

DEVELOPING CAPACITY THROUGH TECHNICAL COOPERATION COUNTRY EXPERIENCES

EXECUTIVE SUMMARY

Edited by Stephen Browne

EARTHSCAN

Earthscan Publications Ltd
London and Sterling, Virginia



First published in the UK and USA in 2002
by Earthscan Publications Ltd

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United Nations Development Programme
One United Nations Plaza
New York, NY, 10017

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ISBN: 1 85383 969 8 paperback
1 85383 974 4 hardback

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Design and layout by Karin Hug
Printed by A.K. Office Supplies, Ltd.

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Developing capacity through technical cooperation : country experiences / edited by Stephen Browne.

p. cm.

ISBN 1-85383-969-8 (pbk.) -- ISBN 1-85383-974-4 (hard)

1. Technology--Developing countries--International cooperation. 2. Technology transfer--Developing countries. 3. Technical assistance--Developing countries. 4. Research, Industrial--Developing countries. I. Browne, Stephen.

T49.5.D478 2002
338'.01--dc21

2002013268

Earthscan Publications Ltd
120 Pentonville Road, London, N1 9JN, UK
Tel: +44 (0)20 7278 0433. Fax: +44 (0)20 7278 1142
Email: earthinfo@earthscan.co.uk. Web: www.earthscan.co.uk

22883 Quicksilver Drive, Sterling, VA 20166-2012, USA

Earthscan is an editorially independent subsidiary of Kogan Page Ltd and publishes in association with WWF-UK and the International Institute for Environment and Development.

This book is printed on elemental chlorine-free paper.

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Foreword

These are pivotal times for foreign aid. For 10 years following the end of the Cold War, total assistance flows were in decline. The poorest countries in Africa were doubly jeopardized, for as the assistance ebbed, aid was being switched away from that continent and in favour of Europe and Central Asia. Technical cooperation – defined here as free-standing technical assistance provided by multilateral and bilateral donors – went down with aid, with the declines even faster in the poorest countries.

Although a few bilateral donors successfully maintained their previous levels of assistance, the general fall demonstrated the extent to which aid had become strategic as well as developmental. There were also genuine concerns about aid effectiveness, a debate UNDP helped to spark with its 1993 book *Rethinking Technical Cooperation*. Important questions were posed about the nature of the assistance and the productiveness of its use.

But as the millennium turned, so did the debate. Vociferous civil society campaigning helped to remind the international community of the growing rift between rich and poor countries. There was progress at last on reducing the unpayable external debt of the poorest countries. At the UN's Millennium Summit of 2000, the international community rededicated itself to the Millennium Development Goals. With the goals came a determination to find more resources to meet them, and at the International Conference on Financing for Development in Monterrey in March 2002, several major donors resolved to halt and significantly reverse the decline in aid.

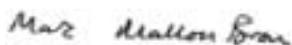
Within aid, technical cooperation now begins to assume growing importance. Concessional flows of capital are expected to increase in the coming years. As the health of the global economy is restored, there also will be renewed flows of private

capital and foreign direct investment. Technical cooperation will be the indispensable complement of finance, developing capacity to absorb and manage resources within the broader development process.

This book provides some concrete inputs to the new thinking about the contribution of technical cooperation to capacity development on the basis of very practical examples. It is about the experience over the last decade of developing management capacities through technical cooperation in 6 countries: Bangladesh, Bolivia, Egypt, Kyrgyz Republic, Philippines and Uganda.

The records have been mixed, but two clear underlying themes have emerged. On one hand, building capacity has not usually been a conscious and clearly defined objective of the development process; on the other, technical cooperation – by its very nature and origins – is motivated and driven by considerations other than support to capacity development.

This is the second book to emerge from a research programme on *Reforming Technical Cooperation for Capacity Development*, which UNDP has been undertaking with the support of the Government of The Netherlands. The first book, *Capacity for Development: New solutions to old problems*, launched at the Monterrey Conference, was a debate and dialogue around the issue of improving effective capacity development, to which a number of practitioners, academics and policy makers within and outside UNDP have contributed. This volume is anchored in specific country experiences and distils the work of teams of researchers based in those countries. It is important to note that the two books demonstrate a remarkable convergence of views about what has gone right and wrong in the conceptualization of capacity development and the application of technical cooperation – and what future steps should be taken to make it more effective in helping catalyse efforts to achieve the Millennium Development Goals.



MARK MALLOCH BROWN

Administrator

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Preface

The last decade has seen a continuing scrutiny of aid levels and effectiveness. But these discussions have not just been a deconstructive process of endless debating and debunking. This heightened awareness of the urgent stakes attached to improved performance comes with unprecedented movement towards beneficial change. This book provides many intimations of this movement at the country level.

It is complemented by progress at the global level as well. In February 2002, as part of its continuing work to review the contribution of technical cooperation to capacity development, UNDP organized a high-level Round Table in Accra, Ghana. The meeting brought together ministerial-level representatives of developing and donor governments, international organizations, civil society organizations and academia. A key outcome of the meeting was the Accra Statement, which follows.

The statement encompasses an emerging consensus on how national capacity development can best be supported by technical cooperation, and how the traditional donor-recipient relationship can evolve into more even-handed partnerships.

CARLOS LOPES

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Accra Outcomes Statement

DEFINING THE CAPACITY DEVELOPMENT AGENDA

This statement is an outcome of the High-Level Round Table, “Towards a capacity development agenda,” held in Accra on 11-12 February 2002. While not having any formal status, the document captures the spirit and key messages emerging from the discussions.

Context

There is a new spirit of global partnership. It is manifested in the growing consensus around a common development agenda and a universal set of development goals agreed to by the Millennium Declaration in September 2000. There is now a need to help countries achieve these goals on a sustainable basis, for which national poverty reduction strategies can provide a focus.

A growing global consciousness has also developed as a result of the increasingly global market for skilled labour, as well as access to information by people all over the world through new technologies.

In the new global partnership, developing countries will determine their own needs for capacity development, for which technical cooperation provides indispensable support.

Action points

1. Focus on capacity development to determine the role of technical cooperation.

The subject has been viewed through the wrong end of the telescope – the technical cooperation (TC) end. We need to look through the capacity development (CD) end to determine what needs to be done, and how TC can support the process. In short, a supply-driven process needs to be replaced by one that is demand-driven. This means:

- Identifying inadequacies and obstacles to CD. It implies examining factors affecting the use, retention, and continuous upgrading of capacities.
- CD should not only be considered in the public sector but should embrace capacities in all sectors of society: academia, the private sector and civil society. This requires engagement of these non-state actors in dialogue with government in determining needs and priorities.
- Effective CD builds on a clear vision of human resource development with particular regard to education systems and labour markets.

2. Knowledge should be acquired and not merely transferred.

TC has been operating under an assumption that knowledge mainly resides in the donor countries and needs to be transferred. But there is knowledge everywhere, and true partnership implies an equitable sharing of it. Information and communications technology opens up new opportunities for sharing. Thus:

- Available indigenous knowledge and expertise must be acknowledged in responding to the challenges of CD.
- Expertise brought in from outside should be in response to country demand and should be fully compatible with the local institutional context.
- The need for expatriate expertise is reduced because of the facilitation of access to information and communications technologies.
- ‘Scan globally, reinvent locally.’

3. Reform of technical cooperation has been too slow.

Progress in the implementation of TC reforms endorsed in the early 1990s has been slow, and much more has to be done by all multilateral and bilateral partners if TC is to serve CD more effectively. Areas requiring urgent action are:

- Harmonization of procedures and accountability requirements as part of ongoing OECD/DAC discussions.
- Placing projects within coordinated frameworks determined by developing country governments to reduce the burden on their administrative capacities.
- Working through national structures instead of setting up parallel structures.
- Increasing efforts to promote and utilize local and other developing country expertise and procurement in the interests of seeking cost-effective and appropriate inputs whenever available.
- Promotion of TC practices which support national processes for priority-setting and public expenditure management.

4. Capacity development has to be guided by clear strategies that are nationally-owned.

Ownership of the development process is both a means and an end in itself, articulated in an interactive manner through effective participation of all stakeholders, and sustained by genuine partnerships.

- It is important for countries to develop clear strategic frameworks, as well as the capacity to formulate them. This implies strategic planning capacity in the country.

Truly country-owned PRSPs are an example, and can be used as a mechanism for focusing and coordinating donor assistance.

- National ownership implies a fully participatory process of engagement with citizens, civil society, academia, trade unions, the private sector, etc., in addition to different government agencies.

5. Distortions in public sector employment are major obstacles to CD.

Ultimate responsibility for public policy and its implementation reside in governments and require an effective and motivated civil service. In many countries, the failure to implement civil service and fiscal reforms impedes progress by making it impossible to attract and retain scarce human resources. This is especially important in view of the increasingly global skills market.

- The issue of improving the incentive structure for public services in developing countries must be addressed so that capacity is available and nurtured.
- Civil service and fiscal reforms must be addressed as a matter of priority.
- Attempts by donors to offer salary supplements and other inducements can never be more than temporary palliatives; they introduce distortions into the local labour markets and should be brought to an end.

6. “Poor performers” present particular CD challenges and require flexible responses.

Since many “poor performers” with the weakest capacities are Least Developed Countries, it is important that donors do not abandon them, and instead seek appropriate entry points for supporting positive elements that may exist, particularly at the local level.

While support to civil society may be the most appropriate route, it should not be at the expense of dialogue with the state.

7. Governments and external partners must be primarily accountable to the people they serve.

New accountability frameworks are needed for both donors and recipients that satisfy constituencies on both sides, and in each case involve full civic engagement. Accountability is also a reciprocal condition, implying responsibilities of donor to recipient as well as recipient to donor.

- The ultimate intended beneficiaries – the people most affected – should be fully engaged and have a decisive voice in determining priorities, taking action and judging actual progress. Appropriate instruments and criteria need to be urgently developed for measuring impact and outcomes of capacity development.

8. Change the terms of the North-South dialogue.

Partnership implies an end to the preponderant ‘North-South’ axis of dialogue. And transparency, frank dialogue and genuine engagement should be demonstrated by all development partners.

- Forums for the exchange of experience and information on TC and CD practices among developing countries are needed and should be initiated and owned by the countries concerned

9. Action is urgently required now.

Steps should be taken as soon as possible to begin implementing practices and principles of capacity development.

Acknowledgements

This book is a product of the combined efforts of a large team whose members reside in every region.

The Bangladesh, Bolivia, Egypt, Kyrgyz Republic, Philippines and Uganda country chapters are based on the collaborative work of country teams that have undertaken original research over several months. (See About the Authors.) The country studies were directed and managed by Mary Hilderbrand of Harvard University, in close collaboration with Thomas Theisohn, Project Coordinator of UNDP's Reforming Technical Cooperation initiative. Paul Matthews and Lina Hamadeh-Banerjee, along with UNDP colleagues in the Country Offices of the six countries, provided important support to the research teams.

Particular thanks go to the peer reviewers who contributed many clarifications and improvements to the text and presentation, in particular Carlos Lopes, Leelananda de Silva, Sakiko Fukuda-Parr, Bob Griffin, Terence Jones, Ngila Mwase and Christopher J. Ronald. The production and editing team also included Marixie Mercado, Fe Conway and Bozena Blix. Logistical support was provided by Arleen Verendia.

This volume is part of the larger initiative on Reforming Technical Cooperation for Capacity Development at UNDP, and benefits from an immense body of work already undertaken, including electronic discussions, workshops and roundtables. The book also draws on the outcomes of a series of country deliberations on capacity development and technical cooperation that were held in Cameroon, China, Egypt, Ghana, Kenya and Turkey. The data, analyses and insights that came out of all these undertakings are invaluable and the whole process involved contributions from many individuals, including colleagues from the project's Advisory and Facilitation Group,

the World Bank, UNDP, the European Center for Development Policy Management, Harvard University and the African Capacity Building Foundation. Many thanks in particular are due to: Niloy Banerjee, Pierre Baris, Heather Baser, Ghada Jiha, Pim de Keizer, Carlos del Castillo, Gus Edgren, Tony Land, Albert Ondo Ossa, Nadia Rasheed, Michael Sarris and Maki Suzuki. Last, but not least, many thanks to the Government of The Netherlands, for funding the initiative.

With much gratitude for all the support received, the editor and the contributing authors assume full responsibility for the opinions expressed in the study.

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PART 1: INTRODUCTION AND OVERVIEW

1 *Introduction*¹

RETHINKING CAPACITY DEVELOPMENT FOR TODAY'S CHALLENGES

While financial aid was intended to close the domestic and external resource gaps of developing countries, the original objective of technical cooperation (TC)² was to compensate for skills. We have long known that this 'skills gap' was much too narrow a concept. For while TC has over many years successfully purveyed training and expertise across the full range of lacking skills, there has been limited impact on the ability of countries to sustainably manage their own development processes, and thus enable them to become more independent of aid. Development management is a much broader and deeper process, subtly differentiated country by country, which TC can only partially assist.

This chapter sets out to examine the real target of TC: the development of the capacity to manage. What does this really mean? What is the nature of capacity development? Against what do we measure progress? How much can TC assist, and in what ways?

The three-dimensional nature of capacity development

Among development practitioners, capacity has traditionally been conceived in two dimensions: human resources and organizational functions. "Capacity building"³ – as

¹ This chapter was prepared by Stephen Browne, Principal Advisor on Capacity Development, Bureau for Development Policy, UNDP.

² In this book technical cooperation refers to free-standing (as opposed to investment project-related) technical assistance.

³ In this book, there is a preference for the use of "capacity development" over "capacity building". The former connotes a long-term process that covers many crucial stages, including building capacities and ensuring national ownership and sustainability.

it has most commonly been referred to – therefore involved human resource development and organizational engineering, or “institution building”, with particular reference to the public sector. The organizational dimension significantly extended that of human resource development, since it implied the need for management skills that reached beyond the technical (ECOSOC 2000).

It has become apparent that institution building, as a basis for development capacity, also needs to expand beyond the formal functions of organizations in the public sector, for at least two reasons. In the first place, the functioning of the public sector is itself influenced by non-organizational factors, including what might be termed the “state of governance”: the legitimacy and independence of the various organs of state, the relevance and quality of public policy, and so on. Secondly, capacity for development increasingly encompasses organizations and institutions that lie entirely outside the public sector – private enterprise and civil society organizations in particular.

In the companion volume to this book, UNDP defines capacity as “the ability to perform functions, solve problems, and set and achieve objectives”. This generic definition builds on an earlier one drawn up by UNDP and UNICEF⁴, but is a significant departure from the previous focus on human resource development and institution building. Encompassing individual and institutional levels previously addressed, UNDP emphasizes the importance of a third, societal level of capacity development that involves “capacities in the society as a whole” (Fukuda-Parr et al and UNDP, 2002).

The first level is that of the individual. The second, the institutional, merits an interpretation beyond the merely organizational. Institutional capacity involves laws, procedures, systems and customs. As a symptom of the importance of these institutional factors, some of the country papers allude to the problems of corruption and the misuse of power and resources, which impede capacity development. Two other indispensable facets suggested by the book are policies and leadership.

The policy environment is critical to capacity development. But the mere enunciation of “good” policy is not enough. It must be consistently and transparently enacted, for which there need to be capacities for planning and implementation, and mechanisms of objective inspection and auditing.

Policies are determined in large part by the qualities and commitments of leaders, and recent development history is replete with examples. Leadership is important for another reason. Development is a process of transformation, and capacities are continually needing to change and adapt. Strong leadership – and the strategic vision that goes with it – is necessary to anticipate change and adjust to it.

The third dimension, the societal, encompasses the facilitatory processes which lie at the heart of human development: the opening and widening of opportunities that enable people to use and expand their capacities to the fullest. Social capital and cohesion are at the core of societal capacity and apply both nationally and locally. Capacity development cannot ignore the critical importance of decentralized village and

⁴ A UNDP/UNICEF study in 1999 described capacity as “the ability to define and realize goals effectively”. See references.

community-based organizations and units, right down to the individual household, where the empowerment – or “capacitation” – of women is an important consideration.

Capacity development also needs to take account of the global environment, which increasingly impinges on the capacity of countries, at all three of these levels, to address the challenges of development. People, goods, finance, technology and information are moving across the globe in unprecedented quantities and frequencies. The ramifications of globalization can be positive or negative, but they cannot be ignored. The globalization of the skilled labour market, the opportunities and adversities of more open external markets, and the impact of the digital divide, all have important consequences for the development of capacity.

In sum, capacity is both easy and hard to define. A generic definition, at its simplest, includes both the attainment of skills and the capabilities to use them. But the answers to the questions “which skills?” and “whose capabilities?” are much more complex because each development context is unique, and none is static. It is the very particularized circumstances of countries and communities that make capacity development such an inexact science. A flavour of these particularities is provided by the six country studies in this book.

Achieving the Millennium Development Goals: Not Just Resources But Capacities

The answer to the question “for what?” may be somewhat easier to determine. In September 2000, a large majority of the world’s heads of government met in New York at the Millennium Summit and agreed to the Millennium Declaration, the most comprehensive development agenda ever endorsed at that level. The Millennium Development Goals (MDGs) have brought a much clearer focus to the global development task, together with the target date of 2015 (see box). The MDGs represent the internationalization of global norms and standards. Their realization is a task to which all countries – aid recipients and donors alike – must contribute.

For the developing countries, these goals are clustered around four development domains: economic governance, health, education and the environment. The UN system – led by its UN Development Group (principally UNDP, UNICEF, UNFPA, WFP) – has begun to monitor the status and progress of the MDGs through a series of regular country reports. These reports are an essential frame for the massive two-fold development challenge of marshalling the resources and developing the country capacities to meet the goals.

Resources. After a long and barren period, the development resources picture has begun to change. The Heavily Indebted Poor Countries (HIPC) Initiative of 1996, and its enhanced version two years later, heralded the beginning. Although very slow to work through, lower debt servicing obligations have begun to make significant sums available to certain HIPC countries for spending on poverty-related programmes. HIPC relief comes partially from existing official development assistance (ODA) allocations.

A more significant watershed was reached at the International Conference on Financing for Development at Monterrey, Mexico, in March 2002. Many European donors renewed their determination to advance ODA contributions towards the 0.7% of GNP target level, and the United States promised to increase its aid through a new Millennium Challenge Account. The combined new commitments are expected to lead to an immediate reversal in the downward ODA trend, and could help aid levels rise by up to 25% by the middle of this decade. For many donors, the financing of the MDGs has provided the principal rationale for the aid increase. Although the projected increases fall far short of the 50-100% additional aid resources which some have estimated to be needed to meet the MDGs (Zedillo 2001, World Bank 2002, OXFAM 2002), these new commitments will put significant new funding at the disposal of many poor countries.

Capacities. New resources – large or small – will not be sufficient. How they are applied and managed, the commitment of leaders, the ability of the organizational structures to deliver benefits, and the wider policy and institutional environment of facilitation and enablement will all be of primordial importance to the achievement or non-achievement of the goals. These are critical concerns of capacity development.

For every goal, there are at least 10 kinds of national capacity to be developed:

The capacity to set objectives: based on an understanding of the national and local contexts, requires sound data and information about current needs and targets vulnerable groups;

The capacity to develop strategies: requires a clear prioritization of needs, an understanding of the processes which can contribute to meeting them, and the development of meaningful benchmarks to determine progress;

The capacity to draw up action plans: based on an agreed strategy, requires a detailed listing of required actions, identification of the parties involved in carrying them out, and a clear timetable;

The capacity to develop and implement appropriate policies: requires design of policies and methodologies for effective and accountable policy implementation;

The capacity to develop regulatory and legal frameworks: requires adapting national laws and regulations for compatibility with relevant global conventions;

The capacity to build and manage partnerships: requires full and constructive consultation among key stakeholders (based on appropriate incentives), to secure commitments by the organizations and entities to be involved in the implementation of the action plan;

The capacity to foster an enabling environment for civil society: the success and sustainability of development initiatives require the participation of all relevant stakeholders, particularly the more vulnerable;

MILLENNIUM DEVELOPMENT GOALS AND TARGETS

Goal 1:	Eradicate extreme poverty and hunger
Target 1:	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
Target 2:	Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Goal 2:	Achieve universal primary education
Target 3:	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
Goal 3:	Promote gender equality and empower women
Target 4:	Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015
Goal 4:	Reduce child mortality
Target 5:	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Goal 5:	Improve maternal health
Target 6:	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio
Goal 6:	Combat HIV/AIDS, malaria and other diseases
Target 7:	Have halted by 2015, and begun to reverse, the spread of HIV/AIDS
Target 8:	Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases
Goal 7:	Ensure environmental sustainability
Target 9:	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
Target 10:	Halve, by 2015, the proportion of people without sustainable access to safe drinking water
Target 11:	By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers
Goal 8:	Develop a Global Partnership for Development
Target 12:	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system that deals with a reduction in debt to sustainable levels
Target 13:	Address the Special Needs of the Least Developed Countries
Target 14:	Address the Special Needs of landlocked countries and small island developing states
Target 15:	In cooperation with developing countries, develop and implement strategies for decent and productive work for youth
Target 16:	In cooperation with pharmaceutical companies, provide access to affordable medicines
Target 17:	In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

The capacity to mobilize and manage resources: requires a quantification of the resources (human, financial and other) that are needed for implementation, and requires that these resources be mobilized and put at the service of the plan;

The capacity to implement action plans: requires that those responsible for carrying out every part of the plan be appropriately selected, that they be aware of their responsibilities, and know to whom they are accountable for performance;

The capacity to monitor progress: requires that people and mechanisms be put in place to enable the measurement of agreed benchmarks and indicators; provides for feedback to ensure that objectives and strategies are adjusted so that progress is realized and sustained.

The Lessons of History

In numerous ways, and over long periods of time, societies have been adapting and transforming. They have done so through complex processes of cumulative learning, combining different actors, and in ways specific to local circumstances. These processes are virtually impenetrable to the outside eye. Local self-reliance and grassroots initiatives – discussed as optional paradigms in the development literature – have always been the basis of human advance for most of the world.

In some countries, change has been sponsored and abetted by strong public administration. Two millennia ago, China wedded literacy and political culture and developed an efficient, merit-based civil service founded on the institutional and moral precepts of Confucianism. For a thousand years, the civil service performed a critical and unifying role, compiling regular censuses and land registers, and collecting taxes.

The modern equivalent might be the emergence of the Indian Administrative Service, formerly the Indian Civil Service, in the 20th century. The strength of the IAS lies in its recruitment, transfer and promotion systems, its assured place within the Indian Constitution and its relative autonomy from political pressures. The prestige of IAS service derives from the respect accorded to it by Indian society, and helps to compensate for the modesty of the pay and conditions (de Silva, 2002). The origins of public service in what are now the world's two largest countries are a reminder that these foundations for development capacity in public administration were laid down well before the era of aid and TC.

There are some obvious lessons to be drawn from history; here are three. First, capacity is an indigenous phenomenon and its development has always been largely an endogenous process. It follows, secondly, that capacity development is inherently idiosyncratic, being substantially determined by local contexts. It resists rigour and blueprinting. Third, capacity development occurs as a result of interactions among different parties and at different levels: from metropolitan-based public administrations to distant rural communities; between the public sector and civil society; between politics and administration.

Capacity development can also be quickened and broadened in response to outside stimuli. Throughout history, there have been numerous instances of countries turning to foreign sources for technical cooperation. In the 18th century, Russia brought in experts and technology in substantial quantities from Western Europe for its own modernization. In the second half of the 19th century, it was Japan. After the Second World War, a devastated Europe was rebuilt with the help of American capital and technical aid. Also in the 20th century, China has acquired technical assistance, partly through the aid window. In all these cases, the importations were transformative, as the countries concerned strove to catch up with their richer suppliers.

These were just a few of the many successful examples of how countries, over the centuries, have benefited from international partnership. Leaders with a clear vision of the direction they wanted to take perceived the gaps in their country's capacities, and sought to procure the help and expertise they needed from wherever it was available. History, therefore, yields us lessons four and five: the importance of enlightened leadership and the need for the demands for assistance to be self-determined. Post-war TC, however, has altered the parameters.

When the aid era arrived after World War II, the concept of 'gap-filling' became enshrined in development theory, to a degree which encouraged the idea that aid was synonymous with development (Browne 1990). Technical cooperation – skills and know-how – was the means to fill the third gap characterizing developing countries (along with the two financial gaps represented by the budget deficit and the imbalance of external payments)⁵. The concept was convenient, for as independence progressed, the rich countries sought to extend post-colonial patronage through transfers of capital and skills into the gaps that appeared to hamper development progress.

In contrast to the historical process of countries purchasing skills and know-how from suppliers, the relationship now appears very different (Morgan 2001):

- **Control:** Demand was manufactured, not self-generated. The capacity gaps came to be perceived and funded by donor country governments, not the recipients, and control of the transfer arrangements shifted accordingly. The recipient countries owned neither the gaps nor the resources put up to fill them. For as long as there has been aid, there have been concerns about country ownership.
- **Public sector bias:** The reversal of control was facilitated by the fact that aid was in the public funding domain of the donors. This had various consequences:
 - o technical cooperation became the preserve of bureaucratic minds and processes in the donor countries, with an often limited comprehension of the character and context of the recipient countries;
 - o each donor bureaucracy devised its own set of procedures and practices for administering TC, resulting in a proliferation of administrative paperwork;

⁵ There have been many exponents of gap-filling, among which Rostow (1960) and Chenery and Strout (1966).

- o “projectization” became a feature. Technical cooperation was conceived in time- and money-bound segments, a configuration which best suited public spending patterns.
- **Accountability:** Aid had key stakeholders in the donor countries, but beneficiaries elsewhere, setting up a potential tension between two sets of objectives. The stakeholders had expectations of how aid should “perform”, and the criteria of success were often commercial, political or in other ways strategically significant, rather than developmental.

Donor-driven, public sector-managed and internally accountable TC has yielded very mixed results. There have been numerous micro-successes. Millions throughout the developing world have benefited from better infrastructure, health care, education, housing and improved means of productive livelihoods in agriculture and industry, as a result of projects underwritten by aid. These micro-successes have been confirmed by the results of evaluations conducted by development agencies, showing that the proportion of “effective” projects is usually over 60%, and rising over time.

But the macro failure of aid has been the inability to render itself redundant. Half a century has witnessed over one million TC projects. Many of them have been strung end-to-end, repeating the same objectives, and targeting the same countries and beneficiary organizations. The most aided countries have generally remained so.

The outputs of aid projects have abounded and these are manifestations of development. But they are also in part a substitute for it, to the extent that many countries have not been able to use TC as a tool to build sustainable capacities and manage their development independently. The word sustainable is important. Inappropriate TC, far from building sustainability, may undermine it. An example is provided by the exodus of skilled personnel from the organizations in which they have been trained (“brain drain”), often under TC programmes.

The six country studies that form the basis of this book reveal that there have been positive changes in donor-recipient relationships. Asymmetry is being corrected as patronage yields to more country ownership as a basis for partnership (Browne 1999). Countries have begun to strengthen their resolve to align TC more closely to their strategic development interests – which they are defining more purposefully. Many donors are also showing a new willingness to support stronger central management of aid by recipient governments and organizations.

But if sustainable capacity is to be developed, then the lessons of history should be heeded. A clearer understanding of the nature of capacity development is indispensable to increasing the effectiveness of TC. This calls for a new paradigm.

A new paradigm for capacity development as the target for technical cooperation.

In the first volume, *Capacity for Development: New solutions to old problems*, UNDP outlined a paradigm of capacity development set in the broader context of transformative development. This framework is reproduced in Table 1.1.

TABLE 1.1: A NEW PARADIGM FOR CAPACITY DEVELOPMENT

	Current paradigm	New paradigm
Nature of development	Improvements in economic and social conditions	Societal transformation, including building of "right" capacities
Conditions for effective development cooperation	Good policies that can be externally prescribed	Good policies that have to be home-grown
The asymmetric donor-recipient relationship	Should be countered generally through a spirit of partnership and mutual respect	Should be specifically addressed as a problem by taking countervailing measures
Capacity development	Human resource development, combined with stronger institutions	Three cross-linked layers of capacity: individual, institutional and societal
Acquisition of knowledge	Knowledge can be transferred	Knowledge has to be acquired
Most important forms of knowledge	Knowledge developed in North for export to South	Local knowledge combined with knowledge acquired from other countries – in the South and North

In the present book, we begin to take that analytical framework a practical step further. Drawing on country experience — of which the six country studies in this book are representative examples — we have disaggregated some of the key elements of capacity development and knowledge acquisition (the last three categories in the above table) in terms of the current and new paradigms, and illustrated these by reference to specific examples of TC support. In terms of the CD/TC relationship, the "current paradigm" is a slightly exaggerated caricature of capacity development *driven by TC in an asymmetric donor-recipient relationship*. The "new paradigm" is characterized as nationally-owned and country-driven capacity development *supported by TC*.

The terms "current" and "new" may seem awkward. The latter paradigm contains the modern features of change, but is based on principles of capacity development that are redolent of the historical, indigenous processes of adaptation and transformation: self-determined, organic and participatory.

In this new paradigm, we have outlined six facets of capacity development.

Knowledge acquisition: Human resource development has long been perceived as the core of capacity development, and pursued through formal training schemes that aim to transfer knowledge in a vertical (top-down) mode. In the new paradigm, knowledge acquisition is understood as a much more subjective process, fostering an environment of interactive learning that is able to respond more readily to the demands of learners. Rather than formal training events and courses, it relies more on group and on-the-job learning. New information and communication technologies are helping to vastly expand individualized and organizational learning opportunities.

TABLE 1.2: CAPACITY DEVELOPMENT: TRADITIONAL AND NEW PERSPECTIVES AND PRACTICES

	Traditional perspective and practices	New perspective and practices
<i>Knowledge acquisition</i>	HRD approach/knowledge transfer <ul style="list-style-type: none"> • Formal training • Scholarships • Reliance on expatriate experts 	Knowledge acquisition <ul style="list-style-type: none"> • Knowledge networks • South-South, South-everywhere exchange • Interactive training • Reliance on national experts • Demand-driven
<i>Country study examples</i>	Bangladesh: Use of donor consultancy firms Egypt: US-sponsored Ph.D. scholarships Kyrgyz Rep: Valuable training abroad, but use of expatriate experts with inappropriate skills; short-term training valued for foreign travel opportunities Uganda: Use of inadequately qualified foreign consultants despite training of senior civil servants under past TC programmes	Kyrgyz Rep: Donor support for higher education; in-country training and consultancy services; international and regional research linkages; and Internet access Philippines: Growing use of local consultants, consulting and research institutes and universities; wide use of information technology in public service Uganda: South-South exchanges under UN auspices Bangladesh: Use of Bangladeshis residing and working abroad
<i>Institution building</i>	Organisational strengthening <ul style="list-style-type: none"> • Public sector emphasis • Imported "best practices" • Top-down reform • Reinventing the wheel: each TC project starting afresh 	Transformation/change management processes <ul style="list-style-type: none"> • Organisations and institutions viewed in broader national context • Nurturing of existing capacity • Change management process from within • Attention to incentive systems and sustainability
<i>Country study examples</i>	Bangladesh, Kyrgyz Rep, Uganda: Heavy TC emphasis on public sector Uganda: Failure to take past capacity development into account	Philippines: Use of national execution of TC projects by some donors
<i>Institutional environment and partnerships</i>	Narrow view <ul style="list-style-type: none"> • Each organisation considered separately and in isolation • No overview of capacity development needs 	Broad view <ul style="list-style-type: none"> • Consideration of all relevant organisations and institutions, at national/local levels • Concern with institutional environment within which organizations and individuals work • Importance of inter-organisational partnerships
<i>Country study examples</i>	Kyrgyz Rep: Donors implementing parallel projects with favoured target organizations Uganda: Donors not undertaking adequate inventory of in-country capacity; no manpower survey since 1989	Bolivia, Philippines: Growing involvement of municipal and provincial level institutions Egypt: Heavy emphasis of USAID TC on support to the private sector Bolivia, Kyrgyz Rep: Increasing emphasis on institutional reforms that may better support capacity development

<i>Policy environment</i>	Viewed as neutral <ul style="list-style-type: none"> • Policy environment not considered in most TC, except when projects specifically aim at policy reform • Incentive systems not factored in 	Viewed as integral to, and compatible with, change process <ul style="list-style-type: none"> • Development of alternative policy scenarios • Piloting and feedback to demonstrate impact
<i>Country study examples</i>	All countries: TC projects tended to ignore policy environments, although policies influence capacities and incentives of individuals and organizations to change	Bangladesh: TC bringing more transparency to customs procedures Philippines: Supportive policy environment for NGOs; TC support for policy analysis Uganda, Bolivia, Kyrgyz Rep: Strong influence of TC on design of economic reforms
<i>Country commitment and autonomy</i>	Weak and subjective <ul style="list-style-type: none"> • Donor domination of the TC agenda • Expressions of interest by immediate TC recipients • Use of externally-funded project implementation units (PIUs) 	Objective, nationally owned and developmentally strategic <ul style="list-style-type: none"> • Commitment by leadership at all levels • Driven by national development frameworks
<i>Country study examples</i>	Egypt: Autonomous PIUs (e.g in Central Bank) Kyrgyz Rep: Out-of-control supply of TC Bolivia, Philippines: Distortions due to patronage-based public service sector All countries: Unharmonised and complex donor procedures and practices	Bangladesh, Uganda: Donors encouraged to provide central budget support, some use of SWAPs Philippines, Uganda: Strong central TC management by Government Philippines: "Organic" project implementation units compatible with public sector structure Bolivia: Management of TC and other aid as part of overall public investment, but also growing weight of donors in policy making, e.g. poverty reduction strategies
<i>Results and accountability</i>	Organisationally specific <ul style="list-style-type: none"> • Donor-recipient "closed loop" dialogue • Output-related 	Impact on beneficiaries <ul style="list-style-type: none"> • Beneficiary impact evaluation • Development outcome-oriented (e.g. MDGs)
<i>Country study examples</i>	Bolivia: Strong donor emphasis on donor accountability	Philippines: NGOs and beneficiary groups actively monitor government projects; 'Social Weather Stations' surveys

Institution building: Organizational strengthening has been perceived as a technocratic add-on process. Technical cooperation has sponsored imported "best practices" that were often applied in piecemeal fashion. But institution building eschews facile prescription. Every organization is unique because of the particularity of the institutional environment. In the new paradigm, capacity development is a more organic process. It starts with an assessment of each organization's capabilities, and builds on them in a manner that respects continuity and fosters sustainability. In every organization, change has to start from within. Leaders need to be committed to change, and key change-agents must be identified within the organization to help develop and pursue the agreed new direction. Concern with capacity retention has to be built

in, which means paying more attention to the factors and conditions that motivate or demotivate people.

Institutional environment and partnerships: Capacity development has traditionally tended to focus on individuals and organizations within the state sector. This focus has been too narrow, because it leaves out the many agents of developmental transformation that lie outside the state sector. As the role of the state changes – e.g. by doing less, and by facilitating and regulating more – it is even more imperative to conceptualize capacity in a holistic sense, and capacity development as a process which encompasses a range of different stakeholders in the public, private and civic domains, and at central and at local levels.

Thus, while institution building is pursued at the level of individual organizations, there must be cognizance of the relevance of each organization within a wider institutional framework. The benefits of collaboration and interaction among different organizations need to be sought out, leading to the forging of public-public and public-private partnerships.

Policy environment: The hitherto more technocratic approaches to capacity development have tended to leave the policy environment out of account. The new paradigm recognizes that a conducive policy environment is fundamental to the concept of capacity development. Policies can both hinder and facilitate the ability of individuals and organizational entities to perform functions, and can prevent or ensure that these functions enhance the collective good.

Country commitment: Under the traditional paradigm, governments manifested commitment by contributing counterpart resources to TC projects, whether in cash or in kind. This is tantamount to the obverse of the TC-for-CD process. Countries must take charge. They should make their own determination of capacity development needs as part of a coherent development strategy. Strategies need a clear focus on development goals, and they should identify how TC can be used in support.

Strong and legitimate leadership is fundamental to country commitment. Leadership is required to ensure beneficial change and adaptation, whether at the level of the individual organization or the polity.

Results and accountability: Each country determines its own development goals, and these are enshrined in periodic development plans, longer-term vision statements and poverty reduction strategies. An important focus is now provided by the Millennium Development Goals, which codify the basic human indicators that have long been considered critical outcomes of the development process. Capacity development, therefore, should no longer be focused exclusively on externally-prescribed criteria such as “sound” economic governance and “efficient” public institutions. These “means” need to be seen in relationship to the broader “ends” of income poverty reduction, better education, health and other targets. Capacity development objectives need to be framed by the task of ultimately reaching these human development outcomes.

A more “macro” or holistic orientation of capacity development implies major changes in how accountability is perceived and practiced. To date, with the focus on training and institutional strengthening, trainees and their organizations have been considered the “beneficiaries” of traditional capacity development. The true beneficiaries, however, are not usually even conscious of – let alone involved in conceiving – the capacity development programmes that are ultimately designed to benefit them. Effective capacity development needs to involve the real beneficiaries in the conception, design and evaluation of programmes.

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2 *Overview*¹

MEETING THE CAPACITY DEVELOPMENT CHALLENGE: LESSONS FOR IMPROVING TECHNICAL COOPERATION

The six country studies in this volume (Chapters 3-8) were conducted as part of a new review of technical cooperation (TC), almost 10 years after an earlier effort at reform.² They are an attempt to provide insight and evidence, based on actual country experience, for how TC can more effectively support national capacity development.

Case study research is critical for grounding reform proposals. The countries studied — Bangladesh, Bolivia, Egypt, the Kyrgyz Republic, the Philippines and Uganda — represent a broad, though certainly not exhaustive range of TC and capacity development experience.³

The studies were based mainly on in-depth interviews with informants involved in TC from government, donor agencies and other organizations. The research teams, based primarily in universities or research and policy analysis institutions in the countries studied, also utilized donor and government reports, secondary literature and quantitative data. In some countries, workshops brought together various stakeholders and provided insights, feedback and a forum for discussion.

¹ This chapter was written by Mary Hilderbrand, Adjunct Lecturer in Public Policy and a Fellow in Development at Harvard University's John F. Kennedy School of Government.

² Berg, Elliot and the United Nations Development Programme: *Rethinking Technical Cooperation: Reforms for Capacity Building in Africa*. See references.

³ The six countries were selected to represent wide regional diversity and variation in level of income per capita. All are aid recipients, but with varying degrees of aid dependence. The set consciously excluded countries with extremely high levels of civil conflict. Other considerations included feasibility of carrying out the research, potential value-added, and the potential impact of the study in the country.

This chapter synthesizes key findings. Particular attention is given to the context and patterns of TC during the 1990s, its contributions to capacity, trends in donor practices and government management of TC, issues around personnel and working with existing institutions, and pressures for and against change.⁴

Several themes run throughout the studies:

- significant and increasing diversity among partner countries in the challenges for TC and how it is carried out;
- the importance of giving national priorities centre stage;
- the critical role of national TC management;
- the constraining role of weak institutions;
- the importance of using local expertise;
- the importance of mainstreaming TC and capacity development into partner countries' institutions.

Context During the 1990s

Whereas the critique of TC at the beginning of the 1990s was not just a reflection on the preceding decade, it was undoubtedly affected by the experience of the 1980s — an extremely difficult period for many developing countries, and one where the combination of economic crisis, greatly reduced resources, and dramatic changes in policy direction put capacity under stress. In many countries, existing capacity was challenged and sometimes seriously reduced. At the same time, there was a demand for new kinds of capacity, in government and in society more generally. Resource constraints and difficult economic and political conditions were not conducive to building capacity, however, and against such a backdrop, TC was similarly limited in its ability to contribute.

The 1990s provided a somewhat different context. Five out of the six countries studied experienced sustained economic growth throughout the decade. The Kyrgyz Republic, which had become independent only in 1991, experienced a 45% decline in its economy during the first half of the 1990s, as it began the transition from the Soviet command economy to a market system. By mid-decade, the trend was reversed and economic growth soared, at least for the period under consideration. Bolivia entered a serious recession as the 1990s came to a close, a change from its performance during most of the decade.

Despite the generally good economic performance, per capita economic growth rates were fairly low in almost all the countries. This was not a period of fast, transformative growth like that experienced in East Asia until recent years, although for most of the countries it did represent an important turnaround from poor economic

⁴ Information on the countries for this chapter is drawn from Balihuta et al (2002); Cukrowski et al (2002); El-Refaie et al (2002); Gray Molina and Chávez (2002), Illo et al (2002), and Sobhan et al (2002). A shorter version of each is included in this volume, Chapters 3-8.

conditions, even crisis. Furthermore, resource constraints continued to plague the countries, and several continued to suffer from high levels of external debt that further limited resources. Conditions for capacity development were better than earlier, but still less than ideal.

The other notable characteristic of the decade was its continuation as a reform period, with an emphasis on the structural and institutional levels. Each of the six countries were carrying out reforms of various types. For some, the first generation stabilization reforms begun in the mid-1980s had already taken hold; the emphasis during the 1990s had shifted to structural reforms, and then to broader institutional reforms as the decade wore on. That pattern applied to Bolivia, Uganda and Bangladesh. Egypt and the Kyrgyz Republic both carried out a combination of stabilization and structural reforms during the 1990s. Egypt started in 1991, while the Kyrgyz Republic got serious about its reforms following the post-independence economic crisis, around 1995.

In the Philippines, the 1990s continued to be more about political reform and the consolidation of democracy than about the economy, though there was an effort during most of the decade to liberalize and make the economy more competitive. Indeed, like in the Philippines, political reform and democratic consolidation were also on the agenda in countries such as Bolivia, Uganda and the Kyrgyz Republic, where democratic transitions had occurred not too many years earlier.

The fact that the 1990s was a decade of reform is significant for understanding TC. Although TC is often discussed separately from other policy trends, it is strongly shaped by the priorities and concerns of the time. In the 1990s, those concerns were structural and institutional reforms. Whether in terms of money, emphasis or enthusiasm, much of the TC during this period was aimed at supporting reform efforts.

The increasing emphasis on institutional reform came along at roughly the same time as a new understanding of capacity development gained currency. As we saw in Chapter 1, this new understanding of capacity development went beyond human resource and organizational development to encompass larger institutional and societal frameworks. This amounts to a dovetailing, perhaps for the first time, of the direction of the larger reform programmes, on one hand, and priorities for capacity development on the other.

Trends in Technical Cooperation

The country studies attempted to document quantitative levels and patterns in TC during the 1990s. Several general observations can be made about trends in the six countries.

First, there is considerable variation in trends. Global data on official development assistance (ODA) and TC show that overall flows of ODA decreased during the 1990s, and that TC fell or stagnated starting about 1994, with poor countries and Sub-Saharan Africa especially experiencing declines. (A summary review of that data can be found in the Annex to this volume.) The data from individual countries studied here,

however, make clear that macro-level trends only partially capture what is happening with TC, and that many countries' experiences may be quite different from the overall picture.

With regard to trends in development assistance generally, ODA has fallen in relation to economic indicators — GNP, revenue and exports — in Bangladesh, Egypt and the Philippines. In contrast, ODA levels have actually increased over the decade in the Kyrgyz Republic, Uganda and Bolivia (with some reduction at the very end of the decade in Bolivia).

Patterns in TC have been somewhat similar. Technical cooperation flows fell in Bangladesh and Egypt, but they rose in Bolivia, the Kyrgyz Republic and Uganda, whether measured in dollars or as a percentage of GNP or revenue.⁵ The Philippines experienced an increase through the mid-1990s, after which TC declined.⁶

Second, for some countries, TC represents a substantial proportion of resources available for development. This is especially true in the countries where TC has been on the rise. By 1999, TC accounted for over 2% of GDP for Bolivia and the Kyrgyz Republic, and 5% of GDP for Uganda. In the Kyrgyz Republic, TC in that year equalled more than 18% of government revenue and 6% of exports. For Uganda, the levels were even higher, at 27% of revenue and 65% of exports.

For other countries, the figures are lower. For example, TC in Egypt averaged 1.4% of GDP and 5.0% of revenue. In the Philippines, TC represented only 0.3% of GDP and 1.3% of the budget for 1992-98. Technical cooperation in Bangladesh accounted for only 0.6% of GNP.

Third, in several countries, TC rose as a percentage of ODA during the 1990s, and is therefore an increasingly important part of the aid picture (see Table 2.1). This is the case in Bolivia and Uganda, but also in Egypt, where TC has fallen less than overall ODA. In the Philippines, the TC/ODA ratio increased to a high of 16.6% in 1996 and then fell back somewhat, but not to the level at the beginning of the 1990s. In Bangladesh and the Kyrgyz Republic, it is difficult to ascertain a clear trend, since the proportions have fluctuated.

Fourth, there is also considerable variation in the degree to which sources of TC funds are concentrated or diversified, and the type of donor. Egypt is the most highly concentrated, with 76% coming from the United States. For Uganda, the World Bank (IDA) is by far the largest source, accounting for 29%, while the next largest donor (the United States) provides about 16%. The Kyrgyz Republic and the Philippines both have many TC partners, but three in each country dominate: for Kyrgyzstan, the main providers are Germany, the Soros Foundation and Turkey; for the Philippines, they are Australia, the European Union and UNDP. Bolivia has a multiplicity of donors, bilateral, multilateral

⁵ In Bolivia, TC rose in dollar terms. As a % of GNP, it rose and then fell somewhat, but not back to the levels of the early 1990s.

⁶ All the data here need to be handled with caution. TC data overall are problematic, scarce and almost always partial; and there are conceptual problems related to how TC is defined and what is included. Furthermore, data from the different country studies are compiled from different sources that most likely are not entirely comparable. Therefore, they should not be assumed to be very accurate nor to provide very precise comparisons, but only to be indicative of general levels and trends.

TABLE 2.1: TECHNICAL COOPERATION (TC) AS A PROPORTION OF ODA (%)

Country	TC/ODA, 1990s average	TC/ODA, 1999	TC/ODA High (year)
Bangladesh	11.4	8.9	19.0 (1992)
Bolivia	28.0	33.8	33.8 (1999)
Egypt	28.3	48.6	48.6 (1999)
Kyrgyz Republic	38.0	26.0	88.3 (1992)
Philippines	9.6	8.2*	16.6 (1996)
Uganda	45.1	59.8	72.6 (1998)

Source: Data provided in country studies, and OECD/DAC data.

*1998

and non-governmental, but the United States, Germany, Japan and the World Bank play the largest roles.

Different patterns create different challenges. Countries dealing with a multiplicity of sources face the problems of fragmentation and competition among donors, and the need to find effective means of coordination. For countries dependent on single or very dominant partners, the issue is likely to be more one of the relative weight of the donor's priorities compared with those of the partner country, as well as the characteristics and procedural requirements of individual donors. Most countries have a mix of these challenges, but their relative importance varies. For instance, Bolivia's challenge is, above all, one of coordination and management, while in Egypt, the need for coordination is minor compared to the challenge of dealing with USAID's priorities and programmes. Uganda has a mixture of both. Whatever the challenges, they will be magnified if TC represents a large proportion of resources. In the Philippines, TC plays a smaller role and can be handled more easily than in most of the other countries.

Finally, across these countries there has been a move towards education and health as major sectors for TC (especially strong in Kyrgyzstan, the Philippines and Uganda), but also a strong showing for public service/public administration (Bangladesh, Kyrgyzstan and Uganda). In a number of countries, there has been a shift away from agriculture and rural development. In Egypt, agriculture received most support in the early 1990s, but was later replaced by support for private sector development; Egypt was the only country in which the private sector was a major focus. The trend towards greater emphasis on education and health is not surprising, given the current emphasis in the development community on poverty alleviation. The support for public administration reflects the new emphasis on institutional reform, including that of the civil service and the judiciary, which has characterized the latter half of the 1990s.

TC's Contributions to Capacity Development

The country studies credit TC for playing a role in developing some of the capacities that currently exist in the countries. For example, support for scholarships and universities in Uganda helped to create a base of well-educated professionals, many of whom are now leaders in government, the private sector and institutions of higher education in the country. During the past decade in the Kyrgyz Republic, TC played a substantial role in helping to develop new institutions for a market economy and a democratic government, and in training and acculturating the group of professionals needed to run those institutions. It also contributed to strengthening higher education in the country by supporting new institutions and helping to modernize teaching methods and curriculum in existing public institutions.

Reform programmes in Bolivia, including those essential to strengthening national capacity such as education and popular participation, were supported largely through TC. The blossoming of civil society and NGOs in the Philippines, while certainly not brought about by donors, was supported by their encouragement of participatory processes and institutions, and their openness to working with NGOs.

But these studies, like earlier ones, also found that TC has often failed to strengthen capacity, especially when considered in light of the amounts that have been invested over the years. Three major reasons for disappointing results were highlighted by the studies, and will be discussed in the following sections:

- institutional weaknesses in the recipient country;
- continuing TC practices that are not conducive to capacity development, although there are some promising changes; and
- the failure to mainstream capacity development.

As emphasized in Chapter 1, a country's capacity is first and foremost a result of its own history and social, economic, cultural and political processes, as well as its engagement with other countries and forces. Its development involves the creation, maintenance and upgrading of fundamental human and social capital. Technical cooperation's potential and actual contributions to capacity development should be viewed in this light. Weak capacity is not necessarily the fault of failed TC, and strong capacity, in most cases, will not be attributable in great degree to the successes of TC. Yet TC can and should be expected to contribute positively to existing capacity, and to support the larger forces that can transform a country's capacity.

The Importance of the Institutional Context

Poor institutional contexts in recipient countries — particularly adverse conditions in public administration, along with corruption — are a major factor in shaping and constraining the ability of TC (as well as that of domestic resources) to contribute to capacity development. These were repeatedly noted as reasons for frequent failure of

efforts at the individual and organizational levels. Training and the provision of advisors do not always achieve the intended impact. They could also reduce the likelihood of fundamental TC reform.

In all the countries studied, certain characteristics and conditions in the civil service (and in the public administration more generally) represent capacity weaknesses and act as constraints on capacity development. With the partial exception of the Philippines, low public sector salaries hinder retention of qualified people and hurt morale.⁷ Patronage systems prevail in most countries (including the Philippines) and politicization of positions means frequent turnover of large segments of the public service with every change of government (e.g. Bolivia and the Philippines). Lack of continuity and patronage-based recruitment systems and organizational cultures are extremely difficult environments for capacity development. Ironically, Bangladesh suffers from some of these problems, despite a highly institutionalized civil service. Frequent rotation without regard to expertise leads to a similar lack of continuity, and promotions based on seniority rather than performance serve as disincentives for either individual or organizational capacity development.

Corruption is also a problem in most, if not all, of the countries studied. High levels of corruption, along with weak public sector institutions, feed donors' doubts about whether funds will be used responsibly — an important factor behind donors' reluctance to cede control of TC. Improvement in these basic institutional frameworks is critical for more effective government, for TC (and other investments) that can have a real impact on capacity development, and for an environment that will enable fundamental change in TC itself.

Continuity and Change in Donor TC Practices

The UNDP-sponsored 1993 review of TC criticized many donor practices for hindering capacity development.⁸ One of the questions the country studies set out to answer was whether, and to what extent, those practices still characterize TC. They found a mixed picture.

Continuity

There was evidence in all the country studies that many TC practices not supportive of capacity development persist. Many donors — especially but not only bilateral donors — still prefer to have their assistance carried out through individual projects, often reflecting their own priorities. Projects still tend to have short timeframes, limiting their ability to contribute effectively to longer-term processes of institutional change. Although some donors have moved away from requiring procurement of their own equipment and experts, others have not — persistent tying of aid and lack of transparency about costs lead to equally persistent inefficiencies and waste. Lack of coordination among donors and the resulting multiplicity of projects and accounting

⁷ Despite general public sector salary increases, the Philippines still has the problem at senior levels, where salaries are not competitive with the private sector and there are difficulties attracting and keeping the best people.

⁸ Berg, Elliot and the United Nations Development Programme: *Rethinking Technical Cooperation: Reforms for Capacity Building in Africa*. See bibliography.

systems place unmanageable burdens on already weak government ministries. Project implementation that bypasses normal institutions in favour of separate units misses opportunities for capacity development in core institutions, further increases fragmentation and distorts incentives.

Change

But there have also been significant changes in the direction of greater partnership and consultation in setting priorities, more focusing of TC efforts in line with national priorities, and processes of dialogue that extend participation to groups outside the government. Multilaterals have been in the lead in encouraging such changes, and TC is increasingly linked to comprehensive development frameworks, poverty reduction strategies, national dialogues, and other development consultations and strategies. Uganda and Bolivia provide good examples of these promising changes.

Even in the absence of broad strategies, many donors have been trying to move towards programme and sector-wide approaches (SWAps), at least as an umbrella for fitting otherwise discrete projects into a more coherent framework. Increasing use of programme and SWAps was reported in all the countries, particularly evident in health and education. Donor efforts to coordinate their activities were also reported. Evidence of donors working and cooperating more with NGOs and lower levels of government is notably prevalent in the Philippines. In Bolivia, there is an increasing effort to shift TC to the municipal and provincial levels, where it is needed to support capacity development in the context of the country's popular participation and decentralization reforms.

These are very recent shifts, and the jury will still be out for some time on whether they will really change the dynamics of TC. While they do not, at this point, represent fully participatory or nationally-led processes, these recent trends are also quite different from the traditionally piecemeal nature of TC.

Nevertheless, the Bolivian experience suggests that it is wise to be cautious in assuming that these new approaches will automatically solve all the problems with TC. Despite Bolivia being in many ways a test case for strategy- and dialogue-led TC, most process and development choices remain donor-driven. The Bolivia study found that the National Dialogue and the poverty reduction strategy processes, combined with donor efforts at self-coordination, have actually increased the weight of the donors in policy making and decisions about use of resources. The problem stems quite simply from the extreme asymmetry between the donors, with their resources, ideas and technical expertise, and the much weaker Bolivian state, which the new approaches to TC do not change.

One strand of thinking about improving TC emphasizes the need for coordination among donors, standardization of their processes and requirements, and harmonization of their goals. The evidence from the country studies suggest that these may be helpful in reducing some of the problems of fragmentation, competition, and the heavy administrative burden associated with donor funding that strain or even overwhelm partner country institutions. But they do not stand out as central or as complete solutions in themselves. Donor self-coordination and harmonization can

make a significant difference only if they are carried out around locally-determined and accepted goals and priorities, rather than around donor goals. When there is a divergence between what the donors are trying to do and what the recipient government's self-determined priorities are, TC is unlikely to have a lasting impact on capacity.

The Bolivian experience noted above also suggests the importance of donor restraint. There needs to be space for countries to define their own goals, priorities and processes. In their enthusiasm, well-intentioned donors may fail to allow for that space. They are likely to have better results in capacity development if they stand back, let countries come to terms with their own challenges and how they want to deal with them, and then lend support in that context.

Growing Diversity

The country studies show that it is increasingly difficult to generalize about how TC is practiced because there are significant and increasing differences among recipient countries that shape their TC relationships. One major difference is between countries where the governments have asserted themselves and have taken the lead in shaping and managing TC, and those where TC continues to be much more donor-driven. In the former — the Philippines and Uganda, especially — the relationship is one of constructive partnership between the donors and the recipient country. In others, especially Egypt but to some extent the Kyrgyz Republic as well, TC still looks more like it did in the past.

Another key difference is in the existing level of human and social capital in the recipient country. In a country like the Philippines — with a highly educated population, a vibrant university and research sector, a large supply of well-qualified professionals, and an extensive and active NGO community — TC can draw heavily on local sources of knowledge and expertise. It can build on cooperation well beyond the central government. The Kyrgyz Republic, also with a high education level and a growing local capacity to provide professional, research and analytic services, provides another example of real strength that TC can utilize. In contrast, in countries with much lower levels of education and smaller pools of highly qualified professional and technical personnel, it will be harder to reorient TC as fully. In short, variations in existing levels of capacity help shape opportunities and constraints for TC reform.

Innovations in Donor Practices

The moves towards strategy-led TC, programme and sector-wide approaches, and emphasis on dialogue — both between donors and governments but also more broadly within countries — are innovations that are being tried by various donors and in collaboration with various partner countries. In addition to these fairly large-scale changes, a number of other innovations were reported in the country studies.

One set of innovations has to do with trying to increase the voice of NGOs and other domestic groups in donor projects and programmes. In the Philippines, where this has gone the furthest, some donors have created steering, advisory or management committees to involve NGOs in project management. This gives them a role in

decisions about use of TC, selection of consultants and other project needs, broadens accountability and makes TC more responsive to community needs.

In Egypt, there have been efforts to make sure that decisions about the use of TC fit local needs. UNDP formed a think tank of leading intellectuals to provide input into the country programme, and a committee of donors invited the National Women's Association to be a member of the committee.

Also, in some countries including the Philippines and Bangladesh, donors have engaged in joint programming where funding needs are large.

In the Kyrgyz Republic, donors introduced interesting and valuable capacity development initiatives that were carried out on a regional scope. Kyrgyzstan's small size and shared contexts and needs with its neighbors in Central Asia made it appropriate to target some research training opportunities at the regional level – an innovative and flexible response to the needs of the country and region.

Partner Governments' Management of TC

The country studies suggest that there has been substantial change in the direction of more and better management on the part of the partner countries. It also indicates that this is an important trend and that more assertive and effective national management is essential to meaningful change in TC. As noted earlier, there is a striking difference between those countries in which the governments have asserted control over TC (and aid more generally) and those in which the donors operate freely. Furthermore, some of the most interesting and important innovations are found with reference to national management of TC.

In several countries including the Philippines, Uganda and Bolivia, there is a clearly stated government policy that all aid, including TC, is to be utilized in line with national priorities and policies. In some others, that clear statement of policy about TC is still missing. All the countries have put in place mechanisms to manage TC, or aid generally. In a number of countries, the recognition that managing aid was important came only at the end of the 1990s; for others, it was a longer step-wise process of improving systems.

There is also considerable difference in how effective these policies are. Uganda, the Philippines and Bolivia all have instituted relatively strong systems of TC/aid management; Bangladesh also works to get donors to support the national development plan through normal planning and budget allocation mechanisms.

Setting up an agency or unit within a central ministry that coordinates aid and integrates it with the national development planning process is a first step, but is not sufficient. The structure has to be credible, actively used for aid management, and closely linked with the institutions for economic development decision making and resource allocation. A number of countries including Egypt and the Kyrgyz Republic,

have such structures but have not used them effectively in the past. Recent efforts in the latter to reorganize aid management and tie it more closely to central development decision making may make it more effective in the future. In Egypt, the role of the Ministry of International Cooperation is seen more in terms of negotiating agreements than of asserting national direction over TC's purposes and allocation.

The cases of Uganda and the Philippines, in particular, provide evidence that when governments have insisted on, and set up workable systems for TC management, donors have responded (although to varying degrees) to the changed framework for the relationship. In Uganda, some donors work fully within the system and now provide their TC as budgetary support; others continue to fund their own projects. But the study notes that even those donors who handle their funds separately increasingly do so in line with Ugandan priorities. Transparency of their projects and use of funds have also improved. In the Philippines, the donor-government relationship has evolved into much more of a partnership, with extensive, regular and institutionalized processes of consultation, and a high comfort level on both sides with the priorities, the process and the resulting allocation.

Managing TC Effectively

The cases provide examples of two approaches to national management. The first involves asking donors to provide TC as budgetary support, and to allow it to be fully integrated into the country's public investment and budget allocation processes, just as if it were a resource of domestic origin. Bangladesh and Uganda have followed this approach. The second is to use a framework that handles TC separately from other resources but closely linked with them. This approach uses nationally-defined priorities and goals as the basis for accepting or rejecting projects, analyzes projects as fully as possible in terms of their costs and benefits, and monitors and evaluates them. The Philippines and Bolivia have primarily used this approach. Various combinations of these approaches are possible.

What is important is that each approach inserts a level of national decision making between donors and their preferred projects and programmes, thereby reducing the donors' discretion in funding projects. At the same time, the evaluating, prioritizing and coordinating of demands and resources allows for better rationalization of TC use on the country's side.

At this point, it seems unlikely that a budgetary approach alone can be sufficient. Not all donors are willing to provide budgetary support. It is also unlikely that partner governments would reject all TC that does not come in as budgetary support. Indeed, this approach needs to be supplemented by a clear system for decision making with regard to other projects. The system will otherwise be limited in its coverage and effectiveness; donors can simply ignore it if they prefer. The experience of the health sector in Bangladesh illustrates this well. Bangladesh's preference was that donor funding earmarked for health be provided as budgetary support for a sector-wide umbrella programme under the development plan and budget. About half of total assistance and a third of TC was given as pooled, budgetary support for the programme. But that left

the other half of ODA and two-thirds of TC under bilateral, donor-driven projects, with apparently little coordination and limited information available about how much money was being spent. A clear, institutionalized system for vetting and monitoring those projects would be a big step forward.

Building in flexibility to deal with different donors' TC practices and policies is clearly essential. Such flexibility is evident in all the countries' TC management. Whereas Uganda and the Philippines have asserted their TC framework more strongly, they still accommodate a range of donor approaches. In an important innovation, Uganda's budgeting system has mechanisms to compensate for donor funds that go directly to lower levels of government to avoid skewing allocations as a result of donor projects outside the framework of the national poverty plan and sectoral programmes. This is helpful in ensuring equity of resources among regions and ministries, and keeping overall allocation in line with government priorities.

Lack of adequate and independent data was cited as a limitation on effective aid management in the Kyrgyz Republic and Egypt, and it seems likely that that is typical. The experience of the teams that carried out the country research confirmed the weakness and absence of data. What were available were often of poor or uneven quality, and for many aspects of TC, little or no data existed. In many countries, UNDP was the main source. Of the six countries examined, Uganda provided the richest data available. But even so, the data were problematic and limited in coverage.⁹

Innovations in National TC Management

Having the capability to monitor performance of projects is essential to making any framework effective, but this capability is one of the pieces almost always missing from attempts at TC management. The Philippine government's system for monitoring implementation through annual reviews of project portfolios is an important innovation. The National Economic and Development Authority (NEDA) and the Department of Budget Management meet with project managers to review individual projects, and an annual review report is submitted to the NEDA board that oversees TC, including recommendations for improving implementation. In addition, the Philippines involves NGOs in monitoring projects, which improves accountability and responsiveness.

Bolivia has also been innovative in its relationship with donors. Against a history of freewheeling donors and non-existent country management of TC, Bolivia has recently been working to develop a framework that will allow it to coordinate and utilize TC (and ODA generally) more effectively. A major challenge was the sheer number of donors and the amount of time that went into dealing with each of them. The solution was to quit meeting with each donor individually, and instead provide the same information to all the donors at once. Competition and sensitivities between large and small donors, multilateral and bilateral, were dealt with by setting up joint committees to plan and design projects and programmes, even including donors not involved in funding a particular effort.

⁹ Overall, the absence or unreliability of data limited the ability to ascertain or investigate trends and patterns and to carry out cross-national analysis of the data.

Bolivia also had to be innovative to meet the challenges of TC management posed by decentralization. The country is trying to redirect TC to the municipal level, where key decisions about investment for development are increasingly being made, and where capacity development is a critical need. Yet many municipalities lack the capacity to identify needs and formulate investment plans and programmes that would allow TC or other investments to be effective. The national TC management unit — the Vice Ministry of Public Investments and External Financing — is collecting TC demands from the municipalities and coordinating the relationship between municipalities and the donors. The Vice Ministry integrates the process with other public investment decisions, and works with the municipalities to develop the capacities needed to make rational resource allocation decisions, and to use TC effectively.

Uganda's system of adjusting the budget to compensate for donor projects at lower levels of government to keep the allocation in line with what was intended by the government is another important innovation that helps that country deal with the challenges of decentralization.

These examples of frameworks and innovations indicate that while some elements may be common across countries, each country will need to develop ways of managing TC and working with donors in accordance with its particular challenges and situations.

TC Personnel: The Question of Expertise

Personnel and hiring are among the most contentious and thorny issues in TC. Because TC has to do with knowledge and its sharing in various forms, people are central. It is also around this issue that some of the strongest vested interests gather. The traditional use of expatriate personnel is one of the most protected, but also the most strongly criticized and politicized issues in TC.

The country studies shed some light on this issue. First, they show that it is very complex and that black-and-white solutions — such as doing away with expatriate advisors altogether, or using only short-term and not long-term personnel — are not likely to be appropriate. There are situations in which even countries with the most highly developed human capital bases will need expertise that they do not have. As the Philippines report noted, expatriate advisors are appreciated when they bring knowledge and skills that are really needed. In Kyrgyzstan, during the first few years after independence, Western advisors played a critical role in bringing new ideas and approaches. But in the second half of the decade, as local experts began to return with new training, there was less need for expatriates. Highly qualified expatriate experts who speak Russian fluently and who have the technical expertise to fill specific needs are still greatly valued, but on a much more selective basis than before.

Furthermore, the time frame of tasks and the particular combination of requirements for technical skills and understanding of the local situation will vary. Different situations call for different solutions.

Nevertheless, the studies point to some serious problems with actual practice. They report that expatriates who do not know the language and cannot communicate (Kyrgyz Republic), and those who are not adequately qualified and use consultancies for on-the-job training for themselves (Uganda), continue to be supplied, even when appropriately qualified local professionals are available. Expatriate advisors are expensive relative to other forms of technical assistance, and donors tend not to be open about those costs. There are real issues of lack of transparency, which protects donors from pressures for greater efficiency in resource use. In most cases, it seems clear that if recipient countries have greater control over how resources are used, there will be less utilization of expatriates, as Uganda has demonstrated.

The limited data available on personnel suggests that in recent years, there has been a reduction in the number of expatriate advisors provided through TC, but that it is nevertheless still one of the ways in which TC is carried out. Furthermore, the Kyrgyzstan, Philippines and Bangladesh reports all note a recent trend among some donors of contracting out more TC to consulting firms in their own countries, and managing less in-house. The papers suggest that this shift may be leading to an increased reliance on expatriate consultants.

In several countries, there has been evolution towards greater use of local expertise, but with limits. Local professionals are now contracted to do most of the training in Kyrgyzstan. In the Philippines, local researchers carry out much of the analysis, but are rarely given the opportunity to serve as team leaders. In Uganda, earlier programmes in education and training of ministry staff (such as in economic policy and civil service reform) have reduced the need for consultants, whether expatriate or local; when needed, local professionals are increasingly hired. In most cases, however, the studies indicated that local expertise is under-utilized, including in the Philippines, Kyrgyzstan and Bangladesh, where there is substantial and evident capacity. In Egypt, there seems to be the least effort to use local consultants.

A strong and active research, analysis, education and consulting base are essential components of capacity and are necessary if a country is to be able to move away from excessive dependence on external expertise. The gap between the nature of TC in the Philippines where institutions are strong, and the nature of TC in the other countries studied, confirms the importance of strengthening the higher education, research and the consulting sectors. In the Kyrgyz Republic, support for these sector has helped shift TC away from almost complete dependence on expatriates to a greater reliance on local expertise, and towards a changing TC relationship.

An alternative to employing expatriates from the North, South-South (or East-East) TC is reported to have had good results and to be cost-effective. The Bangladesh study calls attention to the innovative use of Bangladeshi consultants working abroad and identified that as a way to get a combination of international-level qualifications and local knowledge.

Mainstreaming Capacity Development

Even when efforts to develop capacity have been successful in a narrow sense (as in developing the capacity within a project to carry out its work and achieve the desired results), often that capacity is neither sustained nor translated into meaningful capacity in existing organizations. This is partly because capacity development often is not “mainstreamed”, but is kept parallel and apart. The issue of mainstreaming has two different components: the first relates to organizations such as government ministries directly involved in TC project and programmes, while the second covers the the country’s learning institutions, whose purpose is to build human capital and provide knowledge services.

Mainstreaming TC in Implementing Organizations

The first component has received more attention in discussions of capacity development. There are a myriad of examples of how TC and capacity development efforts are kept distinct. Project management units that separate the project administratively from the regular institutions are perhaps the main example. While project management units have been widely criticized and there seems to be movement away from them, they are mentioned repeatedly in the country studies, and it is clear that they are still very much a part of how TC operates. Another form is to create new organizational units. In Egypt, for example, a project created a separate policy analysis unit in the Ministry of Finance, rather than strengthening and reorienting an advisory unit that was already there. In general, the very idea of the TC project, as something financed and carried out separately from regular government programmes, also contributes to the creation of parallel structures.

While all the country studies noted similar patterns, Bolivia is the most extreme example. Consultants (external and local) have been used so extensively and have become such an integral part of policy making that a completely parallel structure has developed, separate from the official bureaucracy, and paid for by donors with higher remuneration than government positions. It dominates the policy process at the analysis and formulation stages, while the “regular” bureaucracy is expected to implement the policies and programmes. Meanwhile, the official state organizations have continued to be governed by a political patronage system and have remained weak and ineffective. Short-run project goals can be served, and the administration’s role in the patronage system may have helped to maintain political stability in a weak democracy where no one party had a broad enough base to govern alone. Nevertheless, this TC-linked bifurcation has not contributed to the strengthening of the government’s capacity.

The Philippines study noted the presence of project management units that were organic to the implementing institution — that is, led by the head of the ministry or other unit, and staffed at least partly by the regular staff. Salaries for consultants who were brought in were the same as those of regular staff. Projects run in this way are more likely to be sustainable and to contribute to capacity in the larger organization, although the study did note the tradeoff between time and energy spent on the project and on

regular responsibilities. Still, to the extent that project management units are necessary, this organic approach offers the potential of avoiding the problems of bypassing regular institutions.

Even so, thought needs to go into how to sustain capacity created within existing institutions. Bangladesh offered a pair of contrasting examples from its Finance Ministry: in one project, Ministry staff participated in a financial management project's technical work — an unusual occurrence in itself — and then remained posted in the Ministry and were able to use what they had learned in their regular jobs. In another project, personnel were tapped to participate in implementation and received training and experience, but were then transferred immediately to unrelated positions in other ministries.

In the past, ineffectiveness and corruption of existing institutions have provided the rationale for donors to operate apart from them. With the emphasis on institutional reform, TC needs more than ever to be a part of an integrated effort to strengthen institutions, organizations and human resources. There is some movement in that direction. To the extent that countries are able to assert their own priorities and bring TC resources into the overall budget and resource allocation process, the possibility of TC operating separately will be reduced.

Mainstreaming Capacity Development in Educational and Research Institutions

The country studies call attention to another way in which capacity development has often not been mainstreamed, and which has limited its ability to contribute in a fundamental and lasting way to capacity. Each country has institutions whose purpose is to build human capital and to engage in research and the creation and analysis of knowledge. These institutions — universities primarily, but also research institutes and NGOs involved in research and training — have a central role to play in capacity development in their own countries. They are critical in the long-term development of the essential human capital, and represent the sustained capacity to continue building, regenerating and updating that human capital.

The Uganda study cited the isolation of TC from educational and research institutes as a failure to mainstream TC into the country's existing and authentic capacity development institutions. Instead, there was a general tendency to treat capacity development as something that agencies or their consultants did in connection with projects, rather than as a more basic contribution to the human and social capital in the country.

There has been some support to institutions of research and higher education, most substantially in the Kyrgyz Republic and in countries such as Bolivia, where some new universities have been created and existing ones strengthened. Despite the support, in recent years, to primary education, the potentially catalytic role that higher education can play in mainstreaming capacity development remains to be explored.

Understanding Change, or Its Absence

A country study perspective only gives a partial view of the obstacles to change, but the studies did provide some insights into pressures operating at the country level. Not surprisingly, there was little direct evidence of the pressures on donors, although some factors were suggested. First, in the case of some donor-recipient relationships, there were strong strategic or political reasons for the donor to be involved, suggesting that there was an incentive to keep the aid flowing but less incentive to worry about how much real contribution its TC made to capacity development. United States aid to Egypt, and possibly German and Turkish involvement in the Kyrgyz Republic seem to fit this pattern, as well as multilateral assistance to Bolivia and Uganda, both portrayed as star models of reform. As reported in several studies, the tendency of donors to view projects positively and to keep extending them even when they were not working, may partly be driven by such political constraints.

Some donors have resisted allowing their TC to be put under a budgetary umbrella, as noted in the Bolivia, Philippines, Uganda and Bangladesh studies. Several different but related motivations were suggested: a concern about the level of corruption or inefficiency in the country, a desire for particular projects and results to be clearly identifiable as the donor's, and an unwillingness to allow donor priorities to be made subsidiary to those of the recipient country. All these are tied to concerns about accountability and support back home.

Budget constraints in recent years have also pushed several donors in the direction of cutting the size and involvement of country offices, resulting in more decisions being made in headquarters. The trend of relying more on consulting firms from the home country also distances decision making from the recipient country. Although not uniform, these trends may make it more difficult for the donor to respond to demands for change at the country level.

Resistance to change does not exist only on the donor side. Technical cooperation resources have sometimes become part of patronage systems. Ministries or other organizations (whether inside or outside government) have benefited from access to TC resources; individual managers can access opportunities such as training programmes as part of the system of rewards in an organization. This may be positive if it is tied to the organization's needs and used constructively to strengthen the organization. Evidence suggests that this is not often the case. As reported in the study of how TC has evolved in the Kyrgyz Republic, for instance, individuals value training opportunities for trips abroad, prestige and travel allowances, and often receive them regardless of the relation of the training's content to the person's need for training or ability to utilize it. Equipment and vehicles offer other possibilities for individual benefits not necessarily connected to developing capacity. Clearly, people who benefit in these ways from TC are not going to have an interest in upsetting the cozy relationship by increasing transparency, efficiency or effectiveness, and will be likely to drag their feet if asked to make changes.

With more attention to the broader institutional level and the linking of capacity development with institutional reforms, TC reformers, whether from the donor or the recipient side, are likely to meet even stronger resistance. Reform threatens established interests and ways of doing things. It tries to find ways to limit corruption and increase transparency, and it puts patronage systems at all levels under pressure. Bureaucratic and political barriers to such changes are therefore to be expected. Analyses of civil service and other institutional reforms in the country studies suggest that TC for such reform often does run into difficulty because of lack of support or active opposition from within the institutions.

Nevertheless, there were clear instances in the countries studied where political leaders or senior managers recognized that change was needed. In Uganda, for example, this was evident with the assertion of a new framework for TC governance. It seems to have come from a sincere commitment to the welfare of the country, and an unwillingness to continue wasting needed resources.

Political commitment from top leaders and their expression of such commitment to donors are important elements in making the TC management framework credible and effective. Too often, TC has been thought of as simply a bureaucratic matter. Yet TC involves fundamentally political relationships, and change requires the exercise of political leadership. A government that wants to make sure aid is used according to its priorities has to be prepared to go up against donors who may insist on their own ideas as well as against people in the bureaucracy who benefit personally or organizationally from the lack of direction and coordination. The management strategy needs to be accompanied by a political strategy to build support for change. Most important, though, is a clear message that the government intends to set priorities, and manage and monitor TC.

The Philippines is an example of a country where bringing new groups into the TC arena has been helpful in supporting change. Non-governmental organizations have been brought into discussions of priorities, planning of projects and programmes, and monitoring of TC. While some NGOs depend for their survival on donor projects and may have vested interests against change, cultivating civil society capacity and participation can build support for a more relevant, responsive and effective TC relationship.

Conclusions and Key Lessons

The analysis of the country studies brings out several major points that hold lessons for both donors and partner countries for improving TC.

The TC challenges that countries face are as varied as the countries' capacities and other characteristics.

Flexible responses. Diversity among countries means it is extremely unlikely that a single blueprint for TC will meet all needs and settings. Instead, flexibility

to operate in ways that respond to individual countries' conditions is essential. The transferability of "best practices" should be viewed with caution.

Adjustment of approach to local capacity. Donors need to assess existing local capacities, and in countries where there is significant capacity, adjust their approaches to utilize and further strengthen it. In such cases, there needs to be more room for experimentation with approaches that reduce direct donor involvement. In countries with little capacity, donors should work to strengthen basic capacities.

National priorities of partner countries must be put front and centre if TC is to be more effective in supporting capacity development.

National priorities are the key for donor harmonization. While donor harmonization has a role to play in reducing the stresses from fragmentation, competition and administrative demands, it alone is not a solution. Donor harmonization will only result in real change if donors converge around national priorities and coordinate their activities in that context.

Importance of supporting national dialogues about development goals. Where partner countries have not established clear goals and priorities, donors can be helpful in supporting processes of dialogue about development goals to begin what is always going to be a prolonged and iterative process of defining goals and appropriate ways of going about meeting them.

Allowing space for national processes to work. It is important that donors do not overwhelm domestic interests and dialogue. Domestic processes, especially in countries with weak political and administrative institutions, need space to take place. There is a good case to be made for donors to stand back and allow for that space — whether in defining goals and strategies, or in carrying out TC.

Political commitment and effective national management are essential if TC is to contribute more to the capacity of partner countries.

Politics of TC reform. Highest level political commitment to managing TC resources in line with national priorities – expressed through a clearly articulated vision and strategy – is key to dealing with donor resistance to TC reform. But resistance to change does not exist only on the donor side. In some countries, strong vested interests among national policy makers and industry professionals continue to hinder reform. Recipient governments must also ensure that TC resources are not used in patronage systems still prevalent in some of the countries studied. Reform programmes need to be complemented with change management planning and a strategy for obtaining public support.

Policy framework for TC. If TC resources are to be used well and in support of national priorities, it is essential that recipient country governments establish

a framework for making decisions about managing and monitoring TC. Effective management must include well defined, systematic and credible structures and processes that integrate TC as resource for meeting national goals, whether directly through the budget, or in a closely linked parallel system.

Donor assistance for building national TC management capacity. One of the most important things that donors, especially UN agencies and other multilaterals, can do is to assist countries in establishing accountable and effective mechanisms for TC management. This would include helping to develop systems for the regular collection, analysis and utilization of TC data, and making data publicly available and meaningful to end- users.

Donor transparency. Although donors are pushing institutional reforms that increase transparency for developing countries, they themselves resist openness when it comes to particular aspects of TC, especially those relating to the cost of advisors. This hinders rational decisions and evaluations about efficient use of resources, and contributes to waste of valuable development resources.

Institutional weaknesses hinder capacity development, the effectiveness of TC and the possibility of TC reform.

Priority of institutions and governance. Public sector frameworks often fail to provide adequate continuity or incentives, and may harbour high levels of corruption. Strengthening institutional frameworks and making them more conducive to developing and sustaining capacity should be a priority of governments and donors alike. This includes both working to improve the quality of governance generally, and establishing incentives for performance and for individual and organizational capacity development.

Issues around expertise and TC personnel are difficult, yet central to transforming TC.

Local vs. expatriate personnel. Donors should exercise great restraint in utilizing or encouraging the use of expatriate personnel. They should be open about their relative cost. When expertise outside the implementing institution is needed, local expertise should be used whenever and as fully as possible.

Building capacity of local research and consulting sectors. The extent to which local expertise can take over the role of providing knowledge services will depend substantially on the strength of the local universities, research institutes and consulting sectors. Donors and partner governments should therefore invest in building the capacity of these sectors as well as demanding their services.

Personnel and jobs data bank. If donors and governments are to gain access to local expertise, there needs to be a better base of information about available expertise. Establishing and maintaining a system that collects information on both the supply and demand — experts and job opportunities

— would be valuable. Donors, partner governments and research institutions could work together to develop and maintain such a system.

TC needs to be “mainstreamed” into existing capacity development institutions.

Integration of TC into local institutions. Technical cooperation and its capacity development efforts should be integrated as fully as possible with implementing institutions. To the extent that project management units remain necessary, keeping them within the purview of the relevant ministry or organization is more likely to have positive results for capacity development.

Strengthening human capital-building institutions. Technical cooperation should aim to build capacity not only in government, but should invest in higher education and other relevant knowledge institutions and NGOs. This will support the development of human capital more broadly, and will strengthen the country’s ability to nurture, sustain, update and regenerate capacity over time.

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