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## How to provide Technical Cooperation personnel<sup>1</sup>

### Summary

The purpose of this paper is to improve the impact of our Technical Cooperation (TC). It is aimed at country offices but it may also be useful for other parts of DFID that are involved in TC, for example Procurement Group, International Division, and Statistical Reporting and Support Group. It takes the reader through the different stages of TC, from identification and design to procurement and monitoring, and provides a set of good practice principles that should be applied across these. The common thread is for partners to have a central role at all stages and to lead TC policy and implementation where there is capacity.

### Introduction

#### What do we mean by Technical Cooperation personnel?

TC – the provision of know-how – is one input to the complex, long term process of capacity development. DFID provides TC to partner countries in the form of personnel, training, and knowledge and research. The term ‘TC personnel’ refers to the consultants and other specialists involved in the sharing of know-how and expertise. DFID spending on this has decreased as a proportion of the bilateral programme over the past five years, from 17% to about 12%. Funding for personnel that benefits DFID as the client is counted as administrative costs and not as TC.

#### Why do we provide it?

The sharing of knowledge remains for all countries a fundamental part of the development process. DFID provides consultants and specialists to a variety of institutions in partner countries. Expertise is provided for a range of purposes, for example to make markets work for the poor, to develop public sector capacity, or to facilitate South-South cooperation on development issues. It can support non-state actors, for example to strengthen their capacity to deliver services to poor people, or to carry out advocacy around poverty reduction objectives.

Evidence suggests that expertise can also be a useful complementary input to sector or Poverty Reduction Budget Support (PRBS) programmes, for example by strengthening budgeting systems, by sharing comparative expertise on reform

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<sup>1</sup> This note was developed by Policy Division’s former Aid Effectiveness Team based on in-depth research on DFID’s current practice and use of TC personnel in different countries. The Team drew on the findings of an Evaluation of DFID TC Personnel for Economic Management in sub-Saharan Africa by Oxford Policy Management during 2005 -2006 due to be published in June.

strategies, or supporting the demand side pressures for accountability.<sup>2</sup> The resource allocation in partner countries may not always provide all Ministries or sub-national institutions with the flexibility and resources to buy expertise. For example, although India has a strong national consultancy market, donor funded consultants can be valued because state departments can lack budget flexibility to pay for them. Knowledge sharing can also strengthen Poverty Reduction Strategy (PRS) processes, e.g. consultants can help facilitate national dialogue on missing issues such as the environment or exclusion, or support vulnerability assessments.

### Box 1: Why is TC useful across different types of context?

**Fragile states:** TC can support political transition and peace building processes in situations of **conflict**; build consensus on development priorities, rebuild institutions and support core state functions in **post-conflict** countries; strengthen forces for reform, and support non-state delivery of services in countries with **limited pro-poor policies and high state capture**.

**Aid-dependent Low-income countries (LICs):** TC can support policy development, capacity development of government institutions (e.g. for public sector reform and Public Financial Management across all sectors), build accountability (e.g. support to civil society and to Parliament), and support PRSs, growth and trade capacity, as well as South-South cooperation.

**Middle-income countries (MICs):** in **weak, fragile or conflict-affected MICs**, TC might focus on long-term stabilisation and state building, including legal and economic reform, public goods such as security and access to justice, and service delivery; in **stable MICs with growth potential**, TC can support policy development and sector reform, enable access to concessional finance, empower civil society, and provide support to manage shocks; in **large MICs with growing global power**, TC can help align political choices to meet the MDGs, and help reduce negative global footprints.

## The vision of reform

TC personnel are often criticised in the development literature. Critics suggest that consultants can be high cost and supply driven, and that they are provided even where there is no partner ownership. They also argue that consultants often have a weak impact on capacity development, because of a lack of appreciation of the underlying capacity problems, or an unrealistic expectation of the role that external advisory support can play in solving them. In addition, it is noted that the market for TC personnel suffers from failures which undermine its efficiency and lead to an inappropriate selection of consultants (Box 2).

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<sup>2</sup> The DAC Evaluation of General Budget Support (May 2006) found that complementary TC has made a strong contribution to Public Financial Management systems development.

## Box 2: Market failures

**On the demand side**, within a principal-agent model, there are two principals – the institution receiving the TC and the donor funding it. This can lead to different views about why TC is needed, the purpose, the expected outcomes, the skills required and the appropriate cost. It can also lead to unclear lines of managerial responsibility, and to donors using TC to pursue domestic or international policy objectives rather than to meet the demand of the partner government. Overall effectiveness can be undermined.

**On the supply side** there is imperfect information for those contracting TC, particularly about the quality of TC providers. Quality is multi-faceted and may include technical, interpersonal, managerial skills which are difficult to assess, particularly on the basis of a CV. There is also imperfect competition. Entry barriers can be particularly pervasive for small firms who cannot afford to bid for large contracts (either because of turnover requirements or because of the costs associated with tendering). Other barriers to entry are driven by contractors' real or perceived costs of switching to new suppliers, for example due to uncertainty about their quality.

**Weak capacity** reinforces these market failures – weak government procurement systems push donors towards using their own procurement systems rather than the partner's ones; weak management capacity pushes donors towards using Project Implementation Units; and governments may not have overarching strategies from which to articulate TC needs.

The growing vision is for a more market oriented approach to TC where it is untied from donor country suppliers, procured directly by partner countries through national systems, and nationally managed. Donors should view TC less as a 'donor instrument' and more as a 'good' that partners can source directly through a well functioning market, as argued by Oxford Policy Management (OPM) in its 2003 TC Vision Paper for DFID. Donor funding and procurement of TC should be a second best option where partners lack the resources and systems, and request support.

There is also a clear goal now for TC to be harmonised and aligned. For example, the 2005 Paris Declaration set a target for 50% of TC flows to be implemented through coordinated programmes consistent with national development strategies by 2010. UNDP's research programme on Reforming Technical Cooperation for Capacity Development has also highlighted that the forward vision must emphasise a facilitative, adaptive two way learning process, rather than the imposition of external 'solutions' by consultants as if they were detachable from the local context.<sup>3</sup>

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<sup>3</sup> Case study evidence is drawn upon to support this. See Morgan, P., Technical Assistance: Correcting the Precedents, UNDP Development Policy Journal Special Bulletin on Technical Cooperation, Dec 2002. Also see Eyben, R., High Impact Low Cost Aid Initiatives, IDS, Report for DFID Aid Effectiveness Team, October 2005.

## How can DFID provide Technical Cooperation personnel in a way that maximises good practice and impact?

DFID needs to provide TC in a way that is consistent with good practice in aid effectiveness and capacity development.<sup>4</sup>

### a) Identification and design phase

Evidence suggests that effective TC requires investment in a rigorous and joint design phase. This helps to think through the exact type of person or team required for the context and task in hand. A main finding of the 2006 Evaluation of DFID TC personnel for Economic Management in Africa by Oxford Policy Management is that a more systematic approach to assessing the context is required.

The design process involves various considerations as set out in the decision tree below. Getting a *shared* understanding of the purpose at the outset is particularly important when the TC supplier will have a relationship with both the developing country and a donor country. This can lead to different expectations about the purpose and unclear lines of management responsibility. Sometimes the aim will be more *transactional* in nature – to help a state or private sector organisation to establish new systems and technology, and deliver specific outputs. Sometimes the aim is more ambitious and *transformational* – to support the organisation's sustainable capacity to deliver its main outputs in the future.

TC consultants facilitate the sharing of expertise and know-how. They should not be used to fill gaps in the public service apart from as a short term crisis response, given that the more pressing issue is to find a way of filling those gaps nationally for sustainable public sector capacity.

In all contexts, we should only fund TC consultants to an organisation where there is clear demand and political ownership for them. Consultants can provide flexible facilitation and cutting edge expertise to support change processes, but there must be some degree of buy-in from the outset for them to have an impact and resonance. The impulse for change must come from within, and the learning process must involve feedback loops, and flexible adaptation to new opportunities as they arise.

Evidence from the 2006 Evaluation of DFID TC personnel shows that it has been more effective in delivering transformational capacity development in the public sector where the organisation has had more pre-existing capacity, particularly in terms of a clear mandate and where issues of management, staff retention and incentives have been addressed. Where organisational capacity is weaker, TC personnel inputs aimed at strengthening the public sector may need to be designed as part of a wider framework for capacity development that can tackle systemic constraints. They may need to have more limited, transactional expectations that might lead to transformational impact depending on wider factors over time.<sup>5</sup>

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<sup>4</sup> See OECD/DAC Govnet, The Challenge of Capacity Development, Working Towards Good Practice, Feb 2006.

<sup>5</sup> See Morgan, P (2002) p.5, "TC in the latter part of the 20<sup>th</sup> century made a series of genuine contributions. Most of these advances took place in activities such as meteorology, agriculture, health, population and high technology. 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".

As stated in our 2006 Conditionality Policy Draft How to Note, when we provide TC to partner governments, it must not undermine country ownership of policy choices and be used to impose policies. Partner governments must be responsible for deciding the Terms of Reference.<sup>6</sup>

DECISION TREE	Issues to Consider for Good Practice during Design	Aid Effectiveness Principles
UNDERSTAND WHERE REQUEST FROM	Is this linked to the MDGs, a PRS, a capacity development strategy or another national development or growth strategy?	Alignment Demand Driven
BUILD AND UNDERSTANDING OF THE PROBLEM AND THE SUITABLE RESPONSE	<p>What is the problem and technical gap? If the problem is about public sector capacity, capacity development at the level of the state is determined by the alignment of 3 elements: the competence of individuals, the capacity of organisations, and the institutional rules of game. TC can support all 3 elements, but outcomes at all levels are affected by wider political economy which is harder for consultants to change.</p> <ul style="list-style-type: none"> <li>▪ Therefore care should be taken about overly technical solutions for institutional issues.</li> <li>▪ The more specific the organisational task, the more achievable.</li> <li>▪ There should be room for flexibility to respond to changing opportunities.</li> <li>▪ We should not be overambitious.</li> <li>▪ We should think about sequencing and links to other capacity development inputs.</li> <li>▪ Short term TC is likely to be more effective where part of an overall package of support, there is a specific technical requirement to be carried out, and partner can use it flexibly.</li> </ul>	Best Fit to the Context  Capacity Development must be country led
CONSIDER SCOPE FOR HARMONISATION	Consider the potential for donors to: promote delegated cooperation, a greater division of labour and information sharing; join up and provide an off budget funding arrangement with joint government management (loose pooling); move to fuller pooling of TC which government actively leads and procures (see pooling section below).	Paris Declaration Indicator 4 on Coordinated Support for Capacity Development  Harmonisation
CARRY OUT INSTITUTIONAL AND ORGANISATIONAL LEVEL ANALYSIS <sup>7</sup>	<p>Consider the level of organisational capacity to manage and lead the TC, including in a strategic sense of being able to apply the TC where it is relevant to the particular problems faced.</p> <p>Identify the limits of what TC could achieve. Institutional constraints are not binding, particularly where there is leadership at the level of an organisation, but they should always be factored in. Factors such as brain drain, incentives, low pay can have a bearing on TC. Some important questions are:</p> <ul style="list-style-type: none"> <li>▪ What are the political economy aspects of the problem the TC is supposed to address?</li> </ul>	Achievable and Appropriate to the Context  Realism

<sup>6</sup> Implementing DFID's Conditionality Policy, Draft How to Note, January 2006, p. 15.

<sup>7</sup> Draw on DFID's published Source Book on Institutional and Organisational Development, 2003. Although this would appear to be time intensive, it is likely to improve Value for Money and effectiveness. Often TC inputs are linked to larger financial aid programmes or PRBS (e.g. £3.36m TC as opposed to £100m DFID Financial Aid for the Malawi Health Sector Wide Approach) and aimed at strengthening core budgeting and planning systems. Therefore the investment in analysis could have high pay offs in terms of the overall impact of our aid.

	<ul style="list-style-type: none"> <li>▪ What are the problems related to the management environment and staff motivation?</li> <li>▪ What is the nature of civil service reform?</li> <li>▪ What is the nature of the political trajectory?</li> </ul>	
GIVE PARTNER LEAD IN DESIGN OF TERMS OF REFERENCE (TOR)	Consider whether the new DFID Course of TOR Drafting could be of use to partners and to DFID. Consider whether additional support for TC design and management could be helpful.	Country Led Approaches
PRODUCE CLEAR AND SHARED TOR WITH ATTENTION TO DETAIL	Hitherto, design has often left things too unclear resulting in problems during implementation. If a logframe is going to be developed, it is also important to get this right, paying attention to the risk factors and anticipated outcomes as a basis for effective monitoring.	Sustainability
DO A CHECKLIST OF AREAS TO COVER IN THE TOR	<ul style="list-style-type: none"> <li>▪ Who is the overall client – roles, responsibilities</li> <li>▪ Is overall aim transactional or transformational?</li> <li>▪ Links to other capacity development processes.</li> <li>▪ Type of skills and qualities required beyond technical, e.g. interpersonal, networking skills, ability to manage changing, difficult contexts.</li> <li>▪ Emphasise how skills transfer and the ‘soft’ aspects of promoting change will be factored in, e.g. networking, relationship building, mentoring of colleagues, flexible facilitation, feedback.<sup>8</sup></li> <li>▪ Process for Monitoring, Evaluation, Exit.</li> </ul>	Results Based Management

## b) Good practice at the procurement stage

To improve effectiveness, it is important to strengthen the procurement process so that it is more likely to result in the selection of the right combination of TC personnel for the partner’s needs and task. This is challenging since, as mentioned above, there are market failures that can lead to inappropriate consultants being contracted.

One of the main entry barriers for TC suppliers is the tying of donor assistance to firms from the donor country. DFID untied all its development assistance in 2001 to UK suppliers, and uses an increasing number of non-UK suppliers for TC contracts. For example, non-UK suppliers won 83 of 668 high value contracts issued by Procurement Group last year – 25% of the total value. Of these, 38 went to developing country suppliers. Decentralised procurement by country offices of lower value contracts has undoubtedly expanded our use of non-UK TC suppliers.

It is important to procure the right mix of local and international consultants according to the skills required. It is not the source (or nationality) of consultants that is important, but the skills that they can contribute and their effectiveness at achieving the expected outcomes. Terms of Reference should clearly set out the full set of

<sup>8</sup> The expert-counterpart model where the expert advises and the counterpart is trained has been widely criticised, e.g. Berg’s Rethinking Technical Cooperation 1993 expressed concern at the potential for the expert adviser to concentrate on getting the work done rather than on training and to upstage the counterpart. Recent thinking stresses that it is important for TC experts to integrate into the organisational structure and work closely with colleagues rather than independently, supporting their development at the same time as carrying out tasks. However, it suggests that a formal expert-counterpart model is not the most appropriate way of doing this.

technical and other skills required and they should be incorporated into the selection criteria. Partners' preferences should count. Sometimes international consultants are valued for being neutral between different political groups and for bringing comparative expertise.

Sometimes there is a preference for local consultants, e.g. because the skills required include contextual understanding. It is important to consider externalities associated with the use of local consultants – on the one hand using local consultants may absorb skilled professionals who would otherwise work in the public sector; on the other hand it may build capacity in the country which will contribute to broader improvements in public service quality and growth. In addition, there might be incentives for the partner government to use local consultants as a way of paying nationals above normal rates to do operational jobs that should be done by permanent civil servants. This sort of misuse of TC could distort the incentive structures in the civil service over the long term. It is important to appraise the likely impact on the local labour market and the public sector.

**One of the most important steps for DFID when funding TC is to appraise the capacity of the organisation in question to procure the TC directly.<sup>9</sup>**

Procurement is often a major area for corruption and patronage. But even in a weak capacity context, some Ministries are stronger than others in terms of procurement capacity. Our vision of TC must involve partners taking greater control over the TC process. As recommended in the 2005 Paris Declaration, donors need to move faster to use partner systems for procurement. It helps to foster ownership and a more market oriented rather than donor driven approach to TC. In Nicaragua, for example, there is a clear move to using government procurement systems for TC.

Information about the quality of procurement systems should be sought. For example, there may be a Country Procurement Assessment Review or a harmonised DAC Benchmarking exercise that is linked to the DAC Joint Venture on Procurement. Where the Fiduciary Risk Assessment carried out for Poverty Reduction Budget Support has indicated that systems are robust for PRBS, they should be considered robust for TC procurement, although it is still important to take a case by case approach as sometimes systems are better equipped to procure goods than services. In fragile states, using partner systems is likely to be more difficult and incremental. Staff may need to seek advice to move forward on this, for example from the Financial Accountability and Anti-Corruption Team (FACT). DFID may also need more procurement resources in-country to carry out appraisal, depending on other donors' capacity.

- **If the partner can procure TC directly**, we need to consider whether there is a role for DFID or another donor to provide complementary support.<sup>10</sup> If the partner is reluctant to procure TC because of concerns about staff time, or fear of criticism about use of expensive consultants, there may be a case for DFID to carry out the procurement. But we should carefully discuss the

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<sup>9</sup> Where partner governments directly procure TC using donor funds, our systems may categorise this as financial aid. See Blue Book B10 on aid spending: "TC is a category of development assistance in which funds are spent directly by DFID in support of development objectives agreed with the partner government".

<sup>10</sup> E.g. Orissa Public Enterprise Reform, phase II, where government has led the TC procurement but with DFID providing back up support on good practice

disadvantages of this with the partner, rather than relying on DFID procurement as a default option.

- **If DFID is co-financing** with a UN specialised agency, other multilateral or bilateral partner, we may be delegating TC procurement responsibility to them. We need to carefully assess their approach for quality assurance reasons. For example, we should consider their tying rules, their capacity and practice as regards the involvement of the partner in selection.<sup>11</sup> We should not delegate responsibility to another donor if it ties its TC.
- **If DFID is procuring the TC, we should always ask:**
  - Is there scope to support national procurement capacity so that in the future partners can have more control?
  - Is the full range of skills and personal qualities required clearly specified?
  - Is information on local and regional consultants available from the DFID contracts officer and any existing consultant databases?
  - If the plan is to contract a consortium of international and local consultants, is there scope to contract a regional or local consultant as the primary partner? (DFID's rules on minimum turnover requirements may prevent.)
  - If the value is over the £95k threshold and DFID is procuring centrally, will an advert in the Overseas Journal of the European Commission (OJEC) be sufficient to attract non-UK providers? What scope is there for advertising in other places? Could country offices help to alert local providers?
  - If we are relying on a Resource Centre to contract the TC consultants, will there be due attention to use of local consultants where this is appropriate?
  - How can we maximise transparency about the TC costs so that the client (state or non-state) can understand the opportunity cost of this assistance, and include the costs in their own resource planning and budgeting?
  - Is there scope for sharing information about fee rates paid at the country level with other donors to have greater consistency of approach (e.g. as is occurring in Nicaragua and Malawi)?

We should also ensure that the organisation receiving the TC takes a lead role in the bids selection and short listing process. For all long term self-employed TC consultants (over 4 months), it is good practice for the **partner to interview** the short-listed candidates, to give them more information about the bidders' skills. Interviews help to ensure that consultants have the appropriate interpersonal skills and personal approach that the client is seeking. For long term TC contracts with companies, presentations to the partner by short-listed candidates can improve the information on the intended approach.

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<sup>11</sup> Note that Programme Guidance Group has produced a How to Note on How to Jointly Fund Programmes with Other Donors which sets out issues to consider. See Insight/FPCPD/PGG/Quick links

### The story of CaPAS in India – a good model on TC procurement

The presence of a well functioning Contract and Procurement Advice Section (CaPAS) in DFID India with delegated authority up to £500,000 has gone a long way towards improving the office's use of the national TC market since 2000, as well as national procurement systems. There has been a significant turnaround from using mostly expatriate TC providers to using nationals. CaPAS has saved some £13m since its establishment in 1999, of which £8m was for TC. This is a result of encouraging greater use of the national TC market and negotiating on fee rates.

CaPAS functions include provision of advice to government on procurement as well as to DFID offices in the region with weaker in-house procurement capacity. It also advises on multilaterals' procurement capacity when DFID is considering co-financing.

### A good practice example on TC procurement: The procurement approach in the Malawi Health Sector Wide Approach (SWAp)

DFID and donor partners are using a third party, Liverpool Associates in Tropical Health (LATH) to procure the long term Technical Assistants for the Health SWAp as an interim step while building capacity of the Ministry's procurement systems to do this directly. The Ministry of Health is already responsible for procuring short term consultants for the SWAp.

The approach (2004) involves DFID taking a hands off approach. The Ministry of Health has led on the selection process and interviewed all the short listed experts. Government officials were seeking consultants with the following attributes: self starter, networking skills, flexibility, empathy to the context, listening, practical, and partnership approach. They feel that the interviews helped them get the right people into the right jobs at the right time. All the Technical Advisers are integrated in the Ministry and their line managers are Ministry officials. The Ministry is delighted to have so many Africa experts as they feel that they understand the problems well.

## c) Moving towards pooling

The objective of TC pooling is to increase local ownership, alignment, reduce transactions costs and donor fragmentation. Developing countries are keen for donors to move towards pooling. For example, it is a main feature of the Tanzania Joint Assistance Strategy, which proposes a new TC policy that is demand focused, increases the use of local expertise, and de-links it from programme budgets. By definition, pooling must involve some degree of donor and government coordination, and alignment behind partner objectives. There must be some sharing of resources (usually an off budget donor fund) but the extent of government management and procurement varies. **Loose pooling** is most common (see table below on types).

One of the drivers for pooling is the 2005 Paris Declaration. This set a target for 50% of TC flows to be coordinated behind national development strategies by 2010. DFID and our donor partners are likely to find this quite challenging to meet. It also set targets on the use of partner country procurement and/or public financial management systems, and on reducing Project Implementation Units (PIU), which are relevant to our future approach to pooling.

Pooling	Harmon + Alignm't	Design	Proc'ment	Strategic Management	Day to Day Management
<b>Delegated Cooperation</b>	Depends	One donor on behalf of others	Single Donor	Single Donor	Single Donor
<b>Loose</b>	√	Joint	One donor on behalf	Donor in liaison with govt	Donor
<b>Mixed</b>	√	Joint	Donor or third party	Govt in liaison with donor	Govt
<b>Full</b>	√	Govt	Govt	Govt	Govt

DFID has already been one of the major supporters of pooled arrangements (see box below). However, there are still many off-budget TC arrangements in place **alongside** the pooled arrangements. For example DFID has a separate TC arrangement with Ethiopia's Public Sector Capacity Building Programme in addition to the pooled one. The 2006 DAC Evaluation of Budget Support noted the need for much more strategic coordination of TC in the Public Financial Management area and emphasised that PRBS was providing greater incentives for coordination.

The development of partner systems for management and procurement remains challenging. In post-conflict states, it has been much harder to coordinate TC. Consultants are usually needed urgently to help rebuild the core functions of the state, with less consideration of creating a long term harmonised framework for them at Ministry or Departmental level.

#### Examples of pooling by DFID

- In **Malawi**, DFID is funding TC to the Health SWAp on behalf of other SWAp donors aligned behind the government's Programme of Work. There is now coordination of TC by the World Bank, UNFPA, Norway, and DFID. Government manages jointly with the donors and all TC is untied, most from African countries (**mixed pooling**).
- In **Ethiopia**, donors in the Education Pooled Fund have a pooled mechanism that coordinates TC. The fund is a donor project outside government. Strategic direction is by a joint donor-government committee (**mixed pooling**).
- The Public Sector Capacity Building Programme (PSCAP) in **Ethiopia** is a good example of pooled donor TC funding that goes through country systems. 91% of DFID's funding to the programme is pooled. A part of the PSCAP funds is for government to source TC using World Bank procurement arrangements. Donors are working together behind country led plans as a result (**mixed pooling**).
- In the more **fragile context** of **Afghanistan**, DFID is attempting to develop more coordination around the TC programmes, e.g. for the Civil Service Commission (**coordination**).

In order to move forward in this area and ensure that we implement the Paris targets, we need to focus on:

- Stronger signals from senior managers that pooling is a preferred option;
- Clearer recognition that where procurement systems are robust according to internationally recognised diagnostic measures such as the DAC benchmarking exercise, we should consider their use for TC;
- Ensuring that country offices have the guidance and capacity to delegate TC procurement responsibility to donor or government partners, and appraise their approach;
- Support to the development of coherent government policy frameworks on TC as a basis for more donor coordination (Ministry or national level);
- A willingness to experiment and learn; and to support the capacity of partner systems to manage and procure TC;
- Further work with other donors (Nordic Plus, DAC etc) to develop common approaches and good practice, and streamlined procedures for TC pooling;
- More lesson learning on what works and why, particularly striking a balance between efficiency and coordination;
- A willingness to support more basic coordination mechanisms and complementarity in fragile contexts where capacity is weak.
- A recognition of the need to take context specific, incremental approaches that are based on the partner's preferences and level of capacity.

#### **d) Management and monitoring**

The 2006 evaluation of DFID TC personnel found that we still sometimes rely on Project Implementation Units to manage initiatives. We could do more to transfer control to government or the non-state partner institution. In Malawi, government has control of TC management in the Health SWAp. This is increasing ownership and the technical advisers feel directly accountable to government rather than to donors. Where DFID uses a PIU to implement the TC, it becomes another intermediary between government, DFID and the supplier. Responsibilities for management, monitoring and evaluation may become more blurred.

#### **Example of Project Implementation Unit that has been less than successful**

**Kenya Local Government Reform:** The Managing Agent did not work effectively because: i) it was also involved in implementation which conflicted with other implementing agents; ii) the role of DFID was not clearly defined; iii) the Managing Agent operated outside of government structures. Restructuring the project under the Managing Agent (to relieve DFID burden) caused delays and confusion over roles ultimately resulting in slow / limited impact (OPM Evaluation 2006).

Given that TC is often criticised, it is important that we support a good evidence base on impact and apply lesson learning to our forward approach. Initiatives should be regularly monitored and evaluated. Some of the main considerations are:

- To support the partner to establish outcome based monitoring and evaluation arrangements for the TC from the outset. It is helpful to establish a capacity baseline, benchmarks, and process indicators.
- Codes of Conduct and broader policy frameworks on TC can help partner governments to monitor and regulate the approach of TC consultants.
- Where TC is part of a wider programme or Sector Wide Approach, the monitoring processes for that should always capture the progress of the TC. This applies to both country led review processes and DFID's own Project Completion Reports (PCRs). Currently, some of our TC practice does not get captured in PRISM because PCRs tend to focus on the wider programme outcomes rather than the related TC inputs.
- Where we are co-financing TC with a multilateral or bilateral partner, we should ensure good oversight.
- DFID's statistics need to be able to monitor our progress on TC pooling in terms of coordination and use of government systems.
- DFID should play a supportive management and brokering role for the TC, e.g. to maximise opportunities to integrate it with other initiatives, follow up to problems.
- Mutual accountability processes should report on TC practice as part of their monitoring.

## e) Summary of the forward vision

TC personnel can be a valuable input to partner institutions for a variety of outcomes including support for domestic accountability and state building, support for public sector capacity development, and support to poor people's capacity to trade and access markets and technology. Good practice principles need to be applied (see table below) and it is important to consider if there is sufficient political ownership to absorb and follow up to the TC. Sometimes its value for partners may lie more in delivering shorter term specific outputs than sustainable capacity development and this should be recognised upfront. Partner countries continue to ask for donor resources to access technical expertise to develop the capacity, technology and systems for growth and poverty reduction.

The forward vision should be for partners to lead on identifying TC needs, designing Terms of Reference, procuring consultants through their systems, and line managing and monitoring them against clear outcomes – a more '**market based**', **fully pooled approach**. To move towards this, DFID needs to be able to identify where there is already capacity for this in partner countries, and support long term capacity for aid and TC management. The move towards greater government control and procurement should not, of course, be at the neglect of TC funding to non-state actors and other organisations that demand it.

In the nearer term, where DFID continues to procure TC for partners at their request, either directly or through our Resource Centres, a partnership approach is required. Partners should have a clear role in the design and selection of long term consultants, line manage them and take on strategic decision-making and monitoring. We should apply the Paris Declaration principles, and coordinate with other donors to improve the efficiency and focus. The process of developing Country or Regional Assistance Plans could help to articulate the role of TC in supporting national development priorities.

The need for realism should not stop us from considering how to make TC more strategic and transformational. Where it is designed as an input to capacity development, it could be linked into a wider plan that tackles the more systemic constraints to make its contribution more effective. Where time and resources could be set aside to prioritise coaching, feedback and skills transfer, this should be promoted for sustainability.

### **f) Influencing donor partners and other Whitehall Departments**

The Paris Declaration is encouraging more coordinated and aligned TC, procured through country systems. Where opportunities arise either at Headquarters or country level, DFID should influence multilateral and bilateral partners on their approach to TC personnel, based on the suggestions in this Note. Progress is particularly needed on untying, since some bilateral donors continue to tie TC to their own suppliers rather than selecting the best provider from the global market.

Where other Whitehall Departments are engaged in sharing expertise with partner countries, we should encourage a good practice approach as set out in this Note.

#### **For further information on TC personnel contact:**

- The Donor Policy and Partnerships Team, Development Effectiveness Group, Policy Division, DFID.
- See the Aid Effectiveness Network page for specific TC case studies; a longer DFID Stocktake paper on TC personnel covering the rationale, definitions, current practice; and the 2006 Evaluation of DFID TC personnel for Economic Management in sub-Saharan Africa by Oxford Policy Management, which includes a thematic study on TC pooling.

## Guiding principles for TC personnel

1. Give more support to partners' capacity to design, procure, manage and monitor TC personnel, including through the development of TC policy frameworks.
2. Fund TC in response to demand and where there is a good level of political and technical ownership for it.
3. Take a strategic approach that aligns and links the TC to wider country led processes supporting poverty reduction.
4. Promote coordinated and pooled donor approaches to TC.
5. Appraise the organisational and institutional context and understand the limits of what TC personnel can achieve in terms of transformational capacity development, particularly where there are constraints in terms of commitment, staffing, management and incentives.
6. Be more realistic that TC personnel are one input and one input alone to capacity development. Capacity development is a long and complicated political process involving a range of factors. The key is that TC outputs contribute incrementally to this process.
7. Recognise the importance of having clearly defined and shared roles and expectations.
8. Recognise that TC for capacity development requires soft skills and personal qualities including for coaching, skills transfer, facilitation, flexibility to listen and respond to others' views and the changing context.
9. Ensure that there are not barriers to using local or regional consultants where needed.
10. Build ownership and effectiveness in DFID's TC procurement process by having shared and clear Terms of Reference, letting partners meet all long term TC personnel (interviews for self-employed and presentations for companies), specifying the range of skills and personal qualities that are needed beyond technical ones; and ensuring that partners take a good practice approach when we are delegating responsibility to them.
11. TC should be accountable to the partner organisation. We should reduce reliance on Project Implementation Units and integrate TC into partner management structures where possible.
12. Ensure rigorous outcome based monitoring and include TC in mutual accountability processes.

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## Annex 1: Technical Cooperation examples

### **Ghana Economic Management 1999-2004**

National Development Planning Commission: DFID TC support (approx £0.6m) played a major role in the set up of the PRS. It bridged a technical resource gap and helped to create a PRS monitoring and evaluation system. The NDPC became more influential in national policy making.

*Good practice was demonstrated by: demand driven cost-effective approach based on strong ownership, with short term resources provided as part of an overall package of support. International consultants were used because there was a need for wider international experience and for a perceived independence from local interests. The team interacted effectively with local consultant colleagues and with NDPC staff.*

*Areas for improvement include more emphasis to skills transfer, more attention to an exit strategy and the organisational reform and staffing improvements required to sustain the achievements (OPM, DFID TC Evaluation, Ghana Case Study, 2006).*

VAT Service: DFID TC of approximately £0.7m was provided by Crown Agents. It contributed to the establishment of a viable, self-sustaining VAT service which has helped Ghana to increase national revenue collection to fund service delivery. Impacts have been sustained 5 years on.

*Good practice was demonstrated by: TC provided in close collaboration with local counterparts with deliberate attempts at capacity building. The team allowed the Ghanaian managers to take the lead and were sensitive to underlying cultural issues (OPM Ghana Case Study, 2006).*

**Tanzania Environment:** DFID funded Poverty Environment Technical Adviser, £0.3m, 2002-05, catalysed the mainstreaming of environment issues in the 2nd PRS: 14% of the 99 targets are related to the environment and natural resources. National dialogue on environment-poverty issues expanded as a result of the TC and there is now more progress on integrating environment issues in the budget process and in Poverty Reduction Budget Support. Lessons from Tanzania are being shared with other Southern actors, encouraging South-South cooperation on the issues.

*Good practice was demonstrated by: TC provided in response to government request, aligned with PRS; and government involved in the interview process with strong ownership from outset. The TC was situated in government with regular performance appraisal. There was an early response to problems surrounding the dual management of TC by UNDP and government, with a decision to transfer full management control to government.*

*Lessons learnt and areas for improvement include: need for direct and overall client management of TC rather than shared client-donor arrangements; an overall evaluation has not been carried out and stored on corporate systems; the inclusion of a Tanzanian counterpart could have better ensured skills transfer and continuity.*