



**Issues Paper
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Technical Co-operation – its role in Capacity Development

'Technical Co-operation programmes have come under repeated criticism for being too costly, inappropriate to recipients' needs, or fostering dependency. In the past, donors have broadly assumed that they will promote capacity development, but reality has proved much more complex'. (OECD DAC Development Cooperation Report, 2005)

Background

There is a strong consensus that capacity development is central to the achievement of the Millennium Development Goals, the implementation of the Paris Declaration and the scaling up of aid. It is thus at the core of the DAC's agenda and the key to development success. The growing international consensus on the importance of Capacity Development reflects two inter-related observations:

- Country capacity is the key to accelerating economic growth and reducing poverty. This applies to both generic capacities (*e.g.* planning and managing organisational changes and service improvements) and specific capacities in critical fields (*e.g.* public financial management or trade negotiation). Capacity in the public sector is often an important constraint on private enterprise and private-sector capacity development.
- Country ownership is the cornerstone of contemporary thinking about aid and development effectiveness. Yet country ownership of policies and programmes assumes the capacity to exercise it. Ownership will not begin to emerge in the absence of sufficient local capacity.

Basic Definitions: Technical Co-operation (TC)

The DAC defines Technical Co-operation as 'the provision of know-how in the form of personnel, training, research and associated costs'.

The main elements of DAC donors' Technical Co-operation programmes are study assistance through scholarships and traineeships; the supply of personnel, such as experts, teachers and volunteers; research on the problems of developing countries, for example tropical crops and diseases. These categories overlap, however, and the boundaries are sometimes considered to be vague¹.

Basic Definitions: Capacity Development (CD)

Capacity Development is defined by the DAC as 'the process whereby people, organisations and society as a whole manage their affairs'. In this sense, capacity can be viewed as the potential to perform.

Capacity Development is about retaining, unleashing, strengthening, adapting and maintaining capacity over time. This takes account of issues of 'brain drain' and the role of

diasporas. Moreover, capacity is not just about a concern of the public sector. The processes and institutions for voice, participation and accountability also imply a capable civil society.

How do Technical Co-operation and Capacity Development relate to each other?

Technical Co-operation does not equal Capacity Development — although it is sometimes used as a proxy for Capacity Developmentⁱⁱ (e.g. in the Paris Declaration indicators). Fundamentally, Technical Co-operation is an input, whereas Capacity Development is an outcome.

Technical Co-operation in itself is not a sufficient input to achieve Capacity Development, which takes place as a consequence of other major inputs, like national education systems and the private sector.

Donors can also contribute to Capacity Development through other instruments, such as certain financial assistance programmes. On the other hand, some Technical Co-operation does not enhance capacity such as experts substituting gaps in the civil service.

What have we learned?

About a quarter of DAC donors' ODA — about \$20 billion per year — is spent on Technical Co-operation but the degree to which this has been translated into Capacity Development outcomes has not been systematically tracked. There is little data-based analysis of the overall effectiveness of Technical Co-operation as an aid instrument, whether in terms of cost/benefit, impact on growth, fiscal impact, or other financial measures. Nor have evaluations focussed sufficiently on the impact of Technical Co-operation on incentives or organisational capability.

However, four decades of experience point to the inadequacy of *ad hoc*, piece-meal approaches to Capacity Development in which donors' short-term project goals displace longer-term incremental changes, and where costly, imported, fragmented assistance drives out endogenous Capacity Development. The way in which Technical Co-operation has sometimes been managed has impacted negatively on ownership and, in turn, on Capacity Development. Technical Co-operation is often provided off-budget; it is often not procured by Government; it is commonly provided through parallel project implementation units, and often fragmented; finally, there is also often a lack of transparency over costs, fees and associated per diems.

Donors have treated Capacity Development mainly as a challenge of technical transfer from North to South, while insufficient attention has been paid to context, politics and governance. At the same time, Technical Co-operation has not been subject to the analytical rigour of other investment decisions. Very little thought has been given to opportunity costs, and much Technical Co-operation has been supply-driven at the project level.

Much of the criticism levelled at Technical Co-operation focuses on costs. An Action Aid study claims, among other things, that the total cost of 740 international advisors in Cambodia exceeded the wage bill for that country's 160 000 civil servants. This illustrates that Technical Co-operation can be expensive, and raises important questions of cost effectiveness.

The future for Capacity Development.

There is a growing consensus about what donors should do differently to support Capacity Development. Many of the issues and approaches are set out in the DAC's paper *The*

Challenge of Capacity Development: Working towards Good Practice. Key issues identified so far are:

- Think through capacity issues at three interrelated levels: individual, organisational and enabling environment levels.
- Recognise that Capacity Development is necessarily an endogenous process and that strong local engagement is the key.
- Encourage the emergence of country-led, demand-driven capacity strategies, take the local context as the starting point and think and act within longer time frames.
- Design coherent strategies for making use of the diasporas and for reducing brain drain. Retaining and unleashing existing capacities is a priority.
- Respond to partner countries preferences for more South-to-South learning and the strengthening of South-based institutions to help with the Capacity Development challenge.

The future of Technical Co-operation

Although heavily criticised, Technical Co-operation is not 'good' or 'bad'—it depends on *how* it is used. Technical Co-operation is only a tool or a bundle of tools. A number of issues are the subject of lively international debate, the common thread being to bring Technical Co-operation under more direct control by the recipient and thus to make it more responsive to recipients' real needs. This raises questions such as:

- How to focus on ownership and avoid supply-driven Technical Co-operation?
- How to ensure partner countries articulate capacity needs at a strategic level behind which Technical Co-operation inputs can align and harmonise?
- How to make the provision of Technical Co-operation more market-based?
- How to pool Technical Co-operation among donors to ensure greater coherence and co-ordination?ⁱⁱⁱ
- How to disaggregate DAC Technical Co-operation statistics in order to test how different instruments within the Technical Co-operation bundle can contribute to Capacity Development?

ⁱ E.g. Technical help is often an important component of infrastructure projects, which are not classified as TC in DAC statistics.

ⁱⁱ DAC data on TC spending provide the best available measure of donor inputs aimed at capacity development. Indeed, the 2005 Paris Declaration on Aid Effectiveness takes TC as a proxy for measuring progress towards more co-ordinated support for capacity development. This is logical as DAC statistics only specifically record TC aimed at capacity development, known as "free standing" TC. "Investment related" TC, the supply of skills to support a physical project, is subsumed under project aid. DAC members' internal definitions of TC may vary from this coverage, although they make efforts to adhere to this definition in their DAC reporting.

ⁱⁱⁱ See, for example, H. Baser and P. Morgan (2001), "The Pooling of Technical Assistance: An Overview Based on Field Experience in Six African Countries", *European Centre for Development Policy Management (ECDPM) Synthesis Paper*, ECDPM, Maastricht.