1. BACKGROUND AND METHODOLOGY

1.1. INTRODUCTION

Technical cooperation (TC) is recognized (e.g. in the Paris Declaration) as a key means of ensuring the critical capacity improvements needed for better development results. It is acknowledged that the causal relationship between TC and Capacity Development (CD) outputs and outcomes is complex. Data collection and research methodologies related to TC and CD are challenging.

For the purposes of this study, TC is defined as both: a) "grants to nationals of aid recipient countries receiving education or training at home or abroad" and b) "payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries…", (OECD). This kind of assistance is frequently incorporated in project and program expenditures without statistical aggregation.

Similarly, the study uses a recent OECD definition of CD as “the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.” As a result, the study examines capacity improvement at various levels within an organization and society as well as capacity changes of individuals within these organizations and in society.

In 2006, OECD countries committed more than USD 24 billion globally in the form of TC to help eradicate poverty, advance economic growth and improve social wellbeing in developing countries. As one form of official development assistance (ODA), TC constitutes around 20 percent of ODA and nearly one-third of aid for the government sector. TC volumes have increased by around 50% in the past five-six years, although TC as a proportion of ODA has declined by a fifth over the same period.

This growing volume of TC is inevitably placing additional challenges on countries and development partner agencies to design, absorb and effectively use this form of aid. It is increasingly recognized that translating TC support into effective and sustainable country capacity improvements needs to take account of the national and sector level development policy and operational environments. It is also increasingly recognized that knowledge and technology transfer alone is insufficient for sustaining national CD.

A key conclusion of a number of studies, including the Paris Declaration 2006 monitoring survey, is that countries need to be more involved in defining the role and outcomes of TC and that it needs to be more demand driven and better linked to national development policies and strategies. A second conclusion of these studies is that greater efforts are needed to evaluate and disseminate concrete operational evidence on what makes TC effective.
Against this background, the overall objective of the study was to attempt to fill current knowledge gaps related to TC effectiveness. The overall strategy of the study was to facilitate a country-led approach to assembling empirical evidence on country experiences of planning and implementation of TC. In attempting to fill identified knowledge gaps, the study has focused on:

- Examining the contribution of TC for CD from a wider perspective, recognizing that CD involves changes in country policies, institutional rules and organizational systems, not just training and skills transfer.

- Systematic surveys of examples of success and the factors and conditions which have contributed to effective TC in achieving CD improvements.

- Systematic surveys of countries' views, experiences and reflections of what works and what doesn't and why, as opposed to reliance on studies conducted by donors themselves or by researchers from donor countries.

- Identifying measures for greater TC effectiveness that countries can undertake themselves to ensure that TC is better used in achieving capacity improvements.

An overarching purpose of the study is also to incorporate mutual learning and knowledge sharing between countries, especially those participating in the study.
1.2. STUDY PROCESS, METHODOLOGY AND ACTIVITIES

1.2.1. STUDY PROCESS AND ORGANIZATION

The key features of the study process consist of the following:

- **Wide Coverage:** Regional and country coverage from Asia (Cambodia, Lao PDR, Malaysia, Pakistan, Thailand and Vietnam) and Africa (Ghana, Kenya, Malawi, Tanzania and Zambia);

- **Country Leadership:** Study management through country management teams, incorporating Government central and sector agencies and development partner and civil society representation, mainly led by senior officials from public service or finance ministries;

- **Country-led Design:** Through flexible and responsive study approaches and methodologies tailored to country needs, self selection of sectors, themes and good practice, and using primarily highly experienced national consultants and practitioners;

- **Country Consensus Building:** Through focus groups, consultations and interviews with key informants and workshops/meetings with country partner technical working groups to decide on an agenda for action at country level.

- **Group Knowledge Sharing and Consensus Building:** Through organization of regional workshops for senior country officials and development partners, continuous exchange of knowledge through the Study Secretariat, website and video conferencing under the direction of the Study’s Management and Steering Committees.

The phasing and sequencing of the study process consisted of: a) an Inception Phase, including an initial regional workshop and setting up of Study Secretariat and country management teams (October/November 2007), b) assembling preliminary findings and actions, including through a further regional workshop (April 2008) and c) finalizing country reports, synthesis report and information booklet through further country consultations (May-July 2008). These processes of knowledge sharing, consensus building and decision making are designed to feed into deliberations at the Accra High Level Forum (HLF) in September 2008.

The organizational arrangements for the study consisted of: a) establishment of a Study Steering Committee and Management Group, consisting of country and development partner officials, b) setting up a Study Secretariat in JICA Tokyo, c) establishment of country management groups, incorporating country officials, development partners and other stakeholders and d) selective recruitment of national consultants to facilitate country report preparation, guided by an international consultant team.
1.2.2. Study Methodology and Summary of Activities

The eleven countries participating in the study were provided with a guiding methodology which has been adapted by country management teams (or the equivalent) to meet country contexts and analytical priorities. The guiding methodology was also adjusted to take account of other ongoing studies related to TC and CD to ensure effective dovetailing of country activities. Individual countries, in consultation with development partners, also selected and appointed mainly national consultants to conduct the initial survey and analytical work. Those appointed were well grounded in country development context and history and the sector and thematic policies and programs identified by individual countries.

The study methodology and activities consisted of:

- **Analysis of the national policy and operational environment**, for TC/CD, through use of international and country documentation reviews, perception surveys, focus group discussions and analysis of TC volumes, patterns and trends;

- **Analysis of sector/thematic policy and operational environments**, through documentation reviews, analysis of sector/thematic TC patterns, perception surveys and focus group discussions.

- **Design of TC good practice analytical framework**, consisting of the following areas of investigation: i) Ensuring country-led planning of TC and CD; ii) Assuring flexible and responsive TC and CD designs; iii) Embedding TC within an organizational change management process; iv) Assuring country-led management of TC; v) Ensuring complementarity of TC and other support; and vii) Embedding TC in an organizational learning process.

- **Country selected good practice case study analysis**, through application of study analytical framework, summarizing key operational features and analysis of enabling or impeding factors that contributed to TC effectiveness and results chains which track TC inputs, CD outputs/outcomes and development results.

The scope and coverage of the study activities used to implement the overall methodology as detailed above is shown in *Table 1*. 

Table 1: Scope and Coverage of Study Activities

<table>
<thead>
<tr>
<th>Study Activities</th>
<th>Scope and Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country management teams (or equivalent)</td>
<td>■ 11 country teams, averaging 7-10 members per team</td>
</tr>
<tr>
<td></td>
<td>■ Senior officials from government central and sector agencies, development partners and NGOs</td>
</tr>
<tr>
<td>Key country informants (interviews, focus group discussions)</td>
<td>■ 11 country processes, ranging between 20-50 informants per country</td>
</tr>
<tr>
<td></td>
<td>■ Covering government central and sector agency officials, TC program and project staff, selected local government officials and development partners</td>
</tr>
<tr>
<td>Country consultation workshops and review meetings</td>
<td>■ Inception and review workshops conducted in 9 countries, range 1-3 workshops per country with average 20-30 participants</td>
</tr>
<tr>
<td></td>
<td>■ Focus on defining country study scope and methodology, work planning, and review of country findings and recommendations</td>
</tr>
<tr>
<td>National and sector/thematic perception surveys</td>
<td>■ Conducted in 4 countries covering 7 national and sectoral/thematic surveys</td>
</tr>
<tr>
<td></td>
<td>■ Respondents range between 10-25 per survey</td>
</tr>
<tr>
<td>Country selected sectoral and thematic analysis</td>
<td>■ Africa: Ghana (education, public financial management); Kenya (education); Malawi (education, health); Tanzania (agriculture, health); Zambia (water supply and sanitation)</td>
</tr>
<tr>
<td></td>
<td>■ Asia: Cambodia (health); Lao PDR (public investment planning); Malaysia (SSC); Pakistan (capacity development good practices); Thailand (TC and SSC experiences review); Vietnam (public financial management)</td>
</tr>
<tr>
<td>Country selected good practice case study analysis</td>
<td>■ Africa: Ghana (6); Kenya (6); Malawi (6); Tanzania (6); Zambia (6)</td>
</tr>
<tr>
<td></td>
<td>■ Asia: Cambodia (6); Lao PDR (6); Malaysia (6); Pakistan (6); Thailand (6); Vietnam (6)</td>
</tr>
<tr>
<td>Global knowledge exchange and study finding reviews</td>
<td><strong>Internal:</strong></td>
</tr>
<tr>
<td></td>
<td>■ 2 regional workshops, averaging 35 participants from study countries and development partners</td>
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<td></td>
<td>■ 5 global video conferences for Study Steering and Management Committees</td>
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<tr>
<td></td>
<td><strong>External:</strong></td>
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<td></td>
<td>■ Launching and operation of study website, with lodging of key country development documentation, previous international and country CD/TC studies and study progress reports and preliminary findings (<a href="http://www.jica.go.jp/cdstudy/index.html">http://www.jica.go.jp/cdstudy/index.html</a>).</td>
</tr>
<tr>
<td></td>
<td>■ Publication and dissemination of 11 country reports, synthesis report and information booklet</td>
</tr>
<tr>
<td></td>
<td>■ Study Steering Committee members and Secretariat participation in Africa (Kigali), Asia (Bangkok) and conferences for Accra Agenda for Action (AAA).</td>
</tr>
</tbody>
</table>
2. NATIONAL LEVEL FEATURES AND FINDINGS

2.1. OVERVIEW OF NATIONAL TECHNICAL COOPERATION PATTERNS AND TRENDS

This section highlights some recent trends in ODA and technical cooperation (TC) aid volumes at global, regional and country levels. Trends in TC as a proportion of ODA are also analyzed, alongside selected sectoral patterns. The challenges facing individual countries to absorb increasing volumes of TC, alongside growing volumes of other forms of aid (e.g. budget support) are also highlighted in this section. Only a broad picture is provided, due to constraints faced over availability of country level information, which may not coincide with data from external monitoring.

2.1.1. KEY FEATURES FROM COUNTRY REPORTS

The findings presented in this section are based on an extensive body of evidence assembled by country teams, summarized in Tables 2a (Africa) and 2b (Asia) below. In the case of the African countries, all five are significant beneficiaries of ODA and TC.

Table 2a: African Country Trends and Patterns; ODA and Technical Cooperation (TC)

<table>
<thead>
<tr>
<th>Country</th>
<th>Key Features</th>
</tr>
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<tbody>
<tr>
<td>Ghana</td>
<td>Net ODA flows have doubled to USD 6.4 billion (5 year period). TC shares of ODA roughly constant at around 85%. Growing prevalence of multi-donor budget support, reaching an indicative 20% of ODA in recent years. Loans for TC have declined from 55% to around 21% over last decade, grant TC has increased from 30-45% over same period. Sectoral shares of TC for agriculture and private/financial sector have declined significantly.</td>
</tr>
<tr>
<td>Kenya</td>
<td>ODA flows are an indicative USD 450 million with a high proportion from bilateral grant donors. TC flows are an indicative USD 150-170 million p.a., primarily from bilateral grant donors. Significant volumes of direct budget support increasingly aligned to Government poverty reduction and growth strategy. Project aid still constitutes a high proportion of ODA.</td>
</tr>
<tr>
<td>Malawi</td>
<td>TC flows increased significantly in recent years, with estimated USD 100 million p.a. in 2005/07. Social and governance sectors constitute around 80% of TC in the last 2 years. TC constitutes less than 5% of ODA in agriculture, water and transport sectors, compared to around 50% in governance sector. Direct budget support constitutes around one-sixth of total ODA, while project aid constitutes around two-thirds of ODA.</td>
</tr>
<tr>
<td>Tanzania</td>
<td>ODA flows around USD 1.6 billion in recent years, with TC volumes of around USD 250-300 million per annum. TC share represents around one-fifth of total ODA with some signs of annual variability and possible gradual decline in TC volume.</td>
</tr>
<tr>
<td>Zambia</td>
<td>Annual ODA flows are variable, averaging around USD 550 million p.a. in recent years. Grant ODA has more than tripled in recent years, alongside a doubling of multi-donor direct budget support which now constitutes around 30% of ODA. TC volumes are roughly around one-quarter of total ODA.</td>
</tr>
</tbody>
</table>

Source: Country Case Study Reports 2008 and OECD. Stat 2008
In the case of the Asian countries, four of the six (Cambodia, Lao PDR, Pakistan and Vietnam) are significant recipients of ODA and TC. In the case of Malaysia and Thailand, the focus is on their emerging role as development partners through south-south cooperation initiatives in a growing number of countries in Africa and Asia.

Table 2b: Asian Country Trends and Patterns; ODA and Technical Cooperation (TC)

**Cambodia:** Annual ODA level around USD 530-610 million over past five years. TC represents around 45% of ODA share. Discrete TC - less investment related TA - level, around USD 180-260 million per annum in recent years, compared to USD 25-75 million per annum for investment related TC. Significant ODA volumes directed at agriculture, education, health and infrastructure sectors, including roads. Increased volume of multi-donor budget support aligned with national socio-economic development plan.

**Lao PDR:** ODA flows have tripled to an indicative USD 284 million p.a. in the last 5 years. ODA share of public investment is around 85%. TC levels are around USD 130-140 million per year, representing an estimated 48% of annual ODA. TC volumes have increased in the 3-4 years. Transport/roads and education shares of ODA are increasing, with a decline in energy sector and agriculture ODA. Growing involvement of bilateral grant donors. Increased volume of multi-donor budget support aligned with national socio-economic development plan.

**Malaysia:** As a previous ODA beneficiary, ODA constitutes an indicative one-sixth of development spending over 1970/2000. As an emerging SSC provider, Malaysia has allocated around USD 60 million over 5 years, mainly bilateral cooperation, focusing on human resource development, especially education, health, communication and agriculture. SSC aid levels have increased fourfold in recent years. Cost sharing with beneficiaries is a key principle of SSC.

**Pakistan:** ODA volumes have risen significantly to an estimated USD 2 billion per annum in 2006, focusing on decentralized provincial/district social sector and rural development initiatives. TC levels are significant at around USD 200 million per annum (10% of total ODA). Diverse range of TC types covering long and short term TA, institutional twinning with overseas universities and organizations and continued focus on TC for strengthening national training agencies and provincial/district planning and management capacity.

**Thailand:** ODA beneficiary through 300 overseas fellowships for senior officials. Emerging SSC bilateral partner through USD 10 million program per annum covering around 50 countries. Primary SSC beneficiaries are Greater Mekong countries and ASEAN neighbors. TC focuses on scholarships, study tours and experts, especially in HRD areas covering small enterprise development, agriculture, health and education.

**Vietnam:** ODA flows are an indicative USD 1.9 billion p.a. with a very high proportion from bilateral grant donors. TC flows are an indicative USD 0.8 billion p.a., primarily from bilateral grant donors. Increased volumes of direct budget support increasingly aligned to Government poverty reduction and growth strategy. Project aid constitutes a high proportion of ODA.

*Source: Country Case Study Reports 2008 and OECD, Stat 2008*
2.1.2. OVERALL TRENDS AND PATTERNS

Technical cooperation volumes are increasing globally.

In the past five years, ODA commitments by OECD members have almost doubled from around USD 65 billion in 2002 to over USD 130 billion in 2006 whereas commitments to provide technical cooperation (TC) have increased by around 50% from USD 16 billion to over USD 24 billion over the same period. As a result, the share of TC as proportion of ODA has declined from 25 to 19 percent; although there are signs of a recent upward trend (see Chart 1).

These trends are broadly mirrored in the study country reports which show a doubling or more of total ODA volumes in several countries. For example, ODA flows in Lao PDR have risen to US$ 284 million per annum in the last five years. In Zambia, overall ODA flows have increased to US$ 550 million per annum, including a tripling of grant financed ODA.

In other countries, ODA volumes have remained comparatively more even or ODA growth is leveling off. For example, ODA flows in Cambodia have remained relatively constant in recent years at around US$ 530-610 million per annum. In Tanzania, a similar pattern is observed with ODA volumes at around US$ 1.6 billion per annum.

Much of the growth in global total ODA volumes is associated with increased bilateral grant aid for both project and program aid which have roughly doubled in the past five years. The patterns in study countries are mixed. In Ghana, Tanzania and Zambia, there is a growing prevalence and share of multi-donor budget support. This trend is less evident in some Asian study countries, including Lao PDR and Vietnam, although some multi-donor direct budget support arrangements related to Poverty Reduction Strategies are now in place.

Sources: OECD. Stat 2008
Variable country patterns in technical cooperation volumes and shares.

Chart 2 in the previous page indicates that the changes in TC volumes and shares in the study countries are uneven. Increases are evident in some African countries. For example, in Malawi, the share of TC of ODA has fallen from 27% to around 15% since 2002, despite a doubling of TC volumes. In contrast, in Cambodia, the share has increased from 27% to 35% over the same period, with a leveling off of overall ODA (see Chart 2). Much of this pattern is due to bilateral donors providing large increases in capital project or program aid, especially general and sector budget support. For example, globally, project aid has doubled from US$ 5 billion to US$ 12 billion since 2002. Program aid has also doubled to US$ 13 billion (See Chart 3).

Two study countries, Malaysia and Thailand, illustrate an emerging trend of transition from an ODA/TC beneficiary to becoming a development partner, focusing on TC provision through South-South Cooperation (SSC) and trilateral North-South-South Cooperation arrangements. TC volumes are currently comparatively small, although the rate of growth is significant (e.g., fourfold increase in the Malaysia Technical Cooperation Programme over the past decade). Country coverage is very significant with over 130 and 50 countries benefiting from the Malaysia and Thailand SSC programs respectively.

Improving country capacity to absorb technical cooperation is a priority.

A broad finding, highlighted from the country reports, is that as TC volumes increase, strengthening country capacity to effectively plan, manage and use these resources is a growing priority. A basic prerequisite is having in place an effective aid management information system for TC. Country reports indicate that little, if
any, information is available on disaggregated TC types, especially for discrete or investment related technical assistance. Exceptions are Cambodia and Ghana, which do provide such data.

Traditionally, CD has only been associated with TC and particularly technical assistance as the instrument of choice. A key finding from country reports is that improving country capacity to absorb project and program aid in such a way that it can contribute to CD is becoming increasingly important.

Several country reports (e.g., Tanzania, Lao PDR) recognize this growing challenge, as part of broader public sector and governance reform strategy. The increased ODA focus on government and civil society support (which has risen from USD 2 billion to USD 8 billion per annum within five years) is part of growing recognition that other forms of aid than TC can help leverage CD if other necessary institutional arrangements are put in place. As the Tanzania country report highlights "the public sector reform program epitomizes country leadership in linking technical cooperation with broader reform programs … to provide an enhanced environment for effective technical cooperation."
2.2. MAIN FINDINGS: NATIONAL POLICY ENVIRONMENT

This section examines the extent to which national policy environments are sufficiently developed to make full use of TC in achieving national CD objectives. Also, this section examines the current status of national policies and strategies for TC and CD. Another consideration is the current status of country capacity for TC and CD policy and strategy formulation, including levels of awareness and information amongst high level policy makers. This section also examines the role of country aid architecture in facilitating TC and CD policy/strategy formulation.

2.2.1. KEY FEATURES FROM COUNTRY REPORTS

The findings presented in this section are based on an extensive body of evidence assembled by country teams, summarized in Tables 3a (Africa) and 3b (Asia) below.

Table 3a: Key Features and Findings, Africa: Policy and Operational Environment for TC and CD

**Ghana:** Existence of poverty reduction strategy and harmonization action plan which inform TC and CD prioritization and decision making. Key findings are: (i) need for further operationalization of Ghana partnership strategy which sets out CD gaps and TC priorities; (ii) CD/TC systems, processes and procurement principles in place, but implementation capacity remains a challenge; (iii) absence of a specific external aid and TC policy and limited TC aid MIS; and (iv) need to address linkages between public sector reform, remuneration and TC and CD planning.

**Kenya:** CD and TC priorities guided the poverty reduction and economic recovery strategies. Key findings are: (i) a number of examples of good practice which help inform national and sector CD/TC designs; (ii) need to strengthen government leadership and management of TC and CD policies; (iii) reasonable involvement of all stakeholders; (iv) limited organizational, institutional and administrative structure and capacity for TC planning and management; and (v) need to strengthen donor harmonization for TC support modalities, consistent with DAC principles.

**Malawi:** Malawi Growth and Development Strategy identifies capacity constraints at organizational level, without a specific CD focus. Previous TC policy has not been operationalized yet may provide an opportunity. Key findings are: (i) absence of an overarching national CD strategy and TC policy framework; (ii) limited organizational capacity and mandate at central level to coordinate CD/TC support; (iii) new Development Assistance Strategy provides potential platform for coordinating CD/TC effectively; and (iv) slow progress on broader public sector and governance reforms are a constraint on effective CD/TC implementation.

**Tanzania:** Overall CD/TC coordination framework in place through the Joint Assistance Strategy and aid harmonization architecture. Key findings are: (i) current aid structures provide strong foundation for CD/TC coordination; (ii) significant experience of CD/TC good practice, including through SWAps and TC basket funds; (iii) absence of coherent national TC policy framework to guide CD priorities and practices; (iv) inadequate pay structure and work practices in public sector potentially undermine CD/TC effectiveness; and (v) inadequate supervision of international TA and counterpart staff at organizational level.

**Zambia:** Joint Assistance Strategy constitutes broad framework for ODA and TC prioritization, underpinned by range of advisory groups. Key findings are: (i) macro-conditions and arrangements in place for effective CD/TC planning, but implementation capacity needs to be strengthened; (ii) absence of specific TC policy framework, but public sector reform policies and human resource guidelines can be built on; and (iii) need to strengthen ODA information system including disaggregated TC data.

*Source: Country Case Study Reports and Country Presentations, Tokyo Workshops April 2008*
Table 3b: Key Features and Findings, Asia: Policy and Operational Environment for TC and CD

**Cambodia:** Existence of National Strategic Development Plan (NSDP) and country harmonization action plan. Central agency, CDC, mandated to manage and monitor TC and CD policy coordination. Key findings are: (i) need for better defined TC policy and CD priorities and TC operational guidelines and strengthened TC MIS; (ii) complex TC system with diverse actors and interests; (iii) current TC provision focusing on short-term results, some capacity substitution and limited focus on longer term system building; (iv) TC designs under-estimate complexity of CD and system change, with insufficient performance and risk analysis; and (v) growing number of examples of good practice for TC and CD to help inform policy.

**Lao PDR:** National development plans and targets have enabled a more holistic approach to CD planning. Vientiane Declaration and CD framework provide principles for CD/TC harmonization. Key findings: (i) need to strengthen regulations and country capacity for TC procurement, management and monitoring; (ii) need to formulate national and sector organizational plans to guide CD/TC priorities and planning; (iii) senior managers need to take a more active role in monitoring TC/TA performance; (iv) Government needs to strengthen coordination arrangements for CD/TC at national level in the new Ministry of Planning and Investment.

**Malaysia:** SSC framework set out within the Ninth Malaysia Plan 2006/10 focusing on "expanding Malaysia's global outreach". SSC program is located in the Economic Planning Unit of the Prime Minister's department. Key principles and findings are: (i) focus on cost sharing of TC activities as part of self-reliance, partnership and mutual benefits; (ii) responding to TC needs identified by countries ensures strong interest and commitment; (iii) high level policy and political contacts contribute to TC success and country commitment; (iv) focus on catalytic role of small-scale TC, without any conditionalities.

**Pakistan:** Economic Affairs Division, Ministry of Economic Affairs coordinating CD/TC good practice review. Key findings are: (i) limited needs assessment and lack of synchronized organizational changes undermine CD/TC impact; (ii) initial communication with a range of interested stakeholders is critical for effective TC design; (iii) greatest challenge is organizational level CD, and PIUs are a mixed blessing; and (iv) TC more effective when socio-political and institutional environment issues are considered during design and implementation.

**Thailand:** Revised organizational arrangements put in place as Thailand shifts from CD/TC beneficiary to SSC partner, through TICA, established under specific regulations. Key findings of SSC operations are: (i) importance of responding to country-led TC priorities and interests; (ii) TC design more effective when preceded by sector TC work plan; (iii) assistance based on recognition of mutual benefit, including cost sharing by partners; and (iv) dialogue with partner countries on recurrent budget implication of TC provision helps commitment and CD outcomes.

**Vietnam:** Existence of formal decree on ODA management and utilization. Partnership Group on Aid Effectiveness formulating medium term CD strategy, in line with the Hanoi Core Statement. Key findings are: (i) well defined organization/sectoral plan needed but flexibility and diversity of TC critical; (ii) inconsistent beneficiary consultation in CD/TC planning; (iii) need to reduce competition and cumbersome administration arrangements amongst donors; and (iv) absence of well designed and operational monitoring systems.

Source: Country Case Study Reports and Country Presentations, Tokyo Workshops April 2008

### 2.2.2. MAIN FINDINGS

**Well defined CD and TC policies and strategies in national development plans can enhance aid effectiveness and results.**

A clearly articulated strategy for CD and use of TC, linked to broader national development policy and strategy, is critical for ensuring achievement of broader CD results. All study countries have a country-led national socio-economic development strategy, focusing on poverty reduction and economic growth. Nevertheless,
country reports indicate that well defined CD strategy and related TC policies, within these plans, are at different stages of development.

In some countries, national-level CD priorities and strategies are relatively well defined. For example, in Tanzania, a CD and TC framework is incorporated in the Joint Assistance Strategy for Tanzania (JAST) endorsed by Government and development partners. In others, capacity constraints and emerging CD priorities have been identified as a basis for CD strategy formulation, including Malawi, Vietnam and Zambia (see Tables 3a and 3b).

In others, ongoing good practice assessments of TC, contributing to CD (including this study), are helping to inform CD strategy formulation. Cambodia and Pakistan are two such examples. In the case of Malaysia and Thailand, CD strategy and use of TC, through south-south and tri-lateral cooperation, are embedded within their national development plans.

For those study countries where CD strategies are more advanced, key enabling factors are: (i) adoption of a more holistic and multi-level vision and approach to institutional reform, including clear linkage with broader public sector and financial management reforms; (ii) a relatively clear organizational mandate within a central agency for formulating CD and TC policies and strategies; (iii) robust partnership arrangements, within existing country harmonization aid architecture (e.g., specific CD and TC technical working groups); and (iv) a high level political awareness of, commitments to and advocacy for the importance of well defined CD strategies, sometimes underpinned by specific legislations and regulations.

**Building country capacity for CD and TC policy/strategy formulation is a priority.**

Country leadership and ownership of CD and TC strategy can only be secured when countries, including Government, private sector and civil society, have the capacity to actively engage in policy and strategy formulation. Country reports, including focus group and perception survey evidence, highlighted that strengthening such capacity is a priority (see Chart 4).

More specifically, the need to enhance country capacity to clearly articulate the linkage between national development strategies and sequenced institutional and organizational
reforms at different levels is a pressing issue. Equally, the need to better define the role of public sector reform in CD strategies and operational roadmaps is a recurring issue in most country reports. For example, the Malawi country report recommends "support to strengthen the Public Sector Reform Management Unit (PSRMU) so that it can take the lead role in supporting Government departments in identifying capacity needs and prepare CD roadmaps."

These CD roadmaps can also be used to track the results chain between TC inputs, CD outputs and outcomes and broader development results. Country reports at both national and sector levels are somewhat uneven in using coherent results chains, tending to be limited to TC inputs and CD outputs. A good example of more extended use of a results chain is the Ghana Public Financial Management reform program which sets out the mix of TC required and explicit short-term outputs and medium/long-term outcomes and development impact (see Table 4 below).

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>International and regional consultants, local and overseas training and limited equipment supplies</td>
<td>Tax/revenue legal and regulatory framework; improved compliance capacity, more trained staff and better PFM MIS at center/local level</td>
<td>Improved tax collection rates and Parliamentary oversight of pro-poor national budget allocations and disbursements; reduced need for ODA loans</td>
<td>Improvement in NPRS indicators, incl. MDGs; increased share of spending from local sources and more budget sustainability</td>
</tr>
</tbody>
</table>

*Sources: Country reports and Consultant Analysis*

Another frequently identified constraint is the limited country capacity to take leadership, ownership and practical steps on national level capacity assessment and TC policy formulation. A number of dimensions to this were spelled out in country reports. A key issue raised in many reports was the need for parliamentarians to be well informed and engaged. The wide ranging financial governance reform in Ghana, which involved Public Accounts Committee parliamentarians, appears to be a good example of this kind of engagement.

A related barrier raised in a number of country reports and presentations was the lack of knowledge and information within senior level of governments on what constitutes good practice of CD assessment and roadmapping. The Partnership Group on Aid Effectiveness in Vietnam is a positive example of how government and development partners are working together to share international experiences as part of preparing a comprehensive CD strategy.

**Strong sense that development partners can do more.**

A strong sense emerges from country reports and presentations that development partners can do more. A strong recommendation from the Tokyo workshop is that "development partners need to do more to respect and promote country ownership" (Bonn Conference Paper, May 2008). There is a residual sense, although not explicit in
country reports, that TC and CD planning continues to be somewhat donor and supply driven.

A number of responses were identified in country reports and workshops to address this issue. Many country reports highlighted the importance of greater development partner recognition of CD and TC planning being more responsive to country needs and demands. The need for a longer term donor perspective on CD strategy and TC effectiveness, less on short-term TC outputs, was also urged in country reports and workshops. As the Cambodia country presentation in Tokyo highlighted, "Technical cooperation provision focuses too much on short-term results … has a limited focus on long term system building and under-estimates the complexity of CD and system change ..."

Many country reports highlighted that growing engagement of senior Government and country development partner officials in country harmonization groups constitutes an opportunity to promote CD/TC policy dialogue at the highest level. Nevertheless, several country reports allude to the frequent gap between donor HQ policy and country office operations. A key finding from country reports is that, as a first step, development partners can do a lot to keep country planners up to date on emerging knowledge and information on CD/TC good practice and new methodologies and tools. Applied favorably to CD and TC planning, the Tanzania report highlights: "it is the high degree of mutual trust, collaboration and understanding that pervades the Government of Tanzania and development partner's relationship."

Box 1: Country Partnership Groups Helping to Align Capacity Development/Technical Cooperation Priorities with National Development Plans

In 2002, partnership roles were clarified and refined in the Tanzania Assistance Strategy and again in 2006 in its successor, the Joint Assistance Strategy for Tanzania (JAST), which provides a five year framework that guides the management of development cooperation. A results-based Joint Program Document (JPD) is essentially a development partners’ response to National Strategy for Growth and Reduction of Poverty (NSGRP/ MKUKUTA in kiswahili acronym) and the JAST. Annual joint reviews and an Independent Monitoring Group help secure mutual accountability aided by JAST’s performance assessment and monitoring framework.

The Hanoi Core Statement was formulated by Government of Vietnam within weeks of the Paris Declaration. Organizational arrangements for coordinating thematic policy harmonization have been established under the Ministry of Planning and Investment (MPI) through the Partnership Group for Aid Effectiveness (PGAE). These thematic groups focus on harmonizing operational procedures related to program design and appraisal, with a growing focus on cross-cutting CD strategies. Donors have committed themselves to aligning their support with the Socio-Economic Development Plan (SEDP) 2006-10 targets.
Strengthening TC information system is critical.

The majority of country reports emphasize the need to strengthen TC and CD information systems at the central level. There is a strong recognition in study countries that robust TC information is a critical tool for both planning and monitoring of existing TC but also for future TC policy review and formulation. Taking this further, several countries pointed to the importance of tracking CD outputs/ outcomes and individual consultant/expert performance within TC databases as part of screening and selection of technical assistance in the future. As the Malawi country report suggests: "For the Government, ensure that TC statistics are published regularly … to promote a wider understanding of technical cooperation trends and patterns. For the donors, ensure greater transparency in terms of technical cooperation data which is currently incomplete."
2.3. MAIN FINDINGS: NATIONAL OPERATIONAL ENVIRONMENT:

This section summarizes the views of Government officials and civil society representatives on the extent to which the necessary operational conditions are in place for effective use of TC. These conditions included: (i) current country capacity to design and manage TC and CD plans, (ii) alignment with country CD priorities, (iii) managing the risk of staff substitution and attrition, (iv) measures in place to ensure coordination and harmonization of TC and (v) embedding TC within a broader organizational change management process. The findings draw on country documentation reviews, focus group discussions and national level perception surveys in five countries.

The views of government officials and civil society representatives on the effectiveness of TC and potential enabling and impeding factors were canvassed in five countries, supplemented by SWOT analysis in a number of countries. The results for two countries surveys are shown in Chart 5, which are representative of all 11 country reports.

**Better alignment of TC designs with country priorities.**

The survey suggests that TC designs need to be better aligned with country priorities, as defined in national development plans. For example, in Tanzania and Malawi, only around 45% of respondents felt that TC designs met country priorities. Country reports and SWOT analyses in several other countries broadly echoed this view. In contrast, 80% of respondents in Lao PDR felt that TC designs were consistent with their development priorities. The reasons for this variation are unclear.

A key survey finding is that countries recognize the need to strengthen their own capacity to lead the preparation of CD plans and TC design. Current capacity was judged to be limited, with only around 30% of respondents feeling that the necessary capabilities exist. In contrast, around 90% of respondents felt that TC is more likely to be effective when focusing on organizations (rather than individuals) and embedded in an organizational change management process. Views on the effectiveness of TC in contributing to organizational learning...
were mixed, although several sector case studies, especially in Pakistan, highlighted that TC can play an effective organizational change catalytic role. Taken together, these findings help confirm that strengthening a country’s capabilities to undertake its own capacity assessment, including institutional and organizational aspects, is a priority.

Harmonization of TC support helps.

Around 75% of all survey respondents indicated that pooled TC resources (frequently referred to as basket funds) helps to make TC effective, even more so (90%) when linked to complementary support, such as infrastructure, equipments and other operational support. However, overall, country reports suggest mixed reviews about pooling TC resources. Although things are improving as more countries adopt harmonized approaches, the diversity of development partner TC practices and procedures and the time and effort involved in understanding and using them was a frequent complaint. As the Zambia report highlights, "there are as many technical cooperation delivery models as there are country partners."

The national-level perception survey confirmed a broad consensus in all the country reports that a conducive public sector environment, including effective career development and civil service pay policy, is a key success condition for TC effectiveness. Around 80% of respondents felt that TC effectiveness is undermined by staff attrition, especially when linked to individual staff counterparting. Around 45 to 50% of respondents suggested that the use of foreign technical assistance carries the risk of local job substitution, which would create a vicious cycle if staff attrition rates or non-return from overseas training are high.

On a positive note, TC design is increasingly addressing these issues. In Cambodia, Tanzania and Malawi, TC designs incorporate mechanisms related to staff performance based pay rises and retention. In Thailand, where TC still supports overseas fellowships, beneficiaries are bonded to government for a number of years after training. These concerns lie behind a broad consensus in country reports that TC needs to focus more strongly on strengthening overall organizations and groups of individuals carrying out key functions. As the Pakistan study concludes: "capacity development inputs are usually most directly targeted at individuals … but results are
sought in terms of organizational development and performance. Yet, the link between individual behavior and organizational performance is often unclear and unpredictable."

**Box 2: Strong Oversight Mechanisms on Organizational Performance: Ghana PFM and Lao PDR PIP**

Ensuring sustained organizational performance through support for internally driven change and external oversight is a way of integrating CD policy and operational environments, and both can be supported by well-targeted TC support.

In Ghana, with TC support, a number of central agencies for revenue and VAT services have been strengthened. The aim is to increase the performance of these organizations to increase tax and VAT revenue levels, as part of increased public expenditure from local sources. As part of maintaining organizational performance and change momentum, the Ghana government has also strengthened the capacity of the Parliamentary Public Accounts Committee to provide oversight, also with extensive TC support.

In Lao PDR, government issued a decree that reorganized organizational responsibilities for the planning and management of public investment programs (PIP), under a new Ministry of Planning and Investment (MPI). MPI organizational restructuring at both central and provincial levels, requiring new staff job descriptions and training, has been underway for some time, with extensive TC. As part of oversight mechanisms, new legislation and regulations require regular reporting by MPI to the relevant National Assembly select committees - a process supported with TC.