

**Developing a EUROPEAID strategy to meet the EU aid effectiveness targets on
Technical Cooperation and Project Implementation Units**

Review of Donor Agencies' Policies and Guidelines on TC and PIUs

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Table of Contents

Table of Contents	1
Acknowledgements.....	1
Introduction.....	2
1: Overview	3
1.1 Existing Agency Policies and Positions on TA/TC and PIUs.....	3
1.1.1 TA/TC.....	3
1.1.2 PIUs	3
1.2 Specific Response to the Paris Declaration and Indicators 4 and 6.....	4
1.2.1 Indicator 4 (50% of TC provided through coordinated programmes)...	5
1.2.2 Indicator 6 (to reduce the baseline stock of 1 832 parallel PIUs by two-thirds, to only 611, by 2010)	6
1.3 The Management of TA Personnel.....	8
1.3.1 Programme Design.....	8
1.3.2 Procurement and Contracting.....	9
1.3.3 Supervision and Accountability	11
1.3.4 Differences between Policy Rhetorics and Practical Reality.....	13
1.4 Implications for the EC Strategy	13
2: Agency Overview.....	17
UK – DFID	18
1.5 Sweden - SIDA.....	22
1.6 Denmark - DANIDA.....	24
1.7 Germany – BMZ / GTZ.....	27
1.8 France – MFA (DGCID) / AFD.....	30
1.9 Australia - AusAID.....	33
1.10 Belgium - BTC.....	35
1.11 UN – UNDP / (UNDG).....	38
1.12 World Bank	40
Bibliography.....	43

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Introduction

EUROPEAID is developing a strategy and work plan on how to meet the EU aid effectiveness targets on Technical Cooperation (TC) and Project Implementation Units (PIUs). This paper which reviews the policies and practices of selected bilateral and multilateral development agencies has been written to feed into this strategy development process.

This desk review provides insights into the way other development agencies address technical cooperation (TC) and project implementation units (PIUs).

It covers a selection of 7 bilateral (of which 6 member states) and 2 multilateral development agencies as indicated in the chart below.

Bilateral Agencies	Multi-lateral Agencies
United Kingdom – DFID Sweden – SIDA Germany – BMZ / GTZ Denmark – DANIDA Belgium – BTC France – MFA / AFD Australia - AusAID	World Bank UNDG - UNDP

The rationale for choosing these agencies is as follows:

- to have a mix of member state agencies actively involved in aid effectiveness reforms and agencies that are less advanced in pursuing reforms
- inclusion of agencies that are major TC providers
- contrasting European bilateral and international multilateral agencies

The review provides summary information on the policies and practices of the agencies in relation to Technical Cooperation and the use of Project Implementation Units, based on a review of official agency documents and websites as well as a number of evaluation/research reports. Particular attention is given to the commitments made and actions being taken by these agencies in response to the Paris Declaration on Aid Effectiveness, to which all are signatories, and, in particular with respect to indicators 4 and 6, on coordinated TC and on limiting the use of parallel PIUs.

Part 1 provides an overview of trends and characteristics across the agencies reviewed, and ends with a set of pointers for EC action. Part 2 provides short profiles of each agency.

1: Overview

1.1 Existing Agency Policies and Positions on TA/TC and PIUs

1.1.1 TATC

Of the agencies reviewed, only DANIDA has a specific policy on technical cooperation which focuses on the deployment of TA personnel. It was produced in 2004, revised in 2005 and is currently under review in order among other things to take account of the Paris Declaration. While not a formal policy per se, DFID has produced a practical guide on how to use technical cooperation personnel (2006) (although there is currently no requirement for staff to employ these guidelines) which sets out a number of principles of action and which makes specific reference to indicators 4 and 6 of the Paris Declaration¹. Belgium is considering the preparation of a policy document on TA, while France is in the process of reviewing its support for capacity development which will lead to the development of guidelines which will include the role of technical assistance. AusAID has produced various technical notes aimed at improving TA personnel deployment while SIDA (2000) and GTZ (2003) have both produced policy statements and guidelines on capacity development within which the relationship of TC provision to capacity development is discussed. UNDP has also produced a Practice Note on Capacity Development (2006) where the issue of technical cooperation is also addressed.

1.1.2 PIUs

The UNDP prepared a Practice Note on PIUs in 2003 and will soon prepare new corporate guidance on reducing their use. In 2005 the World Bank produced its own guidance note on the use of PIUs arguing that working through existing country institutions should be the “default” mode, and PIUs—especially parallel “stand-alone” PIUs—should be phased out. Besides DFID and DANIDA which refer to reducing the use of PIUs in their respective TA/TC documents, none of the other bilaterals surveyed appear to have a specific policy or to have taken a position on the use of PIUs.

Studies and Evaluations – An Input into Policy Development

Various studies and evaluations have been commissioned by the sample agencies in recent years on TC and capacity development. Perhaps the largest of these was UNDP’s Reforming Technical Cooperation for Capacity Development initiative, which significantly raised awareness on the problems associated with TA. The World Bank has commissioned various studies on the effectiveness of the TA it provides, and most noteworthy is the recent OED study on the Bank’s record of capacity building in Africa. DFID, Danida and SIDA have all commissioned evaluations on the effectiveness of their technical cooperation and in each case has resulted in specific changes being made to policy. SIDA for example took the decision in 1988 to discontinue the direct recruitment of long term advisors, while DFID has articulated a vision for country procurement of TA. Belgium’s BTC recently commissioned a review of TA practices of bilateral agencies as an input to reviewing its own policies and practices. France’s AFD has also completed a review of its technical assistance support, the findings of which are presented in a set of three reports. Most recently, Denmark, Germany and Australia co-financed a study on Promising Approaches to the use of TA personnel

¹ DFID has also set out key policy commitments on TATC in its most recent White Paper: “Making Governance Work for the Poor” (2006).

(executed by ECDPM), the results of which are being fed into the agencies respective policy review processes. A further international study on the experience of Technical Cooperation and Capacity Development has recently been launched under the leadership of JICA.

Conclusion

- Ø *The issue of TA/TC effectiveness enjoys renewed attention in the context of wider policy discussions on aid effectiveness and capacity development.*
- Ø *While few agencies have specific policies relating to TA/TC and PIUs, there is evidence of reflection taking place and a search for more effective approaches. This reflection is largely a result of the increasing focus on the issue due to the Paris Declaration commitments.*
- Ø *There is, nevertheless, likely to be a sizeable timelag between any TA reform policy statements made by donors and their impact on the ground.*

1.2 Specific Response to the Paris Declaration and Indicators 4 and 6.

All the agencies reviewed are signatories to the Paris Declaration and a number have prepared responses and action plans² which set out how they intend to address the Declaration. These responses do not necessarily constitute formal positions but provide inputs into on-going policy review processes and provide sometimes concrete proposals for action that will likely precipitate changes in formal policy.

The Paris Declaration action plans vary in content and level of detail. While they all emphasise a commitment to the overriding principles of ownership, harmonisation, alignment, management-for-results and mutual accountability, they differ in terms of specifying how the indicators will be tackled.

The action plans suggest a commitment to harmonise and align support around country driven agendas and to work through national systems and structures. In so doing, there is an undertaking to channel resources through national budgets, to utilise country public financial management systems and to work with national procurement systems.

While making these commitments, all the agencies signal that the extent and pace of reform will depend on the local context especially as regards issues of governance, capacity and fiduciary risk. Where conditions are considered inadequate, then agencies reserve the right to continue to manage aid resources themselves while at the same time providing support to strengthen core capabilities, especially in the area of public financial management.

Nevertheless, the pledge to work towards country driven approaches sends signals and provides impetus for tackling indicators 4 and 6. Adoption of programme based approaches³ and alignment behind country strategies is likely to encourage greater coordination of technical cooperation inputs among agencies and will make the

² UK, Belgium, France, Germany, Sweden, UNDG. Denmark is in the process of transforming its current TA policy paper into more operational guidelines - also with a view to operationalise the objectives of the Paris Declaration, which should be ready in early 2008. Australia and several other DAC members produced action plans in light of the 2003 Rome Declaration on Harmonisation but have not updated these in light of the Paris Declaration.

³ According to the 2006 monitoring survey, 43% of aid is channeled through programme-based approaches although the survey cautions that this figure may be inflated due to the way indicator 9 has been interpreted.

continued use of parallel PIUs, typically associated with stand-alone projects, less relevant. Specific TA reforms should not therefore be looked at in isolation as much of what needs to be done depends on the implementation of other elements of the Paris agenda.

However, the 2006 monitoring survey emphasises that the reform process has just begun, and that considerable obstacles to implementation of the agenda need to be overcome. It concludes that on the basis of the survey findings, *“in half of the developing countries signing on to the Paris Declaration, partners and donors have a long road ahead to meet the commitments they have undertaken.”*

1.2.1 Indicator 4 (50% of TC provided through coordinated programmes)

This indicator is designed to increase country ownership of, and capacity to manage TA/Capacity development projects/programmes funded by development partners.

DFID, SIDA and UNDG make explicit commitments to provide TC coordinated with the national development strategies of partner governments. Germany, Australia, France and Denmark meanwhile commit to exploring ways of increasingly working with other agencies to plan and implement joint capacity development activities, and note that TC should be aligned with country driven strategies. Aside from statements of intent to support countries to develop national CD strategies, there is however little discussion by donors on what practical steps may be taken if the partner government has no national development strategy as regards capacity development.

- DFID and DANIDA see Pooling⁴ (whether under government management, or through mixed or loose pooling arrangements including through delegated cooperation) as an instrument that can encourage attainment of this goal as well as the progressive elimination of parallel PIUs.
- Agencies such as DFID and DANIDA have also expressed their commitment to assist partner countries to develop national CD strategies and to encourage other agencies to work through joint programmes (DFID, 2006, DANIDA, 2005).
- A number of agencies are willing to consider delegated cooperation as a means of better coordinating support and avoiding duplication⁵ and it is something that is already practiced among the NORDIC + group.

⁴ Pooling can take many forms. “Advanced” pooling is characterised by national authorities managing TA personnel on a daily basis and strategically, but contracting is done by one of the development partners providing financing. Country procurement and contracting is sometimes done through procurement agencies instead of development partner. With “Loose” the strategic direction of TA personnel is shared between the government and IDOs. Personnel are normally contracted individually by one or more IDOs, often on a tied basis. “In-kind” refers to actual provision of a person rather than a contribution of funds to a common fund

⁵ For example last year DFID and Belgium (BTC) signed a delegated cooperation agreement to support land reform in South Africa. DFID will delegate the administration of part of its programme and finances to BTC.

The 2006 Monitoring Survey on the Paris Declaration provides the following baseline data in relation to indicator 4:

Agency	Figure
SIDA	64 %
DFID	61 %
World Bank	57 %
Target	50 %
Danida	48 %
UNDG	44 %
Germany	37 %
EC	35 %
Australia	25 %
France	20 %
Belgium	18 %

The above figures would suggest that for a number of the sampled agencies the target has already been achieved or is close to being achieved. For several others, there is some way to go.

However, the Survey underlines the lack of clarity over this indicator and the differences of interpretation among respondents to the meaning attached to technical cooperation, coordinated approaches, country strategies and capacity development. Therefore, these figures need to be treated with caution (see box below).

Conclusion of the 2006 Monitoring Survey on Indicator 4

The baseline position regarding the Paris Declaration commitments on capacity development is not as favourable as the figure of 48% (against a 2010 target of 50%) might appear to suggest. The survey has revealed quite a profound lack of consensus on valid approaches to capacity development and the meaning of the Paris commitments in this area. This should prompt further efforts to disseminate and evaluate the evidence that lies behind the Paris vision. Donors and partners should be reviewing, in the light of this evidence, whether the expectations they currently have of each other and of themselves on this issue are sufficiently far-sighted and ambitious.

1.2.2 Indicator 6 (to reduce the baseline stock of 1 832 parallel PIUs by two-thirds, to only 611, by 2010)

The aim of this indicator is to reinforce country ownership of development policies, and to strengthen local and national capacity for planning, implementation and accountability.

Both DFID and SIDA make an explicit commitment not to use parallel PIUs in the future. Germany says it will explore the actions that need to be taken to avoid new parallel implementation structures being established. DANIDA recognises the need to refrain from establishing PIUs. AusAID encourages the use of national systems but recognises that this may not be possible in many of the fragile environments in which it works.

The position of the World Bank, as laid out in their guidance note of 2005 is that PIUs should only be used in exceptional circumstances or when there is no feasible alternative. The Bank has long recommended that stand-alone project implementation units (PIUs) be mainstreamed into existing ministry structures,

because they are inconsistent with the Bank's mission of capacity development and institutional strengthening in developing countries.

However, Bank staff concedes that internal incentives in the Bank are still biased in favour of PIUs as a way of getting projects implemented on time, with minimal corruption and at expected levels of quality. The Bank recognizes that the approach and pace of transition from PIUs to government ministries and institutions will vary by country and by project. It does not attempt to prescribe "how to" because of the wide differences among countries and sectors in their implementation capacity and specific needs and circumstances.

UNDP as well as the wider UN family recognises the need to reduce reliance on PIUs and highlights the tension between the imperatives of achieving short-term results and the management of risk, and the UN commitment to long term capacity development. UNDP's main strategy is on strengthening national institutions and encourages the use of the national execution modality (NEX) wherever possible. It notes however that in some instances, partners request UNDP to provide project management services on their behalf through parallel structures.

Conclusion of the 2006 Monitoring Survey on Indicator 6

The total of 1 832 parallel PIUs in just 34 countries is of concern – particularly if there are grounds for thinking this is a low estimate. Even if the will to change is real, so that new projects are increasingly managed by mainstream government organisations, reducing this total to 611 is going to call for a substantial effort in which both donors and governments will need to participate.

Change will not be easy. The principal hurdles cited in the survey include the backlog of projects that were originally set up with very little concern for alignment and ownership goals, the interest of PIU employees and parent ministries in the employment conditions and fringe benefits that parallel units permit, and the unwillingness of results-conscious external funding agencies to compromise on the quality of project implementation.

Conclusion

- Ø *With respect to indicators 4 and 6, several agencies are unequivocal in their intention to fully realise the indicator targets, while others commit to exploring the issues.*
- Ø *However, even those agencies explicitly committed to meeting the Paris targets are still in need of practical action plans to assist them in realising the goals set by the targets. Similarly, plans for how agencies will go about shifting their corporate incentives to make meeting these targets a reality are also largely absent.*
- Ø *As reported in the 2006 monitoring survey, there is urgent need to clarify and seek a shared understanding of the two indicators as a basis for developing appropriate response strategies. This shared understanding of the indicators and related definitions, is of particular relevance for both measurement of progress towards the indicators, and for developing country recipients of TA, a number of whom in the baseline survey of the Paris Declaration, reported that none of the assessed TA could be categorised as coordinated.*
- Ø *As important to the realisation of these two indicators is that there is progress in achieving several of the other indicators.*
- Ø *In the absence of formal policies on TA and PIUs, the Paris Declaration Indicators serve as an important reference point for agencies to reflect on their practices in these areas.*

1.3 The Management of TA Personnel

This section presents a number of features of the management of TA *personnel* (rather than TC more generally) as practiced by the agencies reviewed in order to provide some more operational insights into management issues that impinge on indicators 4 and 6 as well as on the general effectiveness of TA provision. The section looks at: 1. *Programme Design* 2. *Procurement (including contracting)* and 3. *Supervision & Accountability*.

It is worth recalling (even if self-evident) that the management of TA personnel is shaped by the type of aid modality within which TA personnel are deployed. Thus, in a typical project modality with one donor working on its own with a partner organisation, the way in which needs are identified, TA is procured and then managed and accounted for, will differ from programme-based approaches where there may be multi-donor involvement often at a sector-wide level.

1.3.1 Programme Design

Agencies confirm that needs with respect to TA personnel are normally identified and specified as part and parcel of any project/programme design process.

Proposals are supposed to respond to demands expressed by the partner, and to be in line with country assistance strategies and the national development priorities of the country concerned, but as reported elsewhere, development partners have their own interests and agendas that often influence decisions on TA deployment and the use of PIUs. Moreover, there are rarely opportunities at the programme design stage for partner governments to take proper account of the opportunity costs of selecting TA over other forms of aid. Often, questions about TA personnel and PIUs arise in the context of discussions on the suitability of appropriate project management arrangements, but increasingly, they arise in the context of broader capacity assessment exercises and consideration of appropriate capacity development interventions. The World Bank and UNDP both emphasise the tension between seeking project management efficiency and supporting longer term capacity development.

Agencies recognise that the quality of programming and design can be improved in a number of ways:

- Programme-based approaches⁶ such as sector support programmes provide the opportunity to align TC provision with sector strategy objectives and to take account of sector capacities rather than looking more narrowly at the specific management / implementation requirements of individual project interventions.
- The assessment of needs (especially in relation to capacity) should be more thorough and analytical than is currently the case. This would enable a better matching of TC provision to needs, and in particular to a better justification for TA personnel deployment.
- Programme design needs to be undertaken as a joint process to ensure a shared understanding of what is being proposed and what the roles and functions of

⁶ Defined in the context of the Paris Declaration as featuring 1) Leadership by the host country or organisation, 2) a single comprehensive programme and budget framework. 3) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement 4) efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.

designated TA personnel will be. For DANIDA, the partner needs to lead the process as a matter of principle. AusAID underscores the need for development partners to be absolutely clear on the purpose of providing TA, particularly in relation to capacity development, and whether or not project management responsibilities are to be included. By transferring full responsibility for the management of TA throughout the project cycle to the partner agency, AFD aims to reinforce ownership and accountability for the effective use of TA.

- Being transparent is equally important - DANIDA now makes the costs of TC options fully transparent in the design phase so that country partners can consider the opportunity costs of TC, and weigh up the options. Some of AusAID's facilities (eg in PNG) are also providing more transparent information on TA options in the form of a menu of fully costed options from which the partner agency can choose. Likewise the full costs of deploying TA are made known to the partner agency by AFD in the design phase.

Conclusion

- ∅ *There is little disagreement in principle on the need to base TA personnel provision on local demand, to improve the quality of analysis and to ensure joint and transparent processes of needs identification and project formulation.*
- ∅ *Programme-based approaches open up the opportunity to think beyond the requirement of discrete projects, to broaden analysis in terms of capacity assessment and to explore options for programme management that work within national structures.*
- ∅ *The absence of country and sector capacity development plans/strategies however limits opportunities for coherent and coordinated responses, and there are no proposals for how donors can meet indicators 4 and 6 in the absence of capacity development plans.*

1.3.2 Procurement and Contracting

Agencies agree that procurement by the country partner should be the norm. But they equally reserve the right to retain responsibility for procurement where country systems for public financial management and procurement are considered inadequate. In reality, donor managed procurement prevails.

The decision to opt for donor or country procurement should be based on an assessment of procurement capacity, conducted during the design phase. DFID suggests this to be done agency by agency (by conducting a Country Procurement Assessment Review or a harmonised DAC Benchmarking exercise that is linked to the DAC Joint Venture on Procurement) as capacity is not necessarily the same across government departments.

Even when local procurement capacity is adequate there are instances where development agencies may have a role to play in sourcing TA/TC services, provided this is requested by the country partner. An example is UNDP which is on occasions asked by the partner government to manage procurement even in the context of national execution arrangements (NEX).

The issue of country managed procurement does not arise in a number of situations. For instance, GTZ which is de facto an executing agency appointed by BMZ to implement TC activities, is responsible for the procurement of international and local experts to support the implementation of its programmes. And where agencies offer support through twinning arrangements in a situation where there is only a sole

provider (eg tax department), or where agencies offer to second officials from their own administrations (such as Australia's Whole of Government approach, or France's secondment of civil servants through the Ministry of Foreign Affairs / FCI), then procurement remains an agency responsibility. There is no clear resolution between these current practices and the Paris Declaration targets.

Otherwise, and depending on the cost of the TA (low amounts can often be contracted without recourse to the open market), TA personnel are usually sourced through the market place (managing contractors and/or individual consultants), where competitive tendering rules apply. Depending on a number of factors/considerations (degree of decentralisation of management responsibility and value of contracts), procurement and contracting is managed either at agency headquarters or at the country level (see box).

Example of Good Practice

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

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

Source: DFID How to Guide

A number of agencies recognise the potential advantages of country level procurement:

- it makes it easier to respond to emerging demand and to assess needs accurately
- it allows for closer coordination with other development partners
- it can also facilitate the participation of local providers (national consultants) in the bidding process (key to untying commitment), and
- it facilitates the participation of partner agencies in the entire procurement process.

Agencies emphasise the responsibility of the host organisation to be fully involved in the drafting of TORs and tender documents, and to be actively involved in the review/interview process. In the case of DANIDA, the procurement process is facilitated by a specialised HR firm responsible for drawing up a short-list of candidates for interview, but the final interviews usually take place in-country under the chairmanship of the country partner agency. Similarly, AusAIDs Facilities take the lead in the procurement process including preparation of tender documents and subsequent contracts, but the partner is involved in the review and selection of candidates/bids. While partner agencies are formally responsible for all aspects of procurement, AFD country offices are often called upon to provide assistance. Meanwhile, BTC (Belgium) notes their internal capacity constraints in adequately supervising a growing number of managing contractors.

Pooling arrangements can provide an opportunity for greater country led procurement. Where there is full pooling, national procurement systems can be used,

enabling competitive tendering that is fully untied. Advanced and loose modes of pooling enable a combination of national procurement as well as in-kind provision of TA personnel by agencies, selected with the full participation of the host. However, it is feasible for national procurement systems to be shadowed by donor agency systems, even in loose pooling arrangements.

Despite commitment by the agencies to the untying of aid, the majority of assignments by value continue to go to nationals of the agency concerned.

- DFID estimates that despite un-restricted tendering 75% of contracts are awarded to UK registered companies/individuals. It is however committed to increase participation of non-UK contractors for instance by increasing procurement at the country level.
- For SIDA, while aid is officially untied, most TC takes the form of twinning arrangements with Swedish public and private organisations, or is arranged through contract-financed TC which explicitly links Swedish providers with southern organisations. As a result, only a small proportion of TC work goes to non-Swedes.
- Where secondments are made from an agency's own administration, then inevitably, non-nationals are excluded. This is the case, with France's civil servants and Australia's Whole of Government partners. In the case of DANIDA 25% of its directly recruited advisors come from other EU countries.
- In the case of Germany, the majority of seconded experts recruited through GTZ are German though there is no restriction on other nationals applying. However, in the case of integrated experts provided through CIM, candidates must either be German or come from an EU member country.
- Delegated cooperation - as well as full pooling arrangements - provides scope for agencies to provide funds for TA/TC services which are supplied by nationals of another country.

Conclusion

- Ø *In practice, most procurement of TA personnel is donor-led. This is attributed to weaknesses in country PFM and procurement systems, which is often the main rationale for establishing PIUs. Human Resource management capabilities also remain weak.*
- Ø *In the absence of country managed procurement, agencies are working to uphold principles of partnership by ensuring fuller country participation in the procurement and contracting process.*
- Ø *Several TA modalities such as twinning and Whole of Government secondments⁷ which are increasingly important do not lend themselves to competitive tendering.*

1.3.3 Supervision and Accountability

Agencies agree that the host agency should be fully responsible for the day-to-day management of TA personnel⁸. The overall performance of TC activities to which TA personnel contribute should be the subject of higher level mutual review processes.

⁷ Whole of Government secondees refer to individuals drawn from an agency's home civil service (such as treasury, auditor general, customs) to serve as TA in a partner country. The whole of government approach recognises the potential contribution of various government departments, not normally associated with development cooperation, to overseas work. Different departments are expected to work across their areas of specialization to provide an integrated government response.

⁸ Where a managing contractor is involved, then the contractor is responsible for the induction and supervision of individual TA, while the contractor reports to the host agency.

While, TA personnel should in the first instance be accountable to the organisations they serve, in practice dual lines of accountability normally apply, reflected in various hybrid reporting/accounting arrangements.

- Experience varies greatly between country offices, but SIDA, DFID and DANIDA can be said to play a more hands-off role, attempting to limit their participation to higher level steering committees and to intervene only in case of emergencies/crises or the need to review programme/strategic priorities. SIDA for instance sees its role primarily as providing quality assurance. For DANIDA, the partner organisation is responsible for programme outcomes and is expected to report on TA personnel performance. Steering Committees typically assume the functions of a board, representing and accounting to the main stakeholders involved and providing oversight to those charged with day to day execution.
- France also works with forms of co-management with most TA who are recruited through the Ministry of Foreign Affairs being accountable contractually and administratively to the Embassy but for day to day management and reporting to the client. However, TA financed through AFD is contractually responsible to the partner agency, and there are no formal reporting lines to the French administration. Belgium also works through forms of co-management but this is generally considered to be more directive with relatively little management responsibility transferred.
- Whole of Government Deployees from Australia are often placed in in-line positions and while retaining reporting relationships both with AusAID and their home department, are directly responsible to the heads of department of the host organisation. Balancing competing lines of accountability can therefore be a challenge. AusAID has developed a charter to assure that contracts implemented in whatever form are done in the best interest of the partner.
- The situation regarding GTZ is somewhat different, because of its executing agency status. The personnel it deploys are accountable in the first instance to the GTZ project manager (as would be the case with any managing contractor) who in turn accounts for results to the principal (BMZ). However on day to day matters, the experts are expected to report to the agencies to whom they have been seconded. There is also a non-hierarchical reporting relationship between the partners, while both sides report to their respective stakeholders. This set of relationships can therefore present problems of accountability. Lines of accountability are more straight-forward in the case of integrated experts (CIM) who are directly accountable to the client organisation that has contracted them, similar to AFD.
- Pooling and programme-based approaches allow the balance of management responsibilities to shift more easily to the partner side, by breaking the direct reporting relationship between contractor and funder that is more common in project modalities.

Conclusion

- ∅ *The day-to-day management / supervision of TA personnel is understood to be a host agency responsibility. It is now rare for TA personnel to report directly to their funding agency. However, in practice TA personnel frequently continue to report to their agencies, and lines of accountability are often blurred.*

- ∅ *So long as external partners finance TA personnel whether directly or indirectly, various forms of mutual/joint accountability on TA personnel performance are likely to be used (in the spirit of partnership).*
- ∅ *Increasingly funders assume more of a hands-off function engaging at a higher level of programme performance review.*

1.3.4 Differences between Policy Rhetorics and Practical Reality

This overview has highlighted the formal policies, positions and guidelines of development partners with respect to the delivery of technical cooperation. It is however important to make the distinction between policy rhetorics and practice on the ground. Various factors including vested interests and corporate incentives - on the part of development and country partners - to maintain the status quo, do hold back efforts to reform TC practice. This is acknowledged by some agencies, for instance DANIDA which discovered an unsatisfactory level of compliance with their new policy on TA. And while attention in this paper has focused on proposals for more fundamental reform, it is important not to lose sight of the need to tackle some of the more mundane practices that can easily undermine effectiveness. For example:

- Ensuring that the timing of identification and formulation missions coincides with the availability and readiness of the partner organisation to engage, and being prepared to defer missions if this is not the case.
- Ensuring that prospective bidders have access to sufficient information and insights including background materials prepared during programme/project design, to enable them to prepare technical proposals and propose TA personnel based on a thorough understanding of the project scope and rationale.

1.4 Implications for the EC Strategy

Based on this overview of agency practices, this final section provides some first thoughts on areas/topics on which the European Commission might draw inspiration. Related to this, it suggests areas where exchanges of good practices or development of joint approaches with other agencies could be considered, and areas in which the EC might go beyond the good practice of other agencies and act as a lead role model for Member State practice on TA.

(i) Develop an Over-arching Policy and Guidelines on Technical Cooperation

The policy paper of DANIDA and the “How to” guidance note of DFID confirm the potential value of a succinct paper that provides policy directions and operational guidance. Such a document produced by EUROPEAID could send a clear message to both internal and external audiences on where the EC stands on issues of technical cooperation, and how it intends to tackle them. However, it should be recognised that the potential impact of guidance notes can be limited, and needs to be accompanied by both explicit policy statements and workplans, and clear incentives for staff to change their current practices.

- *Discuss with DFID and DANIDA the processes used to develop their policies/guidelines and the challenges/pitfalls of implementation.*
- *Discuss and explore issues of corporate/organisational commitment to change at all levels.*
- *Discuss and explore issues of incentives for change (e.g. corporate), and internal and external obstacles to change.*

(ii) Addressing Indicators 4 and 6

Indicator 4 - explore the scope for working through pooling arrangements, engaging in delegated cooperation practices, and assisting countries to develop their own CD strategies.

- *Examine the experience of the NORDIC + group which provides some leadership here.*
- *Explore ways to go beyond the commitment made by the Nordic group with a view to meeting the EU targets on indicators 4 and 6.*

Indicator 6 - explore the institutional and incentive constraints that hold back progress in reducing the number of parallel PIUs.

- *Review the World Bank's Guidelines on PIUs that may be relevant to the operating environment of the EC.*
- *Clarify the meaning of integrated and parallel PIUs with regard to each EU funding mechanisms.*
- *Accompany the work that some other member states propose to do (such as Germany) to investigate the practical challenges of reducing the use of parallel PIUs.*

Facilitating Discussions: EC delegations could potentially play a facilitating role at country level in getting discussion going among member states to address both indicators 4 and 6. However, this might require that appropriate expertise is available within delegations to address broader capacity development issues.

(iii) Improving the Management of TA Personnel

a) Programming and Design

Ensure Partner Engagement: TORs for identification/formulation missions should ensure full participation of country partners in the preparation and review of key documents (eg: Financing Proposal, logframe, TORs for any proposed TA personnel).

- *Break down partner engagement at the programme design level into stages and identify incentives for creating great partner country leadership at each stage.*
- *Explore how the opportunity costs of TA can be made more transparent to partner governments*

Emphasise Capacity Development: TORs for identification/formulation missions should insist that proposals relating to TA personnel deployment and PIUs are justified from a capacity development, rather than a project management perspective.

- *Check the procedures and instruments used by agencies such as DFID, World Bank and DANIDA to assess political economy (drivers of change), capacity, fiduciary risk. Look also at World Bank guidelines on PIUs.*

Make Costs Transparent: The costs of TC options and in particular of TA personnel should be made transparent and included as an item for discussion in the identification and formulation process.

- *Explore relevant experiences of DANIDA and, in some situations, of AusAID (eg: Facilities in Papua New Guinea).*
- *Explore and map out own financial transparency guidelines and identify any obstacles.*

- *Explore potential transparency difficulties of working with other donors (e.g. pooling).*

Harmonise Approaches: Wherever possible and especially where pooling or programme-based approaches apply, avoid separate identification and formulation missions and wherever possible, make greater use of existing information/analysis.

- *Review experiences of NORDIC+ group*

b) Procurement and Contracting

National Procurement as the Default: Wherever national procurement procedures are considered acceptable, these should be used in place of EC rules and regulations.

- *Examine the practice of DFID (and others) of conducting PFM and/or procurement assessments as a basis for determining whether or not local procurement can be used.*
- *Develop own guidelines setting out the basis for assessing partner country systems capacity and what can be done in cases of low capacity without unduly undermining partner country ownership.*

Harmonise Approaches: Where there is scope to work through delegated cooperation, co-financing or pooling, separate procurement may be avoided. Procurement might then follow the procedures of the national partner, a designated lead agency or EC procedures if TA is provided “in-kind”.

- *Examine experiences of the NORDIC+ group.*

Facilitate Participation of Local Consultancy Industry: Steps should be taken to encourage the participation of the local consultancy industry in EC tenders. This might include reviewing eligibility criteria, or being more proactive in announcing tenders through the local/regional media.

- *Work with other donors to develop guidelines on encouraging greater participation of the local consultancy industry through decentralised (country level) procurement*

Ensure Partner Engagement: Partners need to be fully involved in the preparation of TORs/tender documentation and in the review/selection of candidates. This is particularly crucial in view of the time lag between submission/approval of a Financing Proposal and the call for tenders. During this period, personnel change, contexts evolve and re-engagement is crucial to sustaining ownership.

c) Supervision and Accountability

“Hands off, eyes on”: The “hands-off, eyes on” approach to monitoring TA performance from a distance, and thereby avoiding involvement in direct management, and focusing rather on quality assurance and broader programme outcomes might best suit EC project and programme modalities

- *Review the NORDIC + practices that seek to limit direct management responsibility and in the case of SIDA of quality assurance.*

Performance Contracts: Consider the use of performance contract-type arrangements to encourage dialogue, monitoring and review on TA performance among partners.

- *explore the performance contract arrangements that DANIDA has recently developed to reinforce the TORs for TA personnel in a number of countries, and which are used by steering committee members.*

2: Agency Overview⁹

DFID – UK
SIDA – Sweden
BMZ/GTZ – Germany
DANIDA – Denmark
MFA/DGCD/AFD - France
AusAID - Australia
BTC – Belgium
UNDP – UNDG
World Bank

⁹ Most of the information and statistical data in this section has been obtained from official agency websites and the documentation of the Development Assistance Committee (DAC) of the OECD. Statistical data pertaining to Technical Cooperation has been notoriously difficult to collect and analyse due in large part to problems of data capture and lack of standardisation of categories. As a result the DAC has not been systematically collecting data on TC since 1996. Readers should be aware of this and of the associated difficulties of comparing data across agencies.

UK – DFID

Background Information
<p>TC Budget & Composition</p> <ul style="list-style-type: none">• TC represents approx. 11 % of the UK bilateral budget of USD 8.2 billion (2005 figures)• Breakdown of TC budget: TA personnel (50%), knowledge / research (40 %), training / scholarships (5%). (Excluded: TC elements of support provided to NGOs, the ODI fellowship scheme , in-country multi-lateral agency co-financing) <p>Position on untying Aid</p> <ul style="list-style-type: none">• All aid untied since 2001, following the adoption of the recommendation on untying at the DAC High Level Meeting, April 2001.• 25% by value of contracts go to non-UK suppliers (not only for TA) <p>Programme Based Approaches</p> <ul style="list-style-type: none">• Overall DFID policy is to shift from individual projects to programme based approaches including, where appropriate, sector and general budget support. (59% of assistance is programme-based according to PD Monitoring survey).
Policy and Reform Initiatives
<p>Technical Cooperation / Technical Assistance Personnel</p> <p>Dfid has no formal policy on TA/TC but has developed a vision for reforming the deployment of TA personnel reflected in its 2006 “How to Note” series entitled: “<i>How to Provide Technical Cooperation Personnel</i>”. The vision also makes clear reference to the Paris Declaration. Key elements of the vision are reflected below:</p> <p><i>The growing vision is for a more market oriented approach to TC where it is untied from donor country suppliers, procured directly by partner countries through national systems, and nationally managed. Donors should view TC less as a ‘donor instrument’ and more as a ‘good’ that partners can source directly through a well functioning market.</i></p> <p><i>Donor funding and procurement of TC should be a second best option where partners lack the resources and systems, and request support. As recommended in the 2005 Paris Declaration, donors need to move faster to use partner systems for procurement. It helps to foster ownership and a more market oriented rather than donor driven approach to TC.</i></p> <p><i>DFID needs to be able to identify where there is already capacity for this in partner countries, and support long term capacity for aid and TC management. The move towards greater government control and procurement should not, of course, be at the neglect of TC funding to non-state actors and other organisations that demand it.</i></p> <p><i>Where DFID continues to procure TC for partners at their request, either directly or through our Resource Centres, a partnership approach is required. Partners should have a clear role in the design and selection of long term consultants, line manage them and take on strategic decision-making and monitoring. We should apply the Paris Declaration principles, and coordinate with other donors to improve the efficiency and focus.</i></p>

It acknowledges that: *Improved delivery of technical assistance is an area where DFID has a long way to go. Policy work is on-going in DFID and internationally on how to deliver better technical assistance to promote longer term state building.*

Project Implementation Units

DFID recognises that it “*could do more to transfer control to government or the non-state partner institution*”. It recognises that where it uses a PIU to implement TC, “*it becomes another intermediary between government, DFID and the supplier. Responsibilities for management, monitoring and evaluation may become more blurred*”.

Specific Response to Paris Declaration and Indicators 4 and 6

DFID has produced a response to the Paris Declaration entitled: “*Medium term action plan on aid effectiveness – our response to the Paris Declaration*”. The following is reproduced:

Overall, “*DFID is committed to providing capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements by 2010, and to avoid the establishment of any new PIUs*”.

DFID programmes will aim to provide co-ordinated support to build government capacity to lead on harmonisation and aid management including development of harmonisation action plans.

DFID identifies three areas for specific attention:

- Aid management capacity and procurement reform
- Strengthening aid coordination through Pooling mechanisms and aligning behind country priorities/strategies
- Paying more attention to appointing right kind of personnel and encouraging national TA

Indicator 4:

Proposed action: *Work with partner governments to develop national capacity building programme. Work with other donors to ensure joint support for capacity building (preferably to government owned and led programme*

61% CD support coordinated according to PD monitoring survey

Indicator 6:

Proposed action: *Do not set up or work through parallel project implementation units.*

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

Management of TA Personnel

Design / Programming

The following is emphasised:

- Adopting a more systematic approach to institutional/context analysis as a basis for determining needs
- Ensuring that TA provision coincides with partner requests as reflected in PRSP and country strategy
- Achieving a shared understanding of the purpose at the outset is particularly important
- Provision of TA must not undermine country ownership of policy choices nor be used to impose policies
- The decision on where and how to use TC is in part based on past experience, good practice and the country context, and must be justified to the relevant regional department at DFID headquarters.

Procurement

DFID is committed to using country procurement systems wherever possible, and to use pooling as a means of increasing country management. Two approaches are used for procurement: either through DFID or through country systems:

1. DFID (Direct) Procurement:

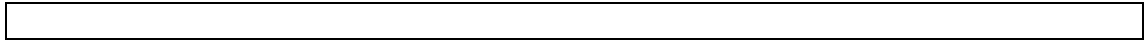
- Depending on value of contract, procurement is either arranged at headquarters or country office level.
- Sector/Thematic Resource Centres can be called on to assist country offices in identifying TA mainly for short term assignments.
- Procurement is normally through open competitive tendering. Special efforts are being made to increase participation of national contractors/consultants. Decentralised procurement of lower value contracts has expanded the use of non-UK suppliers. Country offices are encouraged to maintain data-bases of local consultants.
- Partner organisations participate in the interview/review of tender consultants/bids

2. Country Procurement:

- One of the most important steps for DFID when funding TC is to appraise the capacity of the organisation in question to procure the TC directly. DFID suggests conducting a Country Procurement Assessment Review or a harmonised DAC Benchmarking exercise that is linked to the DAC Joint Venture on Procurement
- Where the partner can procure TC directly, DFID considers whether there is still a role for it or another donor to play in providing complementary support to the process.

Supervision and Accountability (management)

- Various modalities are used that range from full DFID management through to full country management, as well as various permutations of co-management.
- In principle, TA personnel are accountable to host organisation (although in practice they also report to DFID).
- PIUs and managing contractors function as an intermediary management layer with reporting responsibilities both to DFID and to host organisation
- Pooling and programme based approaches offer opportunities to shift line management responsibilities for TA to host organisation.
- DFID argues that reporting on TC practice should be included within mutual accountability processes.



1.5 Sweden - SIDA

Background Information
<p>TC Budget & Composition</p> <ul style="list-style-type: none">• An estimated 6% of Sweden's bilateral budget of USD 2.3 billion (2005 figure) is spent on TC. <p>Position on untying Aid</p> <ul style="list-style-type: none">• 96% of Swedish aid is untied (100% according to PD survey), following the adoption of the DAC recommendation on untying in 2001.• In practice, much TC is of Swedish origin in part due to the significance of twinning arrangements and the use of contract-financed TA modalities. <p>Programme Based Approaches</p> <ul style="list-style-type: none">• There is a gradual shift from project support to programme-based approaches. Budget support has been introduced in at least 5 countries. 47% of aid is programme-based according to the PD survey.
Policy and Reform Initiatives
<p>Technical Cooperation and PIUs</p> <ul style="list-style-type: none">• SIDA has no formal policy on TC but in 2000 produced a policy document on capacity development, as well as various technical documents on CD strategies, methodologies etc that includes consideration of TC inputs. In so doing, SIDA has made the conceptual shift from looking at TA at the individual level to thinking about CD at the organisational level• SIDA abandoned traditional long term fixed contract, direct recruited TA personnel in 1988 following findings of a critical review.• TA personnel are now deployed as part of larger CD assistance packages• TA personnel are deployed as a last resort: <i>"As a point of principle, Swedish-financed development projects shall be implemented by local/national expertise and that Swedish/international consultants/advisers shall only be engaged when there are not sufficient experts in the country."</i>• SIDA also implements triangular aid arrangements in areas where it has no comparative advantage, and also works through delegated cooperation <p>TA Modalities:</p> <ul style="list-style-type: none">• Consultants – Their main function is to provide advisory services and not to implement.• Twinning – has become the dominant TC modality for SIDA• Other modalities - training, networks, consulting funds, NGOs <p>Specific response to PD Indicators 4 and 6</p> <p>SIDA has produced a general action plan as a formal response to the Paris Declaration which includes clear statements regarding indicators 4 and 6. According to the 2006 Monitoring Survey, 64% of TC is coordinated.</p> <p><i>"SIDA should support capacity development in partner countries through coordinated programmes consistent with partners' national development strategies".</i></p> <p><i>"Likewise SIDA should as far as possible use procurement systems in partner</i></p>

countries for procurement connected to Sida contributions, and will be prepared to finance capacity development relating to procurement”.

“SIDA should not establish separate Project Implementation Units for its contributions”.

Together with the Nordic + group, SIDA is working towards fully untying aid funded procurement in countries with appropriate procurement systems and establishing a common procurement policy which places full responsibility for procurement on the recipient government in accordance with its own systems.

The paper acknowledges that while Swedish companies, consultants and institutions are often the main factors behind what could be identified as Swedish comparative advantages or value added in development cooperation. They must increasingly become part of the international supply of resources to be utilized by the partner countries in accordance with their strategies and priorities.

The Management of TA Personnel

Programming / Design

- Demand for TA personnel is identified as part of the programme design process
- Personnel are provided either in the context of a sector programme or through a Contract-financed TC arrangement (where there is no sector programme and usually in middle-income country where cost sharing is possible)

Procurement

- SIDA continues to be involved in the procurement of TA personnel either through competitive tendering or facilitation of twinning or contract-financed arrangements
- Where competitive tendering applies, SIDA prepares TORS/contract documents
- Tendering is waived where a sole provider is proposed for a twinning arrangement
- Contractors are responsible for mobilising the right mix of required expertise.

Supervision and Accountability (management)

- SIDA limits itself to performing a Quality Assurance role, liaising at arms length with both contractor and client. There is some internal discussion as to whether SIDA should be more directly involved.
- The contractor is responsible for achieving outcomes and for the management (recruitment, induction, supervision etc) of individual TA personnel.
- TA personnel report both to the managing contractor as well as to client (day to day mgt) but not directly to SIDA

1.6 Denmark - DANIDA

Background Information
<p>TC Budget & Composition</p> <ul style="list-style-type: none">• TC accounts for approx. 8 % of DANIDA's bilateral programme of USD 1.4 billion in 2005 (DAC Peer Review, 2007) <p>Position on untying Aid</p> <ul style="list-style-type: none">• According to the PD Monitoring Survey 85% of Danish bilateral aid is untied.• Since 2004, bidding is open to all qualified companies as per EU procurement rules. In 2006, it untied all its aid except for the mixed credit programme and food aid.• 65% of directly contracted TA are Danish, while 25% are from other EU countries <p>Programme-Based Approaches</p> <ul style="list-style-type: none">• Danida has responded to the changes in the aid environment, particularly by adopting the SWAp in its bilateral assistance since 1995 and by engaging actively in aid harmonization efforts in partner countries. 60% of its bilateral aid is programme-based according to PD monitoring survey.
Policy and Reform Initiatives
<p>TA and PIU policy</p> <ul style="list-style-type: none">• In 2004, Denmark produced a Policy document on TA in Danish Bilateral Aid, in response to a critical report on TA effectiveness that raised concerns about ownership, lack of impact, and a focus on control, rather than capacity development.• The Policy sets out principles of engagement but emphasises the need to match these to contextual realities and therefore to adapt accordingly.• A study conducted in 2005 found that from a sample of projects only 8 of 19 complied with the new policy. Concern expressed that the policy was not being fully enforced although a shift in orientation of TA personnel role was noted.• The Policy was thereafter revised with the step taken to make TA budgets transparent and fully part of programme budget preparation, and no longer as a separate item. The revised policy notes that the adjustment in the use of TA is part of the overall effort to enhance the development effectiveness of Danish aid• The Policy is again under review. It will translate the policy into more operational guidelines and will also take account of the Paris Declaration. It will be ready in early 2008.• Overall, there has been a steady reduction in the number of TA deployed. Today there are no more than 200 in the field. Danida encourages the use of National TA but prohibits recruitment of civil servants as consultants.• Perform a primarily advisory function, although project management functions are performed where local systems are considered inadequate. The numbers doing so has declined significantly since late 1990s.• Part of the Danish CD strategy is to assist partners to develop the capacity to identify and supervise TA• Danida provides a considerable number of experts to accompany the implementation of long-term organisational reform and sector support programmes.

Specific response to PD Indicators 4 and 6

According to the DAC 2007 peer review, Denmark is highly committed to the aid effectiveness agenda. In addition to the 2003 decentralisation process which aimed to create a supportive framework, Denmark has adopted a pragmatic and incremental approach to implementing the Paris Declaration commitments.

However, there is no specific Danish response and action plan for implementing the Paris Declaration. The current revision of the TA policy takes account of the Declaration and will indicate how Denmark will intend to tackle indicators 4 and 6.

Indicator 4

The DAC 2007 peer review argues that Danida needs to consolidate the emerging trend of aligning and harmonising its TA personnel with other donors and to build capacity.

The TA Policy highlights pooling of TA in-kind as one promising means of coordinating the provision of TA among donors for the benefit of partners. It will also support partners in the identification of their comprehensive TA needs and management of the selection process in TA pooling arrangements. Danida has also started to pool funds for TA.

According to the PD monitoring survey, 48% of Danish TC is provided through coordinated programmes.

Indicator 6

The policy notes that Danida has often established parallel structures within partner institutions, charged with a dual mandate of programme implementation and donor reporting. This approach, however, is not optimal, as it tends to defeat overall Danish development aspirations by undermining civil service and public administration reforms.

According to the DAC review, a particular challenge, in view of Denmark's strict application of financial management standards, will be to achieve progress on the target to reduce the number of Project Implementation Units (PIU). And according to the TA policy there is need to refrain from supporting the establishment of parallel administrative structures for implementing aid funded activities and payment of salary incentives to civil servants.

The Management of TA Personnel

Programming / Design

- TA personnel management is guided by the principle that the partner should take leadership.
- Needs are identified as part of a project identification and assessment process, carried out jointly with the partner
- The demand for TA and proposed TA modality is supposed to be scrutinized and described through analysis of the political, institutional and financial context
- Costs of TA personnel provision is made fully transparent

Procurement

- TA personnel are procured either directly by DANIDA or via managing contractors.

- Local partner is involved in the entire identification and selection process, and is part of the interview panel.
- An HR procurement company that reports directly to Danida, facilitates the process (define the job descriptions, and clarify lines of authority and accountability). It identifies suitable candidates and, in cooperation with Danida, reduces the list of candidates to one or two who then travel to the partner country for interviews).

Supervision and Accountability (management)

- Partner leadership must be reflected in the institutional set-up of programme management. At the same time Danida's legitimate need for reporting on the outcome and use of funds must be met.
- The partner is responsible and accountable for the TA assisted development interventions. This includes implementation and supervision of and reporting on TA.
- TA personnel report to the host organisation on day to day basis
- Danida and the partner government formulate an extensive job description and in some cases performance contract which sets out in detail the organisational relationships of the partners, hierarchies and accountability.
- Responsibility for programme coordination and supervision is vested in a partner institution or forum in line with the institutional set up of the country. Joint programme steering committees (or similar) with representatives from involved partner institutions and donor agencies are the preferred vehicles of programme coordination and policy dialogue.
- The partner institution is responsible for the daily management and supervision of the TA input, whereas overall monitoring and assessment of adviser performance is undertaken jointly between partners and Danida

1.7 Germany – BMZ / GTZ

Background Information
<p>TC Budget & Composition TC accounts for approx. 38% of Germany's bilateral aid programme of USD 7.4 billion, which is expended across a number of different implementing agencies – the largest of which is GTZ, which has an annual budget of approx. € 1.1 billion and a portfolio of some 2700 projects/programmes</p> <p>Position on untying Aid According to the PD monitoring survey 94% of Germany's bilateral aid is untied, though the proportion of TC that is untied is likely to be lower (see further below)</p> <p>Aid Modalities According to the PD monitoring survey, just 20% of Germany's bilateral aid is delivered through programme based approaches. However, Germany is exploring more flexible use of delivery modalities that go beyond a project-based system, including programme-based approaches and budget support.</p>
Policy and Reform Initiatives
<p>TA and PIU policy</p> <ul style="list-style-type: none">• Germany does not have an official policy on TC and TA personnel. However a distinction has always been made between financial assistance channelled primarily through KfW and technical assistance, channelled through various implementing agencies.• GTZ as the largest TC implementing agency has developed its own policy paper (no.1) on capacity development which it considers to be its core business (2003). TC comprising the provision of advisers, equipment, training, and finance are viewed as inputs to support capacity development processes of partner organisations.• As an implementing agency, GTZ is guided by the policy and guiding principles of BMZ, the parent ministry - for instance, in relation to its formal response to the Paris Declaration and MDGs. In this regard, the BMZ guidelines for technical and financial cooperation (1999) provide the basis for GTZ functioning. These are currently under revision to take account of new aid modalities such as programme based approaches and TA pooling. <p>Germany distinguishes between three main categories of TA personnel:</p> <ul style="list-style-type: none">• Seconded Experts – hired where no local expert is available, where there is need for a neutral facilitator, or to play a dialogue role. Either GTZ staff or staff of sub-contractors. Approx 1000 deployed.• Local Experts - recruited by country programmes/ GTZ offices to support work of seconded officers. Approx 2100 deployed.• Integrated Experts – recruited under local contract through CIM (International Centre for Migration & Development) programme. Is the closest example of TA hired to perform a gap-filling function outsider the framework of a support programme – approx 600 deployed. <p>Specific response to PD Indicators 4 and 6</p> <p>The DAC Peer review considers Germany to be a strong supporter of the Paris</p>

Declaration and notes its desire to be a “champion” in this area. To date it has undertaken a number of pilot efforts to modernise its aid system, including a renewed attention to field based German co-ordination

BMZ has produced an *Implementation Plan for helping to achieve the MDGs and the principles of the Paris Declaration:*

- *The Purpose of the plan is to translate Germany’s commitment to the Paris Declaration into concrete, obligatory and time-bound actions. It will be updated annually and further refined over the medium term. It reflects Germany’s firm commitment to actively help to make the international aid system work better.*
- *The partnership principle requires German development organizations to redefine their role and modify the way they operate. In future, German development cooperation will increasingly work with other donors as it plans and implements its activities, in other words, it will integrate even more into multilateral and bilateral cooperation*
- *German development policy strongly supports international efforts for a division of labour and complementarity, especially within the scope of the EU. This includes participating in joint financing efforts of various donors, delegating responsibility for implementation to another donor where that makes sense.*

Indicator 4:

German support in the area of capacity development is increasingly within the scope of joint capacity development programmes. It addresses players in various areas and at various levels: from the central government, to regional, district and municipal authorities, to civil society organizations and private enterprises.

According to the implementation plan, TC must be embedded in partner countries’ programme-based approaches. To this end, there is need to identify the current status in terms of the number of activities already embedded.

According to the PD Monitoring survey, 37% of German TC is provided through coordinated programmes.

Indicator 6:

According to the implementation plan, there is need to identify the number of PIUs in German development cooperation and based on the figure, identify (if necessary) actions required to avoid new PIUs and based on that formulate further needs for action to achieve the Paris target.

The Management of TA Personnel

Design / Programming

Partner countries submit requests for assistance, often developed in dialogue with the German agencies. On the basis of these, BMZ provides an instruction to GTZ (or other implementing organisations) to plan the cooperation activities together with the partner country and institution concerned. They conclude an implementation agreement which sets out the responsibilities of each of the partners. It is on this (joint) basis that the need for technical assistance/cooperation is identified and formulated.

Procurement

Different procurement rules / procedures apply depending on the type of TA in question:

- **Seconded experts:** recruited, selected and contracted by GTZ. While these do not have to be German, the majority are.
- **Local experts:** recruited and contracted directly by GTZ's field offices: normally nationals of the partner country.
- **Integrated experts:** recruited by the host organisation with the assistance of CIM (identification and sourcing) but selection and contracting is done by the host. Supplementation paid by CIM above local salary. Applicants need to be German or EU citizens.

Supervision and Accountability (management)

- GTZ's 'Policy on Contract and Cooperation Management' is founded on the understanding that TA provision is managed as a contract. GTZ activities are managed in cooperation with the partners with both sides responsible for achieving, reporting and accounting to the respective stakeholders. There is mutual and shared reporting between GTZ and local partner, but this is not hierarchical.
- GTZ is working to clarify accountability relationships. Where a project is part financed by the national partner, GTZ will account for its contribution to BMZ but will ensure that this information is also provided to the national partner. GTZ will also assist the national partner to account for its own input/ contribution to its own national authorities. This constitutes in itself is a capacity development exercise.
- GTZ project managers are responsible for seconded and local experts who report to GTZ and in turn to BMZ, whilst host is responsible for integrated experts.

1.8 France – MFA (DGCID) / AFD

Background Information
<p>TC Budget & Composition</p> <ul style="list-style-type: none">• Approx. 33% of France’s bilateral aid programme of 7.2 billion Euro is expended on TC• TA costs are not normally included within project budgets <p>Position on untying Aid</p> <ul style="list-style-type: none">• According to the PD monitoring survey, 90% of French aid is untied. However, much TA remains in practice tied, and France has an explicit policy on recruitment of nationals.<ul style="list-style-type: none">• 100% of TA provided through the Ministry of Foreign Affairs must be French. (60% are civil servants, 40% are contractors).• 80% of TA provided through the Agence Francaise de Developpement (AFD) must be French. <p>Aid Modalities</p> <ul style="list-style-type: none">• Only 7% of bilateral assistance is channelled through programme-based approaches (28% according to PD survey)• However, there is interest to allocate more TA to pooling arrangements, in response to the Paris Declaration.
Policy and Reform Initiatives
<p>TA and PIU policy</p> <ul style="list-style-type: none">• France is in the process of reforming its development cooperation instruments, with a view in particular to improve the distribution of responsibilities for technical cooperation.• Development policies are set at a sector and thematic level and as such there is no specific policy on TA. However ongoing reflections will likely lead to the preparation of guidelines on capacity development that will address the role of technical assistance.• The number of TA has reduced dramatically over last 25 years from some 23,000 to 2,000 today. There has also been a shift away from focusing on France’s traditional partners.• TA plays more of an advisory and less gap-filling role which it traditionally played.• Responsibility for deployment of TA personnel is shared between:<ul style="list-style-type: none">○ Min. Foreign Affairs which provides advisors to partner governments, or to multi/regional organisations, and which also administers the deployment of TA from the Ministry of Finance, and who are primarily civil servants. Sectors covered include governance, cultural and scientific cooperation and francophonie.○ AFD is now the main agency responsible for technical assistance provision. It finances TA personnel supplied either by managing contractors (working mainly in technical sectors) or by the public service (through a quasi governmental agency France Cooperation Internationale – FCI – established in 2002) for governance/core government function support. It also manages some 320 TA posts formerly managed by the MFA.

Specific response to PD Indicators 4 and 6

In response to the Paris Declaration, France has produced a « *Plan D'Action Francais pour l'efficacite de l'aide* ».

The plan is organised around 12 actions that relate to three themes: priority to capacity development, principles of partnership, improving procedures and practices of French cooperation. Actions include:

- Ensuring that aid flows to the public sector, (including TA) are included within country budgets, and aligned with budgetary cycles.
- Using wherever possible national procurement systems while developing capacity to manage aid resources
- Using to the extent possible national procedures and reporting systems.

With respect to **indicator 4** :

- *Increase the proportion of aid allocated to capacity development that is aligned with country policies, and further integrate capacity development support into project, sector and budget support.*
- *Encourage capacity development support through multi-annual and multi-donor arrangements that are aligned with country priorities.*
- *Provide assistance for institutional reform especially in areas of PFM, budgeting and procurement.*
- *Adapt TORs of experts around country priorities and integrate them within multi-donor arrangements.*
- *Support and prioritise the development and use of local capacity, both in local administration and aid agencies*

According to the PD monitoring survey, 20 % of technical cooperation is provided through coordinated programmes.

There is no specific discussion on PIUs and indicator 6

The Management of TA Personnel

Design / Programming

- TA needs are normally identified as part of programme design at field level. In the case of AFD financed TA, the partner government as “maitre d'ouvrage” is fully responsible for the articulation of needs and for developing the project proposal.
- French cooperation has also created regional TA service centres “pôles régionaux d'assistance technique” that can mobilise high level expertise to provide timely responses to questions raised by countries.

Procurement

- Under MFA, TORs are agreed with the partner, interviews are conducted by MFA and CVs of shortlisted candidates are submitted to the partner for approval. Contractual relationships are between the MFA and expert. TORs are co-signed by country partner.
- Under AFD, the partner government is entirely responsible for procurement and a contract is drawn between the partner government and the TA. AFD performs an oversight/quality control function in particular through a no objection process at the main steps of the recruitment process.

Supervision and Accountability (management)

- TA personnel financed by MFA are accountable both to the Embassy (contract and hierarchy) and partner (day to day management and performance). Those financed by AFD are directly accountable to the “maitre d’ouvrage” which is the partner government.

1.9 Australia - AusAID

Background Information
<p>TC Budget & Composition</p> <ul style="list-style-type: none">• Approx. 51% of bilateral USD 1.4 billion ODA is spent on TC, most of which is for TA personnel <p>Position on untying Aid</p> <ul style="list-style-type: none">• All aid is untied as of 2006 (except for Tsunami support), though the majority of providers remain Australian. AusAID is however now actively encouraging the use of international expertise. The PD monitoring survey however gives a figure of 54%. <p>Aid Modalities</p> <ul style="list-style-type: none">• According to the PD monitoring survey, 29% of aid is channelled through programme-based approaches.
Policy and Reform Initiatives
<p>TA and PIU policy</p> <ul style="list-style-type: none">• TA personnel represent a significant part of Australian cooperation, and are deployed across various types of programmes. While there is no specific policy on TA, the role/use of TA is addressed in various policy documents as well as guidelines / procedures.• AusAID has set up a Capacity Development panel to assist it in enhancing its approach to capacity development and the deployment of TA. Several technical notes have also been produced aimed at improving TA effectiveness.• Various innovative modes of working have been piloted and developed. Examples include Facilities (see below), posting more staff in-country to enable better analysis of situations and engagement in dialogue processes with country partners, and induction courses that bring together experts and counterparts.• TA is mobilised from two main sources:<ul style="list-style-type: none">○ managing contractors (by far the majority)○ Whole-of-Government deployees (WoG) who are Australian civil servants. This is being given increased attention and is expected to become a more significant mode of delivery particularly in fragile environments.• AusAID does not have "PIUs" per se, nor does it have a formal policy relating to them. Managing contractors normally set up an office depending on project design that might be defined as a parallel PIU. Facilities, similar to a managing contractor arrangement are increasingly used to recruit and manage TA contractually who are then embedded within the host organisation and increasingly work to that organisation's plans and priorities rather than some separate project design. AusAID does encourage the use of national systems as appropriate through its general guidance, for example the Performance Assessment Framework. <p>Specific response to PD Indicators 4 and 6</p> <p>Australia has prepared an action plan on harmonisation as a follow up to the 2003 Rome Declaration on Harmonisation, but has not produced a formal response and action plan to the PD. However, its 2005 White paper entitled: <i>Australian Aid</i>:</p>

Promoting Growth and Stability highlights Australia's commitment to working in collaboration with partner and other agencies. According to the White Paper, it will:

- consider opportunities for delegated cooperation and co-financing
- explore coordinated provision of TA and engage in joint analytical work
- consider budget transfers plus use of national procurement and PFM systems where systems are deemed adequate but not in fragile contexts.
- AusAID has established an Office of development effectiveness to monitor its commitment to the Paris Declaration

According to the PD Monitoring Survey, 25% of TC is channelled through coordinated programmes.

Management of TA Personnel

Design / Programming

- TA personnel are provided where there is deemed to be a clear demand for TA and where there is scope to make reform progress. Provision is also influenced by AusAID's Whole of Government approach and strategy towards engagement in fragile states.
- At the design stage, the role of TA as either providing or developing capacity is expected to be made clear in discussions between partners.

Procurement

- Procurement is normally managed by AusAID or an appointed contractor.
- Managing contractors are hired through competitive tendering. Facilities, themselves managed by a managing contractor, are often mandated to handle the procurement of both short and longer term TA inputs to an on-going programme.
- Whole of Government employees are sourced from home departments, through an administrative process.
- In either case, partners are usually involved in the review and selection of short-listed candidates.

Supervision and Accountability (management)

- TA personnel are expected to be supervised on a day to day basis by the host organisation.
- Commercially procured consultants/advisors are also accountable to the managing contractor/facility that was responsible for their recruitment, who in turn are accountable to AusAID.
- Facilities are being used to strengthen and streamline TA management, and have developed as a response to the shift to Sector programmes and institutional reform, and the need for swifter response. In some situations, a CD fund is used to enable partner to select TA de-linked from project funding. They assist partner to identify needs, and attend to procurement. Accountability is to the local partner on substantive matters. Facilities are supervised by a committee of both partners.
- Whole of Government Employees often assume in-line positions (seconded to local civil service) and must balance accountability to the host organisation with accountability to their home department as well as to AusAID.
- AusAID has produced a *Contracts charter* to ensure that whatever the contract arrangements, implementation should be done in the best interest of partner country

1.10 Belgium - BTC

Background Information
<p>TC Budget & Composition TC accounts for approx. 10% of Belgium's bilateral aid budget (2007) 1.3 billion (38%)</p> <p>Position on untying Aid</p> <p>According to the PD monitoring survey, 97% of Belgian Aid is untied. Untied aid is prescribed in the 1999 law on development cooperation. BTC recruits personnel from the international labour market when it cannot find suitable candidates in Belgium and increasingly BTC experts are non-Belgian.</p> <p>Aid Modalities</p> <p>According to the PD monitoring survey 32% of Belgian aid is implemented through programme-based approaches. Similarly, while Belgian co-operation is predominantly in the form of project aid, Belgium has taken steps to develop more of a programme approach to aid. It has launched a 3 year pilot phase during which 15-20% of bilateral aid is scheduled to be granted in the form of general budgetary aid. Belgium has also recently developed 'national execution' as a new modality for its bilateral aid and has also initiated research on "new style projects".</p>
Policy and Positions
<p>TA and PIU policy</p> <ul style="list-style-type: none">• BTC is currently developing a policy on technical cooperation or TA personnel which will define a clear and shared vision on TA and the TA arrangements within BTC• Belgium recognises the need to clarify its mandate and to enhance its operational space in order to become a more effective actor in the field of technical cooperation. In particular, a discussion is needed to help clarify implementation roles for BTC TA personnel, especially the mix between management and control versus advisory and building longer-term capacity.• BTC believes that aid <i>"is not about money changing hands but about ideas changing minds and attitudes."</i> This implies commitment to and involvement in very long institutional change processes. BTC is committed to undertake the necessary changes to face the new challenge of gradually moving away from services delivery into capacity development.• BTC is currently working on the creation of a <i>"TA Fund"</i> to be managed by BTC headquarters. The discussions are at an initial stage and show that such a fund could serve different objectives. First, it would allow for long-term and short-term TA experts to be attached in a flexible way to projects or programmes. <p>Specific response to PD Indicators 4 and 6</p> <p>Belgium has completed a plan on Harmonisation and Alignment for implementing the Paris Declaration (June 2007). In this strategy Belgium</p> <ul style="list-style-type: none">• considers the PD as a strategic option for its bilateral relationship with its partner countries• is committed to focus on two sectors per country over a longer period of time (10-

12 years)

- is committed to develop a 'sector approach' in order to put an end to the multiplication of scattered interventions in one sector
- focus on capacity development of partner countries rather than on service delivery to the population
- will use a mix of aid modalities adapted to the context including new style projects (which are aligned to the partner countries' priorities and systems and harmonized with other donors)
- intends to increasingly collaborate with the EC

The peer review notes that Belgium subscribes to the Paris Declaration and is endeavouring to implement it via its operations in each of its partner countries, for instance through adoption of the principle of co-management, exploration of new forms of cooperation such as trilateral co-operation and its active involvement in promoting coordination and harmonisation between donors.

BTC is heavily committed to the PD and has organised an international seminar on "Implementing the Paris Declaration on Aid Effectiveness" in Brussels in December 2006 with among others expected outputs to identify the bottlenecks in the current Belgium aid modalities to implement the PD. BTC compliance with the PD will require structural changes which are currently under scrutiny.

Indicator 4

According to PD monitoring survey, just 18% of Belgian TC is provided through coordinated programmes.

Indicator 6

The gradual increase of national execution modalities for bilateral aid activities based on a deeper analysis of the partner institution capacity (IOCA) should contribute to reduce the number of parallel PIUs

The Management of TA Personnel

- There is only limited involvement of the partner country in TA identification, the recruitment of TA or the management arrangements (which are all carried out under the system of 'régie'). Belgium is however operating in some of the most complex and difficult countries in Africa (fragile states).

Design / Programming

- The separation of programming/design responsibility between the parent ministry DGDC and BTC in relation to the identification and formulation of programmes is generally considered a hindrance to effective design, causing confusion and delay.
- BTC has recently developed an institutional and organisational analysis tool (IOCA) which should help improve the quality of programming and assessment of needs.
- The acceptability of a TA expert would substantially increase if the partner were more actively involved in the selection process
- With the gradual move towards an increased attention to CD, BTC will increase its dialogue with the partner countries on capacity building

Procurement

- The current recruitment process (in which country partners can choose a

candidate from a limited number proposed CVs) do not guarantee that TA personnel proposed are able to meet the expectations of the partner.

- Working with contractors is becoming a concern for BTC, as the mandate of the organisation is growing and BTC unable to execute all projects and programmes on its own.

Supervision and Accountability (management)

- The dilemmas associated with BTC's co-management approach which often has the character of "regie" instead of "co-gestion". "Investment related" TA personnel complain that their administrative and procedural responsibilities often take a disproportionate amount of their time, leaving little space for the technical adviser to show his/ her added value in his/ her area of competence or to contribute to enhancing the capacity of the partner. The TA policy under preparation should help on this issue by among other things distinguishing and separating management functions from advisory functions.

1.11 UN – UNDP / (UNDG)

Background Information
<p>TC Budget & Composition ND</p> <p>Position untying Aid N/A</p> <p>Aid Modalities 29 % of UNDG activities are programme based according to the PD monitoring survey</p>
Policy and Positions
<p>TA and PIU policy</p> <ul style="list-style-type: none">• The provision of TC as an input to capacity development is the core business of UNDP. There is however no specific policy document on the use of TC and TA personnel. However a series of practice notes have been produced that provide guidance on the how to tackle capacity development across UNDPs different practice areas.• UNDP has been at the forefront of discussions on TC/TA most notably the Reforming Technical Cooperation for Capacity Development initiative of 2003-2006.• UNDP produced a practice note on PIUs in 2003 entitled: “<i>The PIU Dilemma – How to Address Project Implementation Units</i>” which remains the principal source of guidance on the use of PIUs for UNDP. UNDG will discuss a new set of guidelines on PIU use later this year.• UNDP’s main strategy for reducing the use of parallel structures is to strengthen national systems/structures, and where feasible to implement activities via the National Execution (NEX) modality.• Within UNDP national execution generally refers to a project execution modality (i.e. where a government institution has been selected as the executing agency for a project). Acceptable institutions include those that fall under the authority of the government coordinating authority. UNDP does, however, also permit the selection of NGOs (including national NGOs) as executing agencies of projects. So while national execution and NGO execution are seen as two separate execution modalities, it is important to understand that both execution modalities fall within the broader definition of "national execution". <p>Specific response to PD Indicators 4 and 6</p> <p>UNDG has produced an Action Plan to respond to the Paris Declaration which has been subject to a progress review. The action plan commits UN agencies to channeling 50% of funding through national PFM and procurement systems. However, comparatively little progress has been made here.</p> <p>Indicator 4</p> <p>The plan commits all CD support to be provided through coordinated programmes, and to avoid separate or parallel exercises, unless specifically called upon by governments or in special post crisis and humanitarian circumstances</p> <ul style="list-style-type: none">• The review found among agencies diverging interpretations at the country level as well as actual practice.

- A number of UN agencies have contributed to pooled funding and budget support, usually as sector support within a SWAP framework rather than as general budget support.
- Specific agency rules and regulations prevent from pooling resources reflecting either actual rules or rule perceptions at the country level.
- Capacity development initiatives have increasingly become a crosscutting theme and more systematized

According to the PD monitoring survey 44% of UNDP technical cooperation is coordinated

Indicator 6

The plan states that where PIUs exists, UN country teams should support the development of national capacities and assist to fully use national systems

- The UNDG report comments on the definition of indicator 6, arguing that it suggests a dichotomy between parallel and integrated PIUs, while in reality most PIUs fall in-between those cases.
- But in view of the Uns principal CD role, there is need to review current reliance on PIU structures to consider further integration and focus on capacity development and a potential re-evaluation of the trade-off between short-term efficiency gains and longer-term sustainability

The Management of TA Personnel
Design /Programming
Procurement
Supervision and Accountability (management)

1.12 World Bank

Background Information
<p>TC Budget & Composition</p> <p>Position untying Aid All aid is untied</p> <p>Aid Modalities 57% of Bank support is channelled through programme based approaches according to the PD monitoring survey</p>
Policy and Reform Initiatives
<p>TA and PIU policy</p> <p>TA</p> <ul style="list-style-type: none">• Technical assistance (TA) may be provided as a component of a Bank operation or as a freestanding loan or grant• The Bank finances technical assistance (TA) complementing its lending activities, to help borrowers (a) properly design, prepare, and implement lending operations; (b) undertake analytical work necessary to underpin reform or policy development; and (c) strengthen their human and institutional capacity for policy reform and sustainable development.• According to the PD monitoring survey, 57% of World Bank TC is channelled through coordinated programmes. <p>On PIUs</p> <ul style="list-style-type: none">• The World Bank has talked of getting rid of stand-alone project management units for decades because they are considered inconsistent with the Bank's mission of capacity development and institutional strengthening. But PIUs have continued to proliferate.• Bank staff argues that internal Bank incentives remain biased in favour of PIUs as a way of getting projects implemented on time, with minimal corruption and at expected levels of quality.• It notes that some countries give government employees leave of absence without pay to enable them to accept the higher salaries from projects while serving on a PIU.• When Bank-financed projects call for procedures that differ markedly from regular government procedures (procurement, accounting, financial management flow of funds, audits, and reporting, etc.), government officials may have an incentive to create a separate unit for these projects rather than to train their own staff in skills needed only for Bank-financed projects. <p>Guidance Note (OPCS)</p> <ul style="list-style-type: none">• calls for the progressive elimination of PIUs• Does not attempt to prescribe "how to" because of the wide differences among countries and sectors in their implementation capacity and specific needs and circumstances.

- Use existing institutional structures as the default mode, and use “enclave” PIUs as an exception. Set realistic expectations on the speed of implementation
- Use PIUs only in exceptional circumstances or when there is no feasible alternative, such as in post-conflict or in emergency situations. However in such circumstances, there should be commitment to a monitorable phase-out plan.
- When establishing project management arrangements, however, *in all cases* it is essential to maximize the use of existing staff and institutions, and integration into the country’s structures and processes. It is also important to agree on a strategy for full integration, and for phasing out any enclave units as rapidly as possible, by preparing a time-bound action plans for necessary capacity development, such as training
- there may occasionally be a place for PIUs. Particularly challenging may be multi-sectoral projects that involve multiple ministries and implementing agencies, or projects with new clients (e.g., sub-national governments) that lack experience with Bank projects.
- To increase the likelihood of sustainability, the use of existing institutional structures should be the default option to implement Bank-financed projects. Project implementation plans and disbursement forecasts should reflect realistic expectations based on the current capacity and needs for training and capacity development.
- Even when existing structures are not totally suitable for successful project implementation, they should be used to the maximum extent possible, and the project should include measures to minimize distortions in the government’s internal incentives.
- Staff said they needed more specific advice on how to handle the complex process of eliminating PIUs. They have asked for tool kits, increased supervision budgets and stronger support from management.
- Bring the issue of country capacity development and project implementation arrangements into the country-level dialogue and CAS discussions.
- In the short to medium term, establish country-level strategy/guidelines on project implementation arrangements (including PIU staff remuneration and other incentives) to minimize distortions, while pursuing broader civil service pay reforms
- At a minimum, varying levels of PIU salaries across donor-financed projects in a sector or Bank-financed projects for different sectors can be rationalized on standard scales. This approach helps minimize distortions in the system and discrepancies across projects.
- To foster consensus and momentum to tackle the issue, the first step could be to carry out a stocktaking of present situations and document the number of PIUs, the range of PIU salaries, and the effects of PIUs on long-term institutional development. Bringing the issue to attention of high-level officials and finding a “champion” among the government leadership, who would advocate greater integration of PIUs, would help promote good outcomes.
- Provide clear justification for non-integrated PIUs in the Project Appraisal Document (PAD), along with a strategy for institutional capacity development and greater integration over time. While the Project Concept Note stage is usually too early to discuss specific project implementation arrangements, it is the most appropriate time for staff to begin thinking of using existing institutions for managing implementation.
- Project preparation should include an adequate assessment of institutional capacity, particularly identifying the strengths and weaknesses of existing systems and institutions and setting out the risk mitigation mechanisms needed when these structures are used for project implementation
- Where possible, monitorable performance measures and indicators related to

project management and capacity development, including intermediate progress benchmarks, should be agreed with clients and included as part of the project's key monitoring indicators.

The Management of TA

Design / Programming

Procurement

Supervision and Accountability (management)

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