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Reforming the hand that feeds you? Managing capacity development support in Cambodia and Malawi

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20/2014

Reforming the Hand that Feeds You?

Managing Capacity Development Support in Cambodia and Malawi

Niels Keijzer

Reforming the hand that feeds you?
Managing capacity development support
in Cambodia and Malawi

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Bonn 2014

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Bonn, June 2014

Niels Keijzer

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Abbreviations

AMP	Aid Management Platform
CABRI	Collaborative African Budget Reform Initiative
CAR	Council for Administrative Reform (Cambodia)
CDS	Capacity Development Support
CDPF	Capacity Development Partnership Fund (Cambodia)
CDRI	Cambodia Development Resource Institute
CRDB	Cambodian Rehabilitation and Development Board
DFID	Department for International Development
EIP	Effective Institutions Platform
GNI	Gross National Income
GTZ	German Technical Cooperation Agency (<i>Deutsche Gesellschaft für Technische Zusammenarbeit</i>)
MDGs	Millennium Development Goals
MEF	Ministry for Economy and Finance (Cambodia)
MoF	Ministry of Finance
MoH	Ministry of Health
MoEST	Ministry of Education, Sports and Technology (Malawi)
MoEYS	Ministry of Education, Youth and Sports (Cambodia)
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
PBA	Programme-Based Approach
PFM	Public Finance Management
PIU	Project Implementation Unit (Cambodia)
RGC	Royal Government of Cambodia
SWAp	Sector-Wide Approach
SWiM	Sector-Wide Management
TA	Technical Assistance / Technical Advisor
TC	Technical Cooperation
ToR	Terms of Reference
UNDP	United Nations Development Programme
UCS	Using country systems

Summary

This paper analyses the policies and priorities of the governments of Cambodia and Malawi with respect to capacity development support (CDS), based on secondary research evidence and perceptions of effectiveness from a wide range of stakeholders. The study concentrates on the two governments' overall objectives and strategies on CDS and contrasts these to the situation in the health and education sectors, as two sectors that generate a strong need for capacity development and attract a significant portion of development cooperation. While CDS is provided in many forms, this study has restricted its analysis to dedicated events and advisory services.

A first observation of this study is that as longstanding aid-dependent countries, Cambodia and Malawi provide a 'disabling environment' that hinders the effective management and use of external support for capacity development. Both countries are characterised by a highly politicised civil service that is part and parcel of a neo-patrimonial governance system, where civil servants themselves are paid at a level on which they cannot sustain their livelihoods, and where responsibility for service delivery has been partially 'outsourced' to external partners. It is easier for donors to take up such a role than to withdraw from it, and some donor officials lamented the need for them to be continuously 'bailing out' government.

Under these conditions, even when unconvinced of their change potential, government would tend still to accept CDS interventions for the project-benefits these come with, which help civil servants make ends meet. Without detracting from the strong advances in the capacity of both governments, this study repeats earlier studies in observing that the governments have developed capacity, yet at a level that is nowhere near commensurate to the high CDS investments made.

At the time the study was conducted, donors mostly provided CDS bilaterally, with limited exchange and joint action with other CDS providers. This represents a step backwards from a decade ago, when trust and energy was invested by government and donors alike in coordinated approaches under developing-country leadership. The period when Sector-Wide Approaches (SWAs) were implemented with strong donor participation temporarily increased line-ministry leverage over CDS and led to a more coordinated process of joint identification of needs. Though sometimes perceived as such, SWAs do not particularly prescribe forms of joint financing (e.g. budget support) but instead promote transparent and concerted forms of government-led development cooperation. The key difference from a decade ago is that donors' headquarters have lost both the appetite and political support to engage in coordinated approaches with less control and reduced visibility.

More than a decade ago, both Cambodia and Malawi formally expressed the need for change and, with donor financial support, commissioned studies that presented a critical assessment of the state of play. These studies subsequently informed their overall development cooperation strategies that call for a need to reform current CDS practices. These were backed up by international declarations on aid effectiveness that called for similar reforms. Given this apparent clear sense of direction, the question is why these overall priorities have failed to become translated into practice?

An important part of the answer is that formal objectives for reform of CDS, as expressed in overall development cooperation policies, are a key starting point for government's reform

efforts though nothing more than that. Evidence gathered in the two countries suggests that, despite the clear and fundamental objectives for reform of CDS, actual efforts made by government to operationalise and implement these have been modest and mainly limited to 'sensitisation' of donors. Moreover, and exceptions notwithstanding, the government officials who gave shape to these overall aid policies are not the same as the officials who work directly with donors in elaborating concrete interventions. Line ministries on the receiving end of development cooperation are less directly led by government's aid management policies, which are mostly championed by their ministries of finance or dedicated planning agencies.

Actions committed to on the part of government in the area of CDS reform, which in both cases concerned the adoption of a national strategy on capacity development in relation to public-sector reform, have failed to take off or remained on the drawing board. The somewhat paradoxical result is two governments strongly intent on fundamentally changing CDS practices, in the case of Cambodia with specific guidelines on TC, but without an overall strategy on how to make use of such reoriented support in terms of relating it to their own capacity development objectives and efforts.

Sectoral capacity development strategies were prepared by the line ministries responsible for health and education but, apart from the Cambodian education Master Plan, were not adopted. Relatively top-down approaches to leadership and patronage networks strongly influencing internal mobility in government have hindered CDS initiatives in promoting capacity results that transcend the individual level or the actions of individual departments. The dire situation in the public service causes the health and education ministries to pursue resource maximisation strategies that largely involve accommodating donors' projects in different shapes and forms. No specific push is made for CDS to use and support government's own systems, while negotiations of individual interventions mainly focus on detailing specific project components (as opposed to discussing whether the project is needed) and whom these should target. This indicates that officials in government are still inclined to accept support that is provided in ways that do not fully align with their systems.

In the absence of ministry-owned CD plans, and a clear and ambiguous management push, most donors resort to taking a strong lead in designing CDS interventions. Whilst understandable as a pragmatic approach to dispatching experts and using allocated funds, this approach risks providing CDS to areas that government considers low priority, or to which it refuses to give due priority because it lacks the will for change. The latter areas included strong donor priorities such as merit-based pay, decentralised procurement and national audit functions.

In terms of focus, CDS interventions thus concentrated mostly on the functional dimensions of governance in the sector and mainly pursued technical solutions to observed problems, lacks and deficits. Both government and donor officials suggested that the other side was mainly interested in such 'technical fixes', but this is again explained by the more systemic difficulties and barriers towards support targeting more political dimensions of capacity. In a formal sense, these could be considered 'off-limits' for external support, yet many cases were detected where advisors were made an integral and essential part of government's own change-management efforts.

Interdisciplinary research on effective cooperation highlights the importance of fairness, trustworthiness, communication and reputation, all of which linked to the central aspect of

reciprocity. Beyond the challenge of giving adequate attention to these factors in the design of interventions, the processes of procuring or recruiting local or international advisors focus insufficiently on ensuring and promoting these key factors, and instead emphasise ‘objective’ selection criteria such as technical skills, years of experience and academic qualifications.

Low donor investments into evaluations of CDS interventions, as well as their tendency to keep such reports internal, hinder learning from past experiences and affect institutional memory. This risks duplicating or replicating interventions with low value or counterproductive effects that could otherwise have been adjusted or changed to ensure greater relevance and effectiveness. More fundamentally, it reflects a lack of transparency in the objectives and features of individual CDS interventions, which has an unintended effect of contributing to negative perceptions and prejudices among government officials about CDS and advisors in particular.

These findings thus describe a political economy whereby all involved actors have few incentives to radically change the way in which CDS is managed and where, instead, ineffective practices are largely reproduced over time as none of the actors experience any direct costs or consequences for doing so, as well as no direct rewards for change. While some donors have introduced important reforms, government remains best-placed to fundamentally break through this cycle of low effectiveness. As per these overall findings, this study concludes that it is not formal strategies and policy frameworks but individual perceptions and attitudes of government officials that decisively influence the role and ability of CDS to support government and develop capacity. In aid-dependent and low-income countries such as Cambodia and Malawi, longer-term CDS interventions are more likely to be effective and sustainable when they promote adaptive and teamwork-oriented approaches under the leadership of strong and respected government officials.

Guided by this overall conclusion, six changes to existing practices need to be made to promote more effective and sustainable CDS in Cambodia and Malawi:

1. The starting point of preparing CDS interventions should be a joint diagnosis of the sector, in which government and all donors equally participate, as opposed to bilateral appraisal missions.
2. The design of interventions needs to be driven and led by key change-makers in government. Donors should adapt their procurement or recruitment procedures to refrain from providing support unless government leads this process.
3. Advisors with a capacity-development mandate should only report to government and not to donors, and ToRs should avoid fragmented or donor-oriented accountability relations.
4. Co-funding of advisors by government should be required as a proxy of real commitment. Requiring government to contribute formally to each advisor, even if at a minor level, would improve conditions for reciprocity and strengthen accountability relations.
5. Donors should report disaggregated budgets of CDS interventions through government’s own systems, and make public ToRs and evaluations of CDS interventions. Current practices lack transparency and encourage duplication, fragmentation and suspicion.
6. Government should commission periodic evaluations to assess progress made in strengthening sector capacity, including the effectiveness of external inputs provided. Such evaluations would promote integrated capacity development approaches in government.

These recommendations provide a basis for a gradual and incremental shift towards more formalised and centrally planned CDS management, which government could manage through its own systems for public planning, procurement, implementation and reporting. If it is still strongly reliant on external inputs at this stage of a more centralised demand articulation, such efforts could be guided by a government-wide capacity-development strategy that includes, but does not revolve around, objectives and principles for external support. The drafting and implementation of such a strategy should be led by the government ministry responsible for the public service.

1 Introduction

In an increasingly interconnected world, the need to reinvent the wheel is long gone. Countries do not develop themselves through autarky and self-reliance, but through *“importing what the rest of the world knows and exporting what it wants”* (UNDP 2013, 4, 5). To effectively learn and benefit from the knowledge and know-how of other countries and regions, and respond to the opportunities created by their demands, countries have to make efforts that are commonly referred to as ‘capacity development’. Since productive capabilities cannot simply be transferred, doing so requires time and significant investment (Whitfield 2012). This process is inevitably self-motivated and self-driven, with an important role for the state in facilitating societal transformation, but also offers strong potential for international cooperation.

Global discussions on reforming international cooperation led to the adoption of the Busan Partnership for Effective Development Cooperation in 2011, which identifies four key ingredients of effective cooperation. The first and most essential of these ingredients is that *“Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.”* The implementation of these principles was assessed at a high-level meeting in Mexico in April 2014, where delegates reaffirmed their commitment to align and tailor cooperation to the national agenda and context of developing countries (BP 2011; MC 2014). These meetings were certainly not the first international occasions where the concept of ‘ownership’ was recognised as essential for effective cooperation.¹ Given observed challenges to promoting such ownership in practice, the Busan Partnership calls for the strengthening of developing countries’ institutions and policies, which it recognises as *“essential for sustainable development”* (BP 2011; MC 2014).

When it comes to specifying how international support can help promote effective institutions, the Busan outcome document builds on earlier commitments made in Paris and Accra that define capacity development as the responsibility of developing countries, with their external partners in a supporting role. The outcome document confirms that the *“use and strengthening of country systems remains central to our efforts to build effective institutions”*, with the term ‘country systems’ referring to developing countries’ own arrangements and procedures for public-sector planning, budgeting and accountability. The commitments made not only prioritise giving targeted support to countries intent on strengthening their systems, but also emphasise that the full range of external support needs increasingly to be managed through developing countries’ own systems for planning, management and review. This implies a shift away from the practice of delivering development cooperation through discrete and donor-controlled projects that, to a large extent, are implemented parallel to these country systems. The Mexico Communiqué reaffirms the Busan commitment to strengthen and use country systems as the default approach, with the priority of strengthening dialogue on the extent to which their use is appropriate (BP 2011; MC 2014).

The substantial attention to this topic in international policy discussions contrasts with a relative absence of research evidence on the use of country systems, which is mainly

1 These include the 2002 Monterrey Consensus on Financing for Development, the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action.

macro-oriented and primarily focuses on the link between composite indices measuring the quality of country systems, and the use of these systems by donors² (see for instance Knack 2012; 2013). There is a research gap in the extent to which, and how, interventions in specific areas and sectors concretely make use of country systems, such as in the planning and preparation of support, in the contracting or procurement of external expertise, or in the area of monitoring and evaluation. Although the Paris Declaration singled out Capacity Development Support (CDS) as key to helping strengthen these systems, only limited evidence is available on the extent to which, and how, CDS interventions themselves are managed through these systems (Keijzer 2013).

This lack of evidence of how the governments of developing countries seek to manage CDS from their donors motivated the preparation and conducting of a study on this topic. Cambodia and Malawi were identified as relevant countries to cover, given their strong role in international discussions on aid and development effectiveness. This is reflected in their participation in and coverage by the two independent joint evaluations of the Paris Declaration in 2008 and 2011, as well as their membership of the Effective Institutions Platform (EIP) as the main international dialogue platform for policy discussion on capacity development support.³ A second reason to select these two countries is that they have had access to a large volume of CDS over an extensive period, and have made dedicated efforts to adopt overall development cooperation management policies that could be contrasted with the management of CDS in practice.

The study's central hypothesis is that further improvements to CDS, as well as their positive contributions to effective public policies and institutions, are primarily driven by developing countries' own efforts to make this happen. The main focus of the study was to assess to what extent the governments in the two countries differ in their approaches to managing CDS, and to what extent the CDS provided corresponds to these preferences and priorities. As per this overall hypothesis and focus, this study did not depart from the international commitments, but instead used an inductive approach that takes the actual interests and motivations of both governments and their external partners as a starting point. This approach was felt to be appropriate and effective for identifying achievements and challenges in the areas of CDS that are specific and unique to each country, as well as those achievements and challenges that both countries share and which may also apply to other comparable countries. The study's findings, conclusions and recommendations seek to inform the actions of government and donor officials, as well as practitioners active in these two countries, but may also be of relevance to similar efforts in other aid-dependent, low-income countries.

In studying the two countries, a choice was made to focus on the health and education sectors, not with the ambition of a complete coverage of these sectors but as a means to analyse how overall development cooperation management policies are operationalised and implemented in specific sectors. Health was chosen as a sector that had previously been covered by the Paris Declaration evaluation in 2011, as well as for being a relatively 'over-crowded' sector, which can lead to donor-coordination challenges. Education was chosen as it typically involves a large proportion of the civil service and, as with health,

2 Although recent policy discussions have advanced terms including 'development partners' and 'providers of development cooperation', this paper uses the term 'donor' for pragmatic reasons.

3 For details please refer to <http://www.effectiveinstitutions.org/> (accessed 15 Apr 2014)

represents strong capacity development challenges for government. In addition, given that a broad range of interventions is associated with CDS, it was decided to restrict the study's analysis to those interventions that were most commonly associated with capacity development in both countries, namely dedicated events and, in particular, the provision of short- and long-term advisory services. The latter group was frequently referred to by respondents as Technical Assistance (TA).

The analysis presented in this study is based on a detailed literature review and semi-structured interviews. These interviews were conducted during short visits to each country during March 2014, with six working days spent in each country. Within this period, interviews were conducted with a total of 58 people belonging to different actor groups, as specified in Table 1. Written notes were taken during the interviews, which were conducted on the condition that no-one would be quoted and that findings would not be related to organisations or individuals.

	Government officials	Donors and implementing agencies	Regional and international advisors	Independent consultants
Cambodia (n = 27)	3	15	4	2
Malawi (n = 31)	9	13	7	2

Six overarching research questions were formulated to test the study's central hypothesis that the engagement of a developing-country government matters for the effectiveness of CDS:

1. How can the developing-country government's **approaches to managing external cooperation** be described, in terms of its formal policies and/or concrete actions towards promoting aid and development effectiveness in general?
2. At what level and how does the government articulate or otherwise promote specific **priorities for capacity development**, and how does it engage with relevant stakeholders in determining these?
3. To what extent does the government have an **overview of total CDS** provided to the country by different providers?
4. To what extent are the **government's own systems used** in planning, designing, contracting or procuring, implementing and evaluating the CDS provided by different stakeholders?
5. Linked to this overview of support, how can **CDS accountability relations** be described in terms of (a) the sharing of information on CDS interventions between stakeholders, (b) dedicated processes to learn from past CDS interventions by those directly involved and (c) sharing lessons learned from past support with other relevant stakeholders?
6. What lessons can be drawn from the findings in terms of the **relation** between developing-country efforts to **strengthen institutions** and joint efforts to strengthen the **effectiveness of CDS**? What possible implications can be identified for further international discussion and engagement?

These six research questions were operationalised into 17 sub-questions to guide the collection of information needed to answer the main research questions (see annex 1).

A few limitations of this study should be acknowledged and kept in mind by the reader when considering its findings, conclusions and recommendations. First and foremost, the limited available resources and time, as well as the absence of an overview on the total amount of CDS provided (see 2.3) means that this study cannot provide a complete and fully representative assessment of CDS effectiveness in the two countries. Instead, the study provides a well-informed and evidence-based ‘snapshot’ of CDS effectiveness in specific sectors, based on available research evidence as well as the information and perceptions shared by the interviewees, which can inform further discussion and decision-making to evaluate and/or improve the effectiveness of CDS. Secondly, in Cambodia a recent change in leadership at the level of the Health Technical Working Group on the side of government meant that no suitable interviewee in the Ministry of Health could be identified during the time of the visit. Third and last, both countries found themselves in relatively turbulent periods at the time when the study was conducted, including the post-election protests and societal unrest in Cambodia, and the Malawian ‘Cashgate’ scandal⁴ that emerged ahead of the country’s general elections in May 2014 and involved ministers and senior civil servants misusing a government computer system to steal millions of euros.⁵ Cashgate led to the suspension of all budget support and a media-heavy debate around a forensic audit on the matter ahead of the elections in May 2014, which meant that the Malawian government was cash-strapped and that formal relationships between donors and government were at a low point. While the present situation had to be taken into account, most of the interviews took a more retrospective and medium-term look into government policies and past and present CDS.

The paper is structured in six sections. Following this introduction, Section 2 defines key concepts used in this study and reviews existing evaluation evidence on the effectiveness of CDS for contrasting with this study’s findings. Section 3 presents and discusses the development paths of Cambodia and Malawi and looks into what differences and similarities these show. Section 4 continues with describing both countries’ overall development cooperation management policies as well as the specific policies in the area of health and education. Section 5 contrasts these policies to the actual practices of planning, managing and evaluating CDS. Section 6 closes this paper by discussing the findings presented, and presenting overall conclusions and recommendations.

4 A brief analysis of the scandal and its implications is provided by the Guardian here: <http://www.theguardian.com/global-development/2014/jan/14/malawi-aid-freeze-health-education> (accessed 6 Jun 2014).

5 Although published after the elections, given that the interviews were conducted in March 2014 a choice has been made not to update this paper based on the results of the elections.

2 Literature review and working definitions: CDS and country systems

2.1 Capacity development

Since development cooperation formally started in the middle of the 20th century, international policy discussions acknowledge that development requires more than ‘hardware’ and financial input, and that there is an equal if not greater need for investment in the less visible, more ‘human’ aspects of development. From the late 1980s onwards, the concepts of capacity building and capacity development have been the dominant terms used to capture this aspect of development cooperation, and have gradually replaced other concepts such as institution building and human resource development, each reflecting elements of the dominant development narrative at the time (Kühl 2009).

The term ‘capacity development’ features centrally in development policy discussions, with the following definitions reflecting the international policy consensus (OECD, 2006):

- **Capacity** is the ability of people, organisations and society as a whole to manage their affairs successfully.
- **Capacity development**⁶ is the process whereby people, organisations and society as a whole unlock, strengthen, create, adapt and maintain capacity over time.
- **Capacity development support** refers to what outside partners can do to support, facilitate or catalyse capacity development and related change processes.

These general definitions describe what capacity means, what its development entails and what role is played by external support, albeit in very general terms. As such, the international consensus leaves many questions unanswered and fails to provide real operational guidance, such as which aspects of capacity matter most, and how concretely international actors can support endogenous processes without disrupting these. Different donors have made efforts to further operationalise the concept by distinguishing different dimensions or sub-sets that together form capacity.⁷ Drawing on these and other insights, Boesen (2010, 149) proposes four dimensions shaping capacity that can be useful to analyse capacity development processes at the level of organisations, which remains the key focus of most CDS interventions (Table 2).

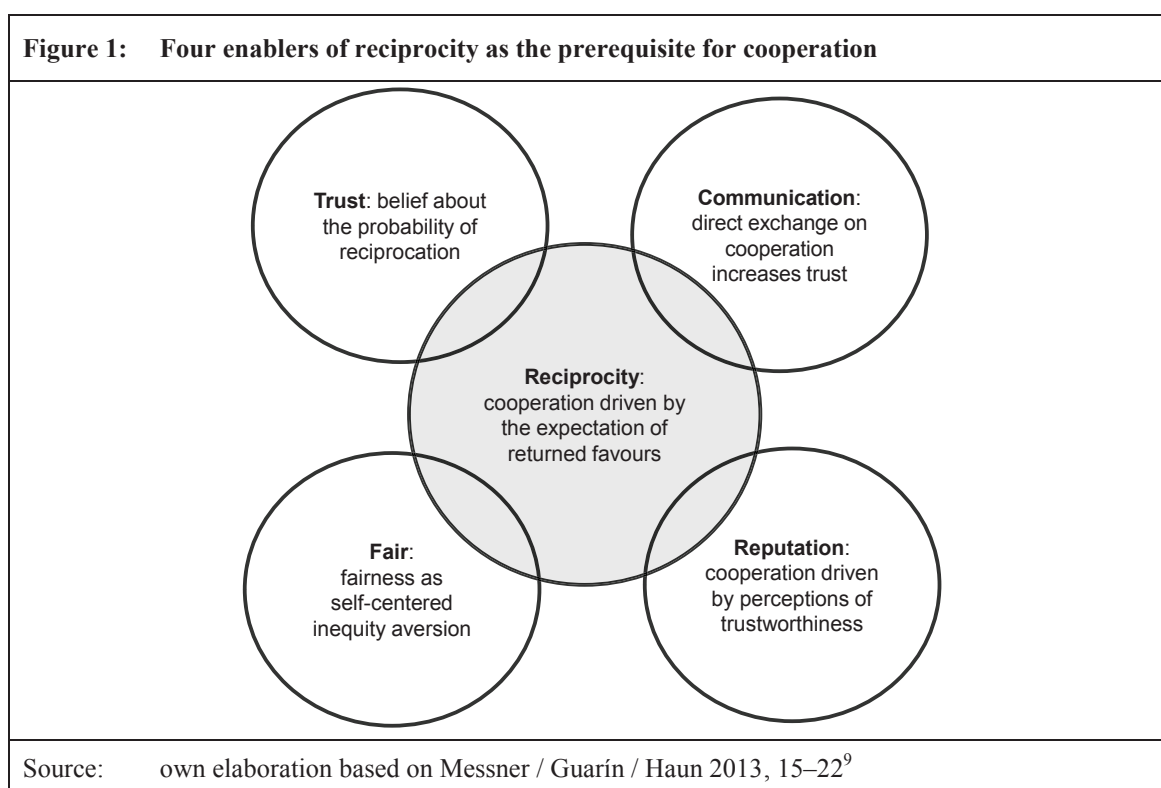
Studies call on all actors involved in providing CDS to stop managing it as if it is something technical, to develop an operationally relevant understanding of the context in which they work, and, based on that, to influence what is within reach as well as adapt to that which is not. Capacity development comes with ups and downs, creates winners and losers, and is therefore not a neutral and apolitical activity (Boesen 2010; Baser / Morgan 2008; Ortiz 2013). The bottom line is that the wider environment, consisting of structural and institutional factors as well as all key actors involved, enables or disables capacity development and strongly determines to what extent external inputs, when managed in the right way, can make a difference (Boesen 2011).

6 Initially the term ‘capacity building’ was used, but was soon accompanied by ‘capacity development’ which some consider emphasises the endogenous nature of capacity and its development. The two terms are, however, considered similar if not identical, and both are still in use today.

7 Please refer to Baser (2011) for a detailed overview and analysis of such approaches.

Table 2: Four dimensions that influence capacity change		
	Functional: technical and economic efficiency, and professional quality	Political: the energy that brings motion, direction and change
Internal: supply-side change	<i>Internal/functional:</i> strategy, systems, structures, work processes, internal relationships	<i>Internal/political:</i> leadership, power distribution, material and non-material incentives, rewards and sanctions, possible vested interests, conflicts
External: demand-driven change	<i>External/functional:</i> legal framework, timeliness and adequacy of resources, performance targets, oversight bodies, formal accountability requirements	<i>External/political:</i> political governance, vested interests, pressure from clients, customers, competitors, media attention
Source: adapted from Boesen, 2010, 149 ⁸		

A consequence of a dynamic and relational understanding of capacity is that it is not possible to ‘plug’ capacity deficits through outside support, meaning that over-reductionist and technocratic approaches will be ineffective or even counterproductive. Instead, capacity development is a process involving many stakeholders, and external support has to be part and parcel of ongoing change processes. Based on a review of literature from the social and natural sciences, Messner, Guarín and Haun (2013) identify reciprocity as a fundamental principle for cooperation that is influenced by four key enablers (see Figure 1). In addition to these, enforcement is a key mechanism to rein in uncooperative partners, while the literature also shows that the four enablers of reciprocity are more likely to emerge within groups that share similarities or a common narrative (*Ibid.*).



8 Minor modifications made to the original by adding definitions for the internal/external and functional / political distinctions.

Development-cooperation actors may hold these truths to be self-evident, but in many cases only at a theoretical level. In practice, they instead shape a political economy that does not systematically promote these cooperation enablers, mostly due to the asymmetrical relation inherent to development cooperation, which limits possibilities for both reciprocity and enforcement. The nature of the relationship represents a discrepancy in the ways developing-country stakeholders and their external partners formally subscribe to these definitions in overall policies as well as international declarations, and what they in practice do under the label of ‘capacity development’. This discrepancy reflects an uneasy match between the ‘interventionist’ nature of development cooperation and the understanding of capacity development as an endogenous change process (Keijzer 2013). Instead of supporting developing-country stakeholders’ capacity development, much of what is done instead seeks to create the conditions for effective implementation of external interventions (De Lange 2013; Matheson 2011).

2.2 Country systems

A second key concept guiding this study concerns the management of development cooperation through so-called ‘country systems’. This concept is reflected in international development policy discussions and is one key element of the commitment made by donors to respect and follow developing-country leadership. At the fourth High-Level Forum on Aid Effectiveness in Busan in December 2011, international partners committed to promoting effective institutions by using country systems as the ‘default approach’ for cooperation in support of the public sector in developing countries. The 2014 high-level meeting in Mexico reaffirmed the commitment and called for further action in assessment and policy dialogue (BP 2011; MC 2014).

The discussions in Busan built on earlier international meetings on aid effectiveness, with the basis for the commitment to using country systems defined in the 2005 Paris Declaration on Aid Effectiveness. The Paris Declaration presents two key assumptions about the use of country systems: (1) when development cooperation is managed through country systems this helps to strengthen these systems; (2) external support can help to strengthen the capacity of these systems. The OECD summarises these studies as confirming that the Paris Declaration’s assumptions are grounded in evidence, but finds that donors are not yet systematically making greater use of them, despite advances made by developing countries in strengthening these (OECD 2013, 147).

Despite giving it strong priority, the Paris Declaration was ambiguous as to what is meant by ‘country systems’, as no clear-cut definition is presented; instead, a list of non-exhaustive examples is provided. The Declaration’s monitoring framework moreover promoted a restrictive understanding by including Public Finance Management (PFM) indicators to measure the strength of country systems. This has promoted a perception that the use of country systems was mainly a matter of financial management of development cooperation, particularly linked to the use of certain aid modalities that were deemed most suitable for using PFM systems.

9 Messner / Guarín / Haun (2013) discuss several definitions for each of these concepts from different disciplines, based on which the figure includes key elements deemed helpful for this paper.

In the period 2005–2011 various studies were commissioned to look into the operational implications of the commitment made to using country systems (see, for instance, CABRI 2009). Based on these studies, the following three dimensions of using country systems can be distinguished (Table 3):

Table 3: Three dimensions of using country systems (UCS) in development cooperation		
Dimension 1: Aligning to country planning and budgeting processes	Dimension 2: Using country Public Finance Management systems	Dimension 3: Using country financial oversight and evaluation systems
1.1: Development cooperation is integrated in government's plans and budget requests	2.1: Development cooperation is disbursed into the main treasury account and managed through government systems	3.1: Development cooperation is recorded and accounted for in government accounting systems
1.2: Development cooperation is included in the government budget documentation	2.2: Procurement of cooperation inputs follows government standards and procedures	3.2: Development cooperation is audited by the supreme audit institution
1.3: Development cooperation is included in budget appropriations approved by the parliament		3.3: Development cooperation is included in government's ex-post reports
Source: own elaboration, based on Sprietzer and Vargas, 2011, 47		

While there is value in further policy discussion and agreement on the definition and operationalisation of the commitments to using country systems, it should be emphasised that doing so is not an end in itself but one of the possible means to enable more effective cooperation in specific contexts. Not only donors but also developing-country governments may differ in the importance they attach to promoting the use of their systems, which among other factors depends on absolute and relative amounts of ODA received. Recent research shows how developing-country governments particularly value and promote ownership, alignment and speed in external support, meaning that they themselves may not strongly promote all aspects of country systems (Greenhill et al 2013).

There will also be different views and positions on the use of country systems between different stakeholders within the same country, since increasing the use of country systems affects power relations inside government and between stakeholders. All involved have to reconcile the different interests they pursue, of which effectively implementing national development strategies and promoting capacity development is but one. In this light, while the use of country systems is an important element of the study, it should be analysed as one possible priority of a developing-country government's approach to managing CDS within the context of its wider development cooperation management strategy.

2.3 Donor approaches to supporting capacity development

It is not straightforward to distinguish between those external interventions that seek to promote capacity development and those that do not. Instead, it is more realistic to assume that each individual development intervention has to find a balance between 'doing things for partners' and 'helping the partners do their own things' (Morton 2013). There is thus no

such thing as a capacity-neutral intervention, as any external intervention will inevitably have an impact on the capacity of the partners taking part in or otherwise affected by it.

Although it is not possible to differentiate between interventions that affect capacity and those that do not, international statistics on development cooperation do distinguish a group of interventions that pursues CD as its main objective. As per this distinction, the bulk of CDS assistance is delivered in the form of Technical Cooperation (TC), which the OECD defines as “*provision of know-how in the form of personnel, training, research and associated costs whose primary purpose is to augment the level of knowledge, skills, technical know-how or productive aptitudes of the population*” (OECD, 2010, 15).

TC is provided in many different ways, including by specialised development agencies, Non-Governmental Organisations (NGOs) and the private sector, either through direct contracting or competitive tendering. Studies have noted that this definition of TC is often confounded with Technical Assistance (TA) and suggest defining TC as actions aimed at strengthening individual and organisational capacity, and TA as the personnel involved in the implementation and management of TC services (Hauck / Bana 2009).

As recognised by the OECD, and contrary to its own definition, it should be emphasised that TC is often provided for other objectives than supporting capacity development, such as project appraisal, monitoring and evaluation of development interventions, and financial oversight (Matheson 2011; OECD 2006, 23). In 2009, the European Commission adopted guidelines that distinguish the following four possible objectives of TC (Hauck / Bana 2009, 10):

- Help develop the capacity of organisations and individuals – often long-term;
- Provide policy and/or expert advice – often short-term;
- Reinforce (or substitute for weak) implementation capacity;
- Prepare/ facilitate bi- or multi-lateral cooperation.

Such a distinction is, however, not applied in the OECD’s Creditor Reporting System (CRS). It is moreover not possible to get a view of the total amount spent on TC because some TC is embedded in larger projects and only reported separately by OECD members on an optional basis. In addition, the cost of supplying consultants is not separated from the overhead costs involved. While recognising these limitations, it is estimated that TC comprised approximately one-sixth of ODA (excluding debt relief) in the period 2007–2011 (Tew 2013, 2, 3).

In view of the lack of transparency of available statistics, and given the study’s inductive focus on developing-country governments’ policies and priorities, a choice was made to focus on those types of support that developing-country governments most directly associated with capacity development support, namely workshops as well as short- and long-term advisory services that are commonly referred to by government officials as Technical Assistance (TAs).

2.4 International consensus on effective capacity development support

Long-standing concern over the effectiveness of CDS among policy makers has resulted in a significant volume of independent studies and evaluations that have investigated the scope and potential for improving this area of support (see Keijzer 2013). Although CDS is often portrayed as supply-led and donor-driven, available studies do not blame this solely on donors but argue that improving CDS requires collective and concerted action by those who provide, and stand to benefit from, this area of support. Wood et al (2011, xiv) formulate this as follows:

“The complex, long-term challenges of capacity development are the most important constraints for most countries, and these do not allow for ‘quick fixes’ or bureaucratically engineered solutions. However, partner countries can do more to identify priorities for strengthening capacities in targeted areas. Donors and agencies in turn can do more to support those priorities in coordinated ways, to strengthen country systems by using them and to reduce donor practices that undermine the development of sustainable capacity.”

These and other studies have identified concrete ways to improve cooperation practices in the management of CDS, which covers the entire project cycle from planning to evaluation. A common thread in these recommendations is increasing the ownership of, and control by, developing-country stakeholders over CDS. Table 4 summarises the main recommendations from these studies in relation to the different stages of the project cycle, which in turn are related to the dimensions of commitments to using country systems introduced above. This provides a ‘yardstick’ of good-practice principles that can be contrasted to the concrete practices that are explored in this study. The concluding section of this paper contrasts these good-practice principles with the actual practice described by interviewees and in relevant studies.

3 Cambodia and Malawi: differences and similarities in development paths

This section introduces Cambodia and Malawi by presenting key aspects of their development trajectories during the past decades, an overview of efforts to increase ODA transparency and CDS received, and a summary of available political economy analysis.

3.1 General characteristics and trends

Cambodia became independent in 1953. After nearly two decades of relative stability, a 1970 coup d’état introduced a military junta and an era of turmoil, characterised by armed conflict and genocide. The junta was removed by the communist regime of the Khmer Rouge in 1975, which remained in power until the Cambodian–Vietnamese War started in 1979 and triggered a decade of low-intensity conflict, international isolation and economic downturn. At the start of this period Prime Minister Hun Sen and his Cambodian People’s Party (CPP) entered the stage as part of a Vietnamese-backed regime and began to dominate Cambodian politics. During the 1990s peace process Cambodia re-entered the international community, negotiated the Paris Peace Accords in 1991 and thereby gave way to the government of the United Nations Transitional Authority in Cambodia (UNTAC) from

Table 4: Good-practice principles for effective capacity development support						
	Planning	Identification and design	Budgeting	Procurement and recruitment	Implementation	Monitoring and evaluation
	UCS dimension 1: Planning and budgeting			UCS 2: PFM		UCS 3: Oversight and evaluation
Partner	Articulate CD objectives linked to ongoing change processes	Jointly identify CDS objectives and operationalise interventions	Include CDS spending in government's budget		Ensure adequate supervision and management of CDS	Reflect CDS in accounting systems and ex-post reports
	Identify CDS needs in bottom-up manner	Jointly discuss CDS options; donors to be transparent on financial details of CDS options	Invest and manage aid-management systems		Request and process reporting on CDS	Seek involvement in evaluations
Donor	Follow partner lead in identifying and articulating demand		Provide timely information on CDS funding to government	Ensure that developing countries lead recruitment decisions	Clarify managerial responsibility; ensure that CDS is primarily accountable to beneficiary	Ensure full partner involvement in M&E
	Avoid making other interventions conditional on CDS			Phase out formal and informal tying		Adapt reporting formats and language to partner
Sources: Wood et al 2011; Land 2007; Land / Morgan 2008; OPM 2003; IEO 2005						

1992–1993. However, insurgency and political instability continued until 1998. In a 1997 coup d'état against senior coalition partner FUNCINPEC¹⁰, Hun Sen ousted the royalist Prime Minister. The CPP emerged from the restrictive 1998 General Election as the new senior partner in the CPP-FUNCINPEC coalition, which survived the disputed 2003 elections and lasted until 2008, when the CPP formed a one-party government. In July 2013, Hun Sen and the CPP officially won the elections, which triggered protests by supporters of the newly united opponent, the Cambodia National Rescue Party (CNRP), which contests and boycotts parliament.

Malawian post-independence history can be divided into three periods: 1) pre-independence British rule until 1964; 2) post-independence dictatorial rule by President Hastings Kamuzu Banda based on the single-party dominance of the Malawi Congress Party (MCP) and its paramilitary until 1994; and 3) contemporary multi-party democracy (Jimat 2010, 8). Since 1994, four general elections have been held. The first two in 1994 and 1998 were won by President Bakili Muluzi, and the subsequent two elections in 2004 and 2009 by President

10 FUNCINPEC stands for *Front Uni National pour un Cambodge Indépendant, Neutre, Pacifique, et Coopératif*.

Bingu wa Mutharika. While economic and aid relations improved under the first term of Mutharika, they deteriorated during his second term. The recent period from 2000–2004 was characterised by concerns among donors over deteriorating governance and increasing corruption, which led to the suspension of several initiatives and aid disbursements (Fölscher et al. 2012b). In April 2012, Mutharika passed away and was succeeded by Vice President Joyce Banda who, in June 2014, was succeeded by Peter Mutharika. While Banda initially succeeded in improving relations with donors and resuming budget-support disbursements, the 2013 Cashgate corruption scandal hit the international media and led to the suspension of USD 150 million of budget support. The strong reliance on ODA means that such actions will directly affect economic growth, which strongly depends on the cash crops that represent 90% of the country's export revenues.

Table 5 presents some basic statistics on the two countries:

	Cambodia	Malawi
Population (2012)	15 million	15.9 million
Population growth (2012)	1.8%	2.9%
Economic growth (2012)	7.3%	1.9%
GNI per capita, PPP (2012)	2690 USD	753 USD
Human Development Index ranking (2012)	138	170
Net ODA received, % of GNI (2012)	6.1%	28.4%
Source: World Bank		

For many decades, both countries have strongly depended on ODA and faced similar problems of fragmented support. While Malawi's aid dependence has increased in recent years, Cambodia is performing better in terms of integration into the world economy and diversification of resources, mainly through remittances and foreign direct investment.

When it comes to managing development cooperation through country systems, the countries show a rather different picture (see Table 6). In the case of Cambodia, the quality of country systems was assessed as increasing over time, as has the use made of these systems by donors. In Malawi, the quality of country systems has remained constant, while the use made by donors has fluctuated over time, in all years being higher than in Cambodia.

	Cambodia			Malawi		
	2007	2010	2013	2007	2010	2013
Quality of country systems¹¹	2.5	3	3.5	3	3	3
% of ODA using country PFM systems	14	21	32	55	65	50
Source: World Bank, OECD / UNDP 2014						

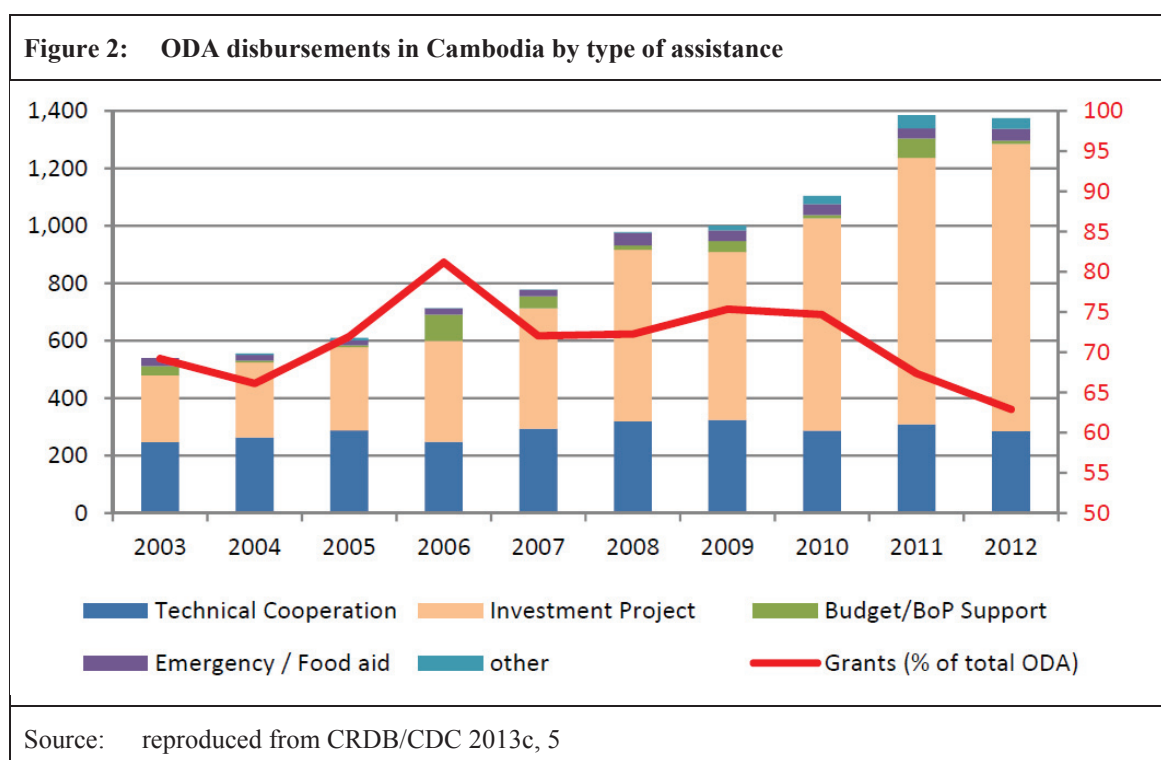
11 As per the World Bank's Country Policy and Institutional Assessment (CPIA) index.

3.2 Efforts to increase ODA transparency and overview of CDS provided

3.2.1 Cambodia

Despite having a wide range of external partners who mainly deliver through discrete projects, the medium-term predictability for aid flows in Cambodia is nearly 100% and among the highest worldwide. In 2013, 79% of scheduled donor disbursements were on budget and the recorded funding was never higher than the scheduled disbursements (OECD / UNDP 2014). In 2005, the Royal Government of Cambodia (RGC) established the Cambodian ODA Database as a tool for information management, which in 2008 was extended with a separate database on NGO-activities. The databases are maintained by the RGC and serve as a strong example worldwide (Hattori 2009), with RGC officials actively engaging with donors to get sufficient information, and with adequate information being available on non-OECD partners, including China.

The latest Cambodian Development Effectiveness Report estimated that in 2011 USD 299.3 million or around 24% of total ODA received, was provided as TA. While the net value of ODA directed at TA remained roughly at the same level, fluctuating between USD 260–290 million per year between 2004 and 2011, it declined as a proportion of total ODA because an increasing amount of ODA goes to investment projects (CRDB/CDC 2011a; CRDB/CDC 2013c). Figure 2 presents more detailed trends from the government, showing a growing proportion of loans received, while the proportion of TC remains more or less at the same level.



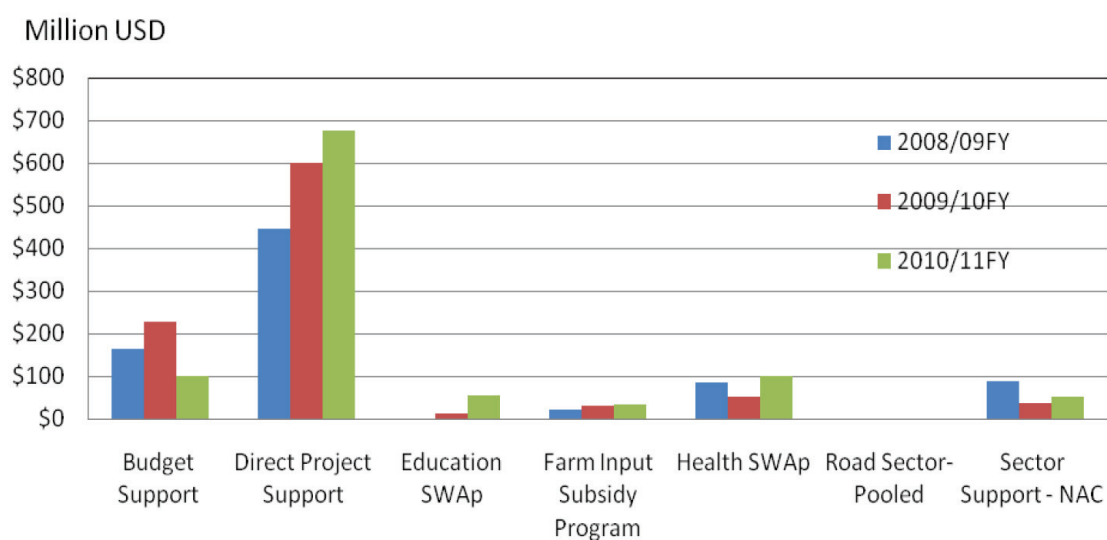
The ODA database currently covers 2215 interventions (of which 642 are ongoing) by 14 UN agencies, three international financial institutions (World Bank, IMF, ADB), the EU, the Global Fund, the Global Alliance for Vaccines and Immunisation (GAVI), and 19 bilateral development partners (11 EU-member states, Australia, Canada, China, Japan,

New Zealand, South Korea, Switzerland and the USA). Among the 1413 projects that include details on the type of assistance provided, 844 (59.7%) were in the category of free-standing TC. The database provides the sub-types of (1) international expert, (2) investment/operational support & equipment and (3) other, but no disaggregated data is available for the 844 projects concerned.¹² 673 interventions (30.4%) partially or fully relate to the thematic marker ‘builds or strengthens Government’s capacity/system’, of which 393 were on-going in March 2014.

3.2.2 Malawi

The ODA management situation in Malawi shows important contrasts to Cambodia. Malawi managed to attract substantial shares of ODA in the form of General and Sector Budget Support as well as through other types of joint financing, yet recent analysis shows that despite these innovative approaches ODA has been extremely volatile and unpredictable. In the FY 2010/11¹³, aid disbursement increased by 7% from 2009/10 up to USD 1,022 million, while the most recent data for 2013 showed a reduction to USD 952 million (MoF 2012, 16; OECD / UNDP 2014, 122–130). In addition, the proportion of funds provided beyond schedule was among the highest worldwide at 72%, and medium-term predictability has been judged to be far below average (OECD / UNDP 2014). The following graph presents some trends in the way in which development cooperation is provided in Malawi, showing a strong increase in interventions delivered through discrete projects, which is likely to further increase following the Cashgate scandal due to which some donors are now unable to resume budget support.

Figure 3: Aid disbursement by modality from financial years 08/09 – 10/11



Source: reproduced from MoF 2012, 33

12 Data based on searches carried out in March 2014: <http://cdc.khmer.biz/>

13 The FY in Malawi is 1 July – 30 June.

As a means of collecting and managing information on development cooperation, the MoF initially used an Excel template that donors used to report data on actual and planned disbursement on a quarterly basis (Development Gateway 2011). In 2008, the GoM adopted an online Aid Management Platform (AMP) in order to more comprehensively track and report external funding.¹⁴ The AMP is managed and hosted by the MoF Debt and Aid Division. Currently, the AMP has provided information about development interventions since fiscal year 2006/2007.¹⁵ The AMP is considered highly accurate and is seen to reflect the level of cooperation and trust between the MoF and donors, and was considered one of the most outstanding features of the aid environment in Malawi. The designation of a Data Focal Agent on the side of each donor, the provision of training on the use of the AMP to these agents, and the use of a *traffic light report* on donor behaviour in the Aid Atlas are other positive factors that have contributed to the proper functioning of the system (Fölscher et al. 2012b).

According to government reporting, during the past and present decades the amount of reported TA declined in both absolute and relative terms. In FY 2006/07, around 5.1% or USD 16.8 million of total reported aid was directed at TA (AMP data), while in FY 2010/11 only 0.8% or USD 8.2 million was dedicated to TA (MoF 2012, 17). In its most recent Aid Atlas, the government commented that the low reported amount of TA was because donors did not generally report on TA separately from grants.¹⁶ It added that this points to “*de facto tying of some aid, with source country consultants and companies brought into the country to do work that could potentially be done domestically*” and that the absence of separate reporting makes it difficult to assess whether the TA provided has contributed to the development of national capacity (MoF 2012, 17).

3.3 Developmental patrimonialism and aid-dependence

Recent studies on governance and socio-political change indicate that the transformation of both nations to a country with effective institutions (as per ‘Western’ traditions) is a more fundamental undertaking than previously assumed. In recent political economy research, both the Cambodian and Malawian states are described as ‘hybrid’ in the sense that the countries blend formally democratic institutions with strong elements of clientelism, and centralised, discretion-based leadership, in a combination that is referred to as neo-patrimonial. Under such hybrid systems, the interests of elites conflict with mostly ‘imported’ values, with the consequence that public-sector reforms will only be supported as long as elite interests are not seriously affected. There is increasing acceptance among some development academics and practitioners that it is neither realistic nor helpful to expect that these neo-patrimonial elements can be ‘overcome’ (see, for instance, Rakner et al. 2004; Booth et al 2006; O’Neil / Cammack 2014; Ngwira 2012; Hughes / Conway 2004; Jones 2013; Jacobsen / Stuart-Fox 2013).

14 <http://malawiaid.finance.gov.mw> (accessed 19 Mar 2014).

15 While data on the AMP is relatively up-to-date, the most recent aggregate report is the 2012 Aid Atlas reporting on financial year 2010/2011

16 Ng’ambi (2010, 87) also noted that donors often do not include in the reported figures what they spend on TA or overseas direct procurement.

The same studies suggest that under certain conditions some neo-patrimonial states are ‘developmental’ in the sense of being successful in terms of economic development and poverty reduction. As shown in the statistics presented at the beginning of this section, this seems to be more the case in present-day Cambodia than in Malawi, while both experience growing domestic pressure towards systemic change. Citizens in both countries consider corruption a huge social problem yet so far fail to collectively provide the sustained pressure for change that external actors are unable to impose. While there have been public protests in Malawi in 2011 and particularly in Cambodia after the 2013 elections, most people in both countries shape and maintain personal networks of their own, thus reproducing the patronage system. In the case of Cambodia, studies argue that informal systems of networks and patronage cause patrimonialism to dominate civil servants’ behaviour (Jacobsen / Stuart-Fox 2013). In the case of Malawi, this is not portrayed as a stable system, but as an escalating one, as it is argued that *“The distribution of the spoils of office have taken precedence over the formal functions of the state, severely limiting the ability of public officials to make policies in the general interest”* (Ngwira 2012, 26).

Discussions on the policy implications of these studies suggest that development cooperation may be more effective if it attempts to strengthen the developmental tendencies of governance in states such as Cambodia and Malawi, as opposed to promoting good governance inspired by ‘Western’ standards. This requires dedicated research to distil a multi-stakeholder appreciation of the workings of neo-patrimonial regimes as a basis for adopting strategies that advance the developmental nature of the countries’ development path. Development cooperation can work ‘with the grain’ and be used to create space for, and facilitate the consolidation of, a middle class – a development considered key for improving developmental governance in both Cambodia and Malawi (Ngwira, 2012; Booth 2012; Hugh / Conway 2004).¹⁷

Although Cambodia has been more successful in diversifying sources of external finance, both countries’ governments continue to operate in a setting with a significant development cooperation footprint. In such a strongly aid-dependent setting, the best-educated people tend to work for donors or international NGOs, or are closely involved in implementing projects, meaning that they are not available in other economic sectors. Moreover, development assistance eases the pressure on government to increase domestic revenue mobilisation and raise salaries of civil servants. Although all donors will recognise that the governments of Cambodia and Malawi are in the lead and ultimately responsible for delivering essential services to their population, in both cases donors acknowledged a mismatch between the ambitious development goals on the one hand (e.g. free primary education, essential health services for all), and government capacity to deliver on these goals on the other. In both countries, donors and governments periodically agreed on a formulation akin to a ‘crisis’ situation to legitimise a substantial involvement by donors in making sure the services were provided.

Contrary to the recommendations of the aforementioned political economy studies to ‘work with the grain’ and strengthen developmental governance aspects, donors and governments have mainly responded to the challenges at hand by shaping projects that addressed particular deficits and problems that were observed as hampering the achievement of the

17 The term ‘going with the grain’ was introduced in the research by the Africa Power and Politics Programme (Booth 2012).

goals concerned. As many of these were delivered by or with the civil service, donor-financed projects included salary supplements to civil servants as it was assessed that they would otherwise be insufficiently able to participate in the delivery of projects. Notwithstanding the successful use of these initiatives in individual cases¹⁸, the donor-financed salary supplements have had the unintended effect of reducing demand for civil service reform in government (Godfrey et al 2002; Muula / Maseko 2006; Lindner 2013).

The use of direct salary supplementation through projects has reduced in both countries in recent years, but donors have continued to provide supplementation and compensation of civil servants through other means. Principal among those are events such as ‘capacity development’ workshops, training and conferences. While allowances paid to participants in these events are formally meant to be compensatory, in reality most non-salary daily subsistence allowances (so-called per diems) are mostly perceived of as a form of additional salary payment (Linder 2013). Recent studies observe that an increasing amount of public spending in Africa is allocated to per diems and conclude that, as a result, many civil servants in these countries no longer primarily perceive such events as capacity development opportunities (Nklamleu / Kamgnia 2014; Soreide et al. 2012). Interviewees in Cambodia and Malawi shared examples of duplicated training sessions as well as a mismatch between the topic of the event and the participants sent by government, thus suggesting that government allocates training opportunities mainly in relation to the allowances to be received.

In both Malawi and Cambodia the collection of events-related financial compensation, including per diems, comprises a substantial share of civil-servant incomes. Both countries show competition between donors over attracting government participants to their project events, as well as continuing discussions on harmonisation of rates and allowances systems, with different results. In Cambodia, some donors align to government per diem rates that are outdated and too low, whereas other donors do not.¹⁹ In Malawi, donors jointly decided to abolish cash payments to participants in response to the practice whereby these were mainly used as income-enhancing opportunities, which adversely affected the achievement of the objectives pursued by these workshops.²⁰ This change has been resisted by Malawians, while donors found the government per diem rates too high (Soreide et al. 2012). Interviewees in Malawi shared anecdotes of recent donor-funded workshops under the new rules that were boycotted by Malawian participants and had to be cancelled. In one case, the donor had to donate food to hospitals that had been procured for the event. Although, as a result, some donors felt compelled to break the rules and provide allowances²¹, other recent events in Lilongwe that no longer provided allowances were still attended by government.

18 See Land (2009) for an example of donor support to CDC/CRDB in which salary supplementation was but one element of a broader strategy to attract and retain competent and motivated staff members that increased their capacity to deliver CRDB’s mandate to advance aid effectiveness in Cambodia.

19 Based on data collected in 1998 and 1999, Godfrey et al (2000) already signalled practices of donor competition and different project supplementation schemes.

20 Interviewees shared examples of participants ‘workshop hopping’ (changing the workshop they attended for one that provided better rewards), while one interviewee mentioned always spending the first hour of a workshop clarifying the issue of allowances so as to ensure participants would concentrate afterwards (see also Soreide et al 2012 for a more detailed analysis).

21 In this case this was observed and discussed among the Heads of Cooperation group.

As with many developing countries, both countries face structural problems in the provision of public services, which include the way in which the public sector relates to and with society at large, the low quality and relevance of formal education systems, as well as strong performance disincentives among civil servants (Wohlgemuth 2005). Government officials in both countries are understaffed and underpaid (both in absolute terms as well as in comparison to neighbouring countries), and cannot survive on their government salaries alone. Studies do point to fundamental public reform decisions that have been made in both countries, yet at the same time also observed how some key undermining aspects escaped reform for decades.²² Studies report on high absenteeism and low effectiveness of the civil service in relation to formal mandates, while interviewees and political economy studies referred to above also point to strong ‘latent capacity’ in relation to the informal and ‘hybrid’ systems alluded to. These factors partly explain why technical advisors do not always sufficiently manage to transfer skills to government officials and ‘help them do their work’ but instead engage in capacity substitution such as by taking up management responsibility, and writing speeches and policy documents. Given these persisting challenges, it has been argued that the continuing prominence and prioritising of TC in aid-dependent countries like Cambodia and Malawi “*is more a sign of previous failure than anything else*” (Wohlgemuth 2005, 16).

4 CDS on paper: overall aid management policies and priorities of Cambodia and Malawi

4.1 Cambodia

Following the 1993 General Elections, the RGC engaged in extensive planning activities and formulated national development strategies. While providing a strong overall policy framework, studies have argued that Cambodia’s fragmented institutional arrangement inhibits implementation, with several government agencies preparing national plans and strategies (Jones 2013). The overarching national development strategy does not have a strong relationship with actual financing decisions, which fall under the Ministry for Economy and Finance (MEF) for the national budgeting process, and the Cambodian Rehabilitation and Development Board under its Council for the Development of Cambodia (CRDB / CDC) for aid coordination and foreign investment (NGO Forum 2013). Other studies detect improvements made to the planning process over time and present more positive overall assessments (VBNK/RBMG 2010). Table 7 presents an overview of key strategies on national development priorities and aid management that have been adopted.

The four components of the current national development strategy of Cambodia (the Rectangular Strategy–Phase III) concern growth, employment, equity and efficiency. At its core is the goal of sustainable development, which requires good governance. In turn, good governance covers the four cross-cutting areas of combating corruption, judicial and legal reform, and reforms of public administration and the armed forces. The Strategy further specifies that “*Cambodia aspires to reach the status of an upper-middle income country by*

22 Civil service reform in Malawi is analysed in Anders (2009), while the efforts of Cambodia are described and assessed in Nunberg / Talierco (2012).

Timeframe	National Development Policy Documents	Aid Management Documents
1994	National Programme to Rehabilitate and Develop Cambodia*	
1996–2000	Socio-Economic Development Plan I*	
1998	Triangle Strategy*	
2001–2005	Socio-Economic Development Plan II*	
2003	Cambodian MDGs Report ²⁴	
2003–2005	National Poverty Reduction Strategy*	
2004–2008	Rectangular Strategy I*	
2006		Strategic Framework for Development Cooperation Management*
2006–2010	National Strategic Development Plan I*	
2008		Guideline on the Provision and Management of TC
2008–2013	Rectangular Strategy–Phase II*	
2009–2013	National Strategic Development Plan I - Update	
2013–2018	Rectangular Strategy–Phase III	
2014–2018		Development Cooperation & Partnership Strategy
Source: own elaboration		

2030 and a high-income country by 2050” (RGC 2013, 7). In line with this ambition, its priority areas include human resources development, trade and infrastructure, and improving the investment climate (RGC 2013).

The four components of the current national development strategy of Cambodia (the Rectangular Strategy–Phase III) concern growth, employment, equity and efficiency. At its core is the goal of sustainable development, which requires good governance. In turn, good governance covers the four cross-cutting areas of combating corruption, judicial and legal reform, and reforms of public administration and the armed forces. The Strategy further specifies that “*Cambodia aspires to reach the status of an upper-middle-income country by 2030 and a high-income country by 2050*” (RGC 2013, 7). In line with this ambition, its priority areas include human resources development, trade and infrastructure, and improving the investment climate (RGC 2013).

23 Mentioning a single year under ‘timeframe’ means that the document was not adopted with a specified period of implementation in mind; ‘*’ indicates that the document has since been replaced.

24 In 2003 the RGC adopted the Cambodian Millennium Development Goals (CMDGs), which sought to adapt the universal MDGs to the national context and added a ninth goal of de-mining, explosive remnants of war (ERW), and victim assistance, with the target of moving towards zero impact from landmines and ERW.

The management of external inputs to Cambodia's development process has been guided by a Strategic Framework for Development Cooperation Management that was adopted in 2006 and transposes key principles of the Paris Declaration to the Cambodian context. Following the Busan High-Level Forum of 2011, it was decided to review this framework and, based on this assessment, draft a successor policy. This Development Cooperation & Partnership Strategy seeks to cover the period 2014–2018 and was nearing completion at the time that this study was conducted. The new strategy's main objective builds on that of its predecessor by aiming to *“improve aid effectiveness to maximize its benefits for the people of Cambodia through strengthened national systems and procedures, and aid coordination and resource mobilization mechanisms that are based on principles of Cambodian leadership, ownership and mutual accountability (...)”* (CRDB/CDC 2013a, 7). A key innovation of the new strategy is the introduction of specific indicators for promoting development effectiveness in Cambodia, of which several focus on the use and strengthening of country systems, which will be monitored by government through its own ODA database.

In 2004, the RGC established the Joint Monitoring Indicators (JMIs) in an effort to link monitoring of the RGC and donors with the priorities of the National Strategic Development Plan (NSDP) and introduce results-based monitoring and mutual accountability. An important role has been played by Technical Working Groups (TWGs), which bring together stakeholders from across government, development partners and NGOs to agree and coordinate policies and sector plans. At a higher level of representation, the Government–Development Partner Coordination Committee (GDCC) was created with the intention of facilitating policy dialogue on limited issues that are strategic to development cooperation, such as the adoption of the JMIs. In addition, the Cambodian Development Cooperation Forum (CDCF) meets once every 18 months to review NSDP implementation as well as review opportunities for external resource mobilisation (CRDB/CDC 2013c; VBNK / RBMG 2010, 38).

4.1.1 Cambodian policy priorities and strategies for CDS

In the late 1990s and early 2000s a range of studies was published on the topic of TA in Cambodia (e.g. EON 2003b; Mysliwiec 2004), of which one was commissioned by the government's Council for Administrative Reform (CAR) and carried out by the Cambodia Development Resource Institute (CDRI). By commissioning this study, the RGC implicitly raised its concern about the situation described in these reports, which signalled that most TC interventions were *“donor-driven in their identification, design and implementation, to the detriment of institutional capacity development”* (Godfrey et al. 2000, 9). Parallel to the CDRI study, and conducted in the same period, a survey was commissioned by the CRDB that looked into CDS practices of donors and was planned in the context of wider government–donor discussions on reforming development cooperation in Cambodia (Siddiqui / Strickler / Vinde 2004). While responses from donors to the reports commissioned differed from welcoming to dismissive, government line ministries were broadly supportive of the need for fundamental changes in the management of TA. To take these intentions further, the studies called for developing a code of conduct to regulate TA, as well as suggested specific actions, such as the harmonisation of monetary incentives paid to civil servants by donors, and requiring civil servants recruited by donors to resign from their civil service positions.

Based on the study by Godfrey et al, the CDRI drafted a paper proposing key elements for a management framework on capacity development to the Council for Administrative Reform (CAR), which it proposed should be entrusted with the coordination of all capacity development programmes (FitzGerald / Strange 2004). This framework and the consultations held around it were to feed into CAR’s development of a master plan for civil service capacity development as part of the RGC’s 2006–10 National Strategic Development Plan (NSDP). By July 2007 a concept paper of a ‘Policy on Capacity Development in the Cambodian Civil Service’ was ready, which was too late to feed into the national development plan.

In the same period, the CRDB commissioned an independent study that had a similar mandate to the earlier CDRI study and looked into how both government and development partners can collaborate more effectively to generate the desired outcomes for TC (Land / Morgan 2008). On the basis of this study and other contributions, the CRDB drafted a position paper on the provision and management of TC in Cambodia. This position paper recognised that external partners cannot ‘do’ capacity development, but that TC should instead be “(...) *cognizant of the operating environment and the broader change context, and this necessarily requires RGC leadership of a partnership-based approach to programming technical cooperation*” (CDC/CRDB 2008, 2). The position paper announced the development of guidelines for the management of TC in Cambodia in order to improve the effectiveness of TC in Cambodia that were adopted later that same year (RGC 2008). Box 1 presents the five main guiding principles reflected in this document:

<p>Box 1: RGC guiding principles for the management of TC</p> <ol style="list-style-type: none"> 1. TC must support an internally led capacity development process rooted in national development priorities and planning processes. TC must include an analysis of the operating environment so that existing capacities and changes over time are widely understood and comply with RGC’s merit- and performance-based incentives. 2. Capacity assessments should be the modality for defining ministry or sector-wide priorities, with the RGC’s preference for south–south based approaches using resources from the region a preferred option, implying a preference for the use of untied grant aid in financing technical cooperation activities. Technical Working Groups are the main forum for discussing TC between government and development partners. 3. Country systems should be used for programming, budgeting, implementing and reporting TC, while exceptions must be elaborated and accompanied by time-bound steps towards increasing UCS in the future. PBAs, forms of co-funding or pooling, are the preferred options of delivery. If PIU are the only feasible alternative, they must be integrated with the RGC’s programming, implementation and monitoring. 4. CDS requires joint management structures and monitoring criteria in a RGC-led process; donors must provide all details of TC to the ODA database. 5. TC and its needs, implementation, delivery, management and monitoring must be linked with the five principles of ownership, alignment, harmonisation, managing for results and mutual accountability as established in the Paris Declaration. <p>Source: RGC 2008</p>
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While these guiding principles seem clear and directed towards changing TA practices, the guidelines also include more ambiguous messages that reflect the accommodative nature of development cooperation management in Cambodia, which co-exists with policies to steer cooperation based on horizontal principles. In particular, although the guidelines

state unequivocally that *“the prime rationale for using technical cooperation resources is to support capacity development”*, the same section adds that *“Additional technical cooperation functions can be justified in certain circumstances to be identified by Government. These include supporting project preparation, advisory services, evaluation, project management and implementation support”* (RGC 2008).

Four years after adopting these guidelines, CRDB analysis to prepare the successor aid-management strategy indicated that both RGC and donors remain concerned with respect to the impact of capacity development and reform efforts over recent years. It observed that TC remains too technical and training-oriented, as well as insufficiently connected to government-led capacity-development processes. As a result, and in spite of government’s TC principles, TC remains *“too often fragmented and related to project priorities rather than those of the broader sector/thematic context”* (CRDB/CDC 2013d, 9).

Given the challenges that remain, the second of three strategic objectives outlined in the Development Cooperation & Partnership Strategy 2014–2018 focuses on capacity development and systems strengthening (CRDB/CDC 2013a, 4). Although Cambodia has gone further than other developing countries in defining explicit policies and priorities for capacity development, its implementation and operationalisation of these principles has suffered from institutional fragmentation. As the TC guidelines specify, CRDB is responsible for development cooperation management, whereas the CAR is responsible for establishing policy on capacity development in line with the Rectangular Strategy and the Public Administration Reform program (RGC 2008). The non-adoption of the national capacity development strategy has thus also hampered the implementation of the TC guidelines.

4.2 Malawi: National development plans and overarching cooperation strategies

After independence in 1964, the policy priorities for development cooperation in Malawi were set by so-called Statements of Development Policies (DEVPOL) for 1971–1980 and 1987–1996. From 1981 on, they were accompanied by a series of Structural Adjustment Plans. Due to unsatisfactory social and economic progress in Malawi, and inspired by the economic success of Asian countries, the government adopted the Vision 2020 as a National Long-Term Development Perspective for Malawi in March 1998. The document is still in place and is to function as an overall guideline for preparing short- and medium-term plans. The main planning document is the second Malawi Growth and Development Strategy (MGDS II), which covers the years 2011–2016, in addition to the Malawi Economic Recovery Plan (MERP), which built on and prioritised particular elements of the strategy. While these overall strategies are in place, the implementation of these strategies is hampered in Malawi, as in Cambodia, by institutional overlap and conflicting mandates in government, in this case between the Ministry of Finance and the Ministry of Economic Planning and Development (Whitty 2010).

Though adopted three decades ago, the Malawi Vision 2020 remains the overarching and guiding document for development planning. Against this overall vision, the main objective of the MGDS II is to reduce poverty by developing infrastructure and laying the foundations for sustainable growth. In order to obtain this goal, the MGDS II identified six priority thematic areas, as well as nine Key Priority Areas (KPAs) (GoM 2012). The resulting

strategy is extremely broad, and interviewees argued that it would be hard to do something that does not align to this strategy. The MERP, which was adopted under President Banda, prioritises those activities of the MGDS II that permit fast economic recovery and aims to reestablish GoM–donor relationships and correct monetary policies, thereby ensuring more focus (Ngwira 2012). Table 8 presents key documents guiding national development and cooperation management:

Timeframe	National Development Policy Documents	Aid Management Documents
1971–1980	DEVPOL I*	
1987–1996	DEVPOL II*	
1998–2020	Vision 2020	
2001–2005	Socio-Economic Development Plan II*	
2001	MPRSP*	
2006–2010	MGDS I*	
2006–2011		Development Assistance Strategy
2009–2010		Aid Management Policy
2011–2016	MGDS II	
2012	MERP	
Source: own elaboration		

In 2006, Malawi adopted a Development Assistance Strategy (DAS), which presented government’s preferences and policies for the management of development cooperation. An Aid Management Policy adopted by the Ministry of Finance confirmed that government’s preference for budget support was already prioritised in the DAS, and in order to reduce transaction costs argued that it only supports projects that are over USD 5 million in value, form part of a Sector-Wide Approach (SWAp), and make use of country systems (Jimat 2010). Following the expiry of the DAS in December 2011, a review was commissioned by the MoF and finalised in mid-2012 (Saasa 2012). Together with the Malawi country evaluation under the Paris Declaration joint evaluation and its most recent monitoring survey, this independent study has informed government’s ongoing efforts to draft a new Development Cooperation Strategy (DCS) to replace the DAS and operationalise the MGDS II. The MoF has recently completed a first draft of this strategy, which will likely be updated and adopted after the May 2014 general elections. The draft of the strategy strongly prioritises the use of country systems and is committed to entering into regular dialogue with donors on the strengthening and use of national systems with a view to strengthening ownership, and sustainability, and reducing transaction costs.

The DAS identified the lack of dialogue arrangements as a major obstacle to implementing the Paris Declaration and consequently establishing structures to allow for dialogue at

25 Mentioning a single year under ‘timeframe’ means that the document was not adopted with a specified period of implementation in mind; ‘*’ indicates that the document has since been replaced.

different levels among key stakeholders. First of all, a High Level Forum on Aid Coordination was created to bring together the GoM and donors to jointly address critical policy issues. An Intra-Government Coordination Group and a Development Partner's Dialogue Group were put in place to ensure consistency on both sides and reduce transactions costs. In addition, 16 Sector Working Groups were put in place to focus on policy implementation, monitoring and capacity constraints. Though expected to increase national stakeholder capacities and knowledge on aid-effectiveness issues, especially on the line-ministry, devolved and civil-society-levels, independent studies considered that they did not yet work smoothly due to unclear ToR and a lack of guidance and coordination by the GoM (Saasa 2012; Jimat 2010).

While Malawi has produced a series of ambitious national development plans, several studies conclude that the focus of these plans has been rather erratic and that there have been few efforts to promote consistent and well-integrated strategies at national and sector level (see, for instance, Cammack 2012). Interviewees said the same with regard to the donors engaged in Malawi. Other studies do detect a more careful trend of improvement, in the sense that, at an overall level, Malawi has successfully improved the quality of planning documents, while weaknesses are identified regarding their comprehensiveness and costing (Fölscher et al. 2012b). Research does, however, point to a consensus regarding a clear gap between the many available documents and strategies and the reality of more short-term decision-making (e.g. Booth et al. 2006; Rakner et al. 2004).

4.2.1 Malawian policy priorities and strategies for CDS

The DAS 2006–11 included a short yet instructive paragraph as regards government's strategy towards technical assistance: *“the government's preference is for increased capacity development support and the minimisation of technical assistance, especially if it is not essential to implementing projects. The ministry and the [Office of the President] OPM will develop a technical assistance policy”* (GoM 2007, 13). Further to this overall objective, studies detect a strong preference in the Malawian government for advisory rather than managerial TA and an aversion to donor attempts to use TA to encroach on decision-making (Fölscher et al. 2012; Jimat 2010).

Despite these plans, no comprehensive horizontal CDS policy has been adopted by the GoM in the eight years since the adoption of the DAS. A recent independent evaluation of the DAS argued that this has made the aid-effectiveness discussions incomplete, and finds that the lack of a TA strategy has frustrated a number of capacity development efforts. The evaluation also argued that the absence of this strategy has prevented government from taking action against tied technical assistance and to promote more demand-driven TA (Saasa 2012, 26, 27). Interviewees expected that the new DCS alone would be neither operational nor explicit enough to fill this gap, but could play an important role by capturing government's overall ambition as well as guiding the development of a policy on national capacity development.

5 CDS in practice: planning, managing and evaluating support in the health and education sectors in Cambodia and Malawi

This section presents findings on the management of CDS in the health and education sectors in Cambodia and Malawi. It first presents a description of the evolution and key policies of the two sectors for each of the two countries in turn, and subsequently presents the findings from the interviews in both countries as to how CDS is planned, managed and evaluated.

5.1 Overall characteristics and CDS policies in the health and education sectors

5.1.1 Cambodia: health sector

The health sector in Cambodia is highly dependent on external funding, which studies argue is partly due to the sector being of low priority to government, which spends only 5.4% of its GDP on health (2012). Most external funding is delivered through discrete projects using individual procedures and structures prescribed by the donors, which has led to *“an imbalance between allocations and expenditures, on the one hand, and national priorities, on the other”* (Vaillancourt et al. 2011, iii). External support to the sector is, moreover, fragmented, with many health services provided through the private sector, and most donor funds being channelled through NGOs. This has led to uneven progress regarding the development of health-system capacity, with provincial and operational districts lagging behind (Land 2008; Vaillancourt et al. 2011). The MoH recognises that human resources are a critical factor and identifies the following main challenges: inadequate skills, competencies and management capacities; low salaries and motivation; and inadequate coordination of training activities (MoH 2008).

In contrast to the challenges posed by low government investments, uneven capacity and fragmented external support, the health outcome results from the 2010 Cambodia Demographic and Health Survey were such that the team that conducted the 2011 HSP2 Overall Mid Term Review stated being *“hugely impressed by what the Cambodian health sector has achieved in a decade”* (Martinez et al. 2011, 8). Donor interviewees recognised these gains, yet argued that much of these improvements had been of a ‘low hanging fruit’²⁶ and argued that strengthening the capacity of the health system as a whole was key to ensuring more sustainable health outcomes and making the sector less dependent on external contributions.

Both the health and education sectors are seen in Cambodia as frontrunners in terms of government’s promotion of aid-effectiveness principles, and were among the first to promote more coordinated and country-led approaches to planning development cooperation. The RGC envisaged the introduction of a Sector-Wide Approach (SWAp)²⁷

26 One unpublished donor study suggested that improved access rates were significantly due to large inward foreign direct investment in infrastructure, particularly in roads, mainly financed by non-OECD donors.

27 Under a Sector-wide Approach, *“all significant donor funding supports a single, comprehensive sector policy and independent programme, consistent with a sound macro-economic framework, under government leadership. Donor support for a SWAp can take any form – project aid, technical assistance or budget support – although there should be a commitment to progressive reliance on government*

in the health sector as early as 1999. As a first step, a Sector-Wide Management (SWiM) framework was introduced in 2000 that reflects an approach to sector-wide cooperation between donors and government, while giving donors more flexibility in the organisation and management of their interventions. Two successive Health Strategic Plans sought to manage the development of the sector in the periods 2003–2007 and 2008–2015, complemented by the Strategic Framework for Health Financing 2008–2015. These documents captured RGC’s intention to move from the SWiM towards a fully-fledged SWAp (VBNK/RBMG 2010, 48). Seven donors agreed in 2008 to contribute to the Health Sector Support Fund 2 (HSSP2) in an effort to provide more coordinated support.

An external evaluation of the SWAp concluded that government’s overall strategy for a SWiM has not been clearly articulated and has led to different interpretations among key stakeholders, including donors. While the absence of a costed medium-term implementation strategy hampers alignment²⁸, another key factor is the excessive earmarking and a ‘proliferation’ of various pilot initiatives that lack proper evaluation investments (Vaillancourt et al. 2011). Although HSSP2 has, on balance, been judged as effective, its long-term results were hampered by the decision not to phase out a Project Implementation Unit in the MoH that was meant as a transitional measure. Four donors remain, yet at the time this study was concluded it was not clear whether the arrangement would be continued beyond June 2014.

Studies on the health sector argued that the absence of a clear capacity development strategy makes it difficult for partners to harmonise and align external support behind a country-led process (Land 2008). The call for establishing a medium-term capacity development plan supporting the HSP-II is repeated in a later study (Vaillancourt et al. 2011). The HSP-II 2008–2015 identifies human resources for health and health system governance as two of five strategic areas in the sector, which provides a foundation for engaging in a sector-specific capacity development dialogue (MoH 2008, 29; Land 2008). This foundation alone, however, provides insufficient guidance, and is by no means specific and concrete enough to provide a basis for dialogue and harmonised support.

5.1.2 Cambodia: education sector

The Cambodian education sector was among those most affected by the Khmer regime, which almost did away with the sector entirely and left behind few survivors with secondary or tertiary education. As a consequence, the 1980s and 1990s were characterised by rudimentary emergency reconstruction before more comprehensive sector development began in the late 1990s. Despite the strong needs for reconstruction and rehabilitation of the education sector, the RGC does not strongly invest in the sector, and in 2011 only invested the equivalent of 2.6% of its GDP, which is among the lowest in the world. The education sector is, moreover, still relatively dependent on external funding and is characterised by a high degree of dependence on external TA, which in 2008 accounted for nearly 50% of all disbursements in the sector. External support to the education sector is fragmented, and

procedures to disburse and account for all funds as these procedures are strengthened” (OECD, 2006, 706).

28 One unpublished study argued that this is partly because of the MoH’s lack of transparency over its budget, with 60% of the overall MoH budget used for procurement.

features widespread donor and NGO-funded supplementation schemes (Hattori 2009; Nunberg / Talliercio 2012).

The overarching planning document in the education sector is currently the Education Strategic Plan (ESP) 2009–2013, which was reviewed and updated in September 2010 to ensure consistency with updated national development strategies (MoEYS 2010). The ESP is operationalised and implemented by means of Annual Operation Plans (AOPs). In addition, in December 2012 the MoEYS launched a Master Plan for Capacity Development (MPCD) in the Education Sector 2011–2015 to implement the Plan and increase government ownership of the sectoral development process (MoEYS 2012). The ESP is expected to be succeeded by another ESP for 2014–2018, which was not yet completed at the time this study was finalised.

As with the health sector, the education sector included early commitment to developing a sectoral capacity development strategy which lacked follow-up. In this period, the sector remained dependent on external TA, donors did not coordinate adequately, and monitoring and evaluation of CDS was poor. Instead of a sector-wide and partner-led approach, therefore, CDS was “*organized on an ad hoc basis to respond to immediate and urgent needs, which are defined only in the context of particular programmes/projects*” (Hatterri 2009, 191). A strong signal to end this situation was given by the Ministry of Education, Youth and Sport (MoEYS) in 2012 when it adopted its Master Plan for Capacity Development in the Education Sector for the period 2011–2015, which seeks to promote a coherent, planned and comprehensive response to the sector as a whole (MoEYS 2012). Box 2 presents some key guiding principles of the Master Plan, which is currently the only one of its kind in Cambodia.

Box 2: Overall approach and objectives of the Cambodian CD Master Plan

A key basis for the Master Plan concerned a first Capacity Development Plan 2011–2013 that the MoEYS considers a milestone in a comprehensive, sector-wide approach to capacity development in the MoEYS. This strategy in turn facilitated the development of a Capacity Development Partnership Fund (CDPF) in 2011, which was supported by the European Commission through UNICEF as a complementary measure to its provision of Sector Budget Support to the education sector. While not providing budget support, Sweden also contributes funds to the CDPF, while UNICEF, contributes financially as well as managing the fund. In the ministry’s own words, this fund allows donors to “*support a more strategic approach, through provision of un-earmarked funding to support MoEYS capacity development priorities*” (MoEYS 2012, 28).

In line with its overall objective, the Master Plan seeks to promote the following seven strategic outcomes:

1. Senior managers and directors at the national and sub-national levels deliver the agreed sector goals and outcomes through strong coherent and coordinated work;
2. Strong systems and human capacity for analysis, planning, monitoring, review and evaluation at all levels;
3. Legislation and sub-national democratic development reform supported and implemented in the education sector;
4. Systems to manage, develop and incentivise human resources operate effectively, efficiently and equitably; and for effective administration, ICT and information management;
5. Financial management and audit systems function efficiently;
6. Good governance of all education programs and effective education quality assurance;
7. National Institute of Education (NIE) and relevant higher education institutions conduct education management training and provide relevant, high-quality research and learning across the education sector.

Source: MoEYS 2012

These seven outcomes represent a steep learning curve for the sector in the five years covered by the Master Plan, which identifies targets for 2015 for each outcome, as well as a 2011 baseline and the main activities through which to promote the outcomes. The targets and baseline also form the Master Plan's monitoring and evaluation framework. In reference to the distinction between functionalist and political dimensions of capacity change introduced in Section 2.2, all outcomes are oriented towards the functionalist dimensions, while changes in the political dimensions may be implied in outcomes 6 and 7.

In the Plan's foreword, the minister in charge of the sector urges all donors to commit to the implementation of the plan, "*in the ways that best take into consideration their own comparative advantages*" (MoEYS 2012, ii). This implies that government promotes the Plan's implementation, but remains open to donors who wish to provide support on areas not covered in the Plan.

5.1.3 Malawi: health sector

Following the end of the Hastings dictatorship, health indicators worsened, with studies observing declining human resource levels and a collapse of public health services since the mid-1990s. Government reacted to the deterioration of the health sector by declaring a human resource crisis in 2004 (Palmer 2006). In response, donors supported a six-year Emergency Human Resources Programme (EHRP) that started in 2004 and resulted in 3,498 additional posts filled between 2003 and 2007, including 33 medical officers, 253 clinical officers and 2,249 nurses. A needs-assessment study concluded that government's decision to simultaneously create new posts in the health sector nonetheless meant that the vacancy rate remained the same at 46%. Moreover, key problems affecting the human resource crisis had not been addressed, such as unnecessarily complicated arrangements and weak human resources information that greatly hampers performance management (GTZ 2007).

The sector has, for many years, received more development assistance than any other sector in Malawi and is well endowed with strategies, systems and processes (Options UK 2014, 10). After four National Health Plans (NHPs), a SWAp Program of Work (PoW) was established in relation to the period from 2004–2010. The PoW was based on the concept of an Essential Health Package (EHP), which comprises a number of health services that are to be provided to the population without user fees. The PoW was extended by a Memorandum of Understanding between the GoM and development partners in 2004 to ensure the support and financing of the SWAp. Following the introduction of the SWAp, the donors' share of funding to the sector increased from 30% to 56% between the financial years 2004/05 and 2006/07 (Carlson et al. 2008, 12).

In 2011, the extended PoW was replaced by the current Health Sector Strategic Plan (HSSP) 2011–2016. A recent study considers that today both government and its donors show weak adherence to aid-effectiveness principles, and that alignment, harmonisation and accountability were stronger at the time of the SWAp's introduction. In fact, the reduced harmonisation benefits some parts of the health system that now enjoy greater access to off-budget resourcing. One worrying evolution in the overall health system is the deterioration of cooperation between government and the Christian Health Association of Malawi (CHAM), which has led to competent staff members from government and CHAM seeking employment elsewhere (Options UK 2014).

As things stand today, most of the support provided does not make use of country systems. Instead, most support is managed through projects with different financial and technical reporting obligations, as well as varying monitoring and evaluation requirements (Options 2014). The Technical Working Group on Health (2014) identified that discrete funding is expected to exceed MoH funds by more than three times in FY 2014/2015. Furthermore, proliferation and considerable earmarking via vertical funds, special-purpose organisations or global programmes have continuously contributed to the complexity of the sector, which challenges government capacity and results in a fragmented and non-holistic approach (AfDB 2009, 14). One reason for this pattern of support is the poor functioning and performance of the public health system, which is illustrated, for instance, by chronic stock-outs of essential medicines that benefit particular suppliers and individuals (Wild / Cammack 2013).

The most recent CD-related policy in the health sector concerns the aforementioned EHRP that came to a close in 2010 (Palmer 2006). SWAp partners recognised early on that the ministry's ability to implement the Programme of Work and deliver an Essential Health Package remained limited. In response, they commissioned two needs-assessment studies that respectively assessed the state of human resources and institutional capacity in the sector. These studies were expected to feed into an overarching capacity development strategy that was to be fed into the SWAp Mid-Term Review Process (GTZ 2007). The Mid-Term Review itself referred to the needs assessment but made no mention of such a strategy. It did observe a strong reliance on TA and volunteers in the sector, and argued that relying on such contributions was easier than *“developing and implementing the longer term policies and strategies for sustaining the workforce”* (Carlson et al. 2008, 69).

During 2008 and 2009, the MoH produced a draft ‘Technical Assistance Management Strategy’, which itself largely relied on TA input and was not formally adopted by the ministry. The stated main aim of this strategy was to guide the ministry through a transition from the unsustainable use of TA for capacity substitution towards the use of TA for CDS and, ultimately, a graduation from this type of support. The process described in the strategy towards managing this transition emphasised the need to identify and streamline an external management contractor, and that the Secretary of Health should exercise ownership over TA, including taking responsibility for performance management, monitoring and reporting. The draft recommends the restructuring of TA approaches in three steps: (1) phasing out substitution and management roles performed by TAs; (2) strengthening and modernising training by incorporating elements of staff promotion and motivation; and (3) increasing the use of mentoring, coaching and backstopping (MoH 2009).

The draft TA strategy saw strong potential in the creation of a pooled TA fund. As a follow-up, the GTZ financed and carried out a study to assist in the appraisal of, and preparations for the establishment of, a TA pool. The study considered that integrating such a pool within the existing health-sector-basket funding programme was the most sustainable option, as it would not create a parallel structure and would work through government systems. This option however was seen as posing some constraints, namely a possible shortage of funds, inflexibility and bureaucracy, leading to delayed payment of TAs, and the *“doubted acceptance of international level TA payments by ministry of Finance”* (Kougbe 2010, 7). The second option of creating a separate TA pool would, though creating a parallel structure, pose some advantages in terms of mobilising resources and allowing for flexibility in salary ceilings. Finally, a third option was the status quo of providing discrete funding, which greatly limits possibilities for a sector-wide approach to CDS. The study noted the

preference of government and donors to promote ‘mixed pooling’, which involves separating responsibilities for recruitment from supervision, deployment and assessment (Kougbe 2010). Despite these preparations, no progress has since been made in terms of setting up this pool, with one of the reasons given being growing scepticism among donors about common funds.

Officials in the MoH do recognise the need for better planning and management of CDS. As one key step, they see potential in a proper cost-benefit analysis of existing TA as a key input for an evidence-based discussion about the value of TA in the ministry, in recognition of the polarised views on TA among senior officials.²⁹ One key step the MoH has recently taken was by supporting a detailed resource mapping of the sector to get a better view of the domestic and external funding to the sector. While to some extent representing a parallel effort to the aid management platform managed by the Ministry of Finance, the resource mapping does allow the Ministry to get a better and more centralised view of the total support to the sector, which it has used for several purposes, including its own dialogue with the Treasury (MoH 2014).

5.1.4 Malawi: education sector

The education sector in Malawi performs poorly compared to other African countries and faces numerous imbalances and inequalities, including urban–rural imbalances, high female dropout rates and low value for money despite high investment in higher education, with higher-education enrolment in 2010 among the lowest in the world and the lowest in Africa. Poverty, high HIV/AIDS rates and a growing population leading to an increase of the already large primary school age group (6–13 years) by an additional 20% between 2010 and 2018, make the achievement of the education-related MDG literally impossible and undermine the struggle to notably improve the system in the short- and medium-term (World Bank 2010). As with the health sector, capacity development and human resources are among the most critical factors in the education sector and negatively affect the sector’s performance.

Education planning in Malawi started with its independence in 1964 and resulted in two education-sector development plans that covered the periods of 1973–1980 and 1985–1995. A milestone was the decision to introduce free primary education (FPE) in 1994, which strongly increased access to both primary and secondary education but also placed considerable pressure on the education system that had to expand its human and physical resources. In the following decade, from 1995–2005, the education sector and the Medium Term Expenditure Framework (MTEF) were guided by the Policy and Investment Framework (PIF), which was adjusted in 2001. The National Education Sector Plan (NESP) for 2008–2017 introduced a SWAp, and built on a variety of documents, including those just mentioned, the Vision 2020, the Education For All (EFA) National Plan of Action and the MGDS.³⁰ The NESP guides the formulation of district-level plans and the development of

29 In relation to this, some interviewees argued that there was no such thing as ‘the ministry’s view’, but that, instead, individual middle-level officials and the ministry’s leadership tended to have their own views on the sector’s strategy and the importance of CDS.

30 Some interviewees argued that MoEST never really managed to get the SWAp off the ground due to seeking to introduce it at a time when donors’ enthusiasm at entering into joint financing arrangement had dropped.

the Education Sector Implementation Plan (ESIP) 2009–2013, which serves as a bridge between the NESP and Annual Implementation Plans (AIP) (MoEST 2008, 2–3; Ng’ambi 2010, 6; MoEST 2009, 9).

While the above reflects important steps taken to ensure harmonised and aligned contributions from the international community, independent research points to a sector that continues to experience the ‘growing pains’ caused by the introduction of FPE. The government’s plans prioritised the decentralisation of education management to the districts, and sought to increase capacity at all levels.³¹ In contrast to the modest investments in expanding infrastructure, the sector has been seen as suffering from policy overload and implementation fatigue. Implementation also suffers from insufficient budgeting and shortage of teachers, whose distribution is strongly skewed to urban centres, thus giving Malawi one of the worst pupil–teacher ratios in the world at an estimated 92:1 in 2009 (Ng’ambi 2010).

Not unlike the health sector, the Malawian education sector has been characterised as “*awash in capacity strategies and plans*”, as the MGDS, the NESP, the ESIP³², the capacity-gap analysis and the 2010 World Bank Education Country Status Report can all be considered capacity development strategies (USAID 2010, 8). In 2009 and 2010, the USAID sought to systematise these into an overarching sector CD strategy, yet the MoEST did not regard the strategy as its own and it instead evolved into a ‘situational analysis’ document, which described the state of play in the sector (USAID 2010). Donor officials active in the education sector indicated having had detailed discussions on setting up a TA pool in relation to such a strategy, but were unable to do so following challenges in public-finance management in recent years and the Cashgate schedule in particular.

Following the completion of the USAID-supported plan, the MoEST continued to develop a draft Capacity Development Strategy and Plan that was presented to ministry’s management in April 2014 and covers the period 2013–2017. The Strategy (2013) identified insufficient established posts; persistent vacancy rates combined with ineffective placement mechanisms; unclear responsibilities; inadequate transparency and accountability; and a lack of incentive- and career-development systems as major impediments to attracting and retaining staff in the sector. These were by no means new discoveries, as the sector had previously gone through studies such as a capacity-gap assessment conducted by GTZ in 2008/2009³³, as well as change-management events by DFID in 2011 and 2012 (MoEST 2013).

The new draft strategy identifies key priorities and objectives for CD in the sector at a more specific and operational level compared to earlier documents, and beyond specific projects and interventions also proposes measures to address unintended negative effects of the CDS provided to the sector. It specifically seeks to reduce the time each staff member spends away from their desk for capacity development to a maximum of three days per year. It urges only sparing use of seminars and workshops and instead focusing CDS towards “(...)

31 Interviewees however noted that sector management remained centralised, with one interviewee mentioning that the MoEST still procures chalk centrally.

32 The ESIP (MoEST 2009) emphasises especially the importance of developing leadership capacities within the Ministry and announced the formulation of a leadership development framework, though none of the interviewees was aware of concrete follow-up in this regard.

33 As with the 2007 study in the health sector, this study assessed the state of play and challenges to capacity development in the sector, and assessed the feasibility of pooling TA in the sector (GTZ 2008).

on the job training (e.g. by TAs), coaching, mentoring, exchange visits and face to face training courses” (MoEST 2014: 20). Interviewees observed that the education ministry was these days making less use of TA based in the ministry compared with the previous decade, and saw this as a deliberate strategy on the part of the ministry.

5.2 Planning interventions

Following this overview of strategies and specific CDS priorities in the health and education sector in both countries, the following paragraphs will present general findings in relation to observed practices when it comes to planning, managing and evaluating CDS.

First of all, both countries have invested in establishing consultative processes with international partners to discuss and agree on shared objectives for CDS. While some of these processes remained at a rather abstract level, and often refrained from making real choices, in both countries there have been attempts at joint planning of specific CDS interventions. During the ‘SWAp period’ in Malawi, large TA programmes were jointly discussed and agreed between the ministry and the donors in both the health and education sectors. In Cambodia, joint CDS planning only took place under the CDPF³⁴ among the donors involved, as no other such initiatives had been taken further.

Parallel to these joint efforts, and at a much larger scale, the practice continues whereby CDS projects are prepared on a bilateral basis between donors and the host ministry. This happens through processes ranging from detailed and participatory planning to cases where relatively concrete proposals are largely prepared by donors and subsequently presented to government officials for acceptance. Interviewees highlighted cases of overlapping TA (e.g. two donors seeking to provide TA on public–private partnerships in the Malawian MoH, as well as multiple PFM advisors in the MoF), contradictory advice by different TAs, or efforts to promote certain donor standards for financial reporting that were stricter than the ministry required. Some interviewees strongly argued that promoting ‘policy coherence’ among CDS interventions was more important than other issues that were more strongly debated, such as monetary incentives.

While, in Cambodia, the education ministry’s leadership and capacity to negotiate with donors in relation to CDS was generally judged as stronger compared to that of the health ministry; in Malawi, this fluctuated in both ministries. In both countries, these differences were to a large extent due to ‘personalities’ and political leadership. Reports and interviewees acknowledge that donors in general do not manage to engage in planning joint interventions when this is not pushed by government. Donors could, for instance, exchange information on ToR content and periods of posting for advisors, but had not done so by means of forming separate groups or structured and frequent forms of exchange. Box 3 illustrates the challenges posed by lack of joint action with regard to training in the Cambodian health sector. In relation to the low value of RGC-set allowances, interviewees suggested that some donors look for ways to provide additional incentives on an individual basis. Others argued that, because public health workers are so severely under-rewarded,

34 Despite this approach, the link to the implementation of SBS did lead its main donor to argue for specific TA support in the area of Public Finance Management as an accompanying measure.

they still mainly regard training as income-supplementation activities as opposed to learning opportunities.

Box 3: Fragmentation and competition undermining value for money of training in Cambodia

In the absence of a strong MoH push for coordination, donors did engage in their own initiatives to strengthen coordination, but these were often overtaken by events and bilateral priorities. An unpublished AusAid-commissioned Value for Money assessment of training in the health sector identified that in 2011 a total of 55 donors provided training assistance to the MoH, of whom 14 provided more than USD 100,000 each. As donor-initiated efforts to harmonise the focus of these training efforts were not concluded, there is a high chance that training initiatives duplicated or overlapped. The report moreover noted that cumulative inflation of 60% since 1999 has greatly reduced the real value of RGC-set training allowances.

Source: Heijkoop et al. 2012

When it comes to drawing up the details of specific support programmes with government, a similar range of practices was detected, from non-involvement to substantial government input. The fact that both extremes happen indicates that both the Malawian and Cambodian governments tend to be accommodative and flexible in terms of different CDS planning approaches. This flexible approach may also, however, indicate more diverse rationales for agreeing or not agreeing to CDS. Evidence from Cambodia suggests that even when government may not be convinced of the need for TA in a particular area, it may still accept the CDS project due to the additional project resources that TAs are ‘packaged’ with. This confirms the findings of earlier studies that signal ‘tolerated TA’ (e.g. Land / Morgan 2008). TAs that come without such project resources or even require additional investments to be made by government are not always accepted by all ministries for this reason³⁵, but at the same time acceptance of such inputs by ministries was seen by some interviewees as a more reliable indication of genuine demand for CDS.

In the case of Cambodia, interviewees confirmed that government pursues an implicit policy whereby they prefer to receive CDS in the form of grants, with only exceptional cases of CDS funded through loans.³⁶ While the CDC/CRDB is in charge of coordinating grant-based aid, the management of loans fall under the responsibility of the Ministry of Economy and Finance (MEF). Loans have to be prepared and managed in accordance with detailed Standard Operating Procedures devised by this ministry (MEF 2012). While being very detailed about the preparation of loans, which includes the use of country systems, some donor officials ironically referred to it as ‘country systems for donors’, given that the RGC’s own practice of developing programmes strongly differed from the description in its manual.

The different TC projects that were described in the interviews showed strong variations in terms of mandates and objectives. Some advisors were mainly mandated to facilitate the implementation of particular projects, both long-term, such as for the global funds, and short-term, when carrying out more ‘extractive’ work in terms of project M&E. Others had a genuine capacity-development focus, but their individual ToRs differed in the degree of

35 Examples include Integrated Experts provided through German cooperation (<http://www.cimonline.de/en/profile/2155.asp>) and Overseas Development Institute (ODI) fellows (<http://www.odi.org.uk/fellowship-scheme>) (both accessed 14 May 2014).

36 One example funded by the Asian Development Bank (ADB) is described here: <http://www.adb.org/projects/43260-013/details> (accessed 15 May 2014)

flexibility and density of deliverables the donor requires. A third group consisted of advisors who mostly had a supervisory role, such as TAs posted to the Malawian MoF following the Cashgate scandal, or who have to monitor and authorise project expenditures. Finally, and cutting through these categories, there were many cases where what an advisor did strongly differed from the content of the ToR, for instance TAs who were mainly project-implementation focused yet oriented themselves towards coaching and mentoring as a result of delays in project implementation.³⁷ As a result, government officials were sometimes either uninformed as to the mandates of individual advisors based in their ministries, or indicated opinions saying that their mandates were ambiguous.

No evidence was found that the two governments directly pushed for the use of country systems in relation to CDS, apart from the case of the health TA pool in Malawi. Instead, they pushed more broadly for the use of PBAs (Cambodia) and budget support/SWaps (Malawi) that would imply changes for the management of TA and other forms of CDS. The Cambodian CDPF does imply different roles and responsibilities for both government and donors compared to mainstream projects, as described in Box 4.

Box 4: Managing government-led CDS support – design features of the Cambodian CDPF

The CDPF consists of financial contributions from the EU, Sweden and UNICEF, with total pledges of over USD 14 million, of which the largest share is provided by the EU, and which supports the implementation of the ministry's CD master plan in the period from 2011 to 2014. The CDPF supports capacity development at four levels:

- **Sector institutional capacity** in planning and managing policy and regulatory reforms;
- **Central Ministry of Education, Youth and Sport (MoEYS) capacity** in planning and management processes;
- **Organisational capacities at provincial and district level** for improved service delivery;
- **School management and education service delivery** through increased community involvement and governance arrangements.

The following seven types of support are provided by the CDPF, with an estimated 85% of the fund targeted at sub-national levels:

1. Financial support for MoEYS (national & sub-national)
2. Technical advisors
3. NGOs and institutions
4. Institutional twinning, external training and study visits
5. Equipment
6. Visibility and communication
7. UNICEF management and monitoring.

The prioritisation and implementation of the fund was guided by a separate monitoring and evaluation framework that associated specific capacity-development outcomes to the Master Plan's outcomes, which formed the basis for planning programmes and activities funded through the CDPF. Implementation of the fund is overseen by a steering committee led by the MoEYS, while efforts are made to avoid duplication with CDS interventions financed by the Global Partnership for Education and the Asian Development Bank.

Source: Boak (2013); UNICEF (2013; 2014)

37 The Paris Declaration evaluation noted that this led to capacity distortion, as officials were trained in meeting donor project procedures as opposed to their own (Jimat 2010).

While seeking a government-led and coordinated approach, the CDPF was challenged by having to fund activities that blurred the line between operational and investment costs, such as the procurement of motorcycles (UNICEF 2014). This should not, however, be seen as a reason to refrain from investing in such projects through coordinated approaches. As was shown in Malawi, the inability of individual CDS projects to fund recurrent costs may render their capacity development interventions redundant since, due to Cashgate, government funds to hospitals were rapidly drying up and did not allow health workers to translate theory into practice.

5.3 Procurement and recruitment

The general picture from both countries is one whereby the recruitment of TAs is led by donors with differing levels of government input, as opposed to under government leadership. Donors differ in the degree to which they involve governments in recruitment, regardless of whether this is done by an implementing agency mandated by the donor, or through procurement, when the assistance is sought by means of a public call for proposals. Anecdotal evidence suggested that in some cases it still happens that most of the preparation is done internally and that government is invited to endorse the result of the recruitment process through a ‘no objection’.

Interviewees further noted that the procedures of some donors (both bilateral and multilateral) formally exclude government from involvement in decision-making. Some donors did, however, indicate that they would informally seek government’s feedback once a shortlist of candidates has been prepared, in which case government is allowed to screen the CVs of the candidates.³⁸ This practice should not be linked to donor policies and procedures alone, but also to government’s inability to free up sufficient time and resources needed to adequately engage in demanding recruitment processes, which, in both countries, government was not always willing to do. Instead, it still happens that donors’ implementing agencies design, recruit and deliver TA projects relatively independently from government, which may be convenient for government but may also indicate that government is more interested in the additional project budget than in the CDS per se. It would indeed be logical for government to seek a strong involvement if it was intent on using the external advisors to maximum benefit.

Even though Cambodia’s TC guidelines call for an increased use of regional capacity development resources, and the Malawi DAS implicitly seeks to move away from international TA, no evidence was found of specific cases of ‘affirmative action’ towards employing TAs from the region. There was, instead, an implicit understanding that, for certain objectives of CDS support, ‘local TAs’ were best placed (e.g. when considerable internal networking is required), while for other CDS objectives it was best to have an ‘outsider’ come in with a fresh look on things. Though in both countries there have been experiences with international TAs who were too young and inexperienced and/or failed to ‘blend in’ with organisational processes and culture, none of the interviewees felt that

38 One interviewee suggested that, in the case of Cambodia, giving government too much influence over recruitment would reduce gender equality of advisors, as many senior government officials prefer male advisors.

local or international TAs were inherently better or otherwise preferable. The high salaries and compensations received by international TAs were, however, seen as a factor limiting their integration into the ministries where they are placed.

Among the positive cases observed, DFID has funded large TA programmes to support the Malawian MoH and MoEST under the respective SWAp periods, with one of the advisors financed through the Flemish International Cooperation Agency (FICA) via a silent partnership. The starting point was a joint identification of TA needs by the ministry concerned and the donors active in the SWAP, and care was taken to involve both the donors and government in the recruitment processes that led to the recruitment of both international and local (including regional) advisors. After the interview process, a mix of international and local TAs were recruited and posted in the ministries, and it soon emerged that among both international and local TAs there were both high- and low-performing advisors. Government chose to end the contracts of those local and international TAs who were found to be not performing.

Some donors indicated, moreover, that they used different recruitment approaches for different TA purposes, and would involve government less in the recruitment of advisors with project-implementation responsibilities and more in the case of advisors with a pure CDS mandate. In the case of Germany, one main reason for this is that some CDS advisors require government co-funding (in the case of so-called ‘integrated experts’, or CIMs after the German acronym) and thus necessitate a stronger involvement from government’s side. In Malawi, the same was found for ODI fellows who, contrary to other TAs, only formally report to the partner-country government and, as with the CIMs, require a government contribution. Given these contributions, co-funded advisors in Malawi were seen as closer to the ministry employees and, to some extent, different from other advisors.³⁹

When it comes to the functioning of TAs, interviewees unanimously felt that the difference between well-functioning and non-performing technical advisors is mainly explained by ‘soft’ issues such as personality (referred to as ‘chemistry’ by other interviewees), trust and sensitivity, as opposed to what they know as experts. When contrasting this widely shared insight into the recruitment processes, a clear discrepancy emerges, as these processes do not primarily focus on recruiting advisors in relation to these personal traits. Instead, recruitment generally tends mainly to focus on more objectively verifiable and comparable aspects such as qualifications, technical skills and years of experience. To a large extent this is understandable as it allows for a more ‘objective’ recruitment process, which may be required, in particular, when both government and donors are involved and need to reach a common assessment. It also is an easier and cheaper assessment to make as it is largely desk-based.⁴⁰

39 This was, however, not a general rule as there were also 100% externally funded advisors who were seen as fully integrated in the ministry.

40 Donor officials in Malawi added that in several cases the government went for a candidate with higher academic qualifications than the one preferred by the donors, and that this candidate in some cases did not finish his or her contract due to non-performance, thus illustrating that it is not just donors who are too focused on objective criteria.

5.4 Day-to-day management of capacity development support

When it comes to day-to-day management of CDS, and TA in particular, the general picture emerging from the two countries is that most donors still work with the TA-counterpart model, whereby the local or international TA is ‘paired’ with an individual government official. This individual would then be the centre of daily interaction, in addition to having a more formal focal point at the management level to which the TA reports on a periodic basis. Given problems of underpayment and absenteeism, it frequently happened that counterparts were transferred or otherwise unavailable during the period of TA postings, in Cambodia even in cases where the Ministry had made formal promises on the availability of the counterpart concerned. Several cases showed that successful TAs managed to work in much wider networks of officials, which in most cases was due to government actively managing to make that happen.

In addition to the counterpart, the TA in question would in most cases also have formal focal points in the local office of the donor funding her or him, with some donor officials referring to TAs in the ministries as ‘their eyes and ears’. Given that advisors can also have reporting obligations to a recruitment (or implementing) agency in cases where the donor concerned used an intermediary, they may in practice have as many as three bosses, who do not necessarily steer them towards the same objectives and deliverables.

TAs are not uncritically accepted in the different line ministries, and in both countries there was evidence of government departments refusing to accept TAs. In Malawi, it does happen that contracts of underperforming advisors are ended after an initial period. Interviews in Cambodia pointed to cases of ‘passive resistance’, thus confirming the findings of earlier studies that government officials do not fire but instead ‘ignore’ TAs who underperform or otherwise fail to integrate into the job (Land / Morgan 2008).

In managing TA, while the donors in particular consider the ToRs as the primary instrument to make sure the TA sticks to the agreement, both government and donor bosses may pursue additional objectives and interests beyond those listed in the ToRs. In the case of donors, there is often felt to be a need to use ‘their’ TA to help them learn about how government ministries operate, and to gain information on key change makers in the ministry as well as following policy and implementation processes. Advisors try to reconcile and harmonise such additional objectives, yet are typically not able to accommodate everything, mainly because inconsistent demands can undermine overall effectiveness. Having two bosses can occasionally also lead to authority problems as well as non-availability of the advisors, e.g. because they are ‘summoned’ to an embassy to share information. On the other hand, some government officials, particularly in Malawi, tend to use advisors to communicate potentially contentious messages to donors, as they are known to be able to express themselves more freely and directly.

In both countries, cases were identified in which donors became concerned when advisors began to deviate from ToRs but government continued to value their work.⁴¹ In those cases,

41 It is not unlikely that there were instances of the opposite occurring: of TAs valued by donors being perceived critically by government. But no specific cases were discussed, apart from the toleration of TA in Cambodia or the escalation and/or termination of TA contracts in Malawi. Both actions can,

ending the contract of such an advisor could affect the relationship between the donor and government, but donor officials indicated still having to take such decisions in some cases. Examples such as these point to ownership issues, given that in principle once a donor provides an advisor this person should come under government management. This dilemma is not unlike the provision of financial support, including budget support, where government is formally in charge of spending it in relation to their plans and priorities but the donor is engaged in ongoing dialogue seeking to influence how the money is spent as well as on what.

Looking back on their posting periods, TAs argue that in the first months, in particular, they tend to closely follow requests from government. Whether this is in terms of being more hands-on than their mandate requires, or is completely unrelated to the mandate (e.g. providing after-hours support to government officials engaged in university courses), it is through these first tasks that a TA can ‘prove his/her worth’ and develop a relationship of trust. TAs presented specific examples of government officials asking them to assist in relatively straightforward tasks, in itself an act of trust as it may, for instance, involve admitting lack of understanding of computer programmes. Following these more basic tasks, the TA and government official concerned then gradually grow into collaborations of a more sensitive nature, more directly related to the advisor’s ToR.

One principal and generally occurring deviation is that TAs often become more engaged in more ‘capacity substitution’ than the ToRs ask for; this has the potential to undermine the motive for providing support if it prevents the ministry from developing its own capacity in the area concerned. While many ministry officials are highly committed and hard-working, ministries visited in both countries are typically understaffed and their officials underpaid, which means they are generally ill-prepared to meet the generally highly ambitious work plans agreed with the donors. While governments are therefore best placed to manage TAs in a way that avoids capacity substitution, more so than the donors funding the TAs, capacity substitution does not always take place due to government demand but when the unit in which the TA is located fails to provide adequate management. In those instances, it is very likely that the advisor in question, typically a motivated and dynamic individual with a strong ‘can do’ attitude, engages in capacity substitution out of fear of having no work to do.

While on paper most donors still work with the TA-counterpart model, despite the clear risks this approach poses in terms of low sustainability and capacity substitution, important innovations are also taking place that specifically try to improve sustainability chances, such as the project described in Box 5.

In addition to the strong salary differences between advisors and government officials, many interviewees indicated that relationships were also unequal in other respects. In Malawi, examples were given where a TA failed to perform in the education ministry because of personal reasons, in this case also linked to the TA having lower qualifications yet a higher salary than their counterpart, with the counterpart reportedly asking “*is this my technical assistant or my technical advisor?*” In this particular case the TA was part of the project developed by the ministry and the SWAp donors that, from a more holistic (but

however, be seen as ‘coping strategies’, but are not effective in improving CD through external support.

Box 5: Integrating TAs into line positions in Malawi's Local Councils

In 2010 the GoM devolved key responsibilities for nine sectors to local authorities, which required some of the resources for these sectors being channelled directly from Treasury to each respective local authority. Accompanying the implementation of this devolution policy, GoM rolled out an Integrated Financial Management System (IFMIS) to local authorities. To facilitate this process GoM implemented a Joint Capacity Development Programme for Governance (JCDPLG I) with support from Irish Aid and GTZ, which covered 30 of the 34 local councils of Malawi. The CDS provided included support in terms of human resources development, equipment and training for financial management and accountability, as well as development planning, monitoring, and evaluation and governance of service delivery.

One observed challenge of the devolution process was the difficulty of attracting and retaining highly qualified people to work at the financial departments of the local authorities. The project supported the recruitment of University of Malawi graduates as Financial Analysts (FAs) on a non-established position basis for a minimum period of one year. The Ministry recruited and deployed the FAs to the local authorities with an agreement that, depending on their performance, successful FAs would be absorbed into the mainstream civil service.

A survey carried out in 2001 in 18 districts, and monitoring visits, show that there is generally an overall positive perception among district staff that the FAs have contributed to an improvement in the production of financial reports, the maintenance and production of books of accounts, and adherence to internal controls. However, individual performance and effectiveness varied from district to district due to a number of factors such as the delays in government facilitating integration of FAs, as well as role conflicts and resentment among existing staff due to salary issues. GoM subsequently absorbed the FAs in the mainstream civil service by engaging them on permanent terms as part of the full Council Establishment as Chief Accountants.

Source: IrishAid (no date)

also top-down) perspective, determined which departments needed CDS, yet did not look into whether the departments were willing and able to absorb such support. One interviewee suggested that part-time TA positions would be less prone to undermining the authority of counterparts as well as better placed for hands-off approaches. TAs are often recruited on a full-time basis by default, mainly because in the case of international TAs they would travel to the country for the job.

For successful management of CDS, it can be concluded that an 'enabling environment' or essential conditions need to be in place *before* external CDS can contribute to capacity development. Although levels of staff and salaries do influence outcomes, domestic stakeholders from Cambodia and Malawi indicated that culture, mindsets and ethics were more significant. It was thus argued that simply increasing civil servant salaries would not do the trick, but broader societal changes that place a stronger demand on the public sector are required, which in turn would stimulate the public sector to develop and implement a clear-cut strategy towards drawing on external CDS. While the current situation does not rule out islands of capacity in particular units or departments, these results often did not manage to lead to improved sector results and ministerial capacity as these islands need the buy-in and cooperation of other departments (e.g. HR or finance) and committed political leadership in order to achieve lasting effects.

5.5 Monitoring and evaluation

In Cambodia, in particular, several studies have been carried out that presented an overall evaluation of the CDS received. While Land (2008) has a sector-specific focus, others look either at the overall level (e.g. Siddiqui et al. 2004; Land / Morgan 2008) or have a more descriptive character (Craig et al. 2010). In the case of Malawi, the recent independent DAS evaluation presented a similar overall assessment to that made for Cambodia, namely that the increases in capacity were in no way commensurate to the amount of TA support provided (Saasa 2010). In both countries, a general feeling of unease among donors and government alike was observed: while government cannot explicitly criticise specific donor CDS practices in public as it might run the risk of losing support, donors, in turn, have few incentives to critically evaluate their own CDS practices and make results public, since they might be accompanied by reputational risks on the individual and/or organisational level.

Both countries have set up sectoral working groups that facilitate donor–government interactions, and offer a means to donors for ex-ante coordination of CDS and for information exchanges such as reports and ToRs. When it comes to CDS, however, many donors still prefer to manage this bilaterally with government. As a result, key documents on CDS, such as ToRs, and mid-term or project completion reports are not systematically shared with other donors or beyond the direct counterpart division in the ministry. In the case of Cambodia, the government has signalled that it would prefer a more centralised approach, and in a recent document criticised the practice of donors who enter into bilateral agreements with line ministries and agencies without prior notice being given to the CRDB/CDC as the designated coordinating body (CRDB/CDC 2013a, 4). Such practices, however, would not seem to be grounds for government to reject the assistance offered, and therefore are, de facto, tolerated.

While donors may not always circulate ToRs to other donors, the same goes for the government departments concerned, who may not share project reports and progress documents more widely in the ministry. This is most often a reflection of the case that intra-ministerial information sharing is generally low and in need of improvement, e.g. because computers are not connected to an internal network or intranet.⁴² In the case of TAs, this lack of transparency adds to the existing suspicion of, and prejudice towards, TA among some senior officials in the ministry. Evidence gathered in the interviews thus suggests that the lack of transparent assessment of the cost-benefits of TA has negatively affected the effectiveness of TA in both countries, particularly as many donors have weak institutional memories in this area of support.

CDS interventions are rarely evaluated, and such reports are often not shared outside the small group of donor and government officials directly involved in managing the project concerned. A recent evaluation concluded that, in the case of workshops and other events, the typical ‘end of workshop evaluations’ say little about participants’ actual use of what they learned and the effect this had on their performance, and therefore risks perpetuating ineffective or non-relevant workshop practices. This may confirm developing-country participants’ perceptions that these workshops are not about CD but just about income supplementation (Soreide et al. 2012). In the case of TA, the dominant approach for assessment seems to be self-reporting by the TA. Another related problem is the lack of

42 Some advisors in Malawi indicated having to keep their computers separate as many government PCs were virus-infected.

handover to successor TA projects, often due to contractual reasons in cases where there is a gap between the start of one project and the beginning of its successor. This means that many TAs have to reinvent the wheel, e.g. find out how to write memos in ministry-appropriate language. One observed exception was that of the ODI fellows, who tend to introduce their successors to key contacts in the ministry for a period of some weeks.

6 Discussion and conclusions

6.1 Analysis of findings

Contrasting the research evidence gathered with the table of good practices on effective capacity development support (see Table 4), the following overview of findings can be presented.

	Planning	Identifi- cation and design	Budgeting	Procure- ment and recruitment	Implemen- tation	Monitoring and evaluation
	UCS dimension 1: Planning and budgeting			UCS 2: PFM		UCS 3: Oversight and evaluation
Partner	Failure to define CD objectives at operational level and to actively share and discuss these with donors	Some incremental progress in joint planning, yet many donors lack flexibility in the type of support provided Increasing financial transparency linked to partner ODA databases	Possibilities created to report CDS on budget	Government does not use all opportunities for engagement in procurement, often leaving it to donors	Reporting on CDS to government leaves much to be desired, and knowledge management of TA outputs is poor	Low involvement in and demand for evaluations of CDS
Donor	Efforts made to link to processes and strategies Some CDS packaged with other interventions; perceived as conditional		Most CDS remains off-budget and managed through discrete projects	Not all donors allow for strong involvement of partners Continued formal and informal tying	Most CDS is primarily accountable to donor Occasional authority problems with TAs who get 'too close' to government	Internal reporting not always shared with partner; low appetite for individual or joint evaluation of CDS
Source: own elaboration						

One important overall impression from this overview is that whereas one would expect donors to be most change-resistant in relation to UCS dimension 2, they have also made very low progress in the other two dimensions. As has been described in Section 5, the main reason for this is that neither government nor donors have strong incentives to

change the present situation of mostly bilateral, ‘anything-goes’ types of CDS, which lack transparency and, as a rule, are not critically evaluated.

The cost of bilateral approaches is that each donor makes its own capacity analysis. Occasionally these are shared with selected other donors, but their more project-oriented nature generally makes them inadequate to identify real change constraints and prospects for progress that would serve as a basis for joint support. Instead of helping to target political dimensions of capacity and areas that would be contentious but have much change potential, the resulting support instead mostly focuses on functional capacity dimensions as per the practice of linking to government’s generally expressed capacity plans. When contrasted to the key enablers for effective cooperation (Messner / Guarín / Haun 2013), although it is clear that the asymmetrical relation of development cooperation discourages reciprocity as the fundamental principle, the findings show that accountability relations are often dysfunctional and undermine the other enablers of trust, fairness, reputation and communication. The main reason for this is that many externally financed advisors face conflicting demands from government and donor clients, a critical issue that was already picked up in earlier evaluations (see, for instance, Land 2007), but remains neglected in practice.

Substantial challenges thus remain and have been insufficiently looked into, and based on these findings the following closing sub-section sets out the paper’s main conclusions and recommendations.

6.2 Conclusions and recommendations

This paper analyses the policies and priorities of the governments of Cambodia and Malawi with respect to capacity development support (CDS), based on secondary research evidence and perceptions of effectiveness from a wide range of stakeholders. The study concentrates on the two governments’ overall objectives and strategies on CDS and contrasts these to the situation in the health and education sectors, as two sectors that generate a strong need for capacity development and attract a significant portion of development cooperation. While CDS is provided in many forms, this study has restricted its analysis to dedicated events and advisory services.

A first observation of this study is that as longstanding aid-dependent countries, Cambodia and Malawi provide a ‘disabling environment’ that hinders the effective management and use of external support for capacity development. Both countries are characterised by a highly politicised civil service that is part and parcel of a neo-patrimonial governance system, where civil servants themselves are paid at a level on which they cannot sustain their livelihoods, and where responsibility for service delivery has been partially ‘outsourced’ to external partners. It is easier for donors to take up such a role than to withdraw from it, and some donor officials lamented the need for them to be continuously ‘bailing out’ government.

Under these conditions, even when unconvinced of their change potential, government would tend still to accept CDS interventions for the project-benefits these come with, which help civil servants make ends meet. Without detracting from the strong advances in the capacity of both governments, this study repeats earlier studies in observing that the

governments have developed capacity, yet at a level that is nowhere near commensurate to the high CDS investments made.

At the time the study was conducted, donors mostly provided CDS bilaterally, with limited exchange and joint action with other CDS providers. This represents a step backwards from a decade ago, when trust and energy was invested by government and donors alike in coordinated approaches under developing-country leadership. The period when Sector-Wide Approaches (SWAs) were implemented with strong donor participation temporarily increased line-ministry leverage over CDS and led to a more coordinated process of joint identification of needs. Though sometimes perceived as such, SWAs do not particularly prescribe forms of joint financing (e.g. budget support) but instead promote transparent and concerted forms of government-led development cooperation. The key difference from a decade ago is that donors' headquarters have lost both the appetite and political support to engage in coordinated approaches with less control and reduced visibility.

More than a decade ago, both Cambodia and Malawi formally expressed the need for change and, with donor financial support, commissioned studies that presented a critical assessment of the state of play. These studies subsequently informed their overall development cooperation strategies that call for a need to reform current CDS practices. These were backed up by international declarations on aid effectiveness that called for similar reforms. Given this apparent clear sense of direction, the question is why these overall priorities have failed to become translated into practice?

An important part of the answer is that formal objectives for reform of CDS, as expressed in overall development cooperation policies, are a key starting point for government's reform efforts though nothing more than that. Evidence gathered in the two countries suggests that, despite the clear and fundamental objectives for reform of CDS, actual efforts made by government to operationalise and implement these have been modest and mainly limited to 'sensitisation' of donors. Moreover, and exceptions notwithstanding, the government officials who gave shape to these overall aid policies are not the same as the officials who work directly with donors in elaborating concrete interventions. Line ministries on the receiving end of development cooperation are less directly led by government's aid management policies, which are mostly championed by their ministries of finance or dedicated planning agencies.

Actions committed to on the part of government in the area of CDS reform, which in both cases concerned the adoption of a national strategy on capacity development in relation to public-sector reform, have failed to take off or remained on the drawing board. The somewhat paradoxical result is two governments strongly intent on fundamentally changing CDS practices, in the case of Cambodia with specific guidelines on TC, but without an overall strategy on how to make use of such reoriented support in terms of relating it to their own capacity development objectives and efforts.

Sectoral capacity development strategies were prepared by the line ministries responsible for health and education but, apart from the Cambodian education Master Plan, were not adopted. Relatively top-down approaches to leadership and patronage networks strongly influencing internal mobility in government have hindered CDS initiatives in promoting capacity results that transcend the individual level or the actions of individual departments. The dire situation in public services causes the health and education ministries to pursue

resource maximisation strategies that largely involve accommodating donors' projects in different shapes and forms. No specific push is made for CDS to use and support government's own systems, while negotiations of individual interventions mainly focus on detailing specific project components (as opposed to discussing whether the project is needed) and whom these should target. This indicates that officials in government are still inclined to accept support that is provided in ways that do not fully align with their systems.

In the absence of ministry-owned CD plans, and a clear and ambiguous management push, most donors resort to taking a strong lead in designing CDS interventions. Whilst understandable as a pragmatic approach to dispatching experts and using allocated funds, this approach risks providing CDS to areas that government considers low priority, or to which it refuses to give due priority because it lacks the will for change. The latter areas included strong donor priorities such as merit-based pay, decentralised procurement and national audit functions.

In terms of focus, CDS interventions thus concentrated mostly on the functional dimensions of governance in the sector and mainly pursued technical solutions to observed problems, lacks and deficits. Both government and donor officials suggested that the other side was mainly interested in such 'technical fixes', but this is again explained by the more systemic difficulties and barriers towards support targeting more political dimensions of capacity. In a formal sense, these could be considered 'off-limits' for external support, yet many cases were detected where advisors were made an integral and essential part of government's own change-management efforts.

Interdisciplinary research on effective cooperation highlights the importance of fairness, trustworthiness, communication and reputation, all of which linked to the central aspect of reciprocity. Beyond the challenge of giving adequate attention to these factors in the design of interventions, the processes of procuring or recruiting local or international advisors focus insufficiently on ensuring and promoting these key factors, and instead emphasise 'objective' selection criteria such as technical skills, years of experience and academic qualifications.

Low donor investments into evaluations of CDS interventions, as well as their tendency to keep such reports internal, hinder learning from past experiences and affect institutional memory. This risks duplicating or replicating interventions with low value or counterproductive effects that could otherwise have been adjusted or changed to ensure greater relevance and effectiveness. More fundamentally, it reflects a lack of transparency in the objectives and features of individual CDS interventions, which has an unintended effect of contributing to negative perceptions and prejudices among government officials about CDS and advisors in particular.

These findings thus describe a political economy whereby all involved actors have few incentives to radically change the way in which CDS is managed and where, instead, ineffective practices are largely reproduced over time as none of the actors experience any direct costs or consequences for doing so, as well as no direct rewards for change. While some donors have introduced important reforms, government remains best-placed to fundamentally break through this cycle of low effectiveness. As per these overall findings, this study concludes that it is not formal strategies and policy frameworks but individual perceptions and attitudes of government officials that decisively influence the role and

ability of CDS to support government and develop capacity. In aid-dependent and low-income countries such as Cambodia and Malawi, longer-term CDS interventions are more likely to be effective and sustainable when they promote adaptive and teamwork-oriented approaches under the leadership of strong and respected government officials.

Guided by this overall conclusion, six changes to existing practices need to be made to promote more effective and sustainable CDS in Cambodia and Malawi:

- 1 The starting point of preparing CDS interventions should be a joint diagnosis of the sector, in which government and all donors equally participate, as opposed to bilateral appraisal missions.
- 2 The design of interventions needs to be driven and led by key change-makers in government. Donors should adapt their procurement or recruitment procedures to refrain from providing support unless government leads this process.
- 3 Advisors with a capacity-development mandate should only report to government and not to donors, and ToRs should avoid fragmented or donor-oriented accountability relations.
- 4 Co-funding of advisors by government should be required as a proxy of real commitment. Requiring government to contribute formally to each advisor, even if at a minor level, would improve conditions for reciprocity and strengthen accountability relations.
- 5 Donors should report disaggregated budgets of CDS interventions through government's own systems, and make public ToRs and evaluations of CDS interventions. Current practices lack transparency and encourage duplication, fragmentation and suspicion.
- 6 Government should commission periodic evaluations to assess progress made in strengthening sector capacity, including the effectiveness of external inputs provided. Such evaluations would promote integrated capacity development approaches in government.

These recommendations provide a basis for a gradual and incremental shift towards more formalised and centrally planned CDS management, which government could manage through its own systems for public planning, procurement, implementation and reporting. If it is still strongly reliant on external inputs at this stage of a more centralised demand articulation, such efforts could be guided by a government-wide capacity-development strategy that includes, but does not revolve around, objectives and principles for external support. The drafting and implementation of such a strategy should be led by the government ministry responsible for the public service.

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Annex

Annex 1: Operationalisation of research questions

	Method 1: Semi-structured interviews	Method 2: Document research (published or grey)	Method 3: Relevant official indices and websites (e.g. aid management platforms)
RQ 1: How can the country government's approach to managing external cooperation be described, in terms of their formal policies and/or concrete actions towards promoting aid and development effectiveness in general? To what extent is the approach as observed centralised and homogenous in nature, or decentralised and sector-specific?			
1.1: What are the main objectives of the country's overall policy on managing external cooperation?		X	
1.2: In addition to adopting these policies, what evidence is available of concrete government action towards pursuing the goals outlined in this policy?	X	X	
1.3: To what extent are the approaches taken at the line-ministry level to promote aid and development effectiveness consistent with overall government policy?	X	X	
RQ 2: At what level and how does government articulate or otherwise promote specific priorities in relation to capacity development (e.g. on the 'what' of this support in relation to desired institutional change), and how does it engage with parliament, non-state actors and other relevant stakeholders in determining these?			
2.1: What are the main priorities in relation to external capacity development support, as defined at central and/or line-ministry level?	X	X	
2.2: Is there evidence of governmental direct engagement with non-state actors, parliaments and/or donors in relation to the formulation and promotion of such priorities?	X		
2.3: To what extent does available research evidence and perceptions of effectiveness indicate that government's approach has enabled it to benefit from CDS?	X	X	
RQ 3: To what extent does government have an overview of total CDS provided to the country by different providers?			
3.1: Does the government have an online platform to capture information about external cooperation, and do stakeholders consider this system to be functional and complete in relation to CDS?	X	X	X
3.2: Do all external partners supply information to government on CDS?	X	X	X
3.3: What written evidence is available to show how government's data is being used by other stakeholders, and how does government indicate to use data on CDS?	X	X	

	Method 1: Semi-structured interviews	Method 2: Document research (published or grey)	Method 3: Relevant official indices and websites (e.g. aid management platforms)
RQ 4: To what extent are government's own systems used in planning, designing, contracting or procuring, implementing and evaluating the CDS provided by different stakeholders? To what extent and how does government promote the use of its systems?			
4.1: To what degree and in what way have country systems been used by donors since the adoption of the Paris Declaration, and to what extent are there strong differences between donors?		X	
4.2: How do key indices (CPIA, PEFA, ...) judge the quality of country systems?			X
4.3: What analytical efforts have government and donors made to examine options and feasibility of the use of country systems, and to what extent has it been a key issue for dialogue?	X	X	
4.4: To what extent does government specifically push for the use of its systems, either at the central or line-ministry level (as expressed in strategies, organisation of workshops, or specific actions)?	X	X	
4.5: What evidence and effectiveness perceptions are available of the involvement of government in design, planning, implementing and evaluation of specific CDS interventions?	X	X	
RQ 5: Linked to this overview of support, how can accountability relations concerning CDS be described in terms of (a) of the sharing of information on CDS interventions between stakeholders, (b) dedicated processes to learn from past CDS interventions by those directly involved and (c) sharing lessons learned from past support with other relevant stakeholders?			
5.1: To what extent do donors coordinate their CDS efforts, either ex-ante (seeking cooperation possibilities, sharing information) or ex-post (sharing ToRs once the decision to provide support has been taken)?	X		
5.2: To what extent is CDS evaluated by the donor and/or partners, and to what extent is this evaluation shared with other donors and/or government, or made public?	X		
RQ 6: What lessons can be drawn from the findings in relation to the assumed symbiotic relation between developing-country efforts to strengthening institutions and joint efforts to strengthen the effectiveness of CDS, and what possible implications can be identified for the engagement of the EIP?			
6.1: To what extent is there evidence to suggest that institutional change in the country has led to a more effective approach to managing CDS, and vice versa?	X	X	

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