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TA POOLING: TOOLS AND LESSONS LEARNED

A brief review of recent experiences

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LIST OF ABBREVIATIONS

AFRITAC	African Technical Assistance Centre
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DFID	Department for International Development
DWD	Directorate of Water Development
DWSSP	District Water Supply and Sanitation Program
ECDPM	European Centre for Development Policy Management
FPM	Financial Modernisation Programme
GBS	General Budget Support
GoM	Government of Malawi
GTZ	German Technical Cooperation
HRC	Health Resource Centre
IDAs	International Development Agency
IMG	Independent Monitoring Group
IND	National De-mining Institute
JICA	Japan International Cooperation Agency
JPF	Joint Partnership Fund
KESSP	Kenya Education Sector Support Programme
MDP	Municipal Development for Partnership
MDTF	Multi Donor Trust Fund
MOEST	Ministry of Education, Science and Technology
MoF	Ministry of Finance
MoH	Ministry of Health
MoU	Memorandum of Understanding
MoWLE	Ugandan Ministry of Water, Lands and Environment
NGO	Non-governmental Organisation
OPM	Oxford Policy Management
PATA	Pooling Agreement for Technical Assistance
PCU	project coordination unit
PEAP	Poverty Eradication Action Plan
PF	Partnership Fund
PFM	public finance management
PSO	Private Sector Organization
SIDA	Swedish International Development Cooperation Agency
SIP	Sector Investment Plan
SNV	Netherlands Development Organisation
SWAp	Sector-Wide approach
TA	Technical Assistance
TC	Technical Cooperation
TSU	Technical Support Unit
UK	United Kingdom
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
US	United States
WB	World Bank

SUMMARY

This report aims to inform the Zambian Ministry of Health about recent experiences with the pooling of Technical Assistance (TA). The report describes several forms of TA pooling arrangements in Africa, Asia and Latin America, draws from lessons learned and provides a short analysis of current trends in pooling TA. Particular attention is given to findings from sector support programmes.

DFID Zambia made the original request for this review via the DFID Health Resource Centre (HRC) in London. The need was urgent. The paper is thus based on a 7-day desk study complemented by some phone interviews with representatives from international development agencies (IDAs), present and former programme staff/ sector experts, consultants and developing country stakeholders.

Following the Development Assistance Committee's (DAC), we understand *Technical Assistance* as the transfer, adaptation, mobilisation and utilisation of services, skills, knowledge and technology. It includes both short- and long-term personnel from both national and foreign sources, plus training, support equipment, consultancies, study visits, seminars and various forms of linkage. A *pooling* is the pooling funds for the provision of TA.

We have collected a range of TA pooling experiences which are analysed through a framework which distinguishes *three levels* of TA pooling, as well as *different models* in use. The three levels are;

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

Experiences from Africa, Asia and Latin America are grouped along four models. The first three are at the country level, the fourth is at the regional or even international level. The four models of pooling are;

- *Delegated cooperation*, where the management of TA is delegated to lead agencies;
- *Integrated TA arrangements* within sectoral and thematic programmes, such as support to social sectors, HIV/ AIDS, local government, etc.;
- *TA in isolated units* in government, institutions, or organisations where the funds respond to development needs at the level of individual development actors, but are not directly linked to wider national development planning;
- *Regional TA support facilities* whereby the management is external to the country context, but aimed at supporting national development processes.

The report highlights a number of key messages emerging from the cases and analyses the following issues which emerged during our exchanges with respondents and which are partly reflected in the documents reviewed. We i) discuss coordination and transaction costs which point at mixed results of TA pooling at country level; ii) take a critical look at the origins of the demand for TA pooling; iii) highlight the relevance of the

environment in which pooling takes place and iv) shed some light on the risks involved. Finally, we point out that in some countries stakeholders would like to explore options for national TA pooling arrangements which de-link TA from financing and from projects in order to allow TA to be used for capacity development.

Our analysis suggests that funding for TA is primarily organised by sectors or themes such as HIV/AIDS. Many SWAps, or emerging SWAps, make provisions for the financing of TA without explicit TA pools. TA is dealt with as an essential but integrated resource within the wider pooling arrangement.

Many arrangements aim to be “full” pooling but are in practice “loose” and could remain so for a considerable time given weak national management capacities. This applies to all models of pooling which are managed nationally: delegated arrangements, integrated sectoral TA arrangements and TA support to isolated organisations or units of government.

While we have come across a number of positive examples of TA pooling, “full” pooling should not be seen as the only “good practice”. We still see validity in all three types of pooling. As environments can vary considerably, there is a need for a good match of the circumstances with the type of pooling required.

The cases we reviewed also suggest that applying a mix of mechanisms to a situation can be a useful strategy, for example GBS, Sector Budget Support, limited pooled funding for capacity development and complementary project assistance, particularly where fast action is required and a multi-donor approach would take too much time. Such a mix makes sense if it is government-coordinated and if it falls within a coherent strategy.

TA pooling arrangements depend on a critical mass of like-mindedness among partner countries and IDAs. If there are too many IDAs, and where the partner country is not in a position to provide full coordination of the external assistance, a rationalisation of IDA assistance to sectors or themes may be necessary.

Building mutual trust based on a shared understanding is the foundation of most successful TA pooling exercises. Trust is an essential factor for successful interactions between IDAs and partner countries, but – in some cases – seems to be even more important for the interactions among IDAs.

Finally, pooling for TA or other purposes is not a panacea. It has significant costs in terms of time and resources. It may divert resources from more substantive activity. There is also the risk that the difficulties inherent in coming to agreements among a large group of IDAs may result in a risk-free consensus that loses all innovativeness. Pooling can be useful but is not the only road to good development.

1 INTRODUCTION

1.1 The assignment

This report aims to inform the Zambian Ministry of Health about recent experiences with the pooling of Technical Assistance (TA). The report describes several forms of TA pooling arrangements in Africa, Asia and Latin America, draws from lessons learned and provides a short analysis of current trends in pooling TA. Particular attention is given to findings from sector support programmes. A list of documents compiled in the context of this review is provided in the Annex, as are the Terms of Reference.

DFID Zambia made the original request for this review via the DFID Health Resource Centre (HRC) in London. The need was urgent. The paper is thus based on a 7-day desk study complemented by some phone interviews with representatives from international development agencies (IDAs), present and former programme staff/ sector experts, consultants and developing country stakeholders. Since there is little specific documentation on TA pooling experience to date, these interviews were very important.

In view of the short time available for this assignment, we had to limit the number of persons interviewed. The sample of well-informed government representatives is particularly underrepresented. Any further work in this area should make a deliberate effort to also get such views into the discussion.

1.2 TA, TA pooling and capacity development

The Development Assistance Committee (DAC) understands *Technical Assistance* as the transfer, adaptation, mobilisation and utilisation of services, skills, knowledge and technology. It includes both short- and long-term personnel from both national and foreign sources, plus training, support equipment, consultancies, study visits, seminars and various forms of linkage. This broad concept of TA, which includes any form of non-financial aid aimed at supporting capacity development efforts, is similar to what has elsewhere been described as *Technical Cooperation* (TC). Many project and programme documents reviewed in the context of writing this report make reference to TA as well as TC, but focus primarily on the provision of short-term and long-term personnel which absorbs the bulk of the resources.

TA pooling, i.e. the pooling of funds for the provision of TA, is characterised by:

- Some collective action among International Development Agencies (IDAs) and national participants with the goal of producing a development result;
- Some sort of collaboration on the transfer of resources amongst the participants;
- An activity which is explicitly designed to support the agreed policy objectives of the partner country (Baser & Morgan, 2002).

Many project and programme documents also make reference to *capacity development* when talking about the provision of TA. While TA can be an important element for the development of capacity, it is not synonymous with it. In the context of ECDPM's work we understand capacity development far more broadly, namely as the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and

maintain capacity over time. TA can contribute to such processes through facilitation, knowledge inputs, networking, etc. (Morgan et al, 2005).

1.3 A framework to look at TA pooling

ECDPM's earlier work on TA pooling provides us with a framework to classify *levels of TA pooling*, as well as the different *models* in use. It is not a rigid framework as there can be variations to TA pooling and overlap among the models. In the framework below, we add the additional dimension of models and how they crosscut with levels. The three levels are;

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

Based on the review, we also distinguish four models of TA pooling. The first three are at the country level, the fourth is at the regional or even the international level. The models are:

- *Delegated cooperation*, where the management of TA is delegated to lead agencies;
- *Integrated TA arrangements* within sectoral and thematic programmes, such as support to social sectors, HIV/ AIDS, local government, etc.;
- *TA in isolated units* in government, institutions, or organisations where the funds respond to development needs at the level of individual development actors, but are not directly linked to wider national development planning;
- *Regional TA support facilities* whereby the management is external to the country context, but aimed at supporting national development processes.

Levels	Full TA pooling	Mixed TA pooling	Loose TA pooling
Models			
Delegated TA cooperation			
Integrated sectoral TA arrangements			
TA support to isolated units/ organisations			
Regional TA support facilities			

1.4 Contexts in which TA pooling take place

The experiences presented in this report show that TA pooling can take place in very different contexts and at various levels. TA pooling is happening in Asia, Latin America and Africa, but is most common in low-income countries where IDA assistance is high.

Forms of TA pooling have existed from the 1980s, when small groups of IDA agencies in cooperation with government representatives started to cooperate through jointly selected projects or programme components. TA pooling has gained momentum in recent years in the context of increasing harmonisation and alignment efforts. TA pooling efforts focus on long-term and short-term expertise, training inputs and policy advice, which have gradually been integrated into national development priorities.

The extent to which this is taking place is discussed in the following chapters. In Section 2, we present different types of TA pooling arrangements along the models set out in the framework above. Section 3 presents an analysis of the findings. Our conclusions are set out in Section 4.

2 AN UPDATE ON TA POOLING EXPERIENCES

This section discusses the nature and functioning of the different models of TA pooling presented in the framework in section 1.3. All models of TA pooling can, in principle, take place at any level of pooling. The levels range from “loose” arrangements, whereby IDAs jointly manage TA pooled funds with limited involvement of the national government and not harmonised with government systems, to “full” management arrangements, whereby support is disbursed under government-led procedures and in line with national development priorities.

Time and space do not permit an in-depth discussion on the advantages and disadvantages of these different models. Instead, we will provide a review of the different TA pooling arrangements which we have observed. References to the different cases reviewed are included in the text, in text boxes and in the Annex.

2.1 Delegated TA cooperation

We came across several cases in which IDAs have channelled funding through a World Bank (WB) trust fund. Such funds are generally set up to support public finance or public sector reform programmes, as well as institutional development at the national level.

The Multi Donor Trust Fund (MDTF) in *Vietnam* supports the Financial Modernisation Programme (FPM) of the Government. Canada, Denmark, the Netherlands, Norway, Sweden, Switzerland and the UK transfer funds through a WB trust account for onward disbursement to the Ministry of Finance (MoF) of Vietnam. The Public Sector Technical Assistance Project in *Nicaragua* uses the same system. The project is funded by the WB. Denmark, the Netherlands and Switzerland, and Sweden and the UK have shown an interest in co-financing, or financing the same activities through a parallel financing scheme (final arrangements are not yet decided). A third example is the planned MDTF for the Public Financial Management Reform Programme in Cambodia. All three trust funds provide, or will provide, substantial funding for the recruitment of TA, mostly for national financial management positions.

The pooling of IDA funds in a trust fund should not be seen merely as an aid rationalisation and disbursement mechanism. Rather, this pooling mechanisms constitutes a *delegated cooperation arrangement* in which the management responsibilities are delegated to a lead agency. Through their participation in internal reviews, the IDAs nevertheless are more than ‘silent partners’, as they have the possibility to approve plans and progress reports.

Trust fund arrangements such as those cited above are often implemented through project coordination units (PCUs)¹, based within a MoF, but managed in parallel with national systems in accordance with World Bank procedures. The assumption is that responsibilities for financial management and procurement can gradually be transferred once national structures and systems are sufficiently advanced. As the experience in Vietnam shows, another feature of such macro-support programmes is that for each

¹ PCUs are sometimes also referred to as Project Management Units (PMUs) in project documents

component, a WB recruited expert is identified to assist in supervision and quality assurance, which are carried out by other specialists (TA) in their respective technical fields. These people serve as counterparts to the respective beneficiary departments within the MoF, or other central planning and finance institutions.

The PCUs, are normally managed by a board consisting of members of the funding institution(s) and of the recipient government. The management board reports to higher-level national authorities. In this way, interventions aim to respond to national development priorities. This management structure is generally not well integrated into national systems and procedures and can thus undermine efforts to improve national capacity by diverting resources and attention from problems in the permanent government structures. For this reason, there is much criticism of PCUs (Lopes and Theisohn, 2003).

A common argument for setting up this type of management arrangement has been the perceived lack of capacity on the recipient government side. However, an assessment of the Vietnamese MoF, for example, revealed that the issue was not a lack of capacity of the MoF to manage such a large scale project. According to the consultant's report we reviewed, the Ministry would like to see a different management arrangement in which funding would be fully integrated with the MoF's own systems and procedures, that is in which funds are not managed through a separate PCU. The view of the Vietnamese Government was that such a changed modality of funding would contribute to reinforcing existing capacities within the Ministry (Claussen, 2004).

There are also examples of delegated cooperation at the organisational level. The case of the National De-mining Institute (IND), Mozambique, highlights how such arrangements can lead to strained relationships between partners if not properly managed – see box below.

The National De-mining Institute of Mozambique

In the late 1990s, the Government of Mozambique indicated that it wanted to work in a coordinated fashion with IDAs on de-mining issues. One of the reasons was to keep a close eye on IDAs and NGOs in a context where much money was going into removing mines. Coordination was the accepted approach in general in Mozambique and, on this issue, UNDP took the lead. CIDA and other IDAs channelled funds through UNDP-Mozambique. Canadian funds were used to hire two of the five TAs assigned to the IND, and the TA staff was selected by the institute but paid by UNDP. UNDP reported to CIDA and to other IDAs which supported separate activities, but there was no formal coordination mechanism for all of the IDAs. Because the relationship was 'at arms length' and reporting was irregular, the participating IDAs were not well informed of what was happening. This became an issue when allegations of mismanagement surfaced. The IDAs pressed for more transparency, but UNDP was constrained by its relations with the government in the context of its support for national elections, which it did not want to disturb. Two IND staff members were eventually fired, but some IDAs would have liked more in-depth investigations. CIDA and some other IDAs have since discontinued their funding to IND.

2.2 Integrated sectoral TA arrangements

Discussions on TA pooling are common in countries where governments and IDAs are trying to harmonise and align their actions through sector-wide approaches (SWAPs). We were able to collect information from Kenya, Malawi, Mozambique, Rwanda,

Tanzania and Uganda.

Many of these discussions and coordination efforts take place in the social sectors, and particularly around themes like HIV/AIDS, support for decentralisation, environment, etc. Our review is based on information on Education, Health, Water and HIV/AIDS. Given the level of resources spent on TA and its importance to capacity-weak environments, our respondents indicated that the issue of TA pooling was a stimulus for broader harmonisation discussions.

Across sectors, there seems to emerge what we would call a “Component 1 + Component 2 support strategy”, for example in the planned Rwandan Joint Education Sector Support programme. IDAs support the two components differently depending on their assessments of the country and sector, their policy on pooling, their track record in working with a sector and their capability at country level to work with a particular sector.

Under Component 1, IDAs normally provide General Budget Support (GBS) to the national authorities through the treasury. IDAs either give direct poverty reduction budget support which can be allocated by the partner government for poverty reduction related activities, e.g. in the education sector, or “earmarked” budget support which is provided under the condition that funds are spent for a particular (social) sector, such as education.

Under Component 2, IDA funding goes into an “on budget”² account of the sector ministry to finance short-term TA, training, workshops, small equipment, etc. Programme documents often describe Component 2 funding as a “Partnership Fund” (PF), or a “Capacity Development Fund” and describe these as temporary measures until governments can assume the responsibility for TA. In some cases – such as the Ugandan water sector – the government contributes a minimal amount to underline its commitment.

The principle of harmonisation is that IDA contributions should be pooled. In practice, however, even harmonisation-minded IDAs like DFID do not pool all their contributions, applying a much more diversified support strategy. In the Ugandan health sector, for example, DFID supports Component 1 (Budget Support) and Component 2 (through a contribution to the PF). An additional funding facility, which we will call “Component 2+”, remains under the responsibility of the DFID delegation but is fully coordinated through the Health Policy Advisory Committee.³ Representatives of the MoH and participating IDAs have a seat on this Committee. MoH officials evaluate this PF facility in very positive terms (see box below).

The Ugandan Health Partnership Fund (PF)

The Ugandan PF provides funding for short-term TA for policy advice and training with the aim of keeping the implementation of the Health Sector Support programme on track. It is somewhere in

² On-budget is understood as the process of financing the state budget through the Treasury, following state rules and procedures. Total fungibility across sectors is an important attribute of pure on-budget funding. Conversely, off-budget funding is a contribution going directly to a public institution without being captured by the state budget.

³ In the case of DFID, the Health Partnership Fund Project contributes funds to both, the Component 2 (the jointly managed PF) and Component 2+ (contributions to the PF which are managed by DFID); see also Hutton and de Loor, 2003 and 2004

between a “mixed” and a “full” TA pooling arrangement. The Component 2+ facility (see above) supports the same objectives as Component 2 funding but provides an additional safety-net through which emergency situations (e.g., lack of blood reserves) or urgent requests for previously unforeseen (short-term) TA can be addressed. DFID’s Component 2+ also funds a long-term TA for the Reproductive Health Department of the MoH which is a joint priority of the MoH and DFID. DFID’s contribution to the PF (Components 2 and 2+) is relatively small – some £ 750,000 over three years (2001/02 – 2003/04).

It appears that other IDAs have formulated similar support mechanisms, but we have not been able to get specific details. The MoH in Uganda perceives the entire PF facility to be of strategic importance, as it can address activities on a short term basis which are not included in the annual MoH budgeting process. Whether funds are formally under the responsibility of the MoH or one of the participating IDAs was not important, according to a former DFID advisor. Of importance is the existence of a strong coordination mechanism. The informal and collegial coordination among the different partners involved was decisive in making the PF facility a success. This allowed to jointly decide which of the funding available from the different partners could be used for particular needs (see also DFID HRC, 2003 and 2004).

The success of the PF concept stimulated other sectors in Uganda to set up similar facilities. We have summarised in Annex 2 some background information and experiences of the Joint Partnership Fund (JPF), operated under the Ugandan Ministry of Water, Lands and Environment (MoWLE). The JPF is a “full” pooling arrangement which is principally used to recruit long-term TA in support of the decentralisation process of the water sector in eight regions in Uganda. Ugandan water officials and IDA representatives are highly supportive of this temporary arrangement. It allows partners to respond to unforeseen situations in a flexible manner, it can bridge capacity gaps and it can provide process support.

2.3 TA support to isolated units of government/ organisations

The pooling of TA also takes place in contexts which are not directly linked to national development plans. This can be in the form of management arrangements, where IDAs get together with a department or unit of government to support a particular activity through joint funding. Alternatively, joint support arrangements for specific activities can exist for individual organisations.

As the PATA example in Mozambique shows (see box below), such pooling experiences are likely to take place in the absence of wider policy coordination and in environments where there is little broad scale support and/or ability for harmonisation and alignment. Such pooling initiatives can be useful to ‘test the ground’ for development partners who have not worked together previously, or as preparatory steps which may lead to more coordinated approaches in the long-term. The Mozambique example, however, also highlights the risks of such approaches as long as there are no broader strategies or guidelines available which can serve as an orientation to the actors involved.

Pooling Agreement for Technical Assistance (PATA) for Specialist Hospital Doctors, Mozambique

PATA was introduced in 1996 to rationalise a situation in which many IDAs were supporting specialist hospital doctors under various arrangements, with different salary levels, allowances, etc. This five-year pooling arrangement responded to the need for a fairly high level of financing to pay the doctors, and was a way to proceed towards standardisation. PATA was managed by

the Ministry of Health (MoH), which identified vacancies, selected, supervised and assessed foreign personnel. It was administered by UNDP, which formalised contracts, paid salaries and checked procedures. In 1998, the funding agencies informed the MoH that they would be willing to continue their support for the scheme after it expired, provided that the Ministry formulated a new arrangement to integrate PATA into public sector planning, in order ensure its sustainability in the long run. However, the MoH failed to develop an acceptable proposal, and the pooled financing came to an end in March 2000. Among the many reasons for the failure of PATA were the strained communications between the funding agencies and the MoH, the lack of consensus among IDAs on the way forward (some of them actively pushed for the introduction of a SWAp in the health sector), the inadequate involvement of the Ministry of Planning and Finance, and poor coordination inside the Ministry (Pavignani & Hauck: 2002).

2.4 Regional TA support facilities

There are a number of other facilities which do not really fit into the above categories, such as the AFRITAC (African Technical Assistance Centre) programme set up by the IMF, or the former Municipal Development Programme, now called the *Municipal Development for Partnership (MDP)*. MDP was originally set up through a WB trust fund and supported by several IDAs, with the aim of providing technical support to municipalities in Africa. MDP has developed into two regional organisations, MDP Harare and MDP Cotonou, each with its own board in which municipalities participate. MDP has expertise in-house to support municipalities on technical issues, and can recruit short-term TA.

There are two AFRITACs – one in East Africa and one in West Africa. They provide short term TA to support national governments with financial management issues. Governments from the region have seats in the steering committees of the AFRITACs, and see this facility as a TA pooling arrangement. For more details on this facility, which might also be of value to the Zambian government, see Annex 3.

3 ANALYSING EXPERIENCES AND LESSONS LEARNED

This chapter discusses a number of issues which emerged during our discussions with respondents and in the review of the documents consulted.

3.1 Coordination and transaction costs – a mixed picture

Our review identifies some encouraging TA pooling experiences, which suggests that a well designed coordination mechanism can lead to efficiency gains and, if well managed, also to gains in effectiveness. The Ugandan water sector is such an example which shows first signs that gradually developing a “full” TA pooling arrangement can lead to well-coordinated and fully owned service provision. But even arrangements which are managed with more involvement of external partners, such as that in the Ugandan health sector where the pool falls into the “mixed” level, can have high government ownership. It is thus not the level of pooling which is the main determining factor for ownership but rather how well pooling functions and responds to the needs of the country concerned. Of prime importance to a successful pooling arrangement is a well-functioning coordination mechanism among the actors involved.

Getting there has its price and can vary considerably in time. Preparation for the Ugandan water sector pooling arrangement took one year. The first HIV/AIDS Memorandum of Understanding (MoU) with Malawi in 2003 took 18 months to be agreed but helped to prepare the ground for a much faster negotiation process thereafter: a MoU extension was negotiated in less than six months. In other cases, such as HIV/AIDS support in Uganda, or in the Mozambican education sector, coordination to some partners seems to be a never-ending exercise which risks losing the most important actor – the Government of Mozambique – in the process (see box).

Experiences from the Education Sector, Mozambique

There are currently 26 IDAs working in the educational sector in Mozambique, 15 of them contributing budget aid, nine paying into a basket fund, and almost all of them still carrying out projects in addition. Cooperation is based on a MoU which aims to harmonise procedures and coordinate approaches, aligning them such that transaction costs are reduced and development cooperation is designed more effectively, efficiently and coherently. Donors under the leadership of CIDA and DFID are making considerable efforts to harmonise through weekly meetings, a harmonisation matrix and a code of conduct.

There is strong pressure from the headquarters of some of the IDAs for harmonisation, and many processes appear to be IDA led. An example is a joint group set up to assist in the formulation of a capacity development strategy in which the government is supposed to participate but has in fact not shown the same enthusiasm and commitment. Government officials feel the great weight of meetings, missions and joint reviews. They have also indicated that they still value their bilateral relations with countries such as Portugal, which provide little if any budget support. Such cooperation allows them to get assistance for implementation to the provinces where there are now fewer IDAs present and where capacity is even weaker than at the national level.

“Loose” pooling arrangements have worked quite well. “Mixed” pooling has been more difficult because of a lack of government structures and capacity. Recent pooling activities include:

- *A basket to pay for a financial person who was hired locally. It took 10 months to do this even*

though the person chosen was in the country. The biggest part of the delay was a result of the slowness of the government contracting system.

- *Coordination among IDAs to carry out five evaluations involving 30 to 40 consultants. This was done through a loose pooling arrangement, with IDAs agreeing among themselves on which consultants would be provided by whom.*

Increasingly, IDA representatives in Mozambique are generalists rather than sectoral specialists. As a result, discussions in coordination meetings move away from strategies about how to improve education to how to improve public finance management (PFM). Both PFM and harmonisation are important but they both have the objective of improving service delivery. This latter goal seems to be getting short shift, in favour of processes and intermediate activities aiming at system change.

It is thus not clear that all the efforts to harmonise are actually improving services in the education sector, although there is a general belief that they will eventually do so. At this point, however, there is a tremendous amount of time spent on transaction costs. The concern about the impact of a large amount of development cooperation is also reflected in the study done by Tony Killick, Carlos Castel-Branco and Richard Gerster entitled "Perfect Partners" which says that "... a large proportion of aid coming into the country is made up of a multitude of uncoordinated, often IDA-driven, development and technical assistance projects, which do not add up to a coherent whole, do not necessarily promote the Government of Mozambique's priorities and of which the GOM has imperfect knowledge." (Killick et al., 2005)

The cases suggest that intense coordination is a prerequisite for making pooling a success. The experience in Malawi highlights that it is absolutely necessary to invest in getting the foundations for joint action right. The Ugandan health sector experience underlines that this coordination needs to be flexible and needs to reflect a shared understanding of purpose. It also needs to be grounded in a good knowledge of the positions of the different stakeholders and their institutional backgrounds. In Uganda, a track record of successful coordination in health and in other areas, in some cases going back to the mid-1990s, helped to facilitate this process.

Our short review also indicates that efforts to establish effective coordination should be linked to the setting up of joint funding arrangements. Where this willingness to join funds is not available, as has been the situation in several francophone African countries over the recent years, coordination will advance much slower. Coordination efforts can be successfully started where a limited number of strong and committed IDAs are willing to pool their funds with the aim to gradually work towards the use of joint mechanisms under government leadership. The case of the Malawian HIV/AIDS area can be referred to here. With the joining of a like-minded and strong enough core group others can be pulled along and gradually integrated into wider harmonisation processes. Where there are too many IDAs around, as in the case of the Mozambican education sector, coordination might become an unmanageable task.

3.2 Leadership

The Independent Monitoring Group (IMG)⁴ in Tanzania sees national leadership as the way to reduce the high transaction costs associated with many pooled arrangements

⁴ The IMG is a high-level independent working group, composed of international and national experts with a mandate to recommend improvements on the practices of both, IDAs and the Government – see article on the IMG in Capacity.org, Issue No. 26

(IMG, 2005). Such leadership can also help to ensure that the different actors have a clearly defined role.

Weak leadership, on the other hand, opens the door to a number of problems. In cases where there are many IDAs, such as the 26 present in the Mozambican education sector, they tend to pull in different directions unless there is firm leadership. The arrival of a major player such as the Global Fund with its own coordination mechanisms, as the Ugandan HIV/AIDS experience documents, can also cause confusion if there is no strong government response. Without leadership committed to pooling, the stakeholders will likely find many reasons not to pool.

Efforts to replace weak local leadership with strong IDA direction have met with varying degrees of success. If the national government is not fully involved in discussions from the beginning, the process is likely to be slower in the long run. The HIV/AIDS activities in Malawi are an example (see box below).

Leadership in the emerging HIV/AIDS SWAp in Malawi

DFID and the WB provided very strong coordination of HIV/ AIDS activities in the initial period. This helped the Government of Malawi (GoM) to play a coordination role despite having very weak leadership capacity to orient the process fully. The lead by two IDAs also pulled other IDAs along despite their different views, especially on accountability requirements.

Over time, when the process matured, the GoM took a stronger leadership role. One of its aims was to secure space for decision making and to obtain funding 'more freely'. While this positioning displayed a higher sense of ownership, it slowed down the coordination process and was not matched with local management capacity. This is not likely to change in Malawi in the absence of wider public sector reform.

3.3 What is the demand for pooling?

The review of different TA pooling arrangements – from the delegated cooperation of the MDTF in Vietnam to various arrangements in different sectors with the Government of Rwanda – indicate that governments wish to receive as much un-earmarked funding as possible and preferably through government controlled systems.

Earmarked funding for sectors is their second choice. Here, Rwanda is an interesting case. In 1996, after the emergency period, big IDAs such as DFID provided GBS with relatively little conditionality. Growing demand for control and accountability – partly informed by pressure from taxpayers, audit institutions and the media – is now pushing even those IDAs supportive of GBS, like DFID, to contribute to the establishment of sector reform programmes. The MoU for the Education SWAp in Rwanda has just been signed, and agreements in other areas like health and decentralisation are possible in 2006.

The emphasis on pooling arrangements at the sector level can have several advantages. It offers increased opportunities for wider harmonisation as project-minded IDAs can gradually join and intensify integration once systems and procedures are robust enough. In this way, they can respond to partner government demands for harmonisation and alignment. The sector level also provides more opportunity to address capacity constraints. While capacity can be quite high at the director and

assistant director level, there may be a general lack of clarity in terms of management and job responsibilities at the levels below, as in the case in the Kenya Education Sector Support Programme (KESSP). The Ugandan water sector suggests that pooled funding for TA may be one way to address these gaps at lower and also decentralised levels.

Demand for TA pooling should not be assumed, and any push for it without full national support limits the scope for success, as the Mozambican education case suggests. In the KESSP, the push for TA pooling seems to be from one of the key donors, but the other major donors in Kenya are not interested. In addition, the Kenyan contacts are less than fully enthusiastic. Many have an interest in keeping TA in the hands of individual donors with whom they have developed special relationships and from whom they know how to get certain kinds of support. This reflects a culture where activities are assessed not for their intrinsic value but for their potential to offer personal benefits. Another reason for not pooling cited in the Kenya case is the resulting increased visibility of the amount being spent on TA. This is politically sensitive and will likely result in lower levels of funding. In the absence of pooling, but perhaps as a precursor to "loose" pooling, a consultant has developed a matrix to map the present range of TA in the Kenyan education sector to have a coherent picture of what is already being provided. This may well result in a decrease in numbers when the likely overlaps become more apparent. The matrix is included in Annex 5.

3.4 Relevance of the environment

Promising experiences on TA pooling in neighbouring countries can bring reforms forward, as the interactions over the recent years between Uganda and Tanzania have shown. There are also experiences where the establishment of a global initiative, such as the Consolidated Technical Support Plan to fight AIDS (2006-2007) and headed by UNAIDS, orients TA pooling at the national level – the UNAIDS support to the National AIDS Commission in Malawi needs to be seen in this context. Similarly, there are opportunities which regional facilities such as AFRITAC offer and which can stimulate exchanges among peers across national borders.

TA pooling efforts can also run into hidden agendas. In the de-mining case in Mozambique, the problems encountered were not a direct result of the mechanism chosen but rather a function of the context - a high visibility issue attracting a lot of money with pressure to spend too quickly. There was inadequate reflection on how the money should be allocated in general and the control and coordination mechanisms were inadequate. The example of the Ugandan water sector suggests that a robust framework is essential to counter the kinds of negative influences seen in Mozambique and that efforts to prepare a solid pooling arrangement pay off (within limits).

3.5 Risks

The experiences in Mozambique suggest that there is a risk that mechanisms like pooling can become band-aid solutions when the problems are much deeper and more intractable. In the case of education, the problem goes well beyond the coordination of donor efforts. With 26 donors involved, coordination takes inordinate amounts of time both for the donors and the country itself. Faced with this massive workload, it is not surprising that the country feels overwhelmed and draws back, which appears to be the

case in the education sector. It is unlikely that this situation can be addressed without a decrease in transaction costs. This probably requires a reduction in the number of donors, taking into account their complementarity. The Uganda HIV/ AIDS case also underlines the negative effects for a country of uncoordinated and massive amounts of resources.

The Mozambique education case also shows how a focus on systems change and pressures from donor headquarters for harmonisation risks leading to a rationalisation exercise at the cost of service delivery and capacity development. With less and less specific sector knowledge in IDA delegations, the capacity to understand the particular needs of a sector risks fading away. Having too many generalists sitting around the table stressing the need for proper PFM risks that attention is more on getting mechanisms up and running rather than on actually improving the quality of the education offered in Mozambican schools.

3.6 Broad TA pooling arrangements

We did not find material which describes multi-IDA funding for a broad-scale and cross-sector national TA capacity development fund, fully managed under a national scheme. We heard that attempts in this direction are being made by the Government of Ethiopia, but apparently so far with limited success and support from IDAs. The HRC may want to enquire for more information through DFID Addis Ababa.

The IMG in Tanzania recommends that the Government includes in its Joint Assistance Strategy a provision for establishing wider TA funds to which development partners could contribute. It also calls for a transparent and competitive system of procuring the specific TA. The IMG further recommends that a national TA policy be developed which should aim to de-link TA from financing and from projects in order to allow TA to be used for capacity building and to make it more demand driven. So far, the recommendations have not been addressed concretely.

4 CONCLUSIONS

Our analysis suggests that funding for TA is primarily organised by sectors or themes such as HIV/AIDS. Many SWAps, or emerging SWAps, make provisions for the financing of TA without explicit TA pools. TA is dealt with as an essential but integrated resource within the wider pooling arrangement.

The number of pooling arrangements, specifically for TA, still appears to be limited, but several are under considerations. Many arrangements aim to be “full” pooling but are in practice “loose” and will possibly remain so for a considerable time given weak national management capacities. This applies to all models which are managed nationally: delegated arrangements, integrated sectoral TA arrangements and TA support to isolated organisations or units of government.

There seems to be some tendency to interpret what is happening rather generously, i.e. giving the most positive possible interpretation of the cooperation among donors and of the delegation to partner countries (Williams et al, 2003). This suggests that “full” pooling is seen as having the most legitimacy in the minds of many stakeholders. While we have come across a number of positive examples of TA pooling, “full” pooling should not be seen as the only “good practice”. We still see validity in all three types of pooling. As environments can vary considerably, there is a need for a good match of the circumstances with the type of pooling required.

Low capacity situations might well benefit from a “loose” pooling arrangement whereby IDAs commit themselves over a considerable time to gradually build up capacities. It is essential in such situations that partners commit themselves not only to long-term processes, aiming for outcomes and impacts on the long run, but also to ensuring that results are realised in the short term. Short-term results are critical to keeping the interest and motivation of partners.

The cases we reviewed also suggest that applying a mix of mechanisms to a situation can be a useful strategy, for example GBS, Sector Budget Support, limited pooled funding for capacity development and complementary project assistance, particularly where fast action is required and a multi-donor approach would take too much time. Such a mix makes sense if it is government-coordinated and if it falls within a coherent strategy.

TA pooling arrangements depend on a critical mass of like-mindedness among partner countries and IDAs. On the IDA side, too many cooks can spoil the soup. Particularly in low-capacity environments, where the partner country is not in a position to provide full coordination of the external assistance, a rationalisation of IDA assistance to sectors or themes may be necessary. For an IDA leading a pooling arrangement, the challenge is to coordinate its peers but at the same time to provide enough space and autonomy for the partner government to develop. Developing TA pooling arrangements is an exercise which requires space for experimentation, testing and making mistakes.

Building mutual trust based on a shared understanding is the foundation of most successful TA pooling exercises. Trust is an essential factor for successful interactions between IDAs and partner countries, but – in some cases – seems to be even more

important for interactions among IDAs.

Finally, pooling for TA or other purposes is not a panacea. It has significant costs in terms of time and resources. It may divert resources from more substantive activity. There is also the risk that the difficulties inherent in coming to agreements among a large group of IDAs may result in a risk-free consensus that loses all innovativeness. Pooling can be useful but is not the only road to good development.

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ANNEX 1: TERMS OF REFERENCE

TA POOLING: TOOLS AND LESSONS LEARNED

Background

The Zambia Ministry of Health is currently exploring options to create a TA Pool. A sector wide approach (SWAp), though not as comprehensive as some would like, is well established. For many years, pooled funding was characterised by a district basket. More recently, a few cooperating partners (CPs) have disbursed to a common 'expanded basket', with a number of budget lines, including for drugs and supplies, training institutions, MOH action plan, hospitals and the Zambia National Blood Transfusion Service. Other budget lines are envisaged, possibly including technical assistance. It is envisaged that CPs will eventually disburse to one common account. There is some movement towards general budget support, but it is expected that significant funding will go to the health sector from CPs for some years.

There is what could be described as TA mixed pooling in Zambia at the moment. TA is agreed either during bilateral project discussions, during the MOH annual planning process, and at health sector meetings or sector theme technical working groups. Earlier this year an inventory of agreed TA needs was produced and CPs coordinated with the MOH over who would draft TORs and fund the consultants required. The MOH has contracted a few international consultants directly. One CP has contracted an employment house, on behalf of other CPs, to provide consultants.

Scope of Work

A consultant is required to:

1. Collate existing descriptions and lessons learned from relevant TA pooled funding and coordination arrangements in other countries
2. Gather key documentation and common guidelines related to the identification, coordination, selection, recruitment, and management (supervision, performance appraisal, etc) of technical assistance from other countries that would be helpful examples for Zambia.
3. From the existing documents, provide qualitative comments as an overview of progress made on TA pooling and coordination in the countries from which documentation has been found. This should include identifying useful/necessary steps or components, evident commonalities of process and arrangements adopted, and appropriate conclusions.

Outputs

Collated documents
Short overview report described in 3 above

Timing: As soon as possible.

ANNEX 2: TA POOLING IN THE UGANDAN WATER SECTOR

The case of the National Technical Support Unit, Directorate of Water Development, Ministry of Water, Lands and Environment, Kampala, Uganda

Background

The Water and Sanitation sector is one of the Government of Uganda's priority sectors under the Poverty Eradication Action Plan (PEAP). Since the year 2000, the Government has channelled a significant amount of resources to the sector, most of which have been disbursed directly to districts as conditional grants under the District Water Supply and Sanitation Program (DWSSP). This process is part of a far-reaching decentralisation programme in Uganda, through which district Local Governments have been entrusted with the responsibility for overall planning and delivery of services, including water and sanitation.

To effectively plan, implement and manage water and sanitation programmes, the old and new district staff needed technical assistance and training in order to develop competence to manage the DWSSP as well as to provide support to sub-counties, parishes and communities. Other actors and stakeholders, especially NGOs and Private Sector Organisations (PSOs) also needed on-the-job training and other forms of support to be more involved in the Water Sector.

The Ugandan Ministry of Water, Lands and Environment (MoWLE) through the Directorate of Water Development (DWD) responded to this challenge by setting up 8 Technical Support Units (TSUs) to provide the needed technical and management backup support to the districts throughout the country. The aim of the TSUs is to facilitate the building of local government capacity to handle water and sanitation development. TSUs were conceived as a temporary arrangement, on the understanding that as district capacity increases, the need for support services would decrease and eventually be phased out. The TSUs are coordinated through a Secretariat within the DWD, and staffed by a team of regular departmental staff.

Funding of the Ugandan Water Sector

Uganda's development partners support the MoWLE through a SWAp. Earmarked funds are channelled through the Treasury to the MoWLE. Complementary to this, a Joint Partnership Fund (JPF) was created based on a Joint Partnership Framework, signed in 2002. Supporting IDAs were SIDA, GTZ, DANIDA, DFID and Austrian Cooperation. The African Development Bank joined recently.⁵ The Government of Uganda also contributes a small sum to the JPF. The fund has some 5 million US\$ per annum to spend for short and long-term TA, equipment and (limited) institutional support. In addition to this, the development partners have pooled funding from their own reserve funds which allows them to provide direct support for the sector in case of emergencies, or lack of resources – e.g., in case there is no short-term expertise available within the TSU for a particular work.

Management of the Joint Partnership Fund (JPF)

It took one year to negotiate the Joint Partnership Framework between the MoWLE and the development partners. DANIDA was the lead IDA for the water sector and coordinated the negotiations with the MoWLE on behalf of the participating IDAs. This process proceeded satisfactorily from the perspectives of the Ministry and of the IDAs and so far has led to a number of satisfactory outputs and outcomes (see box below). One of the factors leading to this success was that partners had a track-record of having worked together in the past and gradually developed this new cooperation arrangement together.

⁵ Other IDAs, like JICA, are funding some sector programmes but do not participate in the joint operations.

Appreciating the effects of the TSU arrangement

- *Improvement in the quality of monitoring and supervision (including follow-up actions) has been one of the leading achievements. TSUs have resulted in timely reporting between the districts and the MoWLE.*
- *The tendering process at the district level has been boosted by the indirect role of TSUs. TSUs have supported district water offices in preparing bills of quantities, advising district tender boards during contracting and backstopping district technical evaluation committees on water and sanitation-related procurements.*
- *TSUs have also provided a framework for cooperation between various actors in the water and sanitation sector. Wherever there are, TSUs have facilitated and promoted active interactions between NGOs (in the water sector), local governments and the DWD.*
- *Donors confirm that although initially there were some divergent ideas and hesitation among some IDAs, they have all come to appreciate the fact that there probably were not very many options to solve the problem of inadequate capacity at the local government level. Currently all IDAs highly appreciate the contribution made by TSUs in achieving effective delivery of water and sanitation programmes.*

The TSU Framework stipulates that the management of the Fund is an integral part of the DWD's work. Resources, including TA, are recruited and managed according to Ugandan procurement procedures. Four international and two local consulting firms were initially engaged for a period of 2 years starting in 2003 to support six TSUs.⁶ Two TSUs were run by the Dutch Development Organisation SNV which paid the staff it deployed from own resources.

There are well developed coordination mechanisms in place to manage the process (see box below). The TSU coordination meetings are attended by government officials and IDA representatives. Progress is discussed and complementary inputs are coordinated on an as-needs-basis, such as the provision of short-term TA to address a particular issue in the short term. This joint accompaniment of the process is required in view of the newness of this arrangement. The November 2005 Mid-Term Evaluation of the TSUs spells out that *"the amount and quality of supervision from DWD to the TSU consultants were largely inadequate ... However, it must also be acknowledged that this was possibly the first time that DWD was managing contracts of this magnitude and this was also a learning experience. And second, the TSU Secretariat at DWD has been thinly staffed to provide effective contract supervision and management."* (GoU: 2005)

Coordination mechanisms

Various policy and working committees have been established as part of the process. These are:

- *The Development Partners Group for Water and Sanitation (currently chaired by GTZ).*
- *The Water and Sanitation Sub-sector Working Group (chaired by the Permanent Secretary, MoWLE, with GTZ providing the Secretary).*
- *The Programme Management Committee of the Joint Partnership Fund (chaired by Permanent Secretary, MoWLE).*
- *The Joint Sector Review and the Joint Technical Review meetings that take place once every year between all stakeholders in the sector programs.*

Demand for TA pooling

The TSUs were created as part of the recommendations of the Water Sector Reform study of 2000 which gave birth to the current Sector Investment Plan (SIP) for the Rural Water. The water Sector Reform study was launched by the MoWLE in conjunction with a handful of IDAs active in

⁶ Like the local consulting firms, the international firms are ordinarily based in Uganda and are practically local in their operations as they mostly engage local experts.

the sector at that time. A key question considered at the time was how to maximize effectiveness in services delivery in the water sector. The demand for TA pooling arose in the context of these emerging discussions on harmonisation and alignment in the water sector. As such, the TA pooling arrangement became part of the overall pooling of funds provided through the JPF. The MoWLE demanded to manage the entire JPF, including the TA. This was driven by a wish to get rid of separate implementation modalities, e.g., the wish to harmonise the remuneration of consultants, to recruit according to national procurement procedures, and to align the assistance in accordance with national development priorities.

Implication for the future

Like all conventional TA programs, TSUs were not meant to be permanent structures in the Ministry. The ministry currently is therefore already discussing an exit strategy for the TSUs.

TSUs have been attacked from a number of corners (including some IDAs) for interrupting the decentralisation process. This is mainly because TSUs operate at a middle level, in between local and central governments. However, TSUs have also been criticised because, most of the time, they get involved in the implementation practicalities of sector programmes. Local politicians have criticised TSUs as a controlling mechanism (possibly because they have been involved in quality control and approval of district work-plans).

The MoWLE has launched a study to draw up a road-map for the exit of TSUs. It has been emphasised that this strategy aims at seeing a smooth exit of the TSUs without necessarily abandoning the key roles which they have played so far. The study is being carried out by an external consultancy. Both DWD staff and donor advisors have suggested that a gradual phasing-out process is envisaged.

More specifically both the IDAs and DWD have emphasised that the exit strategy for the TSUs should include an entry strategy for DWD internal staff to carry on the administrative roles currently played by the TSUs, i.e. mentoring districts, monitoring and supervision, quality control and advisory management.

The role of training and institutional support to districts which is also currently played by the TSUs could continue to be played by the private sector, through more short-term technical support services, especially using the cadre of consultants that have acquired extensive skills via the TSUs.

The MoWLE also recognises that all these measures should be accompanied by broader capacity improvements in the operations of decentralisation at the local government level, especially in view of the implementation shortfalls in management and technical skills at the district level. The local tendering process made a special call for improvements in this area.

ANNEX 3: AFRITAC – A REGIONAL TA FACILITY

The IMF established the African Technical Assistance Centres (AFRITACs) at the request of heads of state as part of the Africa Capacity Building Initiative. The purpose was to strengthen the capacity of sub-Saharan countries to design and implement poverty reduction policies and to improve the coordination of capacity building TA in the Poverty Reduction Strategy Paper process. East AFRITAC opened in Dar es Salaam in October 2002 to serve six member countries – Ethiopia, Eritrea, Kenya, Rwanda, Tanzania and Uganda. West AFRITAC opened in Bamako in May 2003. Financing comes from sixteen IDA countries, the IMF and the host countries.

Each centre has a steering committee which determines the work programme. These committees include representatives from all the states in the areas covered as well as representatives of the IDAs. To date, they have mainly concentrated on guiding and managing the centres in their early stages, but they are now also beginning to focus on more strategic areas.

Each centre is managed by a coordinator who reports to the IMF African Department and the Office of Technical Assistance Management. The IMF manages its own contribution but the local expenditures (salaries of assistants, etc.) are paid out at the centre from an impressed account set up for that purpose. Local project costs are generally paid from a second impressed account.

There are 5 resident advisors in East Africa and 6 in West Africa who provide advice, TA and training and supervise short-term experts in implementing capacity building projects. Three of these 11 are citizens of the African countries involved. The subject areas addressed include banking supervision, customs administration, debt and financial markets, financial programming, microfinance supervision, monetary operations, public expenditure management, revenue administration, statistics, and tax administration.

The AFRITACs did large-scale consultations with member countries to define their priorities. According to a recent evaluation, they are seen to “*distinguish themselves from other delivery modes by their responsiveness to client needs, proximity to member countries, quick response time, familiarity with local context and issues, and relevant leadership.*”⁷

According to the Independent Monitoring Group of Tanzania⁸, ownership of the AFRITAC in East Africa is enhanced by the involvement of the steering committees in determining the work programme, although this is sometimes complicated by the nature of the relationships between IDAs and partner countries. AFRITAC takes a cooperative rather than confrontational approach in its work with various institutions and departments, which undoubtedly also helps. The centres are generally seen to have provided substantial assistance to countries in defining their TA priorities and in providing TA appropriate to their needs⁹.

Some IDAs need to take more responsibility for coordinating TA for various IDAs, including AFRITAC, than is presently the case¹⁰. Countries also need to re-examine the level of their participation to ensure effective participation and that their priority needs are adequately reflected.¹¹

⁷ Independent Evaluation Team (AFRITAC): 2005

⁸ Page 60

⁹ Ibid, page 28.

¹⁰ Ibid, page iv

¹¹ Ibid

ANNEX 4: TECHNICAL ASSISTANCE MATRIX – KENYA EDUCATION PROGRAMME

IP	Topic/objective/ issue	Investment programme to which TA relates	Type of TA (consultancy, research, studies, study tours, conferences)	Inputs	Planned outputs	Beneficiaries (for study visits etc)	Source of funding -MOEST -KESSP pool Sponsoring development partner (with officer responsible)	MOEST personnel responsible	Approximate costs	Timescale

IP = Capacity Development Investment Programme

MOEST = Ministry of Education, Science and Technology

ANNEX 5: LIST OF PERSONS INTERVIEWED

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