

6. Costs of Linking

6.1 Link arrangements are financially and organisationally attractive to donor agencies, since projects are frequently small-scale and not costly. Two aspects in particular are worth noting.

6.1.1 o Delegation of decision-making
Arrangements can allow for a whole series of small-scale decisions and transactions to be delegated to the two linked institutions. Because of their very nature, involving parties in DCs and LDCs, arrangements and transactions are slow and time-consuming to deal with. "The myriad of small funding decisions" [King 1986] are best transferred to the link partners. This usually proves an appropriate low-cost and long-term management solution.

6.1.2 o Investment Protection
Link schemes can be convincingly portrayed as "informal methods of investment protection" [King 1986]. If a donor has invested several million pounds in a new teaching hospital in a capital city, a large associated sum of money will have been provided for intensive training overseas and for consultancy services for technical assistance on-site. A further fairly small amount of money can ensure perhaps ten years of further valuable interaction with teaching hospitals overseas. Project funds can be designated for short-term training courses, exchange of staff, provision of books and journals and purchase of equipment. Other funds could be specially earmarked to transfer expertise to a "triplet" institution in a neighbouring LDC.

6.2 Information on the cost of links is scanty and where information is available little of it relates to health linkages.

6.2.1 Financial Costs

Link schemes are generally small-scale in financial terms. The British Council has advised that many of its university link programmes operate over a three or five year period on a budget of £10,000 per annum or less. This figure does not reflect many hidden

economic costs such as free accommodation, free food and free transport provided for visiting staff by the host institution. The Academic Links with China Scheme has operated in a tightly constrained framework of finance (up to £3,000 per annum) and duration (up to 3 years). "Much has been achieved on such modest funding" (British Council 1987). The link between Herefordshire Health Authority, U.K., and the Muheza District, Tanga Province, N.E. Tanzania, has cost about £6,000 p.a. This has been financed by the Commonwealth Foundation [£4,000 p.a.] and the Lennox-Boyd Memorial Trust [£2,000 p.a.]. The Herefordshire Health Authority has provided free accommodation for the Tanzanian visitors and accounting and administrative help. There have been some small donations from drug companies [Wood and Hills 1988].

- 6.2.2 The experience of the European Commission, also, is that links are small scale financial programmes. An evaluation of linkages in several sectors, mostly non-health, financed from the Lome I and II agreements for the ACP states and from the first and second Financial Protocols for the MSE States showed 20 linkages in 5 ACP/MSE countries with allocated funds of between 20 - 25 million Ecus [£14.5 - £18 million] overall. The allocation for each linkage ranged from 150,000 to 2.5 million Ecus [approx £100,000 - £1.8 million]. These included supplies of equipment in many instances and the cost of shipment.

Table 1 - Range of Costs of Twenty Link Schemes
financed by the EEC [DG VIII].

Allocation (million Ecu)	Number of Linkages
0.1 - 0.6	9
0.6 - 1.2	5
1.2 - 1.8	1
1.8 - 2.4	3
2.4 - 3.0	2

[£1 = 1.3525 Ecu]
April 1990 Exchange Rate

Source: Commission of the European Communities
[DG VIII] Evaluation of Inter-Institutional
Co-operation. Synthesis Report 1988.

The EEC evaluation states that the size and growth of the programme, its financial cost and its distribution over ACP/MSE countries had been generated more by the universities that were involved rather than by active internal EEC planning, i.e. the EEC had responded to requests rather than initiated them.

- 6.2.3 A further comparison can be made with the University Co-operation programme financed by the Government of the Netherlands. The programme has operated since 1969 and has moved from an unstructured approach to one where objectives, conditions and criteria are explicitly stated. The allocation per project has varied from Dutch florins 0.5 million to 3.0 million [approximately £160,000 - £1m] the amount depending in

part on the length of the period of implementation. Dutch support is now limited to around 15 linkages overall.

6.2.4 Evaluation documents show that costs could be further pared if training courses that are part of a link arrangement are run in a LDC rather than DC. One evaluation showed that cost per participant in a training scheme held in London was approximately 3.5 times that in Indonesia [Lowcock and Watson 1988]. While there were some advantages in U.K. training [the participants felt that they gained a great deal from exposure to European culture and way of life] the evaluators felt these were insufficient grounds to justify the substantial extra cost.

6.2.5 Marginal Costing

Most link schemes appear to be of fairly modest cost because linkages between universities or research institutions are regarded as additional activities for established faculties or administrative authorities, i.e. they can be costed without reference to capital or running costs of an institution, or staff overheads such as pensions, sickness and holiday payments. If universities moved to place their link activities onto a consultancy basis, charging for premises and staff time on a full cost basis, the totals would be very different.

The very smallness of the budgets involved may present problems for some donor agencies which are used to handling large scale projects. This can result in a low degree of interest in link funding proposals and should be anticipated by the institutions involved. Well thought out procedures for handling money, and accounting for it, that are included in a project proposal can enhance its chances of acceptance.