

# Technical Assistance and Capacity Development in an Aid-dependent Economy: the Experience of Cambodia

Working Paper 15

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Long Vou Piseth, Pon Dorina, Tep Saravy, Tia Savora,  
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*Responsibility for the ideas, facts and opinions presented in this research paper rests solely with the authors. Their opinions and interpretations do not necessarily reflect the views of the Cambodia Development Resource Institute.*

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## **Abstract**

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Cambodia is aid-dependent: the scale of aid is of such magnitude that it distorts the economy in two important ways. First, a high proportion of Cambodia's best-educated people either work for donor agencies or international non-government organisations (NGOs) or have been assigned to donors' projects as counterparts. This raises the price of educated labour and hinders the development of skill-intensive production and exports. Second, donors and NGOs have virtually taken over the funding of education, health care, social welfare, rural development etc., while government spends most of its funds on defence and security. In addition, donor funding eases pressure on government both to increase collection of revenue and to raise the salaries of government employees because so many top- and mid-level officials receive salary supplements as project counterparts.

To what extent can external technical assistance develop the capacity of counterparts, whether in government or in local NGOs, in an aid-dependent economy of this kind? In 1998 and 1999, CDRI undertook extensive research to answer this question. As well as analysing data from the Cambodian Rehabilitation and Development Board, CDRI researchers undertook wide-ranging interviews with senior officials in government and donor agencies, and with past and present technical advisers and counterparts. The research also included case studies of the School of Agriculture Prek Leap (SAPL), the National Institute of Management (NIM), the National Institute of Statistics (NIS), and of HIV/AIDS and malaria programmes (in particular, those in Battambang province).

Cambodia's experience since 1993 suggests that, although some positive results have been achieved in the development of individual capacity, most projects in such a situation are donor-driven in their identification, design and implementation, to the detriment of institutional capacity development. Connected with this is the chronic under-funding of government in such an economy, which hinders implementation of projects and threatens post-project financial sustainability. Most former counterparts have either left government or are only part-time government employees. They still benefit the economy, but it is presumably not the main intention of technical assistance to prepare government officers for non-government work. Unless donors develop a coherent strategy (rather than competitive, project-related salary supplementation) to deal with this situation, the record of TA in developing the capacity of government will continue to be disappointing, and an escape from aid dependence will be postponed.

The basis for discussions between government and donors about a code of conduct for technical assistance is suggested, including: the replacement of project-related salary supplementation by a sector-wide salary fund; two-way transparency; implementation through intermediary organisations; government ownership of projects; guidelines for the use of technical advisers by government departments; re-examination of the concept of Project Implementation Units; a rule that no external projects should by-pass government structures; and a definition of the role of government, as a facilitator, prudential regulator and coordinator of technical assistance, rather than detailed controller. Such a code would be seen as a first step towards developing a Sector Wide Approach to technical assistance in Cambodia.



## Acronyms and Abbreviations

ACF	Action contre la Faim
ACLEDA	Association of Cambodian Local Economic Development Agency
ACR	Australian Catholic Relief
ACR	Australian Catholic Relief
ADB	Asian Development Bank
ADDA	Agricultural Development Denmark Asia
AEA	Advisor in Education Administration
AIT	Asian Institute of Technology
ANS	Action North South
APSO	Agency for Personal Service Overseas
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
BWAP	Battambang Women's AIDS Project
CAAEP	Cambodia-Australia Agricultural Extension Project
CAMA	Christian and Missionary Alliance
CAMSET	Cambodian Secondary English Teaching Project
CARERE	Cambodia Area Rehabilitation and Regeneration
CASD	Community Action for Social Development
CCFD	Comité Catholique contre la Faim et pour le Développement
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
CG	Consultative Group
CIAP	Cambodia International Rice Research Institute Australia Project
CIDA	Canadian International Development Agency
CIDSE	Cooperation International pour le Développement et la Solidarité
CMAC	Cambodian Mines Action Committee
CRDB	Cambodian Rehabilitation and Development Board
CRS	Catholic Relief Services
CTA	chief technical adviser
CW	Concern Worldwide
CWS	Church World Service
DfID	Department for International Development (United Kingdom)
EC	European Commission
ECHO	European Commission Humanitarian Office
EMP	Education Management Planner
EMT	Ennattien Moulethan Tchonnabat
ERA	École Royale d'Administration
EU PASEC	European Union, Programme d'Appui au Secteur de l'Éducation Primaire au Cambodge
EU	European Union
FAO	Food and Agricultural Organisation
GDP	gross domestic product

GRET	Group de Recherches et d'Échanges Technologiques
GTZ	Deutsche Gesellschaft fuer Technische Zusammenarbeit
HACC	HIV/AIDS coordinating committee
IEC	information, education and communication
IFRC	International Federation of the Red Cross
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	international non-government organisation
IO	international organisation
IPM	Integrated Pest Management
JICA	Japanese International Cooperation Agency
LAM	Lycée Agricole de Le Mans
LNGO	local non-government organisation
LNGO	local non-governmental organisation
LWS	Lutheran World Service
MAFF	Ministry of Agriculture, Forestry and Fisheries
MDM	Medecins du Monde
MEDICAM	Coordinating organisation for all NGOs working in health
MoH	Ministry of Health
MoP	Ministry of Planning
MoYES	Ministry of Youth, Education and Sports
MSF	Medicines Sans Frontiers
NAA	National AIDS Authority
NCPEMC	National Centre for Parasitology, Entomology and Malaria Control
NETREC	National Education and Training Resource Centre
NGO	non-government organisation
NICHADS	National Centre for HIV/AIDS, Dermatology and STD
NIM	National Institute of Management
NIS	National Institute of Statistics
NPV	net present value
OD	operational district
PAFAARC	Programme d'Appui à la Formation Agricole et Agronomic au Royaume du Cambodge
PAO	Provincial AIDS Office
PFD	Partners for Development
PHD	provincial health department
PROCOCOM	provincial coordinating committee
PIU	project implementation unit
PSI	Population Services International
PSP	Partnership Support Programme
PSU	project support unit
REDD BARNNA	Save the Children, Norway
RMB	Roll Back Malaria project
SAPL	School of Agriculture Prek Leap
SAWA	SAWA Consulting
Sida	Swedish International Development Cooperation Agency
STD	sexually-transmitted diseases
TA	technical assistance
TAA	technical assistance advisor
TB	tuberculosis
UK	United Kingdom
UN	United Nations
UNAIDS	Joint United Nations Programme HIV/AIDS
UNDP	United Nations Development Programme
UNDP/OPS	UNDP/Office of Project Services
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund

UNTAC	United Nations Transitional Authority in Cambodia
UPPEEP	University of Phnom Penh English and Education Project
UQGC	University of Queensland Gatton College
USAID	United States Agency for International Development
VLA	Village Livestock Agent
VSF	Vétérinaires Sans Frontières
VSO	Voluntary Services Overseas
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation
WVI	World Vision International
YWAM	Youth with a Mission



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## Executive Summary

The scale of aid in Cambodia is of such magnitude that it distorts the economy in two important ways. First, a high proportion of Cambodia's best-educated people either work for donor agencies or international non-government organisations (NGOs) or have been assigned to donors' projects as counterparts. This raises the price of educated labour and hinders the development of skill-intensive production and exports. Second, donors and NGOs have virtually taken over the funding of education, health care, social welfare, rural development etc., while government spends most of its funds on defence and security. In addition, donor funding eases pressure on government both to increase collection of revenue and to raise the salaries of government employees because so many top- and mid-level officials receive salary supplements for working as project counterparts.

These drawbacks of foreign aid are well known but, in this context, what about the impact of aid on capacity development? In 1998 and 1999, CDRI undertook extensive research to answer this question. Along with analysing data from the Cambodian Rehabilitation and Development Board, CDRI researchers undertook wide-ranging interviews with senior officials in government and donor agencies, as well as with past and present technical advisers and counterparts. The research also included case studies of the School of Agriculture Prek Leap (SAPL), the National Institute of Management (NIM), the National Institute of Statistics (NIS), and of HIV/AIDS and malaria programmes (in particular, those in Battambang province).

### **Positive aspects of technical assistance**

Regarding the positive impact of technical assistance (TA) on capacity development, both donors and government officials appear to agree that projects have a good record in developing individual capacity. Technical advisers have often given counterparts considerable responsibility and, overall, advisers have been quite satisfied with counterparts' achievements (although they indicated they would prefer counterparts to have higher levels of education).

Existing and former counterparts are enthusiastic about the benefits they have gained from their involvement with projects. Most acquire management skills and a high proportion acquire other professional skills. In SAPL, for example, TA was found to have greatly benefited teachers' capacity, and improved curriculum, teaching materials and overall management. On-the-job training was given a particularly high score for developing the skills of individuals.

### **Problems with technical assistance**

The provision of technical assistance, however, is not problem-free. Chief technical advisers (CTAs), tend to see themselves as managers, rather than as facilitators, trainers or communicators. They complain about the quality of briefings received from donors and executing agencies and about the lack of briefings from government. They believe there are too many projects and projects were uncoordinated, overlapping and/or patchy in their coverage. Projects also pull in different directions as was the case, for example, in SAPL and in the HIV/AIDS sector (where study respondents also thought there were 20 too many expatriate advisers). Too often government asks TA experts to do the job (write letters, speeches, reports, advise the Minister etc.) instead of developing their counterparts' capacity to do these jobs. There are problems as well with training processes (particularly the selection of those to be trained) and in follow up and dissemination after training. The conceptual gap between TA personnel and their counterparts was frequently described as wide. The functions of government institutions and of individuals within them are often unclear, and coordination between institutions is poor. Both government and local NGOs suffer from a top-down management culture, and one that does not work (for instance, in the case of government, it was difficult to transfer funds from one part or level to another).

### **Lack of ownership**

Some donors conceal information about cost, particularly the salaries and benefits paid to international staff. This concealment of personnel costs makes it impossible for the government to monitor a project's cost-effectiveness (e.g. via a recommended indicator such as personnel cost per senior counterpart). Lack of transparency is a symptom of lack of ownership: there are few demand-driven projects. Most are donor-driven in both identification and design. Government has some role in day-to-day operations, but not usually in the selection of foreign advisers or in financial matters. The National Institute of Management (NIM) is an example of an institution that believes it was forced to divide itself into two separate institutions because of conflicts with a donor. As well it has endured another donor and its executing agencies talking to each other, rather than to NIM management, and a sudden withdrawal of funds for political reasons outside the institute's control.

Many agencies do not implement projects through normal government structures. Multilaterals tend to set up special Project Implementation Units (PIUs), and some NGOs bypass government altogether. Only 58 percent of projects are structurally well-placed for capacity development, i.e. both owned by government, among others, and implemented through normal government structures or through a local NGO.

### **Low salaries hinder implementation**

There are wider problems for projects arising from the special nature of Cambodia's aid dependence. The low salaries paid to government staff mean that many take on outside jobs to supplement their incomes. As a result, government staff, whose input is necessary for project success, are often absent when decisions need to be made. This is also why beleaguered people at the top in government think short-term and use TA experts to undertake tasks which their own staff should be doing.

Most projects try to obtain commitment by supplementing counterparts' salaries in one way or another. But this too causes problems with employees whose salaries are not supplemented or are supplemented at a lower rate. Institutions which try to introduce a more rational approach to supplementation (pooled supplements to be shared with all staff), tend to run into trouble with donors.

In the case of SAPL, some donors refused to pay any supplement while some refused to contribute their supplements to the pool, and insisted on paying their counterparts directly and at a higher rate.

### **Low salaries threaten sustainability**

Low government salaries not only hinder implementation of projects (and in the case of SAPL reduce the external efficiency of the whole institution), they also threaten post-project financial sustainability. Very few projects have a convincing plan for this. Those that do usually rely on cost recovery or on getting more money from donors. Only the few institutions with something to sell can survive through cost recovery (NIM, with its popular management courses, provides a spectacular example of this).

### **Need for sustainability**

Reliance on more donor funding is a legitimate strategy in the Cambodian context, but such funding must be available for long enough to achieve self-sufficiency. Even local NGOs should think about the eventual need to raise funds domestically, rather than from abroad.

But cost recovery and more money from donors are not enough. Government underfunding remains the fundamental obstacle. As things stand, most former counterparts (and beneficiaries of scholarship programmes) have either left government, or are only part-time employees and looking for another job. Of course, former counterparts who leave government are not a loss to Cambodia. A social cost/benefit analysis would record their enhanced capacity as a benefit to the economy. But it is presumably not the main intention of TA to prepare government officers for non-government work.

### **Policy implications**

The first phase of technical assistance in Cambodia (when foreign skills were substituted for absent local skills) is supposed to have given way to the current phase of capacity-building and institutional development. The next phase is supposed to be the consolidation phase when the inefficient individual project approach gives way to a Sector Wide Approach or (SWAp). The starting point for SWAp is a jointly-agreed statement of policy and priorities for the whole sector, with a detailed annual budget and workplan, disaggregated by sub-sector and province. Initially it involves joint planning and review meetings; meetings for exchange of information and workplan monitoring; regular reporting on performance and expenditure; and, eventually, contributions by donors to a single pool of funds, allocated according to an agreed sector-wide plan.

SWAp is, no doubt, the ideal destination, but it will take time to get there because the conditions for the current capacity-development phase have yet to be met. In particular, these include reform of the administration, staff salaries and the legal/judicial system. A first step in that direction would be an agreement on a “Code of Practice” for technical assistance.

### **Towards a Code of Practice for TA**

A Code of Practice would, of course, have to be negotiated between government and donors and its content cannot be precisely predicted. However CDRI’s research suggests the following propositions for discussions in such negotiations.

- *Salary supplementation.* The most urgent single priority is to abolish project-related salary supplementation and, instead, ensure that key government officials are paid a living wage for full-time commitment to their work. This involves agreement between government and donors on creation of a Salary Fund into which donors will pay an amount equivalent to what they would otherwise have spent on salary supplementation

or other incentives. A timetable is also necessary for transferring responsibility for financing this Fund from donors to government.

- *Two-way transparency.* Donors should recognise that the purpose of technical assistance is ultimately to increase the welfare of Cambodians and, accordingly, should seek the most cost-effective way of achieving this. This involves complete transparency about all costs and willingness to consider alternative modes of implementation. Transparency has to be two-way, however. Government should also make available to donors information on the distribution of salary supplementation, etc.
- *Implementation through intermediaries.* From the point of view of capacity development, cost-effectiveness implies that all projects should have counterparts, whether in government or in a local NGO. Direct implementation at the community level by an international organisation, without a local counterpart, should be ruled out as cost-ineffective.
- *Ownership.* The government should play a more active role (in collaboration with donors and executing agencies) in design and transparent selection of projects and personnel. Its concern should extend to ways of reducing the cost of projects without reducing their effectiveness, and to monitoring and evaluating performance. The aim should be for government to achieve at least the same degree of ownership of grant-aided projects as it already has of loan-funded projects.
- *Guidelines.* There should be clear official guidelines for the use of TA personnel by government departments, provision of counterparts, and the selection of staff for training. Similar guidelines should be created for donors, executing agencies, and project team leaders.
- *Project Implementation Units.* The concept of the Project Implementation Unit (PIU) should be re-examined, and alternative ways found of managing assistance through normal government structures, without affecting transparency and efficiency. One suggestion worth considering is that each ministry/organisation should have only one unit for managing and monitoring all its projects.
- *By-passing government.* No external technical assistance projects should by-pass government structures altogether. For NGOs this would merely mean registering with the relevant Ministry (as most do already) and making sure that they liaise with the relevant branch of local government.
- *Role of government.* The role of government should be that of a facilitator, prudential regulator, and coordinator, rather than that of detailed controller. The aim always should be for Cambodia to get the best possible benefit from TA.

In laying the basis for the transition to the consolidation phase and the SWAp, government should recognise why donors want to go it alone. Usually, it is because they are aiming at efficiency, impact, innovation, experimentation, speed of implementation, visibility or control. They may also see a conflict between these aims and conceding ownership to government. It is up to government to convince them that there is no such conflict or that, where a conflict exists (as with loss of control or visibility) the benefits of a government-owned process outweighs its costs.

The report from the Council for the Development of Cambodia to the April 2000 pre-consultative group meeting in Phnom Penh, *Building More Effective Partnerships for Development in Cambodia* (CDC 2000), is a useful step in this direction. This report attributes the lack of genuine progress in capacity-building to: the proliferation of formats/demands by donors with regard to rules and procedures for procurement, disbursement, reporting, accounting and audit; the setting up of parallel systems (PMUs, PIUs, etc.) that put more priority on reporting to donors than to government, while competing with government for qualified personnel; the topping-up of civil servants' salaries in donor-funded

areas; and the excessive reliance of donors on expensive experts from their own countries, who are given too much say in the implementation of donor-funded activities. The CDC report sees the solution as ‘a comprehensive public sector reform programme that would ensure that the public sector focuses on a more limited yet appropriate agenda with a smaller workforce that would be better motivated and paid’. It looks forward also to cautious implementation of a sector-wide approach on a pilot basis in selected sectors (health, education, rural infrastructure, governance, and private and financial sector development).

Given the vested interests on both sides, progress towards more effective partnerships is unlikely to be smooth. But the effort is worth making. TA, as it has operated so far, has done a reasonably good job in developing individual capacity. The time has come to move into a new phase in which already-developed capacity can be fully utilised within reformed structures.



## Chapter One

# Introduction

External technical assistance (TA) is one of the Cambodian economy's biggest industries - far outstripping the government's revenue and non-defence current expenditure in recent years and a more important source of foreign exchange than any of the country's major exports. It is, therefore, extremely important to know whether Cambodians are getting value for money from this huge expenditure, and, if not, why not. This report attempts to address this question, on the basis of research carried out by the Cambodia Development Resource Institute (CDRI).

### **1.1. The capacity development criterion**

The criterion used in this research is the contribution of TA to the development of Cambodian capacity, defined as "the ability of individuals or organisational units to perform functions effectively, efficiently and sustainably" (UNDP 1994:2). We confine our interest, moreover, to the capacity of "counterparts", in government departments or other local organisations, to continue with similar work after the donor agency has withdrawn its funding. Capacity in this sense has three aspects, individual, institutional, and financial. It must also be distinguished from that of, for instance, village development committees, primary school teachers, or health care assistants. The development of the capacity of these and similar individuals and organisations is the worthy output of many projects, but they are not the counterparts or potential substitutes for the external agencies in which this research is interested. In other words, this research is assessing the extent to which TA is developing the capacity to replace itself.

This is not, of course, the only criterion that could be used to assess the impact of TA, which has many purposes. For instance, an **immediate objective** of some TA (in the eyes of both donors and recipients) is to facilitate resource flows: this includes the preparation of feasibility studies, project proposals, presentations for meetings with donors, evaluations, and the planning and implementation of capital projects. Another is to monitor and supervise such resource flows: some donors prefer to retain these functions in their own hands. There may be a trade-off between these immediate objectives and that of capacity development. The quality of the documents prepared for facilitation of resource flows may be higher, and the time taken to prepare them shorter, if the task is performed by an international 'expert' than if counterparts take primary responsibility. And there may be risks involved in handing over supervision of resource flows entirely to relatively-inexperienced and not particularly well-paid counterparts.

In a sense, also, the **ultimate objective** of all TA, as of external assistance in general, is to increase output and incomes in the recipient economy. Here again a trade-off may arise: for instance, an adviser who gives good advice directly to a Finance Minister may have a quicker

and surer impact on policy (and hence on output and incomes) than one who concentrates on developing the capacity of counterparts to give such advice<sup>1</sup>. One experienced adviser/consultant (Gray 1997:416) has protested that it is a "fallacy" to treat "capacity building by implication as the exclusive goal of technical assistance." In the case of policy analysis and implementation, for instance, he argues that occasions may arise when "the net present value (NPV) of an advisor's direct intervention ... is greater than the NPV of delaying the intervention in order to associate local technicians with the process."

There may, then, be circumstances in which the **intermediate objective** of capacity development has to be sacrificed to the immediate and ultimate objectives. However, if capacity development does not take place, then the resource flows that have been facilitated, monitored and supervised will have no lasting effect on output and incomes and TA will have failed on all three counts. As a World Bank Vice-President has put it, "whether or not you are building capacity at the national level is the only way that you can ultimately judge [if] what you are doing in the area of technical assistance makes sense" (Jaycox 1995:23).

## 1.2. The hypotheses

The approach of the research was shaped by a number of hypotheses<sup>2</sup>, derived from a review of relevant international and Cambodian literature<sup>3</sup> and preliminary discussions with a number of key informants, as follows.

1. The extent to which a technical assistance project contributes to capacity development varies with:
  - the definitions of capacity development used by donor agencies and the relative emphasis placed by them on other objectives of technical assistance such as the facilitation, monitoring and supervision of resource flows, and provision of advice which would have a direct impact on output and incomes;
  - the characteristics and attitudes of Chief Technical Advisers (CTAs) and other expatriate experts (including their technical and managerial skills, length of experience, expertise in training and institution-building, language skills, knowledge of Cambodia, and, maybe even more important, degree of enthusiasm about individual and institutional capacity development);
  - the definitions of capacity development used by government and the emphasis placed on other objectives of technical assistance such as the facilitation and monitoring and supervision of resource flows, the provision of advice to Ministers and top officials which will have a direct impact on output and incomes, writing reports, etc.;
  - the extent to which government plays an active role in the design and implementation of the project;
  - the extent to which counterparts of adequate quality are made available;
  - the nature of the institutional framework for implementation of the project (whether through normal national/local government structures, specially-created project implementation units, or bypassing government structures altogether);

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<sup>1</sup> It is also true that capacity development is only beneficial when it is in support of a sensible ultimate objective. For instance, a project may do a very good job in developing the capacity of a government's manpower forecasters (planners who use extremely dubious techniques to forecast precisely how many plumbers, for example, an economy will need in five to ten years' time), but such capacity is of no benefit to output and incomes!

<sup>2</sup> Because of the difficulty of measuring capacity development, we do not claim to have 'tested' these hypotheses.

<sup>3</sup> Particularly Grindle (1997), Berg (1994), Curtis (1998), UNDP (1994), Cassen and Associates (1986), NGO Forum on Cambodia (1996), Smith and Edgren (1993), McAndrew (1996), Shivakumar (1996).



- the mode of individual capacity development that is followed (e.g. on-the-job training, formal training in the workplace, formal training outside the workplace in Cambodia, formal training outside Cambodia) - with effective on-the-job training expected to make the crucial contribution;
  - the incentives (both material and in terms of job satisfaction) available to counterparts both during the implementation of the project and after the withdrawal of donor-agency funding.
2. The over-riding factor in the contribution of a technical assistance project to capacity development is financial: projects with 'good' processes of individual and institutional capacity development leave as little behind as projects with 'bad' processes if alternative funding is not available after donors withdraw.
  3. Success in a number of projects is no guarantee of a positive institutional, sectoral and national outcome. Each project may be successful in its own terms but in total may not add up to a coherent whole.
  4. The current cost of a technical assistance project varies directly with the number of international experts as a percentage of its total number of staff.

### **1.3. The components of the research**

The research attempted to explore the plausibility of these hypotheses through a number of components:

- analysis of aggregate expenditure data obtained from the Cambodian Rehabilitation and Development Board (CRDB) for the years 1992 to 1998;
- interviews with heads of (or in a few cases aid administrators in) 32 donor agencies (nine multilaterals, eight bilaterals and 15 NGOs);
- formal interviews with 11 senior government officials and informal consultations with several more in a wide range of ministries;
- a 'tracer study' of 49 former counterparts in completed projects in the Ministry of Agriculture, Forestry and Fisheries (MAFF), and interviews with 29 of those still working for MAFF and with 27 former counterparts still working in the ministries concerned with economic management;
- collection of statistical information from, and interviews with team leaders, Cambodian staff members and counterparts in a sample of 50 projects in the economic management, education, health, agriculture and rural development sectors;
- case studies of TA in three institutions – School of Agriculture Prek Leap (SAPL), the National Institute of Management (NIM), and the National Institute of Statistics (NIS);
- a provincial case study of the project approach to implementation of HIV/AIDS programmes in Battambang province;
- a sector-wide study, including meetings with the coordinating organisations of donors of TA in the health sector, in comparison with education.

#### **1.4. The structure of the report**

The structure of this report is as follows. After reviewing the scale of and recent trends in technical assistance to Cambodia (in Chapter Two), we look, in Chapter Three, at the views of donor agencies and government on the purpose of TA, their definitions of capacity development, their verdict on the record of TA in the country and their analysis of its processes. Chapter Four asks several questions about projects. Why are some projects 'good' and others 'bad' at individual and institutional capacity development? What works and what does not work among the processes that have been tried? And what are the determinants of relative success and failure? In Chapter Five the issue of cost is raised, and the reasons for wide differences in unit costs between different types of project are explored. Chapter Six asks, what do projects leave behind? What plans have leaders of current projects made for post-project financial sustainability? And what has happened to former counterparts on completed projects? Chapter Seven presents the case-studies of institutions, and Chapter Eight those of sectors at the provincial and national levels: do projects (even good ones) reinforce each other or pull in different directions, resulting in incoherence and confusion? The final Chapter Nine looks at policy implications. What is to be done? What can (a) the government and (b) donors do to: improve the quality of the processes of capacity development in projects; ensure that projects add up to coherent institutions and sectoral, provincial and national systems; ensure that institutions receiving technical assistance can survive financially after donors withdraw? What would a reformed system of technical assistance look like and what hope is there of achieving it?

## Chapter Two

# Scale and Recent Trends

### 2.1. The scale of aid

The Cambodian economy is highly dependent on foreign aid. Total external assistance in 1998, though below its levels of a few years earlier, was worth \$404 million, of which technical assistance accounted for \$231 million. Table 2.1 shows how these figures relate to other important economic quantities.

**Table 2.1: The scale and relative importance of external assistance (total and technical) to Cambodia, 1998**

	Total external assistance <sup>a</sup>	Technical assistance <sup>b</sup>
• per head of population	\$36	\$21
• as % of:		
GDP	14%	8%
exports	57%	33%
domestic exports	70%	40%
exports of services	370%	211%
net foreign investment	335%	191%
government revenue	167%	95%
tax revenue	226%	129%
government current expenditure	169%	96%
non-defence current expenditure	305%	174%

<sup>a</sup> Total external assistance includes: investment project assistance, budgetary and balance-of-payments support, food aid, and emergency and relief assistance as well as technical assistance. <sup>b</sup> There are two types of technical assistance: free-standing (\$208 mn in 1998) and investment-related (\$23 mn). Sources: Cambodian Rehabilitation and Development Board; National Bank of Cambodia; Ministry of Economy and Finance.

The most striking aspects of the table are not so much the scale of aid in relation to population, as its scale in relation to Gross Domestic Product (GDP), other sources of foreign exchange and the government budget. Total assistance (amounting to one seventh of GDP) is equivalent to 70 percent; technical assistance to 40 percent of the foreign exchange earnings from domestic exports (mainly garments, for which 1998 was a good year). Both are much bigger than earnings from exports of services (mainly tourism, for which 1998 was a terrible year). In fact, the foreign exchange inflows associated with aid are smaller than this (see Box 2.1), but it can still be regarded as equivalent to one of the economy's most important exports. In relation to the government budget, the dominance of external assistance is even more striking. Expenditure on technical assistance alone exceeds total tax revenue raised by government, and exceeds non-defence expenditure by almost three-quarters.

*Box 2.1: Estimating the foreign-exchange contribution of TA to the Cambodian economy*

In so far as TA projects include materials and equipment, almost all of these are imported, but the same is true of any other investment project, private or public, domestic or foreign. The special feature of TA is the high proportion of its expenditure that consists of payments effectively made outside Cambodia. In many projects international personnel costs are the largest single item in the budget. NGO personnel may have a relatively high proportion of their salaries paid in Cambodia, but international TA personnel with salaries at multilateral or bilateral levels bring in a relatively small proportion. To judge from the weights used in the latest United Nations place-to-place survey, this may be as low as 40 percent.

From the information collected from 24 projects about the composition of their expenditure (see Chapter Five for further details) and the estimates of the pattern of funding and execution of TA shown in Table 2.7 below, and on the assumption that international personnel on projects executed by NGOs have 60 percent of their salaries for disposal in Cambodia<sup>1</sup>, while those on other projects bring in 40 percent, it is possible to make a rough estimate of the proportion of TA expenditure that never reaches Cambodia. This ranges from 30 percent in projects executed by bilateral and multilateral agencies to between 5 and 13 percent in those executed by NGOs. These differences reflect also the differences in the proportions of expenditure accounted for by international salaries in different types of project. Overall, these assumptions yield an estimate that 20 percent of TA-project expenditure consists of payments to personnel effectively-made outside Cambodia, which would imply that its initial foreign exchange injection into the country's economy in 1998 is not the \$208 million shown in Table 2.1, but \$166 million. A further 14 percent of total expenditure, or \$29 million, is estimated (from the same data) to be spent by TA projects on equipment, presumably imported.

*Source: Annex to Chapter Five*

The macro-economic effects of aid to Cambodia will not be analysed in detail in this study, which has a different focus. However, they should not be ignored, and two of the most important are briefly discussed in the next two sections.

## **2.2. Dutch disease?**

The scale of external assistance in comparison with export earnings raises the question of whether the Cambodian economy is suffering from 'Dutch disease' as a result of its huge aid inflows. Dutch disease was the name given, following the experience of the Netherlands in the 1970s with expansion of its natural gas production, to the negative impact of a windfall increase in foreign exchange earnings from a particular source (usually mineral exports) on the rest of an economy (see Fardmanesh 1991; Davis 1995; Usui 1996). The disease has two aspects: the 'resource movement effect' and the 'spending effect'. The expansion of the booming sector pulls factors of production towards it and bids up their prices, and, as a result, other tradable sectors become less profitable and contract: this is the resource movement effect. In so far as extra income arising from the booming sector is spent on non-tradable goods, this bids up the prices of such goods relative to those of tradable goods, resulting in an appreciation of the real exchange rate. This exchange rate appreciation makes these tradable sectors less competitive in international and domestic markets and they contract further: this is the spending effect. Although usually linked to mineral booms, the Dutch disease, it has been

<sup>1</sup> This is just an assumption for illustrative purposes: if the proportion is, in fact lower, it implies a lower foreign exchange contribution than that calculated in this Box.

suggested, can also be transmitted through massive aid inflows (e.g., see Younger 1992 on Ghana, and White and Wignaraja 1992 on Sri Lanka).

A complication in applying this analysis to Cambodia is the extent of its dollarisation (in the sense that the dollar is widely used as a store of wealth, a medium of exchange and a unit of account). As Jayant Menon, the author of one of the few articles on this topic, puts it, "essentially, it is the dollar that serves the function of money in the Cambodian economy." Menon also points out that, if the prices charged by foreign suppliers, the prices of these goods in the Cambodian market, and the prices of Cambodian goods in world markets, are all denominated in dollars, then dollarisation is the equivalent of having a perfectly-fixed nominal exchange rate (Menon 1998). This means that transmission of Dutch disease through nominal exchange rate appreciation, as a result of aid inflows, would not be possible. However, the spending effect could still be exerted through increases in prices and hence in the real exchange rate. And the operation of the resource movement effect would not be hindered by dollarisation.

Although the econometric work has not yet been done, the hypothesis that foreign aid on its current scale brings, in this way, a modified version of the Dutch disease to Cambodia looks plausible. The movement of qualified people to the external assistance sector (both as full-time staff of agencies and projects and as salary-supplemented counterparts) can easily be observed, as can the bidding up of their wages (see particularly Chapters Four and Five below). This raises the cost of actual and potential skill-intensive activities in tradable sectors and reduces their profitability and the incentive to invest in them. The spending of extra income from the aid sector on non-tradable goods (accommodation, services etc.) also bids up their prices. A Cambodian economy with a much smaller external assistance programme would obviously look very different. Factor costs would be lower and some currently unprofitable tradable sectors would be profitable: more investment and resources would be attracted towards such sectors, presumably to the benefit of exports and of import substitution. This is one possible general-equilibrium effect of external assistance that needs to be borne in mind in assessing its impact on capacity development.

### **2.3. Impact on government revenue and expenditure pattern?**

Another possible macro-economic impact of aid that should not be forgotten is that on government revenue and pattern of expenditure. Cassen et al. (1986), reviewing research in the 1970s and 1980s, found little evidence to support the hypothesis that recipient governments systematically use aid to reduce their tax-gathering efforts. However, econometricians are still grappling with this question (e.g. Khan and Hoshino 1992; McGillivray 1994), and World Bank researchers have revived it, with a model in which foreign aid can retard the development of institutional competence in the recipient's revenue-collecting ministry – an interesting link between capacity development and the macro-economy (Azam et al. 1999). In Cambodia's case a different issue was raised by several respondents, concerning government salaries. One consequence of the low level of government revenue (with a share of GDP in 1998 of less than 9 percent, one of the lowest in the world) is extremely-low salaries for government officers (equivalent to US\$15 per month, on average, in 1998). The fact that most technical assistance projects supplement the salaries of the top and middle level government officers who work with them as counterparts<sup>2</sup>, these respondents suggest, reduces the pressure that would otherwise come from these officers for an increase in government revenue and hence in their salaries. This is a plausible hypothesis, but yet to be tested.

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<sup>2</sup> See below, particularly Chapter Four, for more discussion of salary supplementation.

**Table 2.2: Technical assistance expenditure and government current expenditure compared, by ministry, 1997<sup>3</sup>**

Ministry/institution	Multi/ bilateral TA to this ministry (US\$'000)	NGO TA relating to this ministry (US\$'000)	Total TA (US\$'000)	Government current expenditure (US\$'000)	Total TA as % of Govt current expenditure (US\$'000)
Agriculture	6,139	4,927	11,066	5,392	205%
Commerce	5,162		5,162	1,001	516%
Council of Ministers	928		928	10,637	9%
Culture	4,908		4,908	1,632	301%
Defense	2,374		2,374	96,534	2%
Economy & Finance	7,492		7,492	9,236	81%
Education	19,326	15,756	35,082	26,921	130%
Environment	3,344	1,315	4,659	489	953%
Foreign Affairs	2,910		2,910	6,174	47%
Health	15,334	10,538	25,871	15,444	168%
Information	873		873	1,533	57%
Interior	87		87	50,587	0%
Justice	2,802	770	3,572	887	403%
National Assembly	16,019		16,019	2,729	587%
Planning	2,277		2,277	541	421%
Posts/Telecoms	105		105	9,878	1%
Public Works	4,686		4,686	2,291	205%
Rural Development	35,421	10,380	45,801	692	6,617%
Social Affairs	278	5,346	5,624	16,443	34%
Tourism	2,752		2,752	553	498%
Women's Affairs	1,009	845	1,854	314	590%
Other	17,428 <sup>a</sup>		17,428 <sup>a</sup>	13,043 <sup>b</sup>	134%
Total	151,654	49,878	201,531	272,950	74%

<sup>a</sup> Of which, CMAC \$13.8 mn. <sup>b</sup> Of which, Royal Palace \$5.5 mn. Sources: Multilateral and bilateral, CDC, CRDB; NGOs, World Bank (2000); Government expenditure, Ministry of Economy and Finance.

As for patterns of government expenditure, the question is whether technical assistance is fungible, in the sense that funds provided by donors for a particular purpose allow government to switch its expenditure to another purpose. The distribution of government expenditure between ministries, compared with that of technical assistance from multilaterals, bilaterals and NGOs, is certainly consistent with fungibility, as Table 2.2 shows.

TA expenditure on projects related to the Ministry of Education is 30 percent higher than government current expenditure under this ministry; in the case of Health, 68 percent higher. In some ministries the preponderance of TA is particularly striking: TA to the Ministry of Justice is more than four times, to Tourism almost five times, to Commerce more than five times, to the National Assembly and to Women's Affairs almost six times, to Environment almost ten times, and to Rural Development, most spectacularly, 66 times government current expenditure in each case. While 83 percent of TA spending thus goes to 11 ministries/institutions which receive only 19 percent of government current spending, 58 percent of government expenditure goes to three ministries which receive only 2 percent of TA funds – Defence, Interior and the Council of Ministers. Of course, not all TA is going to purposes that government would feel it necessary to finance in the absence of TA (far from it, as will be shown in later chapters), and the division of responsibility may reflect historical circumstances rather than deliberate planning, but the large amounts of assistance available to certain ministries may reduce the pressure for government to fund them.

<sup>3</sup> The most recent year for which complete data on allocation of TA by ministry are available.

## 2.4. International comparisons of aid dependence

International comparisons underline the special nature of Cambodia's aid dependence. In 1996, the most recent year for which comparable data are available, it is no higher than 67<sup>th</sup> in the list of 166 countries ranked by the World Bank in order of aid per head. At the top of the table are the tiny island economies such as Vanuatu, Nauru and the Marshall Islands, with more than \$1,000, in one case more than \$2,000, in aid for each inhabitant. Also near the top are countries that receive considerable aid for political reasons, such as Israel. The \$44 per head received by Cambodia is less than in the case of Nicaragua (\$212), Bolivia (\$112), Albania (\$68), Yugoslavia (\$64), Papua New Guinea (\$87) and Lao PDR (\$72), among many others.

However, if countries are ranked by aid as a proportion of Gross National Product (GNP), exports, or government revenue, the picture is very different, as Table 2.3 shows.

**Table 2.3: Cambodia's aid dependence: an international comparison, 1996**

Aid as % of GNP		Aid as % of export receipts		Aid as % of govt revenue	
1. Guinea-Bissau	68%	1. Rwanda	829%	1. Rwanda	895%
2. Mozambique	60%	2. Guinea-Bissau	632%	2. Chad	267%
3. Nicaragua	57%	3. Burundi	406%	3. Sierra Leone	258%
4. Rwanda	51%	4. Haiti	213%	4. Nicaragua	220%
5. Chad	27%	5. Mozambique	195%	5. Haiti	171%
6. Mauritania	26%	6. Sierra Leone	176%	<b>6. Cambodia</b>	<b>157%</b>
7. Malawi	23%	7. Burkina Faso	142%	7. Burundi	157%
8. Congo Rep	23%	8. Cape Verde	119%	8. Lao PDR	137%
9. Mongolia	21%	9. Nicaragua	119%	9. Tanzania	116%
10. Sierra Leone	21%	10. Ethiopia	109%	10. Uganda	115%
11. Mali	19%	11. Malawi	107%	11. Mauritania	113%
12. Zambia	19%	12. Comoros	95%	12. Madagascar	105%
13. Lao PDR	18%	13. Uganda	94%	13. Zambia	100%
14. Armenia	18%	14. Chad	94%	14. Ethiopia	92%
15. Burundi	18%	15. Mali	91%	15. Mongolia	85%
16. Burkina Faso	17%	16. Cen. Afr. Rep.	83%	16. Kyrgyz Rep.	76%
17. Cen. Afr. Rep.	16%	17. Niger	83%	17. Nepal	75%
18. Angola	16%	18. Lao PDR	79%	18. Guyana	58%
19. Tanzania	<b>15%</b>	19. Tanzania	71%	19. Honduras	52%
20. <b>Cambodia</b>	14%	20. Lesotho	55%	20. Bolivia	48%
21. Haiti		21. <b>Cambodia</b>	<b>55%</b>	21. Albania	47%

Note: 1996 data on aid as % of GNP are available for 116 countries, on aid as % of exports for 90 countries (source: World Bank 1998) and on aid as % of government revenue for 92 countries (source: World Bank 1998 and IMF 1999).

Cambodia is near the top of all three lists and particularly high in the ranking of aid as a percentage of government revenue. Achievement of a place in Table 2.3 reflects collapse of production, exports or government revenue as much as receipt of large amounts of aid. Around 70 percent of the countries in the table are African. A core group of nine countries (Nicaragua, Rwanda, Chad, Sierra Leone, Lao PDR, Burundi, Tanzania and Haiti, as well as Cambodia) is in the top 21 on all three criteria. Countries emerging from conflict of one kind or another are well represented in all three columns, while those in transition from a centrally-planned to a market economy have particular problems with government revenue. Cambodia's status as **both** a post-conflict **and** a transition economy puts it in a doubly-difficult position. Table 2.3 suggests that the way to reduce this kind of dependence on aid is not only to reduce aid, but to increase export earnings and government revenue.

## 2.5. Trends since 1992: increasing importance of technical assistance

Analysis of trends since 1992 is complicated by the impact of the fighting of July 1997. As the official figures in Table 2.4 show, there was a reduction in expenditure on all types of external assistance in 1997 and only an incomplete recovery in 1998.

**Table 2.4: External assistance to Cambodia, by type, 1992 – 98**

Categories	1992	1993	1994	1995	1996	1997	1998
Technical Assistance	48.3	85.3	122.2	207.3	237.6	201.5	230.5
of which:							
free-standing	39.4	78.0	106.2	172.8	187.0	176.0	207.9
investment-related	8.9	7.3	16.0	34.6	50.7	25.6	22.6
Investment Project Assistance	32.8	67.5	122.5	174.4	159.2	130.6	167.8
Budgetary/Balance of Payments							
Support	1.4	73.5	69.2	77.9	66.5	2.6	0.0
Food Aid	39.2	26.0	12.4	4.0	0.0	0.6	0.0
Emergency/Relief Assistance	128.5	69.6	31.8	49.7	54.8	39.9	13.2
<b>Total</b>	<b>250.2</b>	<b>321.9</b>	<b>358.0</b>	<b>513.3</b>	<b>518.1</b>	<b>375.4</b>	<b>403.9</b>

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999.

One trend about which there is no doubt is the increasing importance of TA in relation to other types of external assistance (investment project assistance, budgetary and balance-of-payments support, food aid, and emergency and relief assistance). As Table 2.4 shows, from around 19 percent of the total in 1992, the share of TA rose to 46 percent in 1996 and 57 percent in 1998, mainly at the expense of food aid and assistance for budgetary, balance-of-payments, emergency and relief purposes. Although investment project assistance has also been rising (from 13 to 42 percent of the total over the whole period) the increasing share of technical assistance is a trend that some in government find worrying, given their doubts about its effectiveness and knowledge of the state of the country's physical infrastructure.

## 2.6. Increasing importance of multilaterals and NGOs

A second fairly-clear trend, shown in Table 2.5, is an increase in the importance of multilateral and NGO donors relative to bilateral donors in the provision of external assistance. Multilaterals accounted for less than a fifth of such expenditure in 1992, but a third in 1998. Over the same period, the share of NGO core funding rose from less than 1 percent to almost 14 percent, while that of the bilaterals fell from over 80 percent to just over half of the total. The table illustrates the overwhelming importance of a few major donors. Japan alone accounted for 23 percent of all external assistance to Cambodia over the whole 1992-98 period, followed by the USA and France (each 9 percent), the EU (8 percent) and the ADB and the World Bank (each 6 percent).

As far as technical assistance alone is concerned, as Table 2.6 shows, the NGOs' relative importance has been growing even faster, and by 1998 they were funding a quarter of total expenditure, not much less than the multilaterals. The bilaterals' share has been falling since 1995, but they are still the largest source of funding for TA.

## 2.7. Importance of NGOs as executing agencies

An important distinction which complicates discussion of external assistance is that between donor and executing agency. Tables 2.5 and 2.6, for instance, suggest that NGOs are still less important than other types of agency as donors but, since many bilaterals channel funds



through them, they are much more important as executing agencies. Table 2.7 shows the pattern of funding and execution of technical assistance in 1997<sup>4</sup>.

**Table 2.5: External assistance to Cambodia, by donor, 1992 – 98**

	1992	1993	1994	1995	1996	1997	1998
<b>Multilateral donors</b>	<b>45.4</b>	<b>71.2</b>	<b>109.0</b>	<b>169.6</b>	<b>198.0</b>	<b>123.1</b>	<b>133.4</b>
of which:							
UN agencies	13.3	31.0	26.2	31.0	50.3	39.8	40.5
World Bank	0.0	0.1	40.0	29.6	40.4	28.1	29.3
IMF	0.0	8.8	21.2	42.3	0.4	0.0	0.0
ADB	0.0	12.3	12.4	37.9	49.2	18.4	41.3
EU	32.1	19.1	9.2	28.9	57.6	36.8	22.3
<b>Bilateral donors</b>	<b>203.7</b>	<b>245.4</b>	<b>231.1</b>	<b>328.1</b>	<b>284.3</b>	<b>202.5</b>	<b>214.4</b>
of which:							
Australia	10.5	15.9	13.8	27.5	20.2	27.3	18.2
China	0.9	0.9	7.1	3.1	10.9	9.5	14.3
Denmark	4.0	5.9	5.8	5.1	20.8	5.1	4.5
France	5.8	32.3	35.8	62.2	42.9	26.5	29.5
Germany	2.6	2.5	3.3	13.9	9.6	10.1	9.8
Japan	66.9	102.0	95.6	117.9	111.0	59.8	71.4
Netherlands	17.2	11.1	10.0	3.4	11.5	3.3	5.7
Sweden	13.4	15.0	10.1	25.3	16.1	17.4	13.5
UK	7.0	5.1	7.1	10.7	4.1	2.3	6.0
USA	35.6	33.8	31.7	45.1	28.8	30.5	30.4
<b>Non-government organisations</b>	<b>1.1</b>	<b>5.3</b>	<b>17.9</b>	<b>21.1</b>	<b>35.8</b>	<b>49.9</b>	<b>56.1</b>
<b>Total</b>	<b>250.2</b>	<b>321.9</b>	<b>358.0</b>	<b>518.8</b>	<b>518.1</b>	<b>375.4</b>	<b>403.9</b>

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999.

**Table 2.6: Technical assistance to Cambodia, by type of donor, 1995 – 98**

(% share of total)	1995	1996	1997	1998	1995-98
Multilateral	29.9%	39.2%	36.3%	28.3%	33.6%
Bilateral	59.2%	45.3%	38.7%	47.0%	47.3%
NGO (core)	10.8%	15.5%	25.0%	24.7%	19.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999.

**Table 2.7: Technical assistance, 1997, by donor and executing agency (%)**

Executing agency	Donors			Total
	Multilateral	Bilateral	NGO	
Multilateral	22%	15%	0%	37%
Bilateral	3%	10%	0%	13%
NGO	3%	8%	25%	37%
Government	8%	4%	0%	12%
Company	1%	1%	0%	3%
Total	36%	39%	25%	100%

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999.

As can be seen, NGOs and multilateral organisations are by far the largest categories of executing agency, together accounting for three-quarters of technical assistance. Almost all the projects funded by NGOs are executed by them, whereas bilaterals channel most, and multilaterals nearly 40 percent, of their funds through other types of organisation. A relatively

<sup>4</sup> The last year for which relatively complete data on executing agencies were available at the time of writing.

large proportion of such multilaterally-funded projects are executed by government (for instance, World Bank assistance to the Ministry of Economy and Finance), whereas bilaterals tend to favour multilaterals as executing agencies (for instance, funds for Cambodian Mines Action Committee (CMAC) from Australia, Canada, Denmark, Japan, Netherlands, New Zealand and Sweden via UNDP). Since 1997, partly as a result of the fighting in July 1997, the proportion of bilateral funding going through NGOs (as a way of by-passing government) has probably increased.

## 2.8. Most TA still grant-funded

So far, as can be seen from Table 2.8, although an increasing proportion of external assistance takes the form of loans rather than grants, free-standing and investment-related technical assistance is still almost entirely grant-funded. Nevertheless, given the substantial increase in borrowing for investment projects, this is an area of concern for government, which tries to restrict the proportion of expenditure on TA in loan-funded projects to 20 percent or below.

**Table 2.8: Proportion of external assistance in the form of loans, by type, 1992 – 98**

	1992	1993	1994	1995	1996	1997	1998
Technical assistance	0%	0%	1%	1%	1%	2%	2%
Investment project	0%	0%	10%	25%	34%	25%	38%
assistance	0%	12%	84%	73%	38%	100%	-
Budgetary/BoP support	0%	0%	0%	0%	-	0%	-
Food aid	0%	12%	0%	0%	0%	0%	0%
Emergency/relief assistance	<b>0%</b>	<b>5%</b>	<b>20%</b>	<b>17%</b>	<b>18%</b>	<b>10%</b>	<b>18%</b>
<b>Total</b>							

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999

## 2.9. Sectoral division of labour between multilaterals/bilaterals and NGOs

Table 2.9 shows the sectoral allocation of technical assistance in 1998. Agriculture attracted a lower share than usual, but otherwise the pattern was similar to that of the 1992-98 period as a whole, dominated by development administration/economic management, health, area development and human resource development. There are interesting differences in emphasis between multilateral/bilateral donors and NGOs in allocation of funds, with multi/bilaterals concentrating particularly on development administration and economic management and NGOs on health and social development: both put similar emphasis on area development and human resource development.

**Table 2.9: Technical assistance by sector and type of donor, 1998 (%)**

Sector	Multi/Bilateral	NGO	Total
Development administration	35%	4%	28%
Agriculture, forestry & fisheries	4%	6%	4%
Humanitarian aid & relief	0%	1%	0%
Area development	19%	23%	20%
Communications	1%	0%	1%
Domestic trade	2%	0%	2%
Economic management	6%	0%	5%
Health	16%	35%	21%
Human resource development	12%	11%	11%
Natural resources	2%	0%	1%
Social development	2%	19%	6%
Total	100%	100%	100%

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999

## 2.10. Uneven regional distribution of assistance

No figures for the regional distribution of TA expenditure are available. For external assistance as a whole, some figures are available, but only for the 1994-96 period. Over that period, 56 percent of external assistance was described as being for 'country-wide programmes', with no information about its provincial distribution. The rest was distributed as shown in Table 2.10.

**Table 2.10: Distribution of non-countrywide external assistance, by province, 1994 - 96 (%)**

Phnom Penh	60.5%	Siem Reap	4.5%	Kompong Speu	6.3%
Kandal	2.6%	Battambang	4.8%	Preah Vihear	0.0%
Kompong Cham	2.4%	Pursat	1.4%	Stung Treng	0.5%
Prey Veng	2.1%	Kompong Chhnang	2.0%	Ratanakkiri	0.1%
Svay Rieng	2.0%	Kampot	2.2%	Mondolkiri	0.0%
Takeo	3.0%	Sihanoukville	1.4%	Kratie	0.2%
Kompong Thom	0.8%	Koh Kong	0.3%	Banteay Meanchey	3.0%

Source: CDC, CRDB, Development Cooperation Report (1998/1999), updated October 1999

These figures are difficult to interpret, in view of security problems in this period and doubts about definitions: for instance, some of the assistance counted as located in Phnom Penh may have been of benefit to other regions. Nevertheless, it is probably correct that, as the table suggests, Phnom Penh receives a disproportionate amount of aid (in relation to its population share) and that distribution of aid between other provinces is also uneven (with, for instance, Sihanoukville and Kompong Speu getting more than their share in this period and Mondolkiri and Kratie much less). As will emerge in later chapters, TA projects tend to be concentrated in congenial or accessible places, while others are neglected.

## 2.11. Conclusions on scale and trends

Data reviewed in this chapter underline the special nature of Cambodia's dependence on external assistance, connected with its situation as **both** a post-conflict **and** a transition economy.

- The scale of aid in relation to GDP, other sources of foreign exchange and government revenue is particularly striking.
- A possible 'Dutch-disease' effect of aid on the economy, particularly through its impact on the market for qualified people, but also through other price effects, is identified.
- The possibility that expenditure on technical assistance reduces pressure on government to collect more revenue and to give more funds to ministries favoured by donors is also worth investigating further.
- International comparisons show that Cambodia does not receive a particularly large amount of aid per head of population, but that it is near the top of the list of countries ranked by aid as a proportion of GNP, exports or government revenue – which suggests that this kind of aid dependence can be reduced by increasing exports and government revenue, as much as by reducing aid.
- Technical assistance is increasing in importance in relation to other types of external assistance – a trend which some government policy-makers find worrying.
- Multilateral donors and NGOs have been increasing their share of TA and external assistance as a whole, but bilaterals are still the most important category of donor in each case.

- However, since bilaterals channel funds through them, multilaterals and NGOs are the most important categories of executing agency, accounting for three-quarters of TA.
- TA is still almost entirely grant-funded (rather than loan-funded) and everyone hopes it will stay that way!
- Development administration/economic management, health, area development and human resource development are the sectors most favoured by TA.
- Regional distribution of external assistance is uneven, with Phnom Penh in particular and a few favoured provinces getting more than their share.

## Chapter Three

# Views of Donor Agencies and Government

This chapter reports the views of donor agencies and government officials on the purpose of technical assistance, in general and in Cambodia in particular; their interpretation of "capacity development"; their verdict on the record of TA so far; and, their analysis of the strengths and weaknesses of the processes followed. It is based mainly on interviews, between September 1998 and March 1999, with heads of (or in a few cases aid administrators in 32 donor or executing agencies (ten multilaterals, eight bilaterals and 15 NGOs), and interviews with 11 senior government officials and informal consultations with several more in a wide range of ministries.

### 3.1. The purpose of technical assistance, and the meaning of capacity development

In early 1995 the World Bank suggested a phased strategy for technical assistance and capacity-building in Cambodia, with three five-year phases (World Bank 1995:49), as follows.

- a) The prerequisite phase, "during which the most basic and essential economic, social and administrative needs are identified and met and the agenda for the next phase is developed." Key elements of this phase include a reorganised public sector, an appropriate structure of civil service incentives, establishment of local training facilities, and establishment of the laws and judicial system needed for the management of a liberal economy.
- b) The capacity-building and institutional-development phase, by the beginning of which the crucial prerequisites should be largely in place.
- c) The consolidation phase, during which the government "should be in a position to identify its assistance needs effectively and to manage its own development at all levels."

In the first, prerequisite phase, "substitution" technical assistance, short-term and focussing on "the implementation of specific technical tasks rather than on longer-term goals such as strengthening local capacities" (p.50) would play a critical role. But the transition from phase one to two would involve a gradual switch from substitution TA to technical assistance for capacity-building and institutional development.

If the first phase is assumed to have started in September 1993, with the adoption of the new constitution, it should have been over by the time interviews for this research began in September 1998. In fact none of the key elements identified by the World Bank as prerequisites for effective capacity-building and institutional development were in place by then. Nevertheless, as Table 3.1 shows, both donors and government, though presumably aware of the absence of these preconditions, emphasised capacity development as by far the most important aim of technical assistance.

**Table 3.1: The purposes of TA, as seen by agency heads and government officials**

Purpose	Multi-lateral donors	Bilateral donors	NGOs	All donors	Government officials	Total
Number of respondents	9	8	15	32	11	43
% who mentioned:						
Capacity development	100%	100%	100%	100%	100%	100%
Direct impact on incomes	33%	50%	13%	28%	27%	28%
Facilitation of resource flows			7%	3%		2%
Monitoring of resource flows		13%	7%	6%	9%	7%
Source of finance					9%	2%

*Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.*

There was very little difference of opinion between donors and government officials about the purpose of TA. All of them mentioned capacity development as an aim and most interpreted this to mean that TA should be expected to develop the capacity to replace itself. As one ambassador put it, all technical assistance should be temporary, with a particular timeframe. One of the few exceptions was made in the case of programmes, such as prevention of looting at Angkor or HIV/AIDS prevention, when capacity development might properly take second place to more urgent objectives. Only one respondent (from government) was frank enough to recognise the role of TA in providing finance for programmes that government cannot fund.

As for the dimensions of capacity development, as Table 3.2 shows, almost equal weight was given, by government as well as donors, to development of individual and of institutional capacity (mentioned by almost all respondents in both categories). Although respondents recognised the importance of ensuring financial sustainability, after projects have finished, of activities and institutions that have been built up, relatively few (less than 40 percent in both categories) regarded it as part of the capacity-development purpose of TA projects. Among donors, two respondents (one multilateral, one NGO) described it as the responsibility of government rather than donors; one ambassador thought that the World Bank, Asian Development Bank (ADB), International Monetary Fund (IMF) and the United Nations (UN) system were in a better position to influence it than were the bilaterals.

**Table 3.2: Dimensions of capacity development emphasised by agency heads and government officials**

Type of capacity development	Multi-lateral donors	Bilateral donors	NGOs	All donors	Government officials	Total
Number of respondents	9	8	15	32	11	43
% who mentioned:						
Individual	100%	100%	80%	91%	100%	93%
Institutional	89%	75%	87%	84%	100%	88%
Financial	33%	50%	33%	38%	36%	37%
At community level	22%	13%	67%	41%	27%	37%

*Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.*

An interesting difference in emphasis concerns capacity development at the community level. Two-thirds of non-governmental organisations, but a much smaller proportion of other donors and of government officials, regarded this as an important dimension of the capacity development to be achieved by TA. This reflects the special and complicated position occupied by NGOs, in relation to capacity development. Some (e.g. SAWA, and Wetlands International, among those interviewed) act as sub-contractors, virtual consultancy firms

through which donor agencies channel funds: in this case, their definition of capacity development is similar to that used by official agencies – development of the capacity of government counterparts and the departments they work in. At the other end of the spectrum, smaller NGOs are primarily concerned with the development of capacities at the level of the individual community. In between, many NGOs concentrate on the development of Cambodian NGOs, by Cambodianising their own structures (e.g. World Vision International, WVI and Cooperation International pour le Développement et la Solidarité, CIDSE), creating new local NGOs (e.g. GRET, and Vétérinaires Sans Frontières, VSF) or helping existing local NGOs (e.g. Church World Service, CWS). Some create new categories of non-government agents on a nationwide basis, such as the Village Livestock Agents trained by VSF. Some NGOs, having started at the community level, are moving along the spectrum and beginning to emphasise the development of local non-governmental organisations (LNGO) and government capacities: for instance, Concern Worldwide (CW) will no longer do anything at the village level unless a local organisation exists to take it over. For some others, however, the idea of trying to work themselves out of a job is unfamiliar.

Is Cambodia a special case, as far as the role that TA should play is concerned? On this, there is an interesting difference of emphasis between donors and government. Only one donor agency head but almost half of government officials, among those interviewed, thought that Cambodia was much the same in this respect as other countries with turbulent pasts and poor government funding. Also, among those who did think that Cambodia was a special case, over half of the reasons given by donors (nearly three-quarters in the case of NGOs) concerned the lack, in the aftermath of the 1975-79 destruction, of professional, technical and managerial skills: one representative of a UN agency said that he had never seen anything like it. For this reason, the World Health Organisation (WHO) office in Cambodia is the largest in Asia in terms of the number of expatriates. Government officials, on the other hand, gave equal weight to the special difficulties of transition to a market economy (not mentioned by any donor) and recovery from long isolation from the rest of the world. One official emphasised the specific nature of Cambodia's transition, from capitalism to socialism and back again over a relatively-short period.

### 3.2. Verdicts on the record of TA

Definition of the purpose of TA is of course one thing, actual achievement quite another. Although none of those interviewed went as far as the World Bank Vice-President quoted earlier who maintained (in the case of Africa) that "the use of expatriate resident technical assistance by aid donors is a systematic destructive force that is undermining the development of capacity" (Jaycox 1993:2), there were some negative verdicts. One senior government official judged that there has been little gain from TA, which has been used to solve short-term problems rather than build capacity. A donor agency head suggested that the reality of TA in Cambodia is still capacity substitution rather than development. In general, however, most donors and officials felt that its record in developing individual and institutional capacity is quite good. Donors also emphasised that there are wide variations between institutions in this respect, with the Ministries of Health and of the Economy and Finance, and Phnom Penh Municipality, getting better ratings at the time of the interviews than the Ministries of Education, Youth and Sport, Environment, Social Affairs, Labour and Veterans' Affairs<sup>1</sup>, and Women's Affairs.

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<sup>1</sup> Veterans' Affairs has since been transferred from the Ministry of Social Affairs and Labor to the Ministry of Women's Affairs.

**Table 3.3: Verdict on record of technical assistance in Cambodia in developing different types of capacity, by agency heads and government officials (% of respondents)**

Respondent: Type of capacity development and verdict :	Multi- lateral donors	Bilateral donors	NGOs	All donors	Government officials	Total
<b>Individual:</b>						
Successful	67%	50%	73%	66%	64%	65%
Successful to some extent	22%	38%	20%	25%	27%	26%
Unsuccessful	11%	13%	7%	9%	9%	9%
<b>Institutional:</b>						
Successful	33%	38%	27%	31%	64%	40%
Successful to some extent	22%	38%	53%	41%	27%	37%
Unsuccessful	44%	25%	20%	28%	9%	23%
<b>Financial:</b>						
Successful			7%	3%	9%	5%
Successful to some extent			20%	9%		7%
Unsuccessful	100%	100%	73%	88%	91%	88%
Total number of respondents	9	8	15	32	11	43

Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.

This verdict may seem complacent, particularly given the project-level problems reviewed in the next section. Respondents, both donors and government officials, recognised that projects may be held back by such problems. They attribute these problems mainly to lack of human resources (mentioned by around 45 percent in both categories). There was some dissatisfaction on either side with the performance of the other: a third of donors referred to lack of political will and governance problems as contributing to under-achievement, whereas a third of government officials mentioned problems with project design, quality of advisers and donors' procedures. However, respondents seemed to be saying that such problems pale into insignificance compared with the failure to achieve financial sustainability after projects have finished.

Because of the inadequacy of government revenue (mentioned by 80 percent of donors and 73 percent of officials) and resulting low salaries, most agencies that work with government counterparts top up their salaries. As Table 3.4 shows, 72 percent of heads of such agencies admitted that they pay salary supplementation. For a further 20 percent this is against the rules, but they find some other way of paying counterparts. Surprisingly, NGOs that work with government indulge in supplementation as much as multilateral agencies: only some bilateral agencies turn their face against it completely. In addition, some agencies recruit government staff as full-time experts in their projects (not shown in Table 3.4).

**Table 3.4: Salary supplementation by donor agencies**

	Multilateral donors	Bilateral donors	NGOs	All donors
Number working with counterparts	9	7	9	25
of which %:				
Paying supplementation	78%	57%	78%	72%
Making some other payment	22%	14%	22%	20%
No payment		29%		8%

Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.

After a project finishes, according to respondents, counterparts and former project staff revert to their government salaries and look for other projects, not necessarily in the same ministry. The institution or department which has been developed by TA, and often its expensive equipment, goes into decline. Lack of government funds affects the capacity to



finance running costs as well as to pay salaries. Interviewees told of hospitals that fail after a donor withdraws, a vocational training centre for the disabled that the government is unable to take over, etc..

Similar problems affect local NGOs, whose capacity has been developed by international NGOs. Many of them, said one respondent, are motivated by income opportunities rather than altruism. Another observer cast doubt on the validity of institutions created from outside, rather than as a result of a Cambodian initiative, entirely externally-funded and without a legal framework. In any case, once outside funding is finished, these LNGOs are unable to survive, and their staff look for jobs in externally-funded organisations (they do this even before the project has finished).

The only projects that leave anything substantial behind, according to respondents, are those concerned with institutions which are in some way self-financing<sup>2</sup>. One bilateral agency head admitted that projects make unrealistic assumptions about financial sustainability, or close their eyes to the problem.

### 3.3. Donors and government on the process of technical assistance

The process of TA will be examined in detail in the review of a sample of projects in Chapter Four. However, in the search for lessons of success and failure, the views of donor agencies and government officials are also useful.

One senior official compared the typical government department to a pyramid, with an apex and a base, but nothing in between. The crucial middle-level people, if they have no project to supplement their meagre salaries, must work outside in order to survive. The beleaguered people at the top think short-term and use TA experts to do the job. Many experts are quite happy with this situation: even those who would prefer to be developing capacity go along with it in the absence of suitable middle-level counterparts.

Not all respondents would accept this picture in its entirety, but they did recognise that there are some significant problems. Many of these reflect the lack of more than formal ownership of projects by government. As Table 3.5 shows, government has at least some role in the **selection of the projects** of all except one of the multilateral and bilateral agencies interviewed and of almost three-quarters of the NGOs.

**Table 3.5: Role of government in identification and design of projects and selection of personnel, as seen by agency heads and government officials (% of respondents)**

Nature of government role	Multi-lateral donors	Bilateral donors	NGOs	All donors	Government officials	Total
<b>Projects</b>						
large government role	33%	25%	33%	31%	27%	30%
some government role	67%	63%	40%	53%	73%	58%
no government role		13%	27%	16%		12%
<b>Personnel</b>						
large government role	22%		7%	9%	9%	9%
some government role	78%	50%	33%	50%	73%	56%
no government role		50%	60%	41%	18%	35%
Total number of respondents	9	8	15	32	11	43

*Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.*

Formally, the identification process starts with the presentation of the Public Investments Resource Mobilisation Programme to the Consultative Group meeting. This is a list of projects

<sup>2</sup> See Chapter Six for further discussion.

(on-going, committed and 'pipeline-high-priority'), both capital investment and technical assistance, organised by sector. Actions required for each pipeline project are specified: for instance, 'donors sought, feasibility study required', or 'feasibility study completed, donors sought'. Recently some Ministries have begun to take more active roles in the design and preparation of projects: for instance, the Ministry of Rural Development has done this in the case of a new World Bank project, using local rather than international consultants (also much cheaper). However, according to respondents, initial ideas more often come, directly or indirectly, from donors, and some projects are, at least initially, almost completely donor-driven. Projects in which donors have taken the lead (e.g. CARERE 1, CMAC, forestry, administrative reform, HIV/AIDS) are usually in areas regarded by them as of urgent importance, but sometimes, as one agency head admitted, reflect current 'fashions' in donor circles.

Government apparently has a relatively small role in the **selection of personnel** for most TA projects, to judge from Table 3.5. In the case of half the bilaterals interviewed and 60 percent of the NGOs, no role at all. Donors operating in Bangladesh, for instance, are accustomed to having candidates for posts turned down by government, but not in Cambodia. Some government officials expressed discontent about procedures for recruiting experts, some of whom have attitude problems that cannot be detected from CVs – for instance, possession of a superiority complex or a ready-made model from another continent, or inability to communicate. Other officials had a clear idea of what they are looking for. In the case of the Ministry of Commerce, for instance, where TA is particularly demand-driven, experts should ideally have worked in a ministry at home, and understand both the French and the Anglo-Saxon legal systems and the specific nature of Cambodia's transition. Interviews, a necessary (though not always sufficient) procedure for detecting problems or desirable attributes, are seldom arranged. One government official quotes the best-practice example of an expert identified by Cambodian officials at a seminar in a neighbouring country as having the right technical and regional experience, and the equally important social qualities needed for capacity development: a specific request to an agency for the services of this expert was successful. But such cases are rare. Length of assignments is also an issue. Officials in a wide range of ministries (in contrast, for instance, to the FAO which favours repeated visits by short-term advisers) expressed a strong preference for long-term over short-term experts, regarding them as much more effective capacity-developers, but the length of stay was often outside their control. Finally on personnel, there is the difficulty of getting rid of a technical assistance expert who is unsatisfactory: only three cases of successful government pressure in this respect were identified by respondents.

An interesting aspect of Table 3.5 above is the apparent difference in perception between donors and government on ownership issues. Officials were less ready than donor agency heads to admit that there was no government role in identification and design of projects and selection of personnel. This underlines the need to distinguish formality from reality in the ownership of TA.

As for **counterparts**, the pyramid picture previously quoted may not be far from reality. As Table 3.6 shows, counterparts are provided to agencies that work with government, but almost three-quarters of these agencies and all government officials interviewed reported that problems arise. Agencies which do not pay salary supplementation have difficulty in obtaining commitment from their counterparts. Also, those at the top are over-stretched (often involved in several projects) and those in the middle may not have the technical knowledge and language and managerial skills needed to work with foreigners. Reallocation of counterparts after training also causes problems, as does the exercise of patronage in the choice of trainees and scholarship holders.

**Table 3.6: Government counterparts – provision and problems, as seen by agency heads and government officials**

	Multi-lateral donors	Bi-lateral donors	NGOs	All donors	Government officials	Total
% of respondents who said:						
Counterparts are provided	100%	88%	60%	78%	100%	84%
Counterparts are not provided		13%	40%	22%		16%
% of those working with or providing counterparts who reported:						
serious problems	22%		11%	12%	18%	14%
some problems	78%	57%	44%	60%	82%	67%
no problems		43%	44%	28%		19%
Total number of respondents	9	8	15	32	11	43

Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.

In spite of their emphasis on capacity development as the main aim of TA, less than a fifth of multilateral/bilateral donors and government officials (though a slightly higher proportion of the NGOs that work with government) thought that it is the **main task assigned to TA personnel**. More than half of all respondents to whom the question is applicable said that experts are asked to do "a bit of both". Particularly in cases where projects are dealing with the world outside Cambodia or where they are working to immovable deadlines, there is pressure on foreign experts to do the job (write letters, speeches and reports in English or French, draft laws, advise the Minister etc.) rather than, or in addition to, teaching others how to do the job. The phase of "substitution" TA is not yet over.

**Table 3.7: Tasks assigned to TA personnel by government officials, as seen by agency heads and government officials**

Tasks assigned: (% of relevant respondents)	Multi-lateral donors	Bi-lateral donors	NGOs	All donors	Government officials	Total
Mainly doing	22%			8%	18%	11%
Mainly capacity development	11%	25%	33%	23%	9%	19%
A bit of both		13%	33%	15%		11%
No tasks assigned	11%	13%		8%		5%
Difficult to generalise						
Total number of respondents	9	8	9	26	11	37

Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.

The nature of the **institutional framework for implementation** of a project also affects the extent to which it develops capacities. Projects which work through normal government structures will obviously be the most effective in this respect. This is the mode favoured by multilateral donors, with the notable exceptions of the World Bank and the ADB, which invariably create Project Implementation Units (PIUs), and the European Union, which sometimes does so<sup>3</sup>. They do this for understandable reasons, in the interests of transparency and efficiency in a situation in which government structures are fragile, or in cases where projects cross-cut a number of ministries or departments. In effect, they are often giving more weight to the immediate objectives of facilitating, monitoring and supervising resource flows than to the intermediate objective of developing capacity. The UN agencies tend to argue against the establishment of PIUs: for instance, the WHO tried to dissuade the multilateral

<sup>3</sup> But beware: there are also "hidden" PIUs – special teams, including foreigners and supplemented officials, ostensibly working within government structures but actually working as separate units.

financial institutions from setting them up in the Ministry of Health<sup>4</sup>. They also try not to bypass government structures, even if this means turning down offers from donors with such a condition. Bilaterals tend to work through existing government structures, except when they subcontract to NGOs, which half of those interviewed do<sup>5</sup>. The majority of NGOs work with or relate to government structures, but 40 percent of those interviewed, some of them with bilateral funding, bypass such structures and go straight to communities, often without official agreements with relevant ministries. For instance, a senior official in the Ministry of Rural Development expressed regret about the number of NGOs that operate without a relationship with the ministry or local authority. The ministry's aim, he said, is to provide guidelines and partnership, not control and discipline. In the absence of such a relationship, duplication and overlap (e.g. in the establishment of Village Development Committees) sometimes result.

**Table 3.8: Relationship of projects to government structures, as seen by agency heads and government officials**

	Multi-lateral donors	Bilateral donors	NGOs	All donors	Government officials	Total
Number of respondents	9	8	15	32	11	43
% of whom:						
use existing government structures	78%	88%	87%	84%	91%	86%
create new structures	33%			9%	64%	23%
by-pass government structures	11%	50%	40%	34%	9%	28%

*Source: Interviews with heads of 32 donor agencies and 11 senior government officials, Phnom Penh, September 1998 to March 1999.*

Many of the problems in the process of TA are also attributable to inadequate budgets. The need for funding, as one top official puts it, means that you often have to accept the TA that is offered, and the system that goes with it, rather than refuse the offer or negotiate changes. It also affects a ministry's ability to provide counterparts in the absence of supplementation, to play a larger role in selection and recruitment of personnel, and to supervise, monitor and evaluate performance. And it makes Chief Technical Advisers or Team Leaders, with their control over salary supplementation, training places, equipment purchases, etc., more powerful than they should be in relation to their counterparts.

### 3.4. Conclusions on the views of donor agencies and government

Our interviews with agency heads or their representatives and with senior government officials yielded some interesting insights into the achievements and problems of TA in Cambodia.

- Although none of the key elements earlier identified by the World Bank as prerequisites for effective capacity-building and institutional development are in place, both donors and government emphasised capacity development as by far the most important aim of technical assistance.
- All respondents gave almost equal emphasis to development of individual and institutional capacity.

<sup>4</sup> The shortcomings of the PIU have also long been recognised within the World Bank. As Edward Jaycox (1993) put it in the statement quoted earlier, "our project implementation units .... are not working .... They only make matters worse by undermining the local ministries that should be responsible for the projects in question."

<sup>5</sup> Including the United States Agency for International Development (USAID) which, since July 1997, has been forbidden by Congress to provide assistance directly to the Cambodian government (with some exceptions in the health sector).

- A much higher proportion of NGOs than of other respondents regarded capacity development at the community level as an important aim of TA.
- Donors were more inclined than government officials to regard Cambodia as a special case as far as the role that TA should play is concerned.
- In general, most donors and officials felt that the record of TA in developing individual and institutional capacity is quite good.
- Project-level problems were recognised, but respondents seemed to be saying that these pale into insignificance compared with the failure to achieve financial sustainability after projects have finished. The only projects that leave anything behind are those concerned with institutions that are in some way self-financing.
- Because of low government salaries, most agencies that work with government counterparts top up their salaries in one way or another.
- Formally the government has at least some role in the selection of projects, but most initial ideas come, directly or indirectly, from donors; government has a relatively-small role in selection of project personnel. Government officials were less willing than donors to admit these ownership problems.
- One senior official compared the typical government department to a pyramid, with an apex and a base, but nothing in between. This may not be far from reality: three-quarters of agencies and all officials reported that problems arise with counterparts.
- Experts working with government are generally asked to 'do the job' as well as or instead of developing capacity. The phase of 'substitution' TA is not yet over.
- Projects which work through normal government structures are likely to be the most effective in developing capacity: the main problems here are the establishment, for understandable reasons, of Project Implementation Units by some multilateral donors and the tendency of a sizeable minority of NGOs to by-pass government structures altogether and go straight to the community.
- Inadequate government budgets are at the heart of many of the problems in the process of TA, as revealed by donors and officials.



## Chapter Four

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# The View from the Project

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The next stage of the research was to carry out interviews, between September 1998 and November 1999, in a sample of 50 technical assistance projects. The sample was selected purposively, to reflect the range of projects funded and executed by different agencies (multilateral, bilateral, and NGOs) in five sectors – economic management, education, health, agriculture, and rural development. In all cases interviews were held with project directors/team leaders/chief technical advisers (CTAs) and also, in each project that had them, with a counterpart (whether from government or from another organisation) and a Cambodian staff member.

### 4.1. Who are the CTAs?

The extent to which a project is successful in developing capacity depends to a large extent on the quality and attitudes of its CTA. Table 4.1 summarises the characteristics of these important people in the projects sampled<sup>1</sup>.

As can be seen, they are on average in their forties (though younger in NGOs than in other agencies) and almost all male, and from a wide range of countries (with Europe and Asia predominating). The extent to which NGOs use Cambodian nationals in these positions is interesting and will be discussed further below.

One myth that our interviews seemed to refute was that senior TA personnel consist mainly of those "who could not get a job in their own country." Almost without exception, CTAs of projects in our sample are people of high professional quality and experience. They include, for instance: a former cabinet minister from Tunisia, in Cambodia since 1991; the former head of the department of census and statistics in Sri Lanka; a Japanese professor of archaeology with several years of experience in Angkor (now working as a volunteer); a French inspector general of national education, with experience also in Africa; a demographer with experience of four Indian censuses; a Sri Lankan forestry specialist with an additional accountancy qualification and experience in international projects in Sri Lanka, Nigeria and Bhutan; a Ghanaian in his mid-forties, with degrees in management of primary health care, nutrition and food science, managing his third NGO project in Cambodia; the former manager of a printing house in Japan, in Cambodia since 1991; and the former manager of an automobile repair shop in Japan, in Cambodia since 1987.

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<sup>1</sup> Projects are assigned to multilateral, bilateral and NGO categories in all tables according to the following principles: 'NGO projects' are those executed by NGOs, wherever the funding comes from; 'multilateral' and 'bilateral' projects are those funded by multilateral and bilateral agencies respectively, and executed by agencies other than NGOs.

**Table 4.1: Characteristics of chief technical advisers, by type of project**

	Multilateral	Bilateral	NGO	Total
Average age	51	51	41	47
% male	89%	92%	70%	82%
Nationality:				
US	3			3
French	3	3	3	9
Other European	4	4	1	9
Cambodian			8	8
Australian/NZ	2	3	2	7
Other Asian	5	2	4	11
Other	1		2	3
Total	18	12	20	50
% with appropriate qualifications	100%	100%	95%	98%
% with relevant experience	100%	100%	95%	95%
% speaking Khmer language	6%	8%	75%	34%
Average months in Cambodia	44	45	163	92
Self-image:				
% 'technical specialists'	28%	8%	5%	14%
% 'managers'	39%	59%	55%	50%
% 'advisers'	6%	17%	5%	8%
% 'trainers'	11%		5%	6%
% 'facilitators'	11%	17%	25%	18%
% 'communicators'	6%		5%	4%

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

An area of apparent weakness is the very small proportion of multilateral and bilateral CTAs who are able to use the Khmer language for professional purposes. NGOs, partly because of their employment of some Cambodian nationals in these positions, are better placed in this respect (and in the average length of residence of their CTAs). One respondent (from a bilateral project) felt strongly that all TA personnel should be expected to learn Khmer, including the written language, before they come to Cambodia. While fluency in Khmer is always a great advantage, such a requirement may be going too far: in some cases technical competence may be the over-riding consideration.

Maybe even more important than language, in most cases, is attitude. This is difficult to measure, but Table 4.1 records the answers that respondents gave to a question about their self-image. The proportion, particularly in bilateral projects, that thought of themselves primarily as 'managers' was worryingly high. The true capacity-builder's answer to the question would have been 'facilitator', 'trainer', or 'communicator'. As one multilateral CTA put it, 'management is the function of government'. Or, in the words of an NGO team leader in a nurse training project, 'management is the counterpart's job'.

**4.2. Who are the counterparts and the Cambodian project staff?**

The 45 middle-level counterparts (in government and LNGOs) interviewed by our researchers are not necessarily representative of counterparts as a whole – they were selected in most cases by asking the CTA to nominate someone. The fact that less than a quarter of them were female (a third in the case of NGO projects) was no surprise, given the under-representation of women in these occupations: the proportion, it should in any case be noted, is higher than in the case of the CTAs! Their ages ranged from 26 to 57, with an average of 40 which did not vary significantly between different types of project. Many of them were of the generation whose education was disrupted by the upheavals of the 1970s. Nevertheless, almost two-thirds of them had a bachelor's degree or higher qualification: the proportion was lower in the case of NGOs (40 percent) than in multilateral (77 percent) and bilateral projects



(80 percent). As might be expected, the highest proportion of graduates among counterparts was in economic management (83 percent), the lowest in rural development (25 percent).

Only 27 of the 50 projects in our sample had Cambodian staff members, and one from each of those was interviewed, again usually nominated by the CTA. Less than one in five of them was female (again with a higher proportion, 31 percent, in NGO projects). Their ages ranged from 28 to 61, with an average of 38: multilateral staff tended to be slightly older and bilateral staff slightly younger than average. The proportion of Cambodian staff with a bachelor's degree or higher qualification was almost exactly the same as in the case of counterparts – almost two-thirds. The proportion was higher in bilateral projects (100 percent) than in multilateral (60 percent) and NGO projects (54 percent). The sector with the highest proportion of graduates among Cambodian project staff was health (71 percent): the lowest proportions were in economic management and education (both 50 percent)<sup>2</sup>. Over half of those interviewed said that their immediately-previous job was in government, and another third had come from another international agency or NGO (presumably having worked for government prior to that): these two categories together amount to more than 85 percent of the sample.

Although the numbers interviewed were small, the figures suggest that TA projects are indeed attracting to themselves, as counterparts and Cambodian staff members, a high proportion of the country's scarcest commodity – graduates. In the case of project staff, also, it looks as if a high proportion of recruitment is from government.

#### **4.3. What is the purpose of technical assistance?**

CTAs, like their agency heads, were virtually unanimous in saying that the purpose of technical assistance is capacity development, and two-thirds of them claimed to include it in their personal tasks (with NGOs above and multilaterals below average in this respect). Several respondents said that the aim was to replace themselves. The purpose nowadays should be, as one put it, to allow counterparts to make decisions and to feel happy with them: "the days of the crusty old CTA, making sure that aid is reasonably spent, are gone." This may be an exaggeration: although only one admitted it as his main objective, many CTAs probably still feel responsible for ensuring that the money is used for the proper purpose. And the reality of many projects is remarkably unstructured. In the words of one multilateral CTA, "a lot of TA experts' time is spent on substituting for local skills and meeting deadlines: the organisation judges experts on outputs rather than capacity development." Hence, although the executing agency thought that Phase One had been successful, the fact that there was a Phase Two showed that it had failed!

Of those committed to capacity development, most thought primarily in terms of training: "technical assistance is about training, not doing." Some emphasised the transfer of specific skills ("from a very low level"), others thought developing the capacity to solve problems, or to "think, make decisions and manage" was more important. Only one mentioned marketability of skills as an issue – the printing house manager who aimed to "transfer skills so that Cambodians can make a living out of them."

Whose capacity should be developed? There was a difference here between multilateral/bilateral and NGO projects: for multilaterals and bilaterals the counterparts were almost invariably in government institutions (the sole exception being a UN Volunteer, UNV project in Angkor which is grooming its own staff members to set up a local NGO); 55 percent of the NGO projects also worked with government (e.g. CAA in agriculture and REDD BARNA in nursing and primary education, and the Cambodian National Council for Children), but the rest saw local NGOs as their counterparts (e.g. the OXFAM UK Community

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<sup>2</sup> The numbers interviewed in each sector were very small.

Development project) or in two cases had no current counterparts at all, preferring to go directly to the community.

The proportion of NGOs working with government is higher than expected, and may reflect the view, expressed by one team leader, that the government is always going to be there, whereas local NGOs collapse completely when the money runs out. Some NGOs have counterparts in both government and LNGOs – for instance, the CARE Border Areas HIV/AIDS Prevention project, which works both with the Provincial AIDS Committee and the non-government Cambodian Health Commission (CHC), and the Church World Service (CWS) Kompong Thom Community Development project, which has eight government staff assigned to it as 'interns', while working to build up capacity of local NGOs. Another model (as in the case of UNV Angkor above) is for a project to train its own Cambodian staff to set up a local institution – for instance, VSF has launched a local NGO, Veterinaires Ruraux du Cambodge, and Group de Recherches et d'Échanges Technologiques (GRET) is preparing Ennatien Moulethan Tchonnabat (EMT) to become a private micro-credit company.

As indicated by the interviews with agency heads (in Chapter Three, above) the trend seems to be away from direct implementation in the community by an international NGO: the CONCERN Natural Resources project in Pursat was moving at the time of the interview from directly helping local communities to set up village-level organisations towards collaboration with government, and CWS has already made a similar move. A project which still concentrates on direct provision of services by its own team is the Catholic Relief Services (CRS) Sustainable Agriculture and Integrated Farming Systems project in Svay Rieng but, even in this case, the eventual expectation is that the team can become self-supporting by selling its services to other organisations.

#### 4.4. How well-briefed are CTAs and counterparts?

The briefings received by CTAs, both from their agency and from government, are important to the success of a project. As Table 4.2 shows, more than two-thirds (in the case of bilaterals, almost all) of them were briefed by their agencies, but less than a third were briefed by government. The contrast between multilateral and other projects is instructive: more than half of multilateral CTAs were briefed by government, partly reflecting the fact that some of these projects were loan-funded. In the case of NGOs, the figure is not as bad as it looks, since, as already noted, only 55 percent of their projects were oriented towards government. Most bilateral projects, however, all of which work only with government, seem to lack an official briefing. As for content, a high proportion of both agency and government briefings emphasised capacity development, with multilateral agencies giving less emphasis than other briefers to this objective.

**Table 4.2: Briefing experience of CTAs, by type of project**

	Multilateral	Bilateral	NGO	Total
% received briefing from agency	61%	92%	65%	70%
% received briefing from government	56%	8%	20%	30%
% of agency briefings mentioned capacity dev.	55%	91%	92%	80%
% of govt. briefings mentioned capacity dev.	70%	100%	75%	73%

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

CTAs, particularly in multilateral projects, tended to be unhappy with the quality of their agency briefings. One described his briefing at the Food and Agriculture Organisation (FAO) headquarters as 'very poor': he had to rewrite his terms of reference, dividing the project target by ten. Another had no briefing from the International Labour Organisation (ILO), just a project document: in this case the targets only had to be cut in half. Another was not even briefed on general agency procedures or the security situation, and described this as an

'ongoing weakness' of the organisation (United Nations Development Programme, UNDP). Another received a briefing from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) but one which emphasised output and data rather than process, capacity development and setting up systems. Bilateral CTAs seemed to be better satisfied with the quality of their agency briefings. GTZ (Deutsche Gesellschaft Fuer Technische Zusammenarbeit), for example, briefed one expert before arrival on the general situation and the project's background and objectives, and provided another with a three-month training course on Cambodia, including language, history, culture and living conditions. AusAID held a briefing in Canberra for a whole project team, together with five Cambodian lecturers. The Japanese International Cooperation Agency (JICA) provided one CTA, who had also had the benefit of a short-term mission to Cambodia, with a training session in Tokyo and a hand-over period with the previous CTA: another said, however, that security was the dominant issue in his JICA briefing! The benefit of a hand-over period was also emphasised by an NGO respondent.

At the time these projects were initiated, the general view was that government did not yet have the capacity to provide a full briefing. In most cases a cordial introductory meeting was held with the CTA, but not a briefing. One exception, however, gives pause for reflection. An NGO project with a Cambodian CTA actively sought out briefings from the provincial government down to district and village level, asking for their priorities. This suggests that the problem for government is not so much inability to brief as lack of government ownership of projects. In a situation where "everything had been developed by the project rather than the government" (ILO), ministries were "waiting to be briefed, not to brief" (UNESCO).

A reflection of lack of ownership, also, is the fact that less than half of the counterparts interviewed had received a briefing from government, as Table 4.3 shows.

**Table 4.3: Briefing experience of counterparts, by type of project, as reported by counterparts**

	Multilateral	Bilateral	NGO	Total
% received briefing from govt	65%	10%	39%	42%
% received briefing from CTA	71%	90%	89%	82%
% of govt briefings mentioned cap dev	91%	100%	43%	74%
% of CTA briefings mentioned cap dev	92%	78%	69%	78%

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

As in the case of CTAs, the proportion briefed by government is much higher for multilateral projects than for others. Most briefings, from both sources, emphasised capacity development, although to a lesser extent in the case of government briefings to counterparts of NGO projects. This issue of ownership is discussed in the next section.

#### 4.5. Who owns the project?

Overall, the government was most often cited (by almost two-thirds of CTAs) as owner or joint owner of a project, as Table 4.4 shows. NGOs were exceptions in this respect: their project leaders mentioned the executing agency (i.e. the NGO) most often as owner. The project team was second in importance as owner, particularly in multilateral and bilateral projects. Interesting aspects of the table are the extent to which the donor agency plays an ownership role in multilateral projects, while being relatively unimportant in other types of project, and the fact that community ownership was mentioned more often by bilateral than by NGO projects.

**Table 4.4: Who 'owns' the project?, by type of project, as reported by CTAs**

% of projects	Multilateral	Bilateral	NGO	Total
Donor agency	39%	33%	5%	24%
Executing agency	22%	25%	55%	36%
Project team	50%	58%	30%	44%
Government	94%	67%	35%	64%
Local NGO			25%	10%
Community		17%	10%	8%

*Note: several projects reported more than one owner.*

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

The table probably exaggerates the actual extent of government ownership of projects. In general, it is likely to be most real in loan projects, since government owns the funds that have been borrowed. In spite of promotion of the idea of 'national execution', only five projects in our sample claimed to be solely owned by government: two multilateral – the World Bank technical assistance loan to the Ministry of Economy and Finance and the United Nations Fund for Population Activities (UNFPA) reproductive health project in the Ministry of Women's Affairs; one bilateral – the Japanese International Cooperation Agency (JICA) maternity and child health project; and two NGO – JVC technical training and REDD BARNA assistance to the Ministry of Education.

As far as design is concerned, there were few truly 'demand-driven' projects in our sample. Perhaps only four are in this category: the UNDP Office of Project Services (UNDP/OPS) preparation for Association of Southeast Asian Nations (ASEAN) membership and the UNFPA/UNDP support to the national population census, both deriving from urgent government commitments that had to be fulfilled, and two Japanese NGO projects, on technical training and printing, originating in requests from government in pre-United Nations Transitional Authority in Cambodia (UNTAC) times. Similar strong demands could be found in the Ministry of Commerce (related particularly to accession to the World Trade Organisation, WTO, as well as ASEAN, and to taking full advantage of various market access preferences) and the National Bank (related particularly to the need to develop policy instruments and institutions for a market economy). Otherwise, at best, projects are jointly developed: for instance, the World Health Organisation (WHO) health sector reform project and the United Kingdom (UK) Cambodian Secondary English Teaching project (CAMSET). In the case of CAMSET, the initial design came from the UK, but months of discussion with counterparts followed, including a 3-day meeting with relevant directors. Designs are often based on projects that have succeeded elsewhere (e.g. CARERE on projects in four Central American countries; European Union (EU) PRASAC on a project in Bolivia).

Once a project is under way, the extent of government ownership of its operations tends to depend on the attitude of top officials in the relevant ministry. Two examples were reported by CTAs of ministers "who knew how to use technical assistance." These were the Minister of Planning at the time two of the projects in the sample were initiated, who organised regular presentations by consultants to an 'inner circle' of senior officials, and the Minister of Finance, who was said to mention ownership (of a loan project) two or three times a day. "Ownership and quality of work," according to this CTA, "depends on whether your boss is interested. Does he consult? Does he guide? Does he know what he wants? Does he want you to work with his people?" In other cases also the active involvement of senior officials (e.g. in the Ministry of Health, the National Institute of Statistics) was crucial to ownership.

It should be emphasised that government ownership is not something to be passively awaited. It also needs to be nurtured by projects. One bilateral CTA (GTZ assistance to the National Institute of Public Health) said that it took three years to persuade her partners that they own the project. Similarly, the REDD BARNA nurse training team leader admitted that the management of the Technical School for Medical Care was sceptical about the project in its early years. They needed to be convinced about its potential benefits and given the

opportunity to identify weaknesses and ways of improving performance: the project facilitated this process and supported implementation of the plan that emerged from it.

*Box 4.1: The perils of donor-driven technical assistance: the cases of administrative reform and demobilisation*

Examples of technical assistance initiatives that have run into trouble because of donors' appropriation of control are those concerned with administrative reform and demobilisation.

UNDP funded a \$3.5 million project in support of the National Programme for Administrative Reform between 1995 and 1998, aimed at: structuring the government; strengthening the management capacity of sectoral ministries; public service reform; human resource development; and strengthening the provincial administration. It is generally agreed that this project "produced relatively meagre results." There were many reasons for this (including the political instability of the time) but one of the most important was that real government commitment to the programme was not secured. Administrative reform has been revived as a policy aim and a plan was presented by government to the February 1999 consultative group (CG) meeting. In January 2000 the government and UNDP agreed on a new programme of capacity development for the implementation of the national public administration reform programme. The CDRI governance report (Kato et al., 2000) noted a "striking resemblance" between the new plan and the original and unsuccessful programme for administrative reform. This raises the question, again, of whether senior officials have carefully read the complex new plan, understood its implications for government, and see it as their own plan to be enthusiastically implemented.

Demobilisation of the armed forces has not yet reached the project stage but has already run into trouble partly as a result of donors' actions. A draft plan for demobilisation, the Cambodian Veterans' Assistance Programme, was presented to the February 1999 CG meeting. The Programme's four phases were: registration, demobilisation, reinsertion and reintegration. Even before the registration phase was completed, the World Bank, in a hurry to reduce the size of the military and its share of the national budget, tabled a proposal for a specific cash payment to be made in the reinsertion phase to demobilised soldiers – \$1,200 per head. This was premature in the sense that it preceded any discussion of the optimum size and structure of a reformed military, but it also had a devastating effect on the progress of the Programme. It created an incentive during the still unfinished registration phase for the padding of troop numbers. Also, soldiers who had long been virtually demobilised and living in villages were reported to have returned to barracks in anticipation of the big pay-off. And, until the offer was finally withdrawn by donors, it cut off discussion of any alternative reinsertion mechanisms. One of the lessons of this saga, as the Programme gets back on track, is the need for donors not to be in too much of a hurry, to understand the reality of a complex situation (e.g. that most demobilised soldiers are already living at home) and to work with and gain the support of **all** those involved in the process (including the military itself which has been surprisingly-little consulted so far).

*Source: Kato, Kaplan, Chan and Real, forthcoming.*

Usually responsibility for operation of projects is shared between owners: in the EU PRASAC project, for instance, "all decisions are joint – no big decisions are taken alone." However, donors or executing agencies in grant-aided projects tend to retain control over finance and personnel. For instance, an AusAID CTA told us that "the government owns the project but the funds are controlled by the donors." Similarly, in a UNESCO project, "the government was involved in all decisions, but UNESCO held the funds." Partly because it was a demand-driven project, the UNDP ASEAN project operated more like a loan project in this

respect, with a steering committee keeping a close eye on expenditure and knowledgeable about how parallel UNDP assistance to Laos and Vietnam was working. The health sector reform project operates in a similar way, with regular meetings, and close control exerted by government over the budget for consultants (which is consequently hardly touched!). Unusually, also, this project involves government in selection of experts. More typical is a UNICEF health project, in which the agency "decides on personnel, the government on day-to-day issues." The only project in our sample which had experienced the dismissal of its team leader by government (with four days' notice) was, not surprisingly, a loan project: it should be added that the decision was fully endorsed by the donor agency.

#### 4.6. How is the project implemented?

The mode of implementation of a project affects both ownership and impact on capacity development. As Table 4.5 shows, although more than two-thirds of the projects in our sample are implemented through normal government structures, there are important differences between different types of project in this respect. All the bilateral projects were implemented through normal structures, but almost half of NGO projects did not relate to government at all, being implemented either through a local NGO or directly by project staff, and more than a quarter of multilateral projects set up special units (Project Implementation Units or Project Management Units) within government ministries.

**Table 4.5: Mode of implementation, by type of project, as reported by CTAs**

% of projects	Multilateral	Bilateral	NGO	Total
Outside govt, directly by project staff	6%		15%	8%
Outside govt, through intermediary org			35%	14%
Inside govt, through normal structure	67%	100%	55%	70%
Inside govt through special unit (PIU etc)	28%			10%

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

The need for NGOs to relate to government structures (which is not the same as being integrated into them) was discussed in Chapter Three and is increasingly recognised: interviews carried out with the same projects a year or two later would probably find that the number by-passing such structures will have fallen. The reasons why some multilateral donors (the World Bank, Asian Development Bank and the EU) like to set up PIUs related to transparency and efficiency, were also discussed in Chapter Three. One multilateral CTA, under pressure from his agency to work within a PIU, has resisted it: "PIUs create resentments – they may be needed in big projects but this project deals with reform processes and is not handling large amounts of money." Another maintained that "the key to capacity building is to work through government structures. Projects with a separate office and a PIU will leave nothing behind when they go." Many projects without PIUs have separate offices, sometimes within a government building, sometimes elsewhere. This is also a barrier to capacity development. Projects with staff inside the relevant government building, like the REDD BARNA primary education project in four provinces, are more likely to leave something behind.

If it is agreed that projects which do not include government or an LNGO among their owners, or are not implemented either through normal government structures or through an LNGO intermediary, are not favourably placed for capacity development, the question arises as to how many of the projects in our sample remain if those in these categories are deducted from the total. How many projects, in other words, are structurally well-placed for capacity development? Table 4.6 summarises the situation in this respect.

**Table 4.6: Summary of projects that are well placed for capacity development, based on information from CTAs**

	Multilateral	Bilateral	NGO	Total
Number of projects in sample	18	12	20	50
<u>Minus</u> those not owned by govt or LNGO	-1	-4	-9	-14
Number of remaining projects	17	8	11	36
<u>Minus</u> those not implemented through normal govt structure or through LNGO	-5	-0	-2	-7
Remaining projects (i.e. those favourably placed for capacity development):				
Number	12	8	9	29
As % of number in sample	67%	67%	45%	58%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

From the 50 projects in the sample, those that have neither government nor an LNGO among their owners are, first, deducted – mainly NGO projects owned by themselves, by the project team or by the community, but also a third of the bilateral projects. From the 36 remaining projects, those that are not implemented through normal government structures or through an intermediary LNGO are then deducted – multilaterals with PIUs and NGOs going directly to the community. The remaining 29 projects are those that are well placed for capacity development, in the sense of **both** being owned by government or an LNGO **and** being implemented through normal government structures or through an LNGO. As can be seen from the bottom row of the table, this means that less than 60 percent of all projects are in this favourable situation. Interestingly, multilateral and bilateral projects (with two-thirds in this category in both cases) are better placed than NGO projects.

#### 4.7. Any problems with counterparts?

Encouragingly, most projects allocate managerial functions to at least some of their counterparts, as Table 4.7 shows, with report writing and computer work also important functions. Multilateral projects give them a greater role in training and translation than do other types, while NGOs involve their counterparts (many of whom are in LNGOs) more in report writing.

**Table 4.7: Work done by counterparts, by type of project, as reported by CTAs**

% of projects <sup>a</sup>	Multilateral	Bilateral	NGO	Total
Clerical	12%		11%	9%
Secretarial	6%	8%	11%	9%
Computer	35%	25%	28%	30%
Data analysis	18%	17%	22%	19%
Translation	24%		6%	11%
Report writing	18%	33%	61%	38%
Managerial	94%	75%	100%	92%
Training	41%	17%	6%	21%
Other	12%	17%	17%	15%

<sup>a</sup> One multilateral and two NGO projects, which have no counterparts, are excluded from this table and from Tables 4.8 to 4.14. Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

Counterparts corroborate their CTAs' report that they are most heavily involved in management, but give an interestingly different picture of the range of their tasks, as Table 4.8 shows.

**Table 4.8: Work done by counterparts, by type of project, as reported by counterparts**

% of projects	Multilateral	Bilateral	NGO	Total
Clerical	6%			2%
Secretarial	12%		6%	7%
Computer	65%	20%	28%	40%
Data analysis	47%	30%	39%	40%
Translation	41%	20%	28%	31%
Report writing	59%	50%	83%	67%
Managerial	71%	100%	89%	84%
Training	18%	50%	28%	29%
Other	35%	40%	56%	44%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

Computer work and data analysis, translation and report writing are much more prominent in the counterparts' own list than in that of the CTAs. Nevertheless, the high proportion reporting involvement in management is encouraging. Cambodian project staff support the counterparts' claim to be heavily involved in computer work (58 percent of project staff say that counterparts do this), data analysis (54 percent), translation (42 percent), and report writing (71 percent). Project staff also allocate higher proportions of counterparts to training (75 percent), and clerical (33 percent) and secretarial work (29 percent). However, they too support both CTAs and counterparts' view that management is an important part of most counterparts work (mentioned by 75 percent of them).

As for the quality of counterparts, while, as Table 4.9 below shows, the majority of CTAs (with multilaterals less enthusiastic than others) regarded them as adequate or more than adequate, a wide range of opinions was expressed. Some compared them favourably with those in other countries they had worked in. For instance, "capacity looks surprisingly good after Gabon. They are enthusiastic. A few are money-oriented. The majority have the conviction that the work is important" (EU PASEC). "Our counterparts are great! They surprise visiting trainers with their acumen" (FAO Pest Management, FAO IPM).

**Table 4.9: Views on and treatment of counterparts, by type of project, as reported by CTAs**

% of projects	Multi-lateral	Bilateral	NGO	Total
% judging counterparts to be:				
'more than adequate'	18%	8%	17%	15%
'adequate'	41%	58%	61%	53%
'less than adequate'	41%	33%	22%	32%
% spending 'high' proportion of time on developing counterparts' skills				
	88%	42%	78%	72%
% paying some form of salary supplementation				
	82%	100%	78%	85%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

Many referred, however, to problems arising from the low-average level of education, with many mid-level civil servants having only eight to 10 years of low-quality schooling. This posed particular problems for technical projects, such as the census: simple tasks, such as data collection and entry, editing and coding, were well executed (given supervision and incentives) but there was a severe shortage of higher-level computer experts. Another project in the National Institute of Statistics found locally-trained social scientists particularly weak and preferred to hire mathematicians and scientists. The staff of the Education Ministry, according to one bilateral CTA, are generalist 'clerks', lacking any technical skills, and the same is true of most mid-level officials. One bilateral project in the health sector had to revise its estimates of the assistance needed, and initially employ local experts in a gap-filling role, because it had over-estimated the capacity of its counterparts. Sometimes the skills possessed are inappropriate, for instance in the case of pharmacists who have to teach mathematics, physics



and biochemistry in the Technical School for Medical Care, assisted by Medicines Sans Frontiers (MSF). Deputies, also, are often better than Directors – a source of frustration.

Although, then, the range of CTAs' opinions about quality of counterparts is wide, most claimed to spend a high proportion of their time (i.e. more than 50 percent) on developing counterparts' skills, as Table 4.6 shows.

The verdict of Cambodian project staff on the quality of counterparts was almost exactly the same as that of the CTAs (more than 65 percent of them judged counterparts to be adequate or more than adequate), but a smaller proportion of these project staff (46 percent) claimed to spend a high proportion of their time on developing counterparts' skills.

#### 4.8. Incentives for counterparts?

Although several CTAs said that it was against their agency's rules to top up government salaries, most projects ended up paying some form of salary supplementation, as Table 4.9 (above) shows. All the bilateral projects and four out of five of other types of project did it.

Attitudes towards supplementation are ambivalent, to say the least. Most would agree with the AusAID CTA in the education sector who pointed out that "salary supplementation threatens sustainability, leads to competition between agencies, pays people to perform their normal jobs (and in dollars, rather than the national currency), and cushions the middle class against the consequences of government inaction on revenue collection and salaries"<sup>3</sup>. On the other hand, most would also probably agree with the following statement of a JICA rural development project manager, looking at it from the point of view of an individual project. "I recognise that the provision of supplementation goes against sustainability. However, in practice in Cambodia projects do not work without supplementation, given the extremely low salary scale for government staff. The practice of supplementation has continued since UNTAC times. Supplementation will be reduced and eventually stopped once the government salary scale is raised to a reasonable level." Similarly, "it is almost impossible to obtain commitment from counterparts without supplementation" (multilateral project in agriculture), "since we phased out supplementation, there are problems of commitment, and people are leaving" (multilateral projects in health and education), "supplementation is not in our budget, but it will have to be found" (multilateral/economic management), and foreign aid "needs to subsidise professors' pay in order to retain them" (bilateral/education).

This ambivalence is reflected in projects' practices. Some go ahead and pay straightforward salary supplementation, at widely varying rates, for instance: \$180 per month for doctors in a multilateral health project; up to \$100 monthly in a bilateral rural development project (apparently against the agency's rules!); \$105 to \$195 monthly, plus a motor cycle and fuel and maintenance allowance (bilateral/agriculture); \$22.50 to \$30 per one-and-a-half-hour session for visiting lecturers (bilateral/education); \$350 monthly for chief counterpart, up to \$90 for others depending on time spent (NGO/health); \$100 to \$150 per month (NGO/health); \$30 monthly for provincial officials (NGO/education); \$30 to \$80 monthly (NGO/health); \$4 to \$5 per day (NGO/health); \$3 to \$20 per day for provincial officials (NGO/health); \$10 to \$15 per day for skilled technicians (NGO/agriculture). An interesting approach to supplementation is followed by a bilateral project in the Ministry of Education. Recognising that officials need to take on outside work in order to survive, it pays ministry overtime rates to any counterpart who works more than half a normal ministry day. This results in a rate that is lower than other agencies (which causes some problems) but at least it is comparable to what the ministry will be able to pay after the project is finished. Other projects refuse to pay salary supplementation but are then forced into the convolutions described in Box 4.2 – product-related payments, task-based incentives, training allowances, etc.

<sup>3</sup> Cf. the discussion of the impact of external assistance on government revenue and expenditure pattern in the third section of Chapter Two above.

*Box 4.2: Salary supplementation – a rose by any other name?*

- "Salary supplementation is not allowed, but the counterpart training budget includes product-related payments and training allowances" (multilateral/education).
- "We have no budget for supplementation, but we pay for translations" (multilateral/economic management).
- "We no longer pay supplementation, but maintain some task-based incentives at provincial level" (multilateral/education).
- "Supplementation is being phased out, but we retain per diems, fees for preparation of workshops, output-related payments etc." (multilateral/health).
- "We don't pay supplementation, but pay modest allowances for time spent in training" (bilateral/agriculture).
- "We don't pay supplementation, but pay a consultancy fee of \$450 per month to trainers of trainers" (bilateral/health).
- "Our financial support to local NGOs includes operation, personnel and management expenses" (NGO/rural).
- "We try to avoid salary supplementation, but pay transport costs and provide meals, and provide 'holistic support', including salaries to some LNGOs" (NGO/rural).
- "We provide modest allowances for training to some LNGOs" (NGO/rural).

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

Of the counterparts in our projects selected for interview, as Table 4.10 shows, a high proportion (84 percent) received supplementation from their projects (in line with what CTAs told us – see Table 4.9 above), and one sixth of them had access to outside earnings.

The rates of supplementation are higher than most of those quoted by CTAs (in the previous paragraph), maybe reflecting the relative seniority of the counterparts in our sample. In interesting contrast to the pattern of replies from CTAs (Box 4.2 above), a higher proportion of NGO than of other projects pay supplementation, and at higher average rates than multilateral projects<sup>4</sup>! Supplementation rates are higher, on average, in agriculture (\$262 per month) and education (\$211) than in rural development (\$196), health (\$173) and economic management (\$92).

<sup>4</sup> This may be partly accounted for by the fact that half of the counterparts of NGO projects (and none of those in other projects) have no salary.

**Table 4.10: Number of counterparts receiving different types of income and average monthly rates, by type of project, as reported by counterparts**

	Multilateral	Bilateral	NGO	Total
Salary:				
No. of counterparts receiving	17	10	9	36
Monthly average	\$17	\$19	\$17	\$18
Supplementation:				
No. of counterparts receiving	13	8	17	38
Monthly average	\$153	\$217	\$216	\$194
Outside earnings:				
No. of counterparts receiving	1	4	2	7
Monthly average	\$70	\$338	\$275	\$281
Number of respondents	17	10	18	45

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

From the point of view of efficiency, straight salary supplementation is much preferable to the various special payments described in Box 4.2. Paying counterparts to attend training distorts project activities. It "gives the wrong signals," encouraging over-emphasis on formal classroom training at the expense of "learning through the work process without payment" (multilateral/education). Those who attend such classes "may be more interested in the money than in learning" (multilateral/education). Product-related payments introduce other distortions. For instance, the project that paid for translations found that the government preferred the project to translate documents than to arrange (unpaid) English-language courses. No doubt supplementation needs to be phased out (and this will be discussed further below) but as long as it exists, it is better for it to be direct than indirect.

#### 4.9. Methods used to develop skills?

As Table 4.11 shows, on-job-training is the method most often used by all types of project in our sample to develop skills of counterparts. Least common, but still used by 40 percent of projects, is sending counterparts abroad for formal courses. Over half of the projects utilised the other three types of training – in-house courses, in-country courses, and (maybe most popular with counterparts themselves) study tours. There are variations between different types of project: multilateral projects make more use than others of in-country courses; bilaterals make much less use of these, but are much more likely to send counterparts abroad for formal courses; NGOs are the keenest on study tours.

**Table 4.11: Methods used to develop skills of counterparts, by type of project, as reported by CTAs**

% of projects	Multilateral	Bilateral	NGO	Total
Classroom teaching, in-house	65%	50%	56%	57%
Classroom teaching, in-country	77%	17%	56%	53%
Classroom teaching, abroad	47%	58%	22%	40%
Study tours	53%	50%	67%	57%
On-the-job training	100%	83%	89%	92%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

Just over half of counterparts on these projects reported that they spent more than half of their time on acquiring new skills, with little variation between types of project. Table 4.12 shows the modes of skill acquisition reported by counterparts.

*Box 4.3: Salary supplementation – how much in total? Some back-of-envelope calculations*

How much do agencies and NGOs in Cambodia spend on salary supplementation in total? The answer to this question is important in considering alternatives to supplementation by projects (see Chapter 8).

Two sources of information<sup>5</sup> can be used to make a rough calculation: (1) the information collected by our researchers from 24 projects about their costs and expenditure (see the annex to Chapter Five); and (2) data collected from several donor agencies by UNDP.

- (1) The range of spending on government counterparts as a proportion of total expenditure reported by projects in the annex is very wide – from less than 1 percent for projects funded by bilaterals and executed by companies to more than 50 percent for the single project funded by multilaterals and executed by a company. If the information from all the projects is simply combined with the estimates of the pattern of funding and execution of TA shown in Table 2.7 in Chapter Two above, it yields an estimate that over 9 percent of TA projects' expenditure goes to counterparts. If this percentage is applied to the annual total for all agencies, it yields a figure for expenditure on salary supplementation of \$22 million.
- (2) The UN system has been trying to put together a database on salary supplementation paid by various agencies, in order to encourage common procedures and rates and to avoid double or triple payment of supplementation to an individual counterpart. For 1998 its database covered the projects of eight agencies: FAO, ILO, UNDP, UNESCO, UNFPA, UNICEF, WFP and AusAID. The total reportedly paid by these agencies during the year was \$1.4 million, which amounts to about 3 percent of the total TA expenditure of these agencies. If this percentage is applied to the annual total for all agencies, it yields a figure for expenditure on salary supplementation of \$6 million.

So our back-of-envelope calculations suggest that TA projects may spend between \$6 million and \$22 million on salary supplementation. Which is the more realistic of these estimates?

The presence of some counterpart-heavy projects in the small CDRI sample may have biased the estimate (1) upwards, but it should be remembered that both estimates only cover direct salary supplementation and not the indirect payments hidden in 'training' and other budgets. This suggests that while \$22 million may be on the high side as an estimate, \$6 million may be too low.

If, to be on the safe side, we take the lower figure, it is equivalent to 15 percent of total government expenditure on civil service salaries. This may not look a high proportion, but if the \$6 million were used to top up the salaries of key civil servants by an average of \$100 per month it would cover more than 5,000 of them. If the figure for supplementation were \$22 million, on the other hand, it would be equivalent to over 53 percent of the civil service salary bill and would allow distribution of \$100 per month to more than 18,000 officials.

A useful next step in research on external assistance would be to collect and analyse comprehensive data on salary supplementation by projects.

*Source: Annex to Chapter 5 and UNDP.*

**Table 4.12: Mode of skill acquisition, by type of project, as reported by counterparts**

% of counterparts	Multilateral	Bilateral	NGO	Total
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<sup>5</sup> A third source would be the information from 45 counterparts interviewed in our sample projects (see Table 4.10 above), but they may be of above-average seniority.

Classroom teaching, in-house	77%	90%	83%	82%
Classroom teaching, in-country	71%	60%	50%	60%
Formal training or tour abroad	71%	90%	56%	69%
On the job, from foreign advisers	88%	90%	94%	91%
On the job, from colleagues	65%	100%	61%	71%
On the job, self-teaching	88%	100%	94%	93%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

These counterparts have been exposed to more classroom teaching, in-house and in-country, than suggested by the CTAs, and a large proportion have been abroad (especially in the case of bilateral projects). The predominance of on-the-job training is confirmed, with an encouragingly high proportion reporting that they had acquired skills from foreign advisers. Interesting, also, is the even higher proportion that report learning by doing ('on the job, self teaching').

As for the types of new skills acquired, management was mentioned by the highest proportion of counterparts, as Table 4.13 shows.

**Table 4.13: Types of new skills acquired, by type of project, as reported by counterparts**

% of counterparts	Multilateral	Bilateral	NGO	Total
Foreign language	77%	50%	61%	64%
Computer	71%	50%	67%	64%
Communication	65%	40%	67%	60%
Professional/technical	71%	70%	89%	78%
Management	82%	90%	83%	84%
Other	6%		17%	9%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

In general, this is a positive picture. Ninety percent of counterparts in bilateral projects, and more than 80 percent in other types of project, acquired new management skills. A high proportion, particularly in multilateral and NGO projects, also acquired professional/technical, foreign language, computer and communication skills. There are interesting differences between sectors: foreign language skills were mentioned by the highest proportion of counterparts in agriculture and economic management; computer skills in economic management and agriculture; communications skills in rural development and health; professional/technical skills in rural development and agriculture; and management in education and rural development.

As Table 4.14 shows, on-the-job training received by far the most votes from CTAs as the best method of training.

**Table 4.14: The skill development method that 'works best', by type of project, as reported by CTAs**

% of projects	Multilateral	Bilateral	NGO	Total
Classroom teaching, in-house	12%		11%	9%
Classroom teaching, in-country	6%		6%	4%
Classroom teaching, abroad	6%		6%	4%
Study tours	6%			2%
On-the-job training	59%	50%	72%	62%

Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.

*Box 4.4: A model approach to capacity building in education sector management*

One of the most impressive of the projects reviewed, in terms of its capacity-building processes, is that funded by UNDP and executed by UNESCO on Capacity Building in Education and Human Resources Sector Management in 1995-98. It was concerned with upgrading the planning and management skills of administrative personnel of the MoEYS and other ministries and institutions involved in human resources development at central, provincial, and district levels.

It began with an intensive, one-year full-time training programme for a core group of staff members, carefully selected to become national trainers in educational planning and management. This included a four-month English language course in Phnom Penh for 41 participants, followed by tailor-made non-degree courses (of two to three months) at tertiary institutions in Southeast Asia (De La Salle University, Manila, and Institut Aminuddin Baki, Kuala Lumpur).

The next stage was the preparation by the graduates of these overseas courses, in consultation with the project team, of seven training modules (on communication skills, leadership and motivation, office work procedures, staff development, performance appraisal, educational planning, and financial management and budgeting). These were for use as reference texts for training courses to be conducted by national trainers. The modules were written first in English and then re-written in Khmer, over a period of about a year. Finally, training courses were developed on the basis of the modules, training teams were created and, after several pilot sessions, a nationwide training programme for 125 officials from 20 provinces was launched at the Faculty of Pedagogy.

Many lessons can be learned from the processes of this project.

- Careful selection on merit was essential to the success of both the training of trainers and the subsequent courses.
- Rather than setting up a PMU and separate premises, the project team integrated completely with the institution, with two small offices in the ministry.
- Activities within the project were carried out by national counterparts. The project kept a low profile, allowing counterparts to gain credit for its achievements. It was fully-owned by the ministry.
- However, although technically sustainable, the project's financial sustainability is put at risk by the government's budgetary problems and low salaries (see Chapter Six below).

*Source: Altner (1998) and interviews with former CTA and counterpart, Phnom Penh, April and June 1999.*

"Continuous engagement with counterparts on the job" (UNDP CARERE), "doing things in an interactive way" (WHO health sector reform), "day-to-day conversations and suggestions, coaching by sitting next to each other" (GTZ National Institute of Public Health) and "coaching on the job" (CIDSE Partnership Support Programme) were thought by most projects to be far more effective than classroom teaching. One CTA (UNESCO education management) thought that, from this and other points of view, short-term consultants were less satisfactory. They are "in a hurry to finish their report"<sup>6</sup>, and have no time to get inside the existing work culture."

<sup>6</sup> This CTA used to tell them that he was "not interested in the report," which must have come as a shock to some of them!

Formal courses were felt to have their place, however. For instance, the full-time seasonal training of trainers courses in the FAO Integrated Pest Management project were judged by the CTA to be "the best I have ever seen." Classroom teaching (including theory) was thought to be essential at the more advanced level by the JVC automobile repair project. To be effective, classroom teaching had to be interactive (UNICEF health and AusAID CAAEP) and combined with on-the-job training (JICA Maternal and Child Health).

Some felt that study tours were, in general, "a waste of time" (ADB Ministry of Planning). They were thought to be particularly useless if short – less than two weeks – rather than longer attachments, e.g. to the ASEAN secretariat (UNDP ASEAN). Tours in neighbouring countries, culturally closer to Cambodia, were judged to be more valuable: for instance, the ILO vocational training project sent 54 counterparts to Thailand to look at training and training centres there. It should not be forgotten, also, that "overseas training is good for motivation" (FAO forestry).

Some general points were made about individual capacity development. There are major problems with the processes of selection for, and follow-up and dissemination of training (WHO health sector reform). The selection process needs to be transparent and competitive, so that those who undergo training are those who will benefit most from it. Those who have completed training should present reports on their experience. This is a requirement in many projects but often unfulfilled (ADB TVET). Dissemination of the results of training is a problem: "each one teach one" does not always work (OXFAM UK community development). Finally, the JSRC printing house team leader drew attention to the importance not only of hard work but also of off-work activities (including drinking!) in fostering trust and team spirit.

#### 4.10. What are the main obstacles to more effective capacity development?

When asked about the main obstacles to more effective capacity development, CTAs most often mentioned 'management problems' and 'other human resource problems', as Table 4.15 shows. Language problems were cited by surprisingly few, but inadequate salaries, political problems, and problems on the donors' side received more mentions. Between types of project, multilaterals were most and NGOs least worried about inadequate salaries. Bilaterals and multilaterals were more concerned about management problems than were NGOs, and bilaterals had more complaints than others about problems on the donors' side.

**Table 4.15: Obstacles to more-effective capacity development, by type of project, as reported by CTAs**

% of projects	Multilateral	Bilateral	NGO	Total
Inadequate salaries (govt or LNGO)	62%	42%	15%	38%
Other financial problems	17%	8%	15%	14%
Management problems	67%	58%	45%	56%
Language problems	11%		5%	6%
Other human resource problems	61%	58%	55%	58%
Political problems	29%	25%	25%	26%
Problems on donors' side	29%	33%	25%	28%
Other problems		9%	40%	18%

*Source: Interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

On management, lack of clarity about the functions of each institution and of coordination between them was often mentioned. For instance, the École Royale d'Administration (ERA) is based on a French model in which it is the only route into the civil service, but in Cambodia it is not ("when students graduate, there is nowhere for them to go"). The Council for the Development of Cambodia (CDC) and the Ministry of Planning (MoP) are both trying to plan

public investment (multilateral/economic management). And coordination of ministries for such national purposes as ASEAN is very difficult (multilateral/economic management).

Within ministries, not only does centralised, top-down management persist (mentioned by many respondents), it also does not work well: "the director was the only one who commanded respect – he had to supervise staff personally and closely at every stage" (multilateral/economic management). Lower-level "staff lack confidence in the absence of a senior person" (multilateral/economic management). "Written permission is required for everything" (multilateral/women's affairs). The institutional problems of the ERA "reveal all the problems of the civil service: power is completely centralised – money has to be obtained from the Council of Ministers" (bilateral/education). "There are no clearly defined responsibilities for implementation" (multilateral/agriculture). Recruitment procedures are rigid (for instance, MoP can only recruit from its own school) and appointments are not based on merit (the Ministry of Health (MoH) does not always have 'the right person in the right place' at district level).

Problems arising from low average levels of education have already been discussed above. Management, planning and administration of funding were mentioned as particular areas of weakness (bilateral/education, multilateral/agriculture, multilateral/economic management) People are "used to waiting for orders rather than acting on what is in the in-tray" (multilateral/rural development). There is a "lack of experience in putting things into practice" (NGO/rural); "getting people together as a team is difficult" (multilateral/education) – "they don't want to share" (bilateral/education). Needless to say, many of these problems, sometimes perceived as individual, actually reflect the 'disabling environment' affecting the way people work.

On the donors' side, "there are too many projects" (multilateral/agriculture, bilateral/education), they are not coordinated, and they are all pulling in different directions<sup>7</sup>. Within the Ministry of Planning, for instance, there is very little contact between the ADB and UNDP/World Bank projects. Projects also tend to be too short, allowing insufficient time for full development of capacity. Ten years was quoted by many respondents (NGO/rural development, bilateral/health, bilateral/agriculture) as the minimum period needed for this purpose. Should problems arise with the performance of TA personnel, it is difficult to get rid of them (multilateral/economic management). At the village level, there is a mismatch between foreigners' skills and what is needed: Cambodians are more suited to this kind of community work (NGO/rural development).

In the circumstances, it is hardly surprising that the conceptual gap between foreign TA personnel and their government counterparts is sometimes quite large. For instance, a multilateral bringing the message that 'education is joyful' is faced with a model based on 'education through suffering', in which top-down inspection is preferred to supportive monitoring, with the result that repetition rates are very high. The JSRC printing project encountered some official resistance to the idea of a meritocratic approach to management. The idea of charging cost-covering interest rates was unwelcome to government officials who "sometimes seem to want us to give free loans" (NGO/agriculture). And promotion of the concept of integrated pest management has to counter entrenched ideas in the Ministry of Agriculture (in favour of a training and visit system with a strategic stockpile of pesticides) – entrenched ideas which are, incidentally, encouraged by international pesticide companies!

The under-funding of the public sector, already discussed above in the section on supplementation, is reflected not only in low salaries and the consequent absence of support staff, but also in poor communications (e.g. between the capital and provinces), and lack of money for materials, equipment and services (computers, photocopiers, vehicles, paper, electricity, telephone, etc.) which have to be financed by projects (multilateral/economic management).

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<sup>7</sup> See Chapter Eight for further discussion.



The top-down culture is not only found in government. Local NGOs also suffer from it, according to one respondent (NGO/rural development). Other obstacles to the development of the capacity of LNGOs, in addition to the frankly-recognised inexperience of this project's trainers, include: their tendency to copy the system of the international NGO, instead of developing their own; their interest in the material rewards from establishing an NGO, rather than service to the community; managerial inflexibility, for instance, in training a staff member to be finance officer but keeping disbursements of money in the hands of the director; and shortage of training materials. LNGOs also suffer from competition from international NGOs and donor agencies: as soon as they obtain marketable skills, staff tend to look for better paid jobs.

Cambodian project staff interviewed agreed to a remarkable extent with their CTAs about the ranking of problems in developing the capacity of counterparts. They put human resource problems, other than language ability, at the top of the list (mentioned by 67 percent of them). This was followed by management problems (41 percent) and problems arising from low government salaries (30 percent). As might be expected, they were less conscious than CTAs of political problems and problems on the donors' side. Among human resource problems affecting counterparts mentioned by these project staff were: inflexibility; lack of technical skills; low absorptive capacity; unwillingness to work with and accept advice from younger people or those lower in the hierarchy; inappropriate backgrounds; and lack of understanding of the future benefits of capacity development. Management problems mentioned included: lack of transparency; inequitable treatment of staff; top-down management style; poor personnel management (lack of match between skills and tasks); and training programmes not linked to needs.

#### **4.11. Conclusions on the view from the project**

The following conclusions can be derived from our interviews with CTAs, Cambodian staff members and government counterparts in a sample of 50 technical assistance projects.

- Senior TA personnel are, almost without exception, people of high professional quality and experience, though a relatively small proportion of the foreigners among them can use Khmer for professional purposes, and too many think of themselves primarily as 'managers' rather than capacity-builders.
- TA projects seem to be attracting to themselves, as counterparts and Cambodian staff members, a very high proportion of the country's scarcest commodity – graduates. In the case of project staff, also, it looks as if a very high proportion of recruitment is from government.
- CTAs were virtually unanimous in saying that the purpose of TA is capacity development (usually equated with training), of government counterparts. These views were held by interviewees from all multilateral and bilateral projects and the majority of NGO projects.
- Most of the other NGO projects are working primarily with LNGOs, and the trend is away from direct implementation in a community by an international NGO.
- More than two-thirds of CTAs received briefings from their agencies, but less than a third were briefed by government. A high proportion of briefings in both cases emphasised capacity development.
- CTAs, particularly in multilateral projects, tended to be unhappy with the quality of their agency briefings.
- The inadequacy of government briefings of CTAs reflects lack of government ownership of projects, as does the fact that less than half of counterparts interviewed had received a briefing from government.

- The government was most often cited by CTAs as an owner or joint owner of a project, but ownership is likely to be most real in the case of loan projects, since government owns the funds that have been borrowed.
- As far as design is concerned, there were few truly ‘demand-driven’ projects in our sample.
- Once a project is under way, the extent of government ownership of its operations tends to depend on the attitude of top officials in the relevant ministry.
- Projects’ experience suggests that government ownership is not something to be passively awaited. It also needs to be nurtured by projects.
- All bilateral projects were implemented through normal government structures, but almost half of NGO projects did not relate to government at all, and more than a quarter of multilateral projects set up special units (PIUs or PMUs) within government ministries.
- Only 58 percent of the projects in the sample were favourably placed for capacity development, in the sense of **both** being owned by government or an LNGO **and** being implemented through normal government structures or through an LNGO.
- CTAs, Cambodian staff members and counterparts agree that most projects allocate managerial functions to at least some of their counterparts, although there are differences of opinion about the relative importance of their other functions.
- The majority of CTAs and their staff members are relatively happy with the quality of their counterparts, but problems arise from low levels of education.
- Although it is often against agency rules, most projects end up paying some form of salary supplementation. On average, the counterparts interviewed were getting \$194 per month in supplementation.
- From the point of view of efficiency, straight salary supplementation is much preferable to special payments, such as training allowances, product-related payments, etc., which distort the use of time.
- The total amount spent by projects on various forms of salary supplementation would probably, if diverted from individual projects to a national fund, be enough to provide a key group of government officials with a living wage that would enable them to work full-time.
- The method most often used by all types of project in our sample to develop skills of counterparts is on-the-job training, though a large proportion of counterparts interviewed had been abroad for training.
- More than four out of five counterparts reported that they had acquired management skills, and a high proportion had also acquired professional/technical, foreign language, computer and communication skills.
- On-the-job training received by far the most votes from CTAs as the method of training that works best.
- Major problems arise with the processes of selection for, and follow-up and dissemination of training.
- The main obstacles to more effective capacity development cited by CTAs and their Cambodian project staff were human resource problems (other than language problems which were mentioned less than expected), management problems and inadequate government salaries.
- Lack of clarity about the functions of government institutions and lack of coordination between them were the management problems most often mentioned.

- Within ministries, top-down management was reported to persist and to be working badly. The same was said to be true of many local NGOs.
- Management problems are often related to the disabling environment rather than to individual weaknesses.
- On the donors' side, there are judged to be too many projects, not coordinated and pulling in different directions.
- Reflecting all these circumstances, the conceptual gap between foreign TA personnel and their government counterparts is sometimes quite large.
- The under-funding of the public sector is reflected not only in low salaries, but also in funds for other purposes, which have to be financed by projects.



## Chapter Five

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# Cost and Cost-Effectiveness

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### 5.1. Cost matters

One of the most worrying remarks made to our interviewers in the course of the research was in response to their request for information about project costs. The CTA of a bilateral project said:

*I am afraid this information is not available to the public. TA projects funded by my government are planned and organised when the Cambodian government requests them. Their primary purpose is to provide adequate services to meet the needs of the Cambodian government. The cost aspect of TA projects is thus not of primary importance for Cambodia because they are grant aid, fully-funded by my government.*

The idea that the cost of grant-aided projects does not matter (to the recipient government or to anyone else) is widespread. It can be encountered even in the highest reaches of multilateral aid agencies. It should be challenged on various grounds. From the point of view of **donor governments**, cost should matter. Under pressure from their tax-payers to do more with less, they should be looking for lower-cost and higher-impact interventions, whether financed by grants or by loans. From the point of view of **recipient governments**, cost matters if technical assistance programmes belong to them. This can be seen in the case of loan-funded projects where governments are spending their own money and, if effective, take care to keep the costs of inputs to a minimum. If a recipient government does not care about the cost of a programme, this is a sign that there is something wrong. It does not feel that it owns the programme and is interested in it primarily as a source of side benefits. From the point of view of the **inhabitants of a recipient country**, particularly those with the lowest incomes, the cost of grant aid certainly matters. In their interest, if \$226 million in grants is available for technical assistance (as it was for Cambodia in 1998), it should be spent in a way that yields the greatest possible benefit to them for the smallest possible cost. In short, from all these points of view, even in the case of grants, cost matters.

A symptom of projects' coyness about costs is that only 24 out of the 50 projects in our sample returned full replies to our requests for statistical information. In the case of some NGOs, to be fair, this was because a single budget for all operations in Cambodia, rather than separate project budgets, is maintained. Extra work and time would have been needed to disentangle the information we requested. In some other cases, information on salaries of foreigners was regarded as 'confidential'<sup>1</sup>. There seems to be no good reason for this in a global market economy. The UN, for instance, publishes its salary scales and unit personnel

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<sup>1</sup> Some agencies also conceal part of their personnel costs by including in project budgets only payments made to expatriates in Cambodia – not payments made to them at home.

costs for all to see: why not other donors? It is inconsistent of donors to demand transparency from governments while failing to be transparent themselves.

Be that as it may, this chapter briefly analyses some of the information received from projects about their personnel, counterparts, and expenditure. Detailed information about each of the 24 projects can be found in the Annex.

## 5.2. Unit personnel costs

The main distinction to be made in analysing costs and cost-effectiveness of TA projects is between those executed by NGOs or UNV and those executed by another agency – multilateral, bilateral, company or the Cambodian government. Table 5.1 (summarising the data in the Annex) compares unit personnel costs for these two types of project.

**Table 5.1: Unit personnel costs : averages for two different types of project (\$ p.a.)**

Category of staff	Projects executed by NGOs or UNV	Projects executed by multilaterals, bilaterals, companies or government
International experts	\$43,800	\$127,381
International consultants	...	\$159,775
Local experts	\$6,588	\$15,690
Local consultants	...	\$24,250

*Note: Unit personnel costs include not only salary, but also other costs accrued in employing someone, such as air fares, costs of shipping personnel effects, allowances (education, housing etc.), health insurance, superannuation and so on. In the case of non-NGO projects, in particular, they may also include some quite hefty overheads.*

*... Too few observations. Source: Annex to this chapter.*

Although the ranges in unit costs are wide in both type of project, and in some cases the number of observations is too small to be used, the impression given by the table is that NGO-executed projects<sup>2</sup> have much lower unit personnel costs than otherwise-executed projects. This is probably not misleading. For non-NGO projects, as can be seen from the Annex, the cost of an **international expert** can be as high as \$170,000, while the top rate reported by an NGO is \$60,000. Many NGOs pay less than this, and many (including one in the Annex – project no. 19) do not employ any international experts. A special category of international expert should be noted here – one recruited locally, i.e. already living in Cambodia. These can usually be obtained at lower-than-full international cost (project no. 11 has some in this category). It should also be noted that the criterion for inclusion in the 'international' category is market forces, rather than nationality alone. Several Cambodians who have lived abroad are working as experts on aid projects. If they are part of the international labour market, they are paid international rates (sometimes more because of the added advantage of local language, culture and knowledge).

The most expensive category of personnel is **international consultant**. In this case the unit cost includes a high air-fare component, plus a daily subsistence allowance at the international rate (currently \$90 for the UN, usually higher than this in other bilateral and multilateral organisations) or reimbursement of hotel and maintenance costs. In most cases, such consultants are used for relatively short periods, but some projects (e.g. no. 8) give them contracts of a year or more, boosting project costs considerably. NGOs make less use of this category – only one (no. 24) reported doing so, and at a rate comparable to that paid by some donor agencies. In this case, also, local recruitment is a possibility, again usually at lower rates (see project no. 11 – and some of those used by nos. 4 and 7 may be locally recruited).

The unit cost of employing a **local expert**, as can be seen from Table 5.1, is much lower than for an international: one seventh in the case of NGO projects; one eighth in the case of non-NGO projects. Projects are aware of this and make extensive use of them (though to a

<sup>2</sup> In this chapter, for the sake of brevity, projects executed by NGOs or UNV are called 'NGO-executed projects'.

varying extent, as the Annex shows), pulling one of Cambodia's scarcest resources away from other possible uses (as discussed in Chapter Two). Some projects reported that their use in some roles was constrained by sensitivity among senior government officials about their relative remuneration. **Local consultants** can be seen from Table 5.1 to be a more-expensive proposition. Their unit cost in non-NGO projects is 55 percent more than that of a local expert, compared with a cost difference of only 25 percent in the case of internationals. Consequently they are less-widely used.

### 5.3. Determinants of personnel cost

As for determinants of cost, total personnel cost is easier to explain than total current cost – since there are other elements in total cost which will vary with the nature of the project. For instance, how much formal training does it include? How much equipment has to be maintained? Does it spend a lot on materials, etc.? As already discussed, total personnel cost per staff member not only depends on how much each international staff member costs. It will also (in line with the hypothesis on cost in Chapter One) vary directly with the number of international staff members as a percentage of its total number of staff. The data in the Annex to this chapter show how projects differ in their relative use of internationals. Among NGO projects, the range was from zero (project 19) through 2 percent (no.18, one international in charge of a project with a lot of local staff) to 100% (no. 20, a one-person project). Table 5.2 shows how, on average, the two types of project differ from each other in this respect.

**Table 5.2: Personnel costs per staff member and staff composition by type of project, 1998**

	Projects executed by NGOs or UNV	Projects executed by multilaterals, bilaterals, companies or govt
Personnel cost per staff member	\$6,583	\$19,546
International as % of total staff	9%	22%

Source: Annex to this chapter

There is a big difference between NGO and non-NGO projects in personnel cost per staff member and in the proportion of internationals in their staff. Thus there are two ways for a donor to reduce personnel cost per staff member in its projects – ask its executing agency to reduce the percentage of international staff, or find an executing agency that pays its internationals less.

### 5.4. Cost-effectiveness

It would be pretentious to claim that a satisfactory indicator of the cost-effectiveness of a capacity-building project exists. However, there is one measure that focuses attention on some of the determinants of cost-effectiveness: personnel expenditure per senior/middle-level counterpart. For any project this will vary directly with total personnel expenditure and inversely with the number of counterparts in categories A (decision-makers, planners, directors of projects, trainers of trainers) and B (deputy directors of projects, trainers, designers, computer experts, regional and provincial leaders, team leaders) per staff member.

The Annex to this chapter gives details for each project on personnel expenditure, the number of A+B counterparts (total and per staff member), and personnel expenditure per A+B counterpart. Table 5.3 summarises the differences, on average, between the two types of project in this respect.

**Table 5.3: Personnel expenditure in relation to number of counterparts, by type of project, 1998**

	Projects executed by NGOs or UNV	Projects executed by multilaterals, bilaterals, companies or govt
Personnel expenditure	\$697,123	\$11,426,808
No. of A+B counterparts	92	630
No. of A+B c.parts per staff member	0.9	1.1
Personnel exp. per A+B counterpart	\$7,577	\$18,149

Source: Annex to this chapter

NGO projects are, of course, considerably smaller than non-NGO projects, and as has already been seen (Table 5.2 above), their personnel costs per staff member are much lower. There is not much difference between the two types of project, however, in the number of senior/middle counterparts per staff member. As a result, personnel expenditure per A+B counterpart in NGO projects, as Table 5.3 shows, is less than half that in other projects. As the project details in the Annex show, however, the least costly projects are by no means always the most cost-effective on this measure. For instance, projects 18 and 23, which have few internationals, are the least cost-effective in the sample because they have no counterparts! And some expensive projects, such as no. 11 and no. 14, achieve quite low personnel costs per counterpart because they have so many counterparts.

Of course, personnel cost per counterpart measures cost-effectiveness rather than cost/benefit. That is, it measures the cost of achieving a given objective (in this case the employment of a counterpart) rather than the cost per unit of benefit obtained from that arrangement. Even as a cost-effectiveness measure, it is less than ideal: no information is available, for instance, about the intensity and duration of commitment of counterparts to each project. However, as a starting point, it provides a useful means of comparison between projects.

### 5.5. Conclusion: cost, cost-effectiveness and comparative advantage

Discussion of the cost of technical assistance should not be seen as an embarrassing irrelevance: it is at the heart of any programme to improve efficiency in this field.

- Full information about all aspects of project expenditure, including salaries and other benefits of international staff, should be available to everyone. Such information is needed in the search for less-costly ways of achieving given objectives and for ways of maximising benefits to Cambodia per unit of cost. To conceal such information on the grounds that it is 'confidential' is inconsistent with donors' calls for transparency in government.
- Unit personnel costs differ widely between categories of staff (international and local) and types of project (those executed by NGOs and those otherwise executed). This reflects differences in comparative advantage. The view of a top government official that international experts should be confined to 'conceptualising' roles, with field-level posts filled by nationals or experts from Asian countries, was reported in Chapter Two above. This would certainly make sense on grounds of relative cost and probably also of relative effectiveness: an international non-government organisation (INGO) that is moving away from direct implementation at community level is doing so partly because of the mismatch between the skills of foreigners and those needed in the villages. Thus, it makes sense for multilateral/bilateral agencies to economise on expensive international staff, to subcontract to INGOs projects that do not need experts at the top of the international market, and to think twice before deploying its most expensive international experts outside the capital city. INGOs also should work through local intermediaries. The processes of replacement of foreigners by locals within projects, and of replacement of international projects by local



government and non-government agencies, should begin at the community level and work towards the centre.

- Personnel cost per counterpart is recommended as an admittedly crude measure of cost-effectiveness that projects should monitor. It can be reduced, and the cost-effectiveness of capacity-building projects thereby increased, either by cutting personnel cost per staff member (mainly by employing fewer internationals or subcontracting to an agency that pays its internationals less) or by increasing the number of counterparts. It draws attention to the fact that a project without counterparts, inside or outside government, is not developing Cambodian capacity.

**A) Annex to Chapter Five: Information on personnel and expenditure in 24 projects, by donor/executing agency and sector, 1998**

Donor/executing agency	1. Multi/ multi	2. Multi/ multi	3. Multi/ multi	4. Multi/ multi	5. Multi/ multi	6. Multi/multi
<b>Sector</b>	Econ. Man.	Education	Education	Health	Agriculture	Rural devt
<b>Total annual expenditure</b>	\$197,110	\$1484715	\$567,090	\$601,000	\$613,932	\$146,784
<b>Number of TA personnel (av.)</b>						
International experts	1	2.8	1	4	1	1
International consultants	0.8			0.2	1.2	0.3
International admin staff						
Local experts		66	0.5			
Local consultants			1.5			
Local support staff	0.7	23	3	8	3	1
<b>Number of counterparts</b>						
Category A	6	4.5	2.1	1	1	11
Category B	-	30.5	11.7	4	21	-
Category C	-	18	13.6	-	-	-
<b>Unit personnel costs (p.a.)</b>						
International experts	\$72,000	\$168,424	\$130,000	\$90,000	\$168,058	\$35,000
International consultants	\$217,600			\$60,000	\$113,112	
International admin staff						
Local experts		\$3,761				
Local consultants						
Local support staff	\$4,836	\$5,765		\$6,000	\$6,390	\$3,600
<b>Project expenditure, latest year(\$)</b>						
Salaries & personnel	\$80,667	\$1079700	\$305,990	\$430,000	\$443,306	\$31,400
of which: International	\$64,782	\$585,330	\$70,340	\$370,000	\$394,282	\$29,000
Training	\$46,799	\$33,600	\$128,200	\$30,000	\$17,492	\$19,000
Evaluation & monitoring		\$6,540	\$22,500	\$24,000		
Materials/equipment	\$17,513	\$196,058	\$59,000	\$100,000	\$82,381	\$12,400
Payments to counterparts		\$65,703	\$51,400			\$37,840
Other costs	\$47,534	\$103,114		\$17,000	\$70,753	\$46,144
Total	\$192,513	\$1484,715	\$567,090	\$601,000	\$613,932	\$146,784
<b>Personnel exp per A+B counterpart</b>	<b>\$6,722</b>	<b>\$15,388</b>	<b>\$5,942</b>	<b>\$17,200</b>	<b>\$20,150</b>	<b>\$4,282</b>
<b>A+B counterparts per project staff</b>	<b>2.3</b>	<b>0.4</b>	<b>1.8</b>	<b>0.4</b>	<b>4.2</b>	<b>4.9</b>
<b>International as % of project staff</b>	<b>72%</b>	<b>3%</b>	<b>12%</b>	<b>34%</b>	<b>42%</b>	<b>56%</b>
<b>International as % of personnel exp</b>	<b>80%</b>	<b>54%</b>	<b>23%</b>	<b>86%</b>	<b>89%</b>	<b>92%</b>

**B) Annex to Chapter Five: Information on personnel and expenditure in 24 projects, by donor/executing agency and sector, 1998**

Donor/executing agency	7. Multi/multi	8. Multi/govt	9. Multi/govt	10. Multi/govt	11. Multi/co.	12. Bi/ bilateral
<b>Sector</b>	Rural devt	Econ.man.	Econ. man	Health	Education	Education
<b>Total annual expenditure</b>	\$4,910,750	\$722,714	\$3725616	\$355,300	\$2476738	\$136,219
<b>Number of TA personnel (av.)</b>						
International experts	21	-	1.3	1	4.1	2
International consultants	3	2.4	0.1	0.1	10.1	-
International admin staff	3	-	-	-	0.3	-
Local experts	89	-	-	-	-	-
Local consultants	-	1	1.8	-	-	-
Local support staff	109	-	5.1	2	35.9	1
<b>Number of counterparts</b>						
Category A	17	12	1	3	84	2
Category B	80	22	118	13	50	25
Category C	107	140	4,167	25	1,272	8
<b>Unit personnel costs (p.a.)</b>						
International experts	\$102,300		\$170,000	\$150,000	\$170,550	\$146,000
International consultants	\$78,200	\$273,750	\$170,000	\$195,000	\$173,868	
International admin staff						
Local experts	\$7,000		\$35,000		\$47,226 <sup>a</sup>	
Local consultants		\$24,000	\$35,000		\$46,800 <sup>a</sup>	
Local support staff	\$5,700		\$6,200	\$3,750	\$2,041	\$2,400
<b>Project expenditure, latest year(\$)</b>						
Salaries & personnel	\$4,087,000	\$653,714	\$352,132	\$182,500	\$816,038	\$75,405
of which: international	\$2,753,414	\$625,714	\$250,000	\$172,500	\$730,850	\$73,005
Training	\$33,750	\$38,864	\$618,084	\$74,030	\$218,847	\$42,320
Materials/equipment	\$570,000	\$16,000	\$757,393	\$54,325	\$3,517	\$18,494
Payments to counterparts		\$11,136	\$1797172	\$3,600	\$1289246	
Other costs	\$220,000	\$3,000	\$200,835	\$40,845	\$149,090	
Total	\$4,910,750	\$722,714	\$3725616	\$355,300	\$2480255	\$136,219
<b>Personnel exp per A+B counterpart</b>	<b>\$8,444</b>	<b>\$19,227</b>	<b>\$1,081</b>	<b>\$5,703</b>	<b>\$1,358</b>	<b>\$559</b>
<b>A+B counterparts per project staff</b>	<b>0.4</b>	<b>0.7</b>	<b>14.2</b>	<b>5.1</b>	<b>2.7</b>	<b>9.0</b>
<b>International as % of project staff</b>	<b>12%</b>	<b>71%</b>	<b>16.9%</b>	<b>32%</b>	<b>29%</b>	<b>67%</b>
<b>International as % of personnel exp</b>	<b>67%</b>	<b>96%</b>	<b>71%</b>	<b>95%</b>	<b>90%</b>	<b>97%</b>

<sup>a</sup> Locally-recruited internationals

C) Annex to Chapter Five: Information on personnel and expenditure in 24 projects, by donor/executing agency and sector, 1998

Donor/executing agency	13. Bi/bilateral	14. Bi/multi	15. Bi/multi	16. Bi/co.	17. Bi/co.	18. Bi/NGO
<b>Sector</b>	Rural devt	Education	Health	Education	Education	Agriculture
<b>Total annual expenditure</b>	\$939,522	\$1018500	\$1296030	\$345,660	\$1495000	\$310,794
<b>Number of TA personnel (av.)</b>						
International experts	33	3.8	15	-	4.7	4
International consultants	1.2	0.2	0.3	4	0.1	-
International admin staff	5	0.5	4	1.3	-	-
Local experts		4	4	-	-	40
Local consultants		-	-	0.3	-	-
Local support staff	83	-	15	4	4	20
<b>Number of counterparts</b>						
Category A	3	2	4	2.3	4	-
Category B	28	49	25	6.5	-	-
Category C	68	-	-	4	6	-
<b>Unit personnel costs (p.a.)</b>						
International experts		\$78,000	\$131,000 <sup>b</sup>	\$100,000	\$107,000	
International consultants		\$96,000	\$240,000	\$140,000		
International admin staff		\$78,000				
Local experts		\$17,000				
Local consultants			\$20,000	\$18,000		
Local support staff		\$8,000	\$4,611	\$21,000		
<b>Project expenditure, latest year(\$)</b>						
Salaries & personnel	\$575,601	\$371,600	\$964,155	\$279,000	\$730,000	\$257,946
of which: international	\$412,348	\$354,600	\$790,474	\$240,000	\$500,000	\$66,101
Training			\$149,717	\$17,500	\$550,000	\$12,340
Materials/equipment	\$201,808		\$86,710	\$30,000	\$75,000	\$14,966
Payments to counterparts	\$50,047		\$95,448	\$14,160		
Other costs	\$118,066	\$646,900		\$5,000	\$140,000	\$25,542
Total	\$939,522	\$1018500	\$1296030	\$345,660	\$1495000	\$310,794
<b>Personnel exp per A+B counterpart</b>	\$18,734	\$2,429	\$12,361	\$6,377	\$60,833	¥
<b>A+B counterparts per project staff</b>	0.3	9.3	0.8	2.4	0.5	0
<b>International as % of project staff</b>	32%	82%	50%	64%	59%	2%
<b>International as % of personnel exp</b>	72%	95%	82%	86%	68%	24%

<sup>b</sup> VSO volunteers, \$15,000; UNV, \$35,000

## D) Annex to Chapter Five: Information on personnel and expenditure in 24 projects, by donor/executing agency and sector, 1998

Donor/executing agency	19. Bi/NGO	20. NGO/NGO	21. NGO/NGO	22. NGO/NGO	23. NGO/NGO	24. NGO/NGO
<b>Sector</b>	Agriculture	Education	Health	Rural devt	Rural devt	Agriculture
<b>Total annual expenditure</b>	\$244,883	\$166,855	\$170,878	\$172,496	\$128,887	\$190,584
<b>Number of TA personnel (av.)</b>						
International experts	-	1	1.8	1	1	1
International consultants	-	-	0.1	-	0.1	-
International admin staff	-	-	-	-	-	-
Local experts	3	-	-	3	9	-
Local consultants	0.3	-	-	-	-	-
Local support staff	7.5	-	4.8	6	3	-
<b>Number of counterparts</b>						
Category A	1	4	9	7	-	-
Category B	10	-	42	-	-	8
Category C	-	40	31	-	-	-
<b>Unit personnel costs (p.a.)</b>						
International experts		\$40,000		\$36,000	\$48,000	\$60,000
International consultants						\$120,000
International admin staff						
Local experts	\$5,792			\$6,873	\$7,100	
Local consultants	\$4,800					
Local support staff	\$3,017			\$4,734	\$2,900	
<b>Project expenditure, latest year(\$)</b>						
Salaries & personnel	\$43,300	\$39,808	\$85,391	\$66,678	\$107,600	\$65,000
of which: international	-	\$39,808	\$62,019	\$24,870	\$47,700	\$65,000
Training	\$38,400		\$37,404	\$4,934	\$5,007	
Materials/equipment	\$118,450	\$21,469	\$25,035	\$7,529	\$16,280	
Payments to counterparts	\$11,260			\$72,196		\$12,000
Other costs	\$33,473	\$127,047	\$23,048	\$21,159		\$113,584
Total	\$244,883	\$166,855	\$170,878	\$172,496	\$128,887	\$190,584
<b>Personnel exp per A+B counterpart</b>	\$3,936	\$9,952	\$1,674	\$9,525	¥	\$1,354
<b>A+B counterparts per project staff</b>	1.0	4.0	7.7	0.7	0	7.7
<b>International as % of project staff</b>	0%	100%	28%	10%	8%	100%
<b>International as % of personnel exp</b>	0%	100%	73%	37%	44%	100%



## Chapter Six

# What Do Projects Leave Behind?

Chapter Four considered the processes of capacity development adopted by projects and was able to distinguish between structurally 'better' and 'worse' processes. Even more important, however, is the question of what projects leave behind after they have finished and donors have withdrawn. This chapter addresses this question, based partly on what CTAs told us they were doing to prepare for the end of the project; partly on their and their Cambodian staff members' and current counterparts' assessment of what would be left behind; and, partly on interviews with former counterparts and trainees.

### 6.1. The prospective legacy of existing projects

Over 70 percent of CTAs (more in the case of bilateral and NGO projects) claimed to have taken significant steps to strengthen the institution that they are working with, as Table 6.1 shows. Cambodian project staff were even more positive about institution-strengthening – 92 percent of them claiming that their projects had taken significant steps on this.

**Table 6.1: CTAs' assessment of achievements and prospects for own project, by type of project**

% of projects	Multilateral	Bilateral	NGO	Total
% claiming to have taken 'significant steps' to strengthen institution	56%	83%	80%	72%
Plan for post-project sustainability?				
Comprehensive/convincing plan	17%	17%	15%	16%
Partial/unconvincing plan	56%	58%	60%	58%
No plan	28%	25%	25%	26%
Verdict on project's likely achievements:				
Positive assessment	53%	46%	40%	44%
Partially positive assessment	37%	46%	60%	48%
Negative assessment	16%	9%		8%

*Source: interviews with CTAs from 50 TA projects, Phnom Penh, September to November 1999.*

In some cases institution-strengthening did not amount to much more than the individual capacity development described in Chapter Four. Many projects have gone further than this, however, to judge from what CTAs told us. Several have national system-building as one of their primary purposes: for example, the ADB projects on technical and vocational education and training and on statistical system development, UNDP on ASEAN and CARERE, UNICEF on cluster schools, WHO on health sector reform. As an example of institution-building activity, the UNESCO education management project developed, in consultation with counterparts an organisation and activities booklet for the ministry, which tried to avoid the job-

description approach and emphasised processes rather than structure. The REDD BARNA primary education project also worked on the principle that 'improving individual teachers' capacity alone is not enough' and tried to improve the whole school system in its provinces – including pedagogy, development of management and planning, library, the relationship between the school and the community, and physical facilities. And, as an example of a project working with local non-government organisations (LNGOs), Cooperation International pour le Développement et la Solidarité (CIDSE) is in the process of implementing an approach which starts by identifying the institutional capacity of their partners, classifying them into three categories (infant, growing up, adult), setting performance criteria and measuring gaps between criteria and actual performance. Then strategies to fill the gaps are discussed, planned and implemented – all in full consultation with partner LNGOs.

Building systems and institutional capacity is one thing; ensuring that they survive after projects finish, is quite another. As Table 6.1 shows, although 74 percent of CTAs have at least thought about the problem and tried to plan for it, only 16 percent of them have come up with a convincing plan. Plans for sustainability fall into two categories: (a) cost recovery and (b) more money from donors.

Institutions which have goods or services to sell are obviously in a stronger position as far as sustainability is concerned. The small-scale credit organisation, ACLEDA, survives after its project has ended, for instance, because it can finance itself from interest charges. Handicraft workshops have products to sell. Health centres are experimenting with cost recovery. The National Institute of Management finances its undergraduate courses from fees paid by private students<sup>1</sup>. Several projects in our sample are in this category. The JVC project has set up a vehicle repair workshop and finances technical training from its profits: it already pays a living wage to its trainers. The JSRC printing house is in a similar position – profitable and paying a living wage. The rural credit organisation being set up by Group de Recherches et d'Échanges Technologiques (GRET) will be self-supporting through interest payments on its loans. Vétérinaires Sans Frontières (VSF) has set up two local NGOs, both of which are self-supporting in different ways: Veterinaires Ruraux du Cambodge (VRC) provides training in animal husbandry and animal health to clients (including at the moment VSF); the Association of Village Livestock Agents (VLAs) provides veterinary services to customers and facilitates the supply of medicines to VLAs. The latter is entirely self-supporting, without any international funding.

Some other institutions are not yet sustainable, but potentially so. The Census Office has a convincing plan to reduce its size and transfer staff to a new population research centre at the Royal University of Phnom Penh. Commissions for census-based research and other surveys, along with sales of publications, CDROMs etc. and a little money from government should be enough to fund the activities between censuses. If the Ministry of Education accepted the advice of the AusAID examinations project, it would be able to finance the costs of a fully-professional examinations office from candidates' fees. The ADB technical and vocational education project is hoping to make public training institutions self-supporting (through employer sponsorship) by May 2002. The Cambodian Secondary English Teaching Project (CAMSET), learning from a disappointing experience after its first project ended, is creating income-generation structures for the National Education and Training Resource Centre (NETRC), including charges for photocopying, subscriptions, room rental, selling computer time, and an internet and e-mail café. The EU project, Programme d'Appui au Secteur de l'Éducation Primaire au Cambodge (EU PASEC), is experimenting with credit schemes for teachers to enable them and their families to have a second source of income. The JICA rural development project sees emerging signs of sustainability – circulating materials provided by the project is managed reasonably well, yielding some funds for community activities.

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<sup>1</sup> See Chapter Seven for more discussion of NIM.



*Box 6.1 : What does 'financial sustainability' mean for a local NGO?*

Some of the NGO projects that were interviewed appeared to be working on the assumption that their partner institutions would never become self-sufficient, and defined sustainability only in terms of diversification of funding sources. For instance, in the CIDSE Partnership Support Programme (PSP) it was assumed that:

*partner LNGOs will continue to be supported by the PSP and/or other international funding organisations. PSP does not put forward financial sustainability of partner LNGOs as a primary goal. They are non-profit organisations, aiming to reach the real poor in a community. Seeking cost recovery for their services undermines their objective. If they can reach the real poor effectively and efficiently, international NGOs and funding institutions will continue to provide financial support for them.*

Similarly, ACR defined its aim as training LNGOs to diversify their funding sources: to try to become self-financing was inappropriate for this type of organisation.

It is certainly true that most types of LNGO cannot and should not try to finance themselves through cost recovery, for the reasons stated by CIDSE PSP and Australian Catholic Relief (ACR). However, there are dangers in suggesting that these organisations can and should rely on **external** funding forever. As an African proverb puts it, 'if you have your hand in another man's pocket, you must move when he moves'<sup>2</sup>. Excessive reliance on external donor funding may affect the claims to legitimacy of an LNGO, reorient its accountability away from its beneficiaries towards its donors, increase the risks of financial impropriety, and encourage government to favour detailed control of LNGOs rather than creation of a prudential legal framework. In Cambodia, it is of course far too early to think of a quick switch from external to local funding of LNGOs. However, such organisations in other developing countries do raise funds locally: for instance, in the early 1990s BRAC in Bangladesh was already raising one-third of its total budget from local sources, and for Bina Swadaya in Indonesia, the proportion was over 50 percent. International NGOs which fund local partners in Cambodia should at least bear these and similar examples in mind in their long-term planning.

Source: Edwards and Hulme (1996) and interviews with CTAs and counterparts from 50 TA projects, Phnom Penh, September to November 1999.

For an economy in Cambodia's position, particularly as far as human resources are concerned, achieving post-project financial sustainability through further donors' contributions is not a concept that should be dismissed. Capacity development, as already emphasised, takes a long time. The FAO Integrated Pest Management Project (FAO IPM), for instance, was judged to need 'two or three more phases', the French project in the Economics Faculty 'four to five more years'. Some institutions are reluctant to let go of an existing donor and diversify their funding sources: for instance, an NGO team leader complained that while the project was interested in trying to develop the ministry's capacity to raise funds from other organisations, the ministry wanted the NGO itself to provide more funding. Also, some institutions are better placed than others to attract diversified funding. For instance, in our sample, the United Nations Population Fund (UNFPA) reproductive health project is in a ministry attractive to donors (Women and Veteran's Affairs) and has a broad grassroots base of volunteers and an active network of agents selling contraceptives. The LNGO established by the UN Volunteer (UNV) Angkor project and the many human rights NGOs should also be able to attract external finance for an indefinite period. At any rate, those who are relying on this solution have to be sure (a) that the funding will be forthcoming for the necessary period, and (b) that the period is long enough to achieve eventual self-sufficiency.

<sup>2</sup> Van der Heijden (1987), cited by Edwards and Hulme (1996).

In the end, however, most CTAs admitted that neither cost recovery nor more money from external donors was a sufficient answer to the problem of post-project financial sustainability. In the case of projects concerned with government institutions, user fee systems rarely cover the whole budget (bilateral/health) and are in danger of becoming anarchic (NGO/health). Sooner or later, also, with the multiplication of competing claims from crises in other parts of the world, donor fatigue may set in. The solution 'has to come from government' (multilateral/health). 'Nothing is sustainable without fiscal and civil service reform' (multilateral/rural development). Reform should include a definition of the functions of ministries and departments, which is a 'prerequisite of financial sustainability' (multilateral/economic management). However, while sustainability is ultimately the government's responsibility, donors also have a responsibility to press for the reforms of administration, finance and salaries which alone can ensure that their projects leave behind viable institutions. To be effective, this pressure can only be exerted collectively, not by individual donors (multilateral/education).

Nevertheless, as Table 6.1 shows, most CTAs<sup>3</sup> took an at least partially-positive view of the achievements of their project. Only four passed negative verdicts on their projects. In one case, this was because of doubts about the donor-driven concept on which the project was based -- 'maybe it is an idea from abroad which is not yet relevant to Cambodia'. In the other three cases the doubts were based on the weakness of the structures within which the institutions were operating: functions overlap with other institutions, the institution has neither the power nor the ability to manage its own affairs, etc. Positive verdicts were generally based on success in developing individual or institutional capacity: 'the capacity to continue to implement and improve policy has been transferred' (multilateral/economic management); the project will leave behind 'technical capability' (multilateral/agriculture), 'the ethic of integrated pest management and a group of very good trainers' (multilateral/agriculture), 'a strong research and training institution' (bilateral/agricultural), 'a participatory farmer-to-farmer extension system as a model for the whole country' (NGO/agriculture). In one project (multilateral/economic management), the importance of leaving behind useful documentation **in Khmer** was emphasised (too many projects leave only shelves full of large documents in English or French). However, many, while positive, said that more time was needed – in one case as many as 15 to 20 years (multilateral/education). 'It will be time to go when counterparts are telling us that we are wrong – that is a good indicator of capacity development' (multilateral/rural development). Most of the optimists about project outcomes added the one crucial proviso – 'if finance is available'.

The verdict of 45 current counterparts in the sampled projects on likely achievements is remarkably similar to that of their CTAs, as Table 6.2 shows.

**Table 6.2: Current counterparts' assessments of achievements of projects, by type of project**

Verdict:	Multilateral	Bilateral	NGO	Total
Positive	41%	60%	28%	40%
Partially positive	53%	30%	67%	53%
Negative	6%	10%	6%	7%
No. of respondents	17	10	18	45

*Source: interviews with counterparts from 50 TA projects, Phnom Penh, September 1998 to November 1999.*

Multilateral projects receive lower, and bilateral projects receive higher marks from their counterparts than from their CTAs, but the overall percentage giving at least a partially-positive assessment is about the same in both cases. Positive points made by counterparts included: success in reducing the number of expatriate staff and promoting counterparts to

<sup>3</sup> Cambodian project staff were even more confident – 22 percent of the 27 who were interviewed gave a fully-positive and 74 percent a partially-positive assessment of their project's likely achievements.

take over from them; improvement in the institution's structure and functioning; and building counterparts' capacity. On the other hand, there were criticisms of: the failure of a project to give counterparts the opportunity to obtain degrees (!); the small size of the grant; lack of transparency in the budget; failure of an over-confident CTA to involve counterparts; unsatisfactory international experts who did not have the specialist skills required and worked mainly on financial administration; and the high cost of international experts. On sustainability, one project was praised for creating a self-supporting institution which could support its staff, pay government taxes, and replicate activities. But also there were many worries. In one case, the duration of a project was judged to be too short – all its aims were not completed, and it was handed over to government without funding. Some were happy with the salary supplementation, but one pointed out that projects would be more sustainable in the absence of supplementation: "when the project finished, government staff would replicate its activities without asking for extra money."

## 6.2. Interviews with former counterparts

Another way of finding out what projects leave behind is to try to find former counterparts in those projects that have finished. As yet, there are few projects in this category: some way of adding a further phase is usually found. However, it was possible to identify seven completed projects and 49 former counterparts in the Ministry of Agriculture, Forestry and Fisheries. Table 6.3 summarises their employment situation at the time of the tracer study in early 1999.

**Table 6.3: Ministry of Agriculture – employment situation of former counterparts in early 1999**

project finished in:	1996 or before		1997 or after	
Still working in ministry	12	48%	22	92%
Working for international agency/NGO	11	44%		
Student	1	4%	2	8%
Outside labour force	1	4%		
Total	25	100	24	100%
		%		

*Source: interviews with former counterparts, Phnom Penh, September 1998 to March 1999.*

As can be seen, there is a contrast, as far as the situation of former counterparts is concerned, between projects that finished in 1996 or before and those that have finished since then. Less than half of the counterparts from the earlier generation of projects are still working in the ministry, compared with almost all in the case of more recently-completed projects. This probably reflects the changes in the international-agency and NGO labour markets in recent years. Those who ended their work as counterparts in 1996 or before were able to find jobs relatively easily in the still booming external assistance sector (see Chapter Two). By 1997 as the political situation deteriorated, so did the labour market, and former counterparts had little alternative but to stay in the ministry.

Twenty-nine of those still working for government were interviewed in the Ministry of Agriculture, Forestry and Fisheries (MAFF) and 27 in the ministries concerned with economic management. As can be seen from Table 6.4, well over half of them had been transferred to another department, and very few were still in the same post that they had held at the time of the project.

**Table 6.4: Jobs held and use of skills by former counterparts, by sector**

	Agriculture	Economic Management	Total
Same department, same post			
- using skills acquired	4	5	9
- not using skills acquired			
Same department, different post			
- using skills acquired	13	1	14
- not using skills acquired		1	1
Different department			
- using skills acquired	11	13	24
- not using skills acquired	1	7	8
Total			
- using skills acquired	28	19	47
- not using skills acquired	1	8	9

Source: interviews with former counterparts of 32 donor agencies, Phnom Penh, September 1998 to March 1999.

However, a very high proportion - almost all of those in agriculture and 70 percent of those in economic management - claimed to be using the skills that they had acquired during the project. As might be expected, those transferred to a different department were less likely to use acquired skills than those who were still in the same department.

There was little difference between multilateral and bilateral projects in the subsequent record of their former counterparts, as Table 6.5 shows. The proportion of those from bilateral projects who have subsequently switched departments is slightly higher, but so is the proportion using acquired skills.

**Table 6.5: Jobs held and use of skills by former counterparts <sup>a</sup>, by type of donor**

	Multilateral	Bilateral	Total
Same department, same post			
- using skills acquired	8	3	11
- not using skills acquired			
Same department, different post			
- using skills acquired	8	6	14
- not using skills acquired	1		1
Different department			
- using skills acquired	12	12	24
- not using skills acquired	6	2	8
Total			
- using skills acquired	28	21	49
- not using skills acquired	7	2	9

<sup>a</sup> includes 2 former counterparts from sectors other than agriculture and economic management.

Source: interviews with former counterparts of 32 donor agencies, Phnom Penh, September 1998 to March 1999.

The skills acquired during projects were predominantly professional, as Table 6.6 shows: three-quarters of those interviewed (almost 90 percent in the case of the Ministry of Agriculture), said that they had improved their professional skills. English and computer skills were the other two categories most emphasised by respondents, almost half in each case. Communication and managerial skills were little emphasised. There were some interesting contrasts between the sectors: for instance, few agricultural counterparts reported having improved their computer skills, while for economic management this was the most important category of skill acquired.

**Table 6.6: Skills acquired by former counterparts, by category and sector**

	Agriculture	Economic Management	Total
Number interviewed <sup>a</sup>	35	30	65
Skill categories:			
Communication	13	9	22
Computer	6	25	31
English	16	16	32
Management	8	6	14
Professional	31	17	48
Other	22	7	29

<sup>a</sup> including some no longer working for government

Source: interviews with former counterparts of 32 donor agencies, Phnom Penh, September 1998 to March 1999.

Given the usefulness of the skills acquired, it is perhaps not surprising that the verdict of former counterparts on the legacy of their projects is overwhelmingly positive, as Table 6.7 shows. Some of the positive opinions related to personal circumstances ("Now I can study abroad for two years!"). Some were qualified with a "but": "the project stopped too soon, with databases incomplete, counterparts still not fully trained, draft legislation unfinished or not yet implemented." Some negative or neutral verdicts were based on criticism of government ("not willing to cooperate with the expert, not following up the project, not making proper use of the people who have been trained"); some on criticism of advisers ("cost a lot of money, not willing to share knowledge with counterparts"); some on recruitment practices ("projects should train experienced staff before recruiting new staff, some of those recruited were below the level needed to absorb new skills"); and some on lack of sustainability ("no funds to continue the project activity"). In general, as already emphasised, former counterparts were enthusiastic. Typical responses included the following. "The project changed attitudes." "I learned a lot and I use the skills that I learned." "The knowledge gained in the project is more useful than what I was taught in university."

**Table 6.7: Verdict of former counterparts on what projects left behind, by type of donor**

Verdict:	Multilateral	Bilateral	Total
Positive	74%	79%	76%
Neutral	16%	7%	12%
Negative	11%	14%	12%

Source: interviews with former counterparts of 32 donor agencies, Phnom Penh, September 1998 to March 1999.

However, in one crucial respect the legacy of the projects is disappointing. As Table 6.8 shows, inflation and the devaluation of the riel have steadily eroded the earnings from government of the former counterparts interviewed. As a result, the salary received for work done in the ministry rose from \$23, on average, before the project, to \$140 (including supplementation) during the project, but fell again to around \$14 after the project was finished. There is some variation between the sectors (with the salary roller-coaster particularly violent in economic management) but the pattern is essentially the same. Nine of those interviewed in MAFF were lucky enough to have found new projects, which gave them higher average earnings than before. Those who did not find new projects have to obtain substantial outside earnings in order to survive. For this group, earnings from other sources represented 62 percent of total earnings, on average, before the project, 14 percent during the project, and as much as 90 percent after the project<sup>4</sup>. Essentially, most of these former counterparts are now only part-time government employees. Also a large proportion (41 percent of the total) is looking for another job: 52 percent of those in economic management, 28 percent of those in agriculture.

<sup>4</sup> If anything, outside earnings are likely to have been understated by respondents.

**Table 6.8: Average earnings of former counterparts working for government, before during and after projects**

\$ per month	Agriculture	Economic management	Total
<b>Before project</b>			
Average earnings from government	28	16	23
Average earnings from other sources	44	28	38
<b>During project</b>			
Average earnings from government	17	16	17
Average earnings from supplementation	114	134	123
Average total earnings from project	131	150	140
Average earnings from other sources	5	43	23
<b>After project</b>			
<b>(a) did not find another project</b>			
Average earnings from government	14	13	14
Average earnings from other sources	137	92	111
<b>(b) found another project</b>			
Average earnings from government	11		11
Average earnings from supplementation	228		228

Source: interviews with former counterparts of 32 donor agencies, Phnom Penh, September 1998 to March 1999.

Of course, former counterparts who leave government, or remain but work only part-time, are not a loss to Cambodia. A social cost/benefit analysis would record a benefit to the economy. But it is presumably not the main intention of TA to prepare government officers for non-government work.

### 6.3. What do scholarships leave behind?

A technical-assistance alternative to projects that has its supporters among top government officials is scholarships for postgraduate courses. An innovative example of such a course is the MSc in Financial Economics by distance education, funded by the Swedish International Development Agency (Sida) at a cost of SEK 7.8 million (around \$1 million). The object of this course, which was implemented by the Centre for International Education in Economics (CIEE) of the School of Oriental and African Studies (SOAS) at London University, and administered in Cambodia by CDRI, was to alleviate the shortage of qualified financial economists needed to support economic reform programmes.

Thirty-six students were accepted for a qualifying year of course work in 1995, of whom 24 survived to take the full MSc course (including only one woman). Twenty-two of these graduated successfully in 1997 – a graduation rate of 92 percent, the highest among the four countries involved in the programme (the others were Vietnam, Mozambique and Namibia). An evaluation of the programme will not be attempted here (Sida will publish one soon<sup>5</sup>): our focus is only on what happened to the graduates after they finished the course.

**Table 6.9: Job situation of MSc graduates in April-June 1998**

Status after the course	Using knowledge from MSc	Not using knowledge from MSc	Total
Same department, same job	4	2	6
Same department, different job	7	2	9
Different department	3	0	3
Total	14	4	18

Source: CDRI Tracer Study of MSc Graduates, 1998 (unpublished).

<sup>5</sup> Goppers et al, forthcoming.

In April-June 1998, four to six months after the end of the course, CDRI tried to trace the 22 graduates. Two had already proceeded to another Master's course in Australia (in definite contravention of the purpose of the Sida programme!). One had been recruited by an NGO outside Phnom Penh and did not respond. Another was out of the country. Of the 18 who responded, as Table 6.9 shows, one third were still in the same job as before the course, half were in the same department/institution but had changed their job, and the rest had moved to a different department (but still within government). A high proportion of these graduates claimed to be using the skills that they had learned in their work – 78 percent, compared with 84 percent of the former counterparts in projects still working for government (summarised in Table 6.5 above).

*Box 6.2: What happens to students who go overseas?*

A positive aspect of a distance-education programme such as the MSc course discussed in this section is that participants are in Cambodia when they graduate. In the case of those who go overseas for further education, in contrast, there is an obvious danger that they will delay their return, perhaps indefinitely. A tracer study of Australian Development Scholarship graduates (mostly at the Master's level) found evidence of this, but the rate of overstaying was perhaps lower than expected. Of 57 government officials who went to Australia in this programme since 1994, almost all completed their courses successfully. Fifty of them had returned to Cambodia by early 1999: the remaining 7, or 12 percent of the total, were still in Australia though they had finished their studies. Interestingly, none of the women (a quarter of the awardees) had overstayed.

No data on earnings are reported, but as in the case of the distance-education graduates, a large proportion (of the 40 who were interviewed) were supplementing their earnings by outside work. As many as 43 percent (a higher proportion than in the case of the distance-education course) claimed to be working full-time for their ministries (but some of them admitted doing private work during lunch-times, in the evenings and at weekends), 32 percent worked less than full-time for government, 20 percent worked full-time outside the ministry while still on its staff, and 5 percent had left the ministry completely.

Of those interviewed, 45 percent reported that they were making full use of their training, with another 38 percent reporting partial use: this looks comparable with other modes of training. Only 20 percent reported monetary gains from studying in Australia, although 42 percent said that their responsibilities had increased.

Although the tracer study makes recommendations for improvement in the selection process, selection criteria, preparation for studies, and follow-up, there is no doubt about the benefit to Cambodia of this excellent programme. However, as with other comparable projects and programmes, its contribution to capacity-building in the public sector (the ostensible aim of the ADS scheme) is weakened by the slow pace of administrative reform, reflected in low salaries which force more than half of the graduates who return to support themselves by work outside their ministries.

Source: Yeo (1999).

While this outcome is encouraging, as with the former counterparts, the information about earnings is less so. As Table 6.10 shows, the graduates on average enjoyed a 12 percent increase in total earnings in dollars and a 36 percent increase in earnings from their main job (which in this table includes project salary supplementation) after completing the course.

**Table 6.10: Average monthly earnings, from main job, other sources and total, before and after the MSc course**

(\$)	From main job	From other sources	Total
All graduates			
Before the course	\$67	\$68	\$135
After the course	\$91	\$61	\$152
Government staff only			
Before the course	\$37	\$68	\$104
After the course	\$28	\$68	\$96

Source: CDRI Tracer Study of MSc Graduates, 1998 (unpublished).

However, the after-course figures for all graduates are pulled upwards by two NGO employees (who both stayed in the same institution but were promoted after the course). If they are excluded, the dismal experience of the remaining 16 government staff who graduated is revealed. Their earnings from their main job, paid in riels and eroded by devaluation<sup>6</sup>, were actually 25 percent lower than before the course. They were forced, as before, to rely on outside earnings<sup>7</sup> for the greater part of their income. The only ones who could afford to work full time on their government job were the four who had managed to find (salary-supplemented) projects. Thus, as in the case of the former counterparts, while individual capacity was undoubtedly boosted by the programme, its objective of strengthening the capacity of government was not achieved at this stage.

#### 6.4. Conclusions on projects’ legacy

The following conclusions about the legacy of technical assistance projects can be drawn from the interviews with CTAs and current counterparts, former counterparts, and graduates of a distance-education Master’s course.

- Although a large proportion of CTAs claimed to have taken significant steps to strengthen the institution that they were working with, less than a fifth of them have come up with a convincing plan for ensuring its post-project sustainability, usually involving (a) cost recovery or (b) more money from donors.
- Institutions with goods and services to sell are in the strongest position as far as cost recovery is concerned, but only a few are in this position.
- It is legitimate for projects to look to further contributions from donors to achieve sustainability. Capacity development takes a long time and Cambodia’s starting point is particularly weak. But projects which are relying on this solution have to be sure that (a) the funding will be forthcoming for the necessary period, and (b) that the period is long enough to achieve eventual self-sufficiency.
- As for local NGOs, most of them cannot and should not try to finance themselves through cost recovery, but there are dangers in suggesting that they should rely on external funding for ever. LNGOs in other developing countries do raise funds locally, and these examples should be borne in mind in long-term planning by international NGOs which fund local partners.
- In the end, as most CTAs admit, neither cost recovery nor more money from external donors is a sufficient answer to the problem of post-project financial sustainability of government institutions. The solution – reform of administration, finance and government salaries – ultimately has to come from government. But meanwhile donors have a

<sup>6</sup> The figures for dollar earnings from main job of government employees (who are paid in riels) are obviously sensitive to the exchange rate used. In this table, the average market exchange rates for 1995 and 1998 are used for the before and after calculations, respectively.

<sup>7</sup> Outside earnings, both before and after course, are probably understated.



**collective** responsibility to press for these reforms which alone can ensure that their projects leave behind viable institutions.

- Former counterparts in the Ministry of Agriculture have met different fates depending on when their projects finished: less than half of those in projects which finished in 1996 or before are still working in the ministry, but those in projects which finished more recently have had no alternative but to stay in the ministry.
- Among former counterparts still working in ministries in two sectors – agriculture and economic management – very few are still in the same post as before, but a high proportion claimed to be using the (predominantly-professional rather than managerial) skills acquired in their project.
- In general, former counterparts were enthusiastic about the legacy of the projects, particularly as far as the personal impact is concerned.
- However, in one crucial respect the legacy of the projects is disappointing. Inflation and devaluation of the riel have steadily eroded the earnings from government of the former counterparts interviewed. Salary received from work done in the ministry, boosted by salary supplementation during the project, is now lower than it was before the project. Most of these counterparts are now only part-time government employees, and a large proportion is looking for another job. This does not represent a loss to Cambodia, but it is presumably not the main intention of TA to prepare government officers for non-government work.
- Interviews with graduates from a special distance-education MSc course in financial economics a few months after graduation revealed a similar picture. Most were still government employees, and most claimed to be using the skills they had learned in the course. However, those still with government were earning less from their main job than before the course, and were forced, as before, to rely on outside earnings for the greater part of their income. Thus, this scholarship programme had so far been no more successful in strengthening the capacity **of government** than were the projects already reviewed.
- The outcomes, as far as former counterparts and graduates of scholarship programmes are concerned, are consistent with a process of adverse selection. That is, the only ex-counterparts and graduates who remain working full-time without salary supplementation for government are those without other options – presumably those without marketable skills.



## Chapter Seven

# **What Do Projects Add up to? The View from the Institution**

As hypothesised in Chapter One above, success in a number of projects is no guarantee of a positive institutional, sectoral and national outcome. Each project may be successful in its own terms, but may not add up to a coherent whole. This chapter aims to explore the validity of this statement through case studies of the experience of technical assistance at three institutions – the School of Agriculture Prek Leap (SAPL) and, in less detail, the National Institute of Management (NIM) and the National Institute of Statistics (NIS). Chapter Eight will explore the question of what projects achieve at the sectoral and national levels.

### **7.1. School of Agriculture Prek Leap**

The case study of the School of Agriculture Prek Leap is based on: a review of documents; interviews with five senior managers, eight current and nine former technical assistance advisers (TAA), seven section leaders and 13 teachers; a questionnaire survey to which 67 (out of 83) teachers, four senior managers, and 12 current and former TA advisers responded; and, a meeting with management to discuss initial findings.

#### **7.1.1. Background**

SAPL, a separate department of the Ministry of Agriculture Forestry and Fisheries (MAFF), was established in 1950 and offered a two-year certificate course and three-year diploma course, producing "Agricultural Agents" and "Controllers" in agriculture and related fields until 1975. During the Pol Pot regime (1975-79), the campus was turned into a military camp and prison. From 1984-88, the School, relying almost entirely on the Vietnamese assistance for both the curriculum and teaching, offered a one-year certificate course and a two-and-a-half-year diploma course in Agronomy, Animal Health and Production, Hydrology, Forestry, Fisheries, and Meteorology.

As the Vietnamese withdrew in 1988/89, MAFF started assigning more technical staff from its various departments to teach at SAPL on a part-time basis. The School also started to find its own teaching staff to gradually replace the part-time teachers. By 1995, it had received enough full-time teaching staff, most of whom had just graduated from SAPL itself and the Royal University of Agriculture (RUA), and they needed further training to be able to teach.

At present, SAPL has 181 staff, including 83 teachers. The management structure consists of four Offices (Administration, Study, Planning and Accounting, and Farm) under the leadership of the Director, supported by a Vice-Director. In the academic area, the School has 10 Sections: Agribusiness, Agronomy, Animal Health and Production, Agricultural Extension, Fishery, Forestry, Horticulture, Agricultural Mechanisation, Hydrology, and Basic Science and Languages. Each Section comprises three to 10 teaching staff, including a leader and vice-

leader. Currently SAPL offers courses at the Diploma Level I (2 years) and Diploma Level II (3 years) in the specialisations of each of the School's 10 sections. In addition, over the last few years, the School has also developed and delivered several short courses for the staff of MAFF, international organisations (IOs) and NGOs.

### **7.1.2. The capacity of SAPL before the influx of technical assistance**

In order to provide a fair evaluation of how much SAPL gained from technical assistance, it is important to understand the levels of capacity of the teachers, sections and management of SAPL during the early 1990s when TA projects started to flow in.

In the first half of the 1990s, SAPL was in the process of seeking sufficient full-time teachers and each year received dozens of university and college graduates under the government's centrally-planned distribution of labour. These new graduates became the bulk of the teaching staff. By 1995, SAPL had overcome the lack of full-time teachers, but faced a great challenge in qualifying them.

There was no guarantee that the new teachers, having just graduated from the two-and-a-half-year Diploma course at SAPL or 4-year Bachelor's degree course at RUA, were well-equipped to carry out the teaching job at SAPL. There appear to be various reasons why their capacity in general was poor. First, the Vietnamese or Russian-made curricula, under which those new teachers had studied, had to be modified to accommodate a market-oriented one. Second, the training standards of these institutions at that time were generally weak, especially in terms of practical training. Third, the abrupt replacement of the Vietnamese and Russian teachers also meant a deterioration in training quality for these institutions. As the Vietnamese or Russian teachers left, a number of their students were assigned to replace them. These substitute teachers were not well-prepared to carry on with the teaching jobs and faced the new challenge of translating the Vietnamese or Russian materials into the Cambodian language. Finally, there was no consideration of the quality or the grades of the graduates appointed to become teachers at SAPL in the 1990s. They were simply automatically employed by government to teach at SAPL. The result was an extremely mixed level of capacity at SAPL, which made it difficult for TA projects aiming at capacity development. The situation was recalled by a TAA who worked as an Education Management Planner from early 1993 to late 1994.

*...the biggest problem was the confidence of the teachers...many who had received either very poor training or no training in the subject they were supposed to teach...so they were very reliant on text books and very fixed lesson plans...if they came to teach at all (many were paid but in fact never came to teach)...*

### **7.1.3. External assistance to SAPL**

Since 1984, SAPL has received a great deal of external assistance from multilateral and bilateral agencies and non-governmental organisations. To begin with, around the mid-1980s, Cooperation International pour le Développement et la Solidarité (CIDSE) provided infrastructural support – electricity, water and building renovation, and Vietnam provided the curriculum, teachers and technical advisors. Then in 1987, French assistance started to come in through Lycée Agricole de Le Mans (LAM). External assistance reached a peak around the mid-1990s (see Figure 1).

Figure 1. Implementation agencies and donors active at the School of Agriculture Prek Leap

Implementation Agency	Donor	*	**	***	Period of Assistance																	
					1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Vietnam	Vietnam Government	1	C		X X	X X	X X	X X														
CIDSE	CIDSE	2		M	X X	X X	X X	X X	X X	X X	X X											
LAM		2	C	M			X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X
ACR/Caritas Aust.	UNDP, AusAID, ACR	1	C	M							X X	X X	X X	X X	X X	X X	X X					
CCFD		3	C								X X	X X	X X									
VSO	VSO	2	C	M							X X	X X	X X			X X	X X					
CWS	CWS	3	C									X X	X X									
AIT	DANIDA	1	C	M								X X	X X	X X	X X	X X	X X	X X	X X	X X	X X	X X
CIAP	AusAID	3	C									X X	X X	X X	X X	X X	X X	X X				
(Loan)	ADB	1		M									X X	X X								
UQGC	UNDP, AusAID, ACR	2	C											X X	X X	X X	X X					
PAFAARC	CFD	2	C	M										X X	X X	X X	X X	X X	X X	X X	X X	X X
(Loan)	World Bank	1		M											X X							
CAAEP	AusAID	1	C	M											X X	X X	X X					
ADDA (DANIDA)	DANIDA	1	C	M											X X	X X	X X	X X	X X	X X	X X	X X
China Agrion	Chinese Government	1		M												X X	X X					
FAO	UNDP	3	C													X X						
GTZ	GTZ	3	C														X X	X X				

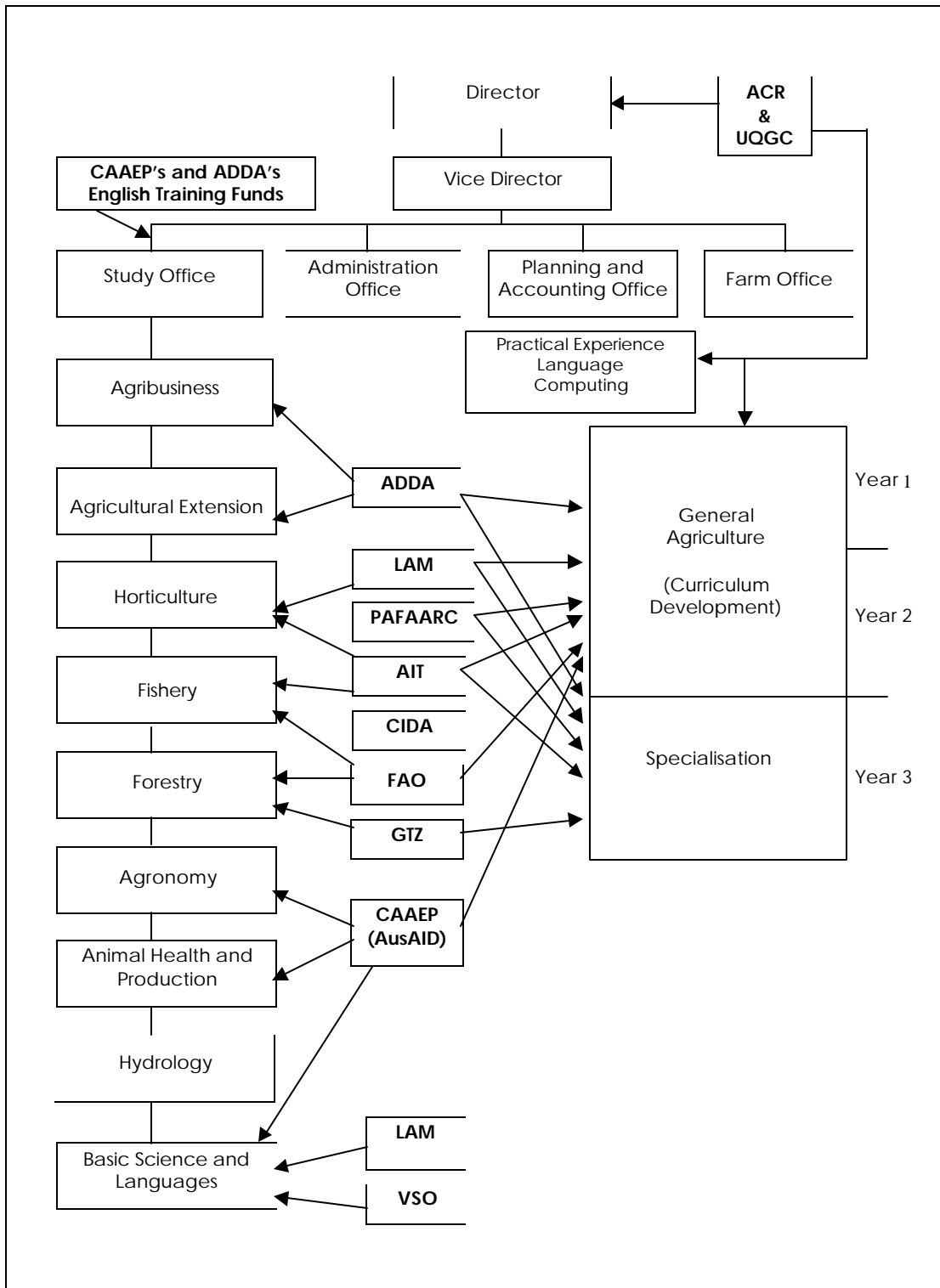
1: small (&lt;US\$10,000)

2: medium (US\$10,000-US\$200,000)

3: big (&gt;US\$200,000)

Note: \* Size of Assistance \*\* C: Capacity building \*\*\* M: Material support

Figure 2. SAPL's Organisational Structure and TA Support



The ways in which external assistance has flowed into SAPL appear to have varied according to the type of the assistance. Bilateral assistance has come to SAPL through MAFF and has been registered at the Council for the Development of Cambodia (CDC). However, the NGO assistance is reported to have been provided directly to SAPL, with the approval of MAFF. In general, the needs and problems were identified by SAPL for both infrastructure development and technical assistance projects. However, according to the management, design, implementation and monitoring of infrastructure development projects was assumed by donors in consultation with SAPL. SAPL and MAFF participated in the evaluation of infrastructure projects. SAPL assumed a significant role in implementing technical assistance projects. But donors have had a larger role in designing, monitoring, and evaluating such projects, and big lags have occurred between design and implementation. For instance, the Cambodia-Australia Agricultural Extension Project (CAAEP) was designed in 1994 and was not implemented until 1996.

#### **7.1.4. The impact of technical assistance on capacity development**

All technical assistance projects provided to SAPL in the 1990s aimed to develop the capacity both of individuals (managers and teachers) and of the institution. The institutional-strengthening programme supported by Australian Catholic Relief (ACR) focused directly on institutional management. The rest dealt primarily with the capacity of individuals and curricula, although they contributed to institutional management (at both the section and School levels).

Tables 7.1 to 7.5 show the verdicts of teachers and current and former TA advisers about the impact of TA projects on capacity at the individual, section and School levels. These respondents rated the impact on a scale of five: (1) very weak, (2) weak, (3) satisfactory, (4) strong, and (5) very strong. A weighted index was also calculated to indicate the relative strength of the impact on different aspects of capacity.

It should be noted that among the 67 teaching staff surveyed, 52 had worked with TA projects that provided specified support to their sections such as ADDA, Asian Institute of Technology (AIT), CAAEP, PAFAARC, LAM, GTZ, FAO, Canadian International Development Agency (CIDA) and Voluntary Services Overseas (VSO). However, everyone participated in the curriculum development process that was largely supported by ACR and UQGC. In Table 7.1, these 52 teaching staff scaled the combined impact of both the projects that supported their sections, and the projects that supported the School curriculum as a whole.

**Table 7.1: Impact of overall technical assistance on teachers, as seen by the teachers**

	Number of Responses					Very Weighted Index (1 – 5)
	Very weak 1	Weak 2	Satisfactory 3	Strong 4	Very Strong 5	
Participation in curriculum development	0	3	19	18	12	3.8
Eagerness to learn	0	5	19	19	9	3.6
Confidence to work	0	2	20	25	4	3.6
Attitude to work	0	7	12	28	5	3.6
Willingness to work in a team	1	5	18	20	8	3.6
Practical experience	0	7	21	23	0	3.3
Technical capacity	0	9	22	19	2	3.3
Teaching skills	3	8	17	22	2	3.2
Exposure to outside experiences	2	10	21	15	4	3.2
Financial support from workplace	5	19	25	3	0	2.5

Source: interviews with 52 teachers who had worked directly with TA projects at SAPL, Phnom Penh, June and July 1999

Table 7.1 summarises teachers' assessments of the impact of technical assistance on their own capacity. Overall, the teachers reported that technical assistance had had a remarkable impact on various aspects of their capacity, particularly in curriculum development. Eagerness

to learn, attitude to work, willingness to work in a team and confidence were all reported to have been favourably affected. The least impact was felt on financial support for the teachers; most teachers considered this a major weak point of all the TA projects.

On the whole, the TAAs rated the impact of technical assistance on the teachers more highly than did the teachers themselves (see Table 7.2). In particular, a higher proportion of the TAAs reported that technical assistance had enriched the teachers' practical experience. However, the TAAs seem to agree with teachers that technical assistance had the least effect on financial support for the teachers. According to many of the TAAs, though, this was not entirely attributable to the failure of technical assistance since it was not its purpose to provide salary supplements to teachers.

**Table 7.2: Impact of overall technical assistance on teachers, as seen by TA advisers**

	Number of Responses				Weighted	
	Very weak (1)	Weak (2)	Satisfactory (3)	Strong (4)	Very Strong (5)	Index (1 – 5)
Practical experience	0	1	0	7	4	4.2
Participation in curriculum development	0	0	2	7	3	4.1
Eagerness to learn	0	0	5	4	3	3.8
Exposure to outside experiences	0	1	4	4	3	3.8
Attitude to work	0	0	5	6	1	3.7
Technical capacity	0	0	7	4	1	3.5
Confidence to work	0	0	7	4	1	3.5
Willingness to work in a team	0	2	5	3	2	3.4
Financial support from workplace	1	1	5	5	0	3.2

Source: interviews with 12 current and former TA advisers to SAPL, Phnom Penh, June and July 1999.

**7.1.5. Impact of technical assistance at the section level**

In assessing the impact of technical assistance on the capacity of the section, as well as the School, both the teachers and TAAs were judging not themselves but a third party. Thus their responses reinforce each other very well. It is interesting to observe similar answers from the two groups of independent respondents.

As Table 7.3 shows, the 50 teachers who had worked directly with TA projects reported average or higher impact on their section management and leadership. Although they were similar to those of the teachers, the assessments of the TAAs (in Table 7.4) showed some variations. Notably, they thought that exposure to outside experience was one of the highest influences at the section level, while the teachers rated it the lowest.

**Table 7.3: Impact of overall technical assistance at the section level, as seen by teachers**

	Number of Responses				Weighted	
	Very Weak (1)	Weak (2)	Satisfactory (3)	Strong (4)	Very strong (5)	Index (1—5)
Intra-section co-operation	0	5	16	23	6	3.6
Leadership of Section Heads	0	6	13	25	4	3.6
Overall teacher capacity	0	0	27	21	1	3.5
Material management	0	5	25	20	0	3.3
Personnel management	2	5	22	20	1	3.3
Exposure to outside experiences	1	13	20	14	2	3.1

Source: interviews with 50 teachers working directly with TA projects at SAPL, Phnom Penh, June and July 1999.



**Table 7.4: Impact of overall technical assistance at the section level, as seen by TA advisers**

	Number of Responses				Weighted	
	Very Weak (1)	Weak (2)	Satisfactory (3)	Strong (4)	Very strong (5)	Index (1 – 5)
Exposure to outside experiences	0	2	4	4	2	3.5
Overall teacher capacity	0	0	7	4	1	3.5
Leadership of Section Heads	0	1	6	4	1	3.4
Personnel management	0	1	6	5	0	3.3
Intra-section cooperation	0	1	6	5	0	3.3
Material management	0	4	2	5	1	3.3

Source: interviews with 12 current and former TA advisers to SAPL, Phnom Penh, June and July 1999.

### 7.1.6. Impact of technical assistance at the School level

Both the teachers and the TAAs rated the impact of TA on the School management and leadership relatively lower than that on the individual teachers and sections. The answers of the 50 teachers were more dispersed than in the other Tables. With significant numbers in the weak or very weak categories, the responses averaged around the satisfactory level. Transparency in financial management was seen as an area of particularly-weak impact (Table 7.5).

**Table 7.5: Impact of overall technical assistance at the School level, as seen by teachers**

	Number of Responses				Weighted	
	Very weak (1)	Weak (2)	Satisfactory (3)	Strong (4)	Very strong (5)	Index (1—5)
Inter-section co-operation	1	10	17	14	3	3.2
Discipline	3	8	13	18	1	3.1
Personnel management	4	8	22	10	3	3.0
Material management	4	9	21	9	4	3.0
Leadership	3	11	18	11	1	2.9
Transparency in financial management	3	18	14	6	1	2.6

Source: interviews with 50 teachers working directly with TA projects at SAPL, Phnom Penh, June and July 1999.

The views of the TAAs were similarly divided: their assessment was more favourable, but only slightly so, as Table 7.6 shows.

**Table 7.6. Impact of overall technical assistance at the School level, as seen by TA advisers**

	Number of Responses				Weighted	
	Very weak (1)	Weak (2)	Satisfactory (3)	Strong (4)	Very strong (5)	Index (1—5)
Personnel management	1	1	5	3	2	3.3
Leadership	1	1	4	5	1	3.3
Discipline	0	1	7	4	0	3.3
Financial support	0	1	9	2	0	3.1
Material management	0	5	3	4	0	2.9
Inter-section cooperation	1	1	8	2	0	2.9
Transparency in financial management	1	4	3	3	1	2.9

Source: interviews with 12 current and former TA advisers to SAPL, Phnom Penh, June and July 1999.

**7.1.7. Which mode of capacity development had most impact?**

Various modes of capacity development were tried – on the School site, outside the School, and overseas. Table 7.7 shows the extent to which TA projects used each mode of capacity development. It also estimates the effectiveness of each mode by indicating the levels of capacity gained through them.

Most of the 50 teachers surveyed experienced all of the modes employed at the School. However, the effectiveness of each mode varied considerably, with the highest capacity gains from learning from doing a lot of work, asking specific questions of the advisors and doing practical work.. Not as many teachers gained much capacity from informal group discussions, inter-section discussion workshops or short courses by outside teachers. In general, TA projects appear to have provided relatively few opportunities for the teachers to learn outside the School. More than half of the 50 teachers reported some capacity gains from doing practical work, participating in workshops, short courses, and study tours outside the School.

**Table 7.7: Modes of capacity development and capacity gains from them, as seen by teachers**

**Question:** Which modes of capacity development have you received from the TA project(s)? For the modes you have not received, tick "No".

Mode of Capacity Development	No	Number of Teachers (out of total 50)							Weighted Index (1----5)
		Yes					Total	Weighted Index (1----5)	
		Capacity Gained Above							
		Zero	Little	Ave.	Ave.	A lot			
		1	2	3	4	5			
<b><i>In Cambodia</i></b>									
<b><u>At the School</u></b>									
Learning from doing a lot of work	2	48	0	7	23	13	5	3.3	
Asking specific questions of advisor	8	42	0	9	14	16	3	3.3	
Doing practical work	9	41	0	9	17	11	4	3.2	
Intra-section discussion workshops	7	43	0	6	24	11	2	3.2	
Informal group discussions	8	42	0	12	20	9	1	3.0	
Short-courses by outside teachers	13	37	0	13	16	5	3	2.9	
Inter-section discussion workshops	21	29	0	15	8	5	1	2.7	
<b><u>Outside the School</u></b>									
Long-term degree courses	48	2	0	0	0	0	2	5.0	
Study tours	15	35	0	8	9	11	7	3.5	
Doing practical work or experiments	18	32	0	8	12	8	4	3.3	
Short-courses	20	30	0	7	12	7	4	3.3	
Participating in workshops	15	35	0	13	10	12	0	3.0	
Communications with other colleges	19	31	0	21	5	4	1	2.5	
<b><u>Overseas</u></b>									
Short courses	45	5	0	0	1	2	2	4.2	
Participating in workshops, confer...	46	4	0	1	2	1	0	3.0	
Study tours	31	19	0	7	9	3	0	2.8	
Long-term degree courses (Msc...)	50	0	0	0	0	0	0	..	

Source: interviews with 50 teachers working directly with TA projects at SAPL, Phnom Penh, June and July 1999.

Little training seems to have taken place outside the country. At the time of the interviews, none of the 50 respondents had undertaken any long-term degree courses as a result of TA projects. There were only four or five overseas trips offered to staff to participate in workshops or short courses. Quite exceptionally, 19 teachers had been on study tours

overseas, largely due to the ADDA-organised tours to Vietnam in 1999. Most rated their capacity gains from tours as average or little, suggesting lower effectiveness than in-country study tours.

Apart from the survey results, two of SAPL's teachers were undertaking Master's courses at the Asian Institute of Technology in Thailand with funding from ADDA. Another teacher had completed a postgraduate course in the Netherlands, but had left for an adequately-paid job with an NGO. Very few teachers received scholarships to undertake postgraduate training overseas because most of them lacked the necessary English skills.

#### **7.1.8. Constraints on capacity development**

Despite the fact that technical assistance has contributed significantly to the development of SAPL, many interviewees recognised that much more could have been achieved if certain conditions had been met. Reasons for under-achievement were reported as follows:

##### *(1) Lack of facilities*

Severe lack of basic facilities was one of the major problems limiting the success of technical assistance, at least until 1998 when the Chinese buildings were put into use. Since SAPL was reopened in 1985, the School has operated with continuing shortages of electricity, water, office and classroom space, staff and student accommodation, toilets, transport, and office equipment such as computers. Such deficiencies posed huge obstacles to optimising technical assistance and, to a significant degree, diverted it to meet these basic needs instead.

The earlier technical assistance personnel worked at SAPL, the greater the difficulties they faced with lack of infrastructure. As a former Education Management Planner (EMP) put it,

*...major recurring problems had nothing to do with teachers..., but in finding ways of maintaining day-to-day services; a huge amount of time was spent in keeping water supplies going, in keeping generators and computers and photocopiers going, getting telephones in, and keeping them working....*

Since then, the problems have continued and were cited by most TAAs interviewed as big disruptions to the application of technical assistance. The Advisor in Education Administration (AEA), whose main duties were to assist the Director in the institutional strengthening of the School and formulation of its Development Plan, also had to spend a great deal of time dealing with these problems.

According to SAPL managers, lack of facilities and their maintenance was a result of funding deficiencies. At the time of the interviews, the School had secured a large amount of infrastructure, primarily from Chinese grants and World Bank loans. Nonetheless, the School was still facing problems of insufficient electricity and water supply. As recently as late 1999, deficiencies in electricity and water supply prevented the use of fans, air-conditioning or toilets for both staff and expatriates. Lights were available for offices, but not for classrooms. At present, SAPL has largely-adequate facilities, but most of them are not used because operational funds are far too small.

##### *(2) Weak human resources*

Most of the current teachers were assigned to SAPL immediately after they graduated from local training institutions (mostly from RUA and SAPL) and a few from universities in Vietnam and Russia. As already described, Cambodian institutions were of weak capacity. The Vietnamese and Russian teaching and curricula had to be adjusted when Cambodia embarked on the transition to a market-oriented economy. RUA, in particular, had a difficult transition when the Russian teachers left, resulting in a deterioration of training quality. Most of SAPL's current teachers graduated during that difficult period. Some TAAs reported that

some of the teachers, especially those with Bachelor's degrees, "had a fixed mind set and their past training was technically wrong," which made it harder for the TAAs to retrain them.

The problem was exacerbated by the fact that SAPL teachers were not recruited according to the School's own criteria. New college and university graduates were assigned by MAFF to teach at SAPL, with no consideration of their qualifications and grades. Thus, the teaching staff varied considerably in their qualifications and capacities. Some held only Diplomas from SAPL and some had weak study records from their universities or colleges. As a result, upgrading the quality and capacity of SAPL teaching staff was not easy for TAAs who came from an entirely-different world.

### *(3) Poor incentives and social norms*

Due to the chronic problem of inadequate government salaries, people took a degree or diploma not because they had a genuine interest in a subject or career. Instead they wanted the qualifications in order to be assigned by government to a place where they could earn other income on top of their government salary (necessary in order to meet their basic needs). The teaching profession, in particular, has been less popular in Cambodia since 1980 because it offers almost no chances for other income beyond the extremely-low government salaries.

This attitude was also commonly-held by those working at SAPL. For many, it was not their choice to become teachers at SAPL. Most teachers were assigned by government to work at SAPL during the late 1980s and early 1990s. It was apparent that some staff members were disappointed with their assignment to SAPL, while friends who had graduated with them were growing rich in positions elsewhere. Coupled with the unfavourable financial incentives offered at SAPL, many staff were looking for other places to work. The Director of SAPL recognised this problem and reported that "the staff always want to move to other posts in both the government and non-government sectors."

The problem of poor incentives was central to the low commitment of staff to SAPL and their low motivation to participate in the development process. This caused problems for TAAs in implementing their projects, especially in the early years of technical assistance when no salary supplements were offered<sup>1</sup>. As one former TAA put it,

*the constant struggle was finding enough staff who were able to stay at the College long enough to do the work required... all staff had other jobs, ... so often they did not come for days....*

In the past few years, the donors' agreement to pay salary supplementation increased participation and the motivation of teachers to work and to train. Nonetheless, supplementation had its limits, and disputes over how to handle it equitably further disrupted implementation of technical assistance in 1997 and early 1998.

### *(4) Loss of capacity*

Largely due to the poor incentive system, staff with adequate capacity tended to leave the School, despite the limited salary supplements provided by donors. This is another case of adverse selection, as already noted in the previous chapter which discussed the loss of counterparts and those who have been through scholarship programmes. At least 20 full-time teachers whose capacity was built directly or indirectly by TA projects, have left the School since 1994. Most of these now work in the NGO sector where they are able to meet their financial needs. While 20 is not a large number, ironically it was their enhanced capability that

<sup>1</sup> One current TAA, in a written comment on an earlier version of this chapter, pointed out that SAPL has 181 staff, of whom 83 are teachers. If these numbers were adjusted, and teaching assignments were streamlined (since several subjects such as botany, zoology, calculus are common to various sections), a big reduction in the number of teachers, and in costs, could be achieved. As a result, the same resources could be used to pay higher teaching allowances.

enabled them to find better-paying jobs. Many TAAs and SAPL staff said that "mostly the better trained leave the School." Although this was not a net loss to Cambodia as a whole, it conflicts with the purpose of technical assistance strengthening SAPL.

Due to the reasons given above, training was not really the solution to the shortage of capable staff at SAPL. One of the former TAAs stressed that

*...the problems were the political dimensions of deciding who was going to be trained... there seemed to be a very clear sense that the main purpose of getting trained was to get a qualification to gain other employment, or to gain a trip out of Cambodia...there was little sense of training leading to a teaching job at the college.*

The School and donors recognised that loss of capacity was a major ongoing problem. But there seemed to be little that they could do without government improving incentives to retain capable staff. Based on practical limitations of funds and the desire to maintain some equity between staff, SAPL has a policy of limiting a donor's supplement for an active teacher to \$85 per month. This, plus the limited government salary, is not enough to discourage the outflow of capable staff.

Meanwhile, the School employed a strategy of training many rather than training a few staff very well. Whenever possible, the School required that two teachers receive training in order to develop and teach the same subject. This was in case one left the job. Furthermore, one of the current TAAs revealed that the School had become reluctant to send its teachers for overseas training because there had been a tendency for those with Master's degrees to obtain better-paid jobs outside the School. At the same time, it was recognised that restricting scholarship opportunities for this reason would not be beneficial to Cambodia as a whole. It would be a waste of Cambodian talent if the School did not encourage capable teachers to apply for scholarships like the Australian Development Scholarships (ADS) of AusAID, which are provided only to government staff and require government approval.

#### *(5) Lack of government support*

Both financial and institutional support from government has been far from adequate. This was actually the central problem. It was the reason why external assistance came in but it also reduced the success of technical assistance.

The poor budget from government meant that SAPL lacked the facilities and other pre-requisites necessary for technical assistance to achieve its goals. The inadequate budget required donors to divert funds from technical assistance to salary supplementation and basic facilities. This, in turn, caused many additional problems for the School and donors to sort out. Although some TA donors came to understand the necessity of topping up salaries of the staff involved, a few donors still find the idea odd. At least one of the present donors does not want to contribute to the teacher salary supplementation, and one of the TA chiefs believed "the School was more interested in funding than technical assistance."

The lack of institutional support by government is exemplified by the lack of technical assistance coordination at the government or ministry level. The management of SAPL explained that coordination of an influx of different technical assistance projects was a new experience for them. Moreover, the absence of a coordination unit or code of conduct at the government or ministry level made it harder for SAPL's senior managers to manage the School with a diverse group of donors. They appeared to have gone through the process of dealing with problems on a case-by-case basis and have sought backing from MAFF.

### (6) Weak management

Some of the TAAs interviewed found management at SAPL unfavourable to capacity-building and they attributed many problems associated with the weaknesses of management at all levels of SAPL to the under-achievement of technical assistance. One of the current TAAs said that "planning skills at all levels were poor." He also noted that the capacity of management had been developed disproportionately compared with that of teachers' capacity. However, it is very hard for the School to plan when it has almost no budget, and when it is dependent on a range of donors who themselves plan independently.

Senior technical assistance advisers on management issues were able to induce little change in the management system and there is still a need for assistance in this area. As mentioned already, the overall impact of TA on the School management and leadership was rated lower than on individual teachers and sections.

According to some of the TAAs and teachers interviewed, the School did not do enough delegating. Power was usually concentrated at the highest level, and responsibilities were unclear. At the lower level, academic leaders were still weak. As SAPL managers highlighted, "they are young in both age and experience." Some TAAs working directly to assist the sections complained of lack of support from those people who were supposed to be their counterparts.

Many reported management failures seem to have centred around the problems of poor administrative support and weak discipline of staff. These reflected the loose government administrative system. However, given the current state of funding from government, the failures seem to have been inevitable. In the view of the management of SAPL,

*in the situation in which everyone could not rely on one job for survival, the School could not impose very strict discipline on the staff. Otherwise, it would be the only government entity that does this.*

The staff and TAAs also claimed that the handling of the salary supplementation issue was an indication of weak management. While it was not clear enough where to allocate blame, the problem was certainly disruptive. One of the former TAAs recalled that the teachers spent a lot of time talking about their resentments over the imposed policy of supplementation and they therefore did not have the energy to do anything else. The AEA pointed out that the failure of the TAAs to recognise the constraints of the political environment and to unite in support of the School's management, did not encourage strong management.

### (7) Language and cultural problems

Another obstacle to achieving maximum capacity development rested in the differences in languages and cultures of the foreign TAAs and Cambodian recipients. Miscommunication and misunderstanding could easily arise from different languages. Few TAAs could speak Khmer and most of the SAPL staff working with them could speak little English. Communication therefore had to go through translators, who were really scarce in number. As mentioned earlier, the problem deteriorated when staff with good command of English left to take other better-paid jobs.

The insufficient English of teaching staff also narrowed their chances of receiving training conducted in English, whether overseas or local. Thus far, only a handful of teachers have been able to continue their studies overseas. A great deal of assistance was allocated for improving English skills of the staff so they could access teaching resources in English and receive overseas training; however, it seems there is still some distance to go in meeting this goal.

Different cultures and backgrounds appear to have limited the work of the TAAs, whose contracts were only for limited terms. Usually, it took considerable time for TAAs to understand the complexities of the environment at SAPL and of the Cambodian system. An earlier senior TA advisor, who worked at SAPL for 18 months, reported that

*... the director and staff had worked under a range of management and co-ordination models, all of which were quite different from the ones I was used to. At the same time, the director was clear that he wanted to move to something like an Australian or American system, but he and staff were used to French, Russian, Vietnamese systems – all of which were very authoritarian.*

By the time this advisor had adapted to the system, another one had replaced him and reported similar problems again,

*A major difficulty in managing my role was convincing the Director during the first year or so that I needed to understand the total environment that he and SAPL were operating in if I was to make worthwhile suggestions on how to implement changes in that environment... It took a considerable period before adequate trust was developed to allow the Advisor's role to be of most value.*

#### *(8) Differences between TA projects and conflicts between donors*

As already described, SAPL has received many technical assistance projects from different donors. While all the TA projects had the common goal of capacity development of the School and staff, they were considerably varied in terms of approach and transparency.

One problem was **lack of transparency**. Senior managers at SAPL reported that they did not know the total budgets of any of the completed or current projects, with the exception of two – the next three years of the AIT and the PAFAARC II projects. Even more surprising, more than half of the 12 current- and former-expatriate advisers interviewed said that they themselves did not know the total budgets of their respective projects. In retrospect, the senior managers of SAPL recognised that it would have led to greater success in implementing and monitoring the projects if the budgets had been disclosed to the School, and time-frames for the outputs for each project had been set out clearly.

As for **control** over the projects, most of the TAAs interviewed said it was shared. However, some TAAs and managers at SAPL revealed that donors were primarily in control of their projects. All agreed that all the donors managed the funds. Only the teacher-allowance funds were provided through SAPL's accounting system. Other funds were managed and disbursed completely by donors, with little information provided to the School. As the AEA put it,

*The Director and I sought to have other donors be as open as possible with SAPL as to how their funds were managed. Although donors wanted complete transparency from SAPL they didn't seem to see the mutual need to keep the Director aware of their financial dealings.*

While other donors compromised by spending a certain amount of funds on salary supplementation, GTZ, which had a small proportion of its technical assistance in a forestry project at SAPL, did not follow this trend. The responsible TA adviser cited two reasons for this. First, it was not German government policy to include salary supplementation in a technical assistance package. Second, SAPL's policy of requiring donors to contribute to supplementing salaries was not recognised by MAFF, with whom GTZ was dealing for the current project.

The other problem on the donors' side was **conflicts between donors**, which were detrimental to development processes at SAPL. According to the management, in 1994, the Comité Catholique contre la Faim et pour le Développement (CCFD) and LAM, which were understood to have received funding from the same donor in France, had strong disagreements over procedures of providing assistance to SAPL. As a result, CCFD's technical assistance to SAPL was discontinued.

In 1997 and 1998, the AusAID-funded Cambodia-Australia Agricultural Extension Project (CAAEP), that supported two sections at SAPL, did not work well with the ACR/Caritas Australian-funded Institutional Strengthening programme. The latter provided the Adviser to the Director of SAPL and the Adviser on overall curriculum development. The conflicts occurred primarily as a result of disagreements between the CAAEP advisors, who worked with two of SAPL's 10 sections, and the ACR-funded Adviser in Educational Administration, who worked directly with the Director of SAPL. Based on in-depth interviews with the parties involved in the conflicts, including SAPL, causes for the conflicts can be summarised as follows:

*Disagreements over the policy on salary supplementation.* To deal with the problem that donors supplemented only a fraction of staff with varying amounts, the AEA proposed a policy called an "Activities Allowance Scheme". After consultation with donors (including CAAEP) and agreement by them at a Donors Meeting, the policy was adopted by SAPL. The scheme required all the donors to inject their supplements into a common pool system. The School would then redistribute the money to "all" the staff based on the activities they performed. As a result, this meant that the 20 teachers designated to work closely with CAAEP would receive less than the \$120 proposed for each of them.

The CAAEP advisers were opposed to the idea because they needed their 20 teachers to receive sufficient supplements so that they would work hard enough to yield results for the project. As one of the CAAEP advisers put it, "our objective was not to make everyone happy, but to see the results." Thus, although it initially agreed to the implementation of the scheme and supported it for nine months, CAAEP wanted to change. After four months of negotiations that failed to convince CAAEP to continue the common pool system, SAPL had no choice but to let CAAEP (its largest donor at the time) go its own way.

*Different ideologies and beliefs.* The AEA wanted to have all the power retained by the Director, but the CAAEP advisers said they wanted to empower the sections or to decentralise the power. In addition, one of the CAAEP advisers believed that it was not appropriate for bilateral projects to be subject to co-ordination by an NGO project, which he thought was weaker than the bilateral ones. He believed that decisions were mostly those of the co-ordinating donor, and therefore he did not strictly follow them. The AEA reported that "new donors tended to tell the School what to do rather than help the School to achieve its objectives." The SAPL senior managers affirmed that all decisions were made by the SAPL management, and the AEA made a concerted effort to achieve SAPL's coherent system and sustainability.

#### **7.1.9. Management challenges and strategies**

All the problems mentioned above combined to pose great challenges to the management of SAPL. Due to its poor resources, both human and financial, the School has had to rely heavily on foreign assistance. The School relied on donors not only to provide training and funding, but also to coordinate donors. The current study revealed that unless the School develops a full capacity to coordinate donors and guide them towards articulated goals, then SAPL's integrity and sustainability are at stake. Some of the TAAs have expressed this concern as follows:

*We consider that one of the greatest challenges facing Prek Leap was to maintain its institutional integrity in a financial environment where much of the funding comes from external agencies. He who pays the piper calls the*



*tune, and this can lead to situations where one wonders who it is that really runs the College.*

Russell *et al* (1999).

*(1) The issue of co-ordination*

The former Education Management Planner emphasised the difficulties of coordination at SAPL when there were many foreign donors, as follows.

*Probably the largest difficulty of all was not inside Cambodia at all, but were imposed foreign time frames, foreign policy imperatives, foreign decisions about how money was to be spent and when, foreign decisions about who was to run programs...this was a source of great difficulty, and often local people seemed to find it hard to understand these constraints.*

SAPL and donors seem to have recognised that different donors had different policies and objectives, and therefore there was a need for co-ordination. A Development Plan was produced in 1995 after consultation between ACR & UQGC and SAPL & MAFF. This was revised and updated by the TA Adviser to the Director in 1998. The Plan was used as the model for outlining to donors and prospective donors. However, there were still attempts to ignore it. The former Adviser in Educational Administration reported that

*there was a tendency with some donors to not fully-comprehend the requirements of the Development Plan and therefore to attempt to deviate from it at times. When this occurred it was handy for the Director to be able to refer such a donor to the Plan.*

Coordination of donors was no easy task for the SAPL managers. First of all, the managers acknowledged that dealing with an influx of many donors was a new experience for everyone at the School, demanding skill in cross-cultural communications. Second, there was neither a donor-coordination unit, a coordination policy in MAFF, nor one for the government as a whole on which the School could depend for guiding donors. Third, most of the major TA projects at SAPL (i.e. those of CAAEP, AIT, PAFAARC, FAO, and GTZ) were just small components of larger ones provided to other departments under MAFF. This perhaps made it less easy for the components at SAPL to follow the School's guidelines flexibly. Finally, the School faced a critical dilemma: to reject donors while the School was desperate for donations or to welcome them, though their approaches or policies were unfavourable to creating a coherent system in the School.

SAPL agreed to have the position of Adviser in Educational Administration (AEA) filled by an expatriate. The AEA was to assist the Director in coordinating a diverse group of donors in the new environment. From 1993 to 1998, the position was held by two Australians in two consecutive periods and funded by ACR/Caritas Australia, with AusAID and UNDP support. In practice, the AEA faced difficulties in both empowering the Director to be more self-directed and in convincing donors that decisions were made by the Director. He wrote:

*A major consideration in management was to allow the Director to manage his School. All advice was given in the sense that he could decide whether to implement it, adapt it or reject it... Coordination of the six other donor groups operating at SAPL during the project was a considerable on-going problem ... and was a major factor for implementing my role as advisor to the Director with its implied coordination role for the other foreign-language speaking donors.*

Some TAAs saw the situation as one donor telling other donors what to do. From their viewpoints, the School or the Cambodians themselves should assume the role of coordinating donors. One of the former TAAs argued that it should not be the role of one of the donors to coordinate other donors because the coordinating donor also has its own interests to serve. He asserted that the people in the coordinating donor agency wanted to control everything. The AEA admitted that

*it was difficult, at times, convincing other donors that I had a good understanding of the Director's feelings and that I could represent them in an unbiased fashion*

However, in recognition of limitations in communications and the need for credibility with various donors, the School management believes it needed and still needs an expatriate to coordinate different donors. They suggested that expatriates are more credible to foreigners and can explain things to foreign donors [in English] better than Cambodian managers.

Interviews with the section heads at SAPL revealed that the presence of the AEA made SAPL dependent on the position for decision-making. Some junior managers noted that after the AEA was appointed, decision-making and policy formulation were mostly done by the senior managers and based on consultations with the AEA. The decisions or policies could not be implemented smoothly because everyone below, including the junior managers, was not well-informed about them. After the AEA left, the junior managers remarked that senior managers involved themselves in policy discussions and formulation, and thus implementation of policies was easier. However, one of the SAPL senior managers argued that during the time when the AEA was in position, discussions mainly concerned negotiations with donors. He believed there was no need then for participation from junior managers. After the AEA left, he said, junior managers were engaged in policy discussions and formulation because the issues became more inward-oriented.

Many senior people interviewed suggested that it is very hard to coordinate a diverse group of small donors and conflicts are almost inevitable. They recommended that SAPL should engage only one big donor to avoid coordination problems. However, while agreeing with the idea, one of the SAPL senior managers calculated that the total cost of assisting SAPL would be too large for one donor. In the mean time, he said in Khmer, "*Sok Chet Pibak Chea Cheang Ot*," meaning that putting up with difficulties in coordination is better than having nothing.

## *(2) The issue of coherent systems: the example of the salary supplementation system*

One of the greatest challenges for SAPL was how to create a coherent system in the new and complex environment. In anticipation of potential problems arising from different practices, in 1995, ACR assisted MAFF and SAPL to write a Development Plan, into which various donors would fit well. As a result, there was almost no duplication of work, although there were deficiencies in aid to certain sections of SAPL. The problem of salary supplementation, however, was underestimated and it turned out to be a large one for all stakeholders. This disrupted development processes at SAPL, especially from 1996 to 1998.

The problem of salary supplementation had several dimensions. First, not every donor was happy to pay salary supplementation, though they were persuaded to do so by the AEA and SAPL management. Second, each donor would only pay the relatively small number of staff who were supposed to work with them. The total number of staff had exploded over the past 10 years to nearly 200. Third, different donors offered different rates of supplements. All of these created an equity problem for the management of SAPL and the AEA to resolve. One of the former TAAs said that the Director of SAPL, who was inexperienced in dealing with the issue, "was in the middle to please everyone." The Director conceded that

*there were two contradictions: those who were provided the supplements always wanted to have ones as adequate as possible, but those who were not provided would sooner or later be jealous.*

As the management was concerned about both effects, SAPL adopted a compromise policy of trying to be fair to all the staff. This policy required all the operating donors to put their supplementation fund into a common pool, called the "Activities Allowances Scheme". After subtracting 15 percent for the future reserve, the total fund in the Scheme was redistributed to every staff member involved in teaching the revised curriculum, with a maximum set at US \$85 per month.

Certain donors were reluctant to put the funds allocated for several staff to work on their project into a common pool for the other 200 staff. The common concern was that too little supplementation would not be effective in winning adequate commitment from staff to accomplish project activities. CAAEP did not agree with the idea and insisted on paying each of the 20 staff it supported US \$120 a month, as planned. This resulted in the conflicts already described.

Of course, the staff that were designated to work with the donor-funded projects and to receive the initial higher levels of supplements were not at all fond of the common pool policy. This resentment aggravated the tension between staff and management of SAPL. At one point, the teachers went on strike for a few weeks to protest a range of issues.

Some of the former and current TAAs interviewed said that "the common pool system was not clearly explained before, but now it is OK." However, when asked whether the system is a solution, one of the current TAAs replied "I don't know if it is a solution or not."

The senior management of SAPL suggested that conflicts were conducive to progress in the management of the School. Having learned from problems, management has been successful in coping with other problems by both reinforcing the existing policies and creating new policies. Also, our study found that teachers were happy later after their respective donors had withdrawn and they benefited from funds in reserve in the common pool.

In the current absence of an AEA, the School has relaxed the common pool system by allowing the donors to operate on parallel lines. At present, the requirements are only that each donor allocates 15 percent of its fund for salary supplementation for the administration, and another 15 percent for the sections that do not receive donor support. Donors do not have to put the budget component for salary supplementation in one common basket, but should not provide more than \$85 per month to each supported teacher. The School hopes to receive more funding for the few sections that presently do not receive external assistance. When this occurs, there will no longer be a requirement for a 15 percent contribution to support other sections.

### *(3) The issue of sustainability*

Given that most technical assistance projects at SAPL were intended to upgrade the capacity of teachers, the term "sustainability" was specially-understood to mean having competent teachers with relevant curriculum, and sufficient funding on a continuing basis. Broadly, there are two areas of concern regarding the issue of sustainability – the capacity of teachers and financial sustainability. Thus far, the technical assistance projects seem to have regarded both as goals and have worked towards them. As for sustainability of the means to achieve the two goals, little has been done.

In response to the question of whether donors addressed the issue of sustainability, the Education Management Planner (1993-94) wrote:

*...especially towards the end of my time, the word sustainability became very fashionable, but very few people seemed to have good ideas as to how it might work...*

His successor (1995-98) also responded that, "all paid lip service to sustainability, but in practice this seemed to be forgotten to meet short-term goals."

The idea that technical assistance should develop capacity to replace itself was not entirely applicable. There were reasons for this. The counterparts would initially need higher levels of financial support to be able to absorb capacity transfer. If the counterparts were to replicate the work of the expatriate technical advisors, then there would be a need for a great deal of funding, which was unlikely to occur. In past few years, certain donors such as AIT, AusAID, PAFAARC II and LAM have provided assistance to develop production bases that could yield income to the School. However, at the time of this study, the returns from these investments have been far too small to cover overall operational costs.

In general, however, current **donors** believe that what they have been doing would contribute to sustainability in both senses. They reported that the major activities they supported were investment-oriented. These included:

- improving teachers' knowledge in technical subjects and practical skills, which they believed would remain after withdrawal of projects;
- offering English training to enable the teachers to pursue further studies overseas or to access study materials or references in English;
- developing and investing in production bases which would contribute to financial sustainability of the School; and
- developing teachers' capacities to run short courses which would also generate income for the School.

Many donors suggest that students should be required to pay course fees so that the School would be able to generate more income. Having discussed several possible sources of income, a long-time technical advisor asserted that "the School can be sustainable if it wants to."

The **School** itself has been always been concerned with the issue of sustainability, especially in the financial dimension. As the capacities of individual teachers, sections and the School have been improved considerably so far, the School is now moving to address financial sustainability by the following means:

- directing external assistance to invest in production bases which can generate income;
- improving efficiency of the production farms by making them quasi-autonomous (from 1999, farms are put up for bidding by the School staff, and eventually outsiders will be allowed to join the bidding to achieve greater efficiency);
- trying to sell the School's services through the provision of short courses;
- exploring the possibility of running private courses; and
- preparing to implement the Government's new regulation which requires charging students fees.

A major obstacle to the success of the last two strategies may be the currently-limited market for agricultural technicians. So far the private sector has not grown big enough to employ a significant number of SAPL graduates. According to the Director, SAPL keeps guessing each year about the demand for its graduates. Unless employment opportunities for SAPL graduates increase, which is not very likely given the investment level in the agricultural sector, the prospects for generating fees from private courses and formal courses might not be great.

This leads to the big question about the external efficiency of the School. If the employment prospects of graduates continues to fall, would the cost/benefit ratio of the School

be improved by producing a smaller number of graduates of higher quality? This question draws attention to the distinction between market demand and social need. The market demand for SAPL graduates is currently low, but there seems to be a great social need for them. It is well recognised that the huge agricultural sector in Cambodia has on-going need for appropriate technology and other improvements. This social demand can only be translated into market demand when the government, particularly MAFF, can provide or organise appropriate employment for SAPL graduates at a living wage.

## **7.2. The National Institute of Management**

The National Institute of Management (NIM) is the latest name for an institution which has had many functions and names – most recently, the Institute of Economic Sciences (1983-1989), the Institute of Economics (1989-1994) and the Faculty of Business (1994-1998). It has received technical assistance from several sources, including (as in the case of SAPL) Vietnam, which collaborated with NIM for almost a decade, from 1984 to 1991. In 1992 the French government granted \$3.6 million for an eight-year project, and in 1994 USAID financed projects by the Centre for Intercultural Education and Development (CIED) at the University of Georgetown (\$3.3 million to lay the foundations of a four-year undergraduate business degree programme and to support a small business training programme) and the University of San Francisco (\$4.5 million for legal training in NIM and another institution).

The interesting nature of NIM's experience lies not so much in the impact of TA on the capacity of counterpart teachers and managers (similar to that in SAPL), but in some special problems that arose and in the response of management to those problems.

### ***7.2.1. The split into two faculties in 1994***

In 1994 the then Institute of Economics was split into two faculties – the Faculty of Business and the Faculty of Economic Sciences. The reason for this seems fairly clear. The French project included 12 hours per week of French-language teaching. The institute's management was unhappy with this and, in the light of its interpretation of current needs, added English-language teaching to the curriculum. At the same time, it started to collaborate with the University of Georgetown. Relations between the French donor and the institute deteriorated and the separation ensued, with Economic Sciences joining Law on a separate campus. Although it may not have been the only reason for the split, the Director confirmed that

*the split did relate to the TA project.... The Institute did not disregard the assistance from the French government, but we were dissatisfied with the overuse of French in the students' curricula.*

### ***7.2.2. Ownership problems in relations between donor, executing agencies and recipient***

Relations between USAID, its executing agencies and the institution have tended to be strained. USAID never talked directly to NIM but instead had direct contact with the two universities in the US. These executing agencies in turn regarded themselves as hired by the donor to perform certain tasks and saw no need to worry about the complaints of the institute, which thought that the projects were intended to strengthen its capacity. The institute had no role in the recruitment or selection of TA personnel. For instance, as a result of their commitment to USAID to bring education at NIM up to the US standard, the projects opted to hire American co-directors, rather than hire NIM staff, as management would have preferred. The executing agencies also opened representative offices outside the campus.

### ***7.2.3. Disputes over mode of training***

NIM management suggested that staff should be admitted to higher education courses overseas. The projects preferred an on-the-job approach to teacher training, including co-teaching and curriculum development.

#### **7.2.4. Termination of financial support**

After the fighting of July 1997, USAID was forbidden by Congress to provide assistance directly to the Cambodian government, and the two projects effectively came to an end.

#### **7.2.5. Transformation from dependence on government to self-sufficiency**

Even before the fighting in July 1997, starved of funds from government, NIM had begun to develop its cost-recovery options. By the time of our interviews in late 1999, it was financing its entire budget from tuition fees for day and night classes and special courses for the private sector and NGOs. By 1999 there were over 3,900 fee-paying students in evening classes, of whom over 2,900 were in their first year. The Deputy Director in charge of administration emphasised that all the expenses of the institute were financed in this way.

*We don't have any financial and/or liquidity problems. We have not borrowed any money from any banks even for the construction of NIM's infrastructure and other expenses.... We allocate our income mainly for teachers' remuneration. The rest is used for construction, improvement and maintenance of buildings, improvement of facilities, research and development of teaching materials, and other overheads.*

In 1998 the construction of an impressive teaching building with 26 rooms was financed in this way, along with a wide range of computers, photocopiers, overhead projectors and vehicles. Foreign advisers and teachers have also been hired. NIM has opened a branch in Battambang and is looking at the possibility of opening another branch in Kampong Cham province. It is moving on from Bachelors of Business Administration (BBA) programmes to launch Masters of Business Administration (MBA) classes in collaboration with a Malaysian university.

This strategy has enabled NIM to pay its staff a living wage. Their average monthly salary (at an hourly rate of between \$10 and \$15) is around \$900, with a range of between \$700 and \$2,000 (modest by private-sector standards, but much higher than salaries in other higher-education institutions). In addition, as NIM is designated as a Public Institute, teachers receive an average of \$20 per month from government as salary and allowances.

#### **7.2.6. Sustainability depends on maintenance of quality**

The danger of the current model is that NIM's search for income may threaten the quality of its training. Because their earnings are tied to their number of teaching hours, staff teach for between five and eight hours a day, which leaves them no time for resting, keeping up with new developments or revising their teaching materials. In the longer run, sustainability depends on maintaining and improving quality, and the link between earnings and number of hours may need to be broken.

### 7.3. The National Institute of Statistics

The National Institute of Statistics (NIS) is the current version of an institution which started in 1949 as the Statistics Department of Cambodia. In 1979, having gone through various changes of name and having been dismantled in 1975, it was re-established, initially as a department of the Ministry of Finance, but almost immediately shifted to the Ministry of Planning where it remains today. Although it is supposed to be the central statistical office, it is located within a chaotically-decentralised statistical system, with several ministries and government organisations having their own statistical offices, at central and local levels, and generating their own, overlapping and often conflicting, statistical series<sup>2</sup>.

NIS has grown quickly in recent years, in spite of receiving virtually no financial support from government, and in 1999 had 190 staff in four departments: General Statistics, Economic Statistics, Social Statistics, and Census and Surveys (with two more, Economic Research, and Computers to be added in the near future). As well there are 150 statistical staff at provincial and municipal levels, and 300 at district levels.

Like SAPL, NIS has received technical assistance from many sources, though, as Table 7.8 shows, this was largely consecutive rather than provided all at the same time.

In addition to the assistance summarised in Table 7.8, NIS staff have benefited from training by UNSIAP, both in Tokyo and in Phnom Penh, and experts funded by JICA have provided specific advice.

In the absence of money from government, NIS's programme is virtually defined by donors. The national population census is the only real example of a demand-driven project in Table 7.8. TA resources have been used partly to generate proposals that are known to be fundable – hence perhaps the concentration on socio-economic household surveys rather than on basic economic statistics. It also accounts for the discontinuous nature of NIS survey work: there is no programme of regularly-repeated surveys other than the consumer price index survey – otherwise a survey is only undertaken if donor funding is available.

NIS has almost no role in the initial selection of TA personnel, although it submits requests to donors for the retention of particular experts, and has occasionally complained about others. However, NIS management has been actively involved in survey design, implementation and monitoring, including for instance adaptation of questionnaires from the Philippines to Cambodian conditions.

The impact of TA on the capacity of professionals and managers in NIS was found to be similar to the cases of SAPL and NIM – professionals judged that they had acquired a lot of skills, particularly practical and technical skills, through on-the-job and in-house training, scholarships, study tours and seminars, and management in most areas was thought to be satisfactory. As far as data collection is concerned, directors and their deputies are confident that NIS could do the job in the absence of TA (as it does already in the case of the consumer price index), though help would still be needed with analysis and reporting in English.

However, financial sustainability is another matter. Surveys are almost entirely dependent on external funding. Some revenue can be obtained from the sale of reports, CD-ROMs etc, but it covers only a small proportion of operational costs. In the absence of supplementation from projects, staff can only afford to be in the office for a few hours in the mornings. In the opinion of the deputy director, "NIS's activity will be terminated if there is no further technical assistance, unless the government provides some budget to support it."

It is difficult to escape the impression that technical assistance, in spite of its contribution to individual capacity development, has failed the NIS as an institution. Each donor has funded its own activity, and the resulting outputs, though intermittent, have been useful. But the

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<sup>2</sup> See San (1999) and Godfrey and Tep (1999) for further information and discussion.

problems of the role and survival of the institution, which could have been addressed if donors had got together, have been, to a large extent, sidelined.

**Table 7.8 : Summary of External Assistance to NIS, 1992 – 2000**

Donor (Executing agency)	Name of project	Duration	Amount	Objectives
UNDP/ADB (ADB)	Strengthening Macro-economic Management and Training (Phase I)	Aug 1992 – Mar 1995	\$4.1mn <sup>a</sup>	To generate a socio-economic data base to serve the needs of macro-economic planning and management in Cambodia.
ADB (ADB)	Statistical System Development in Cambodia (Phase II)	Apr 1995 - Mar 1997	\$1.2mn <sup>b</sup>	To strengthen the institutional capacity of NIS and decentralise statistical units to enable them to produce socio-economic data needed by the country and international partners.
UNDP/Sida (World Bank)	Capacity Development for Socio-economic Surveys and Planning	Apr 1997- Feb 2000	\$3.4mn	To build the capacity of NIS to conduct socio-economic household surveys, to design appropriate anti-poverty interventions, and monitor the effectiveness of poverty-reduction policies in Cambodia.
UNFPA (NIS)	1. Support to National Population Census of Cambodia (Phase I)	1995 – 96	\$1.4mn	To build capability in the country to produce a continuous series of reliable and timely demographic data through population censuses and surveys, as well as in the processing, analysis, evaluation and dissemination of population data required for policy formulation, development planning and administration.
	2. Support to National Population Census of Cambodia (Phase II)	1997 – 99	\$4.9mn	
UNFPA (UNESCO)	3. Advocacy and Public Information Campaign for the Population Census	Jul 1997 - Mar 1998	\$0.5mn	To improve the capacity of staff to analyse, plan, implement and monitor population policies with regard to development. To ensure that by March 1998, the census officers(enumerators) will be welcome in every household in the country and that all residents will have co-operated by providing the most complete and accurate replies to the questions of the census questionnaire free of fear and coercion.

<sup>a</sup> This included the amount of US\$ allocated to other institutions such as Ministry of Planning, Ministry of Economy and Finance, and National Bank of Cambodia for the above project. A separate amount of US\$ for NIS is not available.

<sup>b</sup> This included the amount of US\$ allocated to the General Planning Department. Source: National Institute of Statistics.



#### 7.4. Conclusions on the lessons of institutional experience

The following conclusions about the role of TA in the development of institutional capacity can be drawn from our case-studies.

- In general, technical assistance has been successful in developing the capacity of individuals in all three institutions reviewed in this chapter. In SAPL it improved the skills of teachers and sections, introduced a more market-oriented curriculum, produced student notes, expanded and strengthened production units, and improved management. Also in both NIM and NIS, there is no doubt about its impact on the capacity of counterpart professional staff and managers.
- There is no doubt also that more could have been achieved if donors had cooperated more with each other and with the institutions' management. The squabbles in SAPL, particularly over salary supplementation and coordination, and the disputes over second language in NIM (culminating in a split in the institution), were counter-productive. In NIS the problem was not so much the conflicts between donors as the disjointed programme of assistance and the absence of a coherent and cooperative approach to institution-building.
- Reluctance by projects to cede ownership to institutions has been a problem. In SAPL and NIM, projects tended to be far from transparent about their budgets, retained control over funds and resisted management's attempts at coordination. Executing agencies tended to feel themselves primarily responsible to the donor, rather than to the institution.
- Underlying the problems of all three institutions was the familiar phenomenon of government under-funding. NIM is better placed than the other two institutions to meet the challenges posed by this, since it is able to charge fees for its marketable courses. There is a question mark over the marketability of SAPL's courses. Even in the case of NIM, the large numbers likely to graduate over the next few years will probably reduce the private rate of return on, and hence the marketability of, these qualifications. In both cases, marketability will also depend on maintenance of quality. Neither SAPL nor NIS will be able to rely on cost-recovery for more than a small proportion of the budget.
- This puts the ball back in the government's court, but also poses a challenge to donors. Many institutions will only be able to survive and provide an effective service after TA is terminated if their budget is supported by adequate funds from government. The challenge to donors is to provide their institutional assistance in a way that advances this possibility, rather than postpones it.



## Chapter Eight

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# What Do Projects Add up to? The View from the Sector

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Even if all projects were good and added up to a coherent pattern of assistance within each institution, the question would remain about their overall impact at a sectoral, sub-sectoral, national or provincial level. Does the project approach to technical assistance, which involves separate identification, design, appraisal, negotiation and implementation in each case, make sense when seen as a whole at these macro-levels? This chapter approaches this question with evidence from the health sector, and makes some comparisons with education.

### 8.1. The project approach and the sector-wide alternative

The alternative to the project approach to external assistance is the sector-wide approach (SWAp), already partially implemented in a number of countries (see Foster 1999; Asamoah-Baah and Smithson 1999) and being actively-promoted in Cambodia by the Health Sector Reform Project and the SWAp Working Group within the Ministry of Health (MoH 1999), and more generally by the World Bank (2000). The pressure to move towards a sector-wide approach is based on experience with the sectoral impact of projects in health care around the world, summarised as follows by Cassels and Janovsky (1998).

- Projects may lead to fragmentation and duplication of effort.
- They compete for (and waste) the time of a small group of busy, senior government officials.
- They set up parallel, donor-specific management units and attract the best people away from government service to staff them.
- They take a long time to prepare, with as many as two years elapsing between identification and implementation.
- They reflect the priorities of donors, making it more difficult for governments to prepare policies that reflect national priorities.
- In short, the project approach to external assistance in general, and technical cooperation in particular, is wasteful and inefficient, adversely affecting policy development, capacity-building, performance, ownership and sustainability.

The SWAp, the components of which are described in Box 8.1, hopes to avoid these shortcomings by starting from a jointly-agreed statement of policy and priorities for the whole sector, with a detailed annual budget and work-plan, disaggregated by sub-sector and province. It involves joint planning and review meetings, and meetings for exchange of information and work-plan monitoring, and regular reporting on performance and expenditure.

Crucially, donors, rather than financing individual projects, pool their funds in a 'Health Fund' which is allocated according to the agreed sector-wide plan and managed by the Ministry of Health.

*Box 8.1: The components of a sector-wide approach*

*The foundations of effective joint-working:*

1. Agreement on policy and priorities: The Ministry of Health, UN agencies, ADB, World Bank, bilateral donors and major NGOs together agree & produce a clear statement of policy & priorities for the health sector that they all accept.
2. Agreement and information on planned activities: The Ministry of Health and donors agree, produce & maintain a joint Ministry of Health-Donor annual work-plan for the whole public health sector which summarises by sub-sector & province all of the activities of all organisations & follows agreed sector-wide policies.
3. Agreement and financial information on planned expenditures: The Ministry of Health and donors agree, produce & maintain a joint Ministry of Health-Donor annual budget for the whole public health sector which contains an overview of the expected income and expenditure for all activities in the agreed work-plan by source & expenditure type for each sub-sector and province.

*Joint working in practice: the ways the Ministry of Health and other organisations can work together:*

1. Joint planning & reviews meetings : Annual or biannual joint sector/project 'decision making' reviews to replace individual project or donor agency reviews, using a sector-wide indicator framework.
2. Monthly meeting for information exchange & work-plan monitoring: Routine and regular meetings of senior MoH staff and donor in-country representatives to monitor work-plan and budget implementation and discuss issues that arise.
3. Quarterly/Biannual activity monitoring report: information collection & reporting for routine and regular performance monitoring of joint Ministry of Health-donor work-plan based on common monitoring format.
4. Quarterly/Biannual budget monitoring report: expenditure information collection & reporting for routine and regular monitoring of joint Ministry of Health-donor budget implementation based on common monitoring format.

*Joint working through pooled funding & national execution of donor funds: - options include...*

1. Budget support to treasury: donor funds managed as part of the government health budget and following government accounting and procurement systems and regulations.
2. Donor 'Health Fund': several donors pool funds and use common accounting systems and rules to replace multiple project funding pipelines - allocation is according to agreed sector-wide plan.
3. Earmarked donor funds managed through health fund system: managed by Ministry of Health as for the Health Fund but donors specify the purpose and objectives.
4. Limited national execution of local costs: donor funds managed by Ministry of Health but follow donor-specific accounting requirements.

Source: WHO (personal communication)

## 8.2. Technical assistance and capacity development in the health care sector

The discussion of the role of technical assistance in this chapter rests on a particular assumption about the role of the state in health care. It is assumed that the state is responsible for ensuring that every citizen has access to preventative and curative health care at a price that is affordable. This is partly because health care is a public good: an individual cannot be confident of avoiding infectious or contagious diseases unless his/her neighbours are also protected from them. It is partly, also, because expenditures on health emergencies are a major cause of the descent of families into landlessness and poverty (Murshid 1998): if the state is responsible for prevention of poverty it must also assume responsibility for enabling its citizens to deal with health emergencies. This does not imply that the state is the only agency that can **deliver** health care -- the private sector and not-for-profit non-government agencies have roles to play in delivery. But the state is the only agency that can provide a framework within which affordable health care is delivered. Technical assistance in the health care sector should, therefore, have the major purpose of building up the capacity of government institutions and individuals working for them to perform this function, and this is one of the main criteria on which its performance should be judged.

In this respect, the Ministry of Health is, relative to other government institutions in Cambodia, generally agreed to be a success story. As a senior official pointed out, at least at the central level, it generates ideas for projects, takes part in the selection of expatriate personnel, and prepares terms of reference for experts to work with assigned counterparts, with emphasis on capacity development and training. However, not all agencies work through existing government structures: the World Bank and ADB health projects have set up Project Implementation Units (PIUs) and there are other quasi-PIUs. And the chronic under-funding of health care means that the ministry often has to accept the project that is offered, and the system that goes with it, rather than refuse the offer or negotiate changes.

In May 1999 two meetings were held with members of MEDiCAM and EDUCAM, the membership organisations for aid agencies and NGOs active in the health and education sectors respectively<sup>1</sup>. These were in the nature of 'group interviews' and enabled a picture to be built up of the differences between the two sectors in their management of TA.

In contrast to education, where coordination is weak, there is a Health Coverage Plan, to which donors have agreed and which provides a management framework for handling the massive inflow of funds. However, donors admit that they have tended to pick out projects that they like most, so that some areas are left out. For instance, separate vertical programmes, such as polio immunisation and reproductive health, as well as malaria control and HIV/AIDS (some with global targets or a regional dimension), are relatively popular with donors. But strengthening the public health services, particularly at its lower levels, tends to get left out. Governments have to face electorates and NGOs have to appeal to those who contribute to them. As a result "difficult" subjects such as mental health tend to be ignored in favour of more-fundable programmes. Also some donors are unwilling to work with government – they try to fill gaps in coverage directly or through NGOs. The issue of the second language of instruction, which is a controversial issue for tertiary education, is fortunately less important for the health sector.

Donors agree that government ownership of projects in the health-care sector is growing. The MoH's way of working has to be followed. Documents have to be in Khmer. In some projects the hiring of consultants has to be discussed with the ministry. However, there are other projects that are less-owned by government. Supplementation of salaries linked to projects may be a factor in encouraging an uncritical attitude by government towards donors' proposals. Project counterparts also often regard themselves as belonging to the project rather than to a government institution. In the education sector, in contrast, donors suggested that

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<sup>1</sup> See the annex to this chapter for full reports on these meetings. See also MEDiCAM 1999.

ownership of projects goes no further than an interest in salary supplementation, computers, vehicles and overseas training and seminars.

*Box 8.2: Higher education – a sector in crisis?*

The team leader of the University of Phnom Penh English and Education Project (UPPEEP), from July 1993 to February 1997, contributing to a book on the experience of the project (Coyne 1997), summarised the key issues affecting higher education in Cambodia. He grouped them under five headings: (1) the low quality of the education provided, caused partly by (2) the low level of public spending on higher education, (3) the absence of an adequate legislative framework, (4) the lack of sector-wide coordination and control mechanisms, and (5) inadequate management at the level of the institution.

Reflecting these institutional inadequacies and reinforcing the low quality of higher education are the processes of selection and assessment, alarmingly described by Coyne (page 36). An "under-the-table" payment equivalent to \$4,000 was reported in 1994 to be the market price for selection for entry into a prestigious department and faculty such as commerce, law or medicine. As for assessment, quite apart from the disinclination of lecturers to give any grade except A or B ("to give a fail grade is almost unheard of"), students "routinely expect to have to pay their teachers in order to pass their exams; perhaps as a consequence, open cheating in examinations is quite normal." When a lecturer attempted to take away a student's exam paper for blatant cheating in March 1995, he was reported to have been threatened with a gun.

To judge from our interviews, there has been little, if any, improvement since then. In the Royal University of Phnom Penh, many students fail the end-of-year examinations administered partly by foreign advisers and volunteers, but none fails the re-sits a few weeks later in which foreigners are not involved. The administration in the Faculty of Law is described as terrorised by students, of whom some have guns and/or relatives in high places, and the situation has been getting worse. The French project in the faculty has been forced to adopt a desperate solution: blanket support has been terminated, and a special course for 25 students to obtain a French law licence has been mounted, taught and examined entirely by French lecturers.

The absence of standards in higher education, aggravated by intimidation and corruption, is at the heart of many of Cambodia's capacity problems and, unless rooted out, would ensure that these problems continue for years to come. The growth of a vigorous and competitive private sector will reduce the market value of intrinsically worthless qualifications but this will be a gradual process. Government recruitment criteria and procedures also need to be revised. And reform of the higher education system itself will be needed. The best starting point for this is **reform of selection and assessment**: if entry to higher education becomes competitive, and 'clean' examinations rigorously test the achievement of relevant standards, qualifications will begin to have meaning. Moreover, the 'backwash' effects will be benign: the whole school system will have to adjust to the need for leavers at its apex to compete on fair and equal terms for places in higher education.

*Source: Coyne (1997) and interviews with TA personnel, Phnom Penh, March 1999.*

As for post-project financial sustainability, health-sector donors feel that administrative reform and hence health sector reform are prerequisites. The user fee system was formalised in 1996, in an attempt to balance the needs of staff for an income they can live on and the needs of patients for a low-cost and high-quality health service. While formalising the informal payment system was a necessity in the short term, there is concern that fee collection has

become too much of a preoccupation. Many donors do not think much about post-project sustainability, regarding during-project sustainability as enough to aim for! Donors in the education sector, which is also experimenting with cost recovery, warned against a 'quick-fix' approach to sustainability. The long period of social, economic and political upheaval, and the loss of several generations of educated people and of the institutional memory and awareness that they represented, has to be borne in mind. In this context, post-project financial sustainability may well mean another project, and another one after that – but within a long-term plan for the sector and for gradual transfer to government of full financial responsibility for it.

When asked to compare the capacity-developing record of TA in the health and education sectors, some donors in the health sector detected no difference between the sectors at the commune or district levels. If there is a difference, it may be attributable to: the existence of a large private sector in health which reduces the managerial task of government; the competence of the doctors who rise to the top in MoH; the role of the World Health Organisation (WHO) since the early 1990s in providing cohesion to the health sector; inherent differences in the difficulty of managing schools and hospitals; the issue of the second language (more important in education); and more malleable clients in the health sector than in education, where policy is often driven by fear of students' resistance (e.g. see Box 8.2).

### 8.3. The malaria sub-sector nationwide

To further investigate what projects add up to, it is useful to go down to the sub-sectoral level. For this purpose, the research team made a special study of technical assistance in the malaria and HIV/AIDS sub-sectors.

The national strategy for control of malaria is in the hands of the National Centre for Parasitology, Entomology and Malaria Control (NCPEMC), a specialised institution set up by the Ministry of Health. The strategy consists of a set of technical guidelines to be followed by "every public or private, national or foreign health worker in the Kingdom who is engaged in the treatment or in the prevention of malaria .... in order to avoid confusion, drug resistance development or ineffective and uncoordinated interventions" (National Malaria Centre 1997). The guidelines cover procedures for treatment of malaria, its diagnosis, and prevention through vector control and through personal protection. As part of its strategy, NCPEMC welcomes the integration of its programme with other disease control and health promotion programmes. However, even though the will may be present, institutional and project pressures act against such integration.

A sign of the failure of NCPEMC to gain complete ownership of the national programme is the fact that there is no up-to-date, comprehensive list of external interventions in the malaria sub-sector. The main projects over the period 1992 to 2002, shown in Table 8.1, are those of WHO (variously funded), the World Bank/Ministry of Health, and the European Commission.

In addition to the projects shown in 8.1 and other health care projects which include elements of malaria control, twenty-three other international and non-government organisations are active in the field, as summarised in Table 8.2.

WHO, UNICEF, the World Bank (WB) and the European Commission (EC) have agreed on a joint plan of activities for Cambodia within the new Roll Back Malaria (RBM) project for Mekong countries, itself part of a global RBM programme. This project, which will cost \$2.5 million over the 1999-2001 period, aims to: strengthen the institutional capacity of the malaria programme to integrate and coordinate activities; ensure early diagnosis of malaria based on parasite detection; increase the availability of correct treatment; control and prevent malaria epidemics and improve malaria surveillance; and improve prevention of malaria.

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**Table 8.1: Main ongoing malaria control projects**

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	WHO: CAM/CTD/010	WHO: CAM/CTD/012	WHO: ICP/CTD/010	WB/MoH Malaria Project	EC Malaria Project
Total funding	\$4.5 mn from DfID & WPRO	\$335,800 from WB/MoH	\$200,000 from EC	\$2.4mn	\$4.2 mn
Duration	1992-99	1998-2002	1997-2001	1997-2001	1997-2001
Main objective	All aspects of malaria control	Social marketing of mosquito hammock nets	Operational research, partner coordination	Complements WHO's activities in malaria control	Integrated malaria control in 10 operational districts

Source: MoH, National Malaria Centre (1999).

Coordination between the relatively few big donors in the malaria sub-sector is now quite good. It was not always so. When the World Bank (WB) and EC projects ended WHO's virtual monopoly in the field after 1997, there was rivalry between the main donors. Philosophies differed: the WB and WHO projects were concentrating on strengthening the central Ministry of Health; the EC aims to improve existing decentralised health-care delivery systems, including the private sector, but on a virtually-pilot basis, covering a limited geographical area. For different reasons, also, the new projects had chronic implementation problems. Delays arising from Ministry of Finance procedures limited WB project disbursement to 4 percent in 1998 and were one of the reasons for the transfer of some WB funds to WHO. The start of the EC project was repeatedly delayed by problems in Brussels. However, by September 1999, the main donors seemed reasonably happy with the division of labour between them.

**Table 8.2: Other international and non-government organisations active in malaria control**

Organisation	Activity
EC Humanitarian Office (ECHO)	Malaria epidemic emergency relief
UNHCR	Malaria prevention in returnees
World Food Programme (WFP)	Malaria epidemic emergency relief
UNICEF	Malaria epidemic emergency relief
UNESCO	Health curriculum for school children
International Federation of the Red Cross (IFRC)	Malaria epidemic emergency relief
CESVI (Italian NGO funded by ECHO)	Malaria epidemic emergency relief
Partners for Development (PFD)	Integrated malaria/helminth outreach activities
Youth with a Mission (YWAM)	Integrated malaria/helminth outreach activities
Lutheran World Service (LWS)	Malaria epidemic prevention
Medecins du Monde (MDM)	Integrated malaria/helminth outreach activities
Action contre la Faim (ACF)	Integrated malaria/helminth outreach activities
Medecins sans Frontieres (MSF)	Clinical study of severe malaria
World CONCERN	Integrated malaria/helminth outreach activities
United Community of Cambodia (UCC)	Malaria epidemic prevention
CIDSE	Integrated malaria/helminth outreach activities
Health Unlimited	Construction of health posts, bed net distribution
Catholic Relief Services (CRS)	Malaria epidemic prevention
Care International	Integrated malaria/helminth outreach activities
Caritas	Construction of health posts, integrated outreach activities
Swiss Red Cross	Severe malaria treatment
Centre for Hope Hospital	Severe malaria treatment
Non-Forest Timber Products (NTFP)	Construction of health posts, integrated outreach activities

Source: MoH, National Malaria Centre (1997).

The Roll Back Malaria project is a positive factor in this. It encourages WHO and WB/MoH to try to strengthen the state health care system, while it integrates the EC by emphasising private-sector involvement and inter-sectoral collaboration in the development of a strategy for the distribution and promotion of pre-packaged anti-malaria drugs through



village-based shopkeepers and drug vendors. Although the RBM is useful for coordinating donors, it must also be admitted that it looks like a classic example of a donor-driven approach to aid – a global (and in this case also regional) programme into which governments are invited to fit, and which they formally approve, rather than a number of programmes each actively-developed by the relevant national authority in the light of its own circumstances.

This is in line with the lack of real ownership of malaria-control projects already prevailing in Cambodia. Modes of identifying and appraising projects vary: the large donor agencies discuss proposals with the MoH and NCPEDC, but smaller projects target specific areas and beneficiaries as the need appears to arise. The WHO uses normal government structures for implementation of projects, but the WB and EC projects have special project implementation units (in the case of the EC, with separate accommodation). NGOs tend to implement projects outside government structures, directly or through intermediary organisations, but they often collaborate with government institutions and work with their staff. Information is exchanged at regular meetings of donors and government officials in NCPEDC and the MoH. Nevertheless, the government would not claim to be in full control of what goes on in the malaria sub-sector.

Weak ownership is reflected (beneficially, some would say) in the content of the programmes: in contrast to Vietnam and Thailand, where official attitudes are less flexible, Cambodia has become a virtual laboratory for innovative anti-malaria interventions, such as the Parasight® dipstick test and the insecticide-impregnated mosquito hammock nets for forest workers, which are now exported to other countries.

As for sustainability, donors in this field as in others are waiting for improvement in the macro-economic situation and in tax revenue and its distribution (towards the health sector) to solve the overall problem. It looks likely that donors will be willing to continue to help with malaria control in Cambodia as long as it is necessary. Meanwhile, they recognise the need for ‘incentive payments’ of one kind or another to government counterparts. However, this usually takes the form of per diem rather than salary supplementation. As preventative staff do not have access to the extra income earned from user-fees by curative staff, there are problems of motivation and commitment.

#### **8.4. The HIV/AIDS sub-sector nationwide**

The organisation of the national response to the HIV/AIDS epidemic is rather more complicated than in the case of malaria. The National Centre for HIV/AIDS, Dermatology and STD (NCHADS), established within the Ministry of Health in 1998, is responsible for technical aspects of the response, providing support and a channel for finance to the Provincial AIDS Offices. In addition, the national response is to be overseen by a new inter-ministerial body, the National AIDS Authority (NAA), reporting to the prime minister with recommendations on policy, and coordinating interventions by its 11 member ministries. Within the same structure, inter-ministerial Provincial AIDS Committees are also being set up.

A National Strategic Plan (Ministry of Health/NCHADS 1998) provides a framework for action and coordination of all partners involved in the response to the epidemic. Specific objectives are proposed in 12 key areas: information, education and communication (IEC) strategies and materials; condoms; sexually-transmitted disease (STD) services; special interventions for people with high-risk behaviour; community participation; integration of vertical programmes; care and support for people living with HIV/AIDS; formal and non-formal education; blood safety; universal precautions; testing and counselling; and research. The roles of international donors and NGOs are defined. UNAIDS is identified as the body that will assist in coordinating and mobilising international support. NGOs are seen as having a special advantage in implementing services to priority populations, piloting innovative models and mobilising community support and involvement in prevention and care. Planning and coordination mechanisms are proposed to involve government organisations and international organisations, including the UN, bilateral donors, and international and local NGOs.

Table 8.3 shows disbursements by the main projects in the HIV/AIDS/STD sub-sector since 1994, classified by donor (the source of the funds) but variously executed.

The disbursement of US\$5.2 million on HIV/AIDS/STD projects in 1998 is equivalent to almost 30 percent of the entire current expenditure of the Ministry of Health in the same year. With many more projects than in the case of malaria control, coordination between agencies is more difficult. UNAIDS plays an important role in relation to the UN system, bringing together seven agencies that implement projects, providing them with technical back-up and helping with resource mobilisation. The technical staff of the UN agencies, some bilaterals (e.g. France, Japan, Australia) and the major NGOs hold regular meetings. In addition, the HIV/AIDS coordinating committee (HACC) provides a forum for NGOs. The NAA hopes to organise a monthly meeting of government and donors. Nevertheless, many agencies operate independently without consultation and their interventions add up to less than a comprehensive response to the problem. Gaps mentioned by donors include blood safety and care of patients. Geographically, relatively-neglected areas include Koh Kong, Pailin and Banteay Meanchey, and rural areas in general. Another gap mentioned by government is care of uninfected babies of HIV-positive mothers.

Although UNDP is moving towards a full national execution system, 80 percent of funding, according to the estimate of one multilateral agency, goes through NGOs, outside the control of the Ministry of Health or the NAA. Every agency, donors frankly admit, has its own agenda (with emphasis on efficiency, impact, speed and visibility), and each of the big ones wants to be leader. One large multilateral agency comes in for particular criticism from other donors for working alone. Agencies are reported to announce the appointment of consultants/advisers for particular issues, with only formal reference to the national response. According to one donor's estimate, there are 20 expatriate advisers too many in the sub-sector. In 1998, NCHADS alone had 10 advisers, "each with his own agenda." Consultancy reports on specific issues (e.g. surveillance) mount up and are successively ignored.

Government officials support this picture. Although an action plan drawn up early each year is the basis for requests to donors, projects are offered as packages, including specific consultants (of variable quality and often working as administrators rather than technical specialists). One large international agency comes in for particular criticism for producing its own materials (including videos) rather than building the capacity of NCHADS and the National Centre for Health Promotion (NCHP) to do so, and for working directly with NGOs at the provincial level rather than via the Provincial AIDS Office. Several large projects have their own project implementation units rather than working through normal government structures. Although not full owners, senior officials have to spare time for meetings with donor missions and visitors "almost every day."

Financial sustainability in the sense of a fully-nationally-funded response to Cambodia's HIV/AIDS epidemic is regarded by several donors as unattainable. There is plenty of international money available for this purpose (especially given the low rate of disbursement in some projects) and most feel that this will continue to be the case for a long time. Meanwhile, the need for some kind of salary supplementation is recognised, until the combination of cost recovery and civil service reform enables government staff to be paid a living wage. As in other sectors, underpayment of staff is a major obstacle to efficient implementation (the other, recognised by officials, is Cambodia's top-down management tradition). Donors have their own rules about salary supplementation (only UNAIDS and the EC pay supplementation, other agencies do it through per diems), but does it make sense to donate equipment worth \$500,000 and put it in the hands of someone earning \$15 per month?

**Table 8.3: Disbursements by the main HIV/AIDS/STD projects, by source of funds, 1994 - 99**

FUNDING AGENCY	1994	1995	1996	1997	1998	1999
UN SYSTEM						

			UNAIDS	100,000	200,000	200,000	352,000
			UNICEF	132,000	460,000	233,000	450,000
			UNDP/OPS	355,000	400,000	41,301	376,089
	4,000	60,000	UNDP/CARERE	61,000	200,000	300,000	
			UNESCO	12,500	12,500	123,500	242,800
	100,000	315,000	UNFPA	16,000	287,500	269,500	
	502,249	366,700	WHO (All sources)	297,000	297,000		
	606,249	741,700	Sub-Total	973,500	1,857,000	1,167,301	1,420,889
<b>BILATERALS</b>							
			USAID	950,000	1,200,000		
			GTZ/CHASPPAR	30,000	70,000		
			France	500,000	500,000	72,000	200,000
			Indonesia	70,000			
			Japan	3,000			
			Sub-Total	1,553,000	1,770,000	72,000	200,000
<b>MULTILATERALS</b>							
			European Union		600,000	600,000	600,000
			Sub-Total	-	-	600,000	600,000
<b>NGOs</b>							
			Save the Children UK	43,788	43,788		
			CARE International			163,227	249,980
		700,000	PSI	700,000	850,000	1,700,000	1,600,000
	100,000	120,000	World Vision	120,000	150,000	150,000	160,000
			COEER	10,000			
			MSF (French)	30,000	26,000		
			MSF (Holland/Belg)			500,000	
		265,800	Aus/Cam Red Cross	167,500	167,700	231,362	175,656
			Maryknoll	34,000	34,000		
			Quaker Service Aus	110,989	110,989	135,794	135,794
			Cambodian				
			Women's Devt Assn	20,000	20,000	80,814	83,576
			Servants	2,500	2,500		
	114,172	59,775	REDD BARNA	61,330	38,786		
			Medecins du Monde				2,000,000
			CUHCA			11,000	29,000
	214,172	1,145,575	Sub-Total	1,300,107	1,443,763	2,972,197	4,434,006
<b>NATIONAL</b>							
			World Bank Loan		70,000	400,000	940,000
			Government Budget	60,000	28,000		
			Sub-Total	-	-	400,000	940,000
<b>OTHERS</b>							
			Private Sector	1,000			
			Sub-Total	-	-	-	-
	820,421	1,887,275	TOTAL	3,887,607	5,768,763	5,211,498	7,594,895

Source: UNAIDS (unpublished data).

## 8.5. Projects in the health sector in Battambang

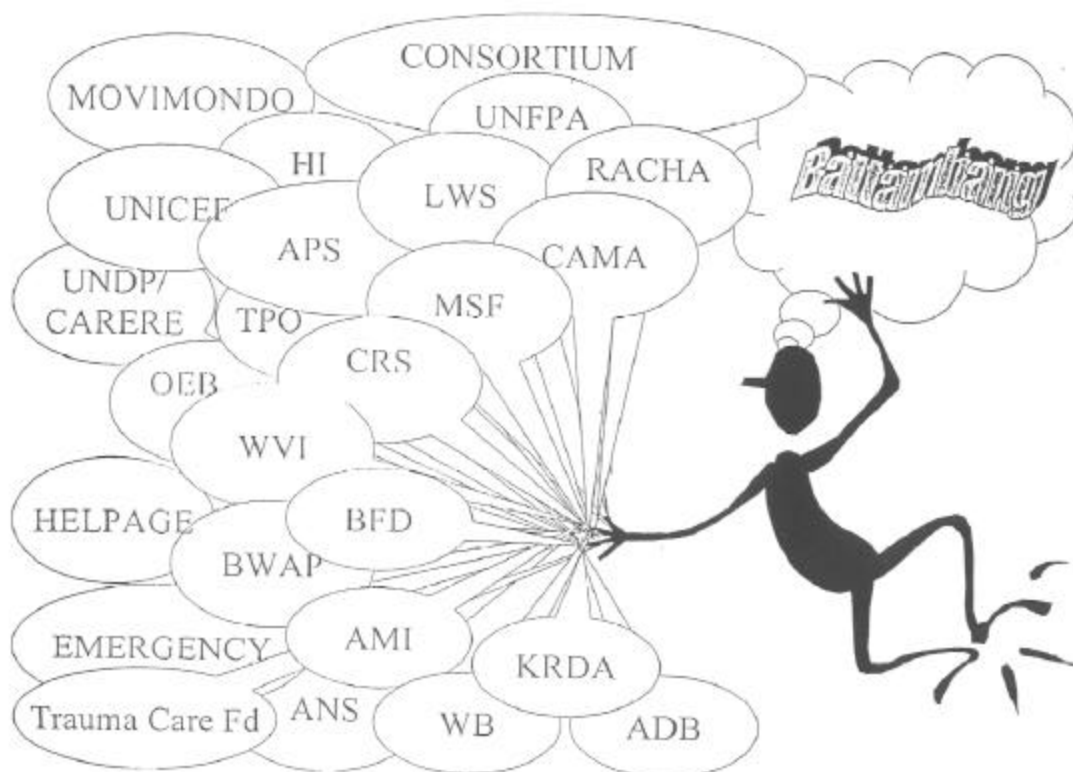
For a full picture of what projects add up to, it is useful to descend from the national to the provincial level, and the research team attempted to do this, with a study of Battambang province. This looked at the health sector as a whole, and at the malaria and HIV/AIDS sub-sectors.

The priorities of the Battambang provincial health authorities are to: extend rural health-care services, based on a cost-effective minimum package of curative and preventive services covering all communes in the province, and on the district health approach, involving community participation; promote the health of women and children through birth-spacing and

good nutrition and hygiene within the family, and through the delivery of essential mother and child health services; reduce the incidence of communicable diseases, particularly malaria, dengue fever, tuberculosis, HIV/AIDS and STDs, diarrhoea, and acute respiratory infections; improve the quality of services in the provincial and district referral hospitals; upgrade human resources by improving basic training and updating and retraining existing staff; and ensure an adequate and secure supply of drugs, the full participation of both the public and private sectors in the delivery of services, and appropriate regulatory frameworks to raise service standards.

In trying to achieve these objectives the provincial health department has the assistance of a large number of international agencies and NGOs, as indicated by Figure 8.1, reprinted from its 1998 Annual Report.

**Figure 8.1: International and Non-Government Organisations Active in the Health Sector, Battambang**



Source: Battambang Provincial Health Department, 1998 Annual Report, 1999

Efforts to coordinate the health-care activities of these agencies and government in the province are impressive. A coordinating committee (PROCOCOM) meets monthly. A typical meeting is attended by about 12 government officers and about 20 representatives of international agencies and NGOs. As examples, two recent meetings of PROCOCOM covered: (in February 1999) a cholera epidemic in Kas Chiving commune, STD/AIDS-activities plan for 1999, a workshop on prevention of mother-to-child HIV/AIDS transmission, EPI results for 1998, TB annual report for 1998, blood bank activities, and activities of the Community Action for Social Development (CASD) programme; (in May 1999) the situation in Samlot district, expansion of the TB programme, the provincial mental health programme, report from the provincial department of women’s affairs; drugs management training; and continuing education activities. Donors and government staff regard PROCOCOM as an effective mechanism for exchange of information.

The provincial health department also collects information about assistance for health activities from international and non-government organisations. The figures for 1998 are shown in Table 8.4.

**Table 8.4: Assistance for health activities in Battambang province from international and non-government organisations, 1998**

	Build-ings	Equip-ment	Trans-port	Drugs	Training	Surveys	Other	Total
UNDP/ CARERE	39,546	5,518			53,102	5,000	7,995	111,161
BFD		510	402		3,165		8,196	12,273
CRS	33,112	33,537	6,600	4,232	25,800		70,678	173,960
LWS							1,568	1,568
WVI	14,101	599	500	4,770	15,630	1,573	2,111	39,284
RHAC				4,500				4,500
EMERG-ENCY	121,465	23,666	7,974	60,136	20,820		48,527	282,588
LCJ	1,560	325		45			370	139,445
Total	209,785	64,156	15,476	73,683	118,518	6,573	139,445	627,635

Source: Battambang Provincial Health Department, 1998 Annual Report, 1999

The provision of this information to the provincial health department (PHD) falls far short of full transparency on the part of the organisations concerned. It covers only resources made available for jointly-funded activities, and excludes projects implemented separately or nationally from Phnom Penh. It excludes salary costs of project staff and other overhead costs (although the department collects, but does not publish, information on the number of expatriate and local staff working in health projects). Also, there are many organisations that do not send any report to the department.

Although the coordination mechanisms of the Battambang provincial health department probably surpass those in any other province, it cannot be said that they amount to full government ownership of project activities. Proposals for small projects such as those covered by Table 8.4 often emanate from the PHD, but only two donors transfer funds to the department to run projects. In most cases selection of staff and project evaluation remain the responsibility of the agencies. Projects are often implemented outside normal government structures. The resulting array of projects has several gaps in it: For instance, tuberculosis (TB) is a neglected area, in contrast to HIV/AIDS which attracts a lot of donors.

At the district and commune levels, projects are particularly important for training. Three operational district (OD) offices visited had support in training from World Vision International (WVI), Cama, CRS, APS, MSF, Action North South (ANS), and the World Bank project. One NGO is working in four remote villages unable to gain access to health centre services; another is financing construction of roads and buildings. However, ODs reported that most NGOs prefer to work in communes with good roads and that many never come to their offices. ODs also operate within top-down management structures and have not yet become truly decentralised implementers.

*Box 8.3: the EMERGENCY hospital as an example of the project dilemma*

An interesting example of the juxtaposition of the project approach and an under-funded government system is the surgical centre for civilian victims of war and landmines, operated in Battambang since July 1998 by the Italian NGO, EMERGENCY. This small hospital, which also undertakes reconstructive surgery, employs (on a 24-hour basis) 7 expatriate professionals, 2 Cambodian doctors, 4 medical assistants, 42 nurses, 6 support staff and 24 cleaners. Local medical staff are seconded from the provincial health department. The EMERGENCY hospital is an admirable institution, with dedicated staff, which takes care (unlike some other international-standard hospitals) to collaborate with the provincial authorities and with other agencies. From the point of view of the government, it brings resources to the province which would not otherwise be available, and enables some local medical staff to practice their profession with a living wage. The money raised for the hospital was for a specific purpose which caught the imagination of the Italian public: fund-raising included the royalties from the sale of 300,000 copies of a compact disc specially-recorded by an Italian rock group. It is almost certain that a rational plan for health-care provision in Battambang would not include the construction and operation of a specialist institution of this kind. The funding would, rather, be used to improve the facilities that already exist. However, it is doubtful whether the same amount of funding could be raised for a less-exciting purpose. This, in a nutshell, is the dilemma raised by the project approach.

Source: Interviews with Emergency staff, Battambang, September 1999.

The biggest complaint about projects raised by government health officials in Battambang concerned salary supplementation. No supplementation is paid by projects, only per diems. One of the projects which encourages ownership by transferring funds to the department pays such a low rate of per diem that the department's programme officers have problems in organising meetings and training sessions: they have been advised to transfer responsibility for organising these events back to the project. This is an example of the difficulties faced by an under-funded government department trying to achieve ownership of projects. Unfortunately, although other provincial departments complain vociferously, the department of health is reported to be the only one to have made a formal complaint to donors about rates of per diem: more coordination on the government side would be useful on this!

Another aspect of under-funding is the contrast in equipment and resources available to government offices and to projects. For example, Svay Por operational district office, with 20 staff, has four motor cycles and one typewriter (no computer): the office has produced a model supervision report but has no money to photocopy it for distribution to other OD offices. In contrast, a project in the same district has nine staff, two four-wheel-drive vehicles, seven motor cycles and two computers.

## **8.6. Projects in the malaria sub-sector in Battambang**

Battambang's malaria control programme has been gradually returning to normal since November 1998. Before that, an uninterrupted series of emergencies had affected its progress. In the most recent of these, following the fighting of July 1997, the programme (in collaboration with WFP, MSF and the CRC) had to control malaria in several makeshift camps for internally displaced people, who had fled from the fighting in the northwest of the province. After successful emergency intervention, the programme had to raise funds for the prevention of future malaria epidemics in former-Khmer Rouge areas, involving the purchase, impregnation with insecticide and distribution of additional mosquito nets. Internally-displaced people have continued to move into the heavily-forested, hilly and malarial areas of the northwest.

The programme is making widespread use of the new Parasight® dipstick test, which makes possible early correct diagnosis and appropriate treatment (with Mefloquine) in remote locations beyond the reach of microscopy. The programme of disease management, through treatment, laboratory services, drug supplies and vector control, needs to be improved through training and supervision of district and health centre staff and the expansion of access to diagnosis and treatment in peripheral areas. The use of insecticide-treated mosquito nets which until recently have received less attention than acute clinical care facilities also needs to be increased.

International and Non-Government Organisations active in malaria control in Battambang province include the following: World Vision International (WVI), working since 1996 with communities and health centres under Rattanak Mondul Operational District Hospital; Medecins Sans Frontieres (MSF), working since 1991 in Battambang and Rattanak Mondul Operational District Hospitals; Catholic Relief Services (CRS), working since 1997 at Sampov Loun Operational District Hospital and in Bovel and Banan districts; Lutheran World Service (LWS), since 1996; UNICEF, since 1999; the European Commission (EC), since 1998; EMERGENCY, working since 1998 on referral and treatment in Samlot (in addition to their surgical centre - see Box); the World Bank project, since 1999; and MOVIMONDO, working at Mong Russey Operational District Hospital since 1999. Most of the projects visited by the research team are fairly small, with few expatriates, but, as Table 8.5 shows, they are relatively well endowed with vehicles and computers in relation to the number of their staff. Projects implemented by programme staff are likely to be more cost-effective than those implemented by agencies, in the view of one government official, since the proportion of the budget available for activities (rather than salaries and other overheads) is lower.

**Table 8.5: Budget, staff and equipment of malaria projects visited**

Project	Budget (malaria activities only)	Staff (whole project)	Equipment (whole project)
WV Rattanak Mondul Agricultural Development Project	\$3,000-5,000 for training + more for drug supply	1 expatriate 9 Cambodians	2 vehicles 7 motorbikes 2 computers
EMERGENCY Samlot	\$12,000	counterparts (+ access to staff of surgical centre - see Box)	2 vehicles 2 motorbikes no computer
LWS Integrated Rural Development Project	\$6,200	1 expatriate 2 Cambodian experts 2 administrators 15 community workers 6 support staff	3 vehicles 1 motorbike + 15 owned by staff through LWS loan 3 computers
CRS Community-based Health Care Project	not separable (see Table 4 for project budget)	2 expatriates 15 Cambodian experts 5 administrators	4 vehicles several motorbikes several computers

Source: interviews with project staff, Battambang, August-September 1999.

The manager of the Battambang Malaria Centre organises a regular meeting with agencies active in the sub-sector (Sub-PROCOCOM), many of whom also attend the PROCOCOM. The location of responsibility for negotiation with donors is not clear. Do they deal with the national programme, the provincial health department, or a provincial programme? The larger agencies develop their project proposals in consultation with the NCPMEC, as already described. NGOs, such as LWS, CRS, WVI, identify needs for new project activities as they emerge, and keep the provincial programme informed. In distribution of mosquito nets, some agencies (e.g., Red Cross and UNHCR) collaborate with national-level authorities, without reference to the provincial programme or department. In general,

coordination of malaria- control activities in the province is good, with little duplication, but it does not amount to government ownership.

The usual problems arise from low salaries. Per diem only is available, ranging from \$2 to \$5 depending on work place and qualification. In the view of some officials, travel to infected areas is risky and deserves higher supplementation (compared with HIV/AIDS specialists who work mainly in urban areas). On the other hand, supplementation only in the form of per diem sets up perverse incentives – favouring fieldwork and attendance at meetings and workshops over essential management. As for financial sustainability, the assumption appears to be that donor funding for malaria control will be available for as long as it takes for government finances to be reformed.

### 8.7. Projects in the HIV/AIDS sub-sector in Battambang

Battambang is one of the best-organised provinces, as far as its HIV/AIDS programme is concerned, and is nominated to become the first province outside Phnom Penh to provide AIDS care. It also has a high rate of HIV prevalence, as Table 8.6 shows.

**Table 8.6: HIV prevalence among target populations in Battambang province, 1998**

Group	Number of Tests	Prevalence (%)
Blood donors (provincial hospital)	2,042	7
CDAG Hygiene station	286	26
Direct sex workers	150	53
Indirect sex workers	103	20
Police	150	5
Married women in urban areas	400	4
Married women in rural areas	400	3
In-patients at provincial hospital	401	18

Source: Battambang Provincial Health Department, 1998 Annual Report, 1999.

Activities carried out during 1998 and 1999 include: HIV/AIDS education (in collaboration with UNICEF, BWAP, CRS, WV, and LWS); peer education (with UNDP CARERE); STD treatment, education and condom use (with MSF); pre- and post-test counselling (with CDAG and France); training of health staff in STD (with MSF, and UNDP CARERE); social marketing of STD packages (with MSF); World AIDS day, planning of home-based care, blood safety, and counselling (with UNICEF). As a result of these activities, awareness of HIV/AIDS is growing. The number of people seeking check-ups at STD clinics rose from 200 in 1997 to 1,200 in 1999. The number of sex workers in Battambang town has fallen from 500 to 200. Many have moved to Pailin and Komrieng where knowledge is lacking and the situation is dangerous.

Most international and non-government organisations tend to integrate HIV/AIDS activities into wider health care programmes: an exception is BWAP, a single-issue NGO, which provides training for sex workers, police, the army and CMAC, and AIDS home care. Budgets for HIV/AIDS activities are relatively small: for instance, \$5,000 annually for World Vision International (WVI) in Rattanak Mondol district, \$15,000 for CARERE, \$2,000 for LWS. Again, agencies are well-endowed with equipment in relation to their staff numbers: even BWAP (less well endowed than most international NGOs) has one vehicle, four motor cycles and two computers for thirteen staff.

Coordination is good but does not add up to government ownership of HIV/AIDS projects. The Provincial AIDS Office (PAO), which is in charge of the programme, normally designs projects, which are then approved by the Health Department and discussed with donors. Some NGOs discuss the geographical location of their activities with the PAO. Coordination takes place through regular meetings and consultations (donor missions and appointments are



estimated to take up about 30 percent of the PAO manager's time). Very few NGOs send reports to the PAO, which does not know how much budget agencies have, nor how they spend it. Some agencies seem to prefer to subcontract activities to NGOs rather than organise them through the PAO. The subcontracted NGO then has to hire government staff to implement these activities. In spite of attempts at coordination, the programme suffers from duplication and gaps in coverage, exacerbated by NGOs' tendency to integrate HIV/AIDS education into their existing programmes in an ad hoc way. Agencies tend to concentrate on urban areas where coverage is already high, at the expense of remoter rural areas. There is also more enthusiasm for working with sex workers rather than with the police and army.

The PAO is short of money. The government only funds (inadequate) salaries and fuel. The rest has to come from projects. The office has only four motor cycles for 16 staff, of whom seven are supposed to be field staff. As a result of low salaries, in the absence of adequate supplementation, several experienced staff have left the PAO to work for NGOs. One MSF project deals with the salary problem indirectly by paying the fees of all AIDS patients in a hospital: this enables staff salaries to be raised and encourages them to treat people suffering from HIV/AIDS. Pending financial reform, the World Bank loan is regarded as a source of hope for future sustainability. In fact, donor funding should be available for a long time.

### 8.8. The view from the sector: some issues for consideration

The relatively-rapid research on which this chapter is based cannot support firm conclusions, but it does raise some interesting issues for consideration.

- Although each individual project, staffed by dedicated and well-qualified people, is making an admirable contribution, the **overall impression is of inefficiency**. There are so many small and separate units, dedicated to particular purposes, each making its demands on the time of senior government officials. The contrast between the affluence of even the most modest project and the poverty of the average government office at the same level is embarrassingly striking. Enormous economies of scale in the use of experts, vehicles, office space, computers etc. are being lost. If there are 20 expatriate advisers too many in the HIV/AIDS sub-sector as a whole, the situation in other sub-sectors with many projects is probably comparable. Meanwhile, some fields, such as tuberculosis and strengthening the lower levels of the public health service are relatively neglected by projects. And, within HIV/AIDS, some specialisations (blood safety, care of patients, care of uninfected babies of HIV-positive mothers, education of the police and army) and certain geographical areas (Koh Kong, Pailin, Banteay Meanchey, and rural areas in general) receive less coverage than others. In many ways all this is tremendously impressive, but a plan for rational provision of health care which had access to the same resources would not use them in this way.
- Coordination between government and international and non-government organisations is probably better in the health sector than in any other sector in Cambodia. It is particularly good in the malaria and HIV/AIDS sub-sectors and in Battambang province, where the PROCOCOM provides a model for the rest of the country. But **government** (in this case the MoH, the national malaria and HIV/AIDS centres, the provincial health department and the provincial malaria and HIV/AIDS offices) **should have access to more information**. In particular, transparency should be demanded from IOs and NGOs about their budgets. Budgets reported to government should cover all expenditures, including salaries, of expatriates as well as national staff. The total cost of an intervention is what is of interest to a government that is comparing more- and less-costly ways of achieving given objectives.
- The reasons why some donors prefer to do it themselves should be understood. Donors who are aiming at efficiency, impact, innovation, experimentation, speed of

implementation, or control may see a conflict between these aims and conceding ownership to government and developing its capacity. For all these reasons donors may prefer, for instance: to produce their own materials rather than develop the capacity of the national authorities to produce materials; to sub-contract projects to NGOs rather than implement them through government; to create special project implementation units rather than work through existing structures. **It is up to government to convince donors that there is no such conflict.** Otherwise, improved coordination between donors, while desirable, is not necessarily-helpful to government ownership and capacity development: it may result in better-coordinated but still donor-driven and donor-implemented projects.

- **The suggestion that the project approach is particularly prone to delays in implementation does not look completely convincing.** Some such delays in project preparation were identified, but (although there would be greater scope for flexible redeployment of funds between activities) approval and transfer of funds for a sector-wide approach could also be subject to delays on the donors' side. And the greatest delays in disbursement, affecting government-owned loan projects, seem to be due to internal procedures.
- The benefits of moving away from the project approach could be made clearer to donors if these **procedures for transferring funds between different parts of government were reformed and accelerated.** Officials at different levels also referred to the problems arising from the top-down administrative tradition and lack of clarity about the location of responsibility for relations with international and non-government organisations.
- **Low government salaries are an obstacle to efficient implementation, capacity development, and post-project sustainability of activities.** Ultimately, this is the responsibility of government, which urgently needs to increase revenue collection and allocate more of it to the health sector, while reforming administrative structures, processes and salaries. Meanwhile projects have got themselves into a complete mess over this. Their refusal to pay salary supplementation and reliance on per diems sets up perverse incentives to attend meetings and training rather than to get on with normal work. In general more ingenuity could be used to devise supplementation that gives the right incentives (like MSF's ingenious subsidy to the fees of AIDS patients). Coordination between donors could solve the problem, for instance by agreeing on a donor-financed fund (reducing over time as administrative and fiscal reform becomes effective) to top up salaries of key officials, but this may only be solvable outside the framework of the project approach.
- In the end we return to the **project dilemma**, posed by the example of the EMERGENCY hospital (in Box 8.3 above). Inspiring and visible projects, with a clear label, help to raise funds or persuade voters that their taxes are well spent. Would a move away from the project approach mean that less money would be available? Even if this were so, would this be more than offset by a more efficient and less wasteful use of resources under national ownership? This is what the debate about the sector wide approach is all about.

*Box 8.4: "Sustainable and replicable health care" versus "best possible treatment without charge"*

The Cambodian health sector is the site of an interesting confrontation between two health care models. In one corner, the multilateral agencies, particularly the World Health Organisation and UNICEF, bilateral agencies, including the Swiss Agency for Development and Cooperation, and many non-government organisations, which emphasise the need for sustainable, replicable and predominantly primary health care; in the other, Dr. Beat Richner, founder and director of two children's hospitals (Kantha Bopha I and II) in Phnom Penh and Siem Reap, who emphasises the right of children to the best possible treatment without charge (formal or informal) and accuses the above agencies of perpetrating a "neo-colonial" policy of "poor medicine for poor people in poor countries" amounting to "the passive genocide of Cambodia's children."

Although the debate has been intemperate on both sides, important issues are at stake. Kantha Bopha hospitals offer free state-of-the-art treatment to all patients and pay living salaries to their staff at all levels. Dr. Richner accuses the WHO of promoting low-quality "grass-roots" medicine and of accepting the principle of cost recovery in the name of sustainability. While not accepting his characterisation of their model, many health professionals interviewed are not as hostile to Dr. Richner and Kantha Bopha as he appears to think. At least as long as generous external donors continue to provide the funding (at an annual rate of \$7.5 million), Dr. Richner's hospitals are sustainable. The same is true of many NGO projects which are much less expensive but just as dependent on outside funding. The relatively high salaries paid by Kantha Bopha hospitals may cause practical problems for the managers of other health-care institutions, but they recognise the achievement of reaching thousands of patients (with tuberculosis, Japanese encephalitis, encephalocardiopathy, dengue fever, tetanus, cholera, etc.) who would not be able to afford treatment in other hospitals. They also recognise the quality of care provided – one NGO project in our sample mentioned the fact that graduates of its training courses were recruited by Kantha Bopha as a sign of the success of the courses!

The problem with the Kantha Bopha model is not so much lack of sustainability (at least if sustainability is redefined to encompass financing in perpetuity by external donors), as lack of replicability. Even if the entire expenditure by donors on technical assistance to the health sector were switched to this model it would support only about four Kantha Bophas. Even given the impressive numbers of out-patients and in-patients treated by these hospitals, a large proportion of the population would still be left out. Even Dr. Richner may concede that, on the most optimistic assumptions about availability of external funding, his model may have to be supplemented by others.

*Source: Richner (1998) and interviews with TA experts, Phnom Penh, May-July 1999.*



Annex to Chapter Eight

**Report on Meetings with Members  
of EDUCAM and MEDiCAM**

1. Have donors in the sector complemented each others' efforts, or have they been pulling in different directions?

**EDUCAM**

A donor round table in 1994 drew up an investment programme, which resulted in some sort of coordination for a while. EDUCAM, also, has been very useful: for example, its efforts to coordinate salary supplementation and allowances for conferences etc. led to a supplementation framework for the Ministry of Education Youth and Sport (MoEYS) and encouraged the UN and the Ministry of Finance to move towards setting maximum scales. In secondary education, where there are fewer projects, some complementarity is achieved. In general, though, efforts at coordination have not produced action. Donors have presented coordination proposals to the Ministry on seven occasions without results. Various documents have been drawn up but they are not consulted or referred to. Donors also have different philosophies. Each pushes its own projects, recruits its own consultants and experts. For instance, what is popularly identified as "the World Bank cluster school project" is seen as different from "the UNICEF cluster school project" and from the work of other donors in the same province – perhaps because they have different pedagogical practices, different levels of support for salaries and workshops, etc..

The second language of instruction is obviously a major issue for tertiary education. Not only are there separate institutions using different second languages. There are also problems within institutions: for instance, within the Royal University of Phnom Penh (RUPP), science teachers using French for instruction are paid an extra allowance by a project; those teaching the same content in Khmer are not. Within the agricultural university, the administration's attitude is that it doesn't matter what the second language of instruction is, as long as the donors pay. There are also backwash effects in secondary schools, where there is a lack of a clear government policy on language teaching. Market forces, reflected in student pressure, are leading to some changes. In the agricultural university, instruction for many courses can be entirely in Khmer. In RUPP, students can choose which foreign language to study, and in the Institute de Technology au Cambodge (ITC) both English and French are now taught (though instruction is still in French). The Department of English at RUPP has been teaching English in French-funded institutions, some of which are sending students to Thailand for postgraduate work. The meeting was reminded that the present situation was an improvement over that of ten years ago, when four media of instruction were current - Russian, Vietnamese, Spanish and German. However, the general feeling was that a decision needs to be made about the second language.

**MEDiCAM**

There is a Health Coverage Plan for the sector, to which donors have agreed, including the World Bank and ADB, and which provides a management framework for handling the massive inflow of funds. However, donors have tended to pick out projects that they like most, so that some areas are left out. For instance, separate vertical programmes (e.g. polio immunisation, HIV/AIDS, malaria eradication, reproductive health) are very popular with donors, in some cases with global targets or a regional dimension. But strengthening the public health services, particularly at its lower levels, tends to get left out. Governments have to face electorates and NGOs have to appeal to those who contribute to them, so "difficult" subjects such as mental health tend to be ignored in favour of "warm and fuzzy" programmes. Some donors, also, are unwilling to work with government – they try to fill the gaps in coverage directly. Also while projects may fill gaps in principle, they may run into other constraints, such as availability of qualified staff.

<p>2. How successful has technical assistance been in developing individual capacities in the sector?</p>	
<p><b>EDUCAM</b></p> <p>Skills have definitely improved. For instance, in the university, in a wide range of subjects (e.g. Teacher Training, English, Physics) staff, though not yet of full-university standard (in the absence of a graduate school most are not qualified to teach), have moved up at least two grades as a result of the presence of volunteers. Counterparts who received training in the UNESCO capacity-building project have been well-trained. TA for individual capacity development has to be long term: there are a lot of bright people around, but it takes time to bring them up to the desired standard. There are problems in selection for training - the wrong people go on the wrong courses: such training has no impact. The TOPS project is an example of the benefits that can be gained from a careful and transparent selection system – candidates were invited to apply for library training and those selected were enthusiastic and motivated. There are also problems in the capacity of institutions to absorb and motivate those who have been trained (see next section).</p>	<p><b>MEDICAM</b></p> <p>It was agreed that technical assistance had contributed to an increase in the average level of skill in the sector over the past six years or so. In general, though, there is an unwillingness to share knowledge that has been acquired. This may be partly cultural, but it is not unique to Cambodia. In a ruthless and fast-developing labour market knowledge is power, and skills can be used in the private sector to the benefit of the individual. Other problems identified included: the promotion of good technical people to administrative positions (for instance the large number of doctors working as managers in the MoH); “brain drain” to other countries and inside Cambodia (for instance the migration of ministry staff to PMUs, donor agencies and NGOs); and, the tendency of those who have received training at district level to move to Phnom Penh. Some felt that second-language competence was overemphasised by aid organisations and that the task of building up technical capacity through the medium of Khmer was ignored: one NGO reported that they have changed over to writing everything initially in Khmer and then translating into English. Others pointed out, however, the importance of improving competence in English in an ASEAN and global context; not many people in the sector were capable of reading a long document in English.</p> <p>Problems in the recruitment of TA experts were discussed. The emphasis is usually on technical rather than pedagogical expertise. Some people are temperamentally unable to relate to Cambodian counterparts. An interview would help to detect this. Also, job descriptions and terms of reference should put far more emphasis on the task of capacity development. Three-year cycles and attachment to projects were also identified as obstacles to effective capacity development. WHO provincial advisers, not attached to projects, may be a better model for this purpose.</p>

3. How successful has technical assistance been in developing institutional capacity in the sector?	
<p><b>EDUCAM</b></p> <p>TA has been much less successful at the level of institutions and systems. At the apex, TA has not yet succeeded in transferring to government the capacity to manage the education programme (and external assistance to that programme) as an integrated system. In the MoEYS, uncertificated competences developed through TA (e.g. through the REDD BARNA and UNESCO projects) are not recognised. People with such training are often allocated to counterpart roles that make limited use of their skills. Some attitudes at the top towards recruitment and promotion remain rigid. “Loyalty” and seniority are the main criteria. Early attempts by REDD BARNA to train the best of the grass-roots teachers for decision-making positions were thwarted. When incompetence in senior ministry posts is combined with great power, it encourages middle-level tendencies towards factionalism and emphasis on party allegiance. Job descriptions, rational salary criteria such as skill and effectiveness, training needs assessments, human resource development planning etc. don’t exist (an AusAID project was supposed to introduce these things, but its main counterpart went abroad on unrelated training!). The École Royale d’ Administration, which is designed to provide a government-wide framework, is not integrated into the system. At the tertiary level, institutional capacity development is particularly expensive and complicated. In 1991 very few people had seen a functioning university. As people return from overseas, the system is gradually moving towards that, but institutional change is slow and difficult. As a result of the failure, so far, to develop institutional capacity, the most dynamic of the younger staff are leaving the education system. This is exacerbated by the low pay (see next section). This led some to question whether TA alone is an adequate means of achieving institutional change.</p>	<p><b>MEDICAM</b></p> <p>The Ministry of Health has definitely improved, but the constant drain of people from the provincial and district levels has adversely affected the development of institutional capacity at those levels. Most donors to the sector understand the institutional issues, but regard them as long-term and difficult. Lack of budget is at the centre of this problem. When people come back from overseas studies, for instance, there is no job for them in which they can use their skills.</p>

4. Has government articulated a vision for the role of technical assistance in the sector, to which donors have responded, or has the initiative tended to come from donors?

**EDUCAM**

There are a few hopeful signs. At a recent National Congress, the Ministry worked through 10 points for primary school policy, concerning class sizes, age of entry etc. This is the first time that such an initiative has been taken. At the university, people are at last beginning to ask for specific help, with the aspiration of “matching regional standards”. But in general, government ownership of projects goes no further than an interest in salary supplementation, computers, vehicles and overseas training and seminars.

The question was raised as to whether there is too much emphasis in discussions of this issue of promoting government ownership. An alternative constituency is that of the frustrated teachers: a meeting on difficulties faced by teachers resulted in a television programme on their problems which may have fuelled the recent demonstrations! However, the dangers of ignoring government were pointed out. The government is, and will be, in charge. What happens at the grass roots (particularly in areas like Kratie where there are no NGOs) depends on improvements in government’s capacity. Donors should cooperate with both government and teachers in dealing with problems.

**MEDICAM**

Technical assistance started off entirely donor-driven, but government ownership is growing. The MoH’s way of working has to be followed. Documents have to be in Khmer, etc.. In some projects hiring of consultants has to be discussed with the Ministry (some lessons have been learned from loan projects in this respect). However, there are some projects that are less-owned by government. And, as mentioned in section 1, above, the choice of project can still be donor driven (e.g. reproductive health for Asia/Pacific, rather than malaria).

Relevant to the issue of ownership is the current debate about a Sector-wide Approach (SWAp). The idea was introduced by WHO, but the MoH is interested and wants to know more about it. After a period of internal analysis and study, the ministry will produce a consultation document. The experience of other countries with SWAp (for instance, Zambia and Bangladesh) is instructive. A core group of enlightened bilateral agencies is usually involved. All NGOs do not necessarily have to join in: it is recognised that private contributors want to know exactly where their money is going. But SWAp implies a need for big changes in practices of donors as well as government. In Cambodia, because of capacity and accountability problems, moves towards SWAp would have to be gradual, perhaps starting with a tabulation of gaps in services. UNDP has made a start by giving the MoH \$1 million to manage.

Supplementation of salaries linked to projects may be a factor in encouraging an uncritical attitude by government towards donors’ proposals. Project counterparts also regard themselves as belonging to the project rather than to a government institution. SWAp would have to address this. A jointly-managed “donor pool” of funds for salaries would have to be distributed, linked to appropriate staffing: donors would not pay for “ghosts” or ineffective staff.



5. How is the sector dealing with the issue of post-project financial sustainability?	
<p><b>EDUCAM</b></p> <p>Should donors get together and replace project-related supplementation by a lump sum to raise pay to a decent level, with the proportion to be financed by government to increase over time according to an agreed schedule? A coherent system is needed for this. We have had lump sums before. Budget support provided in 1993-96 financed pay rises, overtime pay and expensive examination systems, with little subsequent impact on system quality. The new structural adjustment loan may do the same if the system is not ready to make effective use of the additional resources.</p> <p>Meanwhile, much faith is being placed in cost recovery. The National Institute of Management (NIM) was quoted as a successful example of this: it finances competitive salaries for teachers on undergraduate courses from fees paid by private students on special courses. Some, however, suggested that the special qualities of the NIM Director, prepared to defy the ministry and with good political connections, may not be replicable, and wondered whether the funding of the new building had been at the expense of improving the quality of the MBA programme for which the cost recovery had originally been intended. Throughout the sector, the trend towards cost recovery is increasing. 50 per cent of students in higher education will soon pay some fees. Teachers are teaching more and more private classes. NETREC, in which the meeting was held, is covering costs, for instance by renting out its rooms. The MoEYS, however, is still wary: for instance, it refused the CANEP project's proposal to finance a reformed examinations system by raising significant fees from candidates, on the grounds that students would not accept it. Moreover, an efficient cost-recovery system would have to involve transparent management of income and expenditure by the institutions, which would be impossible given current accounting standards and practices; additionally, the role of the MoEYS vis-a-vis institutions, would need to be examined and clarified.</p> <p>Post-project financial sustainability has not been helped by the way in which CTAs in some projects keep financial matters secret: such management skills are not shared, and everything stops when the project finishes.</p> <p>In any discussion of this topic, the legacy of Cambodia's history has to be borne in mind. The long period of social, economic and political upheaval, and the loss of several generations of educated people and of the institutional memory and awareness that they represented, mean that technical assistance to the education system cannot achieve "quick fixes". In this context, post-project financial sustainability may well mean another project, and another one after that - but within a long-term plan for the sector and for gradual transfer to government of full financial responsibility for it.</p>	<p><b>MEDICAM</b></p> <p>Administrative reform is a prerequisite for health sector reform and for financial sustainability. The user fee system is becoming a problem: everyone wants to make money and now that the government has authorised it, the system is becoming the major priority. But most actual cost-recovery systems do not follow official procedures and do not mean the end of corruption. In rural areas, in particular, the system does not work well: poor-quality, but expensive health care is the result.</p> <p>What about the Kantha Bopha model? It is accused of being unsustainable because of its high salaries, but so are many NGO projects which don't pay high salaries. KB has built capacity. And it is sustainable as long as the money keeps flowing in. Maybe the point about KB is that it is not replicable, not even potentially replicable, whereas the NGO projects are.</p> <p>Some donors do not care about post-project sustainability: during-project sustainability is better than nothing!</p>

6. Overall, what has technical assistance to this sector added up to? Has it contributed to the creation of a coherent system? What is it likely to leave behind?

<b>EDUCAM</b>	<b>MEDiCAM</b>
<p>Overall, it has been a case of relative success in developing individual capacities, but near-total failure in developing the capacity of systems and institutions. There are a few promising developments, such as the National Congress' definition of 10 priority objectives for primary education and the increasing recognition of the importance of post-project sustainability, but older hands tended to feel that we have been here before.</p>	<p>Overall, is it the technical assistance that has had positive results, or is it just the money? There have been tangible outputs, for instance the National Health Survey and surveillance for HIV/AIDS, which would not have been possible without TA. Service delivery may be a different matter. However, the low motivation of health sector staff due to low salaries should not be forgotten. An increase in salary at Takeo hospital resulted in better standards of health care. We may underestimate the competence of unmotivated staff. An overall human resource development (HRD) management approach is also needed to motivate staff, but higher salaries are a necessary, if not-sufficient, condition for this.</p>

7. Is it true that TA has been more successful in developing capacity in the health sector than in the education sector? If so, why?

<b>EDUCAM</b>	<b>MEDiCAM</b>
<p>The proposition seemed to be generally accepted, and several possible explanations were given. There are inherent differences between the sectors: hospital management may be less complicated than school management, and a national plan for dengue fever eradication may be easier to agree on than a national plan for higher education; the issue of the second language, affecting philosophies and teaching methodologies, is more important for education; clients are more malleable in the health sector than in education where policy is often driven by fear of students' resistance. In Cambodia, also, the private sector is much more important in health care (even though the government budget for health has risen at a faster rate than that for education). For instance, there are thought to be 600 illegal Chinese doctors in the country, while there are few reports of illegal foreign schoolteachers. Finally, the role of WHO was important in providing cohesion in the health sector at a time (1991-92) when it was easier to do so: there was no international agency playing a comparable role in the education sector at that time.</p>	<p>Participants were modestly agnostic about this. Some detected no difference in capacity between the sectors at the commune or district level. If there is a difference, it may be due to the large private sector in health that leaves less for the government to manage. Or it may be due to the competence of the doctors who rise to the top in the MoH. The status of the teaching profession relative to the medical profession has fallen drastically, compared with before 1975.</p>

## Chapter Nine

# Conclusions and Policy Implications

The detailed findings of this research are set out in the concluding section of each chapter. The purpose of this chapter is not to repeat those findings but to pull them together into an overview of the issues on which some broad recommendations can be based.

The starting point for thinking about technical assistance and capacity development in Cambodia is the special nature of the country's dependence on aid. The scale of aid is such that it distorts the economy. In an aid-related version of 'Dutch disease', a high proportion of Cambodia's scarcest resource, educated people, is pulled towards employment in donor agencies and international non-government organisations or attached to projects as salary-supplemented counterparts. At the same time, donors and NGOs virtually take over the funding of education, health care, social welfare, rural development etc., while government spends most of its funds on defence and security. The pressure on government to increase its collection of revenue as a proportion of GDP, and to raise its salaries, is eased by this, and by the supplementation of salaries of top and middle-level officials who are attached to projects as counterparts.

How does technical assistance work in an economy with this kind of aid dependence? In some ways, surprisingly well. Donors and officials appear to be in agreement about the purpose of TA, suggesting that Cambodia is no longer in the phase where it substitutes for local capacity, but is already in the phase of capacity development and institution-building. Project directors or chief technical advisers (CTAs) agree. In general, senior TA experts are of high quality. Donors and officials agree that their record in developing capacity is quite good. Projects allocate managerial functions to counterparts, with whom on the whole they are quite satisfied (although their average educational level is lower than would be ideal). Existing and former counterparts are enthusiastic about the personal impact of their involvement with projects. Most acquire management skills and a high proportion acquire other professional skills. In the School of Agriculture Prek Leap (SAPL – one of our institutional case-studies), TA is found to have been of great benefit to teachers' capacity, and curriculum, teaching materials and management had improved. On-the-job training is given a particularly high score for developing skills of individuals.

Processes are not problem-free, however. CTAs tend to see themselves as managers, rather than as facilitators, trainers or communicators. They complain about the quality of briefings received from donors and executing agencies and about the absence of briefings from government. There are too many projects, uncoordinated, overlapping and/or patchy in coverage, and pulling in different directions, for instance in the HIV/ AIDS sector (where there are thought to be 20 too many expatriate advisers) and in SAPL. Donors are insufficiently transparent. Government generally asks TA experts to do the job, as well as or instead of developing other people's capacity to do the job. There are problems with training processes, particularly selection, follow up and dissemination. And the conceptual gap between TA personnel and their counterparts is often wide. Projects are also adversely affected by management problems in their partner organisations. The functions of government institutions and of individuals within them are often unclear, and coordination between such institutions is poor. Both government and local NGOs suffer from a top-down management culture, and one that does not work (for instance, in the case of government, the mechanisms for transferring funds from one part or level to another).

Lack of transparency affects information about cost in particular. Some donors conceal information about cost, particularly the salaries and benefits of international staff. This is particularly regrettable because personnel cost per staff member depends mainly on (a) the number of international staff as a proportion of total staff and (b) average remuneration per international staff member. Personnel cost per counterpart (recommended as an admittedly crude indicator of cost-effectiveness) depends additionally on the number of counterparts per staff member. Thus, concealment of personnel cost information makes it impossible to monitor a project's cost effectiveness.

Even more important as obstacles to capacity development are the structural problems relating to ownership (to which the inadequacy of government briefings is related). There are few demand-driven projects. Most are donor-driven in their identification and design. Government has some role in day-to-day operations, but not usually in personnel and financial matters. The National Institute of Management (NIM – another of our institutional case-studies) is an example of an institution which believes it was split into two parts because of conflicts with a donor, and it has endured another donor and its executing agencies talking to each other, rather than to NIM management, and a sudden withdrawal of funds for political reasons outside its control. Many agencies do not implement projects through normal government structures. Multilaterals tend to set up special Project Implementation Units (PIUs), and some NGOs bypass government altogether. Only 58 per cent of projects were structurally well-placed for capacity development, i.e. **both** owned by government, among others, **and** implemented through normal government structures or through a local NGO.

There are wider problems for projects arising from the special nature of Cambodia's aid dependence. The chronic underfunding of government is reflected in low salaries. This in turn is reflected in the absence of middle-level people from many government departments. As one top official put it, they are like pyramids, with an apex and a base but nothing in between. Those in the middle, if they have no project to supplement their meagre salaries, must work outside in order to survive. This, also, is why the beleaguered people at the top think short-term and use TA experts to do the job. Most projects try to deal with this problem by supplementing counterparts' salaries in one way or another. Institutions which try to introduce a more rational approach to supplementation (e.g. SAPL) tend to run into trouble with donors.

Low government salaries not only hinder implementation of projects (and in the case of SAPL reduce the external efficiency of the whole institution), they also threaten post-project financial sustainability. Very few projects have a convincing plan for this. Those that do are usually relying on cost recovery or on getting more money from donors. Only the few institutions with something to sell can survive through cost recovery (NIM is a spectacular example). Reliance on more donor funding is a legitimate strategy in the Cambodian context, but such funding must be available for long enough to achieve self-sufficiency. Even LNGOs should be thinking about the eventual need to raise funding domestically rather than from abroad. But cost recovery and more money from donors are not enough. Government underfunding remains the fundamental obstacle to capacity development through technical assistance. As things stand, most former counterparts (and beneficiaries of scholarship programmes) have either left government or are only part-time government employees, a large proportion of whom are looking for another job. Of course, former counterparts who leave government, or remain but work only part-time, are not a loss to Cambodia. A social cost/benefit analysis would record a benefit to the economy. But it is presumably not the main intention of TA to prepare government officers for non-government work.

To some extent, the problem could be characterised as arising from a premature attempt to leap from the prerequisite phase for technical assistance to the capacity building and

institutional development phase. Key elements of the prerequisite phase, "during which the most basic and essential economic, social and administrative needs are identified and met and the agenda for the next phase is developed." it will be remembered from Chapter Three above, include a reorganised public sector, an appropriate structure of civil service incentives, establishment of local training facilities, and establishment of the laws and judicial system needed for the management of a liberal economy (World Bank 1995). The task today, for both government and donors, could be seen as establishing the conditions for transition from the substitution phase to the capacity-building phase, and preparing the pre-conditions for transition to the third, consolidation phase, in which the government "should be in a position to identify its assistance needs effectively and to manage its own development at all levels."

This consolidation phase is the time when the inefficient project approach to technical assistance should finally give way to the sector-wide approach (SWAp), in which, as described in Chapter Eight above, the starting point in each sector is a jointly-agreed statement of policy and priorities for the whole sector, with a detailed annual budget and workplan, disaggregated by sub-sector and province. Initially it involves joint planning and review meetings, and meetings for exchange of information and workplan monitoring, and regular reporting on performance and expenditure. Eventually, donors, rather than financing individual projects, put their funds in a single pool, which is allocated according to the agreed sector-wide plan and managed by the relevant department of government. The SWAp, there is no doubt, is the ideal destination, but it will take time to get there. The conditions for the existing phase need to be established before we can move on to the next one.

This will involve some kind of 'deal' (Code of Practice?) on technical assistance between government and donors, the elements of which are already fairly clear, although of course it will involve detailed consultations. The following propositions could be among those discussed in such consultations:

- *Salary supplementation.* The most urgent single priority is to abolish project-related salary supplementation and, instead, ensure that key government officials are paid a living wage for full-time commitment to their work. This will involve agreement between government and donors on: the creation of a Salary Fund into which donors will pay an amount equivalent to what they would otherwise have spent on salary supplementation or other incentives; and agreement on a timetable for the transfer of responsibility for financing this Fund from donors to government. This proposal would fit well into the plans to create a core group of civil servants 'for Priority Missions', currently being discussed by those responsible for administrative reform.
- *Two-way transparency.* Donors should recognise that the purpose of technical assistance is ultimately to increase the welfare of Cambodians and, accordingly, should seek the most cost-effective way of achieving this. This involves complete transparency about all costs and willingness to consider alternative modes of implementation. Transparency has to be two-way, however. Government should also make available to donors information on the distribution of salary supplementation, etc.
- *Implementation through intermediaries.* From the point of view of capacity development, cost-effectiveness implies that all projects should have counterparts, whether in government or in a local NGO. Direct implementation at community level without a local counterpart by an international organisation should be ruled out as cost-ineffective.
- *Ownership.* The government should play a more active role (in collaboration with donors and executing agencies) in design and (transparent) selection of projects and personnel: its concern should extend to ways of reducing the cost of projects without reducing their

effectiveness, and to monitoring and evaluating performance. **The aim should be for government to achieve at least the same degree of ownership of grant-aided projects as it already has of loan-funded projects.**

- *Guidelines.* There should be clear official guidelines for the use of TA personnel by government departments (primarily for capacity development), provision of counterparts, and selection for training, and similar guidelines for donors, executing agencies, and project team leaders.
- *Project Implementation Units.* The concept of the Project Implementation Unit (PIU) should be re-examined, and alternative ways of managing assistance through normal government structures, without affecting transparency and efficiency, should be explored. One suggestion worth considering is that each ministry/ organisation should have only **one** unit for managing and monitoring **all** its projects.
- *By-passing government.* No external technical assistance projects should by-pass government structures, whether central or local, altogether. For NGOs this would merely mean registering with the relevant Ministry (as most do already) and making sure that they liaise with the relevant branch of local government.
- *Role of government.* In all this the role of government should be that of a facilitator, prudential regulator, and coordinator, with the aim of getting the best for Cambodia out of TA, rather than that of detailed controller

In laying the basis for the transition to the consolidation phase and the SWAp, government should recognise why donors want to go it alone. Usually, it is because they are aiming at efficiency, impact, innovation, experimentation, speed of implementation, visibility or control, and they may see a conflict between these aims and conceding ownership to government and thereby developing its capacity. It is up to government to convince them that there is no such conflict or that, where a conflict exists (as with loss of control or visibility) the benefits of a government-owned process outweighs its costs.

The Report from the Council for the Development of Cambodia to the April 2000 pre-consultative group meeting in Phnom Penh, *Building More Effective Partnerships for Development in Cambodia* (CDC 2000), is a useful step in this direction. The report attributes the lack of genuine progress in capacity-building to: the proliferation of formats/demands by donors with regard to rules and procedures for procurement, disbursement, reporting, accounting and audit; the setting up of parallel systems (PMUs, PIUs, etc.) that put more priority on reporting to donors than to government, while competing with government for qualified personnel; the topping-up of civil servants' salaries in donor-funded areas; and the excessive reliance of donors on expensive experts from their own countries, who are given too much say in the implementation of donor-funded activities. The CDC report sees the solution as "a comprehensive public sector reform programme that would ensure that the public sector focuses on a more-limited yet-appropriate agenda with a smaller workforce that would be better motivated and paid." It looks forward also to cautious and selective implementation of a sector-wide approach on a pilot basis in selected sectors (health, education, rural infrastructure, governance, and private and financial sector development).

Given the vested interests on both sides, progress towards more effective partnerships is unlikely to be smooth. But the effort is worth making. Technical assistance, as it has operated so far, has done a reasonably good job in developing individual capacity. The time has come to move into a new phase in which the capacity that has been created can be fully utilised within reformed structures.

## Annex A

# List of Projects in the Sample

1. Asian Development Bank, statistical system development.
2. UNDP/OPS, preparation for ASEAN.
3. UNFPA, support to national population census, phase II.
4. Asian Development Bank, capacity building in development planning.
5. World Bank, technical assistance loan – public finance and administration component.
6. European Union, Programme d'Appui au Secteur de l'Éducation Primaire au Cambodge (PASEC).
7. UNDP/International Labour Organisation, vocational training for poverty alleviation.
8. UNESCO, capacity building in education and human resources sector management.
9. UNICEF, capacity building in basic education.
10. Asian Development Bank, basic skills project (technical and vocational education and training component).
11. UNFPA, strengthening the Ministry of Women's Affairs in reproductive health education and community outreach.
12. UNICEF, strengthening district health services.
13. WHO, health sector reform.
14. European Union, Programme de Réhabilitation et d'Appui au Secteur Agricole Du Cambodge (PRASAC).
15. FAO, integrated pest management.
16. FAO, establishment of a forest resources inventory process.
17. UNDP/OPS, CAREERE 2.
18. UNV, sustainable community participation in Angkor park.
19. AusAID, Cambodia-Australia National Examinations Project.
20. France, École Royale d'Administration.
21. France, Department of Law.
22. France, Department of Economics.
23. UK, Cambodian Secondary English Teaching project II.
24. Germany, GTZ National Institute of Public Health.
25. REDD BARNA, Cambodia National Council for Children.
26. Japan, Maternal and Child Health Centre.
27. AusAID, Cambodia-IRRI-Australia Project.
28. AusAID, Cambodia-Australia Agricultural Extension Project.
29. Japan, rural development and resettlement project.
30. Germany, GTZ integrated food security project, Kampot.
31. JVC, technical skills training school.
32. JSRC, printing house.
33. REDD BARNA, quality improvement of primary education.

34. World Vision, Vocational Rehabilitation Centre.
35. CARE, border areas HIV/AIDS prevention project.
36. MSF Holland/Belgium, national laboratory training programme.
37. SCFA, basic health services project, Kampong Cham.
38. World Vision, National Paediatric Hospital.
39. ADRA, Tobacco-Free Kids/ Choosing Life Smoke-Free project.
40. CONCERN, natural resources project, Pursat.
41. REDD BARNA, nurse training project.
42. CRS, sustainable agriculture and integrated farming systems, Svay Rieng.
43. GRET, rural credit.
44. PADEK, Bati fisheries station.
45. VSF, supporting the development of village livestock agents.
46. ACR, local initiative support programme.
47. CAA, rural development.
48. CIDSE, partnership support programme.
49. CWS, Kampong Thom community development project.
50. OXFAM GB, community development through local NGOs.



## Annex B

# Priorities for Further Research

Rather than end the final chapter of a research report with a list of priorities for further research, it seems more appropriate to put it in a separate annex. Several items in the following short list (to which readers can surely add) are inter-connected.

### **1. The macro-economic impact of external assistance.**

This was only briefly touched on in this report and is very important.

- How much does external assistance contribute to the Cambodian circular flow of income, distinguishing first- and subsequent-round effects?
- How exactly does the ‘Dutch disease’ operate in a dollarised economy? What is the scale of its impact on the market for qualified people and thence on the economy’s comparative advantage?
- What is the impact of external assistance on total government revenue and the pattern of expenditure, and through what mechanisms is that impact exerted? How can assistance be designed to minimise this impact?

### **2. A detailed analysis of the cost of external assistance.**

Collection of comprehensive information on the costs of different types of projects, in at least as much detail as our chapter five, and analysis of the determinants of cost. This will involve interviews and digging, not just mailed questionnaires.

### **3. Salary supplementation.**

Collection of comprehensive information on supplementation of salaries of counterparts by projects, whether open or disguised (as training allowances, per diems, fees for translation, output-related payments, etc.). What does it all add up to, in comparison with the civil service salary bill? This information also cannot be obtained by mailed questionnaire.

### **4. Cost/benefit analysis of different types of assistance**

This needs to be as rigorous as possible. For instance, what is the social rate of return, in a particular district, on a community development programme, compared with a road or irrigation facility building programme. It is difficult to compare such different types of investment, but the effort to do so is salutary!

**5. The political economy of a move towards a sector-wide approach to assistance.**

There would be gainers and losers in a move towards a SWAp. The gainers would, it is hoped, be the people of Cambodia. The losers would include donors who lose visibility and control, TA experts who lose their project-specific jobs, government officials who lose PIU posts, salary supplementation and other project-related perks, etc.. Sectoral studies could quantify the changes likely to be involved, assess their realism, and explore the room for manoeuvre in policy.

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## **Technical Assistance and Capacity Development in an Aid-dependent Economy: the Experience of Cambodia**

To what extent can external technical assistance develop the capacity of counterparts, whether in government or in local NGOs, in an aid-dependent economy such as Cambodia's? In 1998 and 1999, CDRI undertook extensive research to answer this question. As well as analyzing data from the Cambodian Rehabilitation and Development Board, CDRI researchers undertook wide-ranging interviews with senior officials in government and donor agencies, and with past and present technical advisers and counterparts. The research also included case studies of the School of Agriculture Prek Leap (SAPL), the National Institute of Management (NIM), the National Institute of Statistics (NIS), and of HIV/AIDS and malaria programmes (in particular, those in Battambang province).

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