

# **Technical Cooperation for Capacity Development in Cambodia**

*Making the system work better*

Final Report

January 2008

Prepared by:

Anthony Land

Peter Morgan

This independent study was commissioned by the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) on behalf of the Royal Government of Cambodia and in collaboration with the Joint Technical Working Group on Partnership and Harmonisation. The process of preparing and managing this study has been fully owned and led by CRDB/CDC although the analysis and the views expressed herein are those of the authors.

## ***Acknowledgements***

We would like to acknowledge the support of the following persons in carrying out this assignment.

H.E. Chhieng Yanara, Secretary-General CDC/CRDB and his team for commissioning this assignment, for organising our programme of meetings and for logistical arrangements. Special thanks are due to Philip Courtnadge, for the detailed preparation and day to day supervision of the assignment, to Heang Kanelle for taking care of the arrangements of all meetings and to Chhin Sam Oeun for attending to all administrative matters.

Special thanks also go to the three CDC colleagues who accompanied us on our assignment, Messrs Oul Nak, Nuth Monyrath and Chou Heng.

A word of thanks also to members of the Sub-group of the Partnership and Harmonisation TWG, for overseeing the implementation of this assignment and for sharing their ideas with us.

We would also like to thank all those representatives of the Royal Government of Cambodia and development partners who gave up time to meet with us during our stay in Phnom Penh.

The views and opinions expressed in this report are those of the authors and do not necessarily reflect those of either the RGC or development partners. The authors are solely responsible for any errors or omissions.

Anthony Land and Peter Morgan

## ***Glossary of Terms***

AusAID	Australian Agency for International Development
ADB	Asian Development Bank
AFD	Agence Francaise de Developpement
BMZ	German Federal Ministry for Economic Cooperation and Development
BTC	Belgium Technical Cooperation
CAR	Council for Administrative Reform
CCJAP	Cambodia Criminal Justice Assistance Project
CD	Capacity Development
CDC	Council for the Development of Cambodia
CDRI	Cambodian Development Resource Institute
CIDA	Canadian International Development Agency
CRDB	Cambodian Rehabilitation and Development Board
DAC	Development Assistance Committee of OECD
DANIDA	Danish International Development Assistance
DFID	Department for International Development
DGCD	Direction Generale de la Cooperation et Developpement
ECD	European Commission Delegation
ECDPM	European Centre for Development Policy Management
EFI	Economic and Finance Institute
FSF	Flexible Support Fund
GBS	General Budget Support
GDCC	Government-Development Partner Coordination Committee
GTZ	German Technical Cooperation Agency
H-A-R	Harmonisation, Alignment and Results (Action Plan of the RGC)
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
JMI	Joint Monitoring Indicator
MBPI	Merit-Based Pay Initiative
MEF	Ministry of Economy and Finance
MOAFF	Ministry of Agriculture, Forestry and Fisheries
MOEYS	Ministry of Education, Youth and Sport
MOH	Ministry of Health
MoLMUPC	Ministry of Land Management, Urban Planning & Construction
MOP	Ministry of Planning
MOWRAM	Ministry of Water Resources and Meteorology
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PBA	Programme-Based Approach
PFM	Public Financial Management
PIU	Project Implementation Unit
PMG	Priority Mission Group
SWAP	Sector-Wide Approach
SWIM	Sector-Wide Management

TA	Technical Assistance
TC	Technical Cooperation
TCAP	Technical Cooperation Assistance Programme
TWG	Technical Working Group
UNAIDS	United Nations Programme on HIV/AIDS
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
UNV	United Nations Volunteers
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation

# **Table of Contents**

	<b>Page</b>
Acknowledgements	ii
Glossary of Terms	iii
Table of Contents	v
Executive Summary	vii
<b>1. Introduction</b>	<b>1</b>
1.1. Background	1
1.2. Methodology	3
<b>2. The TC Challenge in Cambodia</b>	<b>5</b>
2.1. An Analysis of the Challenge	5
2.2. A Perspective on Capacity Development	6
<b>3. Nature of the Development Context in Cambodia</b>	<b>8</b>
3.1. General Factors	8
3.2. The Context of the Public Service	12
<b>4. The TC System in Cambodia</b>	<b>14</b>
4.1. History and Structure	15
4.2. Behaviour and Outcomes of the Current TC System	17
4.3. The Emergence of Good Practice in TC	20
4.4. The Current State of Evolution of the TC system	24
<b>5. Recommendations for Action</b>	<b>27</b>
5.1. General Principles	27
5.2. The Management and Governance of TC	30
5.2.1. Encouraging RGC Ownership and Control	32
5.2.2. Reducing the level of Fragmentation	35
5.2.3. Building RGC Capacity to Design and Manage	40
5.3. Improving Capacity Development Practice	41
5.3.1. Discuss and Learn	42
5.3.2. Improve Design of CD Interventions	43
5.3.3. Better TA Personnel	49
5.3.4. The Centrality of Public Service Reform	51
5.3.5. Developing the capacity of Development Partners	52
5.4. Next Steps	53
 Annexes	

## List of Boxes

<b>Box</b>	<b>Title</b>	<b>Page</b>
1	Use of the terms ‘Technical Cooperation’ and ‘Technical Assistance’	1
2	The Agriculture & Water Sector	16
3	The Issue of Cambodian Ownership of Development Interventions	18
4	The Dynamics of Cambodian Compliance	18
5	Towards Effective Capacity Development – the Public Financial Management Reform Programme (PFM)	20
6	The Flexible Support Fund in the Criminal Justice Sector	22
7	The evolution of the DANIDA program in Natural Resource Management and Livelihoods 2001-2010	22
8	EU member “Road Map” for Increased Aid Effectiveness in Cambodia	23
9	Reducing PMUs – ECD Experience	24
10	Why Country Management is Important	30
11	Managing Technical Co-operation in Botswana: Lessons of Success	31
12	Start-up fund to facilitate RGC project preparation	32
13	The Use and Abuse of Strategies	33
14	RGC contracting of TA	35
15	The GTZ approach to accountability and reporting	35
16	The “Quadripartite Initiative” in Cambodia	35
17	TA to assist Council for Legal and Judicial Reform PMU to improve donor coordination	37
18	Potential of Pooling	37
19	The Health Sector	38
20	Possible Elements of the Capacity Development Tool Box	42
21	Managing the tension between product and process	47
22	GTZ’s Flexible Programming & Budgeting	47
23	Some Alternative M&E Methodologies	49
24	Different TA Roles and Functions	50
25	The Value of Proper Induction	51
26	Some Obstacles to Changing development partner practice	52

## **EXECUTIVE SUMMARY**

### **1. Introduction**

#### **1.1. Background**

The Royal Government of Cambodia (RGC) and its development partners (DPs) continue to collaborate on improving aid effectiveness. Part of this effort has focused on the specific implications of the Paris Declaration for aid design and management in the Cambodian context. Part has been about more general improvements to the design, management and monitoring of technical cooperation (TC).

The perennial topics of TC in general and technical assistance personnel (TA) more specifically present particular challenges. Cambodia as an aid-dependent country with continuing gaps in capacity has received a high proportion of its development assistance in the form of TC. No serious effort at improving overall aid effectiveness can make much headway without addressing this issue. To do this, the Partnership and Harmonization Technical Working Group consisting of representatives of the RGC and DPs agreed to sponsor a review of TC in the Cambodian context. The TORs are attached at Annex 3. Two international consultants were engaged to work with the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) to bring an international perspective to the review that could supplement country analysis. This report sets out findings, conclusions and recommendations.

Readers need to keep in mind two points. First, TC as a development issue, has been a subject of ongoing analysis since the inception of modern development cooperation after the Second World War. A constant theme has been the search for ways to improve its development contribution and in particular, its effects on capacity development. Given these decades of prior work, this report is not likely to come up with dramatically new insights. As always, the challenge is one of implementation: to combine useful, albeit familiar, recommendations into a coherent way forward that can resonate in the particular context of Cambodia. Second, this report comes with a particular direction and set of limitations both of which were discussed first with H.E. Chhieng Yanara, Secretary-General, CRDB/CDC on behalf of the RGC and secondly with the sub-group of the Partnership and Harmonization Technical Working Group (TWG) set up to oversee this assignment.

The Report has five main sections: Section 1 is the introduction, Section 2 analyses the TA challenge in Cambodia. Section 3 deals with the nature of the development context in Cambodia. Section 4 addresses the TC system in Cambodia. Section 5 presents recommendations for action.

#### **1.2 Methodology**

Fieldwork was carried out over a three week period between Monday 8<sup>th</sup> October 2007 and Friday 26<sup>th</sup> October 2007. The consultants worked exclusively in Phnom Penh and met with a wide range of individual officials and groups mainly from the RGC and DPs. We began the assignment by participating in the 7<sup>th</sup> Government-Development Partner Coordination Committee (GDCC) meeting. We also met with the sub-group of the Partnership and Harmonisation TWG set up to oversee the study on Monday 15<sup>th</sup> October 2007 at which time we presented the inception report and programme of work. We presented our preliminary findings and recommendations to a special meeting of the full Partnership and Harmonisation TWG on Friday October 26<sup>th</sup>.

## **2. The TC Challenge In Cambodia**

### **2.1. An analysis of the challenge**

There appeared to be a pervasive sense within the RGC and the DPs that TC was not making a sufficient contribution to Cambodian development and in particular to the development of sustainable capacity. Interviewees offered a variety of diagnoses and reasons for this situation. All have an element of truth but taken individually, do not add up to a coherent and complete explanation of the reasons underlying the unsatisfactory performance of TC in Cambodia.

Almost without exception, those interviewed both on the RGC side and the DP side supported the view that TC as a development intervention could be made more effective. In particular, they believed it could do a better job of delivering the capacity results that all the participants said they wanted.

What matters a great deal is the way the TC system *as a system* behaves in Cambodia. Our assertion is that the way the deeper dynamics in the TC system come goes a long way to shape the TC outcomes as much as the actions of the individual actors.

This report therefore sees the TC challenge in Cambodia as the following.

*How can the development community in Cambodia, both Government and development partners, collaborate more effectively to generate the desired outcomes for TC that both sides say they want?*

### **2.2. A Perspective On Capacity Development**

The subject of capacity development comes with a huge variety of definitions, perspectives and approaches. Only a few participants in Cambodia seemed to offer, or be following, some kind of coherent, well-conceived strategy of capacity development that pulled together the ideas, efforts and resources going into an intervention and focused them on a shared process. Nor did many have a clear sense of what ‘capacity’ would actually look like when developed. This capacity strategy ‘gap’ can be found in many countries and is not unique to Cambodia.

Some basic principles that underpin the concepts of capacity and capacity development used in this report are presented below. In so doing, we do not advocate a single definition or strategy that should be accepted by all the development actors in Cambodia. We do not see this as feasible or even necessary given the diversity of development actors. We see capacity development along the following lines:

- An ‘end’ of development interventions as well as a ‘means’, involving much more than putting in place the resources and techniques for better programme implementation. We are talking here about the process of developing the institutions, attitudes, organizations and capabilities for collective action that allow a country to shape its own development path.
- A complex process that takes place concurrently on different levels such as the individual, the organizational, the institutional, the sectoral, the regional and the national. Developments at each ‘level’ intersect in some way with all the others. In practice, capacity development is, in most cases, an attempt to change a complex system or systems. We thus see systems thinking as adding to our understanding about how capacity forms and evolves over time.
- A process of change. As such, it involves much more than technical, managerial or econocratic engineering. Issues to do with power and conflict, human psychology, social adaptation, financial resources, incentives and motivation interact to shape capacity outcomes. Many different approaches to change may be relevant.

- An intervention that needs the systematic thought and attention of all the participants in both the RGC and DPs. It may be a by-product in some instances but for the most part, it comes about through effort and intentionality.
- We look at capacity from three perspectives. Individuals can develop competencies. Organizations can improve their collective capabilities. And both of these aspects need to be combined in some coherent way to help induce an overall system capacity. Some key intangibles such as confidence, determination, ingenuity, imagination, pride, motivation, self-interest are key factors in both the condition of capacity and the process of its development. Cambodian ownership is also a critical factor given the fact that capacity development is, in the final analysis, a voluntary activity that cannot be imposed or carried out on behalf of others.
- We would add a point about timing. Many capacity development interventions require action in the short term. But others need sustained application over many years to make a real difference. Both the RGC and its DPs will need the capability for both short and long term collaboration to help make capacity development effective.

### **3. Nature Of The Development Context In Cambodia**

#### **3.1. General factors**

A good deal of the TC issues in Cambodia are similar to those found in other low-income countries, representing patterns of behaviour and development outcomes that the global aid business tends to reproduce in many situations. But Cambodia as a country has a unique set of contextual factors that are likely to shape any TC intervention. A key assumption is that any development solutions, must be tailored and customized to respond to Cambodian conditions.

The following contextual issues are highlighted in the report: the influence of Cambodian history, the scale and timing of societal transitions, new drivers of change appearing, the rise of international best practice, the four development worlds of Cambodia including the informal and the patrimonial.

#### **3.2. The context of the public service**

Cambodia faces many of the usual challenges to developing state capacity in a low-income country. But Cambodia's history since 1974 makes the challenge of state building that much more difficult, representing both a governance/political as well as a capacity development challenge.

Key issues identified in the report relate to the supply of human resources, the state of the education system, incentives and motivation, lack of demand-side pressures, power and interests, approach to public service reform.

### **4. The TC System In Cambodia**

#### **4.1. History and structure**

The history of the TC system in Cambodia influences its present behaviour. Most development partners arrived in large numbers and at around the same time in 1994. Few Cambodian officials had much experience in dealing with international donors and aid management. External direction, supply side interventions and Cambodian compliance thus characterized the first decade of TC and set a pattern that continues to this day.

The TC system comprises thousands of actors both individual and organizational in a variety of countries. This includes within Cambodia: RGC departments, consultants and contractors, embassies

and development agencies. It also includes actors in other countries whose behaviour and decisions affect the workings of the TC system in Cambodia.

Most of the relationships amongst these actors are non-hierarchical. Activities depend on some sort of managed relationships, shared purpose and collective action to make TC interventions effective. And yet the varied interests, incentives, styles and policies of both the RGC and its development partners make such collaboration difficult to achieve and to sustain.

The structure of the TC system and indeed most of the development assistance provided to Cambodia has fragmented into hundreds of projects, programmes and project implementation units (PIUs), a pattern that has led to duplication, high transaction costs and a lower level of aid effectiveness. Not all of this fragmentation is dysfunctional but the diversity and lack of coordination beyond a certain point has not been productive.

As a response to this situation, the RGC and most of its development partners are trying to introduce more collaboration and coherence into the operation of the aid system. Specific changes include the use of sector-wide approaches (SWAPs), some budget support, pooling arrangements, and specific mechanisms to encourage joint action such as a series of technical working groups. Both the RGC and its development partners are making serious efforts to implement the provisions of the Paris Declaration where possible and appropriate.

#### **4.2. The Behaviour And Outcomes Of The Current TC System**

Some broad patterns of system behaviour have shaped the outcomes of most TC interventions:

*Capacity Substitution and Gap-filling* - The initial priority for both RGC and its DPs in the post-conflict period beginning in 1994 was to rebuild the basic functioning of the Cambodian state starting with the provision of basic services and core departmental functions. These objectives combined with Cambodia's own lack of capacity led directly to patterns of capacity substitution, gap-filling and enclave approaches to aid delivery.

*Product over Process* - This trend induced another expected pattern; an emphasis on product and action over process and capacity development. In practice, the behaviour of the TC system began over time to repeat its behaviour or 'trap' itself, i.e. development partner control leading to a continuation of capacity substitution leading to unsatisfactory progress on capacity development leading back to more capacity substitution. Lack of capacity became a self-fulfilling prophecy. Emphasis was given to ensuring adequate capacity for project implementation rather than the broader goal of developing the capabilities needed by government departments to carry out their mandated functions.

*The rise of the brain drain* - The organizational and programming needs of the development partner community reinforced this system behaviour by attracting talented Cambodians at salary rates that the RGC could not match. A substantial amount of Cambodian capacity drained out of the system either to part-time private sector work or to international organizations leading back again to more capacity substitution.

*The barriers to Cambodian ownership* - The RGC was not in a position to impose discipline and a coherent direction on the behaviour of the TC system. Part of this pattern can be explained by the difficulties the RGC faced in generating and operationalizing its ownership. This lack of 'ownership capability' resulted in other familiar patterns; a tendency for Government disengagement and compliance, continued donor-led control of projects and programmes and a growing fragmentation of development interventions.

*Compliance and tolerated TA* - Government officials almost invariably did not refuse external offers of TA personnel including those that they suspected might be unnecessary or dysfunctional. This appears to have led to a good deal of ‘tolerated’ TA which critics maintain has absorbed too much of Cambodia’s ODA allocation. A variety of explanations were offered for this pattern of behaviour.

*The behaviour and contribution of implementers* - Private firms and consultants have had weak incentives to focus on capacity issues. They appear to have been reluctant to devote much ‘billable’ time to capacity development given the ‘product’ focused nature of most contracts and reporting systems. Second, few TA personnel have had the skills to do both product and process work effectively.

*Lack of commitment to Capacity Development* - The espoused commitment to CD on the part of RGC and DPs has been a modest one for a variety of reasons, kept in place by a variety of forces in the TC system. These reasons include a continuing need for capacity substitution, and the weak incentives for DPs to make the transition to more ‘indirect’ forms of assistance, especially in a climate of risk-management and concerns over corruption and lack of transparency. A focus on capacity issues also fits uneasily within the conventional emphasis on achieving tangible results in the short term.

### **4.3. The emergence of good practice in TC**

Development partners have tried to move beyond conventional approaches to TC design and management over the last few years. The result is an emerging range of examples of country-development partner collaboration that shows progress in developing capacity.

The one most cited example was that of the Public Financial Reform Programme. A special feature has been the degree of harmonization and alignment that underpins the programme even among development partners who are not a formal part of the ‘pooled’ programme. Another example would be the Flexible Support Fund for the Criminal Justice Sector.

### **4.4. The current state of evolution and the options facing the TC system**

There appear to be three basic ways forward for the RGC and its development partners in improving the outcomes of the TC system.

- The *first* is to accept that the TC system is still “trapped” in a post-conflict mode of functioning and will need some dramatic actions to get it to make a major shift to the capacity building and institutional development phase talked about in a 1995 Bank analysis. The ‘window of opportunity’ may still not yet be open in a serious way.
- The *second* option is based on the idea that the TC system has begun to shift in noticeable ways. The chances of moving beyond capacity substitution in a major way are promising. However, there still needs to be both sustained individual and collective efforts on the part of country actors and development partners to carry the change process forward.
- The *third* option is to take the view that the TC system is well on the way to achieving a new level of capacity development outcomes and does not require any special collective interventions to further advance the process.

Based on our discussions, we believe the second option most accurately responds to the current state of evolution of the TC system. We see the aid relationship maturing on both sides leading to better understandings and more effective co-ordination mechanisms. We also see the RGC developing the skills and confidence to provide greater leadership as evidenced by the formulation of a National Strategic Development Plan, the formulation of various various sector strategies and the disciplined implementation of the PFM reform.

## 5. Recommendations For Action

### 5.1. Introduction

The report's recommendations for action are guided by a set of general principles:

- The need to continue efforts to rebalance the aid relationship
- The need for capacity development to be a shared priority of the RGC and development partners
- The need to emphasise TC quality rather than quantity
- The need for a collective commitment to reform the TC System
- The need for a wide range of changes and improvements
- The avoidance of development dogma and preselected solutions
- The recognition of the limits of technical cooperation
- The need to develop the capacity of development partners

Two sets of recommendations are provided for reforming the TC system in Cambodia:

- A *first* set that focuses on ways to improve the **management and governance** of technical cooperation. These closely follow Cambodia's on-going harmonisation, alignment and results agenda and aim to enhance the efficient and effective mobilisation and deployment of TC resources under government leadership.
- A *second* set that focuses on ways to improve the **quality of capacity development work**. It recognises capacity development as a practice area that deserves more careful consideration.

### 5.2. Recommendations to improve The Management and Governance of Technical Cooperation

#### 5.2.1. Encourage RGC Ownership and Control of the TC Management Cycle

**Identification, design and formulation of TC interventions** - A range of incremental steps can be taken by the RGC to play a more proactive role in project/programme design. These include such actions as encouraging the RGC, possibly with TWGs serving as a 'clearing house', to play a more active role in appraising proposals for TC against agreed criteria, improving approaches for the diagnosis of needs and design of TC interventions for capacity development, and providing funding to RGC departments to assist with the development of funding proposals.

**Procurement** - There are ways of increasing RGC participation in the procurement process in a way that can contribute to strengthening ownership. At a minimum, the RGC can and should fully participate in the preparation of TORs and or tender documentation. DPs should continue to focus on the broader strengthening of national procurement systems providing scope to use budget support resources for securing TC support.

**Contracting, Management and Supervision** - The RGC should increase its involvement in the contracting, management and supervision of TA personnel. Doing so will help "rebalance" the two-way relationship between client (i.e.the RGC) and the contractor (e.g. an individual expert or a consulting firm) which is easily distorted by the three-way relationship between contractor, funder and client organisation.

#### 5.2.2 Reducing Level of Fragmentation through greater co-ordination and collaboration

The RGC and DPs have begun to take steps to co-ordinate support behind country-led strategies and systems. The RGC already has a Harmonisation and Alignment agenda which reflects many of

provisions of the Paris Declaration. Further developments to advance this agenda are encouraged and can be expected to yield a number of benefits, including:

- Shifting the focus of TC for CD towards broader sector and organisational capacity issues.
- Reducing the number of separate projects being implemented each of which requires separate project management arrangements including PIUs and which generate additional administrative burdens on participating agencies easily overwhelming available capacity.
- Creating conditions to reduce the overall volume of TC including of TA personnel by encouraging pooled approaches and identifying areas of potential overlap / contradiction.
- Providing a basis for less ad hoc and more rationalised and disciplined approaches to dealing with the issue of salary supplementations and linking this to broader aspects of human resources management including pay reform.
- Creating the opportunity for the RGC through the TWG system to assume greater leadership and responsibility for the management of TC resources.

### ***5.2.3. Building RGC Capacity to design and manage TC***

***Expanding the role of the CDC*** - to oversee the process of TC management and providing more support where possible to line agencies.

***Developing the capabilities of line agencies*** - as part of an effort to support more comprehensive and broad-based capacity development of ministries and agencies.

***Developing public and private service resource providers*** - such as tertiary institutions, private consultancies, research organisations, NGOs in the area of human resources development and organisational development.

***Considering the establishment of an independent monitoring group*** - that could review the performance of both government and development partners with respect to aid management and delivery.

## **5.3. Improving Capacity Development Practice**

The report outlines a set of issues and recommended actions for improving the practice of capacity development. A concerted effort will be need to be made to improve the conceptualisation, design, implementation and monitoring of capacity development work. Overall, a more thought-through approach to capacity development work is advised. Since the principal aim of TC is to help develop capacity, it follows that appropriate attention should be paid to the “how” aspects of capacity development. More efforts need to be made to further “unpack” current thinking and ideas on the subject in Cambodia. Specific actions might include the following:

### ***5.3.1. Discuss and learn more about capacity issues***

CDC should seize the opportunity together with its partners to take this agenda forward. The TWG on Partnership and Harmonisation offers a potential venue for agenda setting and steering the process but its success will depend on the discussion being carried forward to the individual sector/thematic TWGs, which should ideally serve as focal points for addressing TC for CD.

- The topic of TC for CD should become a standing item on the agendas of the TWGs so as to ensure that it receives the attention it deserves.

- CRDB/CDC is encouraged to develop a simple “tool box” comprising guidance notes and instruments on capacity development and to maintain a simple website that can serve as a resource / point of reference for the TWGs and the organisations they represent.
- Reports on progress with implementing TC for CD reform could be prepared for review at GDCC and CDCF meetings.

### ***5.3.2. Improve the design of capacity development interventions***

Various actions can be taken to improve the quality of capacity development interventions. Four areas of attention are proposed:

***Re-think and shift the modes of engagement between the RGC and development partners*** - In general, there are three modes of engagement between countries and their development partners. In descending order of external intrusiveness, these are the:

- ‘direct’ approach in which external intervenors diagnose and prescribe solutions for the consideration of country managers
- ‘indirect’ approach in which country participants work in collaboration with external actors to jointly devise new solutions
- ‘pure process’ approach which pushes external intervenors towards process, facilitation and support.

Most TC-supported programmes in Cambodia will have elements of all three approaches. But the goal over the medium and the long-term should be to shift TC interventions toward the indirect and the pure process models.

***Improve the Diagnosis and Assessment of capacity development needs*** - Development partners and the RGC need to invest in a more thorough diagnosis of capacity challenges and related contextual factors as a basis for designing appropriate support programmes, including the right mix of TC inputs. Various tools exist that can help assess capacities and related contextual factors. The challenge is to use ones that are most relevant for particular situations and organizations. And also to use such tools as an aide to judgement and assessment rather a replacement.

***Explore a broader range of capacity development strategies*** - Capacity development is a form of change. It can be personal or organizational. It can be simple or complex. It can be short or long term. The range of different strategies that can be employed range from those which are more planned and technocratic to those which are more emergent and informal. The suitability of any one approach will depend on the nature of the capacity development challenge. Effective design does not imply over-design or rigid design. In some cases loose design can be an advantage. Effective interventions are often associated with flexible and iterative approaches such as rolling plans that recognise change and capacity development as long term processes that cannot be easily predicted. This is especially important in complex and politically sensitive environments where the momentum and direction of reform can quickly change.

***Developing Appropriate Monitoring and Evaluation Systems*** - Part of the challenge of capacity development work is devising a suitable framework for monitoring and evaluation. Capacity issues do not lend themselves easily to conventional, results-based forms of measurement. This reality presents a number of challenges in terms of accountability, learning, management and incentives. At the programming level, both RGC and development partners should seek to:

- Agree up front on the CD objectives and strategies that are to be used in a particular intervention.
- Define indicators that can best describe the kinds of changes in competencies, capabilities and capacity that the intervention is expected to generate.

- Specify the CD tasks and responsibilities that TA personnel are expected to perform within their TORs / job descriptions.
- Select appropriate monitoring and evaluation frameworks that can best provide evidence of performance and results. In this regard, there are a wide variety of monitoring and evaluation methodologies that can be used to measure capacity, change and performance.
- A joint RGC-DP task force might collaborate on devising an approach to the M&E of capacity issues that could provide guidance to future efforts.
- The RGC and TWGs are encouraged to set up a simple mechanism to allow potentially useful new approaches to capacity development to be documented and disseminated

### ***5.3.3. Improving the Effectiveness of TA Personnel***

Few topics have been discussed over the years as much as improving the effectiveness of individual TA personnel. Most of the usual recommendations apply to the situation in Cambodia.

- The purpose and proposed roles and functions of TA should be fully discussed during the design of any intervention
- Partners should be clear about the actual purpose of deploying TA personnel, in particular whether a role is genuinely advisory or in-line
- The production of a glossary of terms can help to clarify the many different roles and functions that TA can perform
- The RGC and DPs need to be realistic about what TA personnel can do, and what space to permit the personnel involved to adapt approaches as needed.

Process skills are also as important, particularly where TA is expected to play a change agent or process facilitation role. In this respect, it is crucial that TA personnel fit into the organisational environment to which they are attached and that they are able to build up relationships of trust and respect. These become all the more important as the role of TA shifts from a primarily 'direct' or 'doing' role to the 'indirect' or 'pure process' in which communication, mentoring and facilitation are key.

### ***5.3.4. The Centrality of Public Service Reform***

Responsibility for creating an enabling environment for retaining and utilising Cambodian capacity must be a country responsibility. There are both political and technical issues here, many of which are complex and long term in resolving. Notwithstanding this, progress on the implementation of Cambodia's public administration reform must remain a priority.

- TC can contribute in important ways to supporting RGC efforts to implement reform, as illustrated in the PFM.
- Good CD design and provision of quality TA personnel are no substitute for creating an enabling environment for change and public service performance. Discussions on the sustainability of TC contributions to capacity development should therefore be linked to wider discussions relating to underlying factors that encourage or impede public sector performance.

### ***5.3.5. Improving the capabilities of development partners***

The capabilities of development partners themselves to support TC improvements needs attention. Reform of donor practices is as important as changes to RGC behaviour.

## **5.4. Next Steps**

The RGC and its development partners are already engaged in an on-going process of discussion and experimentation on aid coordination. We see that as an activity of adjustment and realignment that

will continue as long as Cambodia remains a major recipient of development cooperation. This process thus already has an agenda both formal and informal.

What we would suggest is a coordinated effort to give more systematic attention to capacity issues. We have made specific suggestions to that effect in the report. What needs to be done in our view are five things:

- To do more case work to get a more evidence-based sense of what works and what does not in the Cambodian context.
- To pull these patterns together in a way that can generate some basic principles of practice. This will include translation of the final text of this document, considerable consultation, and broad-based efforts to build consensus across Government, in the development partner community, as well as between the two.
- To discuss these principles and approaches at the Partnership and Harmonization Technical Working Group in an effort to induce and guide more coordinated action by both the RGC and its development partners.
- To include more explicit reference to CD in the JMIs as an indicator of the increased importance placed on this issue as well as to underline a mutual realisation that other priority objectives will not be achieved without strengthened CD support.
- Consider the merits of introducing some form of independent monitoring exercise to review progress on CD as part of the broader aid effectiveness agenda and the mutual accountability commitments that are included in this work.

# 1. Introduction

## 1.1. Background

The Royal Government of Cambodia (RGC) and its development partners (DPs) continue to collaborate on improving aid effectiveness.<sup>1</sup> Part of this effort has focused on the specific implications of the Paris Declaration for aid design and management in the Cambodian context.<sup>2</sup> Part has been about more general improvements to the design, management and monitoring of technical cooperation (TC) that could be implemented by the RGC, by individual DPs or by actors from both sides coordinating their activities.<sup>3</sup>

These perennial topics of TC in general and technical assistance personnel (TA) in particular present particular challenges. Cambodia as an aid-dependent country with continuing gaps in capacity has received a high proportion of its development assistance in the form of TC. No serious effort at improving overall aid effectiveness can make much headway without addressing this issue. To do this, the Partnership and Harmonization Technical Working Group consisting of representatives from both the RGC and the DPs agreed to sponsor a review of TC in the Cambodian context. The TORs are attached at Annex 3. We were engaged to work with the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) to bring an international perspective to the review that could supplement country analysis.<sup>4</sup> This report sets out our findings, conclusions and recommendations.

### **Box 1: Use of the terms ‘Technical Cooperation’ and ‘Technical Assistance’**

We define ‘technical cooperation’ in this report as transfer, adaptation or facilitation of ideas, knowledge, technologies or skills to foster development. TC is normally provided through the provision of both short and long-term personnel, education and training, consultancies, research and equipment support. According to the study TORs, TC is also understood to include provision of monetary incentives to Government staff associated with the implementation of a project or programme that is designed to build and augment the capacity of Government.

In this report, we do not look at this broader concept of ‘technical cooperation’ due to lack of time to analyze the complete range of issues such as training, research, salary supplements and equipment supply. We focus instead on the use and effects of long-term technical assistance (TA) personnel, as a key element of technical cooperation. In particular, we look at its contribution to the development of Cambodian capacity in the public sector.

<sup>1</sup> Royal Government of Cambodia, *The Cambodia Aid Effectiveness Report*, May 2007

<sup>2</sup> Royal Government of Cambodia, *Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness*, Dec. 2006

<sup>3</sup> Development partners refers to the community of multilateral, bilateral and non-governmental development organisations present in Cambodia

<sup>4</sup> Anthony Land and Peter Morgan are independent consultants based in Gaborone, Botswana and Washington, DC, USA respectively.

Readers need to keep in mind two other points. First, TC as a development issue has been a subject of ongoing analysis since the inception of modern development cooperation after the end of the Second World War.<sup>5</sup> A constant theme has been the search for ways to improve its development contribution and in particular, its effects on capacity development. Given this decades of prior work, this report is unlikely to come up with dramatically new insights that have never been offered before. Most of the solutions to improved TC are well-known. As always, the challenge is one of implementation, i.e., to combine useful, albeit familiar, recommendations into a coherent way forward that can resonate in the particular context of Cambodia. And then to encourage participants, both Cambodian and external, to implement these recommendations in some sort of systematic, collaborative way. But the question remains if such recommendations can and will be taken up by participants working within their constraints, interests and incentives.

Second, this report comes with a particular direction and set of limitations both of which have been discussed first with H.E. Chhieng Yanara, Secretary-General, CRDB/CDC on behalf of the RGC and secondly with the sub-group of the Partnership and Harmonization Technical Working Group (TWG) that was set up to oversee this assignment.

The *general direction* of the report is as follows;

- The report should provide an integrated analysis of TC and capacity development issues. The breadth and interconnections of the analysis should be emphasized over depth and detail.
- Both strategic and operational issues should be addressed with a view to highlighting the connections between the two.
- The analysis needs to take into account, wherever possible, the special contextual conditions of Cambodia.
- Operational and management experiences from the four sectors – Public Financial Management, Agriculture & Water, Land and Health - should be used to highlight the analysis. Material should be included which provides insight into what works in the Cambodian context and what does not.
- Given the time constraints, the report should not spend a great deal of time formulating detailed recommendations. Proposals should be suggestive and directional not prescriptive. The CRDB/CDC and the Partnership and Harmonisation TWG will then do further work to devise more detailed approaches.

---

<sup>5</sup> See *Partners in Development*, The Pearson Commission on International Development, 1968, *Does Aid Work?* Robert Casson and Associates 1986, *Making Technical Co-operation More Effective: New Approaches by the International Development Community*, Peter Morgan and Heather Baser, report prepared for CIDA, July 1993, Eliot Berg, *Rethinking Technical Cooperation: Reforms for Capacity Building in Africa*, 1993, T. Land, *Joint Evaluation of Provision of Technical Assistance Personnel, - Synthesis Report*, ECDPM Discussion Papers, # 78, 2007.

- Finally, the report should be balanced, fair, objective and direct, reflecting the constructive nature of the aid effectiveness discussions to date in Cambodia and the openness of the relationship between the RGC and its development partners.

The *limitations* to the analysis are the following

- The topics of capacity and capacity development are inherently ambiguous and lend themselves to a multitude of interpretations and conclusions. Judgments about what does and does not work in the Cambodian context remain largely anecdotal. There is little systematic evidence on the effectiveness of TC or its contribution to capacity development.
- The analysis took place over a limited period of time and could not include visits outside Phnom Penh.
- The report does not analyze a range of specific issues that affect TC effectiveness such as incentives or organizational structure or demand or supply side issues.

## 1.2 Methodology

We undertook the fieldwork over a three week period beginning Monday 8<sup>th</sup> October 2007 and ending on Friday 26<sup>th</sup> October 2007. We began the assignment by participating in the 7<sup>th</sup> Government-Development Partner Coordination Committee (GDCC) meeting which took place on Monday 8<sup>th</sup> October 2007. We also met with the sub-group of the Partnership and Harmonisation TWG set up to oversee the study on Monday 15<sup>th</sup> October 2007 at which time we presented the inception report and programme of work. We presented our preliminary findings and recommendations to a special meeting of the full Partnership and Harmonisation TWG on Friday 26<sup>th</sup> October 2007.

Three members of the staff of the CDC accompanied us during the visits and meetings. They provided both substantive and logistical support which proved essential.

We worked exclusively in Phnom Penh and met with a wide range of individual officials and groups mainly from the Royal Government of Cambodia and development partners. The following institutions / stakeholders were met:

### Royal Government of Cambodia

Council for Administrative Reform	CAR
Council for the Development of Cambodia	CDC
Ministry of Planning	MoP
Ministry of Economy and Finance	MEF
Ministry of Health	MoH
Ministry of Education, Youth and Sport	MoEYS
Ministry of Agriculture, Fisheries and Forestry	MoAFF

Ministry of Land Management, Urban Planning & Construction	MoLMUPC
Technical Working Group Focal Points	

### **Development Partners**

Australian Development Agency	AusAID
Asian Development Bank	ADB
Agence Francaise de Developpement	AFD
Belgium Technical Cooperation	BTC
Canadian International Development Agency	CIDA
German Ministry of Development Cooperation	BMZ
Danish Development Assistance	DANIDA
UK Department for International Development	DFID
Direction Generale de la Cooperation et Developpement (France)	DGCD
European Commission Delegation	ECD
German Technical Cooperation Agency	GTZ
International Monetary Fund	IMF
Japanese Embassy	
Japan International Cooperation Agency	JICA
UN Agencies (UNDP, UNFPA, WHO, UNICEF, ILO, UNV..)	UNDG
United States Agency for International Development	USAID
World Bank	WB

### **Research and non-governmental organizations**

Cambodian Development Resource Institute	CDRI
--	------

A full list of persons met is contained in Annex 1. We also consulted a range of written materials listed in Annex 2.

Two points on the format of the report.

- It has five main sections: Section 1 is the introduction, Section 2 analyses the TA challenge in Cambodia. Section 3 deals with the nature of the development context in Cambodia. Section 4 addresses the TC system in Cambodia. Section 5 presents recommendations for action.
- A number of people emphasized to us the need to write as accessibly as possible for readers whose first language is not English. We have tried to do this where possible but believe the best method to provide this ease of access is to translate the whole report or the executive summary into Khmer.

## **2. The TC Challenge In Cambodia**

### **2..1. An analysis of the challenge**

There appeared to be a pervasive sense in the development community in Phnom Penh that TC was not making a sufficient contribution to Cambodian development and in particular to the development of sustainable capacity. Participants in the interviews offered a variety of diagnoses and reasons for this situation. Some were descriptive and symptomatic. Some ascribed causation. Some were conflicting. Most were along the lines set out below.

- Expenditures on TC currently make up some 50% of all official development assistance (ODA) to Cambodia. They contain a good deal of capacity-substitution interventions with a heavy reliance on the provision of long-term technical assistance personnel. A more appropriate share of ODA, according to this view, would be 15-20 %. The difference in expenditures could be much better spent on a variety of other development investments. Less use of external TA personnel would also lessen the chances of blocking the emergence of Cambodian capabilities.
- A contrasting view emphasized the need for greater quality of TC. From this perspective, the absolute total of expenditures or the quantity devoted to TC is not the issue. What matters is the quality or the development impact especially with regard to capacity development. Put another way, quality TC making up 40% of ODA would be a much better investment than 30% at the current level of effectiveness.
- The implicit control by development partners over the decision making about TC leads inexorably to an excess supply given the pattern of incentives that most DPs face. Almost all the appraisal work, report writing, monitoring and evaluation are still carried out by external consultants. Part of the reason for this continued involvement is the need to lower DPs risks and maintain their disbursement levels. The lack of transparency about the costs, supply and the functions of TA personnel reinforces the current high levels of supply.
- A number of Cambodians felt that the over supply of TA personnel was a result of the need of DPs to extract commercial and political advantage out of the field-based programmes they supported. Programme and project design using a large amount of TA was therefore a response to the pressures from private sector firms in DP countries to maintain their presence in countries such as Cambodia .
- Cambodian officials want to maintain a high level of external TA personnel given their own needs to get work done, manage their departments and agencies and keep up their performance. The incentives for country staff to phase out long-term TA and to focus on capacity issues are mixed at best.

All of the above assertions have an element of truth. But taken individually, they do not, in our view, add up to a coherent and complete explanation of the reasons underlying the unsatisfactory performance of TC in Cambodia. Almost without exception, those interviewed both on the RGC side and the development partners supported the view that TC as a development intervention could be made more effective. In particular, they believed it could do a better job of delivering the capacity results that all the participants said they wanted. And not surprisingly, almost all believed that their own approach to TC design and management was not part of the problem.

What matters a great deal, in our view, is the way the TC system *as a system* behaves in Cambodia.<sup>6</sup> Our assertion is that some deeper dynamics in the way the TC system comes together and functions shape its outcomes as much as the actions of its individual actors.

This report therefore sees the TC challenge in Cambodia as the following.

*How can the development community in Cambodia, both Government and development partners, collaborate more effectively to generate the desired outcomes for TC that both sides say they want?*

Given this perspective, this report addresses a series of questions:

- What are the features of the TC system in Cambodia and why does it behave the way it does?
- How can the RGC and its development partners engage more effectively to develop capacity?
- What factors on both sides undermine/support those efforts?
- Can TC be an effective instrument for capacity development - how and under what conditions?

## **2.2. A Perspective On Capacity Development**

Two impressions about this subject stood out for us during the interviews and research in Phnom Penh. First, the whole subject of capacity development comes with a huge variety of definitions and perspectives. Various organizations and groups in Cambodia have also devised their own versions.<sup>7</sup> Participants, both Cambodian and development partners,

---

<sup>6</sup> We define a system as an entity that maintains its existence and functions as whole through the interrelationships amongst its parts or elements.

<sup>7</sup> *Draft Policy on Capacity Development in the Cambodian Civil Service: Key Concepts, Terms and Principle*,. Cambodian Development Resource Institute (CDRI), June 14, 2007, *Capacity Building Practices of Cambodia's External Partners: A Framework for Capacity Development: Mandating Effectiveness and Value for Money*, paper prepared for the Council for Administrative Reform of the

could thus be talking about subjects as diverse as basic skill development for individuals or the improvement of the performance of a network of organizations at the sector level. It was also evident that the Cambodian participants and their development partners frequently viewed capacity issues quite differently. And there could be huge differences of view within the RGC itself depending on level of authority, professional training and physical location of the officials.

Second, only a few participants in Cambodia seemed to offer, or be following, some kind of coherent, well-conceived strategy of capacity development that pulled together the ideas, efforts and resources going into an intervention and focused them on a shared process<sup>8</sup>. And few had a clear sense of what ‘capacity’ would actually look like when developed. This capacity strategy ‘gap’ can be found in many countries and is not unique to Cambodia. But it does give a sense of the challenges that face participants when they agree to achieve or monitor improvements in capacity. It carries implications for the way capacity challenges are diagnosed and for identifying the kind of role that external partners and TA in particular might best play in addressing those challenges.

We are not advocating in this report a single definition or strategy that should be accepted by all the development actors in Cambodia. As usual, many of the situations in Cambodia are quite different and require varying approaches. A national capacity development strategy in these circumstances might not be helpful and could in fact undermine efforts at joint learning and innovation. But it may be helpful in this report to set out some basic principles that underpin the concepts of capacity and capacity development used in this report.

- We see capacity development as an ‘end’ of development interventions as well as a ‘means’. In this report, it refers to much more than just putting in place the resources and techniques for better programme implementation. We are talking here about the process of Cambodia developing the institutions, attitudes, organizations and the ability for collective behaviour that allows the country to shape its own development path. Also included is the contribution that development partners can make to that process.
- We see capacity development taking place concurrently on different levels such as the individual, the organizational, the institutional, the sectoral, the regional and the national. Developments at each ‘level’ intersect in some way with all the others. In practice, capacity development is, in most cases, an attempt to change a complex system or systems. We see systems thinking as adding to our understanding about how capacity forms and evolves over time.<sup>9</sup>

---

Royal Government of Cambodia, December 2004, *Capacity Building Practices of Cambodia’s Development Partners: A Discussion Paper*, prepared for the Council for the Development of Cambodia, June 2004

<sup>8</sup> An example of a more coherent approach is the support being provided to the Public Financial Management Programme discussed further in Box 5.

<sup>9</sup> See ECDPM, *Report of a Workshop on Systems Thinking and Capacity Development, Some Concepts and Operational Implications*, June 30, 2005.

- We see capacity development as a process of change. As such, it involves much more than technical, managerial or econocratic engineering. Issues to do with power and conflict, human psychology, social adaptation, financial resources, incentives and motivation interact to shape the outcomes of the process. Many different approaches to change may be relevant.
- We look at capacity from three perspectives. Individuals can develop competencies. Organizations can improve their collective capabilities. And both of these aspects need to be combined in some coherent way into overall system capacity.
- Some key intangibles such as confidence, determination, ingenuity, imagination, pride, motivation, self-interest are key factors in both the condition of capacity and the process of its development. Cambodian ownership is also a critical factor given the fact that capacity development is, in the final analysis, a voluntary activity that cannot be imposed or carried out on behalf of others.
- We would add a point about timing. Many capacity development interventions require action in the short term. But others need sustained application over many years to make a real difference. Both the RGC and its development partners will need the capability for both short and long term collaboration to help make capacity development effective.
- We see capacity development as an intervention that needs the systematic thought and attention of all the participants in both the RGC and the development partners. It may be a by-product in some instances but for the most part, it comes about through effort and intentionality.

### **3. Nature Of The Development Context In Cambodia**

#### **3.1. General factors**

A good deal of the TC issues in Cambodia are similar to those to be found in other low-income countries.<sup>10</sup> As such, they represent patterns of behaviour and development outcomes that the global aid business tends to reproduce in many situations. But it is also true that Cambodia as a country has a unique set of contextual factors that are likely to shape any TC intervention. A key assumption of this report is that any development

---

<sup>10</sup> See, for example, Todd Moss, Guniulla Pettersson and Nicholas van de Walle, *An Aid Institution Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa*, Center for Global Development, Working Paper #74, January 2006.

solutions, including those labeled as international best practice, must in some way be tailored and customized to respond to Cambodian conditions.<sup>11</sup>

Readers familiar with Cambodia will find little new in this section. But we include it for two reasons. First, it should enable readers not familiar with this context to better understand the report as a whole. And second, our emphasis on certain contextual factors and not others may give readers a better sense of the analysis shaping the conclusions and recommendations.

### *The influence of Cambodian history*

Much Cambodian behaviour, including that on display in politics and public management, draws upon the rules of social and cultural institutions that have been in place in some form since pre-colonial times.<sup>12</sup> Many of these rules shape the informal systems that are so influential in Cambodian national life. In more recent Cambodian history, the effects of the catastrophic events beginning with the coming to power of the Khmer Rouge in 1975 have been told elsewhere and will not be repeated in this report. Much of the 1980s and early part of the 1990s were dedicated to rebuilding state institutions and organizations as well as achieving some sort of political stability and legitimacy. Some Cambodians made the argument to us that in real terms, the country only achieved the basic attributes of a functioning political system in the late 1990s – that is, less than ten years ago.

Two points stand out for us. First, it should not be surprising in the Cambodian context if the conventional development goals of effectiveness, equity and efficiency have to be balanced off against goals to do with stability, security and the avoidance of internal conflict. As in most countries, country officials must try to respond to a variety of agendas, both explicit and hidden that come out of their history and national memory. The outcomes of TC interventions will thus need to be judged from a broader perspective to provide a deeper picture.

Second, Cambodia as a state has made dramatic progress in capacity development over the last two decades given its abject starting point in 1980. The usual external pre-occupation on current gaps, weaknesses and constraints at the country level tends to obscure this basic point. At the very least, it should be evident that a capacity development intervention has a chance of succeeding in Cambodia given sufficient time, experimentation, patience and persistence and provided it is relevant to national or RGC needs.

---

<sup>11</sup> “The problem is not the overall insufficiency of technical assistance but rather that it is organized so as to be unresponsive to country circumstances” Paul Collier, *The Bottom Billion: What the Poorest Countries are Failing and What Can Be Done About It*, 2007, p. 115

<sup>12</sup> See Caroline Hughes, “The Politics of Gifts: Tradition and Regimentation in Contemporary Cambodia” *Journal of Southeast Asian Studies*, 37(3), October 2006.

### *The scale and timing of the transitions*

A number of observers in Phnom Penh emphasized to us the scale of the transitions that Cambodia as a country is in the process of navigating, ones that are more dramatic in many ways than those in high-income countries. It is shifting out of the post-conflict mode oriented towards short-term efforts at stabilization and recovery and entering into a more conventional stage of growth and development. It is moving from a state-controlled model to a more market-based approach. It is endeavouring to integrate more into regional and global economies. And it is moving in its own way to experiment with a more democratic political system including elections, political, administrative and fiscal decentralization and the increased participation of civil society. As a consequence, the RGC is engaged in a set of complex governance reforms including public financial management, decentralisation and deconcentration, public administration, and legal and judicial reform.

One obvious implication is the complex set of demands that such transitions impose on a country especially one that starts with a limited range of capabilities<sup>13</sup>. Cambodians must balance change and consolidation. They must get access to external skills but also develop their own. State institutions must develop legitimacy as well as competence. Development partners must balance capacity substitution and development. And Cambodians must try to keep up with global developments and pressures that themselves are moving at an increasing speed.

### *New 'drivers of change' are appearing*

In common with most countries in the Asia Region, the nature, role and importance of development assistance to Cambodia is changing. The economy is now growing at about 8 % per year and now has greater access to the capital surpluses that are now available in the Asia Region. Non-traditional development partners such as China are now increasingly active in the country as donors. New sources of government revenue such as oil and gas will come on line over the next 2-3 years. Foreign private companies are becoming an important source of TA. Cambodia has decided as a matter of national policy to integrate into ASEAN regional and global economies and to join global institutions such as the World Trade Organization. Demand-side pressures both from external competitive markets, international commitments and internal groups such as urban-based citizens and organizations should lead over time to greater demands for improved performance.<sup>14</sup> Such a set of emerging relationships in addition to those with the international development community, should also generate the need over time for

---

<sup>13</sup> Usually in high-income countries, such ambitious reforms are financed and coordinated via a single source and pot of money. In Cambodia it is a myriad of donors, projects and interests that support these reforms, resulting in additional tensions and dynamics between the different stakeholders and agendas.

<sup>14</sup> It was suggested that expectations are growing among the rural population for effective service delivery in areas of land, health, education and water while a burgeoning labour market of young graduates expect government to deliver on job creation.

greater transparency and accountability in government that go beyond the current initiatives and reforms put in place by government.

### ***The rise of international best practice***

More than at any point in the recent history of development cooperation, efforts are now being made to devise collective international approaches to development cooperation either in the form of objectives such as the Millennium Development Goals or through the provisions and principles of good practices such as the Paris Declaration including harmonization, alignment and country leadership. These kinds of generic ‘universalist’ solutions can avoid a good deal of uncoordinated interventions and supply-driven activities. They can encourage the emergence of country engagement. But Cambodians in particular have to ensure that sufficient attention is paid to getting such interventions to fit the Cambodian reality and absorptive capacity.

### ***The four development worlds in Cambodia***

The four separate but interconnected worlds of Cambodian development were apparent to us early in our work. One of the challenges is therefore to generate some sort of collaborative behaviour amongst these four worlds in an effort to make TC interventions more coherent. These four worlds are the following:

- The ‘formal’ Cambodian world of the modern public sector including government agencies, departments, functions, systems and structures, capacity development, sector strategies, performance targets, workplans and such. Development partners naturally gravitate to this familiar world.
- The ‘informal’ neo-patrimonial Cambodian world which includes informal networks, hidden resources flows, opaque decision making and incentive structures and influential patron-client relationships.<sup>15</sup> It is, of course, true that all countries have such informal worlds but the one in Cambodia seems more powerful and intrusive than most given its particular history and the destruction of many of the formal institutions and organizations during the Khmer Rouge period. These two Cambodian worlds – the formal and the informal - interact and intertwine in most efforts to reform the public sector.
- The third world is that of the development partners who come in all shapes and sizes in Cambodia. They represent different development attitudes, different institutional and national self-interests and different approaches to collaborative approaches and the provision of TC. Some, for example, are more able to respond to the provisions of the Paris Declaration. Others may focus more directly on TC and capacity issues at the project and programme levels.

---

<sup>15</sup> Some of this informal world has been analyzed in a recent publication from the Cambodia Development Resource Institute entitled *Accountability and Neo-patrimonialism in Cambodia: A Critical Literature Review*, Working Paper # 34, March 2007.

- Finally, many TC programmes are actually implemented by actors from the fourth world, that of contractors, implementing agencies and consulting firms. This set of actors come to the table with yet another set of incentives, institutional interests and capabilities.

The point here is that the theory and practice of TC design and implementation is not simply carried out by groups of rational decision makers in both the RGC and the development partners intent on finding the most effective technical solution. Actors from these four worlds engage each other in Cambodia and try to reconcile a wide variety of interests and motivations.

### **3.2. The context of the public service**

Cambodia faces many of the usual challenges to developing state capacity in a low-income country. But Cambodia's recent history makes the challenge of state building that much more difficult, representing both a governance/political as well as a capacity development challenge.

#### *The supply of human resources*

Increasing the supply of skilled human resources remains a challenge for the RGC given its catastrophic loss of trained people in the late 1970s<sup>16</sup>. Gaps in trained and experienced staff appear to be particularly acute at the middle and lower levels of the public service, in the provinces and in particular technical sectors, departments and functions. Most observers pointed to excellent but overworked staff at the top of many public agencies followed by 'missing middles' that constrain the progress of work, resulting in poor policy execution and a recurring demand for technical assistance.

#### *The state of the education system*

People interviewed were of two minds about the relationship between the performance of the education system and the emergence of public sector capacity in the country. On the one hand, the almost total destruction of the education system in the late 1970s and its resurrection in the 1980s and '90s represents a significant achievement for Cambodia.<sup>17</sup> On the other hand, the knowledge and skills of graduates coming out of the present system remains inadequate to meet the needs of a modern public service. The implication here is that the reform of public institutions will not be a narrowly-focused technical

---

<sup>16</sup> Outside readers may not be familiar with the scale and effects of these events. In the case of the Ministry of Agriculture, Fisheries and Forestry, for example, the pre-1975 staff of about 1000 professionals was reduced to four still on staff in 1979. In addition, most of the physical infrastructure was destroyed and almost all records, i.e. the memory of the institution, were also eliminated. Similarly in the Ministry of Land Management, only three (3) land specialists remained.

<sup>17</sup> According to one estimate, a small group of Cambodian officials managed in the period 1982-1987 to have about 9000 schools built to replace those destroyed in the late 1970s.

issue. It will instead need support from a wide array of Cambodian national development activities.

### ***Incentives and Motivation***

The issues of public sector pay, incentives, retention and motivation are a constant topic of discussion in Cambodia. Simply put, the RGC still remains unable to pay most of its staff a living wage leading to the usual patterns of absenteeism, rent-seeking and lack of motivation. Cambodians interviewed were therefore anxious to distinguish between the underlying potential national capacity versus the current actual levels of public sector capacity. Their sense was of considerable competencies and even capabilities within the country that are under-utilised. Part of the explanation appears to be that the lack of rewards and support within the RGC discourages productivity and innovation and encourages conformity and risk-aversion.<sup>18</sup> Good people with marketable skills end up leaving the service. The challenge within the public service is as much about creating conditions for capacity utilisation and retention as it is about its development.

### ***Lack of Demand-Side Pressures***

Not surprisingly, the Cambodian public sector is not yet subjected to a good deal of demand-side pressures for improved capacity and performance from citizens, civil society groups or private firms, although as earlier noted, there is evidence of new drivers of change pushing for greater performance and accountability. The issue of limited trust in public institutions remains an issue.<sup>19</sup> An additional consideration is the perception of the role of the public service. Traditionally for many Cambodians, there may not be any expectation of delivery of public services from the state and recourse to a patron therefore remains the preferred way to “get things done”. This reinforces the patron-client system at the expense of public sector reform.

### ***Power and Interests***

The public sector in Cambodia incorporates within itself a variety of diverse groups whose interests need accommodating. Part of this pattern has to do with the relationships between the ‘formal’ and the ‘informal’ worlds in the public sector pushing for conflicting objectives. Incentives for senior managers to manage for improved performance let alone more effective capacity development are mixed at present. It also results in a public administration system that is highly politicised, opaque and which displays features of being at the same time both centralised and fragmented reflecting different pockets of power and interest. In practice, the shift of the public sector to a more formal, merit-based, performance-oriented approach is one that will likely take decades to reach a critical mass if patterns in other low-income states are indicative.

---

<sup>18</sup> We also heard the view that the incentives issue is discussed too much from the perspective of the formal system and that other patterns of informal rewards need to be taken into account.

<sup>19</sup> See *Cambodia: Sharing Growth, Equity and Development Report 2007*, report prepared by the World Bank for the Cambodian Development Cooperation Form, June 2007 p. viii.

### *Approach to public sector reform*

Collaboration between the RGC and its development partners on a comprehensive approach to public sector reform has been slow to develop. Most joint activities are currently focused on specific aspects of the public sector such as decentralization or public financial management. We do not see an integrated comprehensive strategy to public sector reform as being feasible in the current Cambodian context in the near future. Such an approach is likely to be too unwieldy, too reliant on complex coordination and too vulnerable to diversions and capture. What seems more promising is a slowly emerging combination of initiatives that over the medium and long term, could add up to a critical mass of new capabilities and behaviours. This more incremental style would entail more experimentation, and more unplanned evolution toward improved capacity. What also seems likely is the emergence of what have been called ‘interim institutions’, i.e. institutional and organizational arrangements that are good enough to sustain progress without having to resolve complex issues of coordination and comprehensiveness.<sup>20</sup>

## **4. The TC “System” In Cambodia**

“Systems’ come in many forms and patterns of behaviour. Some ‘hard’ systems may be tightly connected and controllable from a single source. In contrast, ‘soft’ systems such as the TA system in Cambodia can form in a society and operate as a complex adaptive system with the following characteristics.

- It contains a large number of actors few of whom have any hierarchical relationship. It is loosely connected by an acceptance of a loose set of boundaries and general objectives. Such a system also has an almost infinite number of interactions amongst these actors.
- There is no one centre of control and authority. Most interactions take place on the basis of negotiated relationships.
- Change takes place partly through intentionality but also through the self-organization of the system itself. Most of the change will be emergent and unplanned. Multiple interventions will take place simultaneously at multiple points.

---

<sup>20</sup> “In a number of cases, progress in Cambodia has been achieved in an enclave, in the hope of developing robust institutions and later building outwards rather than through an attempt to implement a comprehensive across-the-board reform of institutional arrangements”. *Cambodia: Sharing Growth*, p. xvi,

## 4.1. History and structure

As discussed earlier, the TC system in Cambodia has evolved out of a combination of usual influences that can be found in most low-income countries plus a set of Cambodia-specific challenges that have put a premium on customized solutions to the design and management of TC.

- The history of the TC system in Cambodia influences its present behaviour. Most development partners arrived in large numbers and at around the same time in 1994. At that time, few Cambodians had much experience in dealing with aid management. The RGC itself had little capacity compared to countries such as Viet Nam, to deal with such a rapid build up of development assistance. External direction, supply side interventions and Cambodian compliance thus characterized the first decade of TC and set a pattern that continues to this day.
- The TC system today is comprised of thousands of actors both individual and organizational in a variety of countries. This includes all the usual participants within Cambodia such as RGC departments, consultants and contractors, embassies and development agencies and so on. But it also includes actors in other countries whose behaviour and decisions affect the workings of the TC system in Cambodia, We are talking here about the headquarters offices of the development partners from Tokyo to Washington, policy and research groups working on Cambodia and external coordinating groups such as the Development Assistance Committee of the OECD in Paris. Using the current fashionable language, TC in Cambodia is part of a large complex adaptive system with elements or components interacting with each other.
- Most of the relationships amongst these actors, (e.g. between development partners or between government departments) are non-hierarchical. Most activities thus depend on some sort of shared purpose and collective action to make TC interventions more effective. And yet the varied interests, incentives, styles and policies of both the RGC and its development partners make such collaboration difficult to achieve and to sustain. Renewed efforts to do that have recently centered around the Harmonization and Alignment agenda coming out of the Paris Declaration. We try to build on that emerging platform for collaboration later in the report .
- Not surprisingly, the structure of the TC system and indeed most of the development assistance provided to Cambodia has fragmented into hundreds of projects, programmes and project implementation units (PIUs), a pattern that has led to duplication, high transaction costs and a lower level of aid effectiveness.<sup>21</sup> Not all of this fragmentation is dysfunctional given the need for Cambodia to deal directly with

---

<sup>21</sup> See the 2007 *Cambodia Aid Effectiveness Report* for further details on aid modalities and the way external resources are distributed across sectors.

some development partners. But the diversity and lack of coordination beyond a certain point has not been productive.

- As a response to this situation, the RGC and most of its development partners are trying to introduce more collaboration and coherence into the operation of the aid system.<sup>22</sup> Specific changes include the use of sector-wide approaches (SWAPs), some budget support, pooling arrangements, and specific mechanisms to encourage joint action such as a series of technical working groups.<sup>23</sup> Both the RGC and its development partners are making serious efforts to implement the provisions of the Paris Declaration where possible and appropriate.

### **Box 2: The Agriculture & Water Sector**

Responsibility for the agriculture and water sector is shared by the Ministry of Agriculture, Fisheries and Forestry, and the Ministry of Water Resources and Meteorology. The sector remains highly fragmented with some 16 development partners financing a reported 58 projects. Efforts are being made to improve the management of the sector but progress has been slow. The challenge of coordination is made more difficult because there are two ministries involved, while development partners do not necessarily share a common agenda.

- A common strategy has however recently been put in place although there is some concern that the two ministries are not providing the necessary leadership in the process, reflected in difficulties in getting the TWG to function effectively.
- That said, a Statement of Principles signed by the two ministries and ten development partners in 2007, provides a basis for making the HAR agenda operational at the sector level, marking the beginning of a process.
- Signatories have agreed that all new and existing funding will progressively be aligned to the common strategy. This will require collective action to translate sector priorities into a set of 5 national development programmes.

The capacity challenges facing the two ministries are similar to other parts of government.

- Progress is being made to develop key technical skills at headquarter and provincial levels, making up for the complete loss of skills and organisational memory during the 1970s. But staff lack experience.
- Poor pay results in low productivity and rent-seeking behaviour, including staff looking for opportunities to work on development partner financed activities. There is for now no harmonised and coordinated salary supplementation scheme.
- The lack of progress in harmonisation and alignment means that almost no TC is reportedly coordinated, and there is no capacity development plan or strategy in place for the sector.

---

<sup>22</sup> The RGC has made genuine efforts to induce more collaboration and coordination. See, for example, RGC, *Strategic Framework for Development Cooperation Management*, January 2006. *RGC's Action Plan on Harmonization, Alignment and Results*, 2006-2010. These documents can both be found on the website <http://www.cdc-crdb.gov.kh>

<sup>23</sup> The CDC estimates, for example, that about USD 30.0 million out of USD 690.0 million currently goes to budget support. As this figure increases starting in 2008, this will provide a strategic opportunity for RGC to identify and finance its own TC requirements.

## **4.2. The Behaviour And Outcomes Of The Current TC System**

Given this history and structure of the TC system in Cambodia, what have been the effects on its behaviour? Can we see some broad patterns that have shaped the outcomes of most TC interventions?

### ***Capacity Substitution and Gap-filling***

The initial priority for both Government and its development partners in the post-conflict period starting in 1994 was to rebuild the basic functioning of the Cambodian state beginning with the provision of basic services and core departmental functions. These objectives combined with Cambodia's own lack of capacity led directly to patterns of capacity substitution, gap-filling and enclave approaches to aid delivery that have, by and large, persisted to this day. Shifting out of that pattern, where possible, has now become a key objective for the RGC.

### ***Product over Process***

This trend induced another expected pattern, i.e. an emphasis on product and action over process and capacity development. In practice, the behaviour of the TC system began over time to repeat its behavior or 'trap' itself, i.e. development partner control leading to a continuation of capacity substitution leading to unsatisfactory progress on capacity development leading back to more capacity substitution. Lack of capacity became a self-fulfilling prophecy. Emphasis was given to ensuring adequate capacity for project implementation rather than the broader goal of developing the capabilities needed by government departments to carry out their mandated functions.

### ***The rise of the brain drain***

The organizational and programming needs of the development partner community that grew up in Phnom Penh also tended to reinforce this system behaviour by attracting talented Cambodians at salary rates that the Government could not match. In effect, a substantial amount of Cambodian capacity – the very people in the key middle levels of the public service who would be responsible for implementation - drained out of the system either to part-time private sector work or to international organizations leading back again to more capacity substitution.

### ***The barriers to Cambodian ownership***

The Cambodian Government was not in a position to impose discipline and a coherent direction on the behaviour of the TC system. Part of the explanation for this pattern was the difficulties Government faced in generating and operationalizing its ownership. This lack of 'ownership capability' resulted in other familiar patterns, i.e. a tendency for Government disengagement and compliance, continued donor-led control of projects and

programmes and a growing fragmentation of development interventions.<sup>24</sup> Such trends were not unique to Cambodia and reflect the capacity challenges in almost all low-income states.

### **Box 3: The Issue of Cambodian Ownership of Development Interventions**

Many factors appear to influence and shape the state of Cambodian ownership and commitment, not all of which can be easily understood by its development partners. In the interviews, the following were cited as key particularly in combination.

- the attitude of key individuals within the Government responsible for programme delivery
- the process used by development partners to ‘design’ an intervention, often informed by organisational guidelines and formal requirements of the donor HQ
- the complexity of the intervention and the range of groups that are expected to have some sort of ownership
- the opportunity for Cambodian officials to understand the implications of a project or programme
- the space for Cambodian participation and control
- the degree to which an intervention actually addresses issues of genuine interest and concern to Cambodians
- the way in which the expected benefits of the intervention will be distributed within both the formal and informal systems within Cambodia

### ***Compliance and tolerated TA***

Officials in the RGC almost invariably did not refuse external offers of TA personnel including those that they suspected might be unnecessary or dysfunctional. This appears to have led to a good deal of ‘tolerated’ TA which critics maintain has absorbed too much of Cambodia’s ODA allocation. In our discussions with both Government and development partners, a variety of explanations were offered for this pattern of behaviour (see box below).

### **Box 4: The Dynamics of Cambodian Compliance**

Both Cambodian and external officials interviewed for this report gave a variety of reasons for the willingness of the Government to accept and ‘tolerate’ TA personnel that it might not want or intend to support.

- The assumption that some dysfunctional TA is better than nothing assuming that it comes with associated resources such as possible salary supplements, operating costs and office equipment.
- A lingering Cambodian concern about the risk of international isolation and losing development funds to countries such as Viet Nam or China if it were to say “no”.

<sup>24</sup> For an analysis of this pattern, See Eva Mysliwiec, *Envisioning a New Paradigm of Development Cooperation in Cambodia*, CDRI, February 2004. See also the discussion on donor fragmentation in the CRDB/CDC 2007 *Report on Aid Effectiveness*.

- The expectation of senior managers in the Government that those below them at the operational and negotiating levels must maintain the flow of external resources. Few RGC managers have any incentives to ‘fail’ to obtain more external resources.
- A reciprocal pattern of behaviour on the part of junior officials who may be negotiating an aid package to finalise the agreement ‘at any cost’ in order to secure the resource flow to the ministry.
- An overall decision in the Government to accept unwanted aid in order to maintain a set of broader relationships particularly with multilateral institutions.
- The difficulty for Cambodian managers to predict exactly which TC interventions will work and which will not given the control of development partners over the data and appraisal process.
- The lack of capacity and skills of line agencies to negotiate effectively with development partners. Central agency staff find it difficult to refuse assistance at the end of the negotiations.
- The unwillingness of some development partners intent on supporting a certain project or programme to accept Cambodian lack of enthusiasm, as a sign of future lack of ownership.

### ***The behaviour and contribution of implementers***

Such participants such as private firms and consultants - the fourth world described above – have had, for the most part, weak incentives to focus on capacity issues. First, they appear to have been reluctant to devote much ‘billable’ time to capacity development given the ‘product’ focused nature of most contracts and reporting systems. Few firms, for example, believed they would be fully compensated for work in these ‘grey’ areas of process and facilitation unless fully sanctioned by development agencies. And second, few TA personnel have had the skills to do both product and process work effectively.<sup>25</sup>

### ***Lack of commitment to Capacity Development***

The espoused commitment to CD on the part of RGC and DPs has been a modest one for a variety of reasons. But we would emphasize here that this level of commitment to capacity development is not the direct outcome of individual participants deciding to ignore capacity issues. This lack of sustained engagement has been kept in place by a variety of forces in the TC system. First, there has, for example, been a genuine and continuing need for capacity substitution. Simply put, Cambodia still requires a good deal of TA personnel to do direct implementation. In this sense, the conundrum of balancing short term delivery versus long term capacity development in a capacity weak environment still exists.

Second, many Cambodian officials are anxious to maintain their access to such additional support. Technocrats, in particular, have few incentives to refuse such offers given the overwhelming constraints and challenges that characterise the public service, and are

---

<sup>25</sup> Several agencies remarked on the difficulty of finding people who combine the right mix of technical and process skills, and many candidates have had to be rejected. The selection of candidates on the basis of CVs alone is inadequate, yet continues to be the most widely used approach. The importance of communication skills and sensitivity to local practices was emphasised on many occasions. It was remarked that much of the potential value of TA knowledge is “lost” due to language difficulties.

only too happy for a pair of helping hands who not only provide useful technical inputs but can also serve as a bridge or intermediary to the ‘donor world’. And third, the development partner community faces weak incentives to make the transition to more ‘indirect’ forms of assistance, especially in a climate of risk-management and widespread concerns over corruption and lack of transparency.

We could also add other logistical and methodological constraints. For example, the ‘techniques’ of capacity development in areas such as appraisal, design, monitoring and evaluation remain either unfamiliar or untested. Few development partners or RGC departments have expertise in place to provide guidance in these areas. The tangible costs of capacity investments appear at the outset of implementation. But the intangible benefits usually emerge in the medium and longer-term when most of the original participants have moved on and have no chance to receive whatever credit is forthcoming. A genuine focus on capacity issues also fits uneasily within the conventional emphasis on achieving tangible results in the short term.

### **4.3. The emergence of good practice in TC**

Most of the analysis in the previous section emphasizes the downsides of TC practice in Cambodia and the factors that have tended to lock them in place. But we need to present some balance in this picture. As we mentioned earlier in this report, Cambodia as both a country and a state has made significant progress in rebuilding its institutions over the last almost three decades. Development partners have also tried to move beyond conventional approaches to TC design and management. The result is an emerging pattern of country-development partner collaboration that shows progress in developing capacity.

The one most cited in the interviews in Phnom Penh was that of the Public Financial Reform Programme. The box below sets out its key features and the particular reasons for its effectiveness to date. A special feature is the degree of harmonization and alignment that underpins the programme even among development partners who are not a formal part of the ‘pooled’ programme.

#### **Box 5: Towards Effective Capacity Development – the Public Financial Management Reform Programme (PFM)**

The PFM reform programme is widely regarded in Cambodia as an example of good practice in terms of setting standards for supporting reform and developing capacity through the harmonisation and alignment of aid behind a country driven programme. Important features of the PFMRP include tackling the challenges of coordinating TC inputs and of avoiding parallel project implementation units.

**Key features:**

- There is a single programme under country management (Ministry of Economy and Finance (MEF)) that provides the framework for aligning DP support and working through national systems. There are no PIU structures. It is viewed as a long term reform process that will be implemented through a number of phases.
- A technical working group (TWG) comprising RGC and DPs oversees and monitors the implementation of the reform (although implementation itself is the sole responsibility of the MEF). It has established partnership principles that spell out rights and responsibilities of RGC and DPs in line with Cambodia's harmonisation and alignment agenda and action plan.
- Five DPs channel their resources through a World Bank Trust Fund, from which technical cooperation services can be financed. Eight other DPs, whose rules and procedures preclude participation in a pooling arrangement have aligned their project support to the PFM programme and participate in the TWG. This helps to avoid unilateral decision-making and action.
- The Economic and Finance Institute (EFI) has been appointed the focal point for capacity building and is mainly responsible for the provision of training to Ministry personnel. Meanwhile the TWG has appointed a sub-group to assist in developing a more comprehensive capacity development strategy that takes account of organisational and policy issues. This will provide a stronger basis for determining TC inputs based on a common assessment of need. Discrete TA personnel inputs have already been identified within the PFM workplan and potential funders of these inputs identified. Proposals to mobilise TA are expected to be reviewed during TWG meetings. TA recruited in the framework of the basket fund is recruited by the MEF and is fully accountable to the Ministry.
- Rather than posting a long-term resident advisor, a part-time advisor provides support to the reform management team, which is fully responsible for the implementation of the reform.
- All the partners declare and discuss the costs, placement and numbers of all externally-supported TA.
- A harmonised merit-based pay supplementation scheme (MBPI) has been introduced as an integral part of the reform programme, as a medium term solution to attracting and retaining qualified personnel to carry forward the reform process.
- There is a single reporting framework that is based on Joint Monitoring Indicators.

**Why it seems to work:**

- The sector is relatively "un-contested", there being a shared commitment on the part of RGC and DPs to reform the public financial management system, especially the current phase that focuses on revenue generation.
- Cambodian managers are determined to reach internationally accepted standards of financial management.
- The lead Ministry (MEF) has access to highly qualified personnel at senior levels (vast majority hold first degrees), enabling the Government to take leadership and management of the reform process, and ensuring effectiveness of TWG.
- The process of reforming the PFM system, while likely to be resisted by some groups, is otherwise a comparatively technical activity that can be guided by internationally recognised good practice.
- The focus of the programme is on the MEF which is a relatively small institution, with clearly defined roles and functions and which is mainly Phnom Penh based.
- As a key agency of government, MEF carries the authority and legitimacy to carry forward its reform agenda including provision of merit-based salary supplementation scheme.
- Both RGC and DPs have learned from past practice in particular the short-comings of a previously highly fragmented TCAP programme which lacked RGC ownership and a common / shared strategy and vision.

Effective approaches to TC design and capacity development require increasing flexibility and responsiveness to changing Cambodian needs. One of the better examples of this practice in action is that of the Flexible Support Fund for the Criminal Justice Sector. Box 6 box below outlines this programme.

**Box 6: The Flexible Support Fund in the Criminal Justice Sector**

The RGC and AusAID have created a Flexible Support Fund (FSF) under the Cambodia Criminal Justice Assistance Project (CCJAP). Australia's assistance to the sector is guided by a strategic framework, which outlines the jointly agreed directions for the programme, while leaving flexibility to respond to the changing needs on the ground.

The main purpose of the FSF is to allow flexibility in the allocation of funds and to promote partner government involvement in decision making over resource allocation. The fund supports the mobilisation of technical assistance and capital works.

The fund has also been designed to allow for financial contributions from other donors in the sector, who are interested in moving into a more harmonised approach that is aligned with the objectives under RGC's legal and judicial reform strategy. It can also disburse grants to non-government organisations who are working alongside government to support the criminal justice system.

The allocation of FSF resources is decided through a National Management Board, chaired by the Ministry of Interior, with the Ministry of Justice and the Council for Legal and Judicial Reform Project Management Unit as deputies. Contributing donors are included on the executive membership.

Requests originate through the counterpart agencies and the final proposal is developed in close consultation with the component adviser. There are long term advisors within the Ministry of Justice, the Cambodia Council for Legal and Judicial Reform PMU, the Cambodian National Police, the General Department of Prisons and for Crime Prevention and Community Safety to support an integrated justice approach. The procurement and mobilisation of technical assistance is supported by the project team in close consultation with counterparts.

We mentioned earlier that development assistance to Cambodia continues to have a high proportion of TA personnel. While existing incentives for development partners do act to maintain these levels, it has proved possible for some development partners to reduce this proportion substantially. One example is that of DANIDA whose recent experience is set out below in Box 7.

**Box 7: The evolution of the DANIDA programme in Cambodia**

During the period 2000-2005, the DANIDA programme in Cambodia relied to a large extent on the use of external TA both long and short-term. A programme review calculated that between 40-50% of all disbursements went to cover TA costs on activities such as the Natural Resource Management and

Livelihoods Programme<sup>26</sup>. A new approach began to be formulated in 2006 which aimed, amongst other objectives, to cut the level of external TA. A subsequent programme design of the above programme reduced TA to less than 10% of the total budget by moving to direct investment support, the use of local commune councils and Cambodian TA.<sup>27</sup> The decentralized field office of DANIDA and the encouragement of the new approaches accounted in part for this major change in programming.

A particular concern noted in the 2007 Cambodia Aid Effectiveness Report was the broad spread of development partner portfolios across different sectors, which has exacerbated the problem of fragmentation. EU member states are now staking steps to reduce the number of sectors they engage in, as illustrated in Box 8 below.

**Box 8: EU member “Road Map” for Increased Aid Effectiveness in Cambodia**

The "European Consensus on Development" of December 2005 states that the EU will take a lead role in implementing the Paris Declaration commitments on aid delivery and that the EU will advance co-ordination, harmonisation, and alignment, while encouraging partner countries to lead their own development process and supporting a broad donor-wide engagement in national harmonisation agendas. The Consensus provides for the establishment of flexible road maps setting out how EU donors can contribute to countries' harmonisation plans and efforts.

A road map has been prepared among the EU member states providing support to Cambodia. It contains a list of principles and actions. Actions include holding monthly meetings to discuss strategic matters relating to aid in Cambodia, whenever possible, jointly carrying out activities such as diagnostic studies, project identification and appraisal and M&E, and establishing mechanisms for accelerated coordination and harmonisation in selected sectors.

More specifically, member states have agreed to limit their individual involvement to no more than three sectors. This is in response to the concern that too many development partners are involved in too many sectors causing excessive fragmentation of effort. The limitation of each agency to three sectors is expected to reduce the total number of projects, while facilitating harmonisation and alignment behind government strategies. It should also enable each agency to focus on those sectors where they have expertise, whilst in other cases, it may offer opportunities for sharing expertise. It also provides opportunities for DPs to practice delegated cooperation whereby the funds of one agency are entrusted to another agency to implement using the lead agency's procedures.

These actions should have a knock-on effect on technical cooperation resulting in more rationalised allocation of resources and reducing the total number of TA personnel as well as separate training programmes. It should also facilitate efforts to rationalise parallel salary supplementation schemes.

Meanwhile the European Commission is taking steps to reduce the number of parallel PIUs as described in Box 9 below.

<sup>26</sup> See *Lessons Learned from the Natural Resource and Environmental Programme*, Royal Danish Embassy, June 2007.

<sup>27</sup> See *Natural Resource Management and Livelihoods Programme Document*, 2006-2010, Danish Ministry of Foreign Affairs, April 2006.

#### **Box 9: Reducing PIUs – European Commission Delegation Experience**

In the past the ECD has been one of the main users of parallel PIUs. This is now changing. At least two factors are contributing to the reduction in the number of PIUs.

*Revised Financial Regulations for Project Aid* - New financial regulations were introduced in 2003 that require expenditures to be authorised by civil servants, and not by a contracted third party. As a result, there has been a shift from using parallel PIUs to manage projects to embedding TA within government departments to work along side civil servants in preparing work plans and Terms of Reference. However, because of the weak PFM system, responsibility for procurement and financial management is retained by the Delegation's contracts and finance unit.

*Shift towards sector and General Budget Support* – An increasing proportion of EC aid is now allocated to sector and general budget support. Project aid will become the exception rather than the rule. This will have a major impact on the total number of projects being financed and in turn the number of project implementation units required. In Cambodia for instance, between 20 and 30 % of support is being provided in the form of sector budget support to the education sector, while approximately 32 % of support could be provided in the form of general budget support. While a portion of budget support funds will be earmarked for TA, posts will be embedded within government departments.

#### **4.4. The current state of evolution of the TC system**

It may be useful to look back for a moment at past analyses of the evolution of the TC system. In early 1995, a report by the World Bank suggested a TC strategy for Cambodia that would evolve through three overlapping but sequential phases.<sup>28</sup>

- a 'prerequisite' phase in which substitution TC would be used mainly to focus on the implementation of specific technical tasks rather than on the longer-term goals such as strengthening Cambodian capacities. This initial phase was projected to last from approximately 1995 to late 1998.
- a 'capacity building and institutional development' phase beginning in early 1999 would emphasize going beyond post-conflict work and helping Cambodia to develop the key institutions and organizations it needed to sustain its development.
- a 'consolidation' phase that would see the government of Cambodia managing the choice and deployment of all its TC requirements.

An analysis in 2002 took the view that 'the problem of this particular aid-dependent economy (i.e. Cambodia) is that it has become stuck in the prerequisite phase of technical

---

<sup>28</sup> World Bank, 1995, *Cambodia: rehabilitation program: implementation and outlook*, report for the 1995 ICORC Conference

assistance'<sup>29</sup>. The idea was that the TC system had become caught or trapped in a recurring pattern of behaviour beginning in 1994 and extending to a greater or lesser degree up to the point of analysis in 2002 or four years beyond the original World Bank estimate. Much of this pattern was not unique to Cambodia and reflected the genuine difficulties that arise in dealing with aid-dependent states with low initial levels of capacity<sup>30</sup>

Many of the same patterns of TC outcomes evident in 2002 are still in place in 2007. But unlike 2002, we can now see evidence that changes in the behaviour of both the RGC and the development partners are beginning to shift the TC system towards improved coordination and an emphasis on capacity outcomes. Cambodian officials, for example, have become better able to manage external TC and to impose their own agenda on the programmes of development partners. The absorptive capacity of the RGC seems better in 2007 than five years ago. And development partners are also making much greater efforts to collaborate amongst themselves and support Cambodian objectives.

There thus appears to us to be three basic options available to the RGC and its development partners in improving the outcomes of the TC system.

- The *first* is to accept that the TC system is still “trapped” in a post-conflict mode of functioning and will need some dramatic actions to get it to shift to the capacity building and institutional development phase talked about in the 1995 Bank analysis. The ‘window of opportunity’ may still not yet be open in a serious way.
- The *second* option is based around the idea that the TC system has begun to shift in noticeable ways. The chances of moving beyond capacity substitution in a major way are promising. However, there still needs to be both sustained individual and collective efforts on the part of country actors and development partners to carry the change process forward.
- The *third* option is to take the view that the TC system is well on the way to achieving a new level of capacity development outcomes and does not require any special collective interventions to further advance the process.

Based on our exchanges with representatives of RGC and development partners, we believe that the second option most accurately responds to the current state of evolution of the TC system. First, we see the aid relationship maturing on both sides leading to better understandings and more effective co-ordination mechanisms such as the TWG/GDCC, the CDC and its various products and services and the shifts to programme-based approaches. Second, we also see the RGC developing the skills and confidence to provide greater leadership as evidenced by the formulation of a National Strategic Development

---

<sup>29</sup> Godfrey, M., et al ‘Technical Assistance and Capacity Development in an Aid-Dependent Economy, The Experience of Cambodia’ *World Development*, vol. 30, 2002, p. 370.

<sup>30</sup> ‘Donor or supply-driven nature of technical assistance which has led to excessive use, inefficient allocation, weak local ownership and hence limited commitment’ Elliot Berg, *Rethinking Technical Cooperation*, 1993, p, 246

Plan, the formulation of various sector strategies and the disciplined implementation of the PFM reform.<sup>31</sup>

What needs more systematic attention is a third element outlined in the 1995 Bank study referred to earlier, i.e., the continued guiding of the TC system to focus more directly on capacity development. The recommendations that follow are thus made from the perspective that a special effort is required on the part of RGC and development partners to build on current efforts to reform the TC system in Cambodia as part of an overall effort to strengthen the capacity of the Cambodian state.

---

<sup>31</sup> See also the *Strategic Framework for Development Cooperation Management 2006-2010* also on the CDC website.

## **5. Recommendations For Action**

### **5.1. General principles**

Before moving on to the recommendations, we set out below some principles for improving the outcomes of the TC system which influence the choice of the more operational recommendations.

#### ***The continuing effort to rebalance the aid relationship***

Both the RGC and development partners are shifting their roles and relationship over time. The RGC will need to continue to build its capability to exercise more direct ownership and control over the operations of development interventions. Development partners will need to shift over time to a more indirect role supporting the efforts of the RGC. An implication of this rebalancing will be the need to put country ownership, motivation and capacity development at the heart of all TC interventions.

#### ***The need for capacity development to be a shared priority***

We pointed earlier in this report to the ambiguous commitment of both the RGC and its development partners to the practice, as opposed, to the general idea of capacity development. In the future, both sides will need to be clearer about the consequences of making a serious commitment to capacity issues and be prepared to deal with them when they appear. The Joint Monitoring Indicators (JMIs) may provide an appropriate vehicle to detail mutual commitments and responsibilities designed to support capacity development in key sectors through the use of technical cooperation.

#### ***An emphasis on TC Quality***

As stated earlier, the comparatively high proportion of TC to overall aid in Cambodia – estimated at close to 50% of ODA - has raised concerns about the effectiveness of TC as an instrument of capacity development. While this figure is undoubtedly high we do not see the arbitrary eliminating of TC interventions as useful. A more effective approach in our view would be to address the issue of TC quality which, in turn, should induce levels of TC to fall.

#### ***The need for a collective commitment to reform the TC System***

The initiative of the CDC and its development partners to commission this review of TC underscores the emerging collective commitment to improve the effectiveness of TC as part of the wider aid effectiveness reform agenda. We believe this is a genuine opportunity. The findings and recommendations of this report, together with on-going initiatives managed by CAR and other national work, for example by CDRI, should serve as inputs for stimulating a process of dialogue and action among the RGC and its

development partners. As with any change process, the reform of the TC system will need to be carefully managed. Stroke-of-the-pen decisions will not likely contribute much. A broad set of stakeholders needs to be brought on board to contribute to the reform of the system.

### ***The need for a wide range of changes and improvements***

The reform of the TC system is a concerted undertaking comprising a broad range of actions some of which can be tackled in the short term, others that require a longer term perspective. Some actions can be tackled by individual agencies responsible for programming TC activities or even by the individuals directly involved in TC work. These are necessary but by no means sufficient. There are also some systemic and structural challenges to address that will require a more concerted effort on the part of the RGC and DPs. While some of these can be addressed at the country level, there are others that demand a response from, for example, the headquarters of development partners. The on-going global aid effectiveness dialogue, and in particular the forthcoming Accra High-Level Forum and the associated global TC study, provide an opportunity to discuss donor policies on TC provision and management.

### ***The avoidance of development dogma and preselected solutions***

A message repeated on numerous occasions by Cambodian interviewees was that the process of improving the results of the TC system should be a pragmatic one that takes account of country realities. Development dogma, donor fashion and “one-size-fits-all” solutions should be avoided in favour of carefully crafted approaches that recognise the opportunities for, but also the challenges to, change. The Paris Declaration and the wider aid effectiveness agenda can provide an important point of reference for undertaking reforms but its implementation needs to respond in varied ways to Cambodian conditions. These variations manifest themselves between and within sectors and across government departments at the central and local levels. Being adaptable and contextually sensitive is important in order to ensure that a shared agenda emerges that enjoys the commitment and support of all parties involved.

### ***The recognition of the limits of Technical Cooperation***

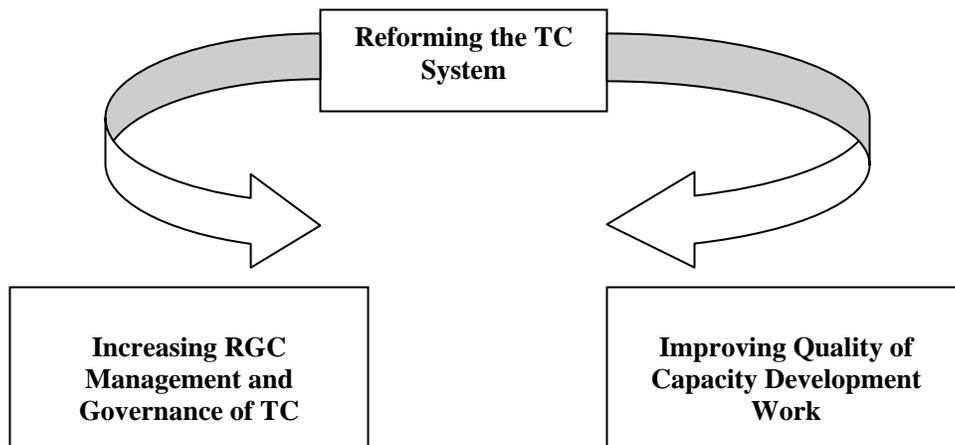
TC can serve as an important tool and catalyst for supporting country-driven CD processes. However, it can never be the main driver of capacity development, and cannot substitute for local initiative. In this regard, it is important to acknowledge the limitations of TC in influencing complex domestic change processes. Expectations regarding the effectiveness of TC in developing capabilities of state institutions need to take account of this fact. The production of any national, sectoral or programme document related to TC must therefore make explicit reference to the important but limited role that TC can play in the broader effort to build, develop and sustain capacity, as well as to identify other contributory factors that will influence capacity development in a particular context.

### *The need to develop the capacity of development partners*

Most analyses of TC focus on the need for country governments to change. Fewer deal with the need for international development agencies to rethink their behaviour, structure, incentives, staffing and systems. Implementing many of the provisions of the Paris Declaration itself will require Cambodia's development partners to adapt to new demands and circumstances.

The following recommendations for reforming the TC system in Cambodia are divided into two distinct but related parts:

- The *first* part focuses on ways to improve the **management and governance** of technical cooperation. The recommendations closely follow Cambodia's on-going harmonisation, alignment and results agenda and seek to enhance the efficient and effective mobilisation and deployment of TC resources under government leadership.
- The *second* complementary part focuses on ways to improve the **quality of capacity development work** undertaken with TC resources. It recognises capacity development as a practice area that is easily taken for granted and that deserves more careful consideration. The recommendations consider ways to enhance strategies and methods of engagement, design considerations and the roles and functions of TA personnel.



## 5.2. The Management and Governance of Technical Cooperation

Ultimately, the key ‘success factor’ in improving the contribution of TC over the medium and longer term will be the intent, engagement and capacity of the Cambodian participants.

### **Box 10: Why Country Management is Important<sup>32</sup>**

There are good reasons why countries should be in charge of TC management. It will enhance country ownership and commitment, and contribute to greater effectiveness by:

- Giving greater space for the market to match supply and demand.
- Better reflecting the priorities and interests of the partner country, and avoiding being donor driven/imposed, that can often lead to unwanted or “tolerated” TC.
- Helping to mitigate the perception of TC as a free good that discourages critical appraisal of potential costs and benefits.
- The absence of transparency on the part of development partners regarding in particular TA personnel costs, and the lack of opportunity for host governments to compare alternatives, constrains informed decision-making on the part of the host country.
- Normalising patron-client relations, that are distorted by having in effect two clients and simplifying accountability relationships related to supervision, monitoring and evaluation.

For this objective of country management to come about, two conditions need to be in place.

- The Government must see the value of TC reform and must work over time to encourage it. A number of development partners emphasised the importance of RGC taking the lead to energize such an effort. They saw it as counterproductive and inappropriate for development partners to lead the TC reform agenda in a serious way.
- Development partners must also intervene in ways that specifically encourage the Government to take on this ownership and control. Development partners need to think less about doing and accomplishing and more about helping and supporting.

Widespread agreement exists on the value of country management of TC. What is less obvious is the choice of strategy that should be tried in a particular country to create or strengthen the capacity to achieve that objective. What would appear to be at issue here is the overall capacity of a particular country to manage change in the form of TC management, knowledge accumulation, skill development, negotiations, innovation and constant adaptation. Box 11 below sets out an approach from Botswana in the 1980s.

---

<sup>32</sup> Land, T, 2007 *Joint Evaluation Study of Provision of TA personnel Synthesis Report*, ECDPM Discussion Paper #78

**Box 11: Managing Technical Co-operation in Botswana: Lessons of Success**

According to a World Bank study, public sector management in Botswana is “considered to be one of the most successful in Africa if success is measured by the capacity of a system to formulate and implement effectively strategies and programmes for economic and social development”. This record of performance extends to the management of technical cooperation. Key elements of the Botswana approach are the following:

- The development and personnel requirements for TC are formulated at the macro and sectoral levels rather than on a project-by-project basis.
- TC planning is part of a broader process of planning and budgeting within the Government of Botswana. Most TC-filled positions are thus allocated through a rational process of choice and are expected to be maintained by the Government after the termination of overseas assistance.
- The process of TC management is centralized through the Directorate of Personnel which controls the volume, distribution and skill components of TC in Botswana.
- Systematic manpower planning helps to balance implementation requirements programmes of localization and capacity-building over the longer term.
- TC personnel are placed in professional and technical advisory rather than line positions at the middle levels of government departments and agencies.
- The Government has been able to impose its own priorities on donor programmes and avoid the ‘donor-driven’ syndrome present in other African countries.
- Many TC personnel are accountable to the Government rather than strictly to the donor agency.

*Source: Raphaeli, N. 1987 Public Sector Management in Botswana: Lessons in Pragmatism, World Bank Working Paper*

We think it unlikely that the RGC should go in the short or medium term for the Botswana option, i.e., more centrally managed, more strategic approach to TC management that usually requires the capabilities of a middle-income state to plan and direct. But we think Cambodia should continue to implement the ‘mid-range’ strategy that it has already chosen.<sup>33</sup> This strategy is based on two basic approaches: first, the use of a variety of coordination mechanisms involving both RGC agencies and development partners and second, the improvement of the capabilities of line agencies to design, negotiate and manage TC.

Specific actions to increase the RGC Management and Governance of TC could include the following:

- ✓ Encourage RGC Responsibility for design, procurement and management of TC
- ✓ Reduce Aid Fragmentation through increased harmonisation and alignment
- ✓ Strengthen RGC Capacity for TC management

<sup>33</sup> The CDC website contains a number of documents that outline the present strategy, e.g. *The Government-Donor Coordination Committee(GDCC) and Technical Working Group in Cambodia : A Review*, October 2006, *A Guideline on the Role and Functioning of the Technical Working Groups*, December 2006,

### **5.2.1. Encourage RGC ownership of and control over the the design, procurement and management of TC**

#### *Identification, design and formulation of TC interventions*

Most of our discussions in Phnom Penh highlighted the constraints both the RGC and development partners face in inducing or supplying adequate RGC engagement in the identification and formulation of TC proposals. This pattern has raised the usual concerns about the relevance of donor-driven proposals, the extent to which such proposals are fully internalised and understood by national stakeholders and the extent to which RGC officials at various levels are committed in any kind of serious way to the subsequent implementation.

As mentioned earlier, we do not expect that the RGC can quickly develop the capabilities of the Government of Botswana to guide and shape the design of TC interventions. But we do think that a range of incremental steps can be taken by the RGC to play a more proactive role in project/programme design.

As previously discussed, the progressive shift towards sector wide / pooled approaches should help to ensure that TC proposals link up to broader government-owned strategies, provided that a dedicated effort is made to link the sector programme with capacity and TC requirements. But the real challenge is to ensure adequate engagement in the detailed design of projects and programmes. Possible ways forward include:

In the short-term:

- The provision of funding to RGC departments to hire consultants to assist with the development of project proposals, as per the experience of the Agence Francaise de Developpement (AFD) described in box 12 below. This does not necessarily guarantee effective RGC engagement, but if properly managed can contribute to better definition of needs. It can also address the concern that top personnel simply do not have the resources and time to focus on proper preparation.

#### **Box 12: Start-up fund to facilitate RGC project preparation**

To facilitate RGC participation in the conceptualisation and formulation of project proposals, the AFD has established a fund located at MEF level that can be used by government departments to finance the preparation of project feasibility study in line with the agreed assistance strategy for Cambodia.

Once a request is approved, it is the responsibility of the government department to prepare the Terms of Reference, prepare an invitation to tender, award the contract and supervise the work. The process is therefore entirely managed by the RGC. As funding agency, AFD plays a supervisory and quality assurance role ensuring that rules and procedures are followed. It also functions as the banker and financial controller issuing payments upon instructions received from the client department.

The fund provides a response to the often cited complaint that government departments lack the human and financial resources to adequately prepare project proposals. The fund enables RGC to take initiative in preparing proposals rather than responding to proposals developed by DPs. However, experience suggests that the facility is not always used optimally. Terms of Reference are often not well prepared and require inputs from AFD; the work of consultants is not always well supervised by RGC. The recommendations of the consultants work is sometimes not fully internalised by government officials leading to problems of ownership and understanding.

- The preparation of some guidelines and checklists to help encourage fuller participation of RGC line agencies in the formulation and approval of TC project/programme proposals.
- The improvement of approaches to the diagnosis of needs and design of TC intervention strategies particularly with respect to capacity issues. This is looked at in more detail in the next section on CD approaches.
- The encouragement of RGC – possibly with TWGs serving as a ‘clearing house’ - to play a more active role in appraising proposals for TC against agreed criteria.
- More transparency from development partners about the options, costs and placement of TC. Access to this kind of information could help the RGC to be in a better position to make informed decisions about TC. A menu setting out strengths and weaknesses of the different options as well as the cost implications would be helpful.

In the Medium-term:

- Ensuring that sub-sector strategies and programmes are developed and in place as a framework for detailed TC planning.

### **Box 13: The Use and Abuse of Strategies**

Both the RGC and the development partners in Cambodia seem convinced, at least publicly, about the value of planning as opposed to searching.<sup>34</sup> In many cases, sector strategies did appear to provide a kind of road map or ‘rules of the game’ for all the participants. But other patterns of strategy use and abuse were also apparent. In one ministry, Cambodian officials were reluctant to design and issue a sector strategy apparently on the grounds that it would reduce flexibility and also enable the development partners to be even more intrusive. A number of Cambodian officials also complained that development partners frequently felt compelled to follow their own strategies that guided their involvement in a particular sector.

<sup>34</sup> The idea of ‘planning versus searching’ comes from William Easterly, *White Man’s Burden*, 2006

In the Longer-term:

- Improving the overall planning, monitoring and evaluation functions and related technical capabilities of line ministries to assume full ownership of their portfolio responsibilities. This is however contingent on tackling more fundamental challenges of pay, performance and retention in the public service.

### ***Procurement***

Given current concerns over fiduciary risk and the recognised weaknesses in the public financial management systems in Cambodia, development partners normally carry out the procurement of TC goods and services. The RGC itself appears to accept the advisability of this arrangement. Interestingly the ECDPM study on TA personnel found that, in view of the complexities involved and limited resources, many countries do not insist on taking over full responsibility for procurement given the more efficient and flexible procedures that development partners can offer.<sup>35</sup>

Yet, even where procurement responsibility remains with DPs, there are ways of increasing RGC participation in the procurement process in a way that can contribute to strengthening ownership. This is particularly the case as regards the procurement of TA personnel but can also apply to the procurement of other components of technical cooperation. At a minimum, the RGC can and should:

- Fully participate in the preparation of TORs and or tender documentation.
- Fully participate in review processes and chair review panels.
- Where senior personnel are being recruited to perform key functions, the selection process should go beyond a review of CVs alone and should involve direct interviews in which RGC officials, and other prospective counterparts, are directly involved in interviewing and selection.
- Continue to focus on the broader strengthening of national procurement systems in the context of PFMRP, providing scope to use budget support resources for securing TC support.

### ***Contracting, Management and Supervision***

Options should be explored to increase RGC involvement in the contracting, management and supervision of in particular TA personnel. Doing so will help “rebalance” the two-way relationship between client (i.e.the RGC) and the contractor (e.g. an individual expert or a consulting firm) which is usually distorted by the three-way relationship between contractor, funder and client organisation. Direct accountability should help to ensure a more productive working relationship between the host RGC organisation and

---

<sup>35</sup> Land, T, 2007 *Joint Evaluation Study of Provision of TA personnel Synthesis Report*, ECDPM Discussion Paper #78

expert. And it should encourage the RGC participants to take more ownership of the products and services delivered. Such a reporting arrangement should be an element of the overall management process if partner countries expect to be in charge.

Examples in Cambodia include that of the PFM programme where the MEF is responsible for the contracting and supervision of TA (though mainly short-term), and TA personnel financed by the French AFD, who are formally recruited and supervised by the client ministry. Evidence from other studies also confirms the importance of TA personnel being accountable to the host organisation.

**Box 14: RGC contracting of TA**

Technical Assistance personnel funded by the *Agence Française de Développement* (AFD) are directly accountable to the RGC.

Advisors can be recruited through one of two channels. If an advisor is required for technical services, then usually, TA is sourced through competitive tender. However, rules require that 80% of recruits be French nationals.

If an advisor is required with more administrative background, then TA can be sourced via France Cooperation International (FCI), a quasi public institution that facilitates the deployment of advisors from within France's civil service.

RGC is responsible for developing Terms of Reference, selecting candidates and for the day-to-day supervision and performance review of TA personnel.

Recruitment of the experts are based on a review of CVs (proposed by FCI if channel selected) or through competitive tender in the case of an expert provided by a company.

AFD provides funding, sets the overall conditions of contract, and facilitates the recruitment process. It also performs an oversight/quality control function in particular through a no objection process at the main steps of the recruitment process and in case of major modifications requested by RGC. However it has no contractual or reporting relationship with TA but can provide advice and guidance to both TA and client department on an as-needs basis.

Insisting on accountability to the host organisation does not automatically infer the avoidance of reporting to the development partner. A variety of joint or hybrid mechanisms for accountability are also possible, that reinforce the principle of mutual accountability. An example from GTZ is set out in Box 15 below.

**Box 15: The GTZ approach to accountability and reporting**

GTZ is working to clarify its accountability relationships. Where a project is part financed by the national partner, GTZ will account for its contribution to BMZ but will ensure that this information is

also provided to the national partner. In addition, GTZ will assist the national partner to account for its own input/ contribution to its own national authorities. This constitutes in itself a capacity development exercise. Joint agreement on performance indicators, for example provides a firm basis upon which the partners can share expectations, monitor progress, and review performance.

### **5.2.2 Reducing Levels of Fragmentation through greater co-ordination and collaboration**

As earlier noted, the RGC and its development partners have begun to take steps to co-ordinate support behind country-led strategies and systems. The RGC already has a Harmonisation and Alignment agenda which reflects many of provisions of the Paris Declaration. However, for a variety of reasons, which have already been discussed, the extent and depth of harmonisation and alignment remains limited. Nevertheless, the measured progress thus far achieved represents a major step forward in a longer process of aid reform. These developments carry implications for the effectiveness of technical cooperation and capacity development. Further developments to advance this agenda can be expected to yield a number of benefits, including:

- **Shifting the focus of TC for CD** from developing capacity to implement discrete projects to focusing on broader sector and organisational capabilities that are linked to the mandated functions of government departments and on-going reform processes.
- Providing opportunities for a **more coordinated and integrated approach to the assessment of needs and to the identification / formulation of external TC inputs** behind a sector/sub-sector strategy

#### **Box 16: The “Quadripartite Initiative” in Cambodia**

During the course of 2004, The Asian Development Bank (ADB), UK Department for International Development (DFID), the United Nations system and the World Bank worked together to prepare their new Cambodia country plans/strategies. The initiative produced a common assessment of the country development challenges and risks; created an opportunity to compare programmes, identifying gaps, avoiding duplications and building synergies; reduced transaction costs by holding joint consultation meetings with all stakeholders (government, donors, civil society, and private sector) and future joint monitoring meetings; and last but not least established “partnership principles” in working together and with the government and civil society.

The country strategies are built upon the priorities and analysis embedded in Cambodia’s National Poverty Reduction Strategy and the Government’s Rectangular Strategy, and build on strengths and experience of the individual partners in Cambodia.

- **Reducing the number of separate projects** being implemented each of which requires separate project management arrangements including PIUs and which

generate additional administrative burdens on participating agencies that can easily overwhelm available capacity.

**Box 17: TA to assist Council for Legal and Judicial Reform PMU to improve donor coordination**

The approval in April 2005 of a Legal and Judicial Reform Action Plan, has challenged Development Partners to renew their efforts and commitment to support the RGCs desire to develop and implement a sector-wide programme.

With this in mind, AusAID and DANIDA have mobilised a long term capacity building and aid effectiveness advisor to work with the RGC's Council for Legal and Judicial Reform Project Management Unit. The Advisor's main role is to strengthen the capacity of the PMU to lead the coordination effort - both of donors and between the justice institutions.

By its nature, this is a challenging sector to coordinate. It brings together various government agencies ranging from the police force to the courts, to the prison service. DP inputs have been difficult to coordinate and often the advice being provided has been contradictory or poorly sequenced.

- Creating conditions to reduce the overall volume of TC including of TA personnel by **encouraging pooled approaches** and identifying areas of potential overlap / contradiction.

**Box 18: Potential for Pooling**

Pooling offers a number of potential benefits for the management of TC and can serve as a vehicle for strengthening country ownership and management of TC and for aligning development partner support around national processes. In particular it:

- Offers a way to redress the balance of responsibilities for the overall management of TC and to encourage country ownership.
- Encourages harmonisation and alignment of development partner inputs around a common programme and thereby avoids fragmentation<sup>36</sup>.
- Provides a framework around which to discuss and diagnose capacity needs at a sector or sub-sector level, to consider the potential contribution of TC and to identify appropriate sources of TC. And as funding is not necessarily tied to any one provider, it provides greater flexibility to source TC and consider alternatives.
- Can be used to encourage country partners to assume leadership and to increasingly utilise national systems and procedures for procurement, or alternatively to request development partners to provide TA in-kind or to assist with the procurement process.

<sup>36</sup> For example, where TA personnel is provided by a bilateral agency "in kind" within the framework of a pooled arrangement, then the TA expert will be guided by the overall objectives of the pooled initiative and will also be accountable to the pool members, rather than to the bilateral partner alone.

- Provides a framework to monitor, learn and adapt to emerging needs.
- Encourages greater transparency of costs enabling country partners to make informed decisions.
- Reduces competition between sector advisers – ‘adviser turf wars’ – and leaves RGC to implement CD objectives through a more rationalised and coherent TC arrangement.
- Encourages an important bridge-building and partnership-strengthening approach to the use of TC which is important in the transition to programme-based approaches.

- Enabling TA to more easily **focus on CD objectives** rather than focusing on project implementation or financial control functions, though in practice a mix of functions is usual. This will require that TA is in future selected based on a capacity development profile and proven CD track record, rather than on a more limited range of technical skills. CD must be valued as an area of expertise in its own right; it should not be assumed that a competent technical adviser is necessarily able to work effectively to support CD objectives.
- Providing a basis for less ad hoc and **more rationalised and disciplined approaches to dealing with the issue of salary supplementations** and linking this to broader aspects of human resources management including pay reform<sup>37</sup>.
- Helping to **stem the outflow of capable personnel** from the public service who are attracted to work for DPs as advisors to help implement projects.
- **Encouraging sector ministries to think more coherently about the appropriate roles and functions** of departments and how these can contribute to addressing sector priorities, plans and programmes, rather than functioning as relatively disconnected units that exist de facto to host DP financed projects<sup>38</sup>.

#### **Box 19: The Health Sector**

Health is a large and complex sector that is making strides to improve the internal coordination of functions as well as overall coordination of external assistance. However, it is estimated that there are over 100 projects active in the sector supported by a large number of multilateral, bilateral and NGO development partners active at central, provincial and commune levels.

Although levels of fragmentation remain high, the Ministry of Health and its development partners are taking steps to improve overall sector management. The position of the Ministry is that it wants to accommodate all development partners through a mix of delivery modalities, and therefore supports a flexible approach to implementing the HAR agenda.

- A Health Sector strategic plan (2003-10) has been formulated supported by a combination of basket funding representing some 24% of sector funding and various parallel projects.

<sup>37</sup> It should be noted that efforts to establish an RGC scheme (either Priority Mission Groups (PMG) or Merit-Based Pay Initiative (MBPI) are in place and that some agreement on donor harmonisation has been reached previously.

<sup>38</sup> Projects can of course serve the purpose of piloting and innovation, both of which can be important elements of any capacity development strategy. But too many pilots can easily overwhelm available capacity, and their value will be lost if they are not embedded within the broader sector policy framework, or if there is no mechanism in place to draw out lessons of good practice.

- There is a functioning TWG that builds on a variety of coordination mechanisms that pre-dates the set up of the TWG system. While it is one of the better functioning TWGs, its record in coordinating development partners is mixed.
- The Ministry has now established an international cooperation department to try to better manage external resources. However, much needs to be done to build its relationship within the Ministry and to develop an effective information management system to capture the nature and extent of external resources.

The challenges of developing capacity within the health sector are numerous, ranging from enhancing core functions at the headquarter level through to the management of health facilities and delivery of primary health care services.

- While significant progress has been made to train a cadre of health professionals, government health facilities experience a high level of brain-drain to the private sector as well as to development partner projects. The introduction of a merit-based salary supplementation scheme similar to that of MEF is currently being considered.
- At the senior level, there is evidence of growing confidence and leadership in guiding the strategy of the sector.
- Core functions especially procurement and financial management remain weak and currently, development partner funding remains largely off-budget.
- According to the CDC data, 52% of technical cooperation to the sector is coordinated. However, the Ministry itself lacks an overview of technical cooperation resources supporting the ministry and to date there is no over-arching capacity development plan for the sector.

- Creates the opportunity for the RGC through the **TWG system to assume greater leadership and responsibility for the management of TC resources** as a critical input to organisational and sector level capacity development.
- **Discourages potential predatory behaviour** on the part of government departments that might accept project support including technical cooperation for purposes of personal gain (status, resource flows, financial incentives etc.) rather than for the contribution to capacity development.

Technical Working Groups (TWGs) offer the obvious place to coordinate the mobilisation and deployment of technical cooperation resources. As discussed later on, TC for CD should be a standing item on TWG agendas, enabling an exchange among RGC and DPs on matters of policy, strategy and operations/programming. The next section of recommendations on improving capacity development work offers some suggestions on the kinds of support / actions TWGs might be expected to play in this respect.

This outline of the merits of coordination and collaboration raises a point to do with maintaining the space for innovation and experimentation. In an effort to incorporate harmonization and alignment objectives into the use of technical cooperation, care should be taken not to raise harmonisation and alignment up to the level of a universal principle or a panacea that can apply everywhere and at all times. Effective development depends more than ever on the devising of a steady stream of creative and ingenious solutions and the 2007 Aid Effectiveness Report itself makes reference to the need to retain diversity

and innovation. Project modalities can still offer valuable space for testing out new approaches or for providing complementary capacity development support that need not necessarily be integrated into sector budgets, plans and programmes. Some of the smaller development partners that are not major providers of development funds can offer in-kind technical cooperation support that can be well-placed to perform these niche functions and test out innovative approaches to implementation. While this scope for innovation must be preserved, this is not to say that the current high level of project support in many of the priority sectors is manageable or desirable.

### **5.2.3. Building RGC Capacity to design and manage TC**

We round off this set of recommendations on the management of TC by listing some of the broader capacity challenges the RGC will have to address so as to assume fuller responsibility for TC management and governance.

#### ***Expanding the role of the CDC***

Expanding the role of the CDC to oversee the process of TC management and providing more support where possible to line agencies. An internal RGC TWG management review conducted earlier in 2007 has set out an agenda for such a potential expansion. As mentioned earlier, the RGC will function on the basis of mutual adjustment and cooperative behaviour rather than hierarchical control. We see the CDC as well as the Council for Administrative Reform (CAR) as key instigators on the RGC side of this facilitation and support.

#### ***Developing the capabilities of line agencies***

TC provision must increasingly focus on supporting more comprehensive and broad-based organisational strengthening, not just on technical functions of ministries and agencies. This will include support to human resource management and general administration functions:

- Strengthening the human resource management function within line ministries in an effort to encourage better planning and capacity development at the agency level.
- Strengthening the leadership and management skills of senior personnel of ministries and departments.
- Strengthening in-house human resource development / training units.
- Strengthening the capacity of the Council for Administrative Reform to provide overall guidance to public service capacity development and to support long-term workforce planning.

### ***Developing public and private service resource providers***

Developing a network of public and private service providers (tertiary institutions, private consultancies, research organisations, NGOs) in the area of human resources development and organisational development.

### ***Considering the establishment of an independent monitoring group***

A number of countries in Africa such as Tanzania and Mozambique have established independent monitoring groups that review the performance of both government and development partners with respect to aid management and delivery. Such groups usually are comprised of three members including a chairperson from the country, an external participant and one other country member. In principle, the group has the legitimacy and the independence to review progress, monitor commitments and suggest improvements. They report once a year.

A number of CDC and development partner officials are familiar with this initiative and could assess its relevance for aid management in the Cambodian context.

## **5.3. Improving Capacity Development Practice**

If the effectiveness of TC for CD is to improve in a meaningful way, then a concerted effort will be need to be made to improve the conceptualisation, design, implementation and monitoring of capacity development work. It is not sufficient to focus only on reforming the management and governance of TC.

Helping to develop the capacity of partner organisations is in fact specialised and complex work. This is not always recognised. Overall, a more thought-through approach to capacity development work is advised. Since the principal aim of technical cooperation is supposed to be to help develop capacity, it follows that appropriate attention should be paid to the “how” aspects of capacity development. We think that more efforts need to be made to further “unpack” current thinking and ideas on the subject in Cambodia.

In this section, we outline a set of issues and recommended actions for consideration by the RGC and DPs for improving the practice of capacity development. *A number of these issues and recommendations are more specialised in nature and target those persons and organisations that might have the direct responsibility for the conceptualisation, design, execution and review of capacity development work. The RGC and DPs are advised to proceed selectively and slowly with the adoption of these recommendations to avoid the risk of overwhelming existing capacity and undermining government ownership of any proposed new practices.*

### **Improving Capacity Development Practice**

- ✓ Discuss and Learn
- ✓ Improve Design
- ✓ Better TA Personnel
- ✓ Centrality of Public service reform
- ✓ Develop Partner Capacity

#### **5.3.1. Discuss and learn more about capacity issues**

The recommendations in this report will hopefully contribute to a process of dialogue and learning on technical cooperation and capacity development between RGC and DPs. Capacity development - and the role of TC in supporting it - needs to be an on-going agenda item that is addressed at policy, strategic and operational levels.

- CDC should seize the opportunity together with its partners to take this agenda forward. The TWG on Partnership and Harmonisation offers a venue for agenda setting and steering the process but its success will depend on the discussion being carried forward to the individual sector/thematic TWGs, which should ideally serve as focal points for addressing TC for CD. It is equally important to ensure that discussion on the role of TC for CD is linked to the wider discussion on public service reform and that the CDC and CAR guide this process of dialogue (see further below on public service reform).
- The topic of TC for CD should become a standing item on the agendas of the TWGs so as to ensure that it receives the attention it deserves and that progress on tackling issues raised and recommendations proposed in this report are regularly monitored and reported on.
- CRDB/CDC is also encouraged to develop a simple “tool box” comprising guidance notes and instruments on capacity development and to maintain a simple website that can serve as a resource / point of reference for the TWGs and the organisations they represent. This will help ensure that the discussion maintains an operational focus.

#### **Box 20: Possible Elements of a Capacity Development Tool Box**

##### **Short concept paper on TC for CD principles**

In order to build consensus and shared understanding among partners, CDC is encouraged to produce a short concept paper that sets out working definitions and principles regarding technical cooperation and capacity development.

**Simple capacity assessment methodologies to facilitate CD discussion at sector / sub-sector levels**

To assist stakeholders to undertake appropriate assessments of capacity, CDC could produce a short guide on available methodologies setting out their potential uses. It should at the same time avoid proposing a blueprint approach, by limiting options and emphasise customisation.

**Data-base of good practice on TC for CD**

It could prove useful for CDC to set up a data-base of good practice. This should not become a major undertaking. It could involve commissioning short 5-10 page reviews of TC for CD experiences. This could draw on work of different TWGs and help through practical illustrations to broaden awareness and understanding of what works and why. Work could be carried out with a research institute or with interns.

**Overview of available TC instruments that can support CD work**

CDC is encouraged to produce a short guide on TC instruments including different modes of TA personnel. A glossary of terms should be included to help clarify the many different roles and functions that TA can perform. Such a guide would help government partners to think more carefully about the options available and to specify more accurately their needs. It could be used by members of TWG in reviewing proposals for use of TC.

**Guidelines on CD questions to raise in project/programme appraisal process**

CDC could produce a set of guideline questions that can be used by TWG members and DPs in the development and appraisal of TC programmes. The guideline questions could help provide an orientation and offer a set of key questions that can be used in reviewing proposals for CD activities. This would include issues related to harmonisation and alignment, but also questions asking about how CD is understood, how activities are expected to support CD, justification for inputs and indicators

**Web-site**

The above papers, tools and instruments could be lodged on a simple web-page on TC for CD housed under the CDC home page on aid effectiveness.

- Reports on progress with implementing TC for CD reform could be prepared for review at GDCC and CDCF meetings.

**5.3.2. Improve the design of capacity development interventions**

As in many other countries, both the RGC and its development partners have much to do to improve the quality of capacity development work so as to ensure that TC responds appropriately to its various capacity challenges. Various actions can be taken to improve quality of capacity development interventions.

Overall, the **RGC** needs to be better able to:

- **Set priorities** for capacity development that are linked to national, sector and sub-sector development objectives

- **effectively diagnose** the factors that constrain and enable capacity development, including an understanding of the underlying factors that encourage or impede public sector performance
- **propose principles** for capacity development within which an appropriate role for external partners can be identified. We would note at this point that we are uneasy about the prospect of the RGC and its development partners devising a comprehensive ‘capacity’ strategy, something that has proved unwieldy and unproductive in other countries. But we do support the idea of establishing shared principles that the RGC and its development partners can then use across a range of circumstances.

In turn, **Development partners** need to be able to:

- devise **strategies and approaches** for supporting what are often complex, and sometimes politically sensitive change processes and to think carefully about the role that TA personnel in particular might play in developing capacity above and beyond the technical level at which they are presently focused.
- remain **engaged** by investing in and support capacity development as an area of specialised knowledge and practice, even as they progressively hand over responsibility for the management of technical cooperation to their country partners.

Four areas of attention are proposed here:

- Rethinking **modes of engagement** for capacity development in a post-conflict/reconstruction context
- Improving the **Diagnosis and Assessment of Needs**
- Exploring a Broader Range of **Capacity Development Strategies**
- Developing **Appropriate Monitoring and Evaluation Systems**

***Re-thinking and shifting the modes of engagement between the RGC and development partners***

In general, there are four modes of engagement between countries and their development partners. These are the following in descending order of external intrusiveness.

- An intervention in which external intervenors take direct control of a particular region, programme or activity. Such an approach is frequently used in war-torn countries to impose order and security. This does not apply to Cambodia.
- The ‘direct’ approach in which external intervenors diagnose and prescribe solutions for the consideration of country managers. This has also been called the ‘tell and sell’ model. It assumes that there is a right answer to a particular problem and that the external intervenor can find and/or implement it. The focus is more on product than process. Country ownership and engagement may be ambiguous.

- The ‘indirect’ approach assumes that country participants remain in logistical and psychological control of the activity. They work in collaboration with external actors to jointly devise new solutions. There continues to be a focus on technical issues but ‘telling and selling’ does not predominate. Product and process are balanced. Collaborative learning is emphasized.
- The ‘pure process’ approach pushes external intervenors towards process, facilitation and support. TA involvement in technical issues declines and is replaced by an emphasis on capacity development. The goal is to help country participants develop the skills and attitudes to manage their own programmes.

Most TC-supported programmes in Cambodia will have elements of the last three approaches. But the goal over the medium and the long-term should be to shift TC interventions toward the indirect and the pure process models.

### **Improving the Diagnosis and Assessment of capacity development needs**

Development partners and the RGC need to invest in a more thorough diagnosis of capacity challenges and related contextual factors as a basis for designing appropriate support programmes, including the right mix of TC inputs. This is especially important because the nature and extent of capacity issues varies significantly. It is therefore important to scope interventions accordingly. A proper diagnosis should be able to distinguish:

- symptoms from causes
- short term versus long term actions
- issues that are of an individual, organisational, sectoral and broader societal nature
- consider a broader range of CD factors, including issues within the organisation that are non-technical, e.g. related to communication, motivation, management, coaching/mentoring, administration, use of information systems etc.
- strengths and opportunities to build on versus gaps and weaknesses to tackle
- the formal versus informal
- issues that lend themselves to technical solutions versus those that might require more political intervention
- factors that might encourage change versus factors that might constrain or block change (sector dynamics, reform readiness, drivers of change).

Various tools exist that can help assess capacities and related contextual factors. Literally hundreds of such tools and frameworks are available on the Internet, from development partners, from other RGC departments and from consultants<sup>39</sup>. The challenge is to use

---

<sup>39</sup> A number of development partners have developed assessments instruments. Examples include: UNDP (2006) *Capacity Assessment Practice Note*, UNDP New York; Europeaid (2005) *Institutional Assessment and Capacity Development, What, Why and How*, European Commission.

ones that are most relevant for particular situations and organizations. And also to use such tools as an aide to judgement and assessment rather a replacement.

A capacity assessment methodology could serve different but complementary purposes:

- RGC – in dialogue with TWGs - should be encouraged to lead general capacity assessments of their sectors in order to support the preparation of sector development strategies. Such an assessment could be helpful in determining the scale and magnitude of capacity issues and to set basic priorities around which external support might be mobilised. This would serve primarily as a mapping and priority-setting exercise.
- Thereafter more in-depth assessments could be undertaken as part and parcel of the identification and formulation of projects and programmes. Clearly the focus and extent of these will depend on the nature of the proposed programme and whether or not a project or programme perspective is being employed.
- As part of programme implementation and monitoring, capacity self-assessments could be used by stakeholders themselves to monitor change in capacity and performance over time. In this context, an assessment would serve primarily as a management and learning tool to help organisations guide their own CD process.
- Capacity assessments can also be used to establish baseline information against which progress can be tracked over time. This can be helpful for external partners who need to account for TC expenditures. (see further under M&E)

### *Exploring a broader range of capacity development strategies*

We need to keep in mind that capacity development is a form of change. It can be personal or organizational. It can be simple or complex. It can be short or long term. A recent study has illustrated the range of different strategies that can be employed from those which are more planned and technocratic to those which are more emergent and informal.<sup>40</sup> The suitability of any one approach might depend on the nature and degree of complexity associated with the envisaged capacity development<sup>41</sup>.

Readers will note here that many conventional strategies in the form of capacity development rely on the classic techniques of planned and intentionally managed change – clear objectives, predicted results, scheduled activities. As the situation becomes progressively more uncertain and conflicted, the more participants need to employ more emergent, adaptive strategies that can deal with complex unprogrammable change. This

---

<sup>40</sup> *Capacity, Change and Performance*, draft report by the European Centre for Development Policy Management, forthcoming.

<sup>41</sup> See Brenda Zimmerman, Curt Lindberg and Paul Plsek, *EdgeWare: insights from complexity science for health care leaders*, 2001, p. 140

need to consider a much wider range of capacity development strategies raises a series of other questions:

- Whether incremental or more transformational change is appropriate?
- What mix of TC inputs is suitable and with what effect?
- What balance to strike between product and process (see box below)?
- What level of flexibility and openness should be provided for in the design?
- How to harmonise and align the TC inputs of different providers to ensure support of a common CD/change process?

**Box 21: Managing the tension between product and process**

One of the main challenges in designing effective strategies for capacity development is managing the tension between product and process. Current emphasis on performance measured in terms of tangible outputs risk undermining a focus on the process dimensions of capacity development. Experience confirms that an undue focus on product can undermine efforts to develop capacity and result in capacity substitution. Yet an exclusive focus on process can be equally un-satisfactory as well as being politically unacceptable on all sides. A balance between the two is needed.

Effective design does not imply over-design or rigid design. In some cases loose design can be an advantage. Effective interventions are often associated with flexible and iterative approaches such as rolling plans that recognise change and capacity development as long term processes that cannot be easily predicted. This is especially important in complex and politically sensitive environments where the momentum and direction of reform can quickly change.

**Box 22: GTZ's Flexible Programming & Budgeting**

Capacity development programmes supported by GTZ such as in the Land and Health sectors are designed with a long term perspective in mind. A commitment to support a sector for as long as 10 years provides a framework within which two to three year rolling plans and budgets are developed.

Plans and budgets are quite flexible and considerable discretion is given to the team leader who in consultation with the counterpart organisation can set programme priorities and re-allocate budgets on the basis of emerging priorities and needs. This is believed to reinforce country ownership of the cooperation programme.

GTZ advisors recognise the need to work at individual, organisational and system levels – this can include engaging as a dialogue partner on emerging policy issues, testing out new instruments and implementation modalities, linking different groups together to share knowledge and experience as well as mentoring of staff.

### *Developing Appropriate Monitoring and Evaluation Systems*

Part of the challenge of capacity development work is devising a suitable framework for monitoring and evaluation. Much capacity development work is process oriented and long-term. Most deals with behavioural and intangible aspects of individual competency and organisational capabilities that emerge often in unpredictable ways. Almost all deal with both process and product or in some cases product as process. Capacity issues thus do not lend themselves easily to conventional, results-based forms of measurement.

This reality presents a number of challenges:

- From the point of view of **accountability**, it can be difficult to provide evidence of impact and to demonstrate value for money or effectiveness of particular interventions.
- From the point of view of **learning**, it can be difficult to monitor change and progress over time, to establish causality and to understand what works and why.
- From the point of view of **management**, it can be difficult to provide practitioners with real time information that can help them deal with daily operations.
- And from the point of view of **incentives** and performance measurement, it becomes difficult to define performance outcomes and result areas for TA personnel that can be the basis for priority setting, work planning and performance appraisal. It is also important to avoid **perverse incentives** that might encourage TA personnel to focus on realising tangible results at the expense of contributing to less tangible and measurable CD processes.

Part of good design is therefore developing an appropriate monitoring framework that supports capacity development work. At the programming level, both RGC and development partners should seek to:

- Agree up front on the CD objectives and strategies that are to be used in a particular intervention.
- Define indicators that can best describe the kinds of changes in competencies, capabilities and capacity that the intervention is expected to generate.
- Specify the CD tasks and responsibilities that TA personnel are expected to perform within their TORs / job descriptions.
- Select appropriate monitoring and evaluation frameworks that can best provide evidence of performance and results. In this regard, there are a wide variety of monitoring and evaluation methodologies that can be used to measure capacity, change and performance. Examples of some alternative methodologies are provided in the box below:

**Box 23: Some Alternative Approaches to the M& E of capacity issues.**

A variety of groups around the world have designed monitoring frameworks that are more suitable to apply to capacity issues. Four examples are the following:

- **Outcome Mapping** by the International Development Research Center. This methodology focuses on monitoring changes in participant behaviour.
- **The Most Significant Changes approach** which looks at both the intended and unforeseen consequences of capacity development interventions.
- **Systems approaches to M & E** which go beyond the conventional input, output, outcome categories to look at systems change and development.
- **Measuring Empowerment** by the World Bank that addresses the way individuals, groups and even whole countries develop the power to act and perform.

- A joint RGC-DP task force might collaborate on devising an approach to the M&E of capacity issues that could provide guidance to future efforts.
- The RGC and TWGs are encouraged to set up a simple mechanism to allow potentially useful new approaches to capacity development to be documented and disseminated. This would encourage the exploration of innovative practices while ensuring that such experiences are fed into a wider learning process about what works and what does not.

### **5.3.3. Improving the Effectiveness of TA Personnel**

TA personnel perform many different roles and functions. Sometimes these are directly related to capacity development but often they are not. This is not unique to Cambodia and even here the role and required skills of TA are changing as programme-based approaches are introduced. Our interviews confirmed the wide range of functions that TA perform.

The ECDPM study on TA personnel likewise points to the wide range of functions that TA perform, depending on the wider aims and objectives of the project/programme.<sup>42</sup> The problem is that these functions are not usually well spelt out. In practice there is often a conflation of roles. TA personnel whose main task is to develop capacity often find their task ill-defined. Training of counterpart staff is often assumed to be the main vehicle for capacity development. How TA personnel are expected to contribute to organisational and system level capacity is generally not well explained.

---

<sup>42</sup> Land, T, 2007 *Joint Evaluation Study of Provision of TA personnel Synthesis Report - ECDPM Discussion paper #78*

#### **Box 24: Different TA Roles and Functions**

- Providing advice and influencing policy change and/or institutional reform
- Assuring minimum functionality within a government agency to deliver essential goods/services
- Substituting for scarce skills in highly technical fields through gap-filling
- Promoting dialogue and exchange between societal groups including conflict resolution
- Managing fiduciary risk as a condition for financial assistance through budget support
- Implementing discrete projects related to infrastructure development
- Developing the capacity of staff, organisations and systems

- The purpose and proposed roles and functions of TA should therefore be fully discussed during the design of any intervention. The following set of questions illustrates the kinds of issues that should be addressed:
  - Is TA justified at all and if so, to do what?
  - Is a single person sufficient or is a team warranted?
  - Is their contribution significant or marginal to the overall intervention?
  - What roles and functions should be performed and what tactics and strategies employed?
  - What contribution can TA personnel reasonably be expected to make, and how should responsibilities for outcomes be shared with host organisation staff?
  - What sorts of performance indicators are appropriate?
  - What kind of TA is most suitable ? long-term or peripatetic, international or national etc.?
- It is important to be clear about the actual purpose of deploying TA personnel, in particular whether a role is genuinely advisory or in-line. Being clear about the purpose enables more accurate terms of reference to be drafted, ensures a better match of potential candidates to the job, and helps establish more transparent performance expectations.
- A glossary of terms should be produced to help clarify the many different roles and functions that TA can perform. It can also provide a common basis on which to discuss strategies and needs between partner countries and external agencies, This should in particular explain the various roles that TA can perform in relation to capacity development.
- Part of good design is however being realistic about what TA personnel can do within the period of their assignment, as well as leaving space to permit the personnel involved to adapt approaches as needed. The more politically and culturally sensitive and far-reaching an intervention is likely to be, the more fundamental this principle becomes. In most situations, TA personnel function at the margins of the political process, as one facilitator amongst many of societal change.

Interviewees in Cambodia also remarked on the importance of picking the right person for the job, and noted the difficulty of finding persons with the right profile, that combine the needed substantive skills and knowledge, with the needed soft skills. The approach

and attitude that TA personnel bring to the job, including sensitivity to cultural norms was underlined on a number of occasions. Similarly, the earlier cited ECDPM study identified the following as being crucial:

- familiarity with local context and government culture
- the overall attitude of expatriates and approaches that are non-didactic/dictatorial
- the ability to listen, learn, reflect, adapt previous experience and show humility

Process skills are also as important, particularly where TA is expected to play a change agent or process facilitation role. In this respect, it is crucial that TA personnel fit into the organisational environment to which they are attached and that they are able to build up relationships of trust and respect. This was underscored on numerous occasions by Cambodians. These become all the more important as the role of TA shifts from a primarily “doing” role where substantive skills count to a support function where communication, mentoring and facilitation are key.

#### **Box 25: The Value of Proper Induction**

The literature as well as practitioners interviewed recognise that the proper induction of TA personnel is an essential step in the TA management process. Yet it does not receive the attention it deserves. Countries tend to see this as the responsibility of the sending organisation. TA personnel note that it would be helpful for receiving organisations to prepare better for the arrival of TA, and make the case that induction is as important for counterparts as it is for prospective TA.

We did not focus to any real extent on the issue of the use of Cambodian TA. The arguments for using national experts are well-known and revolve around contextual knowledge, growing expertise, lower cost, opportunities for capacity development, ease of recruitment and language skills. In a number of programmes we looked at such as the PFM or the DANIDA National Livelihoods, much greater use was being made of national expertise at all levels. We are assuming that the increasing use of Cambodian consultants will be part of the larger shift on TC design and management discussed earlier in this section.

#### **5.3.4. The Centrality of Public Service Reform**

We have already noted that TC can contribute to the strengthening of various state capabilities, but responsibility for creating an enabling environment for retaining and utilising Cambodian capacity must be a country responsibility. There are both political and technical issues here, many of which are complex and long term in resolving. Notwithstanding this, progress on the implementation of Cambodia’s public administration reform must remain a priority.

TC can contribute in important ways to supporting RGC efforts to implement public service reform, as illustrated in the PFM. But its ability to contribute to sustainable capacity development across Government sectors is undermined where basic framework conditions are wanting. Motivation, as a function of among others, pay, leadership and appropriate forms of human resources management is critical here. Capacity development work and the potential contribution of technical cooperation is easily frustrated in the absence of appropriate motivation. Staff are not willing to learn, and may well moonlight or engage in corrupt practices to increase income. Good staff are likely to seek greener pastures leaving an over-stretched core of loyal staff to attend to the demands of work supported by less capable staff who may be underqualified for the posts they hold.

Good CD design and provision of quality TA personnel are no substitute for creating an enabling environment for change and public service performance. Design of CD interventions need to be considered as an integral part of public service reform. Discussions on the sustainability of TC contributions to capacity development should therefore be linked to wider discussions relating to underlying factors that encourage or impede public sector performance. In so doing it would be appropriate to reflect how far the task is one of capacity development or whether the attention of TC should instead be focused on harnessing, motivating, and utilising existing capabilities within the system.

### **5.3.5. Improving the capabilities of development partners**

The main focus of this report has been on the capacity of the RGC and the range of improvements and techniques that may be useful in addressing capacity issues. The TORs of this study do not extend to analyzing the capabilities of development partners themselves to deal with these same issues. But their presence or absence remains a key factor in inducing improvements in TC to Cambodia.

#### **Box 26: Some Obstacles to Changing development partner practice**

- Power of funding imbalances the relationship
- Desire to maintain own strategy and identity
- Single projects more manageable
- Lack of trust and concern about risk and corruption
- Challenge of internal coordination and harmonization within the government system
- Lack of delegated authority to enable more DPs to engage more flexibly
- Differences on policy choices and substantive issues, not just approaches
- Donors reluctance to communicate and share lessons/knowledge

A good deal of experience is accumulating on this issue of improving development partner capabilities. Part of the collective learning and coordination in the Cambodia case may thus be in the area of development partner reform.<sup>43</sup>

## 5.4. Next Steps

The RGC and its development partners are already engaged in an on-going process of discussion and experimentation on aid coordination. We see that as an activity of adjustment and realignment that will continue as long as Cambodia remains a major recipient of development cooperation. This process thus already has an agenda both formal and informal. We have no useful detailed 'next steps' to suggest that the RGC and DP participants would not already schedule on their own.

What we would suggest is a coordinated effort to give more systematic attention to capacity issues. We have made specific suggestions to that effect in the report. What needs to be done in our view are at least five things:

- To do more case work to get a more evidence-based sense of what works and what does not in the Cambodian context. The principal value-added will be to identify particular TC practices that can support CD and allow the broad set of recommendations included in this report to be more efficiently prioritised and structured.
- To pull these patterns together in a way that can generate some basic principles of practice. This will include translation of the final text of this document, considerable consultation, and broad-based efforts to build consensus across Government, in the development partner community, as well as between the two.
- To discuss these principles and approaches at the Partnership and Harmonization Technical Working Group in an effort to induce and guide more coordinated action by both the RGC and its development partners. This could include developing some method, possibly via the national budget exercise, to identify TC/CD requirements (needs assessments, TC requirements and management/monitoring arrangements etc) and to allocate resources efficiently. In the absence of other institutional arrangements, the TWG could become the main hub for TC coordination at sector/thematic level (as envisaged in the TWG Guidelines).
- To include more explicit reference to CD in the JMIs as an indicator of the increased importance placed on this issue as well as to underline a mutual realisation that other priority objectives will not be achieved without strengthened CD support.

---

<sup>43</sup> For an example of some of this experience, see OECD/DAC Working Party on Aid Evaluation, *Donor Support for Institutional Capacity Development in the Environment: Lessons Learned*, 2000. This document was drafted mainly by Dr. Andrew Wardell, currently the Counsellor-Development at the DANIDA office in Phnom Penh.

- Consider the merits of introducing some form of independent monitoring exercise to review progress on CD as part of the broader aid effectiveness agenda and the mutual accountability commitments that are included in this work.

## **Annex 1 - List of Persons Met**

<b>Name</b>	<b>Function</b>	<b>Agency</b>
Nisha Agrawal	Country Manager	World Bank
Jean Marion Aithea	Health Adviser	DFID
Savina Ammassari	Advisor	UNAIDS
Helen Appleton	Social Development Adviser	DFID
Jacinta Barrins	Senior Advisor D&D	UNDP
Stephanie Bertrand	Multilateral Cooperation officer	French Embassy
Eric Beugnot	Directeur	AFD
Jean-Marc Bouvard	Technical Advisor	Ministry of Agriculture, Fisheries and Forestry
Peter Bolster	Chief Technical Adviser	GTZ
Veasna Chea	Social Development Adviser	DFID
Herve Conan	Charge de mission	Agence Francaise de Developpement
Tim Conway	Senior Poverty Specialist	World Bank
Philip Courtinadge	Senior Adviser	CRDB/CDC
Srun Darith	Dep. Secretary General	CARD
Kate Elliott	Second Secretary	AusAID
Anne Erpelding	Programme Coordinator, Support to Health Sector Reform	GTZ
Dominique Freslon	Cooperation and Cultural Councillor	French Embassy
Dylan Gelard	Programme Manager	UNDP
Arjun Goswami	Country Director	Asian Development Bank
Daniel Haas	Counsellor Devpt Cooperation	Embassy Germany
Shafinaz Hassendeen	Analyst	ILO
Eiichiro Hayashi	Aid Coordination Advisor	JICA Cambodia
Angela Hogg	Programme Officer	USAID
Ngo Hongly	Secretary General	Council for Administrative Reform
Dirk Horemans	Project Co-director	BTC
Eng Huot	Secretary of State for Health	Ministry of Health
Mia Hyun	Poverty Specialist	World Bank
Shinohara Katsuhiko	Ambassador	Japanese Embassy
Sochivy Khieng	Dep. Programme Manager	DFID
Lay Khim	Team Leader, Environment	UNDP
Sim Kimyan	Director	
Jens Knudsen	Agric & Rural Development Advisor	AusAID
Mark Lawler	Programme Coordinator	UN Volunteer
James Lee	Asia Regional Case Study Consultant	Joint Study on Effective Cooperation for capacity development
Alice Levisay	Representative a.i	UNFPA
Peter Lindenmayer	First Secretary	AusAID

<b>Name</b>	<b>Function</b>	<b>Agency</b>
Daniel Costa Llobet	First Secretary	European Commission Delegation
Norio Maruyama	Minister	Embassy of Japan
Mikio Masaki	Aid Coordination and Partnership Advisor	CDC/CRDB
Belinda Mericourt		AusAID
Mak Mony	Chief	Ministry of Agriculture, Fisheries and Forestry
Emi Morikawa	Aid Coordination Advisor	Embassy of Japan
Franz-Volker Mueller	Team Leader Land Mgt Project	GTZ
Ung Dara Rat Moni	Advisor	UNDF/IFAD
Min Muny	Programme Manager D&D	UNDP
Peter Murphy	Snr. PSM Specialist	World Bank
Sok Narin	Programme Manager, Support to Parliaments	UNDP
Hang Chuon Naron	Secretary General	Ministry of Economy & Finance
John Nelmes	Resident Representative	IMF
Eng Netra	Research Manager	CDRI
Tola Nhean	Programme Officer	JICA Cambodia
Marjolaine Nicod	Aid Effectiveness Adviser	DFID
Michael O'Leary	WHO Representative	WHO
Theno Pagnathun	Director	Ministry of Planning
Narin Piseth	Officer	Ministry of Health
Neang Putheara	Deputy O&M	CDC
Mike Ratcliffe	Study Coordinator	Global Study on TC for CD
Chan Rotha	Director of Planning	Cambodia Mine Action Authority
Michael Rymek	First Secretary (Development)	CIDA
Sok Saravuth	Manager	Budget Dept, Ministry of Economy & Finance
Heinrich-Jurgen Schilling	Country Director	GTZ
Chea Sengyi	Deputy Chief	Ministry Economy & Finance
Suy Serywath		FTA
Eric Sidgwick	Senior Country Economist	Asian Development Bank
Khieng Sochivy	Deputy Programme Manager	DFID
Horn Sokhemrin	Personnal Assistant	Cambodia Mine Action Authority
Chea Sokhim	Deputy Director, Dept. for international Cooperation	Ministry of Health
Poch Sophorn	Advisor, Land Mgt Project	GTZ
Erin Soto	Mission Director	USAID
Sar Sovann	Project Director	Land mgt and Admin Project, Min of Land Mgt, Urban Planning and Construction
Sok Srun	Senior Secretary	TWG FRE/FA
Larry Strange	Executive Director	CDRI
Elaine Tan	Country Coordinator	UNIFEM
Tuon Thavrak	Director General	Ministry of Planning

<b>Name</b>	<b>Function</b>	<b>Agency</b>
Nhean Tola	Program Officer	JICA
Chan Tong Yves		Ministry Agriculture, Fisheries and Forestry
Coco Ushiyama	Country Director a.i.	WFP
Mak Vann	Secretary of State	Ministry of Education
Sao Vannseoyruth	Director	Ministry of Women's Affairs
Andrew Wardell	Development Counselor	DANIDA
Tom Wingfield	Governance Adviser	DFID
Chhieng Yanara	Secretary General	CRDB/CDC

## **Annex 2 - Bibliography**

Asian Development Bank. 2007. *Special Evaluation Study, Performance of Technical Assistance*.

Cambodian Development Research Institute. 2007. *Accountability and Neo-Patrimonialism in Cambodia, a critical literature review*, CDRI

CDRI and CAR, *Capacity Building Practices of Cambodia's External Partners: A Management Framework for Capacity Development: Mandating Effectiveness and Value for Money*, 2005

Collier, P., *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*, Oxford University Press, 2007

CRDB/CDC 2004 Capacity Building Practices of Cambodia's Development Partners

CRDB/CDC 2006 National Operational Guidelines

CRDB/CDC 2006 Strategic Framework for Development Cooperation Management

CRDB/CDC 2006 The GDCC and TWGs: A Review, October 2006

CRDB/ CDC 2007 Cambodia Aid Effectiveness Report, 2007

CRDB/CDC 2007 Guideline on the Role and Functioning of the TWGs

DANIDA, Natural Resource Management and Livelihoods Programme, Cambodia(2006-2010), Programme Document, April 7, 2006

Easterly, W., *The White Man's Burden: Why the West's Efforts to Aid the the Rest Have Done So Ill and So Little Good*, Penguin Press, 2006

ECDPM, *Report of a Workshop on Systems Thinking and Capacity Development, Some Concepts and Operational Implications*, June 30, 2005

Europeaid 2005 *Institutional Assessment and Capacity Development, What, Why and How*, European Commission.

Godfrey, M. et al.. 2002. 'Technical Assistance and Capacity Development in an Aid-Dependent Economy; The experience of Cambodia' *World Development*, vol. 30, 2002

Government-Donor Partnership Working Group, Sub-Working Group # 3, *Practices and Lessons Learned in the Management of Development Co-operation: Case Studies in Cambodia*, January 2004

Heder, S., 2005. 'Hun Sen's consolidation, death or beginning of reform, *Southeast Asian Affairs*, 2005

International Monetary Fund, (ND) *Technical Assistance for Cambodia fy 1998-2003*  
mimeo

Land, T 2007 Joint Evaluation Study of Provision of Technical Assistance Personnel –  
Synthesis report. ECDPM Discussion Paper No 78

Mysliwicz, E 2004., *Envisioning a new paradigm of development cooperation in  
Cambodia*, Cambodia Development Resource Institute,

OECD, *Donor Support for Institutional Capacity Development in Environment: Lessons  
Learned*, 2000

Raphaelli, N., *Public Sector Management in Botswana: Lessons in Pragmatism*, World  
Bank Working Paper, 1987

Royal Danish Embassy, Lessons Learned from the Natural Resource and Environmental  
Programme, DANIDA supported NRE Programme 2001-2006

Royal Government of Cambodia 2004 Public Financial Management Reform Programme  
Vol 1.

Royal Government of Cambodia 2005 The Implementation of a Merit Based Pay  
Supplement Incentive, Sub-Decree 98 of 2005,

Royal Government of Cambodia 2006 Land Management and Administration Project –  
Final Draft Annual Report 2006

Royal Government of Cambodia, 2006 *Declaration by the Royal Government of  
Cambodia and Development Partners on Enhancing Aid Effectiveness*,

Royal Government of Cambodia 2006 National Strategic Development Plan (NSDP),  
2006-2010,

Royal Government of Cambodia 2006 Policy on Public Service Delivery. Council for  
Administrative Reform

TWG-PAR 2006 Joint Government-Donor Strategy for Phasing Out Salary  
Supplementation Practices in Cambodia,

UNDP 2004 UNDP Support to Public Administration Reform in Cambodia – Mission  
Report, UNDP Regional Centre, Bangkok

UNDP 2006 *Capacity Assessment Practice Note*, UNDP New York

UNDP / RGC 2007 Cambodia Human Development Report 2007 – Expanding Choices for Rural People

World Bank, 2007 *Cambodia, Sharing Growth, Equity and Development Report 2007*, prepared by the World Bank for the Cambodia Development Forum, Phnom Penh,

Zimmerman, B., Lindberg, C., and Plsek, P., *Edgework: insights from complexity science for healthy care leaders*, VHA Inc. 2001

## **Annex 3 – Terms of Reference**

### **A STUDY ON THE PROVISION & MANAGEMENT OF TECHNICAL COOPERATION AND ITS IMPACT ON CAPACITY DEVELOPMENT IN CAMBODIA**

#### **TERMS OF REFERENCE SEPTEMBER 2007**

#### **I. Background**

1. The development of national capacity and the strengthening of national systems are major components of the Royal Government's Rectangular Strategy. They are also fundamental to the successful delivery of the NSDP targets and Government's associated core reform programmes. In this context, development assistance that is provided in the form of technical cooperation (TC) is intended to make a direct and significant contribution to the development of national capacity and to the delivery of the NSDP objectives. Technical cooperation is therefore a critical component of the development assistance that is provided to Cambodia.<sup>44</sup>
2. Recent studies undertaken globally as well as in some partner countries have shown that technical cooperation has not had the impact that is intended, or, at the very least, has not provided sufficient evidence of results when measured in terms of sustainable capacity development. In Cambodia, recent evidence has highlighted the extent of the challenge that exists with respect to: (i) making technical cooperation demand-driven and effective; and (ii) establishing systems to ensure that effectiveness is measured and monitored.
3. Three considerations in particular have combined to result in a decision by Government, in concurrence with its development partners, to undertake a study that will consider the provision, management and impact of technical cooperation.
  - a) A Government-Donor study in 2004 found that approximately half of all ODA was spent on technical cooperation (12.7% for international staff, 11.8% for training, 8.2% for operations/equipment, 8.1% for national staff, and 2.5% for monetary incentives). The two main findings of the study, first that evaluation is severely constrained by data quality and, second, that little of a qualitative nature can be said with certainty about the use, management arrangements or impact of technical cooperation, remain highly relevant.
  - b) In November 2006, a meeting of development partners revealed that different views were held regarding the provision, mandate and management of technical cooperation. CDC, as the Government aid coordination focal point was requested to undertake a study and at the June 2007 CDCF meeting a joint development partner statement observed that, "we welcome the planned government review of technical cooperation and commit to engaging fully in this process".
  - c) Prior to commissioning a more detailed review, preliminary analysis was undertaken for the 2007 Cambodia Aid Effectiveness Report. The findings of the 2004 study were broadly confirmed as the Aid Effectiveness Report found that, although data quality remains a concern, approximately 50% of ODA (i.e. equivalent to USD 275 million) is dedicated to technical cooperation, as compared to an average of 20% across all Least Developed Countries (LDCs). Complementary qualitative reporting from the Technical Working Groups also

---

<sup>44</sup> See Section Two for a definition of technical cooperation that will be used for the purpose of this exercise.

suggested that the introduction of sector programmes has indicated some duplication and overlap in the provision of technical cooperation in some sectors. Associated ambiguity and uncertainty in management arrangements and reporting lines had, in some cases, been the source of the increased tension reported by development partners in November 2006.

4. In the context of its broader aid management policy, which advocates closer partnerships and more programmatic forms of aid based on NSDP priorities, the Government now wishes to lead a process, with its development partners, that will provide a common understanding, and a concrete way forward, for improving all aspects involved in the provision, management and monitoring of technical cooperation. This study is therefore intended to facilitate a partnership-based process that develops an enhanced common understanding of TC design, provision, management and impact that, in the context of increased use of programme-based approaches, will result in TC support making a greater contribution to the development of national capacity.
5. This Terms of Reference therefore sets out an approach for the retainment of two international experts, under the direct supervision of the CRDB/CDC Secretary General, and working closely with government institutions and development partners, to undertake a study that will provide an overall assessment of the situation and inputs that are necessary to facilitate the formation of a Government policy guideline on the provision, management and monitoring of technical cooperation for development results.

## II. Definitions

6. For the purposes of this exercise, and consistent with OECD/DAC terminology, technical cooperation is defined as follows:

"The provision of know-how in the form of personnel, training, research and associated costs... covering contributions to development primarily through the medium of education and training... whose primary purpose is to augment the level of knowledge, skills, technical know-how or productive aptitudes of the population."<sup>45</sup>

In the case of Cambodia, technical cooperation is understood to include, but not be limited to:

- a) International and national staff paid from ODA resources and engaged on either a long or short-term basis;
  - b) In-country or overseas training of either a long or short-term nature;
  - c) Operational support, the provision of equipment and other resources intended to support the implementation of projects or programmes that are designed to build and augment the capacity of Government; and
  - d) The provision of monetary incentives to Government staff associated with the implementation of a project or programme that is designed to build and augment the capacity of Government.
7. To ensure that a comprehensive, coherent and accurate understanding of technical cooperation provision is developed, all forms of technical cooperation will be considered in this study.<sup>46</sup> In particular, the study will consider the extent to which TC design and provision is premised on national demand based on a fully-developed capacity

---

<sup>45</sup> See OECD/DAC Statistical Reporting Directives (2007), paras 40-44.

<sup>46</sup> The provision of monetary incentives should be considered only as context as separate review processes are taking place with regard to pay reform and the use of incentive and performance schemes.

assessment/strategy and how this has informed the design and delivery of technical cooperation support as well as contributing to development results.

### III. Objectives

8. The primary rationale for the use of technical cooperation in Cambodia is to contribute to capacity development.<sup>47</sup> Development partners have collectively noted the link between ownership and capacity development and have observed that country ownership of policies and programmes is premised on the capacity to exercise it.<sup>48</sup> Arrangements for providing technical cooperation must therefore be increasingly associated with enhancing Government's ability to develop the capacity to exercise effective ownership over its development programme. The provision and management of TC in Cambodia also needs to be understood and analysed in the wider national context and policy/political environment, taking full account of the institutional setting, human resources, incentives, ownership and leadership on government and partner sides, all of which contribute to the enabling environment.

**Objective 1: Improved understanding of current and emerging practices/mechanisms related to needs identification, provision, management and monitoring of TC**

**To learn more from both development partners and Government about the current arrangements and practices for providing technical cooperation. This will include a reflection on all stages from needs identification through to evaluation of technical cooperation, and its contribution to capacity development.**

9. In the context of the Paris Declaration and the establishment of national aid management initiatives, Cambodia is moving towards new forms of support that are informed by the development of sector development plans and a more partnership-based approach to supporting sector programmes. In the context of these new aid modalities and new approaches to partnership, including through Budget Support, it is reasonable to suppose that approaches to technical cooperation must also be tailored and adapted so that they are compatible with these new modalities. By exploring both positive and negative contributory factors, a consensus may be established on how to design and manage TC in a coherent, rational and cost-effective manner in accordance with a sector strategy that includes an assessment of capacity needs.

**Objective 2: Evaluation of the capacity development impact of TC practices/mechanisms**

**Focusing on a limited number of sectors, to explore emerging practices at sector level that are informed by programme-based approaches and to provide guidance – and examples of good practices and the subsequent results - on how technical cooperation activities may be designed, delivered and managed effectively in the current environment and context.<sup>49</sup>**

10. Effective ownership of development assistance can only be realised if there is sufficient information about the scale and composition of development assistance. To facilitate the gathering of more accurate and detailed information about the use of technical

---

<sup>47</sup> For the purposes of this study, capacity development is to be defined in the context of the 2006 OECD/DAC Reference Document, "The Challenge of Capacity Development: Working Towards Good Practice" (page 12).

<sup>48</sup> See OECD/DAC (2006), 'The Challenge of Capacity Development', para 11

<sup>49</sup> A "sector" is, in this instance, intended to mean a well-defined body or programme of work related to the functions and responsibilities of a ministry, or a group of ministries, supporting the implementation of a sector strategy or reform programme. After a relatively broad initial consultation, the exercise will be focused on sectors or reforms to be identified by the P+H TWG sub-group on TC.

cooperation resources in the future this study will briefly consider the constraints that currently limit data availability and reporting.

**Objective 3: Promoting Evidence-based TC Management**

**To identify and briefly consider the constraints faced by development partners in providing accurate technical cooperation data and to briefly consider practical measures that can be taken to address this situation.**

11. Concern related to the use of technical cooperation resources has been a longstanding concern of both Government and its development partners. Based on the findings of the 2007 Aid Effectiveness Report and discussion at the June 2007 CDCF meeting, it is necessary to develop a common understanding on matters related to the use of technical cooperation as a basis for developing policy guidance on the future use and management of technical cooperation resources.

**Objective 4: Recommendations on TC needs identification, provision, management and monitoring**

**Based on the findings of the study, make specific recommendations for establishing a nationally-led process for identifying technical cooperation needs and for managing all aspects of technical cooperation provision, management and monitoring.**

**IV. Scope of Work**

12. Informed by the objectives described above, the consultants are required to build on and take forward what is already known about technical cooperation in Cambodia.<sup>50</sup> After a relatively broad initial round of consultations, the scope of work will be limited to identified sectors (based on dialogue with the sub-group of the Partnership & Harmonisation TWG). The consultants are required to consider, report and make recommendations that can be used as inputs to a Government policy guideline that are based on the following considerations:
  - a) *Information Management* - taking into account the utility of collecting and analysing data, describe the impediments to more complete and accurate development partner reporting of technical cooperation.<sup>51</sup>
  - b) *Levels of Technical Cooperation* – based on global best practice and analysis already undertaken at the national level, offer some guidance – with appropriate qualifications – regarding the current levels of technical cooperation at both aggregate and sector levels. This should take account of the use of technical cooperation in programme-based approaches and the manner in which it may complement other aid modalities (for example, budget support, which is expected to commence in 2007/08).
  - c) *Design of Technical Cooperation support programmes* – consider the nature of the preparatory process that precedes the delivery of technical cooperation support. In particular, the study should assess the extent to which Government leads or manages the production of a coherent 'sector-wide' approach to capacity development that then informs the design of technical cooperation programmes and the selection/mix of related inputs.

---

<sup>50</sup> See the list of attached references and readings to gauge what is already understood about technical cooperation in Cambodia as well as further afield.

<sup>51</sup> Reporting is intended to be undertaken accordance with the questionnaire used to prepare the Aid Effectiveness Report (see AER, Annex Three, questions 20 and 23)

- d) *Provision of Technical Cooperation* – informed by interviews and existing data, summarise and assess current practices before proposing measures that would strengthen procedures for identifying technical cooperation needs and for increasing Government participation in the needs assessment and design and development of technical cooperation programmes (including the recruitment and procurement of technical cooperation goods and services). Technical cooperation provided in the context of a Project/Programme Implementation Unit (PIU) should be included in this analysis, together with some reflection on the appropriate mix of technical cooperation activities and associated inputs such as incentives and salary supplementations. A reflection on experience in the use of South-South cooperation is particularly encouraged.
- e) *Management of Technical Cooperation* – based on interviews with Government and development partners, describe the range of management practices that currently exist between and amongst Government ministries/agencies and development partners. Identify both desirable and less desirable practices, consider the basic components of a technical cooperation package in the current partnership-based aid environment (including the 'soft skills' that effective technical cooperation may require), provide recommendations on how good practices might be replicated, under what conditions they might be transferable and under what conditions nationally-led management might lead to more effective use of technical cooperation resources. A particular focus should be placed on the management of technical cooperation in sector programmes, including on the use and experience of using coordinated or pooled technical approaches. A discussion of the range of reporting line and management arrangements, i.e. to whom they are accountable, would also be welcomed, especially with regard to effects on ownership and implementation.
- f) *Monitoring the Performance and Impact of Technical Cooperation* - based on interviews with Government and development partners, describe the range of monitoring arrangements that currently exist. Identify both desirable and less desirable practices, provide recommendations on how good practices might be replicated, under what conditions they might be transferable and under what conditions nationally-led monitoring arrangements might lead to more immediate impact and to more sustainable capacity. When considering impact, the consultants are to comment on issues related to both short and long-term monitoring as well as to sustainability and the relationship between sector work and the Government's core reform programmes. Examples of where technical cooperation support has played a strategic, but more difficult to monitor, facilitating and bridge-building role should also be considered. Evidence emerging from Government and development partner evaluations that have been undertaken should also be reflected, together with an indication of how these evaluations have been used to inform policy and practice.
- g) *Identifying Good Practices and Those That Require Reform* – the Aid Effectiveness Report demonstrates that the development partnership in Cambodia is robust enough to withstand direct but objective observations regarding good and bad practices, whether they be on the part of Government or development partners. The consultants are therefore encouraged, where appropriate, to make use of local examples that address the use of technical cooperation in programme-based approaches, the use of PIUs and reporting arrangements. They are also to consider the role of complementary inputs, including salary supplementations and incentives, to the successful implementation of technical cooperation projects and programmes.
- h) *Maximising the Benefits of an Independent Exercise* – it is emphasised that the consultants are asked to provide inputs to a Government Guideline that will be taken forward in dialogue with development partners, not to draft the Guideline

itself. They are therefore mandated by Government to make full use of their independence in undertaking this exercise so that they may bring to bear all of their global expertise and experience. These principles should inform the production of a set of recommendations that objectively describe the current environment in Cambodia and the full range of steps that might be taken to maximize the capacity development impact of technical cooperation.

## V. Methodology

13. The exercise will apply global lessons and best practices in the management of technical cooperation. This includes, but is not limited to, the OECD/DAC 2006 Good Practice paper. These global practices and principles will be applied to the context of Cambodia as represented in documents provided to the consultants and through the interviews that they conduct.
14. The consultants will conduct their own desk research for three days prior to the beginning of their mission. They are expected to make use of contextual material including desk reviews and evaluations provided by Government as well as based on their own research, and are required to identify the source of any data or other assertion made in their report. Government ministries and development partners are encouraged to provide documents to the consultants (via CRDB/CDC or the P+H TWG sub-group to ensure efficient document management). These may include evaluations or studies specific to the provision of technical cooperation in Cambodia. Global references are not required as it is assumed that the consultants already have access to the material.
15. During the first week of the study the consultants, together with their CRDB/CDC counterparts, will hold a broad range of preliminary interviews with Government, development partners (both individually and through the TWG structure). Based on these initial consultations, and in dialogue with the TC sub-group of the P+H TWG at the inception report stage, a decision will then be taken to focus on particular sectors and thematic areas (such as the main reforms). This will enable a more detailed understanding of a more limited subject area to be developed.<sup>52</sup> At a minimum, initial consultations will be held with the following sectors and the principal associated development partners: health, education, agriculture & water, PFM, decentralization & deconcentration, public administration reform, land, and legal & judicial reform.
16. The main source of information for the study is to be:
  - (i) The views of Government officials and development partners, nuanced appropriately by the consultants in their final report;
  - (ii) Based on dialogue at the inception stage, a more detailed consideration of TC mechanisms and their impact in identified sectors and thematic areas;
  - (iii) A Review of policy documents, Government and development partner reports;
  - (iv) International studies and reports.

Interviews with personnel – both Government and development partners – who are directly involved in technical cooperation programmes, the implementation of programme-based approaches and the management of core reform programmes are particularly encouraged, as is the use of TWG structures. Government and development partners are requested to provide names and contact details of proposed interviewees to CRDB/CDC, together with all relevant documentation (case studies, evaluations etc).<sup>53</sup>

---

<sup>52</sup> The identification of sectors may also be informed by the Global Study on TC, currently being prepared and led by JICA on behalf of five other development partners.

<sup>53</sup> Please email proposed contacts and documents to Ms HEANG Kanelle at [heang.kanelle@crdb.gov.kh](mailto:heang.kanelle@crdb.gov.kh)

17. As noted in the scope of work, the consultants are to submit the final report based on their own views, incorporating those comments that they deem relevant. While applying global experience the consultants are required to ensure relevance to the Cambodia case to provide inputs and recommendations that will enable the national dialogue on technical cooperation to move forward.

## **VI. Outputs**

18. The following outputs, which are to be guided by the Objectives and Scope of Work identified above, are required:
  - a) A 3-4 page inception report, to be presented to, and discussed with, a sub-group of the Partnership and Harmonisation TWG, no later than five working days into the three-week assignment. (Based on this report, the sub-group and the consultants will identify and agree the main sectors and areas of focus for the remainder of the exercise).
  - b) Present and discuss the key findings of the study in a meeting of Government and development partners (last 2 days of the mission).
  - c) Submission of a final report based on comments received from Government and development partners (one week after the mission).<sup>54</sup>

## **VII. Management Arrangements**

19. This exercise, and the report that will be produced, have been commissioned by the Government, in consultation with the Partnership and Harmonisation (P+H) TWG, which has included this work in its Annual Workplan. The principles included in the TWG Guideline will therefore apply to the conduct of this exercise. CRDB/CDC will lead the exercise on behalf of Government and will be responsible for its overall management. The consultants will be managed by, and will report directly to, the Secretary General, CRDB/CDC.
20. Development partner inputs at all stages are strongly encouraged and will be managed through the P+H TWG lead development partner co-facilitators (DFID and UNDP). To ensure that the exercise is sufficiently partnership-based, a focus group of Government and development partners will be formed as a sub-group of the P+H TWG. Acknowledging these principles of partnership, the focus group will be facilitated by the P+H TWG lead facilitators and will report to the P+H TWG Chair. The group will comprise no more than 6 persons representing development partners, who will be nominated by the development partner community. Government participation will include CRDB/CDC and will be open to other Ministries and agencies.
21. The focus group will not be required to prepare its own Terms of Reference but its role and function will be to facilitate dialogue on this Terms of Reference, to meet the consultants at the inception stage, to discuss the findings of the draft report (based on views received from other stakeholders), to provide comments to the P+H TWG Chair, and to support the organisation of the meeting to discuss the draft report (if held). The group's work will be concluded once the meeting to discuss the draft report has been held, at which time CRDB/CDC, in dialogue with the full P+H TWG, will deliberate on the next steps to be taken.

---

<sup>54</sup> The Report will then become a Government document and, if appropriate, will be used as an input to develop a technical cooperation guideline.

22. At least two qualified CRDB staff will be assigned full-time to work with the international experts for the period of the study. To ensure some sustainability in the exercise the consultants are kindly requested to maximize all 'learning by doing' opportunities associated with this exercise. In particular they are asked to work closely with CRDB/CDC staff at all times, to coach and mentor their counterparts, to provide briefings to CRDB/CDC staff regarding the nature and purpose of the exercise, and to ensure that CRDB/CDC staff play a full part in interviews and analysis (and in the drafting of the report to the extent that it does not compromise the consultants own independent views).
23. The study will be implemented over a four-week period (three weeks for the experts spent in Cambodia), commencing 8 October 2007, by two independent consultants, supported by two officials of CRDB/CDC, the Government agency responsible for aid management.

## **VIII. References**

### ***Key Cambodia Readings***

- Cambodia Aid Effectiveness Report, 2007, CRDB/CDC
- Capacity Building Practices of Cambodia's Development Partners, 2004, CRDB/CDC
- Evaluation of the Technical Assistance Provided by the International Monetary Fund, Volume II, Technical Assistance in Cambodia (especially section III), 2005  
<http://www.imf.org/external/np/ieo/2005/ta/eng/pdf/013105c.pdf>
- Guideline on the Role and Functioning of the TWGs, 2007, CRDB/CDC
- Joint Government-Donor Strategy for Phasing Out Salary Supplementation Practices in Cambodia, January 2006, TWG-PAR
- National Operational Guidelines, 2006, CRDB/CDC
- National Strategic Development Plan (NSDP), 2006-2010, Government of Cambodia
- Sector plans, strategies and major reform documents– to include health, agriculture & water, land, PFM
- Strategic Framework for Development Cooperation Management, 2006, CRDB/CDC
- Technical Assistance and Capacity Development in an Aid Dependent Economy: The Experience of Cambodia, Godfrey et al, 2002, World Development Vol 30
- The GDCC and TWGs: A Review, 2006, CRDB/CDC
- The Implementation of a Merit Based Pay Supplement Incentive, Sub-Decree 95 of 2005, Government of Cambodia

### ***Other Readings***

- A vision for the future of Technical Assistance in the International Development System, 2003, Oxford Policy Management
- Between Naivety and Cynicism: A Pragmatic Approach to Donor Support for Public-Sector Capacity Development, 2004, Ministry of Foreign Affairs, Denmark
- Building Coherence Between Sector Reforms and Decentralisation: Do SWAPs Provide the Missing Link? 2003, Tony Land and Volker Hauck, ECDPM Discussion Paper.
- Capacity for Development: New Solutions to Old Problems, 2002, UNDP/Earthscan
- Developing Capacity through Technical Cooperation, 2002, UNDP/Earthscan

Harmonising the Provision of Technical Assistance: Finding the Right Balance and Avoiding the New Religion, 2002, Baser, H. and P. Morgan. ECDPM Discussion Paper 36

Review of Technical Assistance in Afghanistan and Capacity Building in Afghanistan, 2007.

Scoping Study on Capacity Development for Service Delivery in Pakistan, 2007, Watson D.

Study on the Provision of Technical Assistance Personnel: What can we learn from promising experiences? 2007 (draft), ECPDM

Technical Cooperation Success and Failure: An Overview, 2001, Morgan P.

Technical Cooperation, 2002, Development Policy Journal (Special Edition)

The Challenge of Capacity Development: Working Towards Good Practice, 2006, OECD/DAC

The Management of Public Service Reform: A Comparative Study of Experiences in the Management of Programmes of Reform of the Administrative Arm of Central Government, 1998, T. Land et al (eds), ECDPM.