

New Avenues for Technical Cooperation in Africa

Improving the record in terms of capacity building

Revised Edition

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Preface to the 1995 Edition

ECDPM has received a steady demand for copies of this report ever since it was published in 1992. Since demand shows no signs of slackening, and the topic is still high on the agenda for donor agencies and recipient governments, this slightly revised and updated edition has been re-issued. We hope that the changed layout and editorial attention enhances the usefulness of the text.

In the first edition of this report, we identified four areas where technical cooperation could be changed:

- by managing the transition towards increased recipient involvement and responsibility in aid interventions;
- by considering how governments can re-allocate their resources to make best use of local talent and expertise;
- by providing new forms of TC in support of comprehensive public sector reform processes;
- by better managing the technical cooperation process to be needs-driven and partnership-oriented.

We take this opportunity to provide brief updates on progress in each of these areas, and to identify several other positive developments.

Regarding increased *recipient responsibility*, we observe an increased search for new approaches which give a local people the lead role in designing and implementing development activities. Ownership, capacity development and process approaches are the new buzzwords. But moving ahead still requires difficult adaptations to donor accountability systems, centralised management approaches, TC practices, and attitudes. ECDPM has contributed to this debate through its 1994 Round Table on "Partnership in Development Cooperation: Combining Recipient Responsibility with Donor Accountability."

Efforts are being made to better comprehend and document the obstacles and resistances to greater *use of local capacities*, including vested interests and incentive problems. Donors are searching for practical ways to create new opportunities for local expertise to be nurtured. The need for country-specific and governance approaches to local capacity-building is increasingly recognised. In some countries, gap-filling is unavoidable, in other countries, it is a shame.

We see substantial evidence of African governments tackling the thorny issue of *civil service reform*. However, the focus is still very much on reducing the size and cost of the public service, and less on building capacity to perform new roles in development. While TC can play a critical role in helping to develop more responsive administrative management systems and related human resources, progress is hampered by a lack of fresh ideas, innovative approaches and a reluctance to provide long-term comprehensive support.

Little progress has been achieved in the *management of TC*. The UNDP sponsored NaTCAP programmes have lost their momentum; and the basic recommendation of our report is still valid -- "the main challenge lies in the hands of recipient countries. They must be the driving force in the search for a rational utilisation of aid and TC resources." Perhaps they would be well advised to adopt a less ambitious and more practical approach. A promising option seems to be recipient-driven management of TC on a sectoral basis.

Outside of these specific areas, we are particularly heartened by the increasing attention of donors to TC and its reform. First, UNDP produced a major report on how technical cooperation can be re-thought to enhance capacity-building in Africa (Berg, 1993); other donors are following suit. Most of all, the OECD Development Assistance Committee has been extremely active in convening a high-level group to consider effective implementation of its principles on technical cooperation (DAC, 1992). Their discussions have now led to the formation of a donor network to mobilise experiences and expertise; proposals to open network membership to recipients are under review.

Maastricht, October 1995.

Introduction

It is widely recognised that development policies pursued in Sub-Saharan Africa in the last three decades have generally not proved sustainable. Both the UN Economic Commission for Africa and the World Bank identify lack of endogenous institutional capacity as a major contributing cause. In retrospect, one could assert that Africa's institutional capacity to distil development objectives, to elaborate plans and strategies and to implement them, was too often taken for granted. The international and domestic economic environment continues to undermine African human and institutional capacities. In this increasingly deteriorating context, the vital issue of restoring or strengthening African capabilities has moved to the forefront of the development agenda.

Technical Cooperation (TC) has a critical role to play in this perspective as it provides developing countries with expertise, training and related equipment, both as part of capital assistance projects and as free-standing interventions (technical cooperation related to institutional development). Moreover, from its very inception, the primary purpose and 'raison d'être' of TC has been to promote the development of human and institutional capacities in developing countries. This view is fully endorsed by the Development Assistance Committee (DAC) of the OECD: "Although technical assistance programmes may have a variety of purposes and objectives, generally their main purpose, and ultimately the test of their effectiveness, centres on the extent to which they successfully promote increased self-reliance in recipient countries, by strengthening and expanding the institutional capacities of these countries to mobilise and manage development resources on their own" (OECD, 1986, p. 127).

In recent years, however, concern has been growing over the effectiveness of TC in building sustainable institutional capacity and promoting self-reliance. The debate on TC effectiveness has generated an impressive stream of conferences, critical reports and evaluation studies. From these, one can infer a strong feeling of unease about whether the results are commensurate with the very large (and growing) expenditures. Some critics do not hesitate to compare TC with the 'Marxian state:' while it was designed to 'wither away,' it became in reality an ever-increasing monster. At the Maastricht Conference 'Beyond Adjustment' (July 1990), the Chairman of the DAC argued that "it was wasteful and unacceptable that technical assistance was taking jobs away from able local people" (Wheeler, 1990, p. 26). At the same meeting, the delegate of Mauritius paraphrased Oliver Cromwell to reflect a widely shared African view on TC: "You have stayed here too long for all the good you have been doing. In the name of heaven, go!"

New Challenges for TC

These critical sounds reflect a generally pervasive mood among both recipients and donors, frustrated about Africa's growing dependence on TC at times when one would have expected to see the results of some thirty years of technical cooperation. While such stringent statements may be instrumental in fuelling the much needed debate on TC effectiveness, the danger also exists of adopting a too negative view on the topic. An indiscriminated approach entails the risk of neglecting TC's substantial achievements in terms of increasing life expectancy, providing educational and training facilities, developing qualified manpower and allowing for cross-cultural exchanges. The Cassen Report "Does Aid Work" agrees that TC had its failures. But "more strikingly, it has had successes in most fields in at least some countries. This record suggests that aspects of the TC process are critical determinants of effectiveness. Where some of these aspects are absent or negative, even TC, that has been effective in other circumstances, is likely to fail" (Cassen, 1986, p. 195). This brings us to a fundamental point: there is nothing wrong per se with TC. It is no more than an instrument of development co-operation, the relevance of which is determined by the way in which it is discharged in a given environment. In the African environment, effective institutional development seems to have been more difficult to achieve than in other parts of the development world.

This is the point of departure for the ECDPM programme "New Avenues for Technical Co-operation." Its major objective is to examine, in a pragmatic way, how TC could be better used in the present context of Sub-Saharan Africa. The main problem with TC in Africa is that it has failed to adapt itself to a drastically changed environment. These changes have occurred in many, somehow contradictory, directions.

A first element of change has to be seen in a historical perspective. At independence, most African states faced a critical shortage of educated and skilled people to take over the colonial administration and to manage development. Under these circumstances, heavy involvement of TC personnel (both in lead executive and operational functions) was necessary. Thirty years later, however, the number of educated, trained and skilled Africans has grown enormously (partly as a result of TC efforts). Against this background, it is troubling to note that the number of expatriate experts is still estimated to be approximately 80.000, many of them involved in operational tasks that could, presumably, also be performed by nationals. This would, at least, suggest that TC interventions have often failed to make the best possible use of available national skills or to ensure their phasing-out.

A second element refers to the paradoxical situation of many African countries, now finding themselves increasingly short of qualified personnel in key areas of development policy management (partly because of underutilisation of available human resources and brain drain). These shortages, in turn, have led to new TC demands, including 'gap filling' TC for the purpose of short-term crisis management. This is an alarming evolution. It reflects the inability of institutions, especially in the public sector, to attract and retain qualified nationals (World Bank, 1989, p. 181). It points to the need for future TC to be delivered in such a way as to allow nationals to take over responsibilities within a specified period.

A third element refers to the difficult political and socio-economic situation in most of Africa. Systems of governance are often poor, corruption rampant and administrations weak, poorly equipped and demotivated. The present approach in aid agencies "does not allow for sufficient consideration of the environment, the purpose, or internal consistency of the process of assistance" (Forss, 1990). The process of TC delivery (at the micro level of individual projects) has generally failed to adapt itself to this 'messy' situation (at the macro level). Not surprisingly, therefore, most of the problems of TC find their origin in the field, at the very basic level of interactions between expatriate personnel and nationals. Much more work will be needed to determine in greater detail the manner in which TC resources could be effectively utilised under prevailing conditions in Africa.

Against this background, it comes as a surprise to find that TC procedures, instruments and attitudes, have hardly changed. Worse, three decades of TC involvement has generated problems of its own. Featuring paramount amongst them is the wide array of Western agencies, research institutes and individuals that have become dependent on TC for their own survival or employment. This comes in addition to the more general policies of developed countries to use TC as an instrument to ensure their continuous political, economic and cultural presence in Africa.

While the need to reform TC practice is evident, it will still be required. Experts in specialised areas will continue to be in short supply in the near future. The current rediscovery of adequate human and institutional capacity as a prerequisite for development accentuates the need for reforming TC practice. The now fashionable call for good governance not only implies the effective participation of civil society in the decision-making process but also the full use of national available talent as well as a concerted effort to rebuild and reform African institutions. A diligent use of TC resources could constitute a major instrument in this process of institutional reconstruction.

Slow Reform Process

Consensus seems to emerge over the shortcomings of TC and over possible reform measures to make it more effective. However, real progress on the path to effectively reorienting TC towards sustainable national capacity building has been rather limited. The debate on TC effectiveness appears to get bogged down in an endlessly repetition of 'what goes wrong' and of 'what should be done.' There is a persistent gap between policy prescriptions and practice, between reform proposals and effective implementation of new approaches.

Two major factors have contributed to this gap:

First, the lack of detailed operational guidance for reforming TC. Several actors involved may be very conscious about their failures and willing to change TC policies, but find themselves poorly informed about ongoing reform experiments or best practices in the field. It is, for instance, amazing to note that the UNDP sponsored NaTCAP exercise, aiming at improving the management of TC by recipient countries, is only superficially known in African sectoral ministries and in some donor agencies. Attempts to change TC policies do not easily trickle down to the field or to other donor agencies. The lack of exchange of practical experience is even more dramatic at the African side. Neighbouring countries such as Burundi and Tanzania, are not at all informed about their respective experiences with reforming TC.

A second factor is the limited commitment of both donors and recipients to put long-standing policy recommendations in practice. Although both parties formally agree on the need for an overall change of TC, their attitudes, including the 'rush to use expatriates,' have changed very little during the past decades. This ought not be surprising: there are serious built-in political, institutional and individual resistances to change, amongst others of those who have vested interests in aid rather than in development. Analysis of these constraints as well as support from the highest political levels are absolute prerequisites for any reform of current TC practices to be effective.

Aim of the ECDPM Programme

Building upon the current consensus on the shortcomings and related policy recommendations, the ECDPM programme "New Avenues for Technical Cooperation in Africa" aims to address the following basic questions: How to close the gap between reform proposals and effective implementation of new approaches? How to manage TC more effectively so as to gear it primarily to promoting processes of institutional development and increased self-reliance? The expected outcome of the exercise was twofold:

- (i) to provide a critical inventory of current reform attempts aiming at improving TC effectiveness in terms of promoting capacity-building and self-reliance;
- (ii) to contribute to the elaboration of a long-term agenda for changing of aid policies during the 1990s, spelling out the inevitable steps that donors and recipients will have to take if they are serious about capacity-building and sustainable institutional development as one of the basic conditions for solving Africa's problems of structural transformation which go far beyond the current efforts for structural adjustment.

Approach and Methodology

A deliberate choice was made for a pragmatic approach, in line with ECDPM's mandate as a Centre dealing with the 'how' rather than the 'what.' The methodology comprised a desk study, country case studies, a meeting, and this report.

First Phase: Desk Study

Why a desk study? The rationale of such a 'flashback' is clear: assessing the relevance of possible 'new avenues for TC' requires analysis of the shortcomings of the 'old avenues' of TC involvement in Africa. The sources of information for this retrospection were twofold: extensive review of the recent literature on TC effectiveness and informal discussions with officials and development practitioners from both African countries and bilateral and multilateral donor organisations.

It was never the purpose of the ECDPM programme to proceed to a comprehensive analysis of TC deficiencies from scratch, as if this had not been done earlier. Taking into account the impressive amount of high quality literature on the subject, this would have meant a terrible waste of energy. The desk study, therefore, draws extensively on available sources.

Although fully aware of the subjective nature of interviews and the need for caution in processing information thus acquired, there was a strong conviction that interviews would allow to better grasp the reality of the TC process in Africa through the perceptions, frustrations and expectations of a wide variety of actors and stakeholders.

In this respect, it is interesting to note that many of the interviewees - generally speaking 'off the record' - were often surprisingly critical as to the long-term benefits of TC for Africa.

The interviews furthermore allowed us to sharply delineate the scope of the research programme on four closely interrelated topics:

- the demand side of TC;
- TC and the use of local capacity;
- TC in support of effective public sector management; and
- the management of TC by recipient countries.

Second Phase: Case Studies

The second phase consisted of country case studies by teams of local consultants in four African countries (Burundi, Cameroon, Malawi and Tanzania), selected for a variety of reasons, including differences in the nature of their development problems, the availability of human and institutional capacity, attitudes towards the use of TC, levels of brain drain and experience with NaTCAP.

Here again the interviews with relevant actors and stakeholders in the field was found to be useful. Extensive talks with development practitioners allowed the consultants to gather a wealth of concrete information on reform attempts, the progress achieved and the constraints that have arisen in the course of implementation.

Answers were sought on questions such as: What are the critical factors impeding TC to realise its full potential? Who formulates the demand for TC? How and to what extent are national skills involved in aid programmes? What problems arise in recruiting these national experts, in terms of resistance from donor headquarters, salaries to be paid, roles to be fulfilled etc. To what extent have phasing-out policies been formulated and effectively implemented? How and to what extent is the country assuming leadership in managing TC?

The case studies were complemented with ECDPM's own parallel research on relevant experiences in other African countries.

Third Phase: The ECDPM



Development Forum

The findings were synthesised in a background document for the ECDPM Development Forum 'New Avenues for Technical Cooperation in Africa,' held at Maastricht from 18-20 October 1991. This brought together some fifty politicians and practitioners from Africa and the donor community. An informal technical meeting of a small number of development practitioners from bilateral and multilateral organisations as well as some authors of the case studies preceded the Development Forum. This aimed to critically discuss and

complete the background study and to elaborate an annotated agenda to serve as a guideline for the plenary and group discussions among the participants of the ECDPM Development Forum.

Fourth Phase: Final Report

The present document, is divided into three parts: Part One provides a synthesis of the problems and paradoxes of TC delivery in the African context and the lessons that can be learned from the past three decades.

Part Two addresses the question of how to do it better. Inspiration therefore has been found in a number of 'new' operational approaches for TC delivery that have recently been envisaged or practised in the field to improve TC effectiveness for national capacity-building. An attempt has been made to frame these operational approaches in a broader context, including, for instance, an analysis of the main problems, generic issues and dilemmas likely to arise in relation to each of the topics under consideration.



Part Three provides a survey of some of the major policy changes which are required to enhance aid effectiveness and TC impact on national capacity building.

Caveats

It should be noted that this study does not attempt to be comprehensive nor to propose 'ready-made' solutions. Hence, it has no other pretension than to make a modest contribution to a long-term process of pragmatic and incremental improvement in TC effectiveness in terms of national capacity building and institutional development. The authors are fully aware that this complex process of change may occur along winding footpaths rather than broad new avenues.

PART I:
Reflections on the Past

Historical Background

No Development Without Institutions

Technical Cooperation (TC) is one form of input in the development process and a major instrument of development cooperation. Its origin can be traced back to the very first session of the General Assembly of the United Nations (1946). Starting from the recognition that all Member States had not reached 'the same level of development,' the General Assembly stressed the need to support developing countries with technical assistance. The rationale behind it was clear: no country can develop without an educated human resource base, skilled people and strong institutions. Technical assistance was seen as a necessary complement to the transfer of financial and material resources: it would allow developing countries to gradually acquire a basic stock of national capabilities to mould the development process on the basis of their own values.

The rapidly booming aid industry deployed massive TC efforts in Third World countries by providing experts, training nationals, and supporting all kind of institutions. This was very much needed in most African countries, as decades of colonial domination had failed to equip them with a critical mass of indigenous skills and managerial capabilities. With a view of acquiring effective political independence, self-sufficiency in manpower was generally seen as a priority. At times, the push of donors towards phasing-out proved to be stronger than that of recipient countries themselves, partly because African governments were seen as clinging to short term efficiency at the expense of long term development (ODA, 1989, p. 17).

In most of francophone Africa,  efficiency was deliberately given precedence over rapid internalisation of jobs. Thousands of expatriates were brought in to fill line positions in government. They formed what has cynically been called "l'Administration Publique bis."

Where are the Capacities that have been Built Up?

At the end of the 1970s, it was assumed that African countries had acquired the necessary skills and institutional capabilities to formulate and manage development policies on their own. Most aid agencies, therefore, gradually reduced their assistance to public sector institutions.

However, during the 1980s an overall crisis in capabilities clearly emerged. Enhancing institutional capacity was increasingly seen as a precondition to sustainable development. Aid agencies also rediscovered the institutional factor in development and started to review TC policies accordingly.

TC at a Crossroads

UNDP's 1991 Human Development Report puts it very bluntly: "Of all the categories of development aid, technical assistance is ripest for reassessment" (UNDP, 1991, p. 8).

What has gone wrong? Why have TC efforts not worked in the hoped-for way in terms of human and institutional capacity building? For too long a time, perhaps, management capacity has been seen as "a residual that has to be created after technical prescriptions have been formulated rather than a primary variable that is considered in shaping the size and form of an aid package" (Glentworth, 1989). For too long a time, perhaps, the philosophy prevailed that "when institutional capacity shortcomings are identified (...) TC is the appropriate response" (Buyck, 1989, p. ii). Doubts are now being voiced as to whether this costly "revolving door model of foreign advisors and overseas training" (Eicher, 1990, p. 122) is addressing the long-term problem of developing sustainable national capacities and institutions. Alternative modes of promoting institutional development gain momentum. There is also a growing recognition that TC, however well designed and executed, will continue to have a limited impact if development efforts do not accord higher priority to human development (investment in people's education, health, the creation of opportunities for people to put their capabilities to use, etc.).



TC Has a Price

Available - though scanty - data tend to be frightening. Although OECD and UNDP data on TC flows to Africa are difficult to reconcile, it would appear that during the 1980's, US \$ 40 to 50 billion have been channelled to Africa for TC activities, which, on an annual basis, represents roughly one quarter of net ODA disbursements (Compiled from OECD, Economic indicators 1986-1989, Paris 1991). The relative weight of TC has increased in recent years. On average, TC funding represents almost 3% of GNP, with Gambia, Cape Verde and Guinea Bissau reaching almost 15% (De Bernis, 1990). In terms of personnel, it is estimated that more than 80.000 expatriate experts are presently working in Sub-Saharan Africa (World Bank, 1989, p. 181).

Curiously, TC very often tends to be perceived as a free resource for the recipient country. This, however, can easily be demystified.

TC interventions do incur costs for the recipient economies (de Bernis, 1990, p. 10):

- there are direct costs linked to the use of TC, as part of TC resources are provided in the form of loans and not as grants;
- there are considerable indirect costs for the recipient, such as housing and transport for the expatriates, costs of counterpart personnel and the costs for the central administration to manage an impressive number of TC projects;
- there may also be opportunity costs related to TC, as these resources could have been used for purposes more beneficial to sustainable development.

Particular reference should be made in this context to the cost of expatriate personnel, which shows a persistent tendency to increase during the last decade. Foreign experts from bilateral aid agencies easily cost between 100,000 to 150,000 US \$ a year (Cassen, 1986, p. 198). They absorb between 70% and 80% of total TC resources (de Bernis, 1990, p. 10) and in some African countries, such as Burundi, their wage bill is comparable to the total wage bill of the civil service. This, understandably, is a rising source of irritation for recipient countries, especially where they see aid as fungible and even more so where experts are financed by loans rather than grants.

Defining the Purpose and Rationale of TC

Assessing TC effectiveness requires definition of its purpose and rationale. This, in practice, is an elusive task, as different countries, institutions and individuals expect different things from TC. Yet, everyone seems to agree on one fundamental point: TC is no more than an instrument, a method of development co-operation, a means and not an end in itself.

As to its content, any activity aimed at enhancing human and institutional capabilities through the transfer, adaptation and utilisation of knowledge, skills and technology can be classified as TC. Aid statistics for Africa do not provide a possibility to break down total TC from all sources into its component parts (expatriate personnel overseas, education and training, research, consultancies, equipment and supplies) and therefore do not allow for an accurate assessment of the relative weight of each component. Available data tend to indicate that most TC entails a combination of long-term resident advisors, short-term consultants, studies, training (seminars, study tours, fellowships), plus small amounts of  funding for equipment (vehicles, computers and office equipment).

Some further features can be discerned:

- the majority of TC seems to consist of long-term resident advisors;
- relatively few of these experts, especially from bilateral donors, originate from other developing countries;
- the use of local experts is limited (no more than 5%);
- few TC programmes include funds for the recipient countries to meet recurrent costs;
- there are some indications that the composition of TC programmes is evolving, following a progressive shift from long-term resident experts to short-term experts and an increasing amount of 'free-standing TC' in support of policy and institutional reforms (linked to adjustment programmes).

Donor agencies generally ascribe to TC a threefold purpose. TC should assist host countries to achieve: (i) the desired development of indigenous manpower resources, (ii) the sustained development of their institutions and (iii) other project goals. In practice, of course, these objectives tend to be closely intertwined. Recipient governments, at least in official declarations, underline transition to self-reliance as the point of departure and basic objective of TC interventions. This primary focus on capacity - building and self-reliance is

consistent with the long-standing principle that "aid is developmental only if it lays the foundation for its own rejection" (Mushi, 1982, p. 9). It is also fully in line with the now fashionable call for sustainability of aid-supported activities. Inherent to the concept of TC, therefore, is the temporary nature of all interventions -- even if continued for many years. Its fate is to become superfluous as a result of having succeeded in building up sustainable national capabilities.

All TC interventions, whether soft or hard, project-related or free-standing, should therefore take account of the need to build endogenous institutional capacities. A major criterion to assess TC effectiveness is whether TC has helped institutions and staff involved to perform the relevant activities by themselves after the completion of the project and the withdrawal of funds and expatriate personnel. Aid efforts, therefore, must have a long-term perspective, beyond the immediate needs of project implementation. In the absence of such a perspective, TC will continue to be largely sterile in terms of its development impact and may, at best, provide nationals with skills, regardless of what they do with them and where. At worst, TC dilutes the essentially endogenous nature of the development process, or becomes "a cynical recycling of funds with little benefit for the recipient country" (Botchwey, 1990, p. 8).

TC and Capacity-building: A Difficult Marriage

Too Much TC, Too Little Impact

Available literature and evaluation reports clearly underline the difficulty of achieving the long-term institutional objectives of TC. Actors and stakeholders interviewed, while stressing the fairly good record of TC in terms of realising specific project goals, recognised the disappointing results in terms of building national capacity and promoting self-reliance. There is a predominant perception that Africa has been flooded with TC funds, based on the illusion that, provided enough money and experts were made available, sustainable national capacities would emerge. In reality, donors have all too often been 'pushing TC' on recipients, who had very little capacity to absorb it, with, consequently, limited real transfer of skills and perpetuation of dependency. This is reflected in the fact that the phenomenon of 'supply-driven substitution TC' is most common in Africa. In other developing regions, governments have generally been able to gradually make the best possible use of this instrument, defining real needs, drawing as much as possible on local expertise and properly managing the resources involved. None of this in most of Africa. TC has been "recycled for years and years, decade after decade, and we are still designing projects for capacity-building" (Damiba, 1990, p. 31).

No Blanket Condemnation

Of course, it would be an oversimplification to assess the effectiveness of TC efforts, in 'splendid isolation' from the broader development context. There is an evident danger of generalisations based on abundant anecdotal evidence of failures, recollected at the micro-level of projects. One may be tempted to forget that "many of the issues affecting TC effectiveness concern complex socio-political, cultural and even psychological factors that are hard to isolate and to control." Several factors concur to render an objective examination of TC effectiveness rather difficult:

- Due to the scarcity of comprehensive and reliable data, judgement is often based on impressionistic evidence, falling short of any degree of accuracy, both quantitatively and qualitatively.

- It often proves hard to sort out causes and effects. The failure of a given project to build national capacity-building is not necessarily related to the poor performance of the expert, but may derive from constraints at the macro-level (e.g. politics, the prevailing administrative culture, etc.).
- TC interventions differ widely in their objectives and modalities of delivery. For the so-called 'hard TC' (engineering services for capital projects, feasibility studies, technical operations), a high rate of success has often been achieved. This type of TC is "relatively straightforward in terms of design and implementation, essentially asking the outside expert to perform a task and substitute for unavailable local skills" (Wallace, 1990, p. 27). On the contrary, in the delivery of 'soft TC' (expert services for institutional and human resource development), aid programmes had rather frustrating experiences. 'Soft TC' proved difficult to design and implement, requiring longer gestation periods as well as a profound knowledge of the local environment, which many foreign experts found difficult to acquire in the time available. TC interventions of this type are also more subject to political interference. Interviewees commenting on the United Kingdom's Overseas Development Administration (ODA) experience, for instance, emphasised the inherent difficulties of providing effective TC in support of adjustment programmes (usually perceived to be too much imposed, based on an incomplete diagnosis, an unrealistic time-frame, etc.).
- The effectiveness of TC interventions has to be assessed from a twofold and inherently conflicting perspective: (i) in terms of its contribution to long-term capacity-building and (ii) in terms of its contribution to addressing acute present day problems related to the short-term crisis management.

The Paradoxes of the Current System

Paradoxes crowd thickly in the  actual system of TC:

- Experience clearly indicates that  countries most in need of TC also have the greatest problem in handling the resources put at their disposal and in deriving the best possible benefit from them. High degrees of aid-reliance co-exist with very low levels of absorptive capacity. TC works well in countries that hardly need it.
- TC geared at performing operational tasks remains a major component of TC interventions in Africa at a moment that many qualified Africans are unemployed or leaving the country; The perceived lack of skilled Africans - which in the donor's view calls for an ever increasing amount of TC - may prove to be very relative in certain areas if placed against the almost

simultaneous high incidence of brain drain and the inefficient use of qualified nationals by both recipient countries and donors.

- A variety of reasons, including constraints of recruitment in the public sector caused by budgetary problems and adjustment programmes, have prevented adequate staffing of certain key institutions, despite the potential availability of national skills. This, in turn, has led donors to provide expatriate personnel to reinforce these structures, leading to a situation where foreign experts fill gaps that could be closed by nationals if only they were better paid and more motivated. Mozambique, for example, has to attract expensive expatriate secondary school teachers because the government, within its structural adjustment programme, is not able to recruit qualified national teachers, whom it otherwise would pay a monthly salary of some US\$ 50. Donors shy away from this problem of 'incentive myopia' (Klitgaard, 1989, p. 447), arguing that budgetary support to this end would be the worst of dependencies. However, in many countries, such a dependency is already there, be it in a disguised form. A huge amount of TC resources currently provided has to be seen as a form of 'hidden' budgetary support (Lopes, 1991, p. 33).
- Modalities of TC delivery to date, with their emphasis on short-term project implementation rather than on long-term capacity-building, have tended to perpetuate dependency on foreign expertise, leading to the situation that "TC continues to be justified by the very weaknesses in capabilities which the assistance itself - as presently administered - continues to reinforce."
- Some types of TC (e.g. training abroad), aiming at enabling developing countries to strengthen the national reservoir of qualified personnel, have contributed to increasing the brain drain.

Factors Contributing to the Poor Record

According to available literature, evaluation reports and the interviews, the effective utilisation of the instrument of TC has been hampered by several factors. They are summarised below in a broad way.

Lack of Strategic Vision

In providing and using TC, the perspective of national capacity-building has all too often been lost track of. There has been a generalised "lack of strategic vision and definition" of what these programmes were intended to achieve. TC objectives have been spelled out in terms of "inputs to be provided" rather than in terms of "capacities to be developed" (DSE, 1989, p. 45). According to the earlier mentioned Cassen-Report, "the basic TC objective of self-reliance has not been defined in terms that would aid the planning of institutional needs and facilitate rational decisions" (Cassen, 1986, p. 208). In practice, capacity-building has yet to become a central objective of many TC interventions. In its most recent policy paper 'Development Aid in the 1990s,' the Swedish International Development Authority (SIDA), fully recognises the difficulty of sticking in TC programmes to the purpose of capacity building, "without letting it drown in day-to-day problems concerned with project implementation and enticing the expert to concentrate on operational tasks rather than transferring knowledge" (Wilkens, 1990, p. 23).

Problems of Sustainability and Self-reliance

It is generally recognised, that the "true measure of success of a programme of international and technical collaboration is not in its accomplishments during the period it is in force but rather in what happens after foreign aid has been withdrawn" (Harrar, 1967, p. 20). Ensuring sustainability has proven to be the achilles heel of most TC efforts. Contributing factors are the neglect of the demand side for the services being offered, the scant involvement of locals in both design and implementation of TC projects, the failure to assess the institutional environment (including socio-cultural factors) in which TC programmes are introduced, and the neglect of issues related to recurrent costs and long-term viability. Much of the TC provided has also not been instrumental in fostering self-reliance. Rather did it cause African countries to acquire a number of 'developmental artefacts' which require continued reliance on foreign aid to sustain them. All too often the gift proved to be poisonous: "too attractive

to refuse, but too foreign to fit in, too costly to be repaired, but just perfect to form the basis of another aid application" (Lecomte, 1984).

A recent study on the effectiveness of TC personnel of the Nordic countries noted that for TC projects to "continue for several years and that one plan for out-phasing expatriates follows another, is ample evidence of the overall failure to build local competence and subsequently withdraw" (Forss, 1990, p. 151).

TC and its Institutional Environment

The most critical element to TC effectiveness lies with the environment in which TC programmes are introduced. One interviewee put it straightforward: "there is a great deal of mystification and hype going on about TC; however, whether supply or demand driven, the basic problems lie with the environment into which it is fed."

The UN Economic Commission for Africa is also unambiguous on this point: "Fundamental to all effective TC activity are the (...) policy environments in which TC projects operate. If the social and economic incentives for development are badly distorted and create inefficiencies, directed towards narrow or corrupt ends, and are insensitive to the broader development interests of society, TC projects will not flourish nor have beneficial and lasting impacts."

In most African countries, the institutional framework expected to facilitate a transfer of knowledge is virtually non-existent or crippled. The managerial tasks to be performed by local administrations or expatriates tend to be exceedingly complex, mainly due to the pervading political-administrative, economic and socio-cultural conditions - which, in Africa, tend to differ dramatically from those experienced in other parts of the world (Silverman, 1987, p. 4-5).

The implications for TC injections in such an environment are obvious. Firstly, TC projects, however well designed and implemented, cannot achieve more than allowed for by the surrounding environment. If the structures in which TC is being injected are very weak (e.g. decentralised agencies, with little funds and/or human resources), TC effectiveness is likely to be rather low and vice versa. Secondly, a distinction has to be made between the failure of TC per se in building up capacities, and the failure of institutions thus created, when this is a consequence of systemic constraints within the public sector or all pervading macro-economic problems (e.g. insufficient budgetary resources being available to enable institutions to function adequately).

Thirdly, there is a high risk of diversion of TC from its capacity-building objective as evidenced by the following examples:

- Huge amounts of TC resources have evaporated because of poor governance, reflected, for instance, in the lack of leadership commitment to development, the poor utilisation of existing capacities, the constant reshuffling of senior officials, etc. Introducing TC in such a politico-administrative climate often amounted to 'driving a nail into a rotten piece of wood.'
- African administrations working with extremely restricted budgets may be tempted to call upon foreign experts mainly because the latter are supposed to bring appealing facilities and equipment with them.
- Low salary levels, poor working conditions and lack of career prospects in the public sector of many African countries, have pushed competent national staff to look for jobs abroad (brain drain) or in the private sector where remuneration is much higher (brain cycle), thus exacerbating the demand for expatriate personnel.
- The tendency to introduce technologies inappropriate to the African context may also increase the need for foreign expertise to manage the inputs provided in addition to the inherent high repair and replacement costs. Mental approaches and values play an important role in the process of transferring skills. In the absence of any adaptation to the surrounding cultural universe, the transfer of skills and know-how is unlikely to take place.

Inappropriate Modalities of TC Delivery

Some modalities of TC delivery have not been instrumental in helping nationals to reach the level where they can operate without outside help.

- (i) *TC and the poor use of national capacity.* In traditional TC projects, there tends to be a poor fit between project objectives and the use of national skills and institutions. Different evaluations, for instance, conclude that the use of foreign experts is suggested before the local manpower situation has been investigated. In many cases, however, local capacity is available, although perhaps not on the terms and conditions prevalent in the public sector. Recipients evince the same external bias in hiring foreign expertise. This can be attributed to considerations of prestige (expatriates as 'status symbols'), to a lack of operational guidance on how to locate and involve national capacity, to the results of long conditioning, and to the fear of losing much-needed capital aid for which TC acts as a gatekeeper.
- (ii) *Precedence to short-term project implementation over long-term institutional development.* To ensure effective implementation, donors have been inclined to 'doing the job' by themselves: "the structural

impediments to development and the demands for tangible results have converged in a situation where the illusory but tempting solution is to deliver a finished product, rather than to struggle on with the difficulties inherent in a true partnership" (Wilkins, 1990, p. 7).

The earlier mentioned Nordic study reveals that 65% of TC personnel were implementing project goals. Only 11% and 7% could be defined as trainers and institution builders and 11% were mainly what could be defined as controllers -a growing group of TC personnel (Forss, 1990, p. 37). According to the same study, job descriptions tend to put an emphasis on the achievement of operational tasks ('doing the job'), but are generally vague on institutional development and training functions. Consequently, these objectives were seldom met (Forss, 1990, p. iii).

As a result of this heavy emphasis on operational tasks and technician input, TC has tended to neglect the much more fundamental task, i.e. providing Africa with a critical mass of managerial skills, which most African countries still badly need. One interviewee coined the issue at stake very bluntly: "If we had spent 10% of the resources we have allocated to so called technical assistance over the years to assist counterpart ministries to build up managerial and administrative systems to run the programmes which they already had, we could have dispensed with most of the other 90%." Private sector involvement in Africa (e.g. multinational companies) has been more successful in this respect, but it proved extremely difficult to attract these professionals to the public sector under prevailing political and financial conditions of work. Worse, according to a recent UN Report, 50.000 to 60.000 middle and high-level African managers are thought to have emigrated between 1986 and 1990 (Quoted in Financial Times, 29 August 1991: "Africa faces an unrelenting crisis").

- (iii) *The failure of the expert-counterpart system.* Much of the criticism levelled at expatriates relates to the 'traditional' expert-counterpart modality in TC programmes (Fukuda-Parr, 1990). Experience indicates that this form of TC has, for a variety of reasons, not been effective in transferring technical and managerial know-how. First, experts have tended to take up an all-embracing lead operating role, including the control over the financial resources of the projects, thus suffocating counterpart involvement and responsabilisation. Second, experts have generally proved to be good technicians but rather poor trainers. Extreme remuneration gaps between experts and counterparts, allowing experts to earn 20 to 30 times as much as their counterparts, have provoked frustration and demoralisation of the latter. This has sometimes been compounded by problems of quality and expertise of foreign personnel --

partly attributed to dubious or inappropriate selection and recruitment procedures in which the recipient countries have little or no say. Assignment and retention of qualified and motivated counterpart staff by recipient governments has proven very difficult. Many counterparts are thus condemned to act as 'eternal second class TC practitioners,' living and working in the shadow of high status expatriate personnel without having the opportunity to learn and perform the job. Hence, the frequent turn-over among counterparts and the poor results in terms of capacity-building. "Spoon-feeding is not apt to make one self-reliant" (Klemp, 1989, p. 60).

Quality of Educational and Training Policies

Education and training absorb a relatively modest share of TC resources (only about 15-20% of TC budgets). At first sight, the cumulative effects on development of increasing the number of skilled people are evident. There are, however, some important leakages in terms of long-term development impact. Firstly, to the extent that training increases the marketability of the beneficiary, it may stimulate brain drain rather than to reinforce the national reservoir of qualified personnel in the developing country. Secondly, too much project-related training opportunities were offered without first assessing: (i) real priority needs of recipient countries and (ii) the ability of national governments to generate the necessary resources to attract and retain those who have benefited from such education and training. Thirdly, the training component of development projects is often poorly spelled out or sacrificed due to time pressures or to compensate for possible budgetary overruns (a practice facilitated by the 'fungibility of aid').

Fourthly, in providing staff training to the public sector, sustainable impact was often difficult to achieve, partly because "training policies were either unclear or non-existent and the training function (...) not supported with adequate human and financial resources (Adamolekun, 1990, p. 6-7). In a broader perspective, one should not underestimate the link between eroding state budgets for education and human resource development and future dependency on foreign expertise. This is compounded by the deficiencies of the education system. The higher education system, for instance, tends to provide too many graduates in some disciplines (e.g. social sciences) and not enough skilled people in science, engineering, accounting, planning and management.

Institutional Development: A Messy Area

At least in theory, many TC projects have had institution-building as a major objective. In practice, the concept and the reality did not always mesh:

- Aid agencies have tended to assume far too great a role in project design. As a result, during the last decades, "foreign aid has cheerfully built up institutions copied from the home country as if the host country had no pre-existing social and economic structures. These transplants have rarely been able to adapt themselves to the new environment" (Jansen, 1990).
- Most donors have followed an ad-hoc, project-related approach to institution-building, reflecting their limited knowledge of what institutional development is all about. They have shown a tendency to operate in an uncoordinated manner, supporting a wide array of often oversized institutions, which often lacked a clear mandate and were unable to survive without continuing external funding. According to the World Bank, many TC projects for institutional development have been either "overdesigned" (neglecting the "carrying capacity" of receiving institutions) or "underdesigned" (without sufficient specification of objectives, outputs and inputs) (Buyck, 1989, p. 24).
- There has been a tendency to create separate project management units to ensure effective project implementation, thus diverting resources, personnel and training facilities away from existing institutions.
- Too many projects of institution-building had been defined on a purely conceptual basis rather than on the basis of financial viability. Soon unable to meet the recurrent costs, these institutions had to be kept afloat thanks to 'life annuities.'
- Institution-building has almost exclusively been viewed as a siamese twin of central government, neglecting capacity-building for decentralised institutions and private organisations.
- Finally, there appears to be an inherent conflict between the short time-frame of the traditional project cycle and the long-term requirements of institutional development (Buyck, 1989). When targeted institutions have very little capacity, it is almost impossible to achieve the needed degree of change within the time span of a project.

Poor Recipient Management

African Ministers of Planning and UNDP Resident Representatives recently acknowledged that "the structures (within African governments) in charge of co-ordinating and managing TC are usually weak and insufficiently staffed" (UNDP, 1988, p. 27). There is often no central agency entrusted or empowered

with a co-ordinating role. Communications within and between ministries are weak, competition for TC funds being the rule rather than the exception. This is compounded by the proliferation of donors and projects. As a result, TC is poorly managed, at both the micro and macro level. Recipients tend to lack "reliable data on the numbers, composition and disposition of the technical assistants working in their countries" as well as "clear policies governing the use and eventual phasing out of TC linked to long-term plans for public sector manpower development" (World Bank, 1989, p. 182). Resources available under TC agreements do seldom figure in national development plans and budgets, notwithstanding the magnitude of the resources involved and their possible opportunity costs. As recipients fail to take the lead in managing TC, a huge amount of resources is donor driven, scattered, diffused and sometimes channelled to peripheral activities.

The 'Perverse' Logic of the Aid System

Much of what goes wrong with TC is caused by factors that are inherent to the global aid system.

- (i) *Institutional capacity at the donor side.* First of all, many aid bureaucracies lack the institutional and analytical capacity to come to grips with the complexity of development problems, including the delivery of appropriate TC programmes. This is certainly the case with TC for institutional development, the latter being a very complex area, lacking a well developed conceptual framework and related instruments. Donors, therefore, show a natural tendency to "gloss over the myriad of microlevel constraints on development in a particular country, to fall back on universal explanations for Africa's poor performance and to apply generalised blueprints arising from their own particular backgrounds and expectations" (Lele, 1990, p. 10). Under such circumstances, it is not surprising that 'quick-fix approaches' predominate, and that 'midnight projects' with loosely defined objectives are often proposed to developing countries. It also explains why the recourse to expatriate personnel - as the most easy option of TC delivery - is so deeply entrenched in aid practice.
- (ii) *"He who has the pipe calls the tune."* A second aspect relates to the unequal partnership of donors and recipients. Although one should avoid generalisations, much of the TC is donor driven rather than guided by well defined needs and priorities expressed by the recipient country. Projects are often generated from within aid agencies or from foreign experts in the field ('the ventriloquising of aid'). This has had the effect of making national programmes the aggregation of both what donors thought should be the policy priorities of each country and what they were prepared to

finance in each country. Not only have donor priorities played a dominant role, but they have varied over time. This influence would be less disturbing if donors themselves did not lack the earlier mentioned required capacity for policy analysis. As a result, recipients have been inclined to see TC as a resource that donors have their own reasons to continue to supply. In most cases, they accept the package with funds and personnel. The high degree of donor involvement in implementation has furthermore led beneficiaries to expect expatriates to take up a 'handholding role.'

- (iii) *Bureaucratic nightmare procedures.* A third feature of the aid system impacting upon TC effectiveness are the procedures to channel aid. Some authors refer to the danger of 'institutional destruction' (Morss, 1984, p. 465-70) of recipient administrations as a result of uncontrolled donor demands and related paperwork. Often captured in bureaucratic centralism, many donors manage TC in a much too lax way, according priority to requirements of staff management and control rather than to institutional development (Corkery and Bossuyt, 1990, p. 24). Pragmatism and flexibility are not always strong donor features; hence, the preference for the narrow, self-contained instrument of development projects, each of them likely to require expatriate staff (sometimes with the main task of controlling the financial operations of the project). The annual budget cycle may induce donors to keep approving projects - even if these are of doubtful quality - and to overrule the 'subsidiarity principle' (i.e. that external assistance should not replace the country's own efforts) "because of the pressure of having to distribute large amounts of money" (Klemp, 1989, p. 60). Stimulated by the prospect of financial inflows, the counterpart in the receiving country is likely to avoid any action that might endanger the partnership.
- (iv) *Hidden agendas and vested interests.* A fourth element is the cloudy issue of vested interests on both donor and recipient side. Political and economic lobbies may have an interest in tying aid, using therefore appropriate forms of aid, with TC on top of the list (Mutahaba, 1989, p. 112). Experts and consultants may have an evident stake in perpetuating their assignments. The private consultancy industry, which is gradually taking-over the market of TC assignments, may be commercially tempted to multiply the number of short-term missions, with the inherent danger of neglecting long-term institutional requirements. Recipients, on the other hand, are not always willing to assume the responsibilities they are calling for. They are often keen to criticise the donor driven character of TC but do not resist the 'rush to use expatriates' or the prolongation of TC programmes. This widespread inability or unwillingness of local officials in Africa to say no or to insist on having a major say in decisions concerning TC activities is partly due to seducing opportunities that the aid system offers.



How to Get Out of this Vicious Circle

Apply the Lessons of Experience

The shortcomings of TC in relation to institutional capacity-building have long been identified. There is also an increasing knowledge of determinants of successful TC interventions in the specific context of Sub-Saharan Africa. A consensus is emerging as to 'what needs to be done' to improve the effective use of TC and ensure sustainability. The fundamental issue seems to be "much more one of applying the lessons of experience" (Buyck, 1989, p. 25).

Experience suggests the following prerequisites for successful TC in terms of contributing to effective institutional and skill development:

- (i) *Clear objectives.* TC may pursue very different objectives, but the long-term goal of building national capacity and self-reliance should always be there. To be truly developmental, TC efforts should give priority to "build capacity and not to achieve highly visible, short-term results" (Gow and Morss, 1988, p. 1407). Recent DAC-guidelines share this view: "institution-building should be an integral element of all aid activities. An aid activity cannot be regarded as successful unless it has contributed to strengthen the local institutions through which and for which it works" (OECD, 1989, p. 108). The Cassen Report urges recipient countries to "define realistic objectives for self-reliance" (Cassen, 1986, p. 209).
- (ii) *Flexible adaptation to the environment.* Political, economic and institutional constraints - likely to differ from country to country - need to be fully taken into account prior to providing TC and deciding on required inputs and roles. In crisis-ridden countries (e.g. Mozambique, Angola) 'gap-filling TC' may prove to be an absolute necessity; in other countries, substitution TC is no longer acceptable. Corresponding TC resources could be better used for other purposes (e.g. for the financing of incentive schemes, delivery of equipment and to support the private sector). In countries with endemic levels of corruption, much more time will need to be devoted to institutional diagnosis of the political and administrative environment and the elaboration of detailed terms of reference (including provisions allowing for control and financial accountability at each stage of the project).
- (iii) *Involvement and commitment of the recipient.* The existence of a 'genuine demand' is another precondition for TC effectiveness. It refers to the

existence of a client convinced of the need for external TC to deal with a perceived high priority problem. This, in turn, requires participatory approaches in designing and executing TC programmes. Current aid procedures need to be adapted accordingly.

- (iv) *TC as a "least intervention principle."* The message is unambiguous: "technical assistance must be increasingly used to build local capacity and institutions, which in the past has taken the second place to doing the job" (World Bank, 1989, p. 181). This will require a systematic ex ante assessment of available local capacity; a revision of traditional TC modalities so as to allow for a better fit with capacity building objectives; resisting inherent pressures to use expatriate TC personnel mainly for budgetary reasons; tackling the problem of "incentive myopia;" and shifting TC resources from salaries to "building up local institutions and mobilising national expertise" (UNDP, 1991, p. 8) and human development in general.

- (v) *Take time for institutional*  *capacity-building.*
 Experience shows that tackling institutional weaknesses pervasive country-wide agency-by agency approach or good management in an ocean cannot be achieved with an by creating some enclaves of of waste. Comprehensive approaches are needed, based on detailed knowledge of local conditions, the operational constraints of a given institutional context, indigenous management practices. This, in turn requires a long-term commitment of all parties involved.

- (vi) *Ensure effective management by the recipient of TC.* The traditional policy recommendation here is that recipient countries should first appraise their specific capacities and identify key weaknesses to be addressed. This would allow them to identify genuine TC needs, linked to macro-level, sectoral and sub-sectoral strategies.

From Policy Recommendation to Action

Most of these long-standing policy recommendations have a relatively dormant life. Real commitment to action has indeed been limited until now. The search for ways to make the best possible use of TC as an engine of development, promises to be a complex task, fraught with difficulties. Improving the effectiveness of TC is not merely a technical problem. Differing perceptions as to the reality of TC failure abound among parties involved at different levels (headquarters, field offices, national administrations, counterparts, experts). Systemic constraints and vested interests are built into the aid system. The process of 'acceptance of change' follows a rather slow track. Most reform proposals, moreover, tend to under-estimate real operational constraints and feasibility criteria.

Despite these difficulties, there is room for effective change. The key message for policy-makers is to start with an unambiguous analysis of existing bottlenecks (both at the macro and micro levels) so as to tailor TC interventions accordingly.

In recent years, incremental steps have been taken to improve the long-term impact of TC. The next section of this document provides a survey of these attempts.

PART II:
A Look into Current Reform
Attempts

The Demand Side of TC

The Issue

A 'genuine demand' for TC, based on well defined needs and priorities is a prerequisite for any intervention to be effective. In the past, donors have tended to assume far too great a role in deciding on aid allocations. This has not encouraged the articulation of a clear demand nor has it fostered involvement and commitment on the recipient side. It is now agreed that the balance should be redressed by putting the recipient more at the centre of the whole process of decision-making on TC. However, this recommendation for a more demand driven approach, should not obscure the fact that many contradictions may exist at the recipient side in the process of formulating a demand for TC.

Key Questions

Three closely interrelated questions need to be addressed:

- how to assess the existence of a genuine demand?
- how to increase recipient responsibility and ownership of TC interventions?
- how to strengthen the institutional capacity to formulate a genuine demand?

Context

Beware of an "Either or" Approach

In principle, everyone ought to be enthusiastic about the prospect of a more demand driven approach and increased recipient responsibility in TC. African governments should be the driving force in achieving a rational utilisation of external assistance. In practice, however, things are not that easy.

France, for instance, claims that it has followed a 'demand driven approach' to TC for thirty years. It has had a liberal policy of 'mise à disposition' of TC personnel and scholarships on simple request of recipient administrations. It was somehow assumed that these demands would respond to genuine needs. In reality, the net effect of such a 'demand driven' approach has primarily been the development of a parallel administration of expatriates, a self-perpetuating system of substitution TC, generating its own demand for ever increasing

amounts of TC. Giving too much leeway to recipient countries in deciding on scholarships did not prevent an overall inadequation to real needs. France is now reviewing these policies, shifting away from a purely 'demand driven' approach towards a more balanced system. The purpose would be to jointly assess the relevance of TC demands, which are to be seen as component elements of a global package of support to well-articulated national development strategies.

This experience illustrates the existence of major contradictions at the recipient side. Evidently, TC demands do not originate in a vacuum. Different people within and outside the recipient government have different views on TC needs. At the basic level, foreign experts may have a personal interest to lobby for an extension of their assignments. African officials, on the other hand, may want to perpetuate their privileged relationship with the donor agencies by formulating projects that do not really correspond to genuine needs; they also may have a vested interest in a continued flow of 'substitution TC.' In other cases, high levels of brain drain and budgetary constraints may actually force African governments to increase the 'demand' for TC, despite official policy statements calling for a reduction of TC levels. The perception of TC as a free resource explains why recipient countries have often no incentive to refuse TC or to ensure its phasing-out.

The decision-making process on aid and TC may also cause problems. In most countries, TC priorities are decided upon by central ministries (e.g. Planning, Finance), with the inherent risk that some line ministries (e.g. health, education) and other institutions do not get 'the right share.' Unless appropriate systems of governance and effective participation in decision-making are institutionalised, there is an inherent danger of overconcentration and possible diversion of aid resources. Under these conditions, donors are likely to prefer direct links with line ministries, non-governmental institutions and private associations. This, in turn, may lead to an un-coordinated proliferation of initiatives.

What guarantees for genuine demand formulation can there be in countries with poor governance, lack of development commitment of the political leadership, widespread corruption? Is there not a risk to change supply-driven TC for an even worse system of demand driven TC? In this context, simply handing over responsibility for defining TC needs to the recipient would be a rather risky thing to do. A more balanced role division is undoubtedly to be preferred.

Some interviewees at the donor side go a step further. Starting from the recognition that many African countries are characterised by a 'messy' political situation, poor governance and weak civil services, they claim that it would be unrealistic to expect these governments to formulate a genuine TC demand. In the meantime, however, aid flows will continue, if only for ethical reasons or to respond to urgent needs. The main implication for donor agencies is clear: as

one cannot always take genuine recipient demand for granted, a supply driven approach will remain a necessary evil in some African countries. Moreover, it is hoped that the continuing supply of TC may help to create and nurture a genuine demand from the recipient side.

Beyond these dilemmas of a political nature, one should also keep in mind that a number of African countries simply lack the required institutional capacity to formulate a genuine demand. It clearly arises from this analysis that a 'recipient driven demand' is not synonymous with a 'genuine demand.' Whether demand driven or supply driven the essence is that a demand has to be effectively driven. Hence, the need to look for insights into the component elements of the demand side of TC.

Prerequisites for Effective Demand

(i) *Define the component elements of a genuine demand.* Objective criteria are needed to assess the pertinence of a demand. Possible elements to be considered in this respect, include:

- responsiveness to national priorities;
- the institutional context in which the demand originates;
- choice of adequate modalities for TC;
- prevailing environmental constraints;
- availability of national capacities;
- assessment of the opportunity costs and of possible alternatives (e.g. national consultants);
- existence of a strategy to ensure sustainability and phasing out.

(ii) *Foster recipient responsibility.* This is crucial for any demand to be effectively driven, as reflected in the experience of the World Bank: "without government participation from the early stages (...), the project is unlikely to reflect the priorities of the government. At the implementation stage, the program will be resented and rendered ineffective, regardless of the quality of its design, delivery or supervision" (Buyck, 1989, p. 22). Donors, therefore, have to be prepared to 'let-go' in day-to-day management and to transfer responsibility at each of the different stages of the project cycle. However, this is not to say that donors no longer have a role to play. On the contrary, the new orientations of aid policies in the 1990s, described in Part III of this study, strongly emphasise the need for genuine partnership and a balanced, mutually beneficial role division among parties.

The process of transferring responsibilities in managing TC will primarily centre around following key questions:

- who identifies TC requirements?
- who recruits TC personnel?
- who has the responsibility for project execution and management in the field?
- who has the financial control over TC interventions?

Many issues arise in this context. First, how far can or should 'ownership' of aid programmes (including TC) be transferred? Donors are, understandably, reluctant to move ahead in this direction in the absence of guarantees in terms of increased accountability on the recipient side. Second, how to deal with the wide array of vested interests on both sides of the aid relationship? These vested interests are reflected in the reluctance of donors to hand over responsibility for financial control and recruitment. In the case of the latter, one could refer to the strong lobbies of expatriate personnel, which are likely to resist a move towards joint responsibility for recruitment of TC personnel. Third, mentalities are slow to change and so do prejudices. Aid agencies as well as technical experts in the field have often been reluctant to handing over control on finance and equipment to the recipient, partly because of prejudices over the management capacities of national staff. On the other hand, African officials, for a wide variety of reasons, still often shy away from effectively taking responsibilities.

- (iii) *Enhance the capacity of the recipient to formulate the demand.* A demand driven approach risks to be an empty box if the recipients do not have the necessary capacity to formulate a genuine demand. Unfortunately, this capacity is often lacking in low-income African countries. In many cases, a transition time will be needed to allow recipients to respond to the new expectations. TC resources could play an important role in this regard. Providing this type of TC, however, is a delicate operation, mainly because of the inherent danger of expatriate personnel assuming a much too great role or having a schizophrenic relationship with their paymaster.

Possible Operational Approaches

In recent years, some new approaches have been developed to allow for a better role balancing in deciding on TC allocations.

Co-management or Full Management by Recipient Countries.

Donors aiming at increasing recipient involvement in the process of deciding on aid programmes in general and TC interventions in particular, have reviewed

their management systems in two major ways. In recent years, several donors (e.g. the EC under the Lomé Convention) have moved towards systems of co-management of aid interventions. This approach is based on a clear-cut division of responsibilities between the two parties involved and a 'co-management' of operational activities. Recipient administrations are expected to take the lead in proposing new projects or programmes, including identification of possible TC requirements. Donor agency staff are primarily entrusted with a controlling mission, both technically and financially.

Belgium has recently institutionalised this approach in its cooperation with Burundi (and with Rwanda). To a large extent, the above mentioned task division between donor and recipient has been respected, with Belgium limiting its role to funding and control in accordance with the recipient's own plans and priorities. If considered necessary by Burundi, Belgium provides TC. A number of institutional mechanisms and procedures have been put in place to transform these principles into practice. At the project level, it has allowed nationals to assume effective managerial responsibilities.

Other donors (e.g. Sweden, Norway) advocate a more radical approach, aiming at transferring 'full management' of aid-financed operations to recipient governments. This implies a radical redefinition and limitation of the role of the donor agency. The overall message is to withdraw from project administration and implementation (to the benefit of recipient countries) and to concentrate on analysis, follow-up, evaluation, monitoring and recycling of experience. Under such circumstances the agency would mainly function as a financial organisation, limiting its intervention to appraising the relevance and viability of project proposals submitted by recipient countries and exercising control over the use of the resources put at the disposal of the recipient. Evidently, the implications of such a radical overhaul are far-reaching in terms of TC delivery. Insistence on recipient implementation are likely to contribute to a gradual reduction of foreign experts. Moreover, TC interventions - if at all judged necessary by the recipient - will necessarily be part and parcel of an overall programme submitted for external financing, hence less likely to go out of step with genuine needs.

Not surprisingly, the formal introduction of co-management or full management has not sufficed to change the mentalities of actors involved. Three decades of donorcentrism are not easily overcome. Most recipients still lack the capacity and self-confidence to gear aid resources (including TC) to national priorities. A transition period will be required before recipients can be expected to effectively take the lead.

Participatory Methodologies for Planning the Supply of TC

In the past, demand for and decision-making on the supply of TC used to be poorly planned, distantly related to genuine needs and subjected to many different donor procedures. Recipient administrations and intended beneficiaries were only marginally involved in the process. The poor results of this approach led both parties to standardise planning methodologies and increase participation levels of beneficiaries. Increasing recipient responsibility is the underlying rationale of these new approaches called PIPO (planification des interventions par objectifs), 'logical framework' (USAID) and ZOPP ('Ziel Orientierte Project Planung') from the German Gesellschaft für Technische Zusammenarbeit (GTZ). These approaches allow systematic problem identification, analysis, planning, implementation and evaluation of aid interventions, including TC. They are also geared towards facilitating beneficiary involvement, impact and sustainability.

The methodology still arouses scepticism from both nationals and expatriates. It has also proven to be a very time-consuming exercise. The time-span between the formulation phase and the execution of a project can take up to 3 years.

The (Sectoral) Programme Approach.

Disappointment over the limitations of the project approach has substantially increased the popularity of the programme approach. Basically, it involves the articulation by the recipient government of a complete sector or subsector strategy. Emphasis is put on the development of a masterplan in which policies, strategies and component elements (such as TC) are specified. This plan is then presented to the donor community for global financing. In theory, this approach presents major advantages in terms of capacity-building and TC effectiveness. Programmes, by nature, tend to have the long-term perspective required to ensure capacity-building. A programme approach allows to target and concentrate TC inputs in coherent priority programmes. It also provides common managerial and administrative structures for a group of similar projects, thereby reducing the number of experts required. As recipients are supposed to become the main actors of the articulation of the programme, it may lead to a broader utilisation of national skills, both at the design and execution level. Finally, it may prove to be a useful instrument to co-ordinate donor efforts in capacity-building.

In December 1989, the General Assembly of the United Nations adopted resolution 44/211, advocating the progressive shift from the current ad hoc project approach to a programme approach. Other actors in the field (such as the EC), had already adopted this approach during the 1980s.

Some argue that the whole discussion on the programme approach is much ado about nothing, as projects are always framed in some kind of programme. Another factor is the capacity of the recipient administration to develop coherent sectoral programmes. Paradoxically, substantial TC may be required in a transition period to help national staff in this endeavour, again with the inherent danger of the expatriate personnel assuming much too great a role. This must be avoided at any price as the effectiveness of the programme approach is very much dependent on the degree of national involvement in planning and implementation at the level of both the government and the beneficiary organisations, be they public or private.

The United Nations Moving Towards 'National Execution'

It is now increasingly recognised within the UN family, that the traditional tripartite system, consisting of the recipient government, a specialised executing agency and UNDP as funding agency, will require modification. This means that, instead of the UN executing agencies, the parent ministry or department in the recipient country will be central in executing development programmes with the UN executing agencies supplying assistance, if and when requested by the recipient country.

It is not clear to what extent the specialised executing agencies of the UN system will be prepared to fundamentally review their predominant execution role in the current tripartite system. They are very much dependent on the project related funding to continue their activities and to cover the cost of their central bureaucracies.

Paradoxically, the major constraint to 'national execution' is likely to be a deficiency of detailed knowledge of available national capacities and/or a shortage of qualified personnel. In Malawi, a number of nationally executed projects have been initiated in recent years. The Malawi Institute of Management undertook an assessment of the national capacity for project execution. From this, it became clear that national execution is a useful instrument for handing over more managerial responsibility to nationals. A second possible advantage of the system of national execution is that manpower requirements to undertake tasks associated with the project can be met by available personnel in the civil service. There is, therefore, no need for additional recruitment for the projects. However, in the case of Malawi this assumption would appear rather doubtful if one takes into account a vacancy rate in the Malawian civil service of 34%, most likely to be explained, at least inter alia, by the damaging impact of AIDS (as referred to in the Malawi case study). Part of this problem could, in turn, be solved by entrusting execution to other institutions than the civil service.

The Contract Approach

The principle of recipient responsibility has given rise to a need for clearly defining and distinguishing the roles of donors and recipients. In this context, the aid relationship is increasingly viewed as a business-like agreement, a contract between two parties, involving clear definition of objectives, roles and responsibilities. NORAD is very much emphasising the contractual nature of aid agreements and adapting its working methods accordingly (involving a shift from a project management organisation to becoming a 'financial institution'). France is also currently reviewing its policies, with the aim to put an end to TC being provided as a mere substitution for weak local capacities. The aim would rather be to make TC a component element of a global package of support to recipient country development strategies. Parallel to this, it is proposed to define the mandate of TC on a contractual basis. Bilateral multi-annual agreements, clearly defining objectives and mutual responsibilities, will be systematically negotiated and laid down in a so-called "lettre de mission," a major departure from the traditional approach of the "mise à disposition" of expatriate personnel, without clear assignment and phasing-out perspective. As part of the contract, recipient administrations will be invited to take the necessary steps to ensure the continuity of the aid supported activities. This approach is likely to facilitate a genuine demand articulation by recipient governments. It may also prove to be a useful instrument to ensure long-term sustainability.

TC and the Use of Local Capacity

The Issue

As a consequence of the severe economic crises of the 1980s, most low income countries in Africa have been confronted with a dramatic erosion of public sector wages below levels that can either sustain employees above the poverty line or attract and retain highly needed qualified national personnel. The net result has been "brain drain, inefficiency, moonlighting, widespread demoralisation and corruption. As these phenomena become generalised governments start to break down" (Klitgaard, 1991, p. 448). Under these conditions, African governments are often forced or tempted to call upon costly gap-filling TC, thus adding to both debt and dependency. The World Bank now recognises that "distortions in wages and salaries are probably among the most costly obstacles to institutional development" (Israel, 1987, p. 126). The message is clear: "Over the next decade correcting incentive myopia will be one of the foremost challenges for public policy and management in developing countries" (Klitgaard, 1991, p. 113).

Key Questions

The analysis focuses on the following questions:

- how to tackle the chronic problem of pay levels and other incentives in the civil service?
- to what extent is it possible to (re)allocate part of the available aid resources to budgetary support for retaining qualified professionals into government and improving their working conditions and performance?

Donors as well as governments in developing countries are putting more and more emphasis on the dire need of a competent public sector in order to achieve sustainable development. Parallel to this, the critical issue of incentives in the civil service has been rediscovered. Many problems, however, arise when attempting to address the incentive myopia.

Civil Service Reform: The Magic Solution

The issue of incentives cannot be isolated from comprehensive civil service reform and rationalisation of the central government machinery. Civil services in

Africa are generally too large, too expensive and insufficiently productive; civil servants, especially those in managerial positions, are often poorly motivated. The African public sector generally finds itself in a situation of having a too high overall salary bill, while wages are too low. This is not so much the case in francophone West Africa, where salary levels are still relatively high in relation to the productive capacities of their economies. Linking the incentive question to civil service reform is easy said but difficult to achieve. It requires action on many fronts, including elimination of ghost employees, pay increases for the remaining civil servants, decompression of salaries, improvement of the working culture (performance standards, control, accountability, sanction systems), reintroduction of meritocracy as a guide for promotions and relief measures for those who will have to leave the system as a result of the reforms. Not surprisingly, implementation has lagged far behind stated intentions and plans.

Many factors have contributed to this. Reform programmes have tended to emphasise almost exclusively the economic and technical dimensions of pay and employment issues, thus neglecting important political and institutional costs. Reforms are a risky exercise for those in power. Yet very little analysis has been done on how to manage the 'politics' of reform processes. How much reform is politically feasible for a given regime? To what extent is there a trade-off between democratisation (including freedom for interest groups to express their needs) and painful reforms (including severe salary restraints and large scale dismissal of civil servants)? It is, however, interesting to note that experience indicates that "the political costs of implementing pay and employment reforms have been lower than most governments (and perhaps even the donors) had anticipated" (Nunberg and Nellis, 1990, p. 34).

A second relatively neglected problem is the institutional cost of structural adjustment and civil service reform. Fiscal soundness and bureaucratic efficiency are undoubtedly required in many cases. But the resulting devaluations, wage and staff reductions, tend to have a damaging and often underestimated impact on human and institutional capabilities.

Reform attempts also suffer from a lack of adequate information on employment and remuneration issues such as numbers of ghost workers, salary scales, career incentive structures, non-wage allowances, etc., on which to base sound policy analysis. The World Bank fully that some reform processes have been based on 'intuitive judgement' or 'trial and error' rather than on empirical evidence (Nunberg, 1989, p. 22). Very little information is available about "the experiences of other donors or countries with pay and employment reforms, particularly the successful ones" (Nunberg, 1989, p. 22).

Correcting Incentive Myopia: A Complex and Delicate Matter

While awaiting progress in comprehensive civil service reform, something must be done to address the dramatic problem of pay levels in the civil service of several African countries. The awareness is growing that "there are limits for cuts in the government pay level" and that "for a number of countries, these limits appear to have been reached or even exceeded in recent years"(Schiller, 1990, p. 85).

The margins of manoeuvre to tackle the problem are, however, small. An increase of the budgetary expenditures seems excluded under the ongoing adjustment programmes. Budgetary reallocations (e.g. reduction in military expenditure), on the contrary, certainly provides some scope for action.

What can be expected from the donor side? In official declarations at least, donors tend to shy away from incentive payments arguing that aid funds should only be provided in the form of investments and expertise, leaving responsibility for operational costs and payroll costs of local personnel to the recipient. In practice, however, this original concept of aid has been hollowed-out. A substantial part of the aid funds now constitutes a form of hidden budgetary support, covering large parts of the operational expenditures. In Tanzania and Mozambique, for instance, income in the form of equivalent value funds and import support programmes amounted to one quarter to one third of the operational budget in 1988-1990 (Cedergren and Oden, 1991, p. 34). Another deviation from this general principle are donor financed topping ups (per diems, travel allowances, etc...) to nationals working in development projects.

Many arguments can be advanced against donor financed incentive schemes. Experience with provision of incentives (e.g. topping up) reveals that it usually gives rise to competition among donors to attract the most qualified nationals. These have tended to become experts in playing donors off against one another for obtaining the best incentive packages. The cumulative effects of this may be a drain of the best staff of the civil service to donor projects, thus undermining the process of institution building and administrative efficiency. Moreover, the selective character of incentives has a demoralising effect on those civil servants who are not enjoying these benefits. But perhaps the most serious problem is the question of sustainability. What happens when donor support comes to an end?

Finally, it is also argued that simply raising levels of salaries will not solve the problems of brain drain and lack of motivation of African civil servants. Equally important is an attractive political and intellectual environment in which professional people can enjoy working and can feel a sense of respect and social fulfilment, i.e. an environment in which they can express criticism on programmes and policies without fear of harassment.

Possible Operational Approaches

In recent years, some timid measures have been taken by both recipient governments and donor agencies to tackle incentive problems. Below, a survey is given of some of these new operational approaches. Most of them, however, remain palliatives in the absence of more fundamental reforms.

Premiums Linked to Performance Within the Civil Service.

A number of African governments are currently trying to improve performance and productivity by motivating small groups of senior civil servants with pay supplements above their civil service grade salary. In a number of cases, these premiums were a success, as illustrated by a recent experiment in the Burundese Ministry of Finance. The provision of premiums to civil servants has substantially improved accuracy in handling the dossiers and increased levels of revenues from tax collection.

Fringe Benefits

Most African countries try to avoid the drain of their senior civil service personnel to the private sector or abroad by providing them with a wide variety of non-salary allowances and fringe benefits (free provision of housing, free vehicle, travel, per diem, etc.). These allowances differ greatly between countries, both in terms of types and amounts. They sometimes account for a larger share in the total compensation of the civil servants than their basic pay, partly because they are not eroded by inflation. Fringe benefits, however, do incur considerable costs and weigh heavily on the national budget. Another source of income for African civil servants are the fringe benefits offered by the aid system, such as participation in international conferences and travel to international organisations. Travel allowances and per diems of a single foreign mission often provides the civil servant with a ten-fold of his monthly salary. This, in turn, creates " a strong incentive to travel frequently and to leave the business of running the office to one's subordinate" (Schiller, 1990, p. 94).

Donor Financed Topping up in the Framework of Projects

In a considerable number of African countries, present salaries only constitute a fraction of those provided 5 to 10 years ago. In Uganda, for instance, a permanent secretary nowadays only earns 3 % of his salary of 1985 (Chew, 1990, p. 1006). In these conditions it ought not be surprising that civil servants are compelled to have other income-generating activities in order to survive. A UNDP report on incentive payment systems in Uganda suggests that "only about

2 percent of civil servants' time is normally spent on Government's business and that with incentives there is nearly 100 percent time devoted." In this context, donor funds are, of course, an attractive source of supplementary income.

In theory, DAC members reject the practice of topping up, arguing that it exacerbates wage distortions and intensifies donor competition for scarce administrative skills. DAC only accepts salary supplements in exceptional cases where the recipient government and donors explicitly agree that they are essential (...), provided that they are time-bound, that they follow explicit rules, are fully transparent, and that donor practices are harmonised" (OECD, 1989, p. 109).

In practice, however, topping ups are widely used. According to the earlier mentioned UNDP report on Uganda, the benefits are evident: "payment of performance allowances (by the donors) tied to outputs has greatly motivated the counterpart personnel."



There are, however, serious side-effects to the current practice of topping ups. They range from lack of transparency and extreme variations in topping-ups between donors, competition for the most talented nationals and development of an administration 'running at different speeds' as a result of having civil servants enjoying (different) topping ups and others lacking all kind of supplementary income. The inclination to search for and accept (too many) donor assignments, will, of course, substantially reduce staff performance in the civil service.

In order to avoid these excesses, all parties would need to elaborate and agree on detailed policy guidelines and conditions under which incentive payments can be accepted. Progress towards standardisation and harmonisation of topping up rates among donors and their adherence to these rates is now urgently required.

Budgetary Support for Wage Reinforcement

Both recipient governments and donors, by principle, reject direct payroll financing. Donors adhere to the earlier mentioned basic concept of aid that recipients should carry full responsibility for payroll costs. Furthermore, fears exist that budgetary support for financing the payroll would postpone necessary reforms. On the recipient side, it is claimed that this would be the worst of dependencies.

In recent years, however, some indirect forms of budgetary support have been tried out. In some cases and under certain conditions some donors are now prepared to indirectly reinforce wages of certain categories of local staff with aid

resources that are not linked to donor supported projects and programmes. Wage reinforcement can take place under the absolute precondition that there exist no direct employment relation with the recipient and that the payment of local-level wages is channelled through the recipient country's institutions. Donors involved also stress the temporary character of this type of support. Somehow, recipients will have to agree on a strategy ensuring take-over of responsibility for this financing. Different approaches have been tried out:

The use of counterpart funds. SIDA, for instance, offers recipient governments the liberty to use counterpart funds to cover their operational budget, including salaries, within the framework of a general pay policy (Cedergren and Oden, 1991, p. 33) and some other conditions. SIDA considers this financing of local wages as a form of development aid.

A central fund for incentives. A second approach is evidenced by a recent proposal, launched in Uganda, to create a centrally-administered donor incentive payment system ('central fund') delinked from projects, to provide incentive payments to key civil servants. No real progress has been made on the issue. In theory, most donors agencies involved saw this approach as a medium or long-term substitute for the negative effects of the actual system of topping-ups at the project level. For the short-term, however, the idea was rejected. A major obstacle was the difficulty of reconciling too many donors with varying sector interests. Moreover, a central fund appeared to be costly and difficult to administer "when thousands of employees are involved in hundreds of projects, scattered all over the country." A system with administrative offices in all districts was not considered cost effective if it is only expected to last a few years. More reflection will clearly be needed on the operational modalities of creating such a fund.

Conversion of TC funds. A third possible operational approach has been to convert financing for long-term resident expatriates into temporary budgetary support for engaging African skilled professionals. France has recently experimented with this approach in Togo. In using the overall amount needed for one French expert, it has been possible to engage and pay 10 Togolese teachers. There is, however, a problem of recurrent cost financing at the end of the period of conversion. Moreover, the IMF was also reluctant to the initiative because it saw the recruitment of local teachers as an additional burden to the national budget, at a time of heavy pressures to reduce the global public wage bill.

National Experts on Contract

Recipient governments are now increasingly calling upon the services of national experts, recruited on a contractual basis. This approach has the

advantage that qualified staff can be attracted and remunerated with adequate salaries, without being bound to salary scales of the civil service. The disadvantage of this procedure is, however, the possible demotivation of those who do not benefit from such preferential treatment.

Institutes Under Private Law

The creation of institutes under private law also provides an alternative to poor remuneration levels in the public sector. These types of institutes can attract and pay qualified professionals, and provide services to the government on a contractual basis, without having to comply with government employment and salary policies. At the initial stage, however, substantial donor funding will be required to ensure their 'take off' and gradual development into centres of excellence.'

TC in Support of Public Sector Management (PSM)

The Issue

During the 1980s, most low-income African countries witnessed a steady decline of public sector management capacities, in some cases near to a point of collapse. Major contributing factors were deteriorating economic conditions, poor governance, overcentralisation, corruption, the institutional cost of structural adjustment processes, a pervasive crisis of incentives for civil servants and high levels of brain drain. In some cases, governments simply over-reached their capacities and took on tasks that might better have been left to the private sector (OECD, 1986, p. 121).

The decay of the institutional framework has been such that the autonomy of many African states has been increasingly eroded by far-reaching interventions of the donor community, reflected in different types of conditionality. The resulting marginalisation of African policy-makers and managers sharply contrasts with the often expressed opinion that African governments have the primary responsibility for their own development. Against this background, the challenges of both institutional reconstruction and 'internalisation' of development policy management capacity quickly moved to the forefront of the development agenda. This chapter tries to answer the question of how TC could best be used to strengthen the autonomous policy-making and managerial capacity of government institutions. In the light of changing perceptions on the role of the state, the potential contribution TC can make in strengthening the capacity of other development actors (decentralised agencies, non-governmental organisations, local communities, the private sector) to fully participate in the development process is also examined.

Key Questions

The analysis focuses on three questions:

- where to start improving public sector management capacities, taking into account the magnitude and severity of the crisis?
- which type of TC injections are likely to effectively improve -on a sustainable basis- national capacities in crisis-ridden administrations?
- how to provide direct TC support to decentralised agencies, NGO's, local communities, private sector associations?

The Rediscovery of the Public Sector

The 1980s saw a frontal attack against the 'developmental state' by the international donor community. Wholesale adjustment, privatisation and liberalisation were pushed on reluctant governments. The African state, "formerly the exclusive recipient, partner and rationale of international aid," lost its "most favoured status" (Doornbos, 1990, p. 55). In recent years, however, it is increasingly acknowledged that the pendulum has swung too far in restricting the scope of action of the public sector in development.

The role of the public sector remains vital in both policy formulation and implementation, the creation of an enabling environment for the blossoming of a private sector, poverty alleviation, environmental protection and the provision of basic services.

This rediscovery is timely and justifiable. If the state apparatus is in total shambles, one cannot expect aid to be effective, private initiative to flourish, development to occur. The DAC principles on TC are clear in this regard: "In the years ahead, one of the major challenges will be to maintain and enhance the management capacity of recipient governments" (OECD, 1989, p. 108).

Support for PSM is a growing feature of aid. Systematic work on PSM at the World Bank began in the early 1980s. The two broad themes addressed are public enterprise reform and macro-management (Shirley, 1991, p. 293). The share of 'free-standing TC' (institutional development efforts not linked to any particular investment) is gradually rising (Adamolekun, 1991, p. 223). By mid 1987, the Bank was supporting PSM in more than thirty African countries. Activities include civil service reform (staff reduction, growth control, salary and compensation policies) and improvement of economic and financial management. The United Nations has also developed specific programmes to strengthen public sector management capacities. At bilateral level, one could refer to SIDA, which has recently upgraded its Public Administration Section to the status of a Division. SIDA regards a careful and thorough process of context analysis and project planning as an essential stage in setting up a cooperation programme, without which the chances of misdirected and damaging inputs are very high. France is drastically reducing its TC except in the area of PSM, where it has been confronted with an increased demand for statisticians, accountants, lawyers and even judges. For several years, the UK has stressed training in accountancy, audit and financial management as probably the most urgent need in the public management field (OECD, 1986, p. 130).

Recipient governments are also waking up to the importance of PSM reforms. This, unfortunately, happens at a time when the overall environment is not very favourable to a drastic cure.

PSM remains a relatively under-funded area in terms of TC (generally less than 15% of aid allocations). In some countries support is even declining, partly related to donor frustration with "the failure of the Government to sustain the projects because of financial constraints" (cf. Tanzania case study).

Where to Start Improving PSM?

Institutional development in Africa has once been defined as "trying to complete a heart bypass operation with a hand axe" (Glentworth, 1989). Problems indeed abound and so do possible intervention areas of TC. It is undoubtedly a politically extremely sensitive area. Major difficulties and dilemmas are therefore to be foreseen in delivering TC for PSM.

The Point of Departure: The Role of the State

By the beginning of the 1990s, the long-standing "state versus market" debate appears to have lost some of its poignancy. The choice is no longer between either state or market, but among a blend of both (Klitgaard, 1991, 0. 85). The World Development Report 1991 has sanctified the "interaction between governments and markets," each of them with "a large and irreplaceable role" and the emerging consensus in favour of a "market friendly approach to development" (World Bank, 1991, p. 1).

In a world of growing interdependence, African governments, whether by choice or necessity, will have to rethink their roles. As in other countries around the world, overall PSM capacity in Africa is likely to benefit from:

- (i) a clear role differentiation between public and private sector;
- (ii) a modification in the modus operandi of public sector institutions (acting primarily as facilitators); and
- (iii) a process of institutional rationalisation (some African policy-makers admit that existing institutions will need to be reduced by at least 50%).

Such fundamental changes would substantially reduce current pressures on fragile administrations, free resources for basic tasks (e.g. effective policy formulation and implementation) and allow for serious economies on scarce administrative skills.

Actors and stakeholders on both sides of the aid spectrum tend to agree that there is no substitute for comprehensive civil service reform in restoring PSM

capacities. This, however, is a most difficult and long-term operation. The history of public administration is littered with large scale paper reforms without any real impact. Failures in this respect are too often attributed to 'lack of commitment,' a traditional 'catch-all phrase' subsuming a wide variety of resistances to change.

A Basket Full of Difficult Strategic Choices

In trying to develop sensible approaches to PSM improvement, several dilemmas and strategic choices will have to be dealt with:

- (i) How far can parts of the public sector be strengthened without first addressing fundamental reform issues such as the overall system of governance, the administrative culture, the size and cost of the civil service, the pay structures and other incentives?

Broadly speaking, two major approaches are possible (Glentworth, 1989). The "basic reforms first" approach argues that selective improvements would remain cosmetic in the absence of efforts to tackle fundamental systemic deficiencies. The "administrative capabilities first"-approach, on the other hand, claims that it is possible to restore basic PSM capacity, despite overall weaknesses in the state apparatus. In practice, of course, many approaches are possible between these two extremes, depending on the stage of development and local conditions. Adopting a large scale reform usually raises strong opposition and provokes many problems and delays at the implementation stage. A 'soft' approach, on the other hand, focusing primarily on training and confidence building, seldom arrives at a more global, 'systemic' improvement of PSM capacity.

- (ii) How to achieve PSM improvement in a context of structural adjustment? The question here is whether one can realistically expect African administrations to manage structural adjustment processes and their own reform simultaneously. This may be just too much at the same time for success and sustainability (Glentworth, 1989). In pushing too hard on PSM reforms, donors may also be tempted to transfer organisational models arising from their own background, without due consideration of differing cultural values and management systems.

More fundamentally, the basic concept of providing TC to help governments with the implementation of structural adjustment, has been challenged from an African perspective: "The kind of capacity-building that African countries should be concerned with is not that which is designed to attain harmony with the philosophy and vocabulary of the

World Bank/IMF; it is that which will equip Africa with the means and skills to (...) develop policy initiatives that will, in due course, become a real (African) response to the crisis" (Mandaza, 1991, p. 2).

- (iii) In recent years, two opposing trends are visible in TC delivery. On the one hand, there is a growing pressure to involve nationals more closely in the programmes, so as to ensure a rapid internalisation of management capacities. On the other hand, there is a growing inclination among donors to intervene directly with a view of counteracting the possible pitfalls of poor systems of governance and institutional decline. The latter trend is evidenced by the recrudescence of substitution TC for managing basic public functions, such as the collection of national taxes, the running of public utilities, etc. Most of the donors are reluctant to provide this type of TC, but argue that there is often no alternative in the short run. The main problem is where and how to stop. France, for instance, attaches stringent conditions to this type of TC. Interventions are limited in scope (i.e. helping to restore basic capacity) and duration (i.e. there is an explicit schedule for phasing out).
- (iv) Most donors agree that substitution TC is not a suitable way to enhance policy formulation capacity. National sovereignty is at stake here. African states need to be in a position to define their own policies and to negotiate with the international donor community. Building this capacity will be one of the most critical and pressing challenges for TC in the years to come.
- (v) Should priority be given to strengthening 'institutions as a whole' or to improving a single 'function' (debt management or financial management, for example) across a spread of institutions? Here again, it will prove difficult to assess the relative merits of adopting an "institutional focus" rather than a "functional focus." To focus on institutions as a whole (e.g. the Ministry of Planning) has appeared potentially so large and complex that the tendency has been to concentrate on functions (Glentworth, 1989, p. 15). This, however, has had problems of its own. It has, for instance, proven difficult to improve the functioning of tax collection services without addressing the incentive issue and related personnel career reforms. Exhortations to increase professionalism and discipline alone do not suffice when pay erodes, budgets are cut and meritocracies subverted (Klitgaard, 1991, p. 101).
- (vi) Should priority be given to strengthening 'core functions' of government (e.g. those responsible for policy formulation) rather than line ministries responsible for the provision of basic human development needs?

- (vii) How to avoid a too exclusive focus on PSM improvement at the highest levels of government, thus neglecting urgent needs at the intermediate and executive levels of the administration?
- (viii) Politics and efficient management are no easy marriage. To what extent is there a need for more institutional autonomy for government agencies or parastatals to function adequately?
- (ix) Donor co-ordination, including task division reflecting specialisation, is a key factor for TC effectiveness in the field of PSM. This is basic aid wisdom. In practice, however, problems persist. Sometimes "donor agencies are more concerned with making a distinct visible impact and taking credit for it than for effective assistance" (Adamolekun, 1991, p. 227). Recipient governments often see no interest in co-ordination or simply lack the capacity to do so.
- (x) The financial cost of trimming the civil service cannot be born by recipient governments alone. To what extent are donors prepared to provide part of the funds required to support painful adjustments (e.g. by untying more substantial parts of aid)?

TC for Institutional Development: A Difficult Task

The Evidence

TC for institutional development has proven difficult to deliver. This clearly results from a recent evaluation of 19 World Bank TC projects in support of PSM in Sub-Saharan Africa (Adamolekun, 1991, p. 223-224). The report reveals that TC was relatively successful in strengthening specific technical, accounting or financial units. More ambitious and comprehensive efforts usually failed, mainly as a result of:

- lack of clearly thought-out institutional development strategy;
- failure to take into account the recipient's absorptive capacity;
- poorly designed projects, including unclear objectives, vague terms of reference, and inappropriate modalities of TC delivery;
- badly selected foreign consultants or trainers and inadequately qualified local consultants;
- inadequate supervision of projects.

This experience is widely shared among donors. It reflects the complexity of PSM reforms. Political sensitivities abound, bureaucratic resistances are a fact of life and the local administrative culture hard to understand by foreign experts.

It also reflects the 'underdeveloped' state of the art of institutional development, human development and associated TC. All donors agree on the need to integrate TC for PSM in a long-term strategy for institutional development. In practice, however, they stay away from institutional factors as they are viewed as untidy, difficult to deal with, and loaded with political connotations (Corkery and Bossuyt, 1990, p. 23). The myth of managerial rationality is the rule, serious ex ante 'institutional analysis,' to identify institutional bottlenecks so as to adapt TC accordingly, still very much the exception.

The Basic Lessons of Experience

Evaluation reports, recent TC literature and interviews provide some clues on how to provide effective TC in support of PSM:

- (i) Institutions cannot really be strengthened beyond the extent that their immediate environment allows. Sufficient time and resources are needed to proceed to a thorough "institutional analysis" or "contextualisation" before starting all kind of TC activities. Most donor agencies will have to increase their capacity to deal with problems of institution-building. 'Institutional experts' are still a fairly rare species, both at headquarters and in the field. In some recipient countries, a more transparent process of decision-making is a prerequisite for any TC to PSM to be effective.
- (ii) Timing and sequencing of institutional reforms are equally important. Institutional development, by its very nature, is a slow process. Aid programmes and procedures need to be adapted accordingly so as to embrace a longer-term perspective.
- (iii) Experience also suggests the critical importance of a more flexible and pragmatic 'process approach' to institutional development, i.e. involving organisations in design and implementation of reform and waiting for results before entering the next phase (Sandersley, 1990). Formal compliance to reforms or slippages in the course of implementation are to be expected, especially when reforms are politically sensitive. There is no place for long-term blueprints. It remains to be seen to what extent recipient countries will be able to sustain and institutionalise reform initiatives.
- (iv) The traditional mode of TC delivery -based primarily on the supply of long-term external expertise- has shown to be particularly inappropriate as a means of tackling systemic institutional shortcomings or ensuring effective skills transfer. More appropriate TC packages need to be designed (including the delivery of sufficient equipment for the beneficiary to function adequately).

- (v) Separate 'project monitoring units' to ensure effective implementation and control are no solution in terms of building national capabilities. Short term aid supported institutions disappear with aid.

Possible Operational Approaches

To what extent have these lessons of experience trickled down to the level of operations in the field? A bird's eye view on the current practice of TC efforts in support of PSM points to some interesting policy changes.

Towards More Comprehensive Approaches

As a result of major adjustment processes taking place, there has been a gradual shift away from the traditional approach to TC in support of PSM - mainly based on gap-filling and provided in a multitude of isolated, uncoordinated projects - to a more comprehensive and programmatic approach that aims to address fundamental deficiencies of the African public sector (role differentiation, size and cost of civil service, incentive myopia, staffing policies, etc.) with appropriate packages of TC. Some examples of comprehensive approaches to PSM include:

Programme approach. The rationale is clear: to put an end to the endless multiplication of isolated projects, requiring a huge amount of expatriate personnel actually 'doing the job.' The existence of a programme framework is likely to facilitate the identification of overall needs for different types of TC (e.g. training, resident expatriate personnel and operational support).

Sectoral development loans. The sector loan approach, since long embraced by the World Bank, also offers better possibilities for long-term capacity building and effective donor co-ordination as it provides a national multi-year sector development strategy. France is currently redefining its aid policies on a sectoral basis with the objective of jointly assessing sectoral priorities and related action programmes, including identification of required financial support and TC inputs (expatriate personnel, scholarships, budgetary support).

Public Administration Training and Institutional Development (PATID). The United Kingdom's ODA developed the PATID approach during the 1980s in Kenya, Uganda, Tanzania and the Sudan. It aims at re-establishing basic PSM capacities, concentrating on key central institutions of government rather than line ministries. In Uganda, PATID started with intensive in-service training to restore basic skills, adopting a soft attitude to the major reform issues of cost, size, pay scales and politics. Experiences were mixed. A major problem was

where to start, as overall systemic change was required. It proved particularly difficult to move from training to system improvement. Two major factors affecting impact are worth noting: (i) arriving at effective cooperation with other donors proved to be "very difficult" and (ii) the PATID approach "was extremely labour intensive to deliver and the capacity of the ODA/British Council system and Ugandan Ministries to organise was a decisive and often limiting variable" (ODA, 1989, p. 31-33).

Reconciliation of Short-term and Long-term Objectives

Expatriate crisis managers are much needed in some African countries lacking minimal capacity to keep state affairs afloat. However, steps need to be taken to ensure that the provision of 'substitution TC' for short-term crisis management is effectively reconciled with and made complementary to longer-term institutional development needs. So far this has rarely been the case. A possible operational approach to overcome this trade-off is to clearly distinguish between what kind of TC is needed to achieve respectively short-term and long-term objectives.

Evidence of this can be found in an IDA-financed TC programme for macro-economic policy formulation in Togo. In the early stage of the programme, expatriate personnel was brought in with a formal mandate to provide training to local staff. On evaluation, expatriates were found to facilitate the implementation of the adjustment programme, but unable to dedicate time to training local staff. The programme was therefore revised in two ways at a later stage: (i) project administration and management was put in the hands of a full-time Togolese project director (as expatriates are too expensive to handle these tasks and have rarely a comparative advantage in doing so) and (ii) a full-time Togolese training director was appointed to make sure training of Togolese staff would amount to more than good intentions (Kjellstrom and d'Almeida, 1987).

Recent World Bank publications describe the Bank's experiences with 'free-standing' technical assistance loans that usually accompany structural adjustment loans as rather frustrating. Free-standing TC programmes have tended to rely heavily on foreign personnel so as to ensure that critical structural adjustment activities are carried out "in a timely manner." However, the short time horizon of structural adjustment loans (by nature quick disbursing loans) have posed severe constraints on the effective implementation of institutional reforms and capacity building, by nature long-term processes.

Addressing the long-term TC objectives will require "new lending instruments (...) more suited to the time requirements of institutional reform" (Nunberg, 1990, p. 18-19 and 23-24).

Ensuring Internalisation in Policy-making Capabilities

How to deliver 'independent TC?' Increased internalisation of capabilities for policy decision-making and external negotiations is a most urgent challenge in many African countries. How to build this capacity? Substitution TC, as mentioned above, does not fit the bill. Possible alternatives include the delivery of 'independent expatriate advisors' to help in policy-making or to serve as countervailing TC in the 'policy dialogue' with external agencies. For obvious reasons, international financial institutions and bilateral donors are not in the best position to provide this type of TC. This task could be taken up more actively by multilateral agencies, particularly UNDP.

The need for policy analysts and managers. In many African countries, critical public policy issues are inadequately analysed, hardly relevant and timely research is done by universities and other research institutes, officials in key ministries are poorly trained and equipped, and good managers hard to find.

Against this background, new initiatives such as the African Capacity Building Foundation have been launched to build up a critical mass of professional African policy analysts and economic managers. The rationale is evident: putting Africa in control of its own development process and reducing dependency on foreign expertise. It is too early to assess the relevance of new initiatives such as those envisaged under ACBF. It would appear that much will depend on the approach finally adopted. Many interviewees expressed a fear of seeing ACBF adopting a too narrow scope, focusing on training a critical mass of African experts without proper consideration of environmental constraints to their effective utilisation (politics, poor working conditions, attractiveness of careers in international agencies).

Another option is to increasingly draw upon national capacities outside the government structures (e.g. universities, independent research institutions, etc.). A relevant case in point is the Economic Research Bureau of the University of Dar-es-Salaam in Tanzania, which has made significant contributions to national economic policy analysis in recent years.

Integration in National Structures

In recent years, all major actors have stressed the need to integrate TC in existing structures rather than creating separate project monitoring units. This message is gradually trickling down to the operational level. Integration of TC into national structures is evidenced by the choice of an institution rather than individuals as counterpart and by the donor's willingness to agree with direct employment of TC personnel by recipient countries. SIDA, for instance, has

recently negotiated such an agreement on direct employment of foreign personnel by Botswana to fill posts of strategic importance in the public sector.

Long-term Versus Short Term Involvement

The progressive shift from long-term resident experts to short term visits within a long-term programme is another traditional policy recommendation to be found in so many reports.

Three major changes are taking place. Firstly, most donor agencies are reducing the number of long-term experts, motivated by the sheer cost of this expertise, the difficulties of finding highly qualified manpower and resistances from the recipient side.

Secondly, there has been a tendency to change the assignments and roles of long-term experts. The purpose is to avoid gap-filling and to play an advisory/support rather than a lead operating role, to be 'animators' and 'trainers' rather than highly specialised technicians. Thirdly, there is a progressive shift from long-term resident TC to short-term visits of consultants within a longer-term programme. What to think about these evolutions? One principle clearly emerges: either-or-approaches have to be avoided. It is acknowledged that long-term expatriates are still a suitable option in countries with a poor institutional infrastructure and a restricted stock of national skills (e.g. Mozambique, Angola, Somalia, Guinea Bissau, Chad). In such countries, it is unrealistic to expect the Government to comply to standard donor procedures (e.g. in terms of providing local counterparts). In such cases the whole issue of institutional and personnel development might have to be made the central objective of projects and programmes (Moore, 1990, p. 29). The gradual taking over of the technical cooperation programmes by the consulting industry poses serious problems. By channelling impressive amounts of money to private consultancy companies, TC risks to be turned into real business. To avoid excesses, SIDA, for instance, has developed new types of consultant agreements that focus more on needs for institution building and training. Bonuses are offered to consultant companies which, through good training programmes, succeed in reducing the number of foreign experts and in handing over responsibilities.

Another issue is the sheer cost of these consultancies. Unit costs are reportedly so high that it becomes interesting to search for alternatives, such as the use of national capacity and expertise from other developing countries.

Promotion of National Capacity

In many African countries, the available stock of national expertise has expanded considerably over the last decades. Qualified manpower can be found inside and outside the government system, in universities, management and research institutions and private consultancy companies. Relying more on these resources in the framework of aid programmes, has many potential advantages. National experts have knowledge of local conditions and usually cost less than expatriates (e.g. additional costs such as housing, travel, etc. are limited).

National experts have been called in by a growing number of donors in their aid programmes. This can be in purely technical or operational positions or at the decision making level in the aid sections, as is the case with 5 Tanzanian agricultural specialists recruited by the Canadian International Development Agency (CIDA) in its aid section in Tanzania.

Utilisation of national expertise from outside the civil service in TC programmes, is a relatively recent phenomenon. The number of national consultants is rapidly developing. Umbrella organisations on a national level, such as the Tanzania Development Research group (TADREG) or the Ghana Association of Consultants, are being created. On a regional level, the African Development Bank sponsors the Federation of African Consultants.

There is furthermore a growing tendency towards joint ventures between consultancy firms and twinning arrangements between research institutes that engage in consultancy. In Tanzania, for instance, NORAD has made arrangements for Norwegian consulting firms to subcontract Tanzanian consultancy firms. The Lomé IV Convention has worked out several mechanisms to encourage cooperation between national and expatriate consultancy firms. The Convention also foresees that where two tenders are equivalent in price and quality, preference shall be given to the tenderer of an ACP State, or, in the absence of the latter, to the tenderer allowing for "the best possible use of the physical and human resources of the ACP States" (article 304). The African Development Bank has similar provisions for preferential treatment of national and regional consultants. Moreover, under certain rigid conditions, access to assignments are restricted to national and regional consultants.

It is often claimed that recipient governments could be more assertive in supporting emerging national consultancy firms, e.g. through appropriate legislative measures promoting joint ventures or requiring from foreign firms that adequate training facilities should be provided to nationals in the execution of the project. In various African countries, management institutes also provide a basis for management training and management consultancy.

The UNEDIL programme, developed by UNDP, the Economic Development Institute (EDI) of the World Bank and ILO, and financially supported by UNDP and some bilateral donors, for instance, aims at building indigenous competence in 16 African management institutes and three regional organisations so as to avoid the traditional reliance upon expatriates.

There are a number of constraints linked to increasing the use of national consultants. They relate to the quality of work, the competitiveness and the drain on the public sector. Issues of quality arise, for instance, when recipient administrations try to 'impose' a national expert or consultancy firm of their preference. The issue of competitiveness should urgently be tackled. In several African countries, there is no shortage of qualified specialists (e.g. accountants). However, they often lack an institutional home and organisational and financial resources to compete with external consultancy firms. Many interviewees urged donors to do a lot more to support the development of strong associations.

It is furthermore interesting to note that local officials themselves are often reluctant to attribute consultancy contracts to nationals when allowed to do so by donors. This happens mainly with a view of preserving privileged relations with foreign consultancy agencies and fear to be exposed to criticism by national experts or to face competition in respect to their own job.

Institutional Cooperation (Twinning)

Twinning is, of course, not a new modality of TC delivery. It has been an important instrument to foster inter-university cooperation between Africa and the Western world. It is now receiving growing attention as a useful tool to facilitate institutional capacity-building of government departments (e.g. custom services, statistical units, irrigation services, local authorities). Multi-annual twinning arrangements provide a large back-up of experience, knowledge, contacts, etc.

Twinning has proven to be effective in achieving institutional development and transferring skills, provided that there is a match of goals and tasks, flexibility to meet changing needs, long-term commitment, mutual trust and a willingness to adjust to local circumstances. Most of these factors are to be found in the example of the Tanzania Bureau of Standards, supported by SIDA. The case study on Tanzania mentions six fundamental factors that have played a major role in the success of this twinning arrangement:

- it was recipient driven, as full responsibility for the conceptualisation and planning was left to the recipient;

- the recipient had a well conceived and concrete plan of action and implementation;
- SIDA only played an enabling role, allowing the two co-operating institutions a large degree of autonomy;
- expatriate involvement was limited and, if necessary, only in the form of short-term consulting;
- the training component was very much emphasised; and
- the programme had a long-term perspective.

Twinning is no panacea for all problems related to development of institutional and human capacity. Organisations that were supposed to cooperate have not always proven to be compatible. There may also be a temptation to transfer a model. SIDA's experience shows that "the receiving institution must have enough capacity to accommodate an often too enthusiastic donor country institution, which otherwise could easily come to dominate too much" (SIDA, 1986, p. 4).

Twinning can also derail in a hidden form of tied aid. Great care should therefore be devoted to the selection of an appropriate donor country institution. Ideally -and especially appropriate for multi-donor projects- more than one agency from the donor countries involved should tender for such contracts.

Manpower Development, Training and Education

Training and institutional development . The broad directions of change are clear. In providing training, one would need "to go well beyond the traditional business of individual skill acquisition to cover problem solving, team building and generally strengthening of the institution of which manpower is a part" (ODA, 1989). British manpower assistance, for instance, is now much more likely to be packaged in terms of an institutional development project. More emphasis is hereby given to institutional effectiveness as opposed to counterpart training. Another line of action is to move away from 'credentialism' (the ever increasing demand for higher levels of certified educational achievements) to training programmes designed to provide on-the-job training and, most fundamentally, managerial capacities.

In-country and regional training. In recent years, scholarships for overseas training have gradually decreased in favour of education and training within Africa or even within the country of origin. SIDA, for instance, is increasingly interested in supporting the creation of relevant courses and study programmes at the national level than in financing numbers of long-term degree studies abroad. Since several years, regional and national management training institutes are being established in Africa, with

financial support from both bilateral and multilateral donor agencies. The rediscovery of this regional dimension is a very positive fact, taking into account the small size of many African states and related problems of economies of scale in developing human resources.

Tackling the 'brain drain.' Some concrete efforts are made to limit brain drain, although with mixed results. The International Organisation for Migration (IOM) aims at offering assistance to skilled Africans to return to and reintegrate in their countries of origin. By the end of 1989, 652 qualified African professionals had received such an assistance. The United Kingdom's ODA has established a regulation in its Malawi medical training programme that provides for 5 years training in the United Kingdom. The sixth and final year is spent in Malawi so that scholarship holders do not get a United Kingdom qualification.

By imposing this provision, ODA and the Malawian government avoid the emigration of well trained doctors because their qualifications are not internationally recognised. The main approach to retain returned trainees is 'bonding' whereby the trainee or a relative has to guarantee that he/she will return and work for the government during a given period of time. Experience, however, shows that the complex system of bonding does not work in practice in Africa, mainly due to a lack of enforcement capacity.

Different approaches (skills mobilisation schemes; relaxation of rules governing extra employment for civil servants) have been tried out with no or only very limited success. Many of these schemes tend to have negative side-effects. The Ghana skills mobilisation programme, for instance, was intended to attract back thousands of Ghanaian professionals residing abroad by paying them inducements (extra pay, travel and installation allowances) to work in specially designated jobs. However, the scheme was regarded by those who had never left their home jobs as discriminatory and it was subsequently abandoned.

Direct Support to other Development Actors.

Three decades long, TC has been delivered in a much too centralised way, between bureaucracies. The net result of pouring a lot of resources into governmental structures suffering from severe deficiencies, has been increasing problems of absorptive capacity while neglecting the potential role of other development actors. Against this background, alternative systems of delivering TC are being considered. Different approaches are currently gaining momentum:

Deconcentration of TC. This approach advocates to deconcentrate the supply of TC away from a government to government arrangement, in a narrow sense, to an institution-to-institution arrangement (e.g. between an African national

land survey agency and its donor country counterpart). The benefits of these twinning arrangements have been detailed above. In Cameroon, CIDA opted for deconcentration in the form of providing direct and flexible TC to small and medium enterprises, without interference or immediate involvement of the central administration.

Autonomous functioning. Adopting a long-term perspective to institutional development requires proper consideration of ways to ensure the financial viability of TC supported institutions. This has been very much neglected in the past. Experience shows that a large degree of financial and managerial autonomy is a prerequisite to sustainable TC impact and long-term viability. A possible line of action is to delink projects that can be financially self-supporting from the central government structures so as to allow them to meet recurrent costs and retain skilled people with attractive salaries. Another possibility could be to include in TC projects a credit line for long-term financial viability; this would, however, require a substantial change in donor attitudes.

Distinction between 'Institutional Development' and 'Capacity Building.' UNDP and other donors are increasingly making this distinction in delivering TC to Africa. In doing so, they differentiate between institutional TC support to government structures and TC geared at strengthening capacity-building of intended beneficiaries at the local level, in the private sector or in the NGO sector. These groups can best be directly supported, without obligation to pass through a central ministry, likely to absorb much of the funds for its own functioning. Adopting this approach of 'applied decentralisation' of TC interventions requires a redefinition of the role of central institutions, but (involving a shift from an executing to a facilitating role). It may also not be easy to reconcile decentralisation with the requirements of effective co-ordination and accountability.

Moving ahead along these lines has been a rather slow process. This ought not be surprising. There are built-in resistances at the central level of government towards decentralisation and privatisation of TC funding. In one of the case studies, the need for the government "to cut its coat to reflect its capacity" is strongly emphasised. Progress on this will be dependent on improved governance systems, particularly in terms of involving other development actors in the policy-making process. While there is certainly a need to reorient part of TC resources to the NGO sector, one should bear in mind that so far the provision of TC to NGOs has had problems of its own. Much of the TC provided to NGOs encountered similar problems as TC provided to government (e.g. donor driven, too much oriented to operational tasks and marginal involvement of nationals).

The Management of TC by Recipient Countries

The Issue

Most African governments have failed so far to take the lead in effectively planning, programming and managing the total package of TC resources put at their disposal by the donor community. Rather has a 'butterfly approach' been dominant, based on project-by-project and day-to-day management. Rational planning is hampered by the difficulty to properly assess TC requirements and to allocate TC to various ministries and organisations without provoking complaints, and by the multiplicity of donors, each of them with different sets of policy priorities, procedures, procurement and accounting requirements. Many recipient administrations find themselves totally submerged by "visiting missions, project negotiations and project paperwork" (Cassen, 1986, p. 207). The lack of capacity to programme TC effectively has led African countries to seek external assistance in this process, thus possibly reinforcing a bias towards donor preferences and priorities.

Increased recipient leadership in managing TC is a prerequisite for enhancing TC effectiveness. African governments have the primary responsibility for establishing their national priorities and aligning external resources (including TC) accordingly. Action on many fronts, both internally and externally, will be required: (i) genuine needs identification; (ii) planning and programming in the context of national development plans and budgets; (iii) prioritisation of TC requirements; (iv) negotiation with the donor community; (v) articulation of phasing out policies; etc. However, clear strategies and appropriate policies alone will not suffice. They must be coupled with measures to strengthen the administrative machinery of recipient governments for managing TC.

This is a demanding task for crisis-ridden African administrations, subjected to chronic shortages of funds, skills and equipment and pervaded by multifaceted donor interference. Most African countries are currently reviewing the overall management of TC resources, usually in the framework of UNDP supported NaTCAP exercises (National Technical Co-operation Assessment and Programming).

Key Questions

The study focuses primarily on the following questions:

- How to avoid a too reductionist approach to TC management, focusing primarily on existing TC projects, numbers of experts involved and related management problems at the micro-project level?
- How to strengthen the institutional and managerial capacities of recipient governments to effectively manage TC?
- To what extent is NaTCAP a relevant approach in terms of improving recipient management?

An Evident Principle

There has for years been a strong call for a more recipient-led management of external aid inflows. The potential benefits are evident. They range from achieving a better fit between resources and genuine needs, enhanced quality control, a closer watch on cost-effectiveness, a gradual harmonisation and rationalisation of terms and conditions of aid, etc. Improved recipient management is required for aid in general but even more so for TC. In development plans, efforts to forecast needs and enhance the institutional framework for human development remain relatively unsystematic, if not casual (Cassen, 1986, p. 208). The absence of TC budgetisation makes it difficult to estimate real costs, to meet counterpart expenditure requirements and to ensure effective phasing-out. Without a clearly articulated strategy of institutional and human resource development to guide TC allocations, current dependencies are likely to be perpetuated. Hence, the long-standing policy recommendation inviting both governments and donor agencies to consider "individual TC proposals in the context of a strategy for achieving some level of self-reliance within a specified period" (Cassen, 1986, p. 209).

A Sensitive and Complex Operation

Planning and managing involves bringing elements of rationality in decision-making. The history of development planning has clearly illustrated the complexity of such a task in the African environment. Attempts at rationalising the use of TC resources inevitably share this fate. Sensitivities abound at different levels. In recent years, for instance, nationalistic fever has sometimes given rise to a rather one-sided and negative perception of the role and relevance of expatriate personnel in the African media and public opinion. Doubts are raised about the quality of foreign experts, while frustrations tend to be high about their exorbitant cost and living conditions. In reaction to this, expatriate personnel has often tended to adopt attitudes of defence, isolation and superiority. In other cases, close ties have grown between African administrators and expatriates and such 'old boys networks' may render effective phasing-out of TC personnel rather difficult.

More fundamentally, planning and managing processes unfold in a complex and opaque political and bureaucratic environment. Some African countries have systems of governance which are inimical to any form of rational planning and management. By its very nature, TC may be less suitable to be planned as a macro-economic resource. Reference is made in this respect to TC being used as a self-standing, personal and political instrument to accommodate particularistic interests (e.g. the strengthening of 'personal empires'). In a broader perspective, poor management of TC reflects poor personnel management in general by a government or agency. Moreover, institutional competition for scarce (TC) resources is a major feature of bureaucratic life in Africa. Central planning agencies, for instance, are often not in a position to oversee the overall need for TC. Line ministries requesting TC do often not consult with central planning agencies. Donors play this game as well, when doing business directly with line ministries or other national or local organisations.

Another question is to what extent low-income countries, with high levels of aid dependency, poor administrative capacity and fragile systems of national planning and budgeting, are in a position to impose discipline on both donors and TC receiving institutions? In this respect, the experience of a middle-income country such as Kenya suggests that "the core of the problem is not to agree on a few white elephants but over the priority to be accorded to the mass of intermediate-sized, donor-financed projects" (Adams, 1989, p. 186) which tend to rely heavily on TC and which collectively overstrain the administration. In a country like Sudan, "bilateral donors tend to be law unto themselves, preferring to maintain their freedom to disburse funds in the most opportune manner" (Adams, 1989, p. 188).

Hence, one should not underestimate the complexity of elaborating a purposeful TC strategy, which builds upon existing capacities and remains faithful to the objective of achieving some level of self-reliance within a specified period.

Managing TC to what Purpose?

Basically, two options are open. In the first scenario, improving overall TC management primarily aims at providing African governments with a number of basic management tools (e.g. a data base, a national policy on TC). Thus equipped, African governments could better see what they are really getting for their money. It may also allow them to guide future TC allocations in line with national development strategies (e.g. national policies on education and training). In the second scenario, TC management has more ambitious targets. The aim would be to arrive at a coherent system of personnel management, both expatriate and national.

The second option is often considered as risky, mainly because of the danger of managing TC as a separate resource. Planning TC requirements and related human development resources autonomously, as an independent factor, would amount to nothing less than repeating the failures of planning of the sixties and seventies (i.e., planning for the sake of planning). Rather is it preferable to start with the elaboration of national development strategies and, above all, sectoral and subsectoral strategies. On the basis of such strategies, one could then proceed to a careful planning of required TC and other forms of aid (e.g. capital investments).

Clarity on the underlying rationale of improved TC management is important to decide what kind of institutions and management tools are needed. In theory, it is widely agreed that the heart of aid (and TC) co-ordination must be a strong central planning unit in the recipient government with a complete overview of the aid process (Adams, 1989, p. 187). This unit would need to be "capable of linking outwards to donor institutions and inwards to the political and administrative apparatus. Other options include the establishment of a separate, donor financed monitoring unit to stimulate recipient leadership (Clift, 1988, p. 134-135) (with the risk of rejection by the national government) or a separate TC Management Unit (again with the risk of managing TC in isolation from national programmes and priorities).

However, no matter what institutional structures are opted for, one should not forget that, in line with the changing role of the central government from a controller to facilitator, central agencies should be less interventionist once TC has been allocated to public or private institutions.

Implications for Donor Agencies

There is no substitute for effective recipient leadership in managing aid and TC resources, as evidenced by some success-stories in Asia (e.g. India). In the absence of a well functioning machinery at the recipient side, what ought to be the role of donors?

In recent years, many co-ordinating mechanisms (e.g. Consultative Groups, Round Tables) have been put in place, with varying degrees of success. They certainly provide a useful forum for discussion, but tend to be "severely constrained by the formality of procedures, generality of discussions and focus on recipient policies rather than donor policies" (Adams, 1989, p. 186), as if the latter had no role to play. Effective management of TC will remain wishful thinking if there is no end to donor and project saturation. Problems of donorcoordination have shown to be more intractable than commonly assumed, arising as they do from deep-seated organisational and attitudinal obstacles

within the donor community, in particular the lack of incentives to work with other donors and the obsession with achieving expenditure targets (Adams, 1989, p. 187). Part of the problem is simply "that all donors want to co-ordinate, but no one wants to be co-ordinated" (Whittington and Calhoun, 1988, p. 307).

How to remove this stalemate? The earlier mentioned Cassen Report gives a clue: "the best solution would be for governments to set priorities for institution building; for governments and aid agencies to design TC programmes around these priorities; and for donors to combine in a limited number of projects that would drastically reduce the aid management burden on the government. Such action would require from donors rather more than the 'harmonisation' of procedures that has been discussed within the DAC" (Cassen, 1986, p. 208). Another positive move would be increased donor decentralisation to field offices. It would certainly facilitate effective dialogue and policy coherence and lighten the administrative burden on the recipient.

Possible Operational Approaches. The NaTCAP Concept

Although TC rationalisation can also occur in the framework of specific projects (e.g. aimed at strengthening aid co-ordination units), multilateral initiatives or in the context of bilaterally agreed policy changes such as the new systems of 'co-management' and the 'contract approach,' it seems appropriate, in the context of this study, to pay special attention to the predominant NaTCAP approach to TC management that is presently being tried out by many African countries.

Launched by UNDP on a pilot basis in ten countries in 1986-87, NaTCAP has become the predominant approach to reforming recipient management and co-ordination of TC resources in Africa. Up to 1991, some thirty African countries had embarked upon a NaTCAP exercise. In theory, NaTCAP aims at providing recipient governments with a tool to make the best possible use of TC resources. The purpose is to start a national process of analysis and consultation with donors on the effectiveness of TC, its priorities and needs, both in the short-term and in a long-term perspective of national capacity building. The exercise also aims at integrating TC in recipients' plans and budgets so as to ensure that provision is made for related costs. The NaTCAP methodology aims at gradually achieving outputs such as: (i) a reliable data base on existing TC; (ii) a national policy framework for TC and (iii) TC priority programmes, in the framework of macro, sectoral and subsectoral strategies. Parallel to this, recipient governments are expected to make the necessary institutional arrangements for effective co-ordination.

UNDP considers that strong political commitment of recipient governments is an essential prerequisite to a successful NaTCAP exercise. Commitment will have

to be developed gradually, in tandem with the highest possible level of participation of nationals. The ultimate impact of NaTCAP exercises is conditioned by the government's willingness to consider broader issues such as the optimum and full use of qualified nationals, manpower development strategies, civil service reform, pay and incentive issues, etc.

The Difficult Translation into Action

The four ECDPM case study countries had a NaTCAP process underway, although at different stages of execution. It is too early to draw upon Cameroon's experience, as it is a newcomer on the NaTCAP scene (1991). The government is in the process of elaborating a 'Document d'orientation sur la coopération technique au Cameroun' and a national co-ordinator has been appointed.

In Tanzania, NaTCAP was launched in 1988, at the highest level. For a variety of reasons, effective progress has been very slow. The government still has no reliable data base nor coherent policies and adequate systems for effective management of TC. The study team notes that "no one can pronounce with utmost authority on any one aspect of TC in Tanzania." The government has endorsed corrective policies, but effective implementation has seriously lagged behind, mainly because of systemic bureaucratic immobilism. Further progress is seen to be dependent upon inputs and pressure from UNDP.

Malawi also embarked upon a NaTCAP exercise in 1988. Substantial progress has been achieved in analysing TC deficiencies and proposing general reform measures. The Government has issued a comprehensive "Statement of Policy on Technical Cooperation for Human and Institutional Development" and a whole set of institutional arrangements to improve TC management have been put in place. A wide array of institutions, agencies and individuals have been involved in these exercises. However, effective change has been very slow to materialise. Moving to the stage of TC programming (on a sectoral basis) has proven to be extremely difficult. This is partly due to severe institutional and human constraints at all levels of the civil service, reflected, for instance, in a chronic shortage of qualified personnel. Malawi has also been inclined to shy away from broader issues determining levels of TC dependency. As such, it has refused to take on board the issue of incentives in the public sector, arguing that this topic is much too political.

Burundi was one of the pilot countries of the NaTCAP exercise. Motivated by the fact that TC expenditures amount to 40% of the annual aid budget, the Government now seems to have fully 'internalised' the NaTCAP process. It has been keen to avoid a reductionist approach to TC management, by stressing the need for related improvement of national budget systems, public investment and

expenditure programmes. Substantial progress has been made in programming TC in a three-year time perspective, involving identification of vacancies, TC priority areas and utilisation of available national capacities. Burundi is putting a heavy emphasis on developing phasing-out policies to ensure a progressive taking over by Burundese cadres. To this end, attention has been given to developing reliable data bases of both TC expenditures and available national skills. This, however, has proven to be a difficult task, given the overall lack of reliable data at the level of line ministries. Future priorities are progress in civil service reform and responsiveness to the needs of the private sector.

There are other interesting experiences. The Ghana case, for instance, illustrates the danger of a reductionist approach to TC management. The Government has identified priority areas for TC and a series of reform measures, but without close links to the government's present institutional and human capacity. Moreover, to the extent that the national policy paper includes an action programme, it is aimed primarily at donors. In doing so, the paper assumes that TC problems are basically donor problems, minimising the existence of bottlenecks at the recipient side. This one-sided approach has seriously affected donors' willingness to join the reform process.

The case of Guinea is also worth mentioning. After a difficult donor-driven start, the NaTCAP process has gradually been internalised by the Government. Data bases are available of existing capacities, in the public and private sector and abroad. Together with Swaziland, it has moved to the stage of effective TC programming in the form of a three year "rolling programme" complementing the public investment programme. This technique is said to have allowed Guinea to reduce TC expenditures by 25% and the number of TC personnel from 1.000 to 700 in the course of 1990. NaTCAP Units have been established in each ministry and specific co-ordination arrangements have been made with the donor community. Outsiders to the NaTCAP process have, however, tended to project a less bright picture of this success-story. Some interviewees saw the TC programme as a purely descriptive shopping list, poorly related to the public investment programme, and not reflecting the state of the civil service, the pervasive corruption and the overall managerial chaos in the country.

According to recent evaluation reports, (Geli, 1990; Williams, 1991) one of the major difficulties common to most NaTCAP's is getting to know whether some ministries and sectors actually need any TC. This can not be done if the country lacks an in-depth analysis of its present stock of human and institutional capabilities. Effective TC management and national manpower development plans are Siamese twins. Separating them reduces considerably the possible impact of NaTCAP exercises. Most African countries, unfortunately, do not yet have such an inventory.

Evaluation

Merits of NaTCAP

- The collection of basic data has made visible the "iceberg of TC," particularly in relation to the global cost of expatriate personnel (in comparison, for instance, to the global wage bill of the civil service).
- A gradual change in mentality is taking place in terms of no longer perceiving TC as a "free resource."
- The exercise has started up a much needed process of national consultation, also with donors, on how to improve the effectiveness of TC as a major instrument for national capacity-building.
- Compared to other co-ordination efforts, NaTCAP has achieved a high degree of internalisation, involving a wide array of national actors and stakeholders. Precedence is clearly given to long-term institutionalisation over quick results (e.g. by bringing in a large number of expatriates to write reports and manage the process).
- A comprehensive and well articulated methodology has been elaborated to guide the reform process.

Problems of Implementation

Many constraints have emerged at the implementation stage of NatCAP.

Recipient attitudes. The Tanzania case study ascribes the poor record of reforming TC management mainly to "the lack of a unanimously sustained political and administrative (managerial) commitment to change ways and processes of TC." Important groups and sections "still do not see the need for



change," hiding away in a "wait-and see attitude." Worse, to some extent, the NaTCAP process seems to be based on the premise of "tight control of everything and everyone," in line with Tanzania's long-standing tendency to equate "management" with "control." The Burundi case study also refers to the existence of "un esprit attentiste d'assisté."

Donor attitudes. In theory, most donors have heralded their support to the NaTCAP exercise. In practice, attitudes have ranged from timid involvement to passive interest, scepticism and outright condemnation. Many factors have contributed to this state of mind: built-in resistance to change, lack of involvement at the initial stages of NaTCAP and uncertainty about its content, orientation and methodology.

Serious doubts are furthermore expressed about the relevance and feasibility of the whole approach. NaTCAP is viewed as a donor driven exercise, for which UNDP has no mandate of key donors, nor the leverage to ensure genuine commitment of recipient governments. It is viewed as a much too comprehensive and ambitious attempt to bring managerial rationality in a very politicised environment and chaotic system of administration. Some see the creation of NaTCAP structures in recipient administrations as an evidence of international organisations trying to reproduce their own bureaucracies.

Methodological constraints. Although the NaTCAP methodology can be adapted in a flexible manner to prevailing conditions, many ambiguities remain. They are reflected in the difficulty of agreeing on the purpose of programming TC and the best way to do this in practice. How to avoid the risk of programming TC globally, as a separate resource, in splendid isolation of the



needs identified at the level of specific projects and programmes? It also remains questionable whether or not it is possible to plan free-standing TC in the same way as one can integrate a TC component in a sectoral or project-related investment programme.

Institutional constraints. This is, of course, again a chicken and egg situation. The need to improve TC management arises because existing structures and procedures fail to do so. Reform attempts are, of course, also affected by the very same institutional weaknesses one tries to address. NaTCAP processes, for instance, suffered from shortages of qualified personnel, funding and equipment. The creation of interministerial committees to ensure a sufficient degree of national co-ordination is certainly tempting, but, as suggested by the Burundi case study, difficult to manage in practice. The workoverload of senior officials involved tends to slow down decision-making. Financial constraints have prevented related planning units in the technical ministries of becoming operational. Finally, one should not forget that the NaTCAP exercise has no carrots to stimulate the commitment of civil servants to do the job. The Tanzania case study captures this point very well: "no matter how comprehensive and systematic the (TC) policy may be, and however beautiful institutional structures are designed, as long as the employees are not remunerated well, the system will not work." A possible remedy is to allocate substantial additional quantities of finance, equipment and incentives to the administrative structures involved.

This, however, entails the risk of creating an island of good management, too much isolated from the rest of the civil service to be effective in the long-term.

Ownership. The prevailing perception among actors on both donor and recipient side is one of NaTCAP still being very much a UNDP-baby, i.e. too dependent on external support to evolve into a major tool for effective management of human and institutional capacities (both national and foreign).

Complexity. Finally, one should not forget the sheer complexity of the exercise. According to the Burundi case study, for instance, effective integration of TC in the national budget touches upon 1400 projects, subjected to different financing and management systems. Moreover, many ministries, institutions, agencies and individuals, with different views and interests, need to get on board. Time will be required to move ahead in the desired direction.

Possible Future Lines of Action

First of all, it is revealing that NaTCAP is widely unknown among actors and stakeholders in the TC business. Increased knowledge and understanding of the whole process could facilitate confidence building and stimulate effective cooperation across the board. In this respect, UNDP has an important public relations task ahead.

Secondly, it is striking to note that most of the implementation problems of NaTCAP are exactly the same as those experimented with TC as such, i.e. lack of ownership, lack of national skills and incentives to respond to the initiative, a difficult institutional environment, etc. This points to the systemic nature of much of the problems associated with effective TC management. Future reform attempts should therefore primarily focus on these recurrent problems. How can one manage these constraints? What remedial action is needed to create the conditions for NaTCAP to realise its full potential? What are the implications for the NaTCAP methodology?

Thirdly, it would seem appropriate to recognise that, in practice, some NaTCAP processes have derailed. This may be the case when the NaTCAP exercise has become captured in isolated bureaucratic structures, at the margin of real decision making processes on aid and TC. If this is the case, both parties should acknowledge this and take appropriate steps to reorient the whole process.



PART III:

An Agenda for Change

New Avenues for the 1990s

Three decades of TC in Africa have proven to be of no avail in sustaining institutional development. As evidenced in Part One, among the main reasons for this is the lack of long-term commitment, by both donors and recipients, to building sustainable human and institutional capabilities. In a plethora of conferences and seminars on the issue of enhancing TC effectiveness, actors involved have been summoned to reinstate endogenous capacity-building and promotion of self-reliance as central objectives of TC programmes.

To this end, recipient governments and donor agencies are reviewing their policies and related operational approaches to TC delivery. In some cases, old approaches (such as twinning and national execution) have been dusted off and adapted so as to better fit the primary purpose of capacity-building. Part Two has provided some insight into these reform attempts.

Promising 'new avenues' for TC are slowly emerging in Africa. They range from putting recipients at the centre of decision-making on TC; increasing the use of available national capacities; searching for ways to address the incentive issue; providing new forms of TC in support of crisis-ridden public administrations; and arriving at a recipient-led management of TC programmes.

However, the reform process still is at an embryonic stage. The change potential, embodied in the new approaches, remains largely untapped. This ought not be surprising. Many of the new approaches to TC require changed roles and, therefore, changed attitudes. They amount to nothing less than breaking the mould of development co-operation which has grown over more than a quarter of a century. This is an elusive task, calling for visionary reform craft, clearly articulated implementation strategies, and, most importantly, a readiness of the various actors involved to fully accept the implications of the reform process. This concluding Part Three attempts to articulate the main elements of the agenda for TC reform during the 1990s in relation to each of the four topics which have been analysed in Part Two. Indication is thus provided of some of the major changes which recipient governments and donor agencies will have to accept if they are serious about reorienting TC and putting upfront its real 'raison d'être' of national capacity-building.

Develop Genuine Demand

Principle

A genuine demand for TC is a prerequisite for any intervention to be effective. Hence, the vital importance of new approaches allowing for increased recipient responsibility in deciding on TC allocations. Donor resistances to this are high, both at the institutional and individual level. This reticence is often legitimate, considering the prevailing macro-context in different Sub-Saharan countries (e.g. poor governance, weak institutional capacities, corruption). In the final analysis, however, it is clear that systems of 'co-management or even 'full management' by the recipient country and 'national execution' are to become the main features of development co-operation in the 1990s.

Possible Actions

- The main challenge will be to manage the transition towards increased recipient responsibility in aid interventions (including TC) while ensuring effectiveness, accountability and sustainability.
- This will, inevitably, require a much more clearly defined and limited responsibility for the donor agency involved. The core message for the donors is to withdraw from dirigism to a supporting role, from active involvement in the implementation of projects and substitution TC to such tasks that would ensure in depth analysis of development issues and existing institutional constraints, more effective integration of aid programmes into recipients' plans and programmes, evaluation and feedback of experience.
- The maintenance of a large stock of development experts, expecting to have a full career in Third World countries, is no longer desirable and a factor of rigidity of the whole system as it tends to generate artificial demands for projects and TC jobs. In the future, it would rather be the aim to temporarily draw upon the public and private sector to provide requested and qualified expertise within a well defined framework and thus to reduce present problems of reintegration of returning expatriates.
- Incentives should be created for recipient governments to develop effective phasing-out strategies, starting in particular areas and gradually shifting to other areas. To this end, TC should, in principle, always have a limited

duration. Another option is to raise awareness of the cost of TC. This could be done by introducing a market mechanism to reflect the opportunity costs or by excising a tax on TC, to be paid to the Treasury by requesting line ministries.

- In too many cases TC is still requested with a view of obtaining basic facilities and equipment. To put an end to this situation, donors should be more flexible in recurrent cost financing. Inspiration can be found in the Lomé IV Convention, which states that recurrent cost financing (to cover administrative, maintenance and operating expenses) may be granted to an ACP state, particularly the least developed. This may permit the financing of start-up expenditures or the cost of operating, maintaining and/or managing projects and programmes implemented earlier (article 227).
- Donor preparedness to 'let-go' in day to day management must run parallel with new systems and procedures permitting increased recipient accountability. Aid relationships should be seen as 'business agreements.'



Hence, the need to devote much more time to develop strategies to assess and/or influence the existence of a genuine commitment at the recipient side. This is a difficult issue to deal with in practice. A balanced approach is very much needed. In this process, donors should avoid the temptation of strong conditionalities and direct interventionism, without understanding the range of environmental constraints which limits the recipient's ability to respond in ways that donors find acceptable; rather is there a need to search, through dialogue, for realistic means of achieving mutually agreed goals.

- Increased decentralisation of donor activities to the field, away from headquarters, will be required to properly assess, in a participatory way, the relevance of aid interventions (including TC).
- Radical changes are also needed at the recipient side. Placing the responsibility for decision-making on the shoulders of African governments is only part of the new contract. The question remains how a demand for TC is internally being formulated. It would be of little use -and in some cases even counterproductive - to transfer decision-making on the use of TC to powerful central ministries and state officials serving their own interests without fear of being held accountable. In many African countries, improved systems of governance are a prerequisite for any demand driven approach to be effective.
- The effectiveness of TC is determined by the quality of expatriate personnel. Recently, it has been difficult to maintain high levels of quality and expertise.

Recipients will have to be more systematically involved in the selection and recruitment of TC personnel. Existing practices such as the use of shortlists with a number of applicants, participation in the interviews in the donor agencies or entrusting recruitment to private agencies, can be extended to providing recipients with funds to recruit the experts of their choice.

Use National Capacities

Principle

Systemic recruitment problems and limitations on such recruitment have led donors to provide gap-filling TC, amounting to a form of 'hidden budgetary support.' This vicious circle must be broken. The main responsibility for this, however, remains in the hands of recipient governments. Donors have only indirectly a role to play in this regard. On the other hand, it should be clear that the palliative solutions adopted so far (e.g. topping ups) will not suffice, taking into account the dramatic side-effects of current incentive myopia (including continuing dependency on TC).

Possible Actions

- The most evident solution is to reallocate available resources. Important resources are currently spent by recipient governments in upkeeping bloated bureaucracies and other institutions that are not relevant to development. Donors, on the other hand, have been providing vast resources for TC which never seems to render itself redundant (Panday, 1989, p. 33). UNDP's 1991 Human Development Report notes that "too much is often being spent on foreign expertise and too little on building up local institutions and mobilising national expertise" (UNDP, 1991, p. 8). There is, therefore, a great potential to restructure and reallocate available resources so as to facilitate a more efficient use of local talent as well as to overcome remaining shortages.
- Another option is to untie aid and TC allocations, for instance in terms of



using TC as an instrument of domestic employment creation. Untying of aid is a long-standing policy issue and no magic solutions are to be expected in the short run. However, donors could start with systems of partial untying of available TC envelopes (e.g. 20%) and to use these funds to attract and retain qualified nationals.

- The feasibility of a donor-funded 'Incentive Fund' could be further explored. Counterpart funds are also a possible source of finance to this. Such a fund

would be co-managed by all parties and linked to stringent conditionality in relation to civil service and fiscal reforms that would lead to increased government revenue. It would provide finance for the intermediary transition period of about 5 to 7 years necessary to achieve such reforms.

- It has also been suggested to partially finance incentive schemes through a fund based on expatriate salaries. The idea is to calculate an implicit income tax of 5-10% so as to finance experiments with performance bonuses, ghost busting campaigns, anti corruption measures, reversing the brain drain, etc. Such a system would not only generate significant funds, but be a " healthy reminder of how huge are the relative salaries, usually tax free, of foreign aid workers compared to those of their local counterparts" (Klitgaard, 1989, p. 455).
- The provision of substitution TC because of financial constraints at the recipient side (e.g. expatriate teachers instead of available local teachers) or donor employment arguments, should be avoided. Ways must be explored to mobilise national expertise. This, of course, does not apply to countries facing real shortages of basic skills. There the main challenge will be of 'doing the job' while creating conditions for effective take-over by nationals.



Bibliography

Support Public Sector Management Capacities

Principle

The 1980s saw a frontal attack on the development state by the international donor community. There now appears to be some agreement that the pendulum has swung too far and that the state still has a vital role to play in development. This is also the case in an increasingly globalised market oriented world economy.

Possible Actions

- The challenges of institutional reconstruction of the public sector and internalisation' of policy-making, calls upon donors to provide more funding to this sector. Much more efficiency and effective donor co-ordination will be required to tackle systemic institutional deficiencies (including the incentive issue).
- In a wider context, donors will have to refrain from a too heavy and often incoherent involvement in African policy-making processes and public sector management (in terms of adjustment policies and related conditionalities).
- In order to avoid a 'blue helmet approach,' i.e. external agencies or a team of expatriates coming in to take over the whole functioning and management of specific government units, 'enclave improvement' may be an option in countries facing difficult political conditions. This entails the raising of salaries of core agencies (e.g. customs) in order to curb levels of corruption and increase productivity.
- From a recipient point of view, the agenda of reform is also crowded. Again, a fundamental link to governance may be observed. Experience shows that African countries which have enjoyed sound and committed political leadership, have managed development relatively well. A salient feature of their governments is that the political demand for appropriate development

policies has gradually allowed for an institutionalisation of national capacities to manage development (Steedman, p. 6-15).

- Inevitably, African governments will need to accept a series of institutional reforms, allowing for a leaner and much more efficient public sector. This calls for politically effective decentralisation and deconcentration policies. Innovative approaches are required to ensuring financial viability of institutions.
- Reviewing traditional modalities of TC delivery is another major area of reform. In designing TC interventions, it should be clearly stated that "the highest priority for the project is to build capacity and not to achieve highly visible, short term results" (Gow and Morss, 1988, p. 1407). In the absence of such signals from the top, "it is unreasonable to expect TC personnel to interpret their role as one that extends beyond the performer model" (Gow and Morss, 1988, p. 1407).
- Increased internalisation of development policy management is a two-way process. It calls for a reduced role for expatriate personnel and a concomitant promotion and valorisation of national capabilities. The key issue is here whether recipient governments and donors will allow national staff and institutions to learn by doing, to make mistakes and to be involved in a process of capacity-building aiming at breaking the current dependency syndrome.
- African governments furthermore need to call forth and enlist for development purposes available national resources and abilities that are hidden, scattered and often badly utilised. A critical issue in relation to future dependency on TC is lack of funding for education (including technical schools). It therefore calls upon the donor community to reallocate current TC resources or to provide additional funding to this end. Such a move by the donor community should have as a corollary that recipient governments should also grant greater priority in their budgets to education and research than has been the case so far in many African countries.

Involve Recipients in TC Management

Principle

The main challenge here lies in the hands of the recipient countries. They must be the driving force in the search for a rational utilisation of external assistance in general and TC resources in particular.

Possible Actions

- Reform attempts will make no dent if the recipient government is not willing or capable to: (i) assess its present institutional and human resource capacity; (ii) to design sectoral and subsectoral development plans and policies (including the human and institutional aspects); and (iii) to assess, in the context of these plans, genuine TC requirements and its phasing out. NaTCAP processes are doomed to fail in the absence of a genuine recipient commitment to manage TC in such an overall framework.
- The reform agenda for donors in this area is also clear. Efforts to improving recipient capabilities in managing aid, including TC, will be to no avail, without refocussing and reducing donor demands on African public administrations. Many African civil services have to cope with a kafkaesque proliferation of aid missions, requiring a major part of their time. Preparedness on both sides to develop a climate of confidence and trustworthiness is an absolute requirement to arrive at real partnership.

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Annex A

Statistics on Technical Cooperation

Table I: TC Allocations as Percentages of Total Official Development Assistance Received

Table II: TC Grants to some Countries in Sub-Saharan Africa

Table III: TC Disbursements by Bilateral Donors to Sub-Saharan Africa

***Annex B:
Participants at the Development Forum,
Maastricht, 18-20 October 1991***

***Table I:
TC Allocations as Percentages of Total
Official Development Assistance Received***

	1970	1980	1985	1988
Benin	40	28	32	28
Botswana	18	45	38	42
Burkina Faso	37	34	35	33
Burundi	59	38	32	29
Cameroon	29	32	39	42
Ethiopia	49	21	15	20
Ghana	25	22	15	12
Guinea	41	21	17	15
Guinea-Bissau	n.a	20	26	30
Kenya	47	32	27	22
Madagascar	43	22	21	22
Malawi	24	25	31	27
Mali	38	29	16	21
Mozambique	n.a	22	17	13
Niger	35	37	25	27
Nigeria	34	133	124	50
Rwanda	54	35	34	36
Senegal	48	47	31	23
Somalia	38	21	37	27
Sudan	100	17	18	17
Tanzania	42	25	29	21
Togo	44	32	26	24
Uganda	44	18	20	21
Zaire	47	39	34	35

Zambia	99	27	23	24
Zimbabwe	100	43	23	33
SSA	42	29	26	24
Source: de Bernis, 1990				

Table II:
TC Grants to Some Countries in Sub-Saharan Africa
(in millions of US dollars)

	1989	1990	1991	1992	1993
Benin	47,6	50	60,4	55,7	56,9
Botswana	58,5	60,7	59,6	59,1	60,3
Burkina Faso	94,6	116,6	104,5	142,1	138,7
Burundi	51,7	61,1	72,8	80,2	42,3
Cameroon	106,8	127,8	122,9	133,8	120,4
Ethiopia	234	254,2	206,3	189,7	170,5
Ghana	59,4	62,1	82	102,6	97,9
Guinea	43,2	63,3	74,4	77,4	83,5
Guinea-Bissau	25,2	22,6	32	51	50,6
Kenya	174,7	208,3	222,9	281,5	258,4
Madagascar	65	84,7	82,4	87,6	99,7
Malawi	116,2	113	144,6	102,7	109,3
Mali	87,5	99,2	121,8	130,2	131,9
Mozambique	99,5	96,1	138,6	203,4	233
Niger	87	102,4	113,2	135,3	123,5
Nigeria	70,8	94,9	95,6	98,7	97,2
Rwanda	82,5	92,1	97,7	95,8	69,6
Senegal	132	179,8	171,8	201	175,4
Somalia	125,7	94,6	41,3	51,9	86,4
Sudan	207,7	188,8	183,6	124,3	114,4
Tanzania	202,4	209,4	209	236,5	238,6
Togo	46,6	60,9	58,2	54,3	37,5
Uganda	87,6	93,7	107	121,9	124,2

Zaire	150.3	146.5	110.1	87.4	49,4
Zambia	127.5	129.1	128.6	144.2	163,7
Zimbabwe	97,1	103,8	113,8	191,4	157,7
TOTAL SSA	3,690.8	3,690.6	4,195.2	4,582.0	4,352.4
Source: OECD, 1995					

Table III:
TC Disbursements by Bilateral Donors to Sub-Saharan Africa
(in millions of US dollars)

	1986	1987	1988	1989
Belgium	106.5	164.1	129.8	111.9
Canada	n.a	n.a	51.5	67.4
Denmark	40.9	38.6	57.5	38.1
France	849.9	1,016.7	955.5	1,103.9
Germany	345.5	435.4	466.3	426.6
Italy	245.8	204.8	112.9	124.0
Japan	71.0	91.4	113.8	116.5
Netherlands	109.8	159.1	183.6	180.5
Norway	36.4	46.5	44.4	45.8
Sweden	58.0	79.9	109.0	121.0
UK	142.6	159.3	234.8	217.0
USA	293.0	247.0	311.0	341.0
Source: OECD, 1991				

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