooperation, based on the concept of the external expert and assumptions of a one-way flow of knowledge, has developed into a hegemony of the technical specialist that has been vigorously contested over the past decade. In some senses, the development of Participatory Rural Appraisal (PRA) techniques and related work by the Robert Chambers¹⁰ and others have helped us to value local and indigenous knowledge and to question the notion that external “scientific” knowledge is always and automatically superior. Volunteers living in closer proximity to local people were in many instances among the early converts to participatory approaches to development. They often proved more inclined and more able to utilise local knowledge, while also having the capacity to draw on external ideas and technologies where necessary. It should be added that this “sharing knowledge” approach acknowledges that there is more than one path towards development and that developing countries have the right to “trial and error” when exploring their partnership with others.

Insufficient attention has been paid to the effect different cultural environments may have on capacity development. There has been a tendency to attempt the implementation of standardised capacity development approaches without due adaptation and piloting in different socio-cultural contexts. In light of the many kinds of volunteers active in an impressive array of contexts, recognition should be given to volunteer experiences in different situations as a rich source of expertise from which much learning can be derived. The overall impact of development cooperation could be greatly improved if the experiences of local and international volunteers were more effectively absorbed and fed into the development of new or amended capacity development approaches.

As noted above, on-line volunteering is on the increase, thus enabling volunteers – at almost no cost - to reach a far greater number of people than would be possible through the traditional face-to-face working. The on-line volunteering system is developing its potential to develop social capital in areas where earlier gaps between the educated and the poor were seemingly insurmountable and where information was inaccessible to all but a few.

¹⁰ Chambers, R., *Whose Reality Counts? Putting the Last First*, London, 1997.

Promoting Participation

Many volunteer programmes derive from participatory approaches closely linked with the development of civil society. Several of the formal volunteer placing that agencies have adopted are dedicated participatory development programmes.¹¹ In part, this commitment comes from the experience of volunteers working in communities rather than in offices far from those they are supposed to assist. Many local and international volunteers share the day-to-day realities of communities with which they are working, thus helping to break down barriers. Volunteers and their hosts find mutual benefit in an “immersion and engagement” approach to development.

Participation is not unique to voluntary action, but there is a strong symbiosis between community voluntary action and participation. There is, however, a debate surrounding the degree to which participatory approaches are merely instrumental or have an empowering impact. An instrumental approach implies the use of participation to ensure the better delivery of externally designed and managed programmes. By contrast, participatory programmes can use the empowering nature of participation and its capacity to strengthen the autonomy of a community.

Amidst varying perspectives on this question is a general consensus that voluntary action should derive from people’s free will and the absence of any compulsion to “volunteer”. Such issues must be considered in the debates over the extent to which that some agency-initiated voluntary action amounts to little more than an attempt to ensure project costs are shared with communities. Participation and voluntary action should represent more than just cost-sharing, or the seeking of short-term financial gain. In some respects, the issue is not one of hard and fast definitions, but rather one of intention and degree. Thus, the World Food Programme has recognised, for example, that its Food For Work programmes can, if misused, undermine local capacities. However, when well implemented, such programmes can contribute to the strengthening of local organisations and capacity by encouraging joint voluntary actions with developmental goals. Considered and conscientious planning is required to ensure that local initiatives are encouraged and sustained rather than suppressed or undermined by inappropriate forms of support. In situations in which volunteers are invited to provide capacity enhancing support, their independence can help ensure that it is the most appropriate competencies that are strengthened rather than those deemed most politically or administratively expedient. In this sense volunteering can contribute to the “citizen's right to participate”.

¹¹ To take one example, for many years, UNV ran a “Participatory Development Programme” until it considered that participation had been adequately mainstreamed.

Providing Facilitation

In the context of developing capacities, it has been recognised that it is not sufficient simply to “do a job well”. The intention and commitment to developing capacity requires different skills of the professional volunteer. Facilitation and teaching skills, as well as awareness of organisational and cultural mechanisms, are required to ensure effective capacity development. Although some large volunteer agencies have been moving towards placing greater value on such skills, there is still some way to go, and a more rigorous understanding of capacity development approaches and models required. To develop competencies, facilitation calls more on the human qualities and sensitivity of the development worker than on their technical expertise.

Improving Accountability

Insufficient accountability to local communities is a common problem that closely relates to that of lack of local ownership. Undue donor dominance has tended to reinforce the commonly held perception of projects belonging to the donor rather than the people. In many instances, however, the ability of volunteers to act as honest brokers between donors and recipient countries has led to their acceptance as more neutral development agents, and enabled them to have greater impact in their capacity development roles. As a result, the use of local or national volunteers has increasingly been seen to enhance the credibility of donor-funded capacity development programmes.

Promoting Governance

Local volunteers have consistently taken an active role in the governance of civil society groups, which constitute important local accountability mechanisms.

OPPORTUNITY TRUST

Opportunity Trust has encouraged local businesses to participate on the boards of new branches of the organisation as these are set up. The Trusts' perception is that the long-term prospects for new branches are improved by securing support from local businesses prior to the provision of any external funding. The Trust's practice to date shows that local boards comprising individuals willing to volunteer time and resources to the new Opportunity Trust programme are formed as a first step. Once this structure is in place, OT International may then be able to provide further funding or technical support.¹²

There has been much debate within civil society as to whether the creation of local governance structures is a better way of improving local capacities than external agencies carrying out direct service provision themselves. Some international NGOs have consciously chosen to prioritise support to the development of local civil society, rather than establish their own long-term offices and programmes. In South Asia, for example, there exists a strong tradition of older local volunteers devoting considerable time and energy to passing on their own experience and skills to community, social welfare and other groups. Such volunteers typically play an advisory role or work on governance issues.

¹² James, R. “Strengthening the Capacity of Southern NGO Partners”, Oxford, INTRAC OPS 5, 1994.

Ensuring Sustainability

There is a visible connection between the use of volunteers and the development of local social capital and capacity. Volunteer-based agencies generally exhibit lower levels of institutional self-interest in the development world. The provision of capacity development, advisory and other services with these agencies also tends to be tailored more to the demands and requirements of the hosts, rather than the supply of the skill resources the donor finds it expedient to contribute. Although the recurrent issue of differential salary rates still poses an obstacle to financial sustainability in some circumstances, most volunteer agencies are aware of the need to ensure that engagement reinforces rather than undermines local sustainability. From experience, the promotion of volunteerism and the involvement of local volunteers clearly contribute to the development of locally sustainable structures and services.¹³

Societies whose value systems embrace the concept of private action for public good offer an excellent basis for the promotion of volunteering by local professionals. The classic example of the local bank manager volunteering as honorary treasurer to a community group provides a model that can be replicated in many societies and contexts. Common interests may bring citizens from very diverse backgrounds together, e.g. parent support groups working for children's educational or health needs. For many, especially (but not exclusively) for the young, volunteering has the advantage of providing new experiences and is an opportunity for learning as an investment in the future. Such forms of volunteering are prevalent across many cultures and should not be regarded simply as "rich world" phenomena. There is a need for more programmes that encourage local level volunteers and promote their status as important actors in developmental activities. In some cultures, prizes and awards are used to show recognition of volunteers, while in others, faith-based organisations provide support. What is most appropriate and effective will probably be culturally specific, but once programmes are implemented, the volunteers will more than repay the limited investment involved.

There is an added gain from supporting volunteering: it spreads capacities further than a small number of people. The possible impact of developing the capacities of large numbers of volunteers is that it aids capacity retention, a constant problem in traditional TA programmes. An increased spread of capacities also adds to the multiplier effect of the initial capacity development programme.

¹³ The South Asia Partnership, originally a Canadian initiative, promoted the creation of separate boards to oversee each local office. Others, such as World Vision and WWF have a mixed portfolio of offices locally accountable to their own boards and still others run as "subsidiaries" of the parents. See Gibbs, S. et al, "Decentralised NGO Management", Oxford, INTRAC OPS 19, 2000.

The Cost Dimension

As noted above, volunteers in many countries provide an enormous contribution in terms of labour time. The studies quoted illustrate that in employment terms, almost 50 per cent extra labour was committed by volunteers over and above that of salaried personnel in the voluntary sector. Not all volunteers come totally free of costs, but those who require daily allowances or other payments still represent very good value for money compared to non-voluntary alternatives. Most evaluations of formal volunteer-involving programmes accept that volunteers are very cost-effective, particularly local volunteers are used. Keeping costs in line with local standards has also been mentioned in the context of longer-term sustainability, and one characteristic of volunteer workers – including non-nationals – is the capacity to adjust to or even adopt local living standards.

A more in-depth study of different types of local and international volunteering would also be valuable. There are many small voluntary initiatives that link individual churches together across international boundaries, of small-scale programmes for student volunteers, and schemes by which companies encourage

POLIO ERADICATION

Volunteering is an essential input for major global health campaigns such as the global polio eradication initiative. Led by WHO and UNICEF and in partnership with NGOs, this initiative has been driven by volunteers around the world. In 2000, an estimated 10 million people volunteered to support the immunisation of 550 million children. The vast majority of these volunteers were working in their own communities, providing their time to ensure that the campaign was successful. WHO calculated that such support was worth \$10 billion.

volunteering both in their own communities and further afield. There exist numerous twinning arrangements between communities and organisations; whether based around faith, commercial ties, professional associations, the arts, or other areas of shared interest or experience. Those mentioned above all have at their core reciprocity of learning and a sharing of skills and experiences.

The Way Forward

If properly supported, volunteerism could generate many times its present contribution to development. Volunteering is already established as a major component of civil society within communities, national societies and internationally; the International Year of the Volunteer helped significantly in helping volunteers to recognise their role as part of a global movement. Volunteering needs now to be more consciously factored into development and specifically capacity development processes and programmes.

Volunteerism: Realising the Potential for Capacity Development

Research

As noted earlier, research has only recently started to look at the size, scope and nature of volunteerism worldwide, and even then usually only in the context of the “voluntary sector”. There is a clear need for resources to focus on further longer-term research, as well as operational “mapping” style exercises. Indeed, the execution of such surveys itself requires capacity development, as there are very few such studies and even fewer carried

out by local agencies or institutes. Although groups such as CIVICUS are developing indices for the strength of civil society, there is still a need for tools and frameworks, that would enable us to understand and promote volunteerism in general and its role in capacity development in particular. The provision of localised information should enable programme designers to better utilise local voluntary resources, as well as ensure a positive link with such resources rather than constraining such energy.

Research should also explore in greater detail local or culturally formed concepts and practice of volunteering. As noted elsewhere, informal volunteering is often under-estimated and under-valued in terms of its contribution both to social safety nets, and developmental activities. Further, it has also been pointed out that the term “volunteering” may not be recognised by all “volunteers” as applying to them; there may be established forms of volunteering that are not even recognised as such in certain cultures or within sectors of the population, despite their invaluable contributions to human development.¹⁴

Improved research at national and international levels can help us support local forms of volunteering and design programmes to promote and encourage existing volunteering. The implications of the large number of women volunteers in many societies should also be considered in the design of such programmes.¹⁵ There are doubtless other specific areas in which research programmes can assist volunteers in practical development, as well as engaging with socially excluded or marginal groups. The relative lack of such studies currently acts as a constraint on many development programmes and capacity development in particular.

MEASURING VOLUNTEERING

UNV and the independent sector produced guidelines for “Measuring Volunteering: A Practical Toolkit” published during the IYV. Several studies are now underway which look at volunteering in countries as diverse as South Africa, Laos, Ghana, Bangladesh, Poland and South Korea. One of the objectives of these studies will be to better understand volunteering in these contexts as a way of strengthening and channelling its energy into national social development. In time, it is hoped that by properly valuing the contributions of volunteers, those will be incorporated into “national accounting”, which in turn will bring greater recognition of its importance to national development.

Volunteers and Reconstruction

The challenges posed by the aftermath of war require the re-emergence of civil society and the reconstruction of social capital. An increasing number of countries are going through post-conflict reconstruction, among them Afghanistan, Bosnia, East Timor, Eritrea, Kosovo and Sierra Leone. Although volunteers have excelled in dealing with the immediate problems of relief and political reconstruction (election monitoring, civic education), there has been insufficient awareness of the longer-term need for the development of local-level volunteering and civil society. New capacity building initiatives should systematically examine what scope there is for drawing on local volunteer groups as a human resource as well as ways of nurturing the further development of volunteerism at the grassroots level.

Fostering the voluntary sector and, specifically, traditions of volunteering can harness additional human resources for post-conflict reconstruction. Moreover, it also contributes to the rebuilding of the social fabric of associations, inter-personal relationships, and commitment to public services and facilities. A key consideration here relates to the development among volunteers of the skills required for post-conflict reconstruction and civil society building. In the case of Kosovo, it became clear once the conflict had ended that the methods of working earlier developed by the volunteers for maintaining a parallel system of public services were much less well suited to the more bureaucratic modes of governance required for a formal and transparent post-conflict system of administration. In such a context, a handful of international volunteers working on enabling legislation and government attitudes and policies towards volunteering could have as great an impact as an army of people working on direct reconstruction efforts. The mobilisation and encouragement of local volunteers will always have the ability to outweigh paid personnel in terms of scale and sustainability. However, there will be special challenges in reconstruction contexts in promoting volunteering which entails specialised capacity development programmes. Even in cases where there has been a tradition of local volunteering, the social and organisational structures that accompanied such traditions may have been severely disrupted by the conflict or emergency. Social groups may have been divided by the crisis and local authority programmes closed, while social networks, faith groups and kinship ties may all have been negatively affected. Conscious plans will be necessary to help ordinary people to channel their energies into voluntary reconstruction efforts, and external bodies can help in these processes.

¹⁴ UNV, *Volunteering and the United Nations System*, Bonn, 2001.

¹⁵ Unlike other forms of technical assistance, there is far better gender balance among volunteers. See Lukka, P. and Ellis, A.; "An Exclusive Construct: Exploring Different Cultural Constructs of Volunteering"; HYPERLINK "<http://www.ivr.org>" www.ivr.org/cultural concepts.

Volunteers in Transitional Countries

In transitional countries - particularly those formerly subject to authoritarian systems of government - changes in regime have often left gaps formerly filled by central state entities or the dominant political party. In many such societies, it is youth associations, women's groups and other state-controlled organisations that take key roles in providing public and other services. The disappearance of these organisations thus needs replacement by autonomous civil society organisations capable of providing similar services and social "glue". Such organisations both require and can promote an ethic of voluntarism, and provide opportunities for prospective volunteers. In many instances, however, the conditions for vibrant civil society growth are still lacking: the necessary legal frameworks may be absent; people may be suspicious that civil society groups too closely resemble pre-transition state organisms; or the state may fear civil society as a political opposition. Donors sometimes assume that civil society will emerge spontaneously despite constraints such as continuing resistance from state bodies, which retain old prejudices and a state-led approach to development.

DIALOGUE IN CROATIA

In Vukovar, Croatia, there were many small programmes sponsored by groups such as the OSCE designed to assist local voluntary efforts, including provision of a venue for minority Serb women to meet to re-establish their battered community and reach out to others in the same situation. Support for student and professional groups to organise social and physical reconstruction programmes across ethnic lines was almost as important as the product of their joint efforts.

Working with Traditional Forms of Volunteering.

There are many reasons why local traditions of volunteerism and community work in civil society require support. The lists of local forms of voluntary work are almost endless and vary greatly between countries. There are myriad types of self-help groups, other forms of reciprocal labour, local groups helping neighbours in distress, savings clubs, credit circles, parent-run pre-schools, church or mosque-based welfare and educational services, health committees around local clinics, representational and membership groups. Sometimes the mere mapping of voluntary organisations can be a major task in itself. Such exercises can form a prelude to capacity building programmes and offer opportunities to further encourage voluntary groups, or identify which ones are willing and able to participate in specific developmental activities.

Developing Capacity through Volunteerism

Capacity development programmes should realise the potentially double benefit they can draw from properly tapping volunteerism. First, developing the capacity of volunteering will further improve and expand its contribution to development. Secondly, the same process will generate a multiplier effect of capacity development at the societal level.

Enhancing the Capacity of Volunteerism for Development

To achieve more in the realm of capacity building for development, an increased contribution could be made through the development of capacity among volunteers throughout any given society. Support given to volunteers and the organisations that support them must recognise the importance of their independence and free will; volunteers should not merely be regarded as unpaid workers for large agencies of whatever origin. The contribution of volunteers can be immense and their potential for sustainable, low cost, and culturally adapted inputs should not be underestimated.

"Efforts should be made to strengthen the exchanges and cooperation among volunteers from different countries and further encourage South/South volunteer exchange programmes, whilst exploring the establishment of the African Volunteer Corps"; stated the Johannesburg Volunteer Declaration of the Volunteer Vision Regional Conference of May, 2002

There are an increasing number of programmes dedicated to improving the capacity of the voluntary sector and of volunteering. Examples include work on legal frameworks, self-regulatory systems for NGOs, training for board members, development of national or local volunteer councils to place and support local volunteers and so on. In some countries, organisations such as UNDP have been able to set up resource centres to encourage the voluntary sector; elsewhere, major donors are investing in new civil society support programmes. A great deal more could be further done to help strengthen volunteerism world-wide, including:

- Promoting an environment (legal financial, cultural, etc.) that enables the encouragement and support of local volunteerism. Working with national authorities in creating policy, legislation and a public opinion favourable to national voluntary services and bodies.
- Providing advice and models for bodies such as national councils of voluntary work, volunteer centres, volunteer involving organisations and other alternative frameworks, which can mobilise, support and coordinate local voluntary actions. This is especially important where such activities are still dispersed and isolated socially and geographically.
- Contributing to a climate of trust where prejudices related to volunteers may still exist, through publicity for voluntary work, prizes for outstanding commitment by individuals, high-profile volunteering from popular figures such as football stars.
- Assisting the public and authorities to understand the different types of volunteering, how each may contribute to development, and where different types of individuals - from the poor themselves to professional experts - can contribute to a single development effort.

- Providing support services to volunteers and the organisations they work with and for. Specifically, to strengthen the organisational development of such bodies, as well as provide examples of organisational and inter-organisational models and partnerships involving volunteers.
- Improving the interface and nature of partnerships with key stakeholders, including local and national authorities, the private sector, civil society and other development institutions regarding the use of and resources offered by volunteers at different levels.
- Providing funds where necessary to allow the full potential of volunteers to be realised, and to break “bottle necks” and other constraints on the development of volunteerism. For example, through local authorities or trust funds.
- Ensuring that all governments recognise and value the contribution of voluntary action to the strengthening of civil society and building of social capital.

Volunteerism: A Capacity Development Multiplier

Enlarging development dialogue and planning to the volunteer community will undoubtedly foster ownership of capacity building programmes, as it broadens the constituency of reference for such programmes. In addition, the resulting diversity of partners should generate a more dynamic interface and interaction, thereby increasing capacity among the stakeholders to organise, manage and co-ordinate relationships and processes. It is known that development initiatives and results mushroom where there is space for and facility of lively and constructive interactions among different socio-economic groups.

Given the spontaneous involvement of volunteers in development, capacity acquired by volunteer groups in generating visible results becomes a strong element of attraction for new membership. When such a process is tangible enough to others in surrounding areas, it provides a fertile ground for replication through imitation by comparable groups. This phenomenon is well illustrated in different countries with large networks of volunteer groups that have benefited from capacity development programmes initially launched with only a few groups. This happened, for example, with the NAAM women’s groups in the Sahel in organising soap-making and trade; with the Sri Lankan Sarvodaya Mahila groups related to setting up and managing community kindergartens; as well as with the village micro-credit schemes now spread throughout West Africa.¹⁶

¹⁶ See Cerfe/UNV, “The Missing Pages: The Role of the Poor as Volunteers in Strategies for Combating Poverty”, 2001.

Capacity development programmes should also give particular attention to the strengths and potential of individual volunteer workers. As outlined earlier, experienced volunteer workers can display a set of “soft skills” that prove to be critical for capacity development. With approaches sensitive to people and cultures, volunteer workers gain trust and confidence that are necessary to enable local partners to take the lead and become gradually empowered.

The inclusion of volunteers in capacity development programmes helps ensure that these programmes are more responsive to the needs of clients, and by being close to clients and involving them, volunteers make the management of such programmes more transparent hence improving accountability to sponsors and client groups alike. On this basis, architects of capacity development programmes should be encouraged to draw on local volunteers as a key human resource and promote volunteerism at the local level as an important capacity development multiplier. This could be done by:

- Exploring the potential of senior professional volunteers. In an increasing number of countries we are now witnessing significant growth in the proportion of older professional people with unused skills that could be harnessed to social aims;¹⁷
- Disseminating ideas and experiences where volunteers have led or been incorporated into development programmes;
- Encouraging the assessment of local volunteer involvement as an indicator of local ownership for capacity development initiatives, and as a method of evaluating sustainability and accountability;
- Building on the wide range of volunteer experiences to develop approaches adapted and appropriate to different cultures;

IN THE GAMBIA

In a remote part of the Gambia in West Africa, a Village Development Committee was rather dormant until a female member brought into the VDC deliberations concerns from local women groups struggling to address a range of daily challenges related to health services, children's schooling, maternity, food and income, etc. The Committee then started to scan possible sources of support from other levels including a number of international NGOs. Parallel to this, the Committee realised it had to call on various local groups e.g. Parents/Teachers Association, local women groups, farmers associations...to engage in various development initiatives which outside assistance could build upon. This process gradually intensified and generated visible results such as a village pharmacy, the building of teachers' accommodation, and the construction and periodic organisation of a village market.

¹⁷ Although the use of older volunteers is of greater interest to the more developed countries with longer life expectancy and growing numbers of retired people, it is clear that in many transitional countries, this population has enormous potential already.

- Engaging volunteer workers as a priority in situations where facilitation skills are deemed critical to capacity enhancement in the widest sense of the term;
- Ensuring that as new approaches to capacity development emerge, volunteers at all levels understand and participate in testing and refining these models;

It is expected that international pressure for peace, as well as a growing commitment to developmental ideals, will inspire many more people to engage in productive means of enhancing the capacities and strengths of their own societies. In that context, capacity development programmes should remember that volunteering provides an opportunity for all citizens to engage in a wide variety of activities. Therefore, such programmes should encourage and enable citizens to do so.

Volunteer-Involving Organisations

Volunteer-Involving Organisations (VIOs) exist at the national and international levels. Many of them are well attuned to past and ongoing experiences of volunteering in their respective areas of focus. They therefore constitute important institutional memories of what has worked and what has not in volunteerism for development. Engaging in a serious and productive dialogue with them would help, on one hand, to avoid re-inventing the wheel in the efforts to promote volunteerism for development and, on the other, to enable capacity development programmes to build upon field-tested approaches and practices.

VIOs can play a particularly important role in facilitating an appropriate and greater involvement of volunteer workers in capacity development programmes. Their usually large network at country and inter-country levels make them invaluable sources of experienced individuals willing to volunteer for development. VIOs should also be able to contribute to the multiplier effect of CD through spreading the impact to far greater numbers of people and hence make a major contribution to meeting mid-decade volunteer and other development goals.

Volunteering and the State

It is worth stressing the special roles of governments and intergovernmental institutions regarding the protection, promotion and use of volunteers. Several studies have argued that there is a need for a more strategic approach to volunteer policies and inclusion of volunteers in national development programmes. This may include the legal frameworks required as well as funding for volunteer support mechanisms and infrastructures. There may also be a need to raise public awareness of the value and potential of volunteering for both users and volunteers. This will be especially important where volunteering is still not totally accepted by society, as

in many transitional countries. Other possibilities may include the promotion of volunteering among specific age groups (youth or retired) and obtaining private sector support. These different programmes are all predicated on the state, often with international support, ensuring the appropriate enabling environment to permit the growth of volunteering.

South-South Cooperation and Capacity Development

by Francois Ekoko and Denis Benn

This article presents South-South cooperation as an evolution of the growth accounting models pioneered in the 1960s by Kuznets and other economists who attributed the exponential development of the industrialised countries to higher levels of skill formation and the increased application of technology to production processes. This implicitly calls for transferring expertise and experience truly germane to needs and building capacities accordingly.

South-South cooperation can change the entire framework of North-South relations. Networking has already proved to be a cost-effective means of tapping the potential of almost five decades of Southern development experience in fields ranging from entrepreneurship through reproductive health. South-South cooperation has not yet taken on the scope or momentum that its logic indicates.

Despite its demonstrated relevance to the needs of the developing countries, repeated endorsement by governing bodies throughout the United Nations system and unwavering support from the global South, technical cooperation among developing countries (TCDC) has remained on the margins of traditional international development cooperation and has attracted only modest resources from the international community. Its sister, Economic Cooperation among Developing Countries (ECDC) has also languished, leaving the combination, South-South cooperation, something of an orphan in the general worldwide development cooperation picture.

Let us leave aside the historical whys to ask how South-South cooperation can be optimised for efficient capacity development and what innovations can support this objective. A growing consensus among development scholars and practitioners, as well as policy-makers, believes that that South-South Cooperation is critical to capacity building in the developing countries because of its flexibility in transferring both expertise and experience among these countries. It can thus improve their individual and collective capacity for dealing with the development challenges they confront.

Three basic patterns of South-South Cooperation exist. Each addresses a specific situation and context. If applied appropriately, each can enhance capacity development. Countries will optimally benefit from South-South Cooperation if the appropriate pattern is applied.

The Conceptual Framework

The leaders of the 29 independent developing countries who met in Bandung in 1955 saw the promotion of collective self-reliance as a political imperative. The genesis of South-South Cooperation, including TCDC, was therefore political. In 1978, a great many more such leaders gathered in Buenos Aires, Argentina, gave TCDC a Plan of Action (BAPA), conceptual framework and programmatic goals, all endorsed a few months later by the General Assembly.

The 1980s witnessed rapidly advancing globalisation and liberalisation and initiating discussions on the establishment of a world trade regime, the integration of capital markets and the dramatic advances in information and communication technology, produced a radically different context for TCDC in which the modality became propelled by economic imperatives rather than political ideologies. In an effort to respond to the new challenges, the South called for an intensification of economic cooperation among developing countries. Late in the decade, terms such as “sustainable development”, “people-centred development” and “human development” all signalled an unease with the traditional emphasis on economic development. De-development had become highly visible: widening socioeconomic disparities in the “developing” countries (and many of their Northern counterparts), along with marked environmental degeneration everywhere. The dissolution of the Soviet Union and a proliferation of weak states in that region and elsewhere called attention to governance. The emergence of female-headed households, many impoverished, along with severe cutbacks in social services, also cried out for attention. And against this background, formidable new economic powers had arisen in East Asia.

The 1995 "New Directions for TCDC" formally recognised the emerging phenomenon of economic cooperation among developing countries and integrated TCDC with ECDC to spur South-South Cooperation. While BAPA defines TCDC as the exchange of experiences among two or more developing countries, the pooling, sharing and utilisation of technical resources, ECDC was defined as intra-South cooperation in such areas as trade, investment and finance. South-South Cooperation consequently encompasses a very wide range of collaborative arrangements. From this perspective, capacity development refers to improving the ability of individuals and institutions to perform effectively and efficiently. In the broader context of political economy, South-South Cooperation envisages not only building or improving skills at the national level – capacity development – but changing the system, the environment and the framework within which those capacities will operate. Human resources move centre stage as both means and ends because capacity development emerges as a continuous process in which human beings empower one another as individuals, groups, institutions and governments and alter the asymmetry in which developing countries now function. South-South cooperation therefore implies:

- a) An effective, visible, multifaceted leadership both at the policy and political levels;
- b) A consultative dialogue among Southern actors;
- c) Adapted and flexible methodologies to deal with changing targets;
- d) Sufficient resources (human and financial).

The current emphasis on capacity building, whether in conventional terms or within South-South cooperation, was in fact anticipated by the growth accounting models pioneered by economists such as Simon Kuznets¹, Theodore Shultz² and Edward Denison.³ They all attributed the exponential growth experienced in the developed countries to higher levels of skill formation and the increased application of technology in the production process in these societies. This finding has been reinforced by the assertion of the World Bank in its 1998/1999 *World Development Report*⁴ that intellectual capital is a critical ingredient in the development process.

At the same time, the concept of capacity development has itself evolved. According to Merilee Grindle⁵, capacity building or capacity development is seen as “encompassing a variety of strategies having to do with the efficiency, effectiveness and responsiveness of government performance”. While this definition is generally acceptable, it must encompass the important roles played by the private sector, NGOs and other civil society organisations in the development process. This expanded definition of capacity development also reflects the concept of social capital developed by Putnam⁶ and others, which recognises the value of interactions between different social groups as a stabilising force within societies and therefore presupposes the strengthened capacity of all groups in society to engage in such interaction. In addition, capacity development – individual, group and institutional – is also perceived as influenced by the overall societal matrix that impacts the development process.

Traditional Forms of Technical Cooperation vs South-South Cooperation

Traditional forms of technical cooperation in support of capacity development were based on the transfer of knowledge, abilities and skills through training programmes. In other cases, specialists were assigned to a country or institution in a field where

¹ Kuznets, Simon, *Modern Economic Growth: Rate, Structure and Spread*, Yale University Press, New Haven, Connecticut, 1966

² Schultz, Theodore, “Investment in Human Capital”, *American Economic Review*, Vol. 51, 1 – 17

³ Dennison, Edward, *The Sources of Economic Growth in the United States and the Alternatives Before Us*, Committee for Economic Development, New York, 1962

⁴ World Bank, *World Development Report: Knowledge for Development*, OUP, 1999

⁵ Grindle, Merilee (Ed), *Getting Good Governance: Capacity Building in the Public Sectors of Developing Countries*, Harvard Institute for International Development, Harvard University Press, 1997, 5

national expertise was lacking. The country or institution depended entirely on such expertise until local capacity was developed. In this sense, the traditional form of technical cooperation tended to perpetuate a culture of dependence in which a country or a group of countries relied on foreign expertise. TC therefore reflected vertical configuration, a pattern observed in the framework of North-South relations and has to some extent contributed to strengthening Northern capacities.

An important rationale for South-South cooperation, including TCDC – which distinguishes it from traditional forms of technical cooperation – is the recognition that international development cooperation has historically tended to prevent the rich potential of South-South cooperation from contributing optimally to capacity development in the developing countries. Given the broad similarities in levels of development and the common challenges faced by all Southern countries, South-South cooperation is based on the need to harness the capacities of the developing countries, particularly the more developed among them, to transfer to other developing countries their expertise and experiences that may be more relevant to Southern needs and circumstances.

In addition, traditional forms of technical cooperation have involved a significant investment of financial and other resources. It would be more cost effective to seek in future to transfer to other countries the capacities already developed in some developing countries. In other words, considerable rationalisation could take place simply by allocating increased resources to support the transfer among Southern countries of the experiences resulting from almost five decades of capacity development in the global South. On average, a TCDC expert costs one third of experts at prevalent international rates.

A number of developing countries, most notably Brazil, China, Chile, India, Thailand and Tunisia, have embarked on a systematic sharing of knowledge in pre-determined fields in which they have demonstrated expertise. This pattern of exchange has led to a considerable strengthening of the capacities of the beneficiary countries. At the same time, the countries transferring such knowledge, have themselves benefited from an understanding of the development challenges faced by the developing countries to which they provide assistance. In turn, this has enriched their own approach to resolving the development problems they themselves face.

Similarly, a number of networks have been established among developing countries or, more accurately, among individuals and institutions in these countries. These have served as a viable mechanism for sharing knowledge and exchanging experi-

⁶ Putnam, Robert, *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, New Jersey, 1993

ences that support capacity development. Indeed, discussions in both intergovernmental decision-making forums and the operational activities of the UN system have alluded constantly to these networks.

To promote South-South cooperation programmes, the Special TCDC Unit of UNDP (SU/TCDC) and other organisations of the UN system have in fact established various networks – among them, a network on Local Government Training in Asia and the Pacific (LOGOTRI), based in Nepal, established with the assistance of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP). Similarly, in 1997, FAO launched a Special Programme for Food Security that now operates in some 60 countries. In addition, FAO has sponsored networks such as the Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases, which has functioned as an early warning system. Other networks include the World Trade Net Programme of the International Trade Centre (ITC), which provides information on trade issues; the programme on Entrepreneurship and Development of Small and Medium-Size Enterprises (EMPRETEC) sponsored by UNCTAD; the UNFPA Partners in Population and Development Programme, established in the wake of the International Conference on Population and Development (ICPD) as a clearing house for information on population and reproductive health; the UNAIDS Partnership Against AIDS in Africa, designed to transfer to Africa successful experiences developed in Latin America and the Caribbean; the Global Network on Health Reform set up by WHO in collaboration with the Non-Aligned Movement; WIPO's Platform for the Exchange of Information and Knowledge designed to strengthen the capacity of the developing countries in dealing with intellectual property rights issues; the University of the Indian Ocean Programme on higher learning within the region; the Pacific Island States Network on fisheries development and environmental management; and the Latin American Information Technology Network.

Apart from the initiatives of the developing countries themselves and the collaborative efforts of the UN system mentioned above, a number of donors, including research institutes and civil society organisations, have also supported the establishment of networks and the strengthening of centres of excellence in various parts of the developing world under their respective bilateral programmes. These initiatives have served to promote both national and collective self-reliance in capacity development based on the synergies derived from such exchanges. As indicated above, this pattern of cooperation has been extremely cost-effective, compared to transferring expertise from the developed world to the developing countries in traditional TC modes.

New Areas, New Modalities

At the normative, intergovernmental level, BAPA, the Caracas Programme of Action on Economic Cooperation among Developing Countries and the Declaration and Programme of Action adopted at the Group of 77 South Summit held in Havana in 2000 provide the overarching framework for the promotion of South-South cooperation. The Special Unit has encouraged many developing countries to formulate policies for both TCDC and ECDC. Increased attempts have also been made to strengthen the institutional framework for managing these modalities by establishing TCDC focal points and ensuring strategic location in the governmental structure so as to strengthen the role of TCDC in the national planning process and relate it to broader initiatives on South-South cooperation sponsored by the developing countries, especially those characterised as “pivotal” in particular substantive areas.

In terms of programming modalities, SU/TCDC, in collaboration with other organisations and agencies has pursued a number of initiatives for promoting TCDC, most notably in the form of Capacity and Needs Matching Exercises (CNMs) that bring together developing countries, usually within a single region, to identify what they do, could and should share. Over the years, these exercises have generated a large number of agreements among the developing countries. However, inadequate financial resources have prevented their implementation. UNDP selected those considered most likely to have a strategic impact on the development process as a whole and provided funding for them. The organisation also mounted TCDC workshops and regional meetings of focal points that rapidly grew to span regions. Even where participants do not focus specifically on capacity development, almost all South-South cooperation supports it. While CNMs, focal point meetings and substantively oriented workshops have indeed sensitised Southern decision-makers and other UN bodies to the advantages of TCDC, the modality still competes with traditional forms of development cooperation that have become engrained in the culture of national, regional and international organisations.

Sometimes, however, there is simply no alternative. For example, few small island developing states (SIDS) can access the kinds of experience they specifically need in major donor countries, most of which tend to be much larger and, certainly, non-tropical – unexposed to most of the challenges that threaten to eliminate SIDS literally from the face of the Earth. Following the 1994 Conference on the Sustainable Development of SIDS in Barbados, UNDP helped establish a roster of experts in these countries for each of the 14 priorities identified by the Conference participants and contributed to the creation of a networking programme (SID-SNET) that has established Internet connectivity among all these countries. Similarly, the East European and Central Asian countries struggling with transitional economies need assistance in macroeconomic policy formulation geared to

structural adjustment policies. The experience that best suits them lies not in Western Europe or North America or Japan, the last of the G-7 to emerge historically as an industrial power. However, the experience of many Latin American countries during the 1980s was indeed fertile ground for European policy-makers in countries where centralised planning had collapsed. The TCDC Unit accordingly arranged exchanges between selected countries in the two regions to lay the foundations for discussions with the International Monetary Fund and the World Bank.

The Unit serves largely as a catalyst. It identifies “pivotal countries”⁷ and seeks resources for meetings among them in particular focus areas of capacity development. It has identified a number of these areas – now disseminated by WIDE – based on studies carried out by the Third World Network (TWN), the Third World Network of Scientific Organisations (TWNISO), the Caribbean Centre for Development Administration (CARICAD), and the Food and Agriculture Organisation (FAO). These efforts span social development at the local level, environmental sustainability, new agricultural practices and fiscal regulation.

Since 1999, the Web of Information on Development (WIDE) launched and maintained by the UNDP Special Unit provides a global database of experts, institutional capacities and an successful innovative experiences in developing countries spanning a significant range of development activities. WIDE will soon furnish linkages with other TC databases throughout the UN system. It draws special attention to the replicability of the innovations it features on its website. Some of the more prominent include the improvement in building materials for rural construction in India, the introduction of dry gas in China, solar innovations in Brazil, the treatment of waste water in Sri Lanka, the promotion of indigenous systems of medicine in India, the mobilisation of domestic savings in Singapore, the regulation of foreign capital flows in Chile, disaster preparedness and management innovations in the Philippines, organising civil society participation in the review of structural adjustment policies in Ghana, the recycling of water in Chile, and promoting rice diversity through rapid clonal multiplication of rice seeds in India, along with the development of protein-rich, pest and drought resistant varieties in West Africa. WIDE thus presents a concrete opportunity to “Scan globally and adapt locally”.

Finally, South-South cooperation by no means excludes the North. “Triangular cooperation arrangements” have emerged as an innovative modality for TC. One such venture, undertaken in 1993, emerged from the Tokyo International Conference on African Development (TICAD) and has since become known as the TICAD process

⁷ In Asia, China, India, Indonesia, Malaysia, Pakistan, Republic of Korea, Singapore and Thailand; in Africa, Ghana, Mauritius, Nigeria, Senegal, and South Africa; in Latin America and the Caribbean, Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Mexico, Peru, Trinidad and Tobago; and in the Mediterranean, Egypt, Malta, Tunisia and Turkey.

–in which Japanese resources have been used to promote exchanges between African and Asian countries, in particular cooperation among private sector bodies.

Triangular cooperation incorporates "broad-based approach" that promotes TCDC partnership with various actors, which include traditional donors, multilateral agencies, private sector, academic institutions and civil society organisations.⁸ It also incorporates elements of ECDC, pivotal countries and capacity development of institutions in the public and private sector. Programmes in the triangular framework seem to vary widely, but one prominent example has involved food security and production. West African researchers have collaborated with Northern research institutions in a pivotal country and in Northern donor countries, along with farmers in the West Africa region to help develop a new rice breed.⁹ This wide partnership strengthened a research and development capacity in the region, and created large savings in the region, which has spent much on rice imports; the incomes of the participating farmers will rise by 25 per cent. Another example under this initiative are third-country training programmes¹⁰ and third-country experts programmes¹¹ for human resource development. In addition, the Africa-Asia Business Forums for economic cooperation in 1999 and 2001 are reported to have mobilised business arrangements among the private sector of developing countries in the two regions, totaling \$20 million by 1999.

Future Prospects for South-South Cooperation

So far, the replication of development cooperation activities, viewed from a South-South cooperation perspective, presents a mixed record. The theme of science and technology has emerged frequently as a TCDC theme for supporting capacity development, notably in creating knowledge-based societies in an international system increasingly defined by the logic of information technology. So has the idea of promoting industrial complementarity among the developing countries. Given current demographic projections by the year 2025, the developing countries will account for over 7 billion of the estimated 8.5 billion people in the world. The South is likely to play a crucial role in global economics in the future, notwithstanding the challenges of grappling with the negative aspects of globalisation and economic liberalisation.

However, while South-South cooperation has benefited from the ICT revolution, the number of Internet users remains low and is often limited to cities. Although

⁸ The Tehran Consensus in 2001 calls upon this approach of broadly based participation for the goals of South-South cooperation.

⁹ More than 5,000 farmers are reported to have participated (HLC, 2001).

¹⁰ So far mostly the pivotal countries (e.g. Malaysia) are carrying out training of participants from other developing countries under funds and supports from donors or multilateral agencies

¹¹ Experts in developing countries are sent to other developing countries.

WTO and other negotiations have revived the idea of collective self-reliance, South-South cooperation suffers from the lack of sufficient financial resources and inadequate technical mechanisms at the operational level. Experience in the promotion of intra-South trade has shown that important financing mechanisms such as credit guarantee institutions for investment are limited to a few countries, such as China and Malaysia.

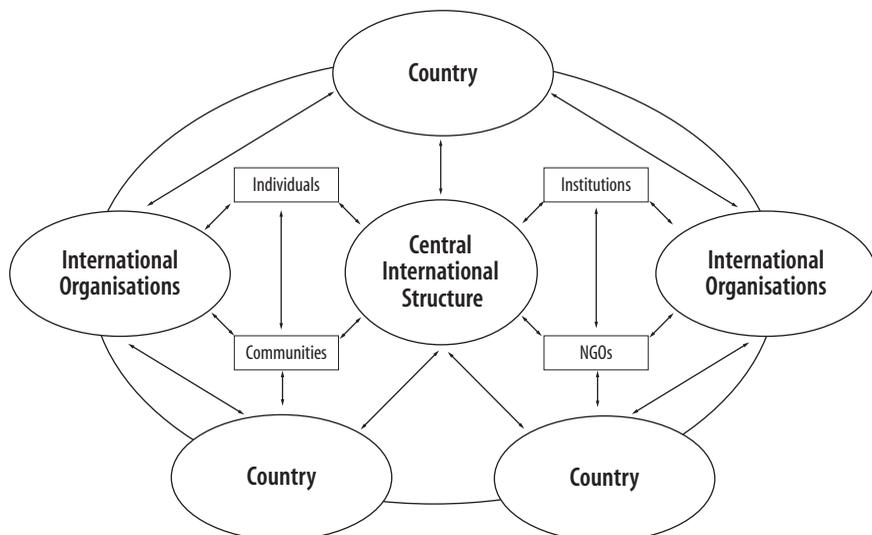
An analysis of the evolution of South-South cooperation indicates three trends. The first refers to the explosion of networking made possible with the advent and “democratisation of access” to information and communication technology, largely the Internet. The second relates to the mobilization of southern countries and institutions around strategic issues, mainly globalisation, global governance and financing for development. The last concerns seeking a reclamation of a “middle ground” between the traditional form of technical cooperation and the “soft” South-South cooperation in an effort to capture the best of both.

Each of these trends calls for developing an appropriate South-South cooperation pattern. The first has an obvious framework in the network pattern; the second is suitable for the catalytic pattern; the third corresponds to triangular cooperation.

The Network Pattern of South-South Cooperation

The greatest potential for the growth of South-South cooperation lies in networking and the Southern expansion of ICT and is schematised below, along with the catalytic pattern.

The Network Pattern: Networking, sharing best practices and knowledge

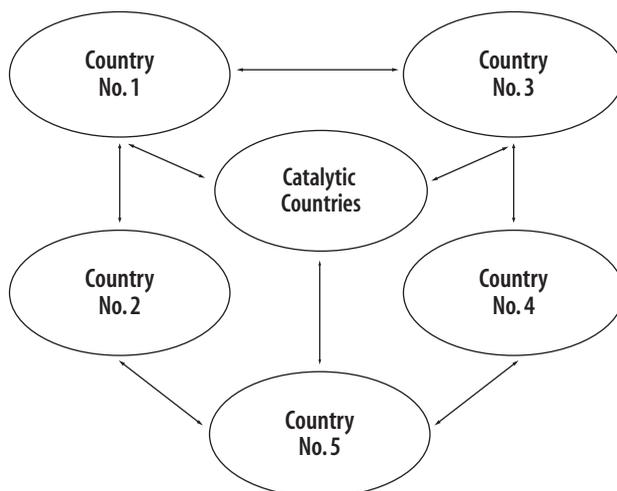


The Catalytic Pattern

Outcomes of recent global negotiations have shown that on strategic issues, South-South cooperation needs a wholly different set of means and mechanisms. While national capacity development is critical to preparing national negotiators, collective capacity is needed to develop a common Southern understanding of issues and stakes. In addition, coordination is necessary among these countries at the sub-regional, regional and inter-regional level. However, developing countries are hardly a homogeneous group. Even where a common position emerges, historical ties, political pressures and personal inducements weaken collective action. Success in Doha stemmed from the efforts of a group of determined countries and the mobilisation of international civil society.

If the catalyst pattern is to work, more than one catalytic country must assume leadership and be prepared to provide incentives to other pivotal and non-pivotal countries to act in unison. Though neither ideal nor desirable, this reflects trends observed to date in WTO negotiations. One challenge is finding a viable strategy for facilitating and guaranteeing the pursuit of common positions. Another is providing the means or incentives to secure this outcome.

Catalytic Pattern: Recent Global Trade Negotiations



Triangular Cooperation

Triangular cooperation is based on the assumption that a group of developing countries working together to solve or address a common problem may be able to leverage additional financial, technical or logistical resources from a northern partner or a group of such partners. Alternatively, a developed country can identify a

developing country or a group of developing countries willing to cooperate with other partners, and whose initiative matches the interests of the Northern partner.

However, triangular cooperation rests on four principles rarely observed:

- The development priorities between two or more developing countries are identified and set by them;
- The options for solving the particular development challenges are decided by the countries involved;
- The development activity is managed by the developing countries;
- Developed countries provide financial resources or other inputs.

Although this has been manifest in the TICAD process, notably in the support provided by Japan to the Africa-Asia Business Forum, triangular cooperation depends essentially on the agenda of the northern country that provides financial resources. This implies that capacity development on strategic issues that might impair the interests of developed countries during or prior to global negotiation on key issues such as trade will rarely take place through triangular cooperation. Conversely, triangular cooperation can foster capacity development in respect of a low level of technical knowledge or know-how.

However strong the case for South-South cooperation, it seems likely to benefit most in the short term through the network pattern of cooperation that involves the sharing of best practices and knowledge. Where strategic issues are involved, the traditional North-South divide re-surfaces even within the catalytic pattern. Most policy-makers and academics agree on the need to focus on strategic issues such as globalisation, global governance and financing for development. The Havana Plan of Action adopted during the South-South Cooperation Summit in 2000 rightly expressed the need for increased South-South cooperation in the context of globalisation, particularly in the sectors of trade, finance and technology. But national capacity development or collective capacity development on these strategic issues will remain the responsibility of developing countries themselves.

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Is the Development Industry Ready for Change?

by Niloy Banerjee, Leonel Valdivia and Mildred Mkandla

Much of the long-standing dissatisfaction with technical cooperation stems from perceptions that it strives everywhere to impose 20th century western models at the expense of older endogenous cultures. Today's critics of TC also accuse donors of draining local capabilities, using external aid largely to furnish custom for their commercial enterprise, and deploying a Northern-grown development industry (DI) as its instrument to inculcate an ideology of unipolar globalisation.

While this explanation has the virtue of simplicity, it skews perceptions on both sides. It also fails to explain why TC has worked well in some Southern countries, made little difference in others and damaged still others, especially among the least developed. This condensation of a much longer study, based on enquiries in recipient countries on three continents, sets out a model of "market maturity" for TC that helps explain the marked differences in its impacts. The authors also point out specific reforms for TC - and the DI - if only to restore credibility and the element of trust in TC flows. The multinational private sector has pioneered many approaches for increasing cultural diversity in development that might serve as models.

The convergence of opinion on the high costs of technical cooperation relative to its perceived benefits calls for a fresh look at the Development Industry (DI) – in fact a diverse range of service providers in the TC process. It includes consultancy firms and individual expert consultants, academic institutions, research institutes, NGOs that provide services, the technical agencies of bilateral and multilateral donors, and private contractors that benefit indirectly, like the airlines and hotel industries. One would also have to take into account unpaid service providers like volunteers, and two special categories – TC managers on the donor side and civil servants on the recipient side – that find a place by virtue of the influence they hold on industry practices. The DI serves not only governments, but international and national NGOs, national CSOs and institutions and communities in the recipient countries.

Development interventions today require complex inputs and demand varied specialisations from implementing agencies. No single agency, let alone consultant, can meet all these needs. The problem, *prima facie*, lies not with the DI *per se*, but with the processes, the mixes and balances that emerge in delivering and consuming TC. Though the industry may occasionally be seen as indulging in practices that are self-serving, this study shows that most practical anomalies originate in donor and

recipient practice rather than the existence of an empire of consultants perpetually protecting its vested interest at the cost of the greater good.

Because the DI is a loose network of professionals, "industry practice" evolves from the nature of incentives and signals from both donors and recipients. It is therefore within the power of both donors and recipients to ensure that industry practices change by changing these incentives and signals.

The DI Marketplace

The role of the DI becomes even more difficult to characterise in broad-brush terms because of the diversity of settings in which it operates. On the recipient side, industry rules of the game, influences, pulls and pressures and the nature of outputs delivered vary enormously among countries. The three major variables emerge as

- the level of aid relative to Gross Domestic Product
- the degree of the country's maturity in the consulting market
- the size of the skilled local workforce.¹

By *mature markets* we mean countries where consulting opportunities arise not only in the domain of donor-funded programmes, but also in the domain of the government and the private sector. The DI exists in all sectors and frequently moves between the sectors. In low market maturity countries like Cambodia, DI arise primarily out of aid transactions. In the Philippines or in Botswana, DI exists in the act of executing government tenders or even private sector tenders – both, exclusively for sectors, and flexibly among sectors. The climate for emergence of a local DI becomes much more propitious in mature market countries

Conversely, countries with high aid dependency tend to show different DI behaviour. Their own professionals move into the externally driven sector, which thereby retards local capacity development further. A small local development industry may emerge, but soon moves into an elite category, commanding high fees and disbursing its energies over a wide range of activities. There is even some speculation that the development of a DI in these countries may de-skill their universities and research institutes.

In considering both the costs and benefits of TC, one must also look at the skill sets needed by different kinds of countries along the "market maturity" continuum. At

¹ The authors are indebted to Christopher Colclough, a Professorial Fellow at the Institute of Development Studies of the University of Sussex for help in developing these ideas, as well as for his comments on this study.

the lower end, countries tend to require *project implementation and management skills*. Building a road, for example, would call for external project formulation, budgeting, implementation and evaluation. Countries in the middle have little use for these skills in road-building itself, but they tend to want help in *developing perspectives* on aspects of road-building, hitherto unfamiliar in this context, but a current focus of worldwide attention. Road-building therefore comes to entail gender balance in the work force, environmental factors and impacts, quality control, and standards and norms in procurement and other contracts, along with anti-corruption measures and other types of regulation. Finally, high-maturity countries tend to focus on building their *institutional capacities*, including governance, to deploy both earlier skill sets and develop them further.

One encouraging sign is that personnel and training costs have begun to balance out in the overall TC portfolio. While personnel costs have remained around 30 per cent of TC, training allocations have risen from 20 to 30 per cent in the last decade. Assuming some of this training is in areas of capacity building and institutional strengthening, there is a possibility that a new management cadre as well as DI will emerge in the medium term.

Another notable development in recent years has been the rise of NGOs as important actors in the TC delivery process. DAC figures indicate that up to as much as 12 per cent of TC flows is now being routed through NGOs. While it is tempting to bring NGOs into the bona fide DI roster, the breakdown of NGO transactions reveals that only 3 per cent are “pure” TC flows – the rest being accounted for such items as emergency assistance or food aid. In other words, NGOs are seen to be better equipped in crises or in areas where governments are unable to function due to political or logistical reasons. Seen from a more optimistic point of view, much of the cost of NGO activity includes training and personnel – implying that NGOs are more actively involved in capacity building and training than in merely delivering TC. Either way, the figures point to the general perception of widespread state failure in a number of the poorer countries of the world.

Similarly, the multilateral contribution to TC flows is small – about 15 per cent - and larger multilaterals like the World Bank do not disaggregate their figures enough to enable the drawing of specific conclusions. However, estimates based on projections reveal that the World Bank and the EC account for well over 60 per cent of TC from multilateral donors – implying that such institutions will be critical actors in the dialogue for reform of TC. Again, like NGOs, TC from multilaterals is weighed in favour of experts and training courses and would therefore suggest a focus on capacity building. The fact that the reverse often takes place can be traced to a variety of perceptions on both the recipient and donor sides.

Outsourcing Thought, Analytical Capacity and the Dangers of External Agenda-Setting

Across the board, almost an inevitable element of external input impinges on policy and practice not only within donor agencies, but those of recipients as well. Donors in effect become recipients themselves. While outsourcing often leads to setting and shaping agendas, only time can tell whether the agenda was the right one. A case in point is the Institute for Development Studies of the University of Sussex, whose researchers set the agenda on participatory poverty appraisal (PPA). The fact that PPA, along with other agendas, have stood the test of time and gathered many adherents across the globe attests to a felt need. Similarly, the infusion of gender into development began with groups outside the donor establishment, as did breaking the monopoly of economists on development discourse. However, for every instance of agenda responses to felt needs, others of little enduring value have been foisted upon the development scenario.

While thoughts from universities and research institutes may well enrich content in donor agencies and mitigate the dangers of in-bred analytical and intellectual churning, a particular school of thought, once born, tends to spawn institutions and large consultant groups. Currently, for instance, many professionals within institutions and outside them derive their existence from “expertise” in PRSPs and Results-Based Management frameworks. These can become dogmas that absorb donors and other development organisations at the expense of what they were initially meant to achieve. As this study shows later, local capacities and ownership often suffer heavily where dogma dominates flexibility and context-specific tuning. In low-end countries in particular, a profusion of changing fashions produces anything but results.

Challenges to TC Recipients

Management deficiencies

Recipients voluntarily surrender operational control over the DI; managing TC stretches recipient country bureaucracies. The workload of managing TC personnel – preparing work scope, advertising, interviewing and selection, negotiating, contracts, travel and conveyance, salaries, benefits, work supervision and performance reviews – tends to be administratively burdensome. Recipient governments usually leave these tasks to donors – with the result that DI tend to retain strong allegiance to the donor that becomes reflected in their operations. In the long run, donor control over DI becomes “institutionalised”.

The critical nature of this kind of process becomes evident when the recipient government wants to change or modify a particular TC package either in terms of focus (environment, livelihood, gender) or in terms of mix (involving, say, shifting budg-

ets between heads like training and equipment purchase). While the recipient may argue that national development priorities necessitate such change, the DI strongly resists any brief that is not donor-sanctioned or approved.

In countries at the lower end of the continuum, the institutionalisation by convention process tends to take the entire TC spectrum of activities beyond the government's control. Since a large amount of TC – largely personnel costs and offshore procurement - lies outside the purview of the national budget, recipient governments tend not to receive critical information about the what, when and how much questions of TC. This trend easily becomes a vicious cycle that takes TC completely out of the reach of the recipient government. It also tends to give the DI major responsibilities it probably should not have.

Policy Deficiencies

Most recipient countries do not have policies in place with respect to the DI. Our respondents were not clearly able to articulate, for example, whether they had a well-thought out policy with regard to the tenure of consultants – if long-term consultants are more, or less, effective than short term consultants – and tended to respond on the basis of personal opinion. In some cases, this extended to not having laid down procedures for recruitment of expatriate or national consultants, pay and compensation policies, policies on benefits, and other such matters. Nor did we find evidence of studies that had worked on comparative cost-benefits of using each category of consultants in TC projects – expatriates, nationals, third country nationals, NGOs, volunteers, etc. Indeed, most recipients tend to view expatriate consultants as the transaction cost of accessing TC.

Again, we revert to the market maturity continuum. Countries like Chile have benefited significantly by addressing precisely some of the issues above. Its agency for coordinating international technical cooperation, AGCI, carefully streamlines TC flows and reporting on aid, scrutinising issues such as compliance with country and local development priorities, capacity institutionalisation potential, balance between expatriate and local expertise, adherence to established standards, complementarities with other projects. In addition, AGCI performs an ombudsman role in the implementation of TC programmes. When TC recipients are dissatisfied with the performance of the expatriate experts they can report their grievance to the AGCI. Likewise, the donor agencies can report to AGCI any lapses in compliance on part of the local recipient.

Perceptions of Donor Practices

The issue of cost usually revolves around expatriate and local consultants and their relative salaries, along with the maintenance expenditures involved. Arguably, however, the dynamics triggered by these easily quantifiable costs play an even more important role in the asymmetry between recipients and donors. Recipient countries believe donors are not serious about cost considerations if they are willing to pay exorbitant amounts to maintain a corps of expatriates. This reinforces the erroneous perception of TC as a free good and an instrument of job creation and thereby influences recipient commitment to TC.

Multilaterals and international NGOs are perceived as opening up an international cadre of top management that is drawn from various member countries and appears to be merit-based. Though donor country managers outnumber developing country managers even in these organisations, there is at least a movement in that direction. It has been argued in some quarters that senior jobs in bilateral agencies will remain the preserve of donor country citizens for reasons of political economy. However, lessons from the private sector indicate that development and TC could do well with managers chosen on the strength of their knowledge of local conditions. Subsequently, orientation can safeguard the policies of their employers.

Perceptions of Procurement

Donors tend to use TC as an opportunity to showcase their comparative advantage in a particular sector. This opportunity drives procurement issues; studies show that on an average, goods and services bought with tied aid are at least 15 per cent more expensive than they would be if they were purchased on untied terms.² “Showcasing” also promotes the engagement of donor country universities or consulting firms in TC projects, though their value-added to a number of processes may be questionable. Recipient countries assent so as to access donor resources. Data on procurement reveal that nearly half of aid goes back to donor countries. The other, better-recognised issue concerning procurement is that of providing custom for donor country companies.

² For example, see *Reality of Aid* 1999

Suffice it to say here that Reality of Aid estimates that a significant percentage of the aid released in 1995 is spent in the donor country. TC, being almost 40 per cent of aid, must follow similar trends:

Country	Percentage of Aid being spent in Donor country
Australia	6.93
Austria	30
Finland	11.4
France	17.23
Italy	14.28
Netherlands	9.85
Norway	8.97
Portugal	5.29
Sweden	14.24
UK	16.68
USA	47.56

In 1995, donors spent \$35,124 million on bilateral aid. Reality of Aid calculates that over half of this – around \$18.5 billion - is spent at home.³ More tellingly, procurement policies benefit donor countries and companies based in donor countries. Even within the United Nations system, nine of the ten major suppliers are industrialised countries; only India represents the South.⁴

Anomalous Tendering Processes

Most donors tender TC contracts. There are two issues here: the requirements of the tendering process and the manner in which these tenders are advertised.

Under the “two-envelope” tendering process, large single tenders are bifurcated (such as a technical bid and a financial bid; or as a local component and an international component) to foster competition in the tendering process. An “unspoken guarantee” exists among expatriate consulting firms in Southern countries that there is a reasonable chance of success for them in these bifurcated bids. While expatriate firms compete mutually –and fiercely – for the expatriate component of the tender, the very fact that conditionality creates both “local” and “international” components fosters a number of unhealthy practices.

³ *Ibid.*

⁴ Annual Statistical Report of the UN System., IAPSO, July 2001.

One such practice is the proliferation of external consultants irrespective of their core competence – sometimes for their skill in a major international language alone. This presumably guarantees the negotiating and report writing skills that may well garner significant contracts. Window dressing is another anomalous outcome of this two-tier tendering process. To win a UN or World Bank contract, a developing country will use well-known external consultants so as to “ride” on their brand equity. Local firms will happily locate themselves as junior partners in forming consortia because of their confidence that they themselves can ultimately deliver what is needed. Window dressing occurs in reverse as well – at the lower end of the continuum countries. Recipient side consultants and civil servants are brought in to demonstrate “participation”, though they may scarcely contribute a thought. The local firm in question finds it attractive to jointly bid for such projects even after the burden of servicing expatriate salaries and costs.

A third anomalous practice arises from the assignment of relative weights in deciding bids. Bid criteria often emphasise the need for experience (sometimes specifying criteria like “cross-cultural experience”) as opposed to other criteria of competence like education and management skills. This skews consulting opportunities away from local firms that are just starting out. In fact, since most local firms have little international and cross-cultural experience, they are forced to bring in well-known Western experts to shore up their bids. An additional problem of using consultants of long standing is that they tend to be steeped in conventional TC delivery modes of thinking, whereas recent graduates, educated in recent management thinking – some of them recipient country nationals – may have more impact. Giving the same high weight to experience also militates against women in the consulting profession because life cycle pressures often tend to take a certain number of years off their careers.⁵

Fourth, this process forces local firms to indulge in “bid padding”. In a bid that involves firms from many countries, local consulting firms are careful not to appear frivolous because their bids are “ridiculously low” compared to those of their international counterparts. In addition to the practice of bringing in “big names” they budget themselves at rates comparable to international consulting groups in order to appear as “serious contenders” in the perception of donor headquarters.

Finally, contracts are very often advertised by word-of-mouth or announced at consultations restricted to invitees. A well-connected informal network among donors ensures that a host of consulting and even full-time openings are advertised in one another’s bulletins, usually unread by national experts outside the international circle.

⁵ Women figure largely in institutional consultancies. Of the lists of individual consultants scanned by our research, women accounted for only 5 per cent.

All these factors contribute to the existence of a “guild system” – informal, but powerfully networked and fairly decisive in deciding the fate of DI aspirants.

Challenges to Donors

The skill base *within* agencies – both staff and consultants – has not really kept pace with the evolution of the discourse on development. Nor have skills necessarily changed or evolved to reflect shifting organisational priorities. There is little evidence of a fundamental reappraisal to assess whether agencies have the right balance and level of skills in view of the continual evolution of approaches to poverty reduction. Although agencies increasingly favour sector-wide approaches, few have much experience or the relevant skills, notably in institutional change and governance, especially at the field level. In short, lack of skills in both donor field offices and recipient countries results in reliance on expatriate consultants who may not be best suited for the job at hand. One recent donor study observed a lack of macro-level social development expertise and professionals in health and basic education, along with economists who can carry out micro-level analysis and might usefully interact with social development advisers and with macroeconomists to ensure a pro-poor bias to sectoral and budgetary support.⁶

Moving to a new paradigm of TC will consequently involve changing the composition of donor institutions, doing better public relations for new approaches within the organization (to create buy-in), and highlighting new approaches as opportunities rather than threats. Greater efforts are also needed to ensure that management structures encourage experts to work together in a cross-sectoral and multi-disciplinary fashion. Many officials express concern that present agency structures and cultures create pressures for sector-driven and supply-led approaches, under which country programmes include sectoral interventions to satisfy internal interest groups rather than in response to a careful analysis of country-level poverty reduction priorities.

Decentralisation

Field offices are hampered by the lack of decentralisation within donor agencies and their lack of awareness of ongoing HQ and DAC processes. Trickle-down time to a country office’s TC managers for ideas from HQ or DAC-level forums tends to be high. The DI on the ground therefore continue to receive operational briefs that favour convention rather than change and prefer “safe” tried-and- tested approaches. Most donor agency heads indicated an awareness of the state-of-the-art, but tended to suggest that field offices had no responsibilities for thinking about such issues. Field directors are unable to take the initiative in implementing recipient

⁶ Aidan Cox et. al, DAC Scoping Study of Donor Poverty Reduction Policies and Practices, OECD 1999.

ownership measures unless guided by HQ. However, studies reveal that empowered country-level staff are better placed to develop effective pro-poor partnerships and to build up the trust needed for successful sector-wide approaches.⁷ They perceived as better able develop local content in TC and weed out procurement anomalies.

DI Working Conditions and Terms of Reference

A different skill mix for the DI means little without changed in the conditions of work and terms of reference. One reason why the DI has not developed a holistic view of TC is that their briefs from their employers i.e. donors, do not allow them to see development beyond the narrow technicalities of projects. There has been no conscious attempt to incorporate DI into absorbing the larger picture. This stems typically from the nature of consultancies. These are seen as sporadic expert inputs who require little if any orientation or training.

The choice of the right people for TC - whether long-term or short-term, expatriate advisers or local consultants - is extremely important, along with appropriate work specifications. Most TC experts are selected for their technical expertise, not their gifts or disposition as mentors and trainers, and some may not want to work themselves out of a job.

Recipient governments are not averse to the DI's devising strategies that perpetuate the availability of "free money". Disbursal pressures within donors also contribute to DI distortions. The imperatives of "keeping costs down" and pressures to meet project deadlines mean that expatriates are often asked to "finish" jobs rather than spend time on developing local capacities, especially in countries at the low end of the continuum. Across the entire continuum, though, it becomes evident that it is pointless to expect expatriate DI to help build local capacity. This is perhaps best done by strengthening local universities and training institutes and ensuring that mechanisms and incentives for retaining capacity are in place.

A consultant working on a typical TC project reports to and is managed by at least two sets of supervisors - the donor or the firm that they represent and the agency responsible for managing the project on the ground. This complicates accountability and reporting lines, as well as decisions as to how to handle delicate situations that may well involve differences in professional opinions. Moreover, because of the asymmetry, counterparts do not generally supervise advisers in any managerial sense, e.g. giving explicit and planned feedback to advisers about their performance.

⁷ *Ibid.*

Terms of reference should therefore focus tightly on poverty reduction and the facilitation of partnerships and multi-stakeholder participation as priority tasks.

There is a danger that in trying to make TC more efficient, donor agencies will go too far towards micromanagement of consultants, for example, by requiring detailed (and quickly outdated) terms of reference for consultants and detailed curricula for training programmes that may be irrelevant to the eventual participants in the programmes. To sum up, experience shows the value of choosing competent project and task managers and of leaving them considerable flexibility with wide briefs for capacity building and institutional support.

Challenges for Both Recipients and Donors

TC and Labour Market Distortions

TC distorts the labour market in recipient countries, more in the countries at the lower end of the continuum than in those with high market maturity. This raises the price of educated labour. Ministries enter into ad-hoc agreements with donors and multiple compensation arrangements come into being. After a project ends, counterparts and former project staff revert to their government salaries, look for other projects that are not necessarily in the same ministry or even in government itself and sometimes leave the country altogether to become expatriate TC consultants in another. The institution or department that has been developed by TA, often including expensive equipment, goes into decline. Paying counterparts supplements often undermines project and programme sustainability, despite the fact that such supplements are offered to “obtain commitment” to the particular development effort.

Donor agencies and government officials agree that there are difficulties in this area. Counterparts are generally provided (at least if supplementation is offered) but those at the top are over-stretched (often involved in several projects) and those in the middle may not have the technical knowledge and language and managerial skills needed to work with foreigners. Reallocation of counterparts after training also causes problems, as does the exercise of patronage in the choice of trainees and scholarship holders. Despite their emphasis on capacity development as the main aim of TC, less than one-fifth of multilateral and bilateral donors and a quarter of government officials think that it is the main task assigned to TC personnel.

It may well be argued that recipient governments can choose to mitigate labour market distortions if they were committed to such a process. This study finds that this is again a function of degree of aid dependence. In countries like Cambodia, most national TC personnel would otherwise serve in government posts; in Bangladesh, this is rarely the case, as a surplus of educated cadres, along with other factors, has

created a very different situation. One expert sums up the situation that donors often face: “There is a real conflict ... between long and short term interests. Agencies are faced with the problem that the only way to get good local collaborators is to pay supplements. Yet, to do so substantially reduces the probability of their staying with the project over the long term. Thus, achieving effective project execution and securing project sustainability become competing goals. This is an important area for policy change (as is already widely agreed by the aid agencies, but rarely acted upon in particular national contexts)”.⁸

Changing Donor Requirements and Fashions – and “Demand-driven” TC

Changing donor fashions (new strategies, new formats, new methodology) that require compliance by recipient countries, continue to create new needs for skills. Sometimes donor requirements are so stringent that a significant proportion of TC is spent in complying with the formats required to access the TC.

Over the years, donors have been prone to imposing new concepts in development cooperation with increasing frequency. Each new addition to discourse has brought with it new approaches, strategy, methodology, procurement and reporting requirements. Sometimes, a particular approach is championed and piloted by one institution or donor and that donor tends to have a large stake in ensuring that the approach is adopted in a widespread fashion. Recipients of that particular donor are then expected to be the frontline adherents to the new approach. Many of our respondents felt that the current concentration on PRSPs is a case in point.

At other times, donor fashions are imposed upon countries where these concepts simply do not correspond to realities on the ground. This tendency emerges from “one-size-fits all” thinking. Generally, though, what works best depends on where a country lies on the continuum. As local capacity emerges around one set of donor strategies and methodology, “fashion” changes force those capacities into obsolescence. Each new fashion also brings with it new, multiple requirements issued by multiple donors. A number of emerging findings point to the need for common norms, standards and procedures on the part of donors. In addition, the fact that northern institutions and universities, rather than southern bodies, work continuously on developmental R & D distorts the market for consultants by tilting it in favour of expatriates or graduates of Western universities. Moreover, different donors follow different fashions and many countries have multiple donors.

⁸ Christopher Colclough, comments on the draft paper, IDS Sussex, February 2002.

To access assistance from specific donors, it becomes imperative to have specific sets of consultants with specialist skills. This frequently results in the recipients' withdrawing from TC management. Despite adequate skills on the ground, recipient countries are forced to access donor country expertise to access donor resources. When a donor requires niche skills for, say, reporting, the recipient governments choose to ask the donor to provide the skill. This may then become the basis for justifying the "demand driven" expatriate DI.

Countries at the lower end of the continuum are required to implement and provide information to the satisfaction of individual donors. This involves meetings with donor officials, experts, consultants and even suppliers at every stage of the project cycle. Additionally, recipient governments are required to identify counterparts for feasibility, and design. Then come negotiations. During implementation, governments must also provide counterpart personnel, cost-sharing contributions and logistical support. Myriad project accounts need to be maintained, each in compliance with donor requirements, along with progress reports – often at alarming frequency – in donor-mandated formats. The dividing line between donor management and donor ownership becomes thinner and thinner – at least in the realm of perception.

The implication of the recipient losing – or never gaining – operational control over TC projects is that TC ceases to be determined by national development priorities. As one expert has put it: "In practice, TC remains an uneasy compromise between national priorities, sector priorities of particular national agencies and varying priorities of respective donors".⁹

A country like Botswana has been able to overcome the tension between donor and national priorities because of its status on the continuum; it no longer needs donor assistance. Botswana can therefore adopt a "take it or leave it" approach where donors have to tailor their supply to national blueprints. Since most countries, including those like India or the Philippines, are not so far up on the continuum, they demonstrate an eclectic mix of "demanded TC" and "imposed TC" with the consequence that consultancy services reflect a need to comply with donor requirements rather an internally felt need. This in turn, undermines the effectiveness of such services and depends on the commitment of donors and recipient governments to using local consultants.

⁹ Sobhan, R., *Aid versus Markets in the Institutionalisation of Consultancy Services: Some Asian Contrasts*, 1994.

The Way Forward

Prescriptions for reform in TC modalities and creating more recipient ownership therefore remain confined to generic postulation of good principles rather than specific operational recommendations. The diversity of recipient nations themselves, ranging from vibrant democracies to failed states, makes uniform standards of ownership, accountability and capacity infusion nearly impossible to devise. This makes for loose implementation of a reform agenda and leaves wide loopholes for avoiding compliance.

Moreover, almost any reform agenda at the moment will suffer from the lack of appropriate recipient side mechanisms for discussion, dialogue and peer review. While donor-side forums like DAC could function more effectively than they currently do, their sheer existence as forums enhances the possibility of reform. On the recipient side, reform devolves upon individual countries, either speaking singly or within other forums, such as UN decision-making bodies.

Nonetheless, one can list a number of general ways of moving ahead and identify issues certain that need further discussion. The key issue in reforming TC lies in clarifying perceptions. It is clear that the timing is right for reform. Among other things, the international community is more resolute than ever before in committing to development as a way to end global poverty. The United Nations is increasingly influencing global change agendas. Most importantly, civil society now exerts significant leverage.

Collective as opposed to Individual Reform

While criticisms of TC and the DI have long been on the table, not much has changed in the way TC is delivered and consumed. Although the most frequent reason that respondents surmised was *the lack of commitment to change*, we would offer an additional point of view - one to do with the absence of mechanisms of compliance with change agendas.

- Assuming that a blueprint for change exists, what are the mechanisms of compliance on the donor side? While forums like DAC or UNDP Round Tables play a useful role, the “take away” from such forums appears to be in the realm of individual discretion. Change processes occur on a case-by-case and country-by-country basis and often depend on individual agencies to set the precedent and others choosing to follow. For example, the Norwegians and the Dutch have untied their TC; now others may or may not choose to do likewise. When the non-compliers happen to be the larger players in the TC market, change tends to be partial and far from systematic.

- What are the mechanisms of change on the recipient side? If mechanisms of compliance do not exist, neither do forums in which recipients can articulate their own TC needs and dialogue with one another about aid and development cooperation. Recipient behaviour so far has changed only when donors design the carrots and sticks that engender change. Although recipient states demonstrate diverse national management capacities and skill bases, securing overarching reform would require collective action by recipient governments and working in conjunction with donors to apply appropriate pressures.

Issues related to Recipient Ownership

It is important to recognise that in the context of TC, capacity development is not the universal goal on the recipient side. TC is seen as useful on the one hand for budgetary support, free access to technology, etc. and on the other hand, for rent-seeking, elitism, earning artificially high salaries, free trips and junkets, “making money on the side”, contracts and deals, the perpetuation of “white elephant” institutions and so on. Recipient interests are stratified and tend to reflect differential access and power relations in society.

Local ownership is a stratified concept. The question of “Who among local?” tends to be overlooked. Often political choices underpin the nature of local ownership: large infrastructure projects that involve displacement of communities involve making choices in the domain of political economy, as does the trade-off between natural resource management and the preservation of livelihoods. It is important to make the process of making political choices transparent so that who wins and who loses becomes clear.

Recipient choices frequently reflect the choices of the elite who may be culturally and aspirationally closer to donors. This being said, national consultants also emerge from the local elite. But a North exists within the South. Perceptions of the DI may vary considerably, depending on who articulates those positions.

While NGOs have tried to bridge this gap by bringing community voice and participation to the table, it is important to recognize that NGOs, too, are stratified and have differential access. In the context of NGOs, participation or consultation tends to mean that of organisations based in the capital with access to donors and UN agencies. Civil Society Organisations from outlying areas can rarely provide inputs in important consultations or policy endorsement discussions.

	ADVANTAGES	DISADVANTAGES
Donor Country Consultants	<ol style="list-style-type: none"> 1. Familiarity with donor philosophies, objectives, strategies, policies and practices 2. Technical and/or managerial competence 3. Effective communications and relationships with HQ personnel 4. Help "keep an eye" on recipient projects. 5. Bring analytical perspective from the outside. 6. Are politically neutral. 	<ol style="list-style-type: none"> 1. Complications in adapting to the recipient country's culture, language, legal political environment and work practices. 2. Very high costs of compensation and maintenance of expatriates. Recruitment costs also tend to be high. 3. Pressure from recipient governments to use local citizens for top positions. 4. Family issues. 5. May undermine local capacity.
Local Consultants	<ol style="list-style-type: none"> 1. Familiarity with culture, language, legal and political environment and operational practices. (This is seen as the most important by far). 2. Cost less. 3. Increased goodwill with recipient government. 4. Local consultants see the possibility of career advancement – commitment, motivation. 5. Good practice on part of donors to create local content in consulting – role models created. 	<ol style="list-style-type: none"> 1. Unfamiliarity with donor philosophies, objectives, practices, strategies including newer poverty reduction frameworks. 2. Are usually inexperienced in international and cross-cultural settings because of lack of opportunities to do international work. 3. Communication issues (and language problems) in dealing with donor. 4. Culturally imposed difficulties in exerting control over the project. 5. May genuinely lack technical capacity.
Consultants from Another Southern country	<ol style="list-style-type: none"> 1. Good compromise between high cost and requisite technical and managerial competence. 2. Usually members of small corps of international career managers. 	<ol style="list-style-type: none"> 1. Recipient country may be sensitive to hiring of these managers, esp. if cultural or national animosities exist. 2. Less acceptable than local consultants in many Southern countries. 3. Still leaves the "local capacity" issue at square one 4. Sometimes cost just as much as donor country experts.

Capacity Utilisation and Retention

Many recipient countries grapple not only with the challenge of building local capacity, but utilising and retaining it. For example, a full 35 per cent of the NASA workforce and 40 per cent of the IBM workforce in the US are Indian-born, most of them graduates of the Indian Institutes of Technology – set up, ironically, with donor TC in the 1960s and the 1970s. Even those that remain in their country of origin constantly watch for overseas opportunities, facing their employers with the perpetual threat of skill depletion. High turnover within these institutions also has a telling impact on local capacity. In countries like India and the Philippines, the talent pool is large enough to maintain the possibility of replacement, but in countries like Bangladesh, brain drain tends to debilitate the educated workforce. Moreover, recipient countries frequently under-use existing capacities because of poor human resource planning and intrigue within the civil service. In countries where high-end training institutes have been set up, gradu-

ates have migrated *en masse* to Western employment markets. By contrast, many other countries have difficulty absorbing the numbers of highly qualified experts they need. And as we have seen above, the issue of strengthening local universities and local training institutes needs to be revisited.

The Mutual Reinforcement of Ownership and Capacity Development

In some cases, recipient country management systems cannot provide minimum guarantees for accountability and thereby invite greater “policing” by donor-appointed DI that detracts from ownership. Conversely, higher capacities enable the handover of accountability responsibilities that, in turn, foster greater autonomy and, presumably, greater national ownership. Where ownership exists, national interests lie in accurately reading the costs of TC and therefore investing in augmenting capacity.

In the short run, however, this imposes high costs. Certain criteria of performance, transparency and accountability, standard practice in high-income countries may be difficult to institutionalise in low-income recipient countries unless aid providers show flexibility in their expectations of both outcomes and process. In some cases, applying such standards rigidly, particularly in cultures accustomed to personal and face-to-face work contacts, may induce a kind of culture shock that worsens the problem in the short term. Many citizens of many high-income countries are now experiencing an analogous kind of culture shock in encountering increasingly computerised services.

Historically, such flexibility has been manifest; aid continues to be provided, despite the very high level of project failures, particularly in the poorest states. However, the tension increases in the areas of programme finance and sector support in part because linking outcomes with inputs in quantifiable terms is difficult, however “objective” the criteria may seem. Accordingly, donor managers must concentrate on process factors to assure themselves that their resources are being used in ways they can defend to their superiors and the constituencies of these authorities. Ironically, then, the shift to broader modes of aid financing may bring with it dangers of even less capacity development/ownership than the earlier mode – although this may not ultimately happen.¹⁰

¹⁰ The authors would like to acknowledge the contribution of Professor Christopher Colclough in developing these arguments.

Focusing on Institutions, along with Individuals

The dismal record of counterparting and supplementing salaries points to the need for building robust institutions and introducing gradual change in those that exist. This involves a fundamental reappraisal of ongoing TC practices, and, if necessary, suspending operations for a while to take stock – no easy task. Yet, supplementation practices leading to higher expectations and eventually migration, whether from particular posts or from the civil service itself has depleted many institutions beyond recovery. Further, among those where salary supplements did not exist, issues of morale have been a problem. Robust national institutions, however long their evolution may take, are more likely to be locally owned and sustainable over the long term. Institutional strengthening must therefore continue alongside the building of individual capacities.

DI Terms of Reference and Skill Sets

As indicated above, project-specific terms of reference with a sharp focus on poverty reduction have strong implications for building local capacity. In some cases, it may be advisable to separate advisory functions from those of implementation and administration. While in the short run this may create a supervisory corps of consultants, such a move will signal a serious commitment to local capacity building.

It is also important to pay specific attention to using DI with skills in capacity analysis and institutional change. Tendering requirements should stress criteria of understanding of current modern paradigms of management rather than experience. There is a range of opinion on the use of expatriate consultants, national consultants and third (Southern) country consultants and the relative merits and demerits of these categories. Our respondents provided a mix of advantages and disadvantages for all three categories of consultants presented in schematic form below.

Closer examination reveals some broad trends in these findings. Locally recruited consultants may lack analytical perspective, as well as experience of cross-cultural settings, but the cultural naiveté of expatriate consultants is frequently pointed out. Inability to grasp the logic of why things work the way they do, cultural nuances, work ethics and other unfamiliar features of the field environment add up to mismatched prescriptions in fields like governance and institutional reform. There are also instances in which solutions designed in donor countries at considerable expense fail on the ground because national laws in the recipient country were not adequately examined.

The issue of family dislocation is larger than it appears. Respondents spoke of the difficult life and career choices they had to make because of careers outside their home

countries or general cultures. Age profiles merit further study. It appears that expatriate consultants who are comfortable with their situations fall into two age groups – young people who do not yet have families of their own and those who no longer have dependent children. Those whose children still attend school – and whose spouses work outside the home – tend to manifest stress because they have had to leave their families in their home countries (especially when taking jobs in volatile situations) or deal with the professional and social acculturation process of their spouses and children and frustration with day-to-day challenges of living in an unfamiliar culture despite the advantages of high salaries, ample domestic help, and other benefits.

Ownership through Full Budgetary and Management Control?

While the merits of handing budgetary control of TC to recipient governments are undeniable – recipient governments will have much more control if TC flows through national budgets and much more in the know – it must be recognised that government control frequently becomes the problem rather than the solution. This stems in part from the differences in concepts of ownership described above. Degrees of petty and grand corruption vary from country to country over time; patterns are rarely uniform even within a given country. In fragile recipient democracies as well as in long-standing autocracies, governments tend not to welcome dissent. Consequently, routing all financial and skills support through governments and putting government in charge of disbursement may impair the ability of civil society to function independently or to challenge government on issues of corruption, governance reform, and engage in policy debates where views contrary to the government's can be aired. While a number of benefits flow from consolidating national TC budgets, consolidating *actual disbursements* under the budget may reinforce autocratic tendencies. Ultimately, a fine balance will need to be struck between budgetary control over TC and channeling TC through diverse actors and diverse mechanisms.

Diverse Actors

Even where budgetary systems are robust, using multiple actors for TC delivery and management is good policy. NGOs and volunteers represent some of the diverse actors through which TC can be channelled.

NGOs

While the inclusion of NGOs is a welcome development, if only for the diversity they represent in the DI, understanding the NGO sector in its entirety is necessary to making informed choices on the use of NGOs. Different types of NGOs – international, national and local – frequently collaborate and act as allies. But they have differing competencies and drawbacks.

Competencies

- Regard their general mission as long-term – do build capacities.
- Use empowerment as a major tool for local capacity building.
- Can often perform advocacy and rights-based work more effectively than governmental agencies.
- Tend to be more cost-effective than expatriate civil servants or private sector consultants.

Drawbacks

- International or Northern NGOs often act like donors themselves and tend, however inadvertently, to perpetuate expatriate attitudes and organisational culture.
- International NGOs tend to receive salaries and perquisites comparable to those of donor-engaged expatriates; the operational freedom of NGOs tends to entail loose systemic accountability on travel budgets and other disbursements. For the two foregoing reasons, cost-effectiveness must be carefully monitored.
- National NGOs may lack appropriate capacities, systems and transparency norms. This calls for using appropriate support organisations.

The use of NGOs avoids too narrow a focus on government as the sole partner in the transaction of TC. This is favoured by many smaller donors, for whom a modest scale of operations is suitable. Partnership approaches involving relations with civil society have obvious appeal as a means of coping with the corruption and lack of accountability of some partner governments.

A separate category of support NGOs – providing capacity building inputs to local level organisations – has emerged and is providing valuable inputs in building community capacities through training, documentation assistance, assistance in project design and management, perspective and analytical capacity building. This group of NGOs needs to be strengthened, the more so because they use empowerment strategies in marginalised communities. As NGO engagement tends to be change-oriented rather than project-oriented, they usually foster a greater sense of ownership at the community level.¹¹

¹¹ For an evaluation of the role of support NGOs in community-level capacity building, see Niloy Banerjee and Richard Holloway, *The Role of Support Organisations in Capacity-Building*, CORDAID/PRIA, March 2001.

Volunteers

Volunteers represent another option for building capacities in recipient governments and institutions. While volunteers have become part of many aid managers' repertoires, in part because of their commitment and cost-effectiveness, most of our respondents had found volunteers either too inexperienced (students, interns) or too elderly to fulfil several project requirements. Very few mid-career professionals – with high professional competence – can afford to volunteer. (But see the article in this issue of the *Journal* on Volunteers).

Experimenting with new systems of TC delivery

Several new approaches to TC delivery have come to light, among them greater emphasis on South-South TC, “selectivity”, aid pooling, contract financing and knowledge networks.

South-South TC

Introduced into the UN system in 1978, South-South TC has recently received greater emphasis. Nonetheless, there are not yet enough Southern consultants/vendors in the international market to draw valid conclusions about similarities between donor country personnel and experts drawn directly from another Southern country. Other issues need to be researched further:

- Whether Southern consultants' fees are lower or should be lower?
- Will Southern consultants raise their fees once they become aware of international consulting fees or, more commonly, quote fees according to the payer?
- Is a Southern citizen or firm based in a Northern country truly Southern?
- Will Southern consultants further “local” capacity building more than donor country consultants?
- Do some agencies pay consultants from different Southern countries differently – or set different salary scales in different recipient countries or according to length of a given mission?
- Will some Southern countries like Chile, India and the Philippines begin to dominate South-South TC? If so, what are the implications?

“Selectivity”

Using “selectivity” rather than conditionality to protect donor investments, especially as the idea is articulated in such reports as the World Bank’s *Assessing Aid*, has implications for the development industry. It involves agencies selecting governments with which they share a purpose and which also have an effective policy framework or a commitment to develop one. Selectivity is perceived as providing some leverage over policies through a continuing dialogue about implementing shared principles. The principle may be extended to negotiating with chosen recipient countries and agreeing on areas where genuine capacity gaps exist and need to be filled with externally sourced consultants or firms. The advantage of using a criterion of selectivity is that it will create open competition among recipient countries to attract donor resources and among donors to provide TC in the countries selected.

Donor Pooling

Coherence of donor policies and requirements will considerably ease pressure on national governments and civil service and make TC more manageable through the creation of sustainable local capacity in the long term. Donors could also come to minimal agreements on codes of recruitment with regard to managers from national institutions as well as other national personnel for TC. Recipient country universities and training institutions can be helped to design curricula and prepare a corps of consultants for the longer term. This does not preclude the danger of creating “islands of excellence” and fueling brain drain (as the Indian Institutes of Technology found). Where donors work through national governments and provide supplementation, donors could agree on common standards of compensation and supplementation. Coherence should also be applicable to the use of consultants in monitoring and evaluation processes – and the value of pooling lessons learned.¹²

Potentially, pooling has both positive and negative outcomes. On the one hand, it may create more space for recipient governments by de-fragmenting TC inflows and allowing recipients to assume greater direction of TC within their borders. On the other, pooling has so far been expensive and may become risk-averse as well; the process of forging agreements among a wide range of donors tends to be time-consuming. Moreover, execution tends to descend to the lowest common denominator of agreement.

It is important to keep evolving new ways to make TC more decentralised and increase its local content. Proposals like the Dutch idea of “macro support funds” needs to be followed through and tried on a pilot basis in different settings.¹³

¹² See for example, Heather Baser and Peter Morgan, “The Pooling of Technical Assistance, An Overview based on Field Research Experience in Six African Countries”, a Study for the DGIS, Netherlands

¹³ See DAC peer review of Dutch Aid.

The SIDA concept of “contract-financed” TC represents another mode of transferring more control to recipient side actors. The key to the success of such models may lie in the ability of the recipient side to formulate the exact nature of their *problematique* and ask for precise assistance.

The World Bank’s Networks of Knowledge is another interesting experiment in evolving a global knowledge industry that functions as the DI and brings capacity development well beyond the confines of the closed clubs of consultants. While World Bank officials admit that such a process may be cost-intensive in the short run, they also have confidence that in the longer term, the networks will prove to be more cost-effective.

On the recipient side, the concept of setting up nodal agencies at the national level in charge of coordinating TC has worked well in Botswana and Chile. However, Indonesia reported poor experience with this kind of structure.

Twinning

Many well-trained professionals seek overseas jobs simply because the local economy cannot make use of their skills. Increased “twinning” between donors and recipients – where qualified professionals are able to work in donor contexts for a fixed period of time and are mandated to return to their initial employers – provides a useful way of combining good work opportunities, exposure and cross-cultural exchange. Such modalities may also provide better opportunities for donors and recipients to appreciate one another’s constraints and challenges.

There is also room for twinning on a people-to-people rather than strict “mission” basis. To take one example, French support to a health sector programme in Chile that aimed at decentralising hospital administration began with establishing collaborative links between a French and a Chilean hospital. These two institutions conducted professional exchanges and observation visits and became fully immersed in one another’s strengths and weaknesses. The success of their relations led to the establishment of a programme of “sister-hospitals” that now includes 25 partnerships. Other instances of “people-to-people” TC include the “Farmer-to-Farmer” network (linking farmers from donor and recipient countries), the Sister Cities programmes (facilitating cooperation between local authorities and civic organisations), Partners of the Americas (linking one U.S. state with a Latin American country), and the USAID Entrepreneurs International (that brings together Northern and Southern business leaders).

Defining Outcomes

Ownership, capacity development and the efficacy of DI use are linked to the stringency with which outcome is defined. If outcomes are defined nebulously, consultants will understand issues of ownership and capacity around their particular terms of reference even more nebulously. In most projects, building local capacity tends not to be the primary objective. In infrastructure, it will involve building a road, in education producing a certain number students acquiring a particular body of knowledge. Capacity issues, too, require definition in terms of concrete outputs. The more concretely the output is defined, the more commitment the DI will make to the general goal. Given the importance of process and outcome balances, they must not be framed as mutually exclusive. Only if capacities develop around outputs will ownership evolve around less definable outcomes.

Lessons from the Private Sector

In many ways private sector practices are far more decentralised than current TC delivery and rely far more on local managerial and technical talent. Many Western-owned companies in Asia and Latin America employ local staff in such positions, including those of senior management. But such positions tend to be held by graduates of Western universities or Westerners of the recipient country's origin, as in the Indian operations of Microsoft, Pepsi or McKinsey. This produces a model in which ownership is Western, but staffing is local or of local origin – the “polycentric model”¹⁴—increasingly common in US and UK multinational corporations. Its development equivalent would be a DfID-India or USAID-India completely staffed by Indians recruited by the respective agencies. The strength of this model lies in its blurring the line between expatriate and national consultants, coupling the advantages of a global brand-equity (based on the faith and goodwill associated with the corporate name), with a strong perception of local content that gives the particular company significant advantages in local bidding.

In an extension of this concept, the “geocentric model” in management parlance, the best managers from a worldwide cadre occupy top management positions in the company. McKinsey and United Airlines illustrate American companies headed by individuals from developing countries (as does Trinity College, Cambridge, in the UK). Replicating this in TC seems unthinkable, although the UN system has geocentric recruitment. It is also expensive; few use it because of the costs of widespread recruitment and substantial investment in training.

¹⁴ Perlmutter's EPRG (ethnocentric, polycentric, regiocentric, geocentric) matrix of Human Resource Management.

Japanese multinationals use a much more closed model – the ethnocentric model – dominated by Japanese thinking and approaches. Japanese procedures are imposed worldwide, practices are traditional and Japanese nationals hold key positions and are compensated at home country grades. However, this is changing, as companies like Sony perceive a need to reflect the diversity of their national markets in their boards and top management composition.

Each of these human resource management models has complex remuneration systems from which international development cooperation may well learn a great deal. Seminal studies¹⁵ reinforce the assertion that undertaking business across boundaries requires understanding of cross-national cultures. This is all the more true of development.

¹⁵ Hofstede G., *Cultures and Organisations*, McGraw Hill, 1991
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Are Donors Ready For Change?

by Anders Danielson, Paul Hoebink and Benedict Mongula

Examining bilateral donors in particular, this article discusses how these agencies have tried to overcome the problems associated with TC and why reforms have lagged during the decade since fundamental flaws began emerging clearly. Both TC and the project approach associated with it will probably remain major modes of channeling ODA – simply because no viable alternatives exist in certain recipient countries and for certain activities. Whatever the case, TC can spur capacity if donors bear in mind the need to: (1) coordinate aid; (2) address conflicts within the donor community explicitly; (3) educate home publics; (4) develop capacity within aid organisations; (5) use national execution modalities wherever possible.

Technical cooperation (TC) comes in many colours. For some, it is the use of expatriate experts on long-term missions, working with local counterparts. For others, it is mainly “gap-filling”, i.e., the use of foreign expertise for functions for which local capacity is insufficient. For still others, it amounts to capacity development, a problematic term in itself.

The OECD-DAC database defines TC as both “grants to nationals of aid recipient countries receiving education or training at home or abroad” and “payment to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment)”. Further, it states, “...assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical cooperation in statistics of aggregate flows”.¹

Several caveats must be borne in mind in both this definition and the major criticisms of TC. First, the contrast between technical cooperation and capacity development (CD) is something of a chimera. Although TC has grave problems, CD cannot wholly replace it. The instruments of capacity development are classified by the DAC as those for TC delivery. Yet the converse does not hold: some components of TC do not qualify as instruments of CD.

Second, TC is traditionally delivered in the form of projects. But although their appropriateness is being questioned, projects remain precisely what many recipients want in varied kinds of activity. One must try to avoid throwing out the baby with the bath-water.

¹ OECD/DAC, *Development Cooperation Report 1999*, Technical Notes to Statistical Appendix, p. 6.

Third, the bulk of the literature that criticises TC deals largely with sub-Saharan Africa.

However, a counter-caveat exists as well: this study focuses on bilateral donors, except for a brief note on UNDP experience in Latin America. Neither multilateral nor private organisations are discussed. And some multilaterals, among them UNDP, have no mandate to move away from TC – as yet. If and when bilateral donors find ways of delivering technical cooperation that increase local capacity both sustainably and cost-effectively, multilateral and other aid organisations will probably change as well. Moreover, virtually none of the available literature focuses on the organisational problems of donors – though we assume that a number of internal papers do. While this obviously limits the value of this article’s conclusions, it should not preclude the likelihood of change now under way.

Changing Donor TC Practices: Problems, Reforms and Obstacles

Since the Forss report of 1988, a number of TC agencies, notably those of Germany and the Nordic countries, commissioned reports on the impact of TC. Though many of these evaluations identify the definition of TC objectives as a major weakness, none provides concrete recommendations for improving the process. They do, however, point to ambition as a leading problem, particularly as it relates to institutional development and the transfer of knowledge.

Insofar as the evaluations deal with donor organisations, they stress flexibility as a prime need. Some recommend decentralising responsibility and authority to the field level. Others urge organisations to broaden the scope of their products. They also raise questions of the time involved in recruitment and selection procedures, as well as problems in monitoring, evaluation and reporting.

All in all, the criticisms can be summed up fairly telegraphically: TC is supply- rather than demand-driven. It undermines local capacity, distorts local labour markets, lacks sustainability, has negative impact on self-esteem in the aid-receiving countries, and is often of low quality. It also causes a fragmentation of aid and thus detracts from the coherence of policies and programmes. Its immense costs derive in large measure from tying aid to TC suppliers and other practices that benefit donor rather than recipient countries.

Nonetheless, several reports suggest *gap filling* in situations where absolute shortages of local personnel prevailed. Moreover, under specific conditions, they see supplementing local salaries as the sole realistic option. They also point to significant benefits from measures at the level of primary or secondary employment (*incentive schemes*) and encouraged adequate *human resource development* within part-

ner organisations. Some reports praise *twinning*, a long-term institutional cooperation between organisations in the North and South that undertake activities in the same field.

What are the Problems?

Despite the marked decline of ODA since the 1980s, TC grants within it increased from less than 20 per cent early in that decade to over one-quarter by the late 1990s. Nor have they dwindled appreciably in absolute numbers: roughly \$6 billion per annum was disbursed in the late 1990s, approximately the same amount as that disbursed 15 years earlier. Does this mean that the mission of building sustainable, locally-funded local capacity has failed?

Such indeed appears to be the case in Africa. According to Edward Jaycox, the former Vice President for the Africa Region at the World Bank, (1993: 1), “... donors and African governments together have in effect undermined capacity in Africa; they are undermining it faster than they are building it”. The Berg report (1993: 244) concludes that “almost everybody acknowledges the ineffectiveness of technical cooperation in what is or should be its major objective: achievement of greater self-reliance in the recipient countries by building institutions and strengthening local capacities in national economic management”. The 1995 Portfolio Review of World Bank technical assistance loans found only 19 per cent to be performing satisfactorily (Baser and Morgan, 1997: 7), and there had been little improvement in performance since the mid 1980s. And there is a consensus that technical cooperation has performed least favourably in the area that should be its principal focus, namely institutional capacity building (Arndt, 2000: 164).

As to TC *costs*, the Berg report asserts that the total disbursed often widely exceeds the aggregate civil service remuneration in recipient countries. The OECD/DAC corroborates this for most West African countries. Indeed, in the very special case of Mali, bilateral TC appears to be larger than the entire civil service wage bill. Yet Arndt (2000: Table 6.2) shows that the share of TC in total ODA has increased from the early 1970s to the mid-1990s in all recipient regions.

Even though the DAC data show a declining trend in the cost per person-month for TC-experts – a trend which suggests an increasing reliance on locally hired experts – the cost is still high, particularly in view of at times questionable outputs. Since TC is often bundled by donors (a package of experts, equipment and training), aid tying – although condemned in principle by DAC – prevails. Moreover, recipient governments accept expatriate TC personnel because they may sometimes act as a disguised (albeit rather inefficient) form of subsidy to the government budget.

The high cost of TC also derives from other forms of *tying aid*, including restrictions on the geographical source of goods as well as services – a package of equipment and training as well as experts. Also condemned in principle by DAC, this kind of bundling prevails.

The tying of aid contributes significantly to the perception that *donors drive TC*. Projects are conceived, designed and implemented by donors with little (and late) input from recipients and then delivered according to donor priorities that are not consonant with the recipient government's expenditure priorities. This limits recipient commitment to (or "ownership" of) the project and, consequently, its sustainability. In addition, because of donor bundling with little input from recipients, TC is often perceived as having very low opportunity costs, or none at all: accepting a TC-package as presented by a particular donor is (mistakenly) seen as having no impact on other flows of aid from that particular donor.

Moreover, the standard model for delivering TC and fostering CD has long been the *resident expatriate-local counterpart (RELC) model* (even though donors now seem to rely increasingly on using short-term experts). For many reasons, this deeply flawed model often fails to increase capacity through transferring knowledge to local counterparts. The foreign experts have as their main objective getting the job done. They have few incentives to invest in the transfer of knowledge; they are usually more experienced than the local counterpart, and certainly better paid. In addition, the careers of local counterparts are often better served by a frequent shifts of jobs – some of which may include control of project moneys, equipment and information.

As Berg (1993:248), among others, has observed, "powerful forces" draw TC personnel to their emphasis on "*hard*" outputs rather than the "*soft*" targets of institution- and capacity building. Their bosses want tangible outputs; these benefit the experts' own careers. Other factors come into play as well: the internal values of the experts themselves; and a frequently unfriendly environment for focusing on soft targets – the low commitment of counterparts, instability of national leadership, and lack of finance.²

Finally, the countries in which donor-driven TC predominates – those in which a transfer of managerial authority is most needed – are the countries that are least capable of mustering the organisational resources, analytical capacity and the ability to set and implement national priorities necessary for a successful integration of technical cooperation resources into national development plans.

² In recent years there has been a shift of emphasis from capacity *building* to capacity *utilisation*, the major argument being that in the past two decades most countries have managed to build local capacity (Grindle and Hildebrand, 1995; Fukuda-Parr, 1996). However from the point of view of donor behaviour with respect to technical cooperation, the problems are still much the same.

This has several implications, none of which makes TC more effective. First, it makes donors reluctant to hand over responsibility for TC authority to recipients. They doubt the government's administrative capacity. They worry about corruption and inefficiencies. They fear loss of control over projects and programmes, the priorities of which have been set by donor headquarters and national legislatures. Second, since government capacity is weak, implementation of aid projects is slow – something that is compounded by the proliferation of donors, each with its own routines, forms and regulations for reporting, procurement and evaluation. This leads to an encouragement of continued donor control, which reinforces the focus on tangible outputs and gives less emphasis to capacity building efforts.

Third, the erosion of the public sector in many African countries creates a dilemma for donors. On the one hand, salaries of key personnel – such as technicians or managers – are often very low, which forces people to moonlight to make ends meet. On the other hand, paying salary supplements to ensure proper staffing for project administration distorts incentives, disrupts salary structures and may even obstruct civil service reform. The DAC recommended as early as 1991 that salary supplements should be avoided in principle and this may have contributed to an increasingly convoluted structure where donor bidding for local staff takes the form of disguised competition that distorts structures even further.

The problem of salary supplements is basically a conflict between interests. On the one hand, donors can implement projects better and more efficiently if they are able to employ capable staff. On the other hand, the payment of salary supplements may distort the civil service salary structure, impede reform of the civil service and jeopardise the objective of long-term sustainability of projects. Much as with project management units, the conflict inherent in salary supplements may be seen as a Prisoners' Dilemma – where what is rational for the individual donor is not rational for the collectivity of donors (Danielson and Mjema, 1999: Ch. 6).

In this connection, different donors face different constraints that impact on their ability to move away from this. For some, such as Sweden, the existence of multi-year programmes makes the pressure to disburse less acute, while for others the funds that are not disbursed in a particular year are not carried over into the next year. For those donors, salary supplements, or the creation of project management units, may be more or less necessary to avoid falling into the non-disbursement trap.

How have Donors Responded?

Over the last 20 years, donor countries have tried to deal with the problem areas discussed above. One of the paradoxes we observed is the difference between donor responses in international fora such as the DAC and their responses at the

field level. Thus, for instance, although all DAC members endorsed the 1991 recommendation that salary supplementation would in principle be avoided, it remains a practice in many recipient countries. Similarly, they approved the DAC Partnership Strategy resolutions on aid tying (the only reservation being made and known to the authors is Denmark – cf. DAC, 1999: 54). Yet, tying aid prevails and the share of tied aid has apparently not declined much from its level of 41 per cent in the early 1990s. These contradictions indicate constraints on TC reform, to which we will return.

Channing Arndt (2000: 167) notes that most of the proposed reforms concerned changing donor behaviour; his non-exhaustive list is worth quoting at length:

- Make the basic TC project structure work better. Institutional development goals could be better achieved through, for instance, more specific terms of reference, greater weight to institutional development skills in hiring of experts, reduced emphasis on tangible outputs, greater care in project preparation to ensure that priority needs are addressed, greater emphasis on training and more attentive pairing of experts with counterparts. More recently, improved gender awareness in the design of TC projects and among TC personnel has been added to this list buttressed by concerted advocacy efforts, a rapidly expanding literature on gender issues and gender training.
- Modify the basic TC project structure. In particular, make much greater use of short-term TC personnel (often with multiple visits and contact by electronic mail in between visits) as opposed to long-term resident advisers, and expand the relative size of the training budget. In addition, where possible, consider “twinning” of like institutions between developed and developing countries.
- Resort to comprehensive planning of TC. In this case, donors and the government would come together and agree on a comprehensive programme Specific activities (projects) within the programme would then be paired with specific donors.

The most important of the many reforms that have taken place in recent years is arguably the move from individual projects towards a sector-wide approach (SWAp). The many definitions of this approach may explain the enthusiasm for it. One might even say that the move has been less from projects to SWAps than from projects to what UNDP terms a *programme approach*. In short, the major change has not focused on sectors as units of analysis, but rather on less earmarking of funds.

In this light, we can better understand the trend among several bilateral donors – including Canada, Denmark, Netherlands, Norway and Sweden – away from projects into providing resources to the government for use in a specific sector. In addition, Japan has moved towards a new approach based largely on country strategies – which, *inter alia*, is expected to improve coordination of Japanese foreign aid.

This may help solve some of the problems conventionally associated with TC. First, it gives the recipient government more responsibility, which means that government commitment may increase and that aid funds may be better integrated into the national development strategy. Second, a SWAp makes it easier for the government to provide a comprehensive plan on how to use aid resources. Third, since SWAps are often (sectoral) budget support, the government may – in the best of cases – take ownership for allocating aid resources among different activities, which may lead to a better utilisation of technical cooperation resources, and less reliance on foreign expertise when local capacities exist. Indeed, one could argue that many countries need not more aid, but a different composition of aid – preferably more untied aid and more budget support.

Nonetheless, SWAps range from lists of projects relating to a specific sector with a bit of policy dialogue thrown in to sectoral budget support in which the government is expected to assume full responsibility for identification, monitoring and evaluation, while donors provide finance and engage in policy dialogue. In countries characterised by weak governments, giving governments more responsibility increases the risk of reducing efficiency in the use of aid resources. This is a particular acute concern for the countries in which the need for TC is the largest, *i.e.*, the countries with the weakest capacity for national management. What is needed is a central authority that is able to make allocational decisions without having to pay too much attention to various interest groups.

Another welcome reform gradually being implemented by several donors is the move away from long-term expatriate advisers. Norway and Sweden rely to an increasing degree on local consultants and report that they have no long-term foreign advisers in several recipient countries (including Tanzania, a major recipient for both these donors). Canada, traditionally a donor that has relied heavily on TC, has increased the share of local consultants, even though foreign (*i.e.*, Canadian) experts still account for the lion's share. Denmark – surprisingly – has increased its reliance on long-term expatriate advisers (DANIDA, 2001), despite a move towards sector-wide approaches and less use of long-term foreign consultants from 1994 onwards. In addition, the Danish evaluation indicates that the increased reliance on long-term advisers – the number of person-years increased by almost 50 percent between 1996 and 2000 – is driven by DANIDA rather than by demands from recipients.

Both Japan and the USA differ from other donors for other reasons. Japan relies heavily on expatriate (mostly Japanese) experts and still makes heavy use of the resident expert/local counterpart model that other donors have largely phased out. For JICA, the model seems to work as intended. By contrast, the U.S. channels much of its aid through private voluntary organisations (PVOs) that work directly with civil society or the private sector and thus are able to circumvent some of the problems encountered in bilateral aid proper. In addition, since USAID-registered PVOs are required to find the bulk of finance from sources other than the US government, it is extremely difficult to estimate the amount of aid that the US gives, including technical assistance.

Another widely accepted change is the shift from TC proper to CD. Norway and Sweden no longer use the term TC to designate aid funds, but prefer to see advisers, training activities and other activities conventionally associated with TC as a part of a more general approach to improve local capacity. To what extent this entails real change is unclear, but both these countries – along with some others, including Netherlands and Canada – appreciate the problems in TC and appear determined to find other ways to increase capacity in recipient countries.

However, where local capacity for formulating priorities and coordinating aid resources is weak, aid tends to remain donor-driven. The way out is not necessarily more TC to build capacity so that the large aid flows can be handled, but a firm focus on development priorities that, ideally, are driven by the recipient government, but to which all stakeholders contribute.

Tanzania is a case in point. During the last five years the country has been able to form a Public Expenditure Review (PER) process led by government in which all donors (and civil society) participate, a Medium-Term Expenditure Framework (MTEF) into which the results from the PER are fed, and an Assistance Strategy for aid that is linked to the MTEF. In addition, the multilateral debt fund has been transformed into a general budget support facility in which eight of the major donors participate and in which donor and government representatives discuss policy in quarterly meetings. This means that the allocation of resources – including aid – is determined in negotiations between government, civil society and donors within the frame of the country's general development strategy (which remains financed to a significant extent by donor resources). But the government sets the priorities so that needs emerge clearly, among them those for "gap-filling". The room for donor-driven processes has consistently shrunk.

However, this model may not necessarily be replicable elsewhere. Tanzania is currently blessed with several competent economists in the donor community, many of which have worked together for several years, a highly competent and committed

staff in the World Bank country office – including Professor Ndulu, a Tanzanian and one of Africa’s most respected economists – and several immensely resourceful individuals in senior positions in key ministries, including the Planning Commission, the Treasury and the Bank of Tanzania. But one must also remember that donors have supported higher education in Tanzania, which may help explain why so many excellent experts are working in the country simultaneously – in government, with donors, in research institutes or at the university.

Why Is Change So Difficult?

Even in 1994, OECD stated that the adjustment of technical cooperation lagged behind the changed international and national contexts. Several donor countries have had difficulty adjusting their TC policies to new situations and new political and administrative environments in developing countries. In part a lack of national policies on human resource development and capacity building among recipients has posed problems in analysing needs for personnel assistance. Donor policy documents have not factored in labour markets in developing countries or alterations in their institutions. This may also stem from the complex organisation of TC in the donor countries itself, as the Netherlands TC study demonstrates. Each organisation also *faces vested interests* that often make change difficult; both the development industry that depends on the organisation and its own headquarters staff tend to favour the status quo. Greater goal-oriented restructuring and higher professionalism, as recommended by a Finnish evaluation, do not suffice. External political pressures are also needed, along with analyses of the perceptions of the “free goods” that come with TC. Some TC organisations are trying to build new relationships by instituting local advisory councils in cooperation with local government agencies or local NGOs to formulate and operationalise policies for the recipient country involved.

Many early evaluations criticised the selection, training and conduct of experts and volunteers, largely in terms of their preparation and training with regard to knowledge of local structures and cultures.³ Some organisations have tried to address these problems by conducting training in the recipient countries. Even so, many experts and volunteers lived in isolated, “white” environments, taking little part in such local social events as marriages and funerals. Often, huge salary differences also widen social gaps. But whether or not the “indigenisation” of TC organisations has reduced social and cultural distance remains to be demonstrated.

In most TC organisations, field offices play an important role in identifying projects and partner bodies; in managing programmes and relations with partner organisations and other institutions related to the programme; and negotiating programmes

³ Berg (1993:11).

with partner organisations. To enhance flexibility and better understand local needs, several TC organisations have delegated responsibilities to the field and decentralised their operations during the past ten years. They have also done so to enable South-South cooperation. This has often led to major shifts at headquarters, including “identity crises” where headquarters staff had to search for new, meaningful tasks, even when organisational change took place over several years. In many cases headquarters staff have allowed field offices only limited decision-making powers.

On the other hand, “autonomous” field offices can seek to protect their range of action by circumventing procedures or policies deemed necessary by headquarters and justifying such action, especially with regard to M&E directives, with the attitude that headquarters has little idea of field realities.⁴ All TC organisations have significant problems with evaluation and monitoring. Most do not have well-equipped evaluation services or clear instructions for field personnel. Central offices still stress input rather than the assessment of TC effectiveness, especially with regard to capacity building.

This is indeed difficult to evaluate, in part because of methodological problems.⁵ Determining “who is learning what from whom or what?” becomes particularly complicated when counterparts are absent, as is often the case, or the expert has not been present during much of the TC deployment period. The question becomes even more difficult with regard to institution-building. The problem of attribution seems to loom even larger in TC than in other forms of development assistance. Developing indicators for M&E remains in its infancy.

Beyond all the observations above, aid organisations appear to have poor institutional memory. Our research showed that current staff appeared unaware of old evaluations and their conclusions and recommendations, let alone whether these had been incorporated into policy formulations, procedures and instruments. In some cases, this seems to suggest that little progress had been made since the first critical evaluations began to appear ten years ago.

Nonetheless, there seems to be a growing awareness, particularly in the World Bank reports, that technical aid generally takes place under very difficult situations, often extreme in the least developed countries and the areas sometimes termed “disadvantaged”. If judgements do not take these difficulties into account, TC looks undeservedly worse than other forms of aid.

⁴ An example might be here the Dutch “volunteer” organisation, SNV, tried to set up an M&E system in the early 1990s, which foundered because of resistance in the field.

⁵ Forss (1988:68); World Bank (1996:5).

What Are the Conditions for Successful Change?

Despite general agreement that TC has failed to deliver sustained improvements in capacity development, most of the failures have taken place in Africa, the poorest continent with the smallest indigenous capacity for absorbing large aid flows, particularly TC. In Latin America, however, UNDP experience suggests that TC is relatively efficient as a way of increasing capacity and transferring knowledge.

Noting these differentials in success, donors have reacted in two ways. First, they have diverted TC resources from Africa to other countries, particularly those in the former Soviet Union. Against the general decline in aid transfers to Africa during the last decade, the fall of TC stands out as far larger than the reduction of other types of aid; per capita TC has halved during the last 25 years. Consequently, a significant change has taken place in the structure of aid to Africa – from TC to other, more fungible, forms of aid, particularly debt relief, budget support and sector support.

Second, donors have tried to invent new forms of aid delivery to circumvent some of the problems associated with TC. This is true both at the macro-level, including the increased emphasis on debt relief, and the resurrection of sector support, and within TC itself: the use of long-term resident expatriate experts has decreased, and emphasis has shifted from transfers of technical knowledge to capacity development. However, this change has been largely uncoordinated. Moreover, the ability or willingness to change varies considerably between donors. It would be fair to say, however, that no donor has completely overcome the problems associated with TC – even though for some the problem has apparently disappeared simply because they no longer use the term.

The Current Role of TC in Aid Packages

We can distinguish three major strands of change in aid philosophy over the past two decades. First, the increasing realisation that recipients' ownership of the development process determines the success of aid has meant not only a shift to more fungible forms of aid, but increased dialogue with the recipient government and – perhaps most important of all – increased concern about the recipient's ability to handle aid flows.

Second, the old idea of foreign aid as investments has become largely obsolete. While much foreign aid still finances the recipient's development budget, donors have increasingly realised that the distinction between capital and recurrent costs is difficult to maintain. Hence, *inter alia*, the renewed interest in SWAps. The flexibility of SWAps ideally allows the recipient government to decide the allocation of funds

among various types of expenditures within a sector (such as investments and maintenance), and permits different donors to support the same sector despite differing interpretations among them of what SWAp constitutes. Thus, some donors see SWAps as sectoral budget support, while others view it as a list of projects within a specific sector.

Third, while many donors long saw lack of capacity as the major constraint for the successful deployment of aid, the past two decades have witnessed substantial build-ups of local capacity. In many countries, therefore, focus has shifted from capacity creation to capacity utilisation – with profound implications. If capacity utilisation moves centre stage, more attention must be paid to issues of the tying of TC and the selection of experts. Nonetheless, this change of focus does not amount to a denial the lack of capacity in many countries – and, consequently, the continued need for foreign expertise, both as gap-fillers and as vehicles for building local capacity.

Why Has Reform Changed the Broad Aid Picture So Little?

Because the changes sketched above have taken place in a largely piece-meal and uncoordinated fashion, they have had no major impact. This is particularly true because the most flexible donors tend to be those that supplied relatively little aid as TC in the first place. If, for example, the Netherlands, Norway and Sweden reform, they will have only limited impact on aid effectiveness as long as other donors that supply far more TC continue along their former path. Despite willingness to change, these donors may not have the requisite skills. Moreover, there is very little discussion of what donors themselves gain from giving aid as TC – although there is a distinct possibility that these benefits add to a reluctance to change, at least on the recipients' terms. All in all, we still know very little about changing organisational cultures, whether in recipient – or donor – countries.

However, we can identify three types of obstacles that may be relevant to bilateral donors. First come the four R's: *Rules, Regulation, Routines and Rationalisation*. Legal obstacles may keep donors from moving from TC to, say, budget support. Bureaucratic routines in donor headquarters, or in the administration may not be susceptible to change: maintaining the status quo requires no argument; changing it certainly does. In addition, the lack of change – again in particular, resistance to more fungible forms of aid – is often rationalised in the context of accountability to the tax-payer.

On one level, this argument has little validity, because donor organisations are not accountable to the tax-payers, but to the government. On another level, however, it is difficult to judge how “the tax-payer” would react to reports of misappropriation of funds, or simply inefficient aid. In part, this may explain the insistence of some

donors in maintaining a focus on “hard” and measurable outputs rather than “soft” objectives like capacity development: it is easier to explain to “the tax-payer” what aid is supposed to do and how it can be measured if goals are framed in number of students, number of courses or number of ambulances, rather than how national capacity to manage the economy has increased.

Another closely related reason is the lack of good – and replicable – ideas. Although many donors have indeed experimented in TC, few others have actually emulated these experiments – perhaps because they find the outcomes dubious for other contexts. Trust also enters the picture. Despite the efforts of many recipient countries to improve their public sectors, usually under IMF programmes, donors may not want to leave their resources untied in the hands of governments which the international financial institutions deem prone to corruption or the misappropriation of funds – or they may simply have objectives which are not completely consistent with those of the recipient government.

Second, donors face a number of conflicts, among the most profound the “Prisoners’ Dilemma” type, i.e., conflicts between the individually good and the collectively good. Another, far more blatant conflict is the one between short- and long-term objectives. In many donor organisations, the incentive structure is such – often implicitly – that those that disburse closest to the target are rewarded. However, in the long run, donors in fact aspire to a disbursement rate that is sustainable in the sense that the recipient can absorb the resources. Here lies a conflict, because donors may wish to disburse resources at a rate faster than that at which the recipient can absorb funds, certainly in the short term. The poorest countries, with cash budgets and relatively stringent conditions for fiscal reform, tend to be those least able to absorb – even where, in the long term, a donors would want a disbursement rate compatible with the recipient’s absorptive capacity.

Donors also face dilemmas relating to coordination: what is rational for an individual donor is not necessarily rational for the donor community as a whole. One such conflict is supplementing salaries, the practice by which donors employ civil servants to work on aid projects and usually pay them an amount substantially above their normal remuneration. From the donor official’s point of view, this practice is quite useful, because it enables her (or him) to put the project in place on the ground and to disburse funds (which, in turn, improves the official’s disbursement record). On the other hand, the practice distorts labour markets, increases competition (often disguised) from other donors, disrupts relations in the civil service, and may even slow down public sector reforms. In this conflict, short-term interests often take precedence over long-term considerations.

The third major reason why donors are slow to change is that they have little to gain from it or (which is more or less the same thing), they have much to lose from increased coordination. If donor coordination increases – be it coordinated action on tying aid, salary supplements, or basket funding – gains to the recipient may be significant, but gains to the individual donor are difficult to identify (to say nothing of the difficulty of earmarking the benefit of coordination of activity X to donor Y, which the donor can use as rationalisation to tax-payers). In addition, the cost of abstaining from cooperation is very low: a donor suffers little from endorsing a reduction of tying aid and not actually abiding by that endorsement. To our knowledge, no estimate of this kind of cost exists, but it would be surprising indeed if the costs were high; business on the ground is a very different matter from high-level political decisions. In addition, if donors gain from the existing situation – by, for instance, having “ears” in the ministries – they may actually face a loss if they cooperate with other donors in discontinuing their own business-as-usual.

In sum, it seems reasonable to say that a major obstacle to change is that the donors’ benefits from the prevailing situation are seldom articulated and thus not taken into account. Almost all donor officials reply to the question “Why do donors give aid?” with the phrase “out of compassion”. Recipients give different, but varied answers. The impression that emerges is that many donors pursue a hidden agenda.⁶ If this is not made explicit, radical change for the benefit of the recipients is not likely.

How Do Donors Change?

As this report has tried to show, donors reform frequently, albeit often in an uncoordinated and sometimes hasty fashion. Some changes can possibly be classified as joint action, most significantly, the move towards sector approaches. Though it is difficult to isolate a single reason for this, several likely candidates are a growing dissatisfaction with project aid; increased capacity in several recipient governments; and an increased recognition of the importance of recipients’ ownership. Nonetheless, although a great deal of donor rhetoric has emphasised a shift from project aid to sector programmes, it is by no means a global phenomenon – not even a particularly pronounced one in countries that actually have the capacity. In Tanzania, arguably among the African countries with most local capacity, the share of aid earmarked for projects has increased appreciably in the 1990s – from an average of a third in 1991/93 to almost two-thirds in the later years of the decade (Danielson and Dijkstra, 2002: Table 2.4).

Although numerous changes have indeed taken place, donors sometimes go in different directions. As noted earlier, donor countries such as the Netherlands,

⁶ The question was not part of a structured questionnaire, one that we have asked from time to time over the years. Discussions with colleagues who have asked similar questions confirm our impression.

Norway, Sweden and possibly Canada attempt to do away altogether with the concept of TC – if not its instruments – while countries such as Denmark discard earlier strategies to do so, implementing instead a strategy that does not explicitly address the question of the desirable number of long-term experts.

One of the bolder innovations seems to be Sweden’s Contract-Financed Technical Assistance, in which SIDA tries to play the role of facilitator. Limiting SIDA action to identifying and implementing projects appears to strengthen local ownership and sustainable collaboration between Swedish firms and counterparts in recipient countries. To our knowledge, no other donor country is currently contemplating a similar approach.

What Facilitates Donor Change?

One can also rephrase this question as “Why does the pace of change differ among donors?” If one accepts our view that donors gain something from technical cooperation (control, re-flow of resources, etc.), the most obvious factor appears to be the amount of aid that the donor disburses in the form of TC: the larger the share of TC, the more severe the obstacles to change, because the cost of change increases. Apart from this, we can identify five major reasons for differences in donor willingness to change:

First, donors may resist change because they have little faith in the recipient’s ability to control resources properly. The government may be weak, there may be corruption, or the objectives or the government may not be fully endorsed by the donor.

Second, the culture of the donor organisation may not encourage change. For donor organisations built around a project approach in which TC plays a major part, the impetus for change simply may not exist and there may be strong vested interests against change.⁷ In addition strong hierarchies do not tend to encourage self-assessment, which further dampens the willingness to change. High staff turnover also weakens institutional memory, further lowering the possibility of learning from history.

Third, the institutional landscape probably plays a major role. In Norway and Sweden, where donor organisations enjoy substantial autonomy, change is likely to be faster since the stimulus to change – and perhaps the ideas on how to change – often come from staff with recent experience of the situation at the grassroots level. In other cases, such as USAID, reforms such as budget support are not realistic alternatives to

⁷ We do not claim that all – or even the most important – vested interests are located inside the donor organisations. Local elites often have much to gain from status quo, as may parts of the development industry (including consultancy firms) and the private sector in donor countries in which aid is tied.

TC, or – as is the case with Germany's GTZ – the organisation was initially established primarily to implement TC projects.

The relations between the donor organisation and the country's Ministries of Foreign Affairs and Finance are obviously important as well. As changing TC often means increasing fungible resources at the expense of TC, the Ministry of Finance may be much less enthusiastic about the prospect of using scarce resources for loosely defined objectives in countries with weak administrative structures and visible corruption. Similarly, even though geopolitical arguments for foreign aid weakened considerably during the 1990s, they have not disappeared entirely. It is quite conceivable that donor countries still wish to use foreign aid to promote objectives not primarily related to alleviating poverty in poor countries – for which TC may sometimes be the most efficient means.

Fourth, and related to the second point above, the autonomy of field offices to some extent determines the possibility of change. If field offices are tightly controlled by headquarters, they have less room to manoeuvre towards possible change. Their routines and modes of delivery are likely to be standardised. Moreover, the changes they are able to promote may not necessarily suit or be warranted in all recipient countries.

Fifth, change may be slow because donors have few reasonable alternatives to TC. Budget support is not always a viable alternative. Sometimes, but not always, a focus on a better utilisation of local capacity is warranted – or a transfer of initiative to recipients. In some cases traditional TC is necessary, either because the government lacks the capacity or willingness to manage aid resources in a way satisfactory to donors, or because TC resources are needed for gap-filling. Despite the many problems of traditional forms of TC, it remains necessary in many countries – both as gap-filling and capacity building – as a contribution to development objectives. If donors reform because they find the existing situation unsatisfactory rather than because they have found better alternatives, there is a risk of throwing out the baby with the bath-water. This means that rapid change is not necessarily better than slow change; failures carry costs.

Components of Better TC

Despite the impossibility of prescribing for any and all situations, there remain five thoughts for consideration in any discussion about a general overhaul of TC in Africa and possibly elsewhere.

1. *Better donor coordination can improve the efficiency of TC.* A recent study of pooling of technical assistance (Baser and Morgan, 2001) claims that TC pooling can

increase TC efficiency and, at the same time, increase the ownership of recipients. It should however be considered part and parcel of the broader reform efforts and is therefore most suitable for use in countries in which civil service reforms have advanced fairly far. Better donor coordination also means that DAC donors ensure that DAC recommendations are actually implemented, particularly relevant with regard to aid tying.

2. *Donors have conflicts that should be explicitly addressed.* These fall into two main types: short-run vs long-run conflicts and individual vs collective conflicts. The first refer in particular to the conflict between disbursement targets and sustainability objectives. The second refers in particular to the situation in which what is rational for the individual donor is not rational for the donor community (one example is salary supplementation). To address these conflicts, it is necessary to redesign the incentive structures faced by field offices and officials in donor organisations.
3. *The importance attached to the tax-payer argument indicates how the donor has failed as a public educator.* As capacity increases in recipient countries, along with public sector reform, it makes sense to shift an increasing amount of the aid budget into more fungible forms of aid, such as sector support or pure budget support. The scope for flag-waving will then narrow. Donors have a task of explaining this to the general public in donor countries. If they fail in this and therefore feel compelled to remain in the project mode, they risk slowing the development process.
4. *There is a need for capacity development within donor organisations.* Donors are often slow in implementing recommendations made by evaluations. Sometimes donor organisational reforms or changed procedures fail, because the requisite capacity is simply not there. In addition, a case can be made for reciprocal accountability, so that donors reveal their hidden agendas and the control of funds is decided mutually, rather than unilaterally by the donors.
5. *Donors should seriously consider implementing national execution (NEX).* In essence this means that the execution powers are transferred to the recipient government, which is likely to enhance local ownership. In addition, UNDP experience of NEX suggests that it is a relatively efficient mode of delivery, at least in those recipient countries that have already built some local capacity. However, this does not necessarily imply that bilateral donors should emulate the UNDP method uncritically. It is important to consider which components of the aid-relation process (procurement, reporting, recruitment, auditing) can be the responsibility of the recipient without putting undue strain on that partner's scarce resources.

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Book Review

Developing Capacity through Technical Cooperation: Country Experiences

Stephen Browne, editor

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by Shawna Tropp¹

Even initiates in the development efforts of the international community during the second half of the 20th century profess puzzlement about many terms that have proliferated during its last decade and the first years of the 21st. *Developing Capacity through Technical Cooperation: Country Experiences*, the second volume to emerge from the two-year effort of UNDP to reshape its programme to meet felt needs at the field level, clarifies much of the confusion. Concisely summarising the major ideas of its companion, *Capacity for Development: New Solutions to Old Problems*, which appeared several months earlier, this new book presents the major features of the traditional and new paradigms of capacity development in chart form, clearly distinguishing older perspectives and practices from those now manifest in six countries. It then takes the reader directly to the field in case studies of Bolivia, Uganda, Egypt, the Philippines, the Kyrgyz Republic and Bangladesh.

In both volumes on capacity development, one cannot help recalling the protests of Tolstoy and Dostoevsky against what they perceived as the rampant Westernisation of Mother Russia; everywhere they saw the appearance of alienated radicals, perverse hybrids of the West and the Slavic East. Dostoevsky's central characters tend to kill, self-destruct or both. *Developing Capacity through Technical Cooperation* presents a range of choices far closer to the courses taken by the heroes of Tolstoy, who settled down to work with what they had on their estates and listen to the wisdom of the men (though rarely the women) who tilled the land. In this new UNDP collection, one sees how a number of countries have begun redefining their own development, influenced most recently by the targets of the Millennium Development Goals.

In its effort to acquire and adapt known strategies for moving towards a market economy, the Kyrgyz Republic, for example, is using donor support for higher education, in-country training and consultancy services, as well as linking its inherited institutions to international and regional research bodies. On the other side of the globe, Bolivia has taken steps to manage technical cooperation funds and other aid as part of overall public investment and is involving municipal and provincial institutions increasingly in the deployment of external assistance so as to develop institutional

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capacity to “home-grow” new policies to reduce poverty. In a parallel effort, Egypt has put TC to work for developing its private sector.

Bangladesh is using TC to bring greater transparency to its own customs and procedures, especially in its health and financial sectors; in so doing, it is increasingly employing its own nationals as experts, including many who have long lived abroad. Under United Nations auspices, Uganda has embarked on a series of South-South cooperation efforts. To monitor the results of its social development programmes, the Philippines has brought civil society into capacity development, involving both NGOs and beneficiary groups in evaluating government projects.

John Stuart Mill observed in his 1873 *Autobiography*, “No great improvements in the lot of mankind are possible, until a great change takes place in the fundamental constitution of their modes of thought”. The shift from the largely economic model of development to the human development paradigm has been long in coming. *Developing Capacity through Technical Cooperation* provides fresh – and refreshing – evidence that we may be getting there. This way lies the path to aid effectiveness.

Contributors to This Issue

Technical Assistance: Correcting the Precedents

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Opportunity Costs and Effective Markets

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Technical Cooperation and Stakeholder Ownership

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Accountability – to What End?

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Volunteerism and Capacity Development

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South-South Cooperation: Changing Perspectives and Emerging Paradigms

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Is the Development Industry Ready for Change?

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