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Gwénaëlle Corre

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Executive Summary

a. Context

In July 2008 the European Commission (EC) formulated its approach to Technical Cooperation, the so called "Backbone Strategy"¹ on Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission" to respond to the Paris Declaration and Accra Agenda for Action Aid Effectiveness challenges. The Strategy has been the object of an extensive dissemination effort involving European Union (EU) headquarters and delegations since.

On November 17th, 2009 the Council of the European Union adopted the conclusions on an Operational Framework² on Aid Effectiveness³, engaging the EC and Member States in implementing measures in the areas of Division of Labour, Use of Country Systems, and Technical Cooperation for Enhanced Capacity Development. In accordance with the Aid Effectiveness Agenda, EU donors, including the EC, engaged themselves to harmonize their approaches on Technical Cooperation and to trigger improved and long term Capacity Development processes. Key elements to the EU approach are ownership and leadership by partner countries, a demand-led approach where Technical Cooperation is not provided by default, results orientation and a renewed focus on Capacity Development.

b. Objectives and outputs of the study

The main objective of the study was to assess the Member States' approaches to Technical Cooperation and Capacity Development against the EC experience in reforming Technical Cooperation and Capacity Development, within the framework of the provisions included in section 3 of the Operational Framework actions on "Technical Cooperation for Enhanced Capacity Development".

The study comprised two different phases:

- An investigation to assess the state of play, progress and efforts in revising Technical Cooperation and Capacity Development approaches and practise in the EU Member States, along the line of the Aid Effectiveness principles presented in the Operational Framework. The work was based on a literature review and interviews with Member States. The results of this study were compiled in a document that forms part I of this final report.
- Building on the first analysis, a second report identified common features and key messages of a European approach on Capacity Development and Technical Cooperation. The report also includes some recommendations for possible actions that can serve as an input to the reflection of the EC on enhancing the EU approach to Capacity Development at international level.

¹ I.e. referred to as the Backbone Strategy in the report.

² The Operational Framework has been consolidated since with additional sections on Cross-country Division of Labour and mutual accountability. See: Operational Framework on Aid Effectiveness, Consolidated text, Council of the European Union, 18239/10, Brussels, 11 January 2011. It will be referred in the text as either the Operational Framework on Aid Effectiveness or simply, the Operational Framework.

³ Referred to, from now on as "Operational Framework"

This report is summarized in part II.

The two studies have been completed by a compilation of "country checklists" for each EU Member State. The checklists provide a concise format that recapitulates the information gathered during the study. They focus on an initial and rapid analysis of the following points: internal strategy, policy and instrument; constraints, strengths and good practices; state of play and awareness of the Operational Framework and of the EC Backbone Strategy. They also list the documents that were made available by each Member State in the framework of the study. These country checklists are included in annex to this report. The country checklists have been compiled solely on the basis of the information gathered by the Consultant during the space of time of the study and on the analysis of the same information done during the study. In no way the country checklists represent an all-comprehensive assessment of the Member States development policies on Capacity Development and Technical Cooperation⁴.

c. Limits of the study

The study, given its limited scope and its tight implementation schedule, can neither be considered as an exhaustive investigation on Member States practices and approaches on Technical Cooperation and Capacity Development, nor as a full assessment of the current state of implementation of the Operational Framework measures. The study captures the main features of Member States' approaches to Capacity Development and Technical Cooperation and tries to identify key messages for further investigation and action that can feed the debate on the EU position for the forthcoming High Level Forum on Aid Effectiveness in Busan (HLF-IV-2011).

The work plan of the study indicated the possibility to organize field visits in a couple of Member States in order to deepen the understanding of their respective work on Technical Cooperation and Capacity Development. During the implementation it was decided not to conduct the field visits but to dedicate more time to a deeper analysis of the information gathered.

d. State of play of Capacity Development and Technical Cooperation in the EU: main outcomes

The Aid Effectiveness principles are important incentives for Member States to review and enhance their policy on Capacity Development and Technical Cooperation. Even though Capacity Development is not always considered as a priority, Member States indicated that they are aware of the importance to enhance the effectiveness of their international development cooperation policy along the line of the Paris Declaration and the Accra Agenda for Action principles. Besides, there is a gradual adaptation of their practices towards demand-driven processes, which requires interventions taking better account of the partner countries' context (political economy, governance, democratic ownership, etc). There is indeed a growing awareness that internal & external factors can have bigger influence than the donor direct support on developing partners' capacities. It is therefore crucial to identify what drivers of change can impact positively on Capacity Development, and adapt the interventions accordingly.

⁴ Any additional information by Member States can be sent to europaaid-tc-piu@ec.europa.eu

Capacity Development and Technical Cooperation are not necessarily perceived as separate instruments, and they are often mainstreamed into national development policies and at sector level (e.g. Finland, UK, Denmark). There is, among Member States, willingness to look at new ways of dealing with Capacity Development, but, according to their experience, such a change requires a step-by-step approach, flexible instruments and procedures, and an adequate level of funding available for implementing development policies.

The Operational Framework on Aid Effectiveness is often quoted as a reference in Member States' strategies or in Capacity Development related operational documents. It serves as a source of inspiration rather than a determining element or a specific driver for their own policies. The interconnection between the different components of the Operational Framework on Aid Effectiveness has often been highlighted during the study, especially the use of country systems, as well as the need to implement Division of Labour, as means to enhance Capacity Development.

All Member States except one know about the "EC Backbone Strategy on Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission", even though the level of detail known varies from one country to another. The majority of Member States acknowledge that it is a useful reference to complement national (bilateral) development policies. The fact that the Backbone Strategy goes beyond merely clarifying the concept and provides operational guidance, as well as the fact that ownership is put forward, turning traditional supply driven Technical Cooperation to demand-driven support, are much appreciated. Exchange of information on Technical Cooperation activities among all EU donors are also welcome, and Member States consider that the EC has an added value in facilitating such exchange of information⁵.

On a more general Aid Effectiveness perspective, a number of interviewees noted a decrease of tied aid, especially tied long-term Technical Assistance, in their own cooperation in the past few years (e.g. UK, Malta, Denmark, France), and the development of other aid modalities, such as short-term Technical Assistance, use of local expertise, support to South-South cooperation, tailor-made trainings, etc. In addition, provision of scholarships and trainings (i.e. project level thinking) is still used, especially by "new" bilateral donors (for instance in Cyprus, Slovenia). Exchange of experiences on the implementation of in-country Capacity Development programmes is also considered as very valuable by Member States, which expect the EC to take the lead on facilitating such knowledge sharing.

e. Proposed Key messages on a possible European Union approach on Capacity Development and Technical Cooperation

The study tries to capture a number of trends and constraints that emerge from Member States' inputs and practice oriented documents on Capacity Development and Technical Cooperation. The identified common features have been gathered in a series of "key messages" that include enhanced outward actions (better understanding the context in which support is proposed and its complexity) as well as improved inward processes (revising and adapting tools to provide support through

⁵ Member States also expect that the EU will be able to articulate a strong EU position to enhance Capacity Development and Technical Cooperation at the forthcoming IVth High Level Forum on Aid Effectiveness in Busan.

Capacity Development). The proposed key messages are developed in the second part of the report.

1. The international agenda on Aid Effectiveness is a favourable opportunity for setting Capacity Development as a priority. Capacity is both the means to deliver sustainable results, as well as a goal in itself.
2. Further explore an enhanced coordination of EU Member States approaches with the EC approach, into a possible European Union common set of principles on Capacity Development & Technical Cooperation
3. Capacity Development faces several important challenges: ownership is not a given fact; multiple stakeholders are involved; contextual factors influence its outcomes. In other words, there is a certain degree of complexity in all Capacity Development processes that should be managed to reach effective results.
4. There is a need for a pragmatic approach, moving from rhetoric to practice: internal procedures would need to be adapted in areas which are critical to Capacity Development such as internal competencies, alignment, flexible planning, focus on learning, etc.
5. A tension exists between results orientation and process support: the pressure to deliver fast measurable results is not conducive to an engagement in Capacity Development processes. In the end, Capacity Development is both a means to produce results, and a strategic priority.
6. There is a need for an increased use of knowledge sharing and collaborative tools: Capacity Development is highly contextualised, therefore centralised decision making and blueprints should be balanced by grassroots and practitioners knowledge and information sharing.

A number of ideas are listed in part II of the report to address some of the issues listed above and turn key messages into operational concepts. Many of them lead back to the need to promote a better coordination of EU Member States & EC approaches and above all, to ensure ownership as well as further work on the development of indicators to monitor and measure Capacity Development results. They also highlight the importance of agreeing on an ambitious EU common vision and principles on Capacity Development in view of the IVth High Level Forum on Aid Effectiveness in Busan.

The report is completed by a set of annexes, including a bibliography and an updated list of contact persons in Member States.

PART I - State of play, Progress and Efforts in revising Technical Cooperation and Capacity Development approaches and practices in the EU

Introduction

This first part summarizes the results of an investigation conducted with Member States between February 28, 2011 and March 24, 2011 on the state of play, progress and efforts in revising Technical Cooperation and Capacity Development approaches and practices in the EU (covering the period 2009/2011) under the main objective of ensuring Aid Effectiveness. It looks into Member State approaches, with a view to understanding their links to - and knowledge of - the EU Operational Framework and the EC Backbone Strategy.

This work is based on:

- Interviews and/or written inputs based on a set of 5 questions (and related sub-questions);
- A literature review of the strategic documents communicated by Member States (including both generic development cooperation strategies, and specific documents concerning Capacity Development and Technical Cooperation, when they exist).

There was an overall satisfactory level of response from Member States to this study, although 4 Member States did not react to the request of interview or documents⁶. Even though the content of the inputs varies considerably from one Member State to another, depending on their on-going policies, the availability of the contact persons or the maturity of the Capacity Development approach in the different bilateral cooperation frameworks, a good level of interest on this issue has been registered.

This first part is structured around the 5 questions used during the investigation. Member States answered on the basis of their own experience, and the state of play of their policies and approaches on Capacity Development and Technical Cooperation.

1. Perspectives and Policies

Question: What policy is in place in your country to address the issue of Capacity Development and Technical Cooperation, in the light of the Aid Effectiveness principles set in the Paris Declaration and in the Accra Agenda for Action?

In order to guide the discussion, 4 sub-questions were introduced during the interviews or suggested to take on-board when drafting written inputs:

1. What is your country's perspective on this issue (on going reflection, forthcoming development, etc.) and what is the process of change undergone (triggered by the Aid Effectiveness agenda)?
2. What strategic / policy framework is in place to address this thematic?
3. What are the main aspects of your national approach that reflect the Paris and Accra principles? How is it managed at headquarter and field offices levels?
4. As far as the EU Operational Framework on Aid Effectiveness is concerned, how did your country try to respond to Technical Cooperation for enhanced Capacity

⁶ I.e. Estonia, Greece, Romania & Sweden.

Development and how do the policies illustrated above reflect the Operational Framework conclusions on Technical Cooperation and Capacity Development?

1.1 Country perspectives on Capacity Development and Technical Cooperation

Most Member States indicated that they are aware of the importance of Capacity Development and Technical Cooperation. The Paris Declaration and the Accra Agenda for Action (AAA) have been one of the main drivers of change in many cases – if not the main – to trigger a reviewed and more comprehensive approach to Capacity Development and Technical Cooperation in bilateral policies. For Member States with already a rather elaborate approach, prior to the Aid Effectiveness agenda, it served as an extra incentive to mainstream the issue, or come up with more specific commitments and institutional and/or operational documents.

The Paris principles also lead to develop interventions that are taking better account of the political and economic context of partner countries, in order to identify what drivers can really impact positively on Capacity Development, and adapt the interventions accordingly. There is indeed a growing awareness that internal (e.g. leadership, management) and external factors (e.g. elections) can have a bigger influence on developing partners' capacities than donor support.

Knowledge sharing and knowledge management, as dimensions of Capacity Development, have also increased through a more systematic use of twinning arrangements between Northern and Southern stakeholders, South-South or triangular cooperation⁷ and use of local expertise. The support provided by donors can still remain at a rather technical level, for instance by providing training on the rules governing public procurements, banking system, system of social protection, etc.; but interventions are gradually moving away from the classical workshops culture or "gap filling" tied expatriate assistance placed in the administration, to a wider range of activities involving different actors (including civil society organisations and the private sector). However, delivering Technical Cooperation interventions such as educational capacity building approaches (training workshops, scholarships) still remain important, especially for new Member States.

The DAC work and the recommendations of the Peer reviews⁸ are among the other drivers that support the definition of renewed perspectives on Capacity Development. They create opportunities to launch internal debates and renew political interest on these issues. Peer reviews usually recommend to better include Capacity Development in project/programme design.

In other words, EU Member State perspectives on Capacity Development and Technical Cooperation are very much anchored to the international Aid Effectiveness debate, which helps to clarify the concepts and to enhance the possibilities to share experiences on internal incentives⁹ with other donors. There is an openness to look

⁷ South-South cooperation refers to exchange of knowledge or knowledge sharing between stakeholders from developing countries. It is also called 'triangular cooperation', which underlines the fact that such initiatives are supported by donors (i.e. partners from the South work together with the support of a donor).

⁸ Peer review is the evaluation of performance by other people in the same field in order to maintain or enhance the quality of the work in that field. The OECD Development Assistance Committee (DAC) peer reviews (www.oecd.org/dac/peerreviews), performed by the Development Co-operation Directorate, monitor individual members' efforts and performance in the area of development co-operation. Each member is critically examined approximately once every four years; this way five or six programmes are examined annually.

⁹ For example through the meetings within OECD DCD-DAC groups on governance and development or aid effectiveness (i.e. Working Party on Aid Effectiveness, with the reviews of the implementation of the Paris Declaration principles), or the dialogue organised around the drafting of the Backbone Strategy for example.

at new ways of dealing with Capacity Development, but such change requires, as Member States point out, a step-by-step approach to gradually:

- Invest more time in analysing the needs in their specific context (e.g. with a more systematic use of political economy and governance analysis to inform country programming);
- Promote a common understanding of what Capacity Development encompasses (e.g. The Bonn Workshop Consensus¹⁰);
- Develop specific guidelines (such as guidelines for national execution in projects¹¹);
- Implement funding mechanisms, by which partner countries are given a leading role (like budget support or sector approaches for instance).

The international Aid Effectiveness agenda also prompted a more systematic monitoring and assessment of Capacity Development and Technical Cooperation practices, leading to inventories, surveys and reviews, whose results have in turn influenced European bilateral policies. These reviews also serve as a source for improving strategies, concept notes, operational guidelines and training on the issue, even though outcomes are difficult to trace in this particular field¹².

- Y The Paris Declaration and the AAA serve as a strong incentive to enhance EU Member States' approaches on Capacity Development and Technical Cooperation.
- Y A better understanding of partner countries' political economy and governance set up.
- Y Importance of knowledge sharing.
- Y Enhancing Capacity Development requires a step-by-step approach that encompasses changes in mindset, tools and monitoring practices.

1.2 Strategic and policy frameworks in place

The study shows that, besides a growing awareness mostly due to the momentum created by the Aid Effectiveness agenda¹³, Capacity Development is not yet a "standalone" priority in practice. Despite this growing awareness, there are only few dedicated bilateral Capacity Development or Technical Cooperation strategies. Instead, the issue is usually integrated in the overall development strategic framework and operational plans, or integrated as a crosscutting issue in sector and programmes at country level¹⁴.

Member States noted a gradual change in the common understanding of what Capacity Development means, especially in relation to the issue of Technical Assistance. Technical Assistance is now considered only as a fairly small subset of Capacity Development, whereas in the past decades, it represented an important share of what was referred to as a Capacity Development approach. The definition of a Capacity Development notion that goes beyond providing short term Technical

¹⁰ The OECD Development Assistance Committee (DAC) and the German Ministry for Economic Cooperation and Development (BMZ) co-sponsored this workshop, which was proposed as a forum for representatives from both South and North to vet their opinions openly on the importance of capacity development as a priority theme for the Accra High Level Forum.

¹¹ See for instance the 'Guidelines for national execution in projects financial and procurement management', BTC-R&D Unit for the Joint Working Group DGD-BTC.

¹² A recent Dutch evaluation for instance indicates that the result chain of the donors is rarely the same than the objective of the partner organisation (see box 9).

¹³ A couple of references indicating that the European Consensus for Development was an incentive to mention Capacity Development in the overall development strategy were also noted (e.g. Hungary).

¹⁴ The references to Capacity Development and Technical Cooperation in Member States strategies can be looked at in the country checklists (see part III of this report).

Assistance is spreading, but the concept itself remains rather blurry, either because it is not clearly spelled out as a stand alone thematic/sector, or because it is directly mainstreamed at sector level and loses some substance¹⁵. There is in fact no systematic understanding of what Capacity Development encompasses, meaning that definitions do exist (at the EU or DAC levels for instance) but some respondents indicated that it is difficult to assess what can be considered as 'Capacity Development' in practice.

The principles of ownership, donor coordination and harmonisation (starting at field level), alignment on country systems, and results orientation are referred to in Member State's policies and form a strong incentive to enhance the Capacity Development approach. However, the move from principles (such as untied Technical Assistance, demand-driven strengthening of public administration, locally owned development of the know-how component of Capacity Development, etc.), to implementation is not that clear yet. There are too few specific indications on how best it can be carried out and the language of Capacity Development is not fully fine tuned throughout implementation and programming yet.

A few Member States mentioned very specific references, such as the Spanish instrument on Democratic Governance and Technical Cooperation, which is included in the current Master Plan of Spanish Cooperation (2009-2012)¹⁶ as a sector strategy; DFID note on how to provide Capacity Development and on-going drafting of a briefing note on Capacity Development; the Dutch guidance note on Capacity Development¹⁷; the on-going work of the Italian cooperation on specific Capacity Development guidelines, the existing Danish guidelines on Capacity Development¹⁸; the German Capacity WORKS¹⁹, or the Portuguese Cooperation Guidelines for Capacity Development²⁰.

There is also an on-going effort to enhance intellectual inputs in a number of Member States (i.e. Luxembourg, Belgium, Austria) by setting-up research and development units that can reflect and capitalise on Capacity Development practices, approaches and instruments. They contribute to better integrate the issue of Capacity Development as a central element in development policies and to define operational guidelines for implementation, or criteria for the mainstreaming of the Capacity Development marker in programming and monitoring. A number of Member States quote the LenCD initiative²¹ as being a conducive dynamic in this regard. However, the concept of Capacity Development remains quite vague for a number of donors, which are sometimes tempted to substitute it for the well-defined notion of Technical Cooperation.

¹⁵ I.e. the sector logic prevails over Capacity Development.

¹⁶ English executive summary:

http://www.aecid.es/export/sites/default/web/galerias/publicaciones/descargas/lineasmaestras09-12_En.pdf

¹⁷ Guidance on capacity Development, 'all models are wrong, but some are helpful', DEK/B, October 2008.

¹⁸ Available in Danish only. These operational guidelines provide basic rules, regulations and incentives to use Technical Assistance/Technical Cooperation.

¹⁹ Capacity WORKS, The management model for sustainable development, 2009, GtZ-GiZ.

²⁰ Document approved by IPAD in March 2010, making the synthesis of key principles and best practices.

²¹ The Learning Network on Capacity Development (LenCD) is an informal network of analysts and practitioners aimed at creating a global community of practice around Capacity Development. It was established in June 2004. Its objectives are to facilitate the sharing of lessons and quality criteria for good practice; promote research, share experiences, monitor outcomes and carry out other empirical work; foster country-level, regional and international dialogue and collaboration; promote the mainstreaming of capacity development issues into agency operations. It acts as a key partner to advance the OECD/DAC's capacity development agenda. A number of EU donors participate in this community: BTC (Belgium); EC; GiZ (Germany); SNV (Netherlands), SIDA (Sweden). See <http://www.lencd.org/organisations>

- ÿ There is still a gap between a growing awareness of Capacity Development on the one hand, and the limited availability of operational tools to implement it, and the level of priority it is given in practice, on the other hand.
- ÿ Technical Assistance and Technical Cooperation practices have moved on to enhance Capacity Development, but there is a still limited common understanding of what this latter concept encompasses in practice.
- ÿ Despite growing intellectual input and dialogue on Capacity Development, this is not systematically mainstreamed in programming or translated into operational guidelines.

1.3 Capacity Development and Technical Cooperation at bilateral level: characteristics and management

The promotion of Capacity Development and Technical Cooperation are ensured internally, within Member States, in different manners. Regular staff trainings are organised by a few Member States, with a focus on good practices and constraints in implementing Capacity Development and Technical Cooperation at programme level (for example in Austria, in Germany, or in the Netherlands with the SPICAD programme), however a closer and more regular look and analysis of good practices is needed to process and exploit lessons learnt from implementation (e.g. Ireland).

A number of interviewees pointed out the absence of specific roadmaps or operational guidelines indicating how, where to and when to implement Capacity Development and Technical Cooperation approaches. On the other hand, some respondents argued that Capacity Development is difficult to discuss *per se*, and that it remains easier to tackle it at sector level. In any case, it sounds like guidelines need to be more explicit for staff based in the field.

At field level, despite the lack of specific guidelines, a number of tools are used to work on Capacity Development and Technical Cooperation approaches through:

- Dialogue with partners for jointly identifying Capacity Development support interventions (through 'mixed commissions'²² for instance, in Belgium);
- Programming guidelines at sector level including a reference to Capacity Development and Technical Cooperation²³;
- Ex ante analysis of existing local capacity through institutional assessment, needs assessment and political economy analysis²⁴,
- Sector track record analysis, analysis of human resources, institutional & financial capacity diagnosis, etc.²⁵

Since demand-driven requests for Capacity Development and Technical Cooperation support are not always materialising at partner countries level, a pragmatic approach is key. A 'trial & error' approach can even be advisable in such context, including when partners are not able to define their needs and the type of support they expect. For example, a few respondents indicated that their partners are not necessarily in a position to come up with their own requests, so the donor either has to contradict the Paris principles of ownership and alignment by providing donor-driven Capacity

²² Commissions mixtes in Belgium cooperation, constituted by Belgian & local partner officials, and whereby the indicative cooperation programme between Belgium and each of his partner country is approved and signed. For more information, see 'Instructions relatives à la préparation et au suivi/évaluation des programmes Indicatifs de Coopération (PIC), CTB-DGD'.

²³ For example, the main bulk of Danish bilateral Development Assistance is done through sector based development support according to guidelines in which there is a strong focus on Capacity Development and Technical Cooperation.

²⁴ See for instance the Questionnaire for the Evaluation of an Operational Partner's Organisational Capacity, Luxembourg.

²⁵ Regular updates and joint donor analysis is seen as an asset for developing efficient capacity programmes. See for example the GTZ series on Best practises of Impacts of Capacity Development.

Development initiatives, or wait for partners' request and postpone actions in this field.

Donors face another dilemma when partners come up with precise requests in terms of Capacity Development at sector level, but the government does not have a specific sector strategy in which such capacity building interventions can be anchored. Such situations are considered problematic and not conducive to meaningful Capacity Development strategies. Besides, Member States' inputs indicate that staff in the field have mixed feelings about Capacity Development: there is apparently a consensus on the fact that they are serious capacity challenges in all countries (especially in Fragile States), but there is no common vision or understanding of what could be a specific focus, or approach, to tackle them.

- Y All EU donors recognize the importance of Capacity Development, but the level of experience varies drastically from one Member State to another.
- Y Aligning to demand-driven requests for Capacity Development remains a challenge, either because requests are not necessarily well articulated by partner countries, or because the donor is still lacking the right modalities to specifically address them.

1.4 Links with the EU Operational Framework on Aid Effectiveness

Most participants indicated that the Operational Framework is a source of inspiration rather than a determining element, or the specific driver for their own policies²⁶. The Operational Framework is often quoted as a reference in policy documents or Capacity Development related operational documents, or is said to be about to be integrated in forthcoming ones.

The relevance of the Operational Framework vis-à-vis specific Member States bilateral policies is sometimes questioned. For instance, the operational logic of some agencies - like the AFD (French Development Agency) - which has a bank status, and cannot provide grants - differs from the grant approach of the EC and cannot apply some of the Operational Framework guidelines into practice. Other Member States are well aware of the content of the Operational Framework. Therefore, Member States have policies and instruments in place, and they do not necessarily feel the need to revise them in the light of the Operational Framework or the Backbone Strategy. Besides, some of the Member States instruments do not include PIUs (e.g. Poland), or are not yet moving away from tied aid (especially in new Member States) so they do not relate to all aspects of the Operational Framework. Finally, some respondents had their doubts about the level of awareness of the Operational Framework outside the staff dealing specifically with Aid Effectiveness at headquarters' level, and in field offices in general.

The interconnection between the different provisions of the Operational Framework is often highlighted, and the need to implement Division of Labour, as a means to enhance Capacity Development, has been frequently mentioned. A few interviewees actually indicated that Technical Cooperation and Capacity Development should be envisaged primarily in the framework of Division of Labour (for example, Italy) and should be better mainstreamed when using new aid modalities (such as sector approaches or budget support).

²⁶ AAA monitoring and DAC Peer reviews is weighting more than the OF by a majority of MS.

- ÿ The Operational Framework is a source of inspiration rather than a determining element for EU Member States in their own approach to Capacity Development.
- ÿ The extent to which EU Member States can address the measures identified in the Operational Framework depends the nature of their aid policy (experience, policy priority, funding modalities, project cycle characteristics).
- ÿ The linkages between the various measures of the Operational Framework, especially on Division on Labour and the Use of Country System needs to be enhanced to support Capacity Development.

2. Constraints and challenges

Question: What constraints / challenges do you meet in implementing your country's Capacity Development / Technical Cooperation approach?

Not all Member States have a specific approach in place for Capacity Development and Technical Cooperation, however when it exists, a number of constraints have been highlighted.

2.1 Financial constraints

The major constraint to engage in meaningful and effective Capacity Development strategies is the lack of sufficient resources. This situation is due to different reasons, including aid budget cuts because of the economic crisis, fragmentation of the ODA structure and/or small donors with a focus on very targeted projects without any possibility to extend their size. Such bilateral contexts are not conducive to support process approaches to Capacity Development that require serious investments in programming, coordination, dialogue and monitoring.

Constraints are also felt because of the strict accountability mechanisms that most Member States are using. Financial procedures do not necessarily allow for the necessary flexibility to put partners in the driver's seat, especially in situations of fragility. Parliaments are putting some pressure on ministries for accountability (and visible results) and are not easily convinced to bring in the level of flexibility that Capacity Development approaches require.

The type of funding modalities used can also be quite constraining, especially if it imposes tied aid, which limits the use of country systems, and the possibility for the beneficiaries to be in the lead.

Joint approaches to work on Capacity Development and pool funds are therefore key to enhance Capacity Development approaches, but respondents note an important lack of coordination with other donors. In many cases, several European donors are involved in reinforcing partners' capacities in a given country, and are facing the same challenges but still invest very little in coordination (joint analysis, basket funds, etc.).

- ÿ The main constraint to an efficient support to Capacity Development is the limited availability of resources.
- ÿ Strict accountability mechanisms, limited choice of funding modalities and lack of flexible procedures are identified as major constraints when supporting demand-driven Capacity Development approaches.

ÿ Lack of coordination among donors is not conducive to efficient Capacity Development and Technical Cooperation interventions.

2.2 Time constraint & result orientation

Tensions exist between delivering fast measurable results (and committing funds) and implementing the Paris Declaration, which involves process oriented approaches that require a long time span to achieve change locally owned, including for Capacity Development. A few Member States also face the problem of having to work with yearly project cycles (e.g. Poland) that prevent them from engaging in mid-term commitments with their partners.

Engaging in dialogue with partners to agree *ex ante* (i.e. prior to the implementation) on the outcomes of Capacity Development initiatives, and on how they should be measured, is a key element to ensure a successful support. All respondents confirmed that identifying the right criteria and indicators to measure results of the investment in Capacity Development is one of the major challenges encountered because capacities develop in a longer time span than the typical aid cycle. On the other hand, the risk of dependence arising from long-term commitments exists, so donors are sometimes confronted with a dilemma, especially when trying to support sustainable organisational change, in the absence of national predictable financial flows.

Formulating concrete results in terms of Capacity Development - while achieving a balance between short outputs and institutional changes - remains a challenge, especially when it comes to capturing what the results could look like. It is therefore important to invest sufficient time during country programming on this matter, by discussing and agreeing with partner country officials on what results in terms of Capacity Development can be expected (i.e. objectives, human and financial resources allocation to meet these objectives and tools to monitor the results). Besides, tools to implement and monitor Capacity Development actions must be jointly shaped between the donor and its partner, and must be flexible enough to adapt to country-specific context. Eventually, such tools or instruments can be rather complicated to manage. Consequently, these instruments can make partner countries' own monitoring and evaluation tasks more difficult to perform. In such scenario, there is a risk that enforcing the donors' perspective eventually becomes a tempting way out.

A number of respondents advocated that in such context, it is important that donors pay more attention to the capacity of local organisations, improve downwards responsiveness, are more innovative, and develop a good level of internal expertise to accompany these processes. Otherwise, there is a real risk that outputs are reached, but that they are not in relation with the outcomes that partners are expecting. Capacity Development is linked to change management, so a lot of flexibility is required to adjust to the partners' needs. Broad frameworks rather than specific programmes allow such flexibility, so joint steering is key to reach an ex-ante agreement on results and to let activities outline progressively.

ÿ Supporting Capacity Development implies engaging in processes for a reasonably long time, which is not always possible due to the constraints of the project/programme cycles and limited predictability.
ÿ The pressure to deliver fast measurable results is in contradiction with the long-term commitments needed to support Capacity Development

programmes, and the limited ability to capture rapidly the impact they have at country level.

Y Agreement between partners on what is expected in terms of outcomes during the programming phase of Capacity Development support programmes is thus particularly important.

2.3 Mind-set and internal incentives

The project approach has been the modality mostly used in development cooperation so far, and it therefore has shaped donors' staff mind-set²⁷, hardly conducting to the management of effective Capacity Development processes. In other words, dealing with Capacity Development requires specific skills, including the capacity to engage in meaningful dialogue with partners, important investments in analysis and diagnosis, the capacity to manage different instruments to operate (including long and short term TA) and a close relation with national officials and administrations. The answers from the Member States indicate cases of internal training on the issue of Capacity Development (e.g. Germany, Netherlands), but most of the times there are no specific incentives for staff to engage in this type of processes.

In addition, the concept of Capacity Development is difficult to delimit, which does not help to mobilise staff, especially when there are no specific operating indications for implementation. An effort is needed to provide the right internal incentives, to ensure a full understanding of the concept, and to provide relevant guidelines and tools to turn the Capacity Development concept into practice.

Y Supporting Capacity Development and Technical Cooperation requires a specific set of skills that are not systematically developed in the 'aid machinery'.

Y Internal incentives to engage in Capacity Development could be further developed and/or mainstreamed.

2.4 Managing change in complex situations

Capacity Development is systemic and mostly driven by domestic power dynamics, where financial incentives have limited leverage. A number of tools can help practitioners to operate in this complex field. They include political economy analysis, institutional analysis, governance analysis or/and needs assessment, but it remains difficult to fully grasp the complexity of country specific situations, which affect the understanding of partners' needs and the delivering of efficient Capacity Development programmes.

Respondents acknowledged that building sustainable capacities at country level is key for development, and that understanding the complexity of the context and identifying the driving forces to engage with in such change processes are key ingredients to set up support programmes. It is thus important to give priority to understanding partners' needs through on-going dialogue (instead of one off exercise), to make sure that a range of different modalities²⁸ can be used (i.e. timely, and according to partners' preferences), and adapted to the 'change readiness' of partners. Many of the constraints met in developing Capacity Development support

²⁷ Such mindset could be characterised by the habit of dealing with projects that have a relatively short time span, in which the partner is rarely in the driver's seat, and where fast deliverable results can be expected and measured.

²⁸ Such as projects and programmes, long and short term Technical Assistance including local expertise, modality that supports knowledge sharing and dialogue, etc.

go back to working on a basic joint vision with partners, but such processes take time, and the pressure to deliver measurable results and to commit funds fast is felt by the staff as counter-productive.

Using country systems is another challenge, especially in Fragile States, when risk aversion still contributes to shape aid policies and tools. Using country systems often implies building systems altogether and Technical Cooperation must serve to reinforce learning, planning and management processes at local level, which is challenging and requires a thorough knowledge of the context and of all relevant stakeholders. It sometimes takes longer than the aid cycles allow, and can be demotivating for staff in field offices.

The attempt to custom tailor Capacity Development support to partners' needs and to adapt a variety of instruments to best respond to these needs - is sometimes hampered by the lack of clarity of demand-driven requests. In such situation, there is a risk to come back to business as usual inducing a lack of ownership. Besides, the capacities to steer complex programmes at national level can be limited because officials usually have a technical background rather than a managerial background, so the understanding of the changes needed is difficult. For instance, the request can be very clearly defined, but it is not supported by the related sector strategy or by sufficient human resources to implement it. Capacity to accompany the formulation of the needs and the request for support is a key ability to develop in donor practices.

In the absence of demand driven requests, it is difficult to assess the balance between rhetoric, beliefs, preferences and what is needed in reality. One of the challenges met when working on Capacity Development is therefore the capacity to understand the nature of local demand, and the scope for ownership: it requires a lot of time to define the interventions and identify the type of personnel that is needed, which results in rather costly processes that donors are not necessarily willing and able to afford.

According to respondents, the promotion of Capacity Development is incentivised by the Aid Effectiveness principles but moving towards alignment does not necessarily contribute to Capacity Development. One of the challenges described is the donor ability to start screening national capacity and bottlenecks underlying underperformance *before* moving towards addressing the basic capacity shortcomings. For example, donors can be tempted to address upfront the capacity to provide lacking state services (e.g. by providing Technical Assistance in ministries), without investing first in the right type of analysis that would allow them to understand what is causing the deficiency. In other words, effective Capacity Development support entails to understand the symptoms well before starting to address them.

Finding the right incentives to drive ownership willingness is hard. Dilemmas range from how to effectively spread a sector development vision across stakeholders whose motivation and capacity for change are not necessarily driven by the same interests (being for an individual, a service or organisation), to achieve coherent Capacity Development through a mix of support modalities. Some of the bottlenecks encountered in this regard include how to effectively curb conflicts between formal and informal leaderships, or to face change resistance and change willingness in organisations. The same types of incentives or operational frameworks designed for relatively similar situations may not work for group of stakeholders or institutional set-ups that feature minor variations.

Finally, partners can impose certain terms that restrict donor's capacity to engage. An example was given on training scholarships offered by Cyprus Government: the partner government decided that no one except civil servants was allowed to apply, whereas Cyprus expected private sector representatives to benefit from the training. Other barriers include a limited commitment on results by partners; demand-driven request for specific support that exceed the time-lapse of donor project cycles; request for specific funding modalities that are not used by the donor; etc.

- ÿ The specificity of country contexts and domestic power dynamics weights a lot in the possibility to achieve change in the area of Capacity Development, and makes it all the more complex.
- ÿ More specifically, understanding the nature of local demand, the scope for ownership and the drivers of change requires to invest in an on-going dialogue with partners as well as being able to adapt the type of support provided.
- ÿ Risk aversion contributes to shape aid policies in Fragile States and can be counter productive to engage in innovative support to develop partners' capacities.
- ÿ Addressing directly the basic capacity shortcomings at country level without properly understanding what is causing the deficiency (i.e. business as usual) can be tempting when demand-driven requests are not clearly articulated, but is not conducive for efficient Capacity Development.

2.5 Political will

There is a need for a strong political will for donors to carry out the reforms and leave enough time to let change happen and be measured. Some respondents consider that such political will is sometimes lacking, and they realise that Capacity Development is difficult to 'sell' even though the majority of staff in headquarters and field offices are convinced that it is conducive to development.

In a couple of cases²⁹, Capacity Development is considered as the backbone for all development interventions. For instance in Germany, it stands pretty high on the Minister's agenda, and there is a strong team to promote it and work on it. It is also on the top of the list of terms of reference of field agencies and staffs get regularly trained, so they are motivated, skilled and equipped to deal with Capacity Development approaches. Such situation is far from being the norm.

- ÿ Support to effective Capacity Development requires strong political will due to its complexity, whereas it is rarely seen as a priority in practice among EU donors.

3. Sources and documents

Question: What are the good practices and/or examples of activities in Capacity Development and/or Technical Cooperation (at the institutional and operational levels)?

- In which documents your strategy concerning Capacity Development / Technical Cooperation is spelled out?

²⁹ Respondents from Germany and the United-Kingdom were rather clear on this point for instance.

Concerning, good practices and/or examples, inputs provided varied from very specific examples and lessons learnt from monitoring or evaluations, to broad considerations on what is – or is supposed to be – a good practice in the field of Capacity Development and Technical Cooperation. The data gathered on specific examples and practices served as a source for the second report of the study (see part II). Additional examples are provided in Annex IV.

The strategic and operational documents made available and/or recommended for review are included in the updated bibliography (see annex V). The documents have been reviewed systematically and used for the elaboration of the different sections of this report. They will be further processed to nurture the comparative analysis in the second report.

A minority of Member States actually have specific Capacity Development or Technical Cooperation related documents (being strategic or operational), but the issue of Capacity Development is usually referred to in the overall development cooperation framework, and sometimes in operational tools. A number of Member States are currently revising their strategies or programmes and have indicated that the Capacity Development profile may be enhanced as a result of these policy evolutions. Results or drafts are not yet available or public, but such dynamic indicates that changes are currently undergoing and that a regular monitoring of the evolution of Member States' approaches vis-à-vis Capacity Development and Technical Cooperation practices would be advisable.

4. Member States and the EC Backbone strategy

Question: Are you aware that the European Commission put in place a strategy to reform its Technical Cooperation and Capacity Development approach (the so called "Backbone Strategy")?

In order to guide the discussion, 3 sub-questions were introduced during the interviews or suggested to take on-board for drafting written inputs:

- What is your knowledge of/expectations from the Backbone Strategy on Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission?
- Do you see any linkages between the EC approach and your national approach?
- How can the EC develop communication/information activities towards Member States to multiply learning effects and the respect of the agreed Technical Cooperation reform principles?

4.1 A brief introduction on the EC approach on Capacity Development and Technical cooperation

The European Commission has been quite active on the issue of Technical Cooperation and Capacity Development over the past years, and has pursued an important reflection on Technical Cooperation that has been supported by the publication of operational documents.

The "Backbone Strategy on Reforming Technical Cooperation and Project

Implementation Units for External Aid"³⁰ (EC, July 2008) presents the EC strategy for external aid to guide the reform of Technical Cooperation and Project Implementation Units (PIUs). This strategy, which is part of wider EC agenda to implement the Paris Declaration and Accra Aid Effectiveness principles, aims at improving the effectiveness of EC aid with respect to Capacity Development. The Strategy also responds to the European Court of Auditors' Report on Development Aid Technical Assistance³¹.

The strategy explains why a reform is necessary, presents a vision of future Technical Cooperation practices and project implementation arrangements, and sets out the actions to be undertaken to achieve this vision. It also provides the overall approach for a change process that will evolve over time through the implementation of a set of actions and internal learning, included in a Work Plan that set out the actions to be taken in the short, medium and long term to support it.

The strength of the Backbone Strategy lays on the systematic approach given to the implementation of the Aid Effectiveness principles: the principles have been turned into "5 quality criteria" whose application at the operational level leads to an improved effectiveness of the Technical Cooperation support. The 5 quality criteria have then been mainstreamed throughout the whole Project Cycle, from identification to monitoring and evaluation, and their application is regularly monitored through various tracking mechanisms.

The Technical Cooperation reform has been supported by the development of "software" and "hardware" tools. A set of guidelines have been developed, as well as revision of internal systems, tools and procedures (including tender and contract procedures), dissemination, training and the development of a knowledge sharing web based platform www.capacity4dev.eu.

The "Guidelines on Technical Cooperation and Project Implementation Arrangements"³², in particular, offer operational guidance on programme design and management³³. The guidelines set out practical steps to i) make ownership a real feature of TC-support; ii) base support on demand; and iii) ensure that TC delivers concrete results beyond merely "assisting", "training" or "advising".

The Toolkit for Capacity Development³⁴ (March 2009) is a complementary tool supporting the implementation of the EC's Strategy. The approach and the tools have been designed to increase demand-orientation and effectiveness of Capacity Development support, including Technical Cooperation. They also provide guidance for assessing capacity and help partners to develop strategies and programmes for Capacity Development, particularly at sector level. They are thus complementary to the Reference Document on "Institutional Assessment and Capacity Development"³⁵ (EuropeAid 2005).

4.2 Awareness of the Backbone Strategy & linkages among EC and Member States' approaches

³⁰ Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission, A Backbone Strategy, European Commission, EuropeAid, July 2008

³¹ Court of Auditors, Special report on the effectiveness of technical assistance in the context of Capacity Development, No 6/2007.

³² Making Technical Cooperation More Effective, Tools and Methods Series, Guidelines N° 3, European Commission, Europeaid, March 2009

³³ Member States were also consulted and provided valuable input and comments.

³⁴ Toolkit for Capacity Development, Final draft, Tools and Methods Series, Reference Document n.6, European Commission, EuropeAid, March 2009

³⁵ Institutional Assessment and Capacity Development Why, what and how? Tools and methods Series, Reference Document No 1, EuropeAid, September 2005.

The majority of respondents know about "The Backbone Strategy on Reforming Technical Cooperation and Project Implementation Units for External Aid" adopted by the European Commission. In fact, only one participant in the study indicated that it was neither known nor used in his country. Besides, a couple of interviewees mentioned that further internal dissemination and awareness rising on the Backbone Strategy is either needed, or already planned (e.g. Italy, France). Member States responses illustrate a reasonable level of awareness of the strategy³⁶ even though the level of detail known varies from one country to another.

The majority of Member States acknowledge that it is a useful reference to complement national (bilateral) development policies. It is in fact quoted quite regularly in Aid Effectiveness and/or Capacity Development related Member States' strategies drawn recently (Ireland, Luxembourg) or it is used to nurture internal reflections (e.g. Netherlands).

The general feeling is that the Backbone Strategy is sufficiently exhaustive on the issue of Technical Cooperation and provides operational guidance (i.e. it goes beyond merely clarifying the concept). The fact that ownership is put forward, turning traditional supply driven Technical Cooperation to demand-driven support is much appreciated. The actions in terms of systematic exchange of information on Technical Cooperation activities between all EU donors, and coordination activities pursued including the mapping exercise of parallel Project Implementation Units, are partly answering to the wish of Member States to relate Technical Cooperation and Capacity Development to Division of Labour, and to further coordinate in-country Capacity Development interventions.

However, some limits have been identified. Some Member States regret that this EC strategy is quite focused on Technical Cooperation/Project Implementation Unit rather than Capacity Development in its full meaning. They wonder if the current challenge is not in fact to think more broadly about Capacity Development and to define what a common understanding of Capacity Development could be. Others expect to see how it works in a contextualised setting, and expect some feedback on what works and what does not in practice³⁷. More regular communication from the EC on the implementation of the Backbone Strategy is also expected by Member States, in order to keep them updated on the latest practices. For smaller or newer donors, the Backbone Strategy can seem too elaborated for their own development policy given the size, the volume and the limited set of modalities of their own bilateral cooperation, which cannot yet cope with the complexity of the approach featured in the EC strategy.

Respondents indicated that they do not expect the EC Backbone Strategy to become a common EU framework, setting "norms" on Technical Cooperation. However, they wish the EC would ensure a strong coordination role of the EU position within the DAC framework on this issue, so that the EU voice can become a major driver in the international debate on Capacity Development and Technical Cooperation.

Ÿ The Backbone Strategy is a useful reference to complement Member States' policies on Technical Cooperation but does not encompass the full scope of Capacity Development.

³⁶ Although more so in headquarter than in field offices, and mostly by staff working on aid effectiveness or governance portfolios.

³⁷ E.g. Belgium, Ireland, Bulgaria, UK, Slovakia, Luxembourg, Italy, France.

Ÿ The facilitation role of the EC in exchanging information on Technical Cooperation activities between all EU donors, including the mapping of PIUs, is appreciated.

4.3 Expectations vis-à-vis the EC on the issue of Capacity Development

Member States answers are consensual on a few points. First, they confirm the role and added value of the EC for pushing this issue in the European Union agenda. They also still refer to the Paris principles as their primary commitment (i.e. rather than to the Operational Framework on Aid Effectiveness). They are addressing Capacity Development issues with their own modalities and approaches, and refer to the Backbone Strategy or the Operational Framework in their instruments and policies when suitable and/or relevant³⁸. Second, almost all of the respondents mentioned that they would appreciate if the EC would share lessons learnt from the implementation of the Backbone Strategy on a regular basis, to see what happens *in practice*, and what lessons can be learnt. Third, they expect the EU to be one of the leading voices in the DAC on the issue of Capacity Development, in order to influence the international debate on the reform of Technical Cooperation.

A few Member States emphasised the fact that the priority is to enhance EU coordination, through Division of Labour, delegated cooperation and joint programming, or at least joint analysis and set-up of a common agenda at country level. The EC could take the leadership in partner countries to enhance coordination on Capacity Development programmes and Technical Cooperation. It has a mandate to ensure a joint approach among Member States, but it may have to invest some (more) resources in doing it. It is indeed sometimes a problem to fund such processes (i.e. inputs such as preparatory analytical work or sustaining the dialogue between donors and with partner governments is rather time-consuming and costly). In addition to fostering these approaches, Denmark indicates that it would be interesting to develop an inter-donor mutual accountability, including on provisions of Capacity Development support and Technical Cooperation.

A few respondents (e.g. Belgium, Denmark) also emphasised that the EC could take the lead to develop more pilot projects with in-country ground work, to get as close as possible to the reality of implementation (go out and try out with partners in their own context) and use the experiences to feed-back, facilitate a EU joint learning process and multiply exchanges of experiences. It could be particularly interesting to benchmark results or to suggest indicators to capture changing environment.

Finally, Member States are looking towards Busan (HLF-IV) as an opportunity to revise Paris and Accra principles, to have a broader discussion and consensus on Technical Cooperation practices, including with emerging economies, and to better take in consideration the differentiation of contexts among partner countries, and its impact on Capacity Development. They expect that the EC will be able to lead and articulate a EU common position in this direction and strongly voice it during the IV High Level Forum.

Ÿ Progress is needed to enhance EU coordination at country level on Capacity Development and Technical Cooperation.

³⁸ For instance, Member States that have developed specific Capacity development strategies (i.e. Ireland, Belgium) tends to use the content of and references to the Backbone Strategy more than Member States that have a long-standing practice of Capacity Development, such as Germany.

- ÿ EU Member States are eager to regularly hear about the implementation of the EC Backbone Strategy, and to learn how it works in specific country contexts.
- ÿ The EC is expected to facilitate the articulation of a strong EU position to influence the international debate on Capacity Development and Technical Cooperation.

PART II – Promoting a EU approach to Capacity Development and Technical Cooperation: key messages and way forward.

Introduction

This second part builds on the first analysis carried out on the basis of interviews and written inputs from the EU Member States, as well as on the analysis of the related documents. The first part tried to capture a number of trends or constraints that emerged from Member States inputs and practice oriented documents³⁹. The second part of the study wants to put forward a few key messages and looks at how the EU could move forward on Technical Cooperation and Capacity Development: possible options for the way forward are suggested, including proposals for actions which can serve as an input to the reflection of the European Commission on enhancing the approach to Capacity Development at international level, and/or contribute to inform the debate at EU level.

A number of boxes illustrate the text and are based on the extracts from the Operational Framework on Aid Effectiveness and the EU Accountability Report 2011 on Financing for Development, or on the inputs received from Member States in the course of the study (i.e. mostly examples of programmes⁴⁰).

1. Key message: The international agenda on Aid Effectiveness is a favourable opportunity for setting Capacity Development as a priority

1.1 Background

The international agenda on Aid Effectiveness is one of the **most powerful incentives for the EU** to improve its approach to Capacity Development, and the **EU input could be reinforced in the international debate** on this issue.

As indicated in the Operational Framework on Aid Effectiveness: "The Council reaffirms the strong EU commitments to Aid Effectiveness, which is essential to ensure an improved development results and poverty reduction. The EU, providing nearly 60% of global ODA, will continue to show leadership in implementing the Aid Effectiveness agenda and be a driving force in delivering on the commitments made."⁴¹

These commitments have been translated in most Member States strategic and policy frameworks, **prompting internal debate** on the way Capacity Development can be addressed through bilateral cooperation, and **renewing political will to approach** the issue. New Member States - some being in the process of refining their overall policy frameworks, others switching from annual work plans to proper multi-annual strategies - can integrate the Aid Effectiveness agenda as a cornerstone of their policies. Member States that already had a focus on Capacity Development can further inform their approaches on the basis of the regular monitoring of the international agenda. In return **Member States and the EC experiences can shape the evolution of the Capacity Development agenda at international level.**

³⁹ See the bibliography in the annexes of the first report.

⁴⁰ A few additional examples are provided in the annex of the documents.

⁴¹ See point 1 in the Council Conclusions on an Operational Framework on Aid Effectiveness, 17 November 2009. See: Council Conclusions on an Operational Framework on Aid Effectiveness, Council of the European Union, External Relations Council Meeting, Brussels, 17th November 2009.

Box 1 - Supporting different governance levels & enhancing donors' harmonization: mobilizing resources with the provision of different types of Technical Assistance. The example of a Portuguese programme, PASEG, Guinea-Bissau's Education Sector.

Through a sector-based approach, Portugal has been supporting three Education governance levels with an orientation towards Capacity Development of the education system, including public, communitarian and private subsectors by providing:

Technical Assistance to the Ministry of Education and regional and local authorities, ranging from curricular development (Pre-School, Pre-Service Teacher Training, Basic and Secondary Education), to system's management and statistics and crosscutting issues such as Education for Citizenship and prevention of school violence;

Technical Assistance to and training of School Management Boards, also ranging from Pre-School to Tertiary Education;

Training of teachers and other education agents, supporting the reform of the country's in-service training systems, using in-school and peer training.

Following the Programme's support, the sector reform has gained momentum and Guinea-Bissau completed its application to the Fast Track Initiative funds (on Education for all), which contribute to enhance harmonization of development partners.

Based on Portugal input provided for this study (IPAD – written answer)

1.2 Way forward & recommendations for possible actions

The Member States and the EC approach on Capacity Development and Technical Cooperation have already developed over the past years but the work is not over yet. One key aspect is to **show sufficient political will to keep these issues high on the international aid agenda**. The EU is a major actor in the Aid Effectiveness agenda and it is thus important that Member States and the EC actively **support, contribute to, and keep the momentum going on this debate**.

For instance, it has been suggested that the EC could **affirm its role at the DAC level** on the issue of Capacity Development, in order to influence the international debate on the reform of Technical Cooperation, on the basis of the EU experience on this issue. The EC and its Member States can also **use the next High Level Forum on Aid Effectiveness** (HLF-IV, Busan, Korea, 29th November-1st December 2011) to have a broader discussion **on Technical Cooperation practices** and to reach a **consensus on what can be expected from enhanced Capacity Development**. The European Commission can be instrumental in coordinating a strong EU common position in this regard.

A number of key points were specifically highlighted for the debate at the international level, such as:

- How to adapt capacity support programmes to different contexts in partner countries;
- How to support the emergence of demand-driven request for Capacity Development support programmes;
How to define indicators to monitor change process and capture Capacity Development results.

Member States knowledge, experiences and tools on Capacity Development

represent, together with the EC experience, considerable input in international development cooperation. The EU experience can therefore contribute to these debates on the basis of the lessons learnt from implementation, but it can also benefit from the experience of non EU donors if these questions are kept high on the international aid effectiveness agenda.

2. Key message: Further explore an enhanced coordination of EU Member States approaches with the EC approach, into a possible European Union common set of principles on Capacity Development & Technical Cooperation

2.1 Background

The previous point advocates for a strong EU commitment on Capacity Development and Technical Cooperation at the international level, but it is equally important to work 'internally' in order to strengthen Member States and the EC approaches in a possible EU framework on Capacity Development.

The way Capacity Development is addressed in Member States' development cooperation depends on the scope of their bilateral development policies (i.e. amount of ODA and capacity to fund long-term processes), their funding mechanisms (from projects to budget support, with tied or untied aid), the experience accumulated (new Member States are still relatively new donors) and how Capacity Development is mainstreamed into national development cooperation programmes.

At the EU level, the debate is articulated around the implementation of the Operational Framework on Aid Effectiveness. The relevance of the Operational Framework vis-à-vis specific Member States development cooperation policies - especially section III on *Technical Cooperation for Enhanced Capacity Development* - therefore depends on the characteristics of their own policies, so while **it is right to refer to a common EU framework, there is not yet a EU common approach to Capacity Development.**

Besides, not all Member States can relate to all aspects of the Operational Framework. For instance Poland's instruments does not include Project Implementation Units; Italy's Technical Assistance remains tied; project cycle cannot exceed one year in Latvia; which affect the way these countries can take on board the Operational Framework elements on Technical Cooperation for enhanced Capacity Development. Other Member States would appreciate if the Operational Framework on Aid Effectiveness would go beyond the Technical Cooperation focus; especially Member States that have already developed rather elaborate strategies and instruments for Capacity Development, such as the Netherlands, the United Kingdom, and Denmark.

2. 40. What is your main method of delivering country programmable aid (excluding aid channelled through multilateral organisations and the EU)? Please enter an approximate percentage share according to modalities used in 2010:			
		Response Percent	Response Count
Technical cooperation Show replies		84.6%	11
Project support Show replies		76.9%	10
Budget support : Show replies		69.2%	9
Other modalities (please specify) Show replies		53.8%	7
answered question			13
skipped question			15

Extract from the EU Accountability Report 2011 on Financing for Development Review of progress of the EU and its Member States, Commission Staff Document, Volume IV, European Commission, Brussels, 19.4.2011 SEC(2011) 505 final, page 22.

2.2 Way forward & recommendations for possible actions

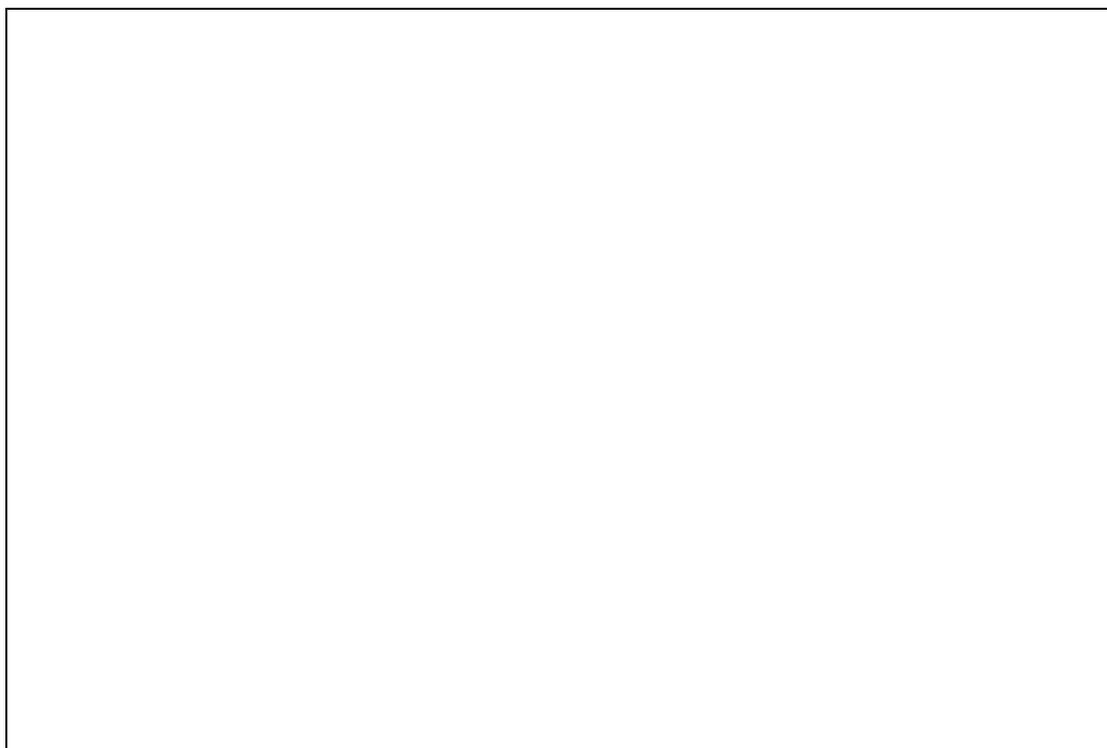
Coordinating efforts at field level could contribute to enhance the efficiency of the European actions for Capacity Development. The EC could have an important role in doing so, by promoting exchange of experiences and **taking the lead, when feasible, for in-country donor coordination on Capacity Development.**

A number of tools and modalities could be developed and open the path to a more integrated European approach to Capacity Development. They include:

- Shared diagnosis of existing local capacity through joint institutional, financial and political economy analysis;
- Joint dialogue with partners for identifying Capacity Development support interventions;
- More systematic exchange of knowledge on operational guidelines for Capacity Development and Technical Cooperation;

The table below⁴² indicates that such practices are certainly already taking place but that they could be developed (see indicator 3 & 4).

⁴² See http://ec.europa.eu/europeaid/how/accountability/eu-annual-accountability-reports/index_en.htm



Extract from the EU Accountability Report 2011 on Financing for Development Review of progress of the EU and its Member States, Commission Staff Document, Volume VI, European Commission, Brussels, 19.4.2011 SEC (2011) 505 final, page 23.

Driving EU practitioners to increasingly work together (i.e. by building trust in each other's capacity and methods, by getting used to engage in common diagnosis, joint monitoring etc., or to be represented in the political dialogue with partners by a peer) would open the path to a **more consistent EU approach to Capacity Development**. Smaller and emerging donors could also benefit from a more coordinated EU approach since pooling resources and sharing technical expertise would give them a bigger chance to participate to meaningful Capacity Development programmes.

Box 2 – Impact Assessment of Capacity Development: the example of the Briefs by GTZ.

GTZ has initiated the publication of a series of Briefs entitled *Best Practice of Impacts of Capacity Development*. Each one is capturing in a few pages the lessons learnt from a specific country programme, through a systematic analysis of:

- How the support initiative has been contextualized;
- What were the sector challenges,
- What change has been achieved;
- What was the approach followed and the contribution through 'Capacity Development at all levels'; and
- What future challenges could be identified with regard to Capacity Development.

Briefs are available on programmes in Kenya, Cameroon, Namibia or Nigeria for example, covering different sectors and/or approaches⁴³.

⁴³ I.e.: Best Practices of Impacts of Capacity Development Cameroon – "Programme d'appui au Programme Sectoriel Forêts et Environnement", GTZ.

Best Practice of Impacts of Capacity Development Kenya – Promotion of Private Sector Development in Agriculture, GTZ.

Best Practice of Impacts of Capacity Development Namibia – Biodiversity and Sustainable Land Management, GTZ.

Based on Germany input provided for this study (BMZ – interview)

3. Key message: Capacity Development challenges: ownership, understanding the context, managing complexity.

3.1 Background

The attempt to custom tailor Capacity Development support to partners' expectations - and to adapt a variety of instruments to best respond to these needs - is sometimes hampered by the lack of clarity of local requests, which can impact negatively on ownership.

Box 3 - The evolution of a training course programme in the Spanish Cooperation: extending a programme approach on the basis of local needs.

The "*Programa Iberoamericano de Formación Técnica Especializada*" (PIFTE - Iberoamerican Program for Specialized Technical Training)⁴⁴ is a programme, which consists of training courses aimed at Latin American civil servants carried out in 4 training centres in the region and in public centres in Spain. This training is carried out based on an analysis by AECID's country offices of local needs (consulting partner governments) and matching these with training capacities of Spanish public and private institutions.

An evaluation of this program was carried out in 2010⁴⁵, so the program will undergo some changes. It is also anticipated that similar activities will be extended to other regions where AECID works, in particular Africa. In addition to being the first thorough, independent analysis of this program, this evaluation includes a broader reflection on Capacity Development and training in Spanish Cooperation.

The report concludes that the program is well regarded by Spanish and Latin American stakeholders, but that it lacks an overall coherent definition of its goals and information, which measures its effects. An important conclusion is that, because of how it is designed, the program has been successful in promoting individual capacities but it is less evident that it has had an impact on institutional capacities.

The report also recommends improving planning of the program – to make it more results-oriented - and a more profound analysis of the context. Finally, the evaluators make specific recommendations related to the need to align the program with the international agenda, in particular the Paris Declaration principles since the study found that ownership is not high and the results focus is lacking.

Based on Spain input provided for this study (by AECID, the Spanish Agency for International Development Cooperation – written answer)

Given the complexity of local contexts, the **ability of donors to understand the nature of local demand** requires defining jointly with partners the nature of the support programme and the skills needed to implement it. Such dynamics result in rather costly and timely processes that donors are not necessarily willing or able to afford. Besides, the capacities to steer complex programmes at national level can be limited if officials do not understand **the chain logic of institutional change dynamic**.

Best Practices of Impacts of Capacity Development Nigeria – Employment-oriented Private Sector Development Programme (EoPSD), GTZ.

⁴⁴ See: <http://www.becasmae.es/pifte/principal.jsp>

⁴⁵ See: http://www.aeval.es/ca/difusion_y_comunicacion/Publicaciones_AEVAL/Informes/Evaluaciones_2009/E23.html

7. 42. On using country systems as the first option, have you						
	Yes	In most cases	In some cases	Seldom	No	Response Count
Conducted an assessment to identify internal constraints	16.7% (4)	29.2% (7)	16.7% (4)	0.0% (0)	37.5% (9)	24
Reviewed the design of aid instruments irrespective of modality so that use of country systems is considered a first option	8.7% (2)	13.0% (3)	26.1% (6)	4.3% (1)	47.8% (11)	23
Provided relevant staff training	17.4% (4)	13.0% (3)	21.7% (5)	4.3% (1)	43.5% (10)	23
Supported partner-country capacity development for improving the quality of country systems	20.8% (5)	20.8% (5)	29.2% (7)	0.0% (0)	29.2% (7)	24
						answered question
						25
						skipped question
						3

Extract from the EU Accountability Report 2011 on Financing for Development Review of progress of the EU and its Member States, Commission Staff Document, Volume IV, European Commission, Brussels, 19.4.2011 SEC(2011) 505 final, page 23.

Capacity Development is systemic and mostly driven by domestic power dynamics, where financial incentives have limited leverage⁴⁶. In this **context of complexity, donors can be tempted to address directly bottlenecks undermining performance, before addressing the actual capacity shortcomings**⁴⁷. Finding the right incentives that can support local willingness to change is hard and requires an important investment to understand the variety of interests involved and how they interaction influences Capacity Development⁴⁸. It also requires using a mix of modalities and funding mechanisms that not all donors are equipped with.

Box 4 - Capacity building at country level – an example from Irish Aid.

Irish Aid does not have a specific set of tools for developing capacities in its partner countries. Its practice is progressive, however, particularly in terms of promoting demand-driven and locally owned approaches, local management of technical assistance and use of country systems. Irish Aid's practice of Capacity Development is mainstreamed throughout its programmes (...). It is also broadly in line with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

As observed in Uganda, Irish Aid's approach is well appreciated by the partner government. Much of the support is provided through sector-wide approaches (SWAPs) and pooled funding, or through using country systems. Irish Aid finances only limited Technical Assistance and its projects are part of sector or programme

⁴⁶ Internal (e.g. leadership, management) & external factors (e.g. elections) can have a bigger influence than the donor support on developing partners' capacities.

⁴⁷ For example, by providing solutions to deal with provision of deficient state services, without understanding what is causing the deficiency at the structural level and address these causes.

⁴⁸ For example, different stakeholders do not necessarily have the same vision of a sector development; conflicts exist between formal and informal leaderships; change resistance can be persistent; the same incentives do not work in different contexts; etc.

support. As with other donors taking part in SWAPs, it responds to capacity needs identified through sector investment plans and programmes. The peer review team was informed that this strengthens the partner country's self-reliance whilst having the assurance of Irish Aid's technical support if required.

Irish Aid's "hands-off" approach encourages partner countries to use their own systems and capacities rather than relying on external support. The focus on building and using existing local systems and institutions is particularly important in the field of service delivery and to manage public funds.

While these initiatives are very positive, good practice in Capacity Development is not sufficiently documented. This is critical to share lessons across programme countries and with other donors. Irish Aid's ability to respond flexibly also needs to be balanced with a more strategic approach towards Capacity Development. The new results-based approach to country strategy papers provides a good opportunity for doing that.

One important dimension of Capacity Development is technical co-operation. The current DAC statistical classification does not allow donors to separate out expenditures on this aspect. Nonetheless, the 2008 monitoring survey noted that nearly all of the USD 12 million recorded as "Technical Cooperation" for Irish Aid in programme countries was disbursed in a co-ordinated manner, respecting ownership, alignment and harmonisation. This was confirmed in Uganda, where the peer review team observed that Irish Aid supported an international technical assistant to help revise and implement a primary teachers' curriculum. The Ugandan Ministry of Education and Sports drafted the terms of reference and organised the recruitment process through competitive bidding, and the Irish Aid official responsible participated in the interview process as an observer. The Technical Assistant is fully integrated into the departmental functions of the Ugandan Ministry and reports to her line manager within that ministry.

Based on the related section of Ireland DAC Peer Review (OECD, 2009), pages 65-66.

3.2 Way forward & recommendations for possible actions

The **success of Capacity Development will depend on the level of flexibility throughout implementation**, even if a number of operational guidelines are available to operate such complex processes. The 'trial & error' approach, despite the risks it involves in terms of accountability and efficiency, is perhaps particularly relevant for progressing on the issue of Capacity Development.

For example, in FTI (European Fast Track initiative on Division of Labour) countries, the EC could **ensure that sufficient resources are invested for inputs such as preparatory analytical work**⁴⁹ or sustaining the dialogue among donors and with partner governments to support the development of coordinated EU capacity programmes. Besides, pooling resource would enhance the possibility to broaden the range of funding modalities⁵⁰ that could be used and adapted to the 'change readiness' of partners.

Procedures do not necessary give enough flexibility to adjust to partners' need, so every opportunity to clarify or revise them should be used. **Hands-off approach and funding mechanisms that offer this type of flexibility** and that can empower

⁴⁹ Engaging in political economy analysis, participatory needs assessment, sector track record analysis, institutional analysis, etc. is time-consuming and costly.

⁵⁰ For instance by pooling in funds from a donor that cannot finance untied Technical Assistance in the framework of its bilateral policy.

partners in driving Capacity Development dynamics (such as sector-wide approaches or budget support) should be encouraged whenever feasible.

When partners' capacities are limited, Technical Cooperation should serve to reinforce learning, planning and management processes at local level. The **use of local resources (such as national or regional expertise) is particularly relevant** in such context. It is improving and should be further encouraged (see indicators 1 & 3 in the table below).

Demand can also come from non-traditional (i.e. 'non institutional' stakeholders), which can in turn contribute to the definition, implementation and the monitoring of Capacity Development and Technical Cooperation programmes. Dealing with the complexity of Capacity Development can be facilitated if these actors are on board so it is important to **engage in a regular multi-stakeholder dialogue** with them.

18. 49. On alignment and country-owned management of Technical Cooperation, have you			
		Response Percent	Response Count
Aligned technical cooperation to partner country policies and plans		95.7%	22
Promoted partner country leadership in making needs assessments		87.0%	20
Adapted donor procedures and regulations to enable partners to use local and regional resources		43.5%	10
		answered question	23
		skipped question	5

Extract from the EU Accountability Report 2011 on Financing for Development Review of progress of the EU and its Member States, Commission Staff Document, Volume IV, European Commission, Brussels, 19.4.2011 SEC(2011) 505 final, page 26.

4. Key message: The need for a pragmatic approach, moving from rhetoric to practice

4.1 Background

The **language of Capacity Development is not fully mainstreamed into implementation and programming yet**. There is still a gap between policy commitments and guidelines and tools to implement them. It is important to **mobilize field office staff at country level by providing sufficient internal incentives** and guidance to engage in Capacity Development processes. These include regular trainings, the display of a strong political will from the headquarter vis-à-vis Capacity Development, the right tools to operate, procedures that allows for a certain level of flexibility, and sufficient resource to engage in time and fund consuming processes.

Country systems impact – positively or negatively – on Capacity Development support programmes. If such systems do not necessarily provide an **enabling environment for Capacity Development**, risk aversion will contribute to shape the

aid programme, reducing flexibility, leaving little **room of manoeuvre for flexible interventions**, and inducing a return to business as usual.

The success of locally owned Capacity Development processes partly depends on placing partners in the driving seat and having a correct understanding of the complexity of the context. Such conditions imply **time-consuming dialogue and diagnosis**, and the possibility to adapt the support according to the evolution of the local context and the partners' need. Such assets are not facilitated by **financial procedures and accountability mechanisms that can be felt as a burden on the possibility to engage in Capacity Development**.

Besides, **EU donors do not all have a range of modalities that include the most conducive mechanisms to support Capacity Development**. The project approach is still much used for instance, offering a limited time span and space for partners' participation. The possibility to use mechanisms such as untied aid, sector-based approach or budget support - which are considered particularly conducive to support capacity development⁵¹ - varies among EU donors.

Box 5 – The added value of new Member States on the experience of transition, seen as an incentive to engage in transformation - a Slovakian example

The Ministry of Foreign Affairs implemented in 2010 a project whose main objective was to help strengthening democracy stability, security and prosperity as well as to support integration ambitions of countries of Western Balkans and Eastern Partnership to become members of Euro Atlantic structures. In doing so Slovakia drew on available expert resources and capacities of public administration authorities namely foreign affairs, justice, finance, economy, transport, security, healthcare as well as governmental office, NGOs, and EC Delegation. Activities were implemented through freestanding Technical Cooperation mostly by providing expert consultation and study tours.

The Ministry of Foreign Affairs, having seen it as a successful pilot project, considers further providing further Technical Cooperation and is about to establish the Centre for Transferring Integration and Reform Experience Programme (CETIR). The role of CETIR will be to maintain already established contacts with authorities of the Western Balkans and Eastern Partnership countries (Ukraine, Macedonia, Serbia, Montenegro). It will also establish contacts with other countries that might be interested in receiving Technical Cooperation in the future, in aligning Technical Cooperation with their policies and plans and thus making their capacities more robust and efficient.

Based on Slovakia input provided for this study (Department of Development Assistance and Humanitarian Aid – written answer)

4.2 Way forward & recommendations for possible actions

For both partner countries and development partners, a pragmatic approach to Capacity Development is key in facilitating its implementation. International agencies **procedures should need to be adapted** in areas that are critical to Capacity Development, like internal competencies, alignment, adaptative planning,

⁵¹ Untied aid, for example, facilitates the use of local or regional expertise and sector approaches facilitate alignment on the country systems & strategies and contribute to joint sector track records & monitoring. The choice of allocating budget support results from an analysis of country financial management performance. It usually provides a Capacity Development or Technical Cooperation component, and definitely put partners in the driving seat. Such elements, either contribute to make a better use of local capacities while reinforcing them, or provide analysis that can help the donor to understand what the capacity needs are in a given context, and how they can be addressed.

focus on learning, etc. A number of tools have been produced across the EU and its Member States to promote Capacity Development, and they can serve as a source of inspiration for practitioners. Enhanced possibility to consult easily the diversity of operational guidelines that already exists could help in filling the gap between policy & practice.

The EC - which has developed a rich set of tools⁵², designed in consultation with Member States - could promote EU coordination and provide more regular **feedback** to Member States, focusing **on the implementation of the Backbone Strategy**, to share what happens *in practice*, and what lessons can be learnt.

Field office staff must feel sufficiently equipped to engage in Capacity Development processes and be provided with a range of internal incentives (by having at their disposal clear operational guidelines, a correct understanding of what Capacity Development encompasses, access to targeted training, procedures that offer sufficient time span to engage in process logic, etc.).

Box 6 - Joint donors' competence network: the participation of Luxembourg in Train4dev

In 2008, the Luxembourg Agency (Lux Dev) decided to join in the Train4dev network (www.train4dev.net/). The decision was based on the agency desire to move forward on the issue of aid effectiveness, and to find pragmatic means to work on alignment and harmonization.

The possibility for knowledge cross-fertilization and contacts with other agencies that the network offered was much appreciated by Lux Dev, which decided to chair it (June 2010-2011) and to become its lead webmaster. Lux Dev is also the network's leader on the topic of gender.

The agency made an extensive use of the training opportunities offered; contributed to launch a catalogue that centralizes all information about the accessibility to trainings through the network; and initiated the possibility to develop joint training with partner countries (involving local expertise). Examples of joint professional trainings in Burkina Faso or Cape Verde, in the framework of sector-wide approaches (SWAPs), have illustrated how such initiative can contribute to match training provisions with local needs and support Capacity Development.

Based on Luxembourg input provided for this study (Lux Dev & Ministry of Foreign Affairs – interviews)

5. Key message: Tension between results orientation and process support

5.1 Background

One of the key issues in dealing with Capacity Development is the **tension that exists between result orientation and process support**. Locally owned processes that involve institutional changes cannot be achieved through a quick fix and hardly fit into the project/programme⁵³ cycle time span.

⁵² They include: Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission, A Backbone Strategy, European Commission, EuropeAid, July 2008; Toolkit for Capacity Development, Final draft, Tools and Methods Series Reference Document n.6, European Commission, EuropeAid, March 2009; Making Technical Cooperation More Effective, Tools and Methods Series, Guidelines N° 3, European Commission, Europeaid, March 2009.

⁵³ Due to the legislation in place, Poland for instance has to work with yearly project cycle.

The **pressure to deliver fast measurable results**, for accountability reasons, and to engage funds, is not conducive to engage in Capacity Development processes. Basically, **capacities develop in a longer time span than the current aid cycle in use in most EU Member States and the EC**. Besides, donors cannot necessarily engage in long-term financial commitments, so support to organizational or institutional change is difficult to plan, especially in the absence of predictability.

Box 7 – Enhancing Public Financial Management with a holistic approach: the DFID experience in multi-donor support in Vietnam

Before 1996, Vietnam had the PFM system of a planned economy. Roles and responsibilities in the budget process were not legally defined; line ministries and sub-national bodies had little discretionary spending powers; the Ministry of Finance was unable to compare national spending to the budget; and there was no external audit. The national budget was a state secret. PFM reforms have transformed this situation, and DFID has been an active and influential participant in multi-donor support to the sector. This has included:

- Budget support contributions to a series of Poverty Reduction Support Credits, aligned behind the Government's Socio-Economic Development Plan;
- Joint Government-donor dialogue on the priorities for PFM reform and monitoring reform progress;
- Support to joint Government-donor assessments of the Government's PFM system;
- Financial contributions to a government managed multi-donor trust fund for PFM reform;
- Specific support to the National Assembly (Parliament) and Provincial oversight committees tasked with scrutinising the State Budget, financial statements and audit reports.

Vietnam's Open Budget Index score has increased from 2% in 2004 to 9% in 2008 (see: <http://www.openbudgetindex.org/>).

Extract from: Development Co-operation Directorate, Development Assistance Committee Memorandum of the United Kingdom, Peer Review, DCD/DAC/AR(2010)1/17, for Official Use, page 37.

In addition, Capacity Development is linked to **change management**, so a lot of **flexibility** is required to adjust to the partners' needs, which is **not always possible in the realm of donors' procedures**. Finally, it is the **difficulty to measure the results of the investment in Capacity Development**. Criteria and indicators that can capture and quantify achievement in Capacity Development remain a challenge for practitioners. It is necessary to acknowledge that capacities develop in a longer time span than the current aid cycle.

Capacity Development and results can be reconciled in the fact that the capacity of an institution needs to be supported so that it is better able to deliver the expected results. In that sense, capacity is a means to achieve results. However capacity should also be promoted as an objective in itself, because it covers the development of more strategic capabilities, like choosing which results should be achieved, adapting to unforeseen situations, etc.

Box 8 – What can we learn from capacity development support? The first conclusions of an on-going evaluation (Netherlands)

The first conclusions of an independent evaluation on the Dutch actions in supporting the development of its Southern partners' capacity illustrate what can be learnt from the experience of a Member State⁵⁴.

The evaluation was carried in the framework of 5 core organizational capabilities, including to act and to commit to its development objectives; to adapt and to renew itself; to relate to its environment; and to implement the core policies. When looked in relation to each other, these capabilities impact on the outcome, and contribute to identify Capacity Development. 26 cases were evaluated. A majority of the cases studied had a Capacity Development component to strengthen capacity of Southern organizations, so that they could pursue their own objectives (3 organisations were from public sector, most were Civil Society Organisations).

However, it is not clear if the Southern organisations did achieve their objectives, one of the reasons being that monitoring and evaluation were tuned to the needs of the donors, rather than these of the Southern organizations. The result chain of the donor is indeed rarely the same than the objectives of the organization, so outcomes were difficult to trace (for instance, no information was available to assess if the support programme resulted in some change in the strategies of the organizations benefiting from support programmes).

The study also highlight the fact that Southern organisations need donor funds to survive, which results in a lot of their resources going to secure their relationship with donor, instead of focusing on the needs of their constituency. The results of the evaluation show that internal (e.g. leadership, management) & external factors (e.g. elections) have a bigger influence than donor support on the organizations. This point illustrates that political economy analysis is therefore crucial prior to establishing support programmes with Southern organizations.

Other lessons learnt from the study include the fact that donor should pay more attention to the capacity of the local organisations, improve downward responsiveness, be more innovative, build a good level of expertise internally. One of the key messages of the evaluation is that in many occasions outputs are reached, but there are not always in relationship with the outcomes the beneficiary organizations were expecting.

Based on Netherlands input provided for this study (Ministry of Foreign Affairs – interview)

5.2 Way forward & recommendations for possible actions

It is important to systematically plan to mobilize sufficient staff and financial resources to engage in dialogue with partners to **agree on the outcomes of Capacity Development initiatives and on how they should be measured, prior to the implementation.**

⁵⁴ This box is based on the information provided by the Dutch respondents during an interview carried for the study in March 2011. The draft report of the evaluation was to be discussed in the Dutch Parliament in April, and expected to create a lot of debate and call for particular attention on the issue of Capacity Development. Far from being exhaustive, this box simply recalls a few of the results of the study. The content of this box is the sole responsibility of the consultant, and can in no way be taken to reflect the views of the Dutch Ministry.

Tools to implement and monitor Capacity Development actions must be **jointly shaped between the donor and its partners**, while keeping a level of flexibility that permits adaptation in the course of implementation and the possibility for partners to be in the driving seat for monitoring & evaluation⁵⁵.

Broad framework rather than specific programmes allow such flexibility, so **joint approaches between donors can facilitate the alignment on the most conducive procedures**. The EC could take the lead to **develop pilot projects with in-country groundwork**, on results benchmarking⁵⁶ or proxy indicators for instance, and feedback the lessons learnt from such initiative to facilitate a EU joint learning process and multiply exchanges of experiences.

6. Key message: The importance of increased knowledge sharing and use of collaborative tools

6.1 Background

No blueprints are available to help partners' government and other stakeholders to engage in meaningful Capacity Development approaches. Besides, operational design of Capacity Development processes should rely on the primacy of local ownership in practice, which enhances even further the complexity of external support in this area.

Against this context, it is particularly valuable to exchange experiences and increase knowledge sharing among EU donors. Peer to peer mutual learning has proven effective in a number of areas and seems perfectly fit to enhance EU donors' ability to deal with Capacity Development, especially when it comes to move from a conceptual to an operational approach and to learn lessons from implementation at country level.

One way to pursue knowledge sharing is by ensuring the monitoring of the implementation of the Operational Framework on Aid Effectiveness commitments on Technical Cooperation for enhanced Capacity Development *specifically*. It would give Member States access to regular reporting on the progress made at the European Union level on Capacity Development and Technical Cooperation, which can be **valuable to inform their own practice**⁵⁷. Besides, such reporting would be an asset **to feed the EU position at the international debate** level (within the DAC framework and International discussion fora).

⁵⁵ In line with the Aid Effectiveness principle of ownership, by adapting the level of complexity to what partners can perform; paying more attention to the capacity of the local organisations; improve downwards responsiveness and innovative actions; and by developing a good level of internal expertise of in-country staff to accompany these processes.

⁵⁶ Understood as a measurement of the quality of an organization's policies, products, programs, strategies, etc., and their comparison with standard measurements, or similar measurements of its peers. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyze how other organizations achieve their high performance levels, and (3) to use this information to improve performance.

⁵⁷ The gathering of such information could also serve to draft and update country profiles on Member States and the EC approaches to Capacity Development. The format of the profiles could be inspired by the short country briefs on financing for development that have been developed in the EU Accountability Report 2011 on Financing for Development or the Aidwatch 2011 report for example. Information available in the DAC inventory of Donor Approaches on Capacity Development, or relevant indicators from the Monterey and Paris surveys could also be used to complete the profiles.

6.2 Way forward & recommendations for possible actions

Knowledge-sharing practices like regular exchange of experiences/lessons learnt on the implementation of Capacity Development programmes, as well as capitalisation and dissemination of good practices need to be encouraged.

EU donors participate in a number of meetings, groups and dialogues where the issue of Capacity Development and Technical Cooperation is discussed. They could use these spaces to **share best practices more systematically**.

Besides, **a number of networks dedicated to exchange of experiences** (such as LenCD⁵⁸, or capacity4dev⁵⁹), **or to mutualise access to training modules** (such as Train4dev), already exist. European practitioners could be encouraged to use them more.

Finally, depending on the level of interest of Member States to share relevant information with their EU counterparts, the EC could design a format to monitor the progress in the implementation of the Operational Framework for the specific component on Technical Cooperation for enhanced Capacity Development.

Box 9 - The European commitments on Technical Cooperation for Enhanced Capacity Development

D. Undertake Follow-up and Monitoring

13. Monitor and selectively report on the implementation of international and EU commitments on TC in line with this EU approach. Every effort should be made to ensure partner country involvement in the monitoring. Actions taken should be reported on an annual basis through the Monterrey report, in addition to the Paris Declaration monitoring process, and avoiding unnecessary duplication.
14. Use existing EU mechanisms, including at country level, as well as aid effectiveness and capacity development networks to facilitate the implementation of this approach. This facilitation may include the formulation of guidelines of good practice examples.
15. Engage in overall joint learning on improving TC provision, including on reducing PIU's, through joint evaluations, studies, and knowledge management initiatives, e.g. electronic discussion fora.
16. Actively promote training within the different Capacity Development learning networks. Where appropriate, this will be done in partnership with existing initiatives by the OECD/DAC as well as those organised by multilateral institutions.¹³
17. Communicate this EU approach widely with a view to sensitising stakeholders and to get support for the implementation of the EU measures.
18. Encourage linking with the DAC and CD networks, in particular those with Southern representation, such as the CD Alliance¹⁴, for implementing all actions mentioned above, also with a view to a proper stocktaking of progress in the run-up to the High Level Forum on Aid Effectiveness in 2011.

** Extract from the Operational Framework on Aid Effectiveness - Consolidated text, Council of the European Union, 18239/10, Brussels, 11 January 2011.*

⁵⁸ See: <http://www.len.cd.org/>

⁵⁹ The platform is structured around a number of topics, including one on Capacity Development and Technical Cooperation Reform. This particular topic gives access to different methodologies, examples and resources relating to the development of institutions, organisations and individuals' capacities, including the EC's ongoing reform on Technical Cooperation.

CONCLUSIONS

The **issue of Capacity Development has gradually gained momentum** within Europe's priorities for international cooperation, but not all EU donors have yet provided a concrete framework to this trend. The level of experience on this issue varies considerably from a Member State to another, and **many of the challenges lead back to the need to promote a better coordination of EU approaches at country level and above all to ensure ownership.**

The current international context reinforces the need for Capacity Development. Situations of transition like the one of the "Arab spring" have unleashed readiness for change. **Accelerated Capacity Development** can happen provided opportunity frameworks are in place, like conducive regional dynamics. This is a field in which the EU and its partners have a unique experience, both through the enlargement process and the neighbourhood policy.

Situations of crisis and fragility have multiplied. Fundamental elements like the **capacity of a society to maintain social cohesion** has been neglected. Several countries have unexpectedly landed into situations of fragility. The stake is high: A civil conflict costs the average developing country roughly 30 years of GDP growth⁶⁰. **Capacity Development for peace building and long term social cohesion** can play a role both in fragile situations as well as for preventive support,

In the context of a development aid culture, which emphasizes results, it remains **difficult to meet the level of flexibility and resources needed to support process approaches that would contribute to Capacity Development and organizational change in partners' countries**, in line with the aid effectiveness principles.

Many of the constraints faced in Capacity Development support go back to **working on a basic joint vision with partners**, but such processes take time, and the **pressure to deliver measurable results and to commit funds fast can be felt as counter-productive**. In addition, formulating concrete results in terms of Capacity Development - while achieving a balance between rapid outputs and institutional changes - remains a challenge, especially when it comes to capturing what the results could look like.

In the absence of demand driven requests, it is difficult to **assess the balance between rhetoric and what is needed in reality**. This is why ensuring that Capacity Development approaches are jointly designed, implemented and monitored with partners, is essential to ensure successful processes where the outcomes reached correspond to the partners' expectations.

For these reasons, clear **political will is necessary** to keep the attention on the importance of Capacity Development in cooperation policies. In addition, support from senior managers as well as staff training **and internal incentives are fundamental to pursue a EU approach to Capacity Development.**

Facilitating exchange of experiences and multiplying learning opportunities at EU level, through joint monitoring for instance, is also an interesting avenue to enhance EU's performance in addressing Capacity Development challenges.

⁶⁰ Source: World Development Report 2011. See: wdr2011.worldbank.org/

Support to partners' capacity would also be enhanced by more systematic EU joint approaches and pooled funding.

Finally, institutions that have a mandate to deliver public and social services also need **Capacity Development support to improve their performance** as well as to reinforce their strategic decision making abilities. Precisely because human and institutional Capacity Development is so critical for achieving results and social cohesion, and for avoiding a situation of fragility, capacity needs to be supported as a priority in itself.

Against this background, it is important to support the implementation of the renewed approach to Technical Cooperation for enhanced Capacity Development in order to promote a harmonized approach at EU level. Reforming Technical Cooperation for improved Capacity Development is a long-term objective, which can only happen with a change of mindset. Practices should gradually move towards Capacity Development processes that emerge from partners' driven demand, and encompass more than the use of Technical Assistance.

Country Checklists

The Country Checklists have been compiled solely on the basis of the information gathered by the Consultant during the space of time of the study and on the analysis of the same information done during the study. In no way the country checklists represent an all-comprehensive assessment of the Member States development policies on Capacity Development and Technical Cooperation. Any additional information can be sent to europaaid-tc-piu@ec.europa.eu

Austria

Internal strategy, policy, instrument

- ü ADA (Austrian development Agency) is aware of the **importance of Capacity Development (CD)**.
- ü **Thematic experts** are dealing with **CD as a "mainstreaming" issue**.
- ü **"Quality criteria"** for CD exists since 2005.
- ü Regular **training** takes place for staff.
- ü Initial contribution to LenCD (within the framework of Train4dev).
- ü Several programmes and projects of ADA to detect good practices and constraints.

Constraints

- ü Small donor with a highly **fragmented ODA-structure**.
- ü Strong self-interests of diverse stakeholders, which does not facilitate the identification of programmes.
- ü **Not enough funds** for effective CD-strategies.

Good practices

- ü Traditional scholarship programmes were diverted into a CD programme for partner universities and scientific institutions. (www.appear.at)
- ü "South Western Towns Water and Sanitation" – a long extensive programme for the development sector in **Uganda**. Programme started as a typical project and developed into a programme duplicated in different regions (under the direction of the authorities of Uganda). No supporting document.
- ü CD programme for renewable energy for **ECOWAS** (together with Spain and UNIDO) located at Cap Verde. No supporting document.

State of play:

- ü **Preparing a strategy for CD**. First draft in German is available.

Documents available

1. OEZA Qualitätskriterien Kapazitäts- entwicklung (in German only)

Awareness of the OF & BBS

Yes.

Belgium

Internal strategy, policy, instrument

- Û **Plan belge** sur l'efficacité de l'aide en 2007 : il reprend indicateurs qui deviennent ceux de la Belgique.
- Û Volonté de diversification: depuis l'approche projets vers un mix de modalités et de modes d'interventions.
- Û Pas de *roadmap* sur mise en œuvre.
- Û Au sein DGCD, programmes de partenariat préparés en commissions mixtes avec pays partenaires.
- Û Au sein de la Coopération Technique Belge (CTB), création en août 2009 d'une unité recherche et développement pour production intellectuelle, sur thèmes à approfondir, dont CD.
- Û **Pas une priorité dans la pratique.**
- Û Développement de **l'appui budgétaire sectoriel.**

Constraints

- Û **Demande de résultats mesurables à court terme.**
- Û **Mécanismes contraignants**, contrôle important par le ministère des finances et du budget avec interprétation des règles CTB de façon restrictive.
- Û **Concept CD n'est pas toujours bien compris**, donc seulement **partiellement appliqué.**
- Û Difficulté de travailler dans **les pays fragiles.**

Good practices

- Û Travail sur conceptualisation de l'aide, de la politique d'AT, etc. : développements positifs en cours.
- Û Participation à LenCD.
- Û Certaines évaluations conjointes avec bailleurs de fonds (Mali, Rwanda, et en préparation sur Burundi).
- Û Conceptualisation / formulation de l'intervention avec les autres bailleurs.
- Û Suivi annuel des commissions mixtes avec les partenaires.

State of play

- Û Recrutement d'une personne qui va gérer le développement de la stratégie de la CTB sur CD.
- Û **Travail en cours sur la politique d'AT.**
- Û Nouveau contrat de gestion en cours de formulation (possibilité de rendre les procédures plus flexibles).
- Û Intention de diminuer le nombre d'unités de gestion de projets, et se concentrer plus sur le renforcement des capacités des partenaires.

Documents available

1. Guidelines for national execution in projects financial and procurement management, BTC-R&D Unit for the Joint Working Group DGD-BTC.
2. Instructions relatives à la préparation et au suivi/évaluation des programmes Indicateurs de Coopération (PIC), CTB-DGD.

3. Plan belge sur l'efficacité de l'aide (2007).

Awareness of the OF & BBS

- Ü **Input important dans la réflexion actuelle, suivi permanent assuré.**
- Ü Connaissance et référence, mais il manque des discussions transparentes sur la mise en œuvre.
- Ü Documents suffisamment exhaustifs, mais il faut les faire 'vivre', de manière contextualisée, pays par pays.
- Ü **Attentes de la part de la CE:** capitalisation des leçons apprises, au delà de l'approche conceptuelle.

Bulgaria

Internal strategy, policy, instrument

- ü **No Bulgarian bilateral aid per se.** Bulgarian ODA is spent through **Multilateral & European contributions.**
- ü **No Policy framework adopted yet,** on-going drafting process, references to EU approaches are foreseen.

Cyprus

Internal strategy, policy, instrument

- Ü General Strategy for Development Cooperation (2005), covering 2006-2010 (not communicated). No new one yet.
- Ü **No specific plan** on Technical Cooperation (TC).
- Ü Aid Effectiveness is embodied in the strategy in general, and use of delegated cooperation for activities in partner countries, with other MS.
- Ü **No specific projects implementation** directly, **no aid delivery mechanism per se** (it happens through other MS).
- Ü Technical Cooperation: **Scholarships** in Cyprus (specific programme, mostly reinforcing private sector in partner countries, gradually more demand-driven oriented).

Constraints

- Ü Main one is **financial**: not enough budget (budget cut due to economic crisis & need for macro economic discipline, including for aid policy).
- Ü Limited funds remain to implement TC programmes.

Good practices

- Ü **Specialised courses** according to needs of partners' countries – short courses more targeted.

State of play:

- Ü Attempt to introduce a **Memorandum of Understanding with partners' government** about the required profile of participants in the scholarship programmes, including for non-official scholars.

Awareness of the OF & BBS

- Ü **Yes**
- Ü Common sense document, which puts forward the idea of ownership, turning from supply to demand driven TC support.
- Ü **BBS should not become a EU framework**. MS agree on PD principles and do their own thing.
- Ü Still a lot of overlaps etc. so the priority is to work on and develop delegated cooperation, and enhance coordination through joint programming in recipient countries.
- Ü **Expectations from the EC**: invite MS in Brussels for a central event or devote some time in working group for an **analysis/update of BBS implementation**.

Czech Republic*

* This Member State neither answered the interview questions, nor sent a written input, but 3 documents were communicated (see below). The checklist is based on their analysis.

Internal strategy, policy, instrument

- ü The **basic principles** of the Czech development cooperation are **founded upon the European Consensus on Development (2005), the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008)**.
- ü Czech Development Cooperation is based upon a **partnership** with beneficiary countries and is **governed by the demand of these partner countries and their needs**.
- ü The Czech Republic **supports strengthening the systems and capacities of the partner countries**. The goal lies in their pro-active role in formulating and implementing their own developmental policies.
- ü Use of **Budget Support & delegated cooperation** (EU DoL).
- ü **CD is not a priority sector**.
- ü **No specific guidelines** on CD.
- ü **Technical Assistance** to partner ministries in the public finance management sector in the developing and transition countries.
- ü Provides government **scholarships** for foreign students.
- ü Development activities also targeted at increasing worker qualifications, technological innovation and **building expertise in industry**.
- ü **Aid for Trade** projects are provided by the Ministry of Industry and Trade of the Czech Republic and the Ministry of Foreign Affairs: it helps in the development of trade policies, supporting conditions and the regulatory framework for trade, and transferring knowledge in the area of foreign direct investment.
- ü In the education sector: projects focused on supporting the development of primary and secondary **vocational education**, with an emphasis on increasing the knowledge and skills of agricultural workers.

Documents available

1. Report on the Development Assistance of the Czech Republic in 2009, Ministry of Foreign Affairs of the Czech Republic, Czech Development Cooperation.
2. Act on Development Cooperation and Humanitarian Aid, and Amending Related Laws, Parliament, 21 April 2010.
3. The Development Cooperation Strategy of the Czech Republic, 2010-2017.

Denmark

Internal strategy, policy, instrument

- ü **Revised strategy for Danish Cooperation** (entitled 'Freedom from poverty – Freedom to change') includes a reference to have a **strong focus on the AE agenda, TC & CD.**
- ü Danish cooperation tends to be fairly tuned to PD + AAA whose principles are directly integrated in the policy framework.
- ü **Sector based guidelines** in which there is a **strong focus on CD & TC** (bilateral Danish development assistance is mostly done through sector based development support).
- ü **Specific guidelines addressing CD development**, with operational steps to move on CD agenda, with basic rules, regulations & incentives used in programmes to use TA/TC (available in Danish only).
- ü Since 2005, similar approach to institutional development capacity support focus of Danish aid, which has been much centered on strengthening institutions and deal with their own development agenda. This concept has been important orientations for the guiding principles used for implementing TC/CD.
- ü **Fairly decentralized system** where embassies are responsible for aid programmes.
- ü **Growth of BS.**

Constraints

- ü Lack of **resources**, lack of time to engage, lack of **coordinated approach with other donors.**
- ü Getting the right **internal incentives** to support the prioritization of aid focus and modalities.
- ü Grasp/understand the CD concept and **turning it into practice.**
- ü Difficulty to link with the **complexity of the situations** -> impact on understanding the needs.
- ü Need to get stronger on **diagnosis.**
- ü Difficulty in defining and measuring outcomes of CD support.

Strengths

- ü **Variety of approaches in CD delivery:** various classical support training, exchange, short / long TA.
- ü Long-term TA is fading out, and turns much more into **national or regional TA rather than Western or Danish expertise.**

State of play:

- ü Effort to ensure a full understanding of the issue and some support internally.
- ü Attempt to **move on to new approaches concerning TA**, to get a joint vision with the partners, and to try to understand the driving forces of change etc. to be able to support timely & tailored support BUT putting this in practice with the embassies is more complicated.
- ü Wish to **develop joint approaches.**
- ü Priority given to on-going dialogue, instead of one off exercise.

Good practices

- Ü Set-up of **joint TA platforms** with other donors that can be used on demand.
- Ü Support through an aid package in Bhutan over past 15 years, well educated elite that has been able to absorb training etc.
- Ü **Good example** at sector level, for example in Africa, in the transport sector.
- Ü But also many examples where it is still difficult to track real impact.
- Ü No documentation communicated on these examples.

Document available

1. Strategy for Denmark's Development Cooperation, *Freedom from poverty – Freedom to change*, Ministry of Foreign Affairs of Denmark, DANIDA, International Development Cooperation, July 2010.
2. Addressing Capacity Development in Danish Development Cooperation, Guiding Principles and Operational Steps, Technical Advisory Services, DANIDA, January 2011.

Awareness of the OF & BBS

- Ü **Yes**
- Ü **EC BBS is an important driver** to enhance CD/TC, in relation with the international agenda.
- Ü Division of Labour is a step in the right direction, but there is a need to develop an inter-donor mutual accountability.
- Ü **Expectations from EC:** EC should keep on pushing for a common vision, joint analysis, and take the lead for common approach at country level.

Estonia

NA

Finland

Internal strategy, policy, instrument

- Ü Development Policy of the Government from 2007.
- Ü More emphasis on coherence, complementarity and effectiveness.
- Ü **Capacity development and TA are integrated into national development policy.**
- Ü **TA is not perceived as a distinctive financing instrument.**

Constraints

- Ü The **procurement of the capacity development/technical cooperation is a complex process** due to legislation.
- Ü **Know-how on the issue is a bit dispersed** throughout different departments.

Good practices

- Ü **Procuring technical assistance as a part of the development project package** (adequate flexibility in the allocation of the TA during the project implementation).
- Ü Local ownership has increased.

Document available

1. Development policy programme 2007, *Towards a Sustainable and Just World Community*, Government Decision-in-Principle 2007, Ministry for Foreign Affairs of Finland.

Awareness of the OF & BBS

- Ü Backbone strategy is a **useful document to complement the national Development Policy.**
- Ü Expectations from the EC: **stronger coordination** with OECD.

France

Internal strategy, policy, instrument

- Ü **Cadre d'intervention de soutien au Renforcement des Capacités (RC):** Objectif dans un document avec 3 points 1/RC lien par rapport aux bailleurs & conduite du changement dans le secteur privé. 2/ Etat des lieux: demande/besoin partenaires + modes de faire des bailleurs + coopération française et/ou ce que fait l'AFD (analyse par projets, outils/instruments/avantages comparatifs) 3/ 10 principes directeurs / opérationnels + identifier ce qui doit être fait pour que ce soit mis en œuvre.
- Ü **Déclinaison en outils, en supports sectoriels** et en procédures etc. dont sur l'AT. Avec un cadrage de la prestation et du questionnement sur le '*comment faire*'.
- Ü Logique de dispositif français: Le volet institutionnel reste de la responsabilité du ministère (sauf l'institutionnel sectorielle non transversal) et l'AFD s'occupe de la logique opérationnelle.
- Ü **Impact majeur PD & AAA:** remontée au niveau de l'agenda de l'AFD (Agence française du développement) dont le travail actuel est de structurer et d'outiller une approche qui existait déjà.
- Ü Alignement renforce RC et RC nécessaire pour une meilleure appropriation.

Constraints

- Ü Frontière AFD/MAE complexe, pas évidente, et impact sur mise en œuvre RC.
- Ü Volonté politique de porter les réformes, temps nécessaire pour valider des évolutions stratégiques.
- Ü **Capacité à accompagner la formulation** de la demande.
- Ü **Contraintes financières:** course à l'engagement qui limite le temps imparti pour le dialogue dans l'identification des programmes d'appui.
- Ü **Pas d'incitation concrète** pour ce type d'investissement en analyse, même si préoccupation partagée, mais possibilité de formation et complément avec les outils.
- Ü **Evaluation des résultats** en matière de RC: aller au delà de l'affichage et plus se centrer plus sur la performance en matière de développement. Contrainte de temps.

Strength

- Ü Longue expérience sur secteur énergie et eau / travail sur schéma institutionnel du secteur etc. (ex. au Sénégal) et après des années d'accompagnement approche inclusive etc. (ex. port de Pointe noir).
- Ü Savoir faire à structurer car il existe une certaine culture de processus.

Good practices

- Ü Evaluations ex post systématique avec expertise indépendante, surtout locale, dont une 30aine ont un volet RC qui a été analysée (publication à venir).
- Ü Beaucoup d'exemples de bonnes pratiques. Mutualisation d'expertise, mise en réseaux et des bonnes pratiques d'AT.

Document available

1. Expertise Accompagnement et Assistance Technique, AFD, (présentation powerpoint).
2. Document Cadre de Coopération & Développement, validé en interministériel, publié par MAE.
3. Peer Review.

Awareness of the OF & BBS

- ü OF & BBS: sert d'inspiration, parfois cités en référence, mais le sujet est ramené à la logique opérationnelle de l'AFD.
- ü Réflexion autour de comment retraduire OFF dans l'esprit des modes opératoires de l'AFD.
- ü Volonté AFD de mieux le diffuser, en cours.
- ü les maitrises d'ouvrage dans ces exercices) et le soutien à des initiatives de changement, notamment lorsqu'elles sont entreprises à l'échelle sectorielle.
- ü Attentes: collaborer sur le sujet de la mesure des résultats et multiplier les échanges.

Germany

Internal strategy, policy, instrument

- ü CD is integrated as **cross cutting issue** in sector & thematic programme at country levels. **CD is backbone of all programs.**
- ü Various kind of policy document: for PD: operational plan, where activities of CD are integrated; at the Policy level: global guidelines, implemented by various aid agencies
- ü Political will: Minister has CD high on agenda.
- ü CD is at the top of the list of ToR of agencies. Staff gets training so they are motivated & skilled.
- ü **Main instrument: TC.**

Constraints

- ü Lack of **clarity of the partners demand** so sometimes, business as usual in lack of ownership & motivation + long term partners.
- ü **Capacity to stir complex programmes** at the national level.
- ü **Time & resources needed** to define the interventions (costly) + to identify the type of personnel which is needed.
- ü **Lack of indicators.**

Good practices

- ü Quite different instruments to operate: long term, short term TA, national staff, close work with partners.
- ü Attempt to customize (or tailor) to partners / possibility to adapt thanks to a variety of instruments.
- ü Agreement on results with partners, but then, activities are outlined progressively through joint steering.
- ü Activities at national but also at local levels: capacities to implement national policies can be weak so need to be reinforced.

State of play

- ü On going drafting of a strategy (where there will be a reference to the OF section on CD).
- ü Latest development in German cooperation is to increase the involvement of private sector (in addition to NGOs) in CD approaches.

Document available

1. Plan of Operations for Implementing the Paris Declaration of 2005 and the Accra Agenda for Action of 2008 to Increase Aid Effectiveness, BMZ-Division 220, March 2009.
2. *Capacity Development and Aid Effectiveness*, Discussion Paper in Preparation for the High Level Forum on Aid Effectiveness in Accra (September 2008), Federal Ministry for Economic Cooperation and Development.
3. Capacity development: Accra and beyond, Summary conclusions of the Bonn workshop, 15-16 May 2008.

4. Deutschland-Memorandum für die DAC Peer Review Deutschland 2010 (in German only).
5. Best Practices of Impacts of Capacity Development (see report).

Awareness of the OF & BBS

- ü Awareness OF.
- ü Contribution to the BBS: considered as a handy reference but German TC related instruments exist for a long time, before the OF.
- ü Expectation from the EC: facilitate the discussion on result orientation.

Greece

NA

Hungary

Internal strategy, policy, instrument

- ü International development cooperation is an integral part of Hungary's foreign policy.
- ü **The existing concept paper for international development cooperation was approved in 2001** (drafted by the Ministers of Foreign Affairs, Economy and Finance and aimed to move Hungary's development cooperation from a series of ad hoc and decentralised initiatives to a more strategic approach).
- ü In accordance with the best practices of the UN, OECD DAC and EU.
- ü The adoption of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the European Consensus on Development require an updating of Hungary's International Development Cooperation policy.

State of play:

- ü Plan to draft a **new strategy for international development cooperation** (to reflect PD, AAA, European Consensus).

Good practices

- ü **Knowledge transfer** (in environmental protection, water management and sanitation, protection of cultural heritage, agriculture).
- ü **Training of experts, technicians & engineers** (in agriculture and food industry, university & post-gradual levels).
- ü No documentation communicated.

Awareness of the OF & BBS

- ü **Awareness** of the European Commission Strategy for external aid to guide the reform of Technical Cooperation and Project Implementation Units, as well as the Work Plan that sets out the actions to be taken in the short, medium and long term.

Ireland

Internal strategy, policy, instrument

- ü **Focus on CD, looking out CD in a political economy approach** rather than 'gap in skills' approach, Shift from early 80's when Irish TA was costing a lot of money, not delivering much,
- ü **Now => commitment on CD but not just tied Irish TA**, all country owned. Partner government is in the driving seat, and assist process of change, with more a supportive, facilitating role from Irish aid.
- ü **CD reflection started before PD**, in 2001, but both PD & AAA were important to keep the momentum going Drivers of the evolution of CD support: massive fatigue with the workshop culture and training at country level. Need to look at it in a different way: study tours, training, South-South cooperation. Done by embassies at country level.
- ü Main-overarching policy documents: **White Paper (2006) with a commitment to build government capacity.**
- ü **Guidance note on CD.**

Constraints

- ü Challenge in **formulating concrete results in terms of CD.**
- ü **Balance between short outputs and institutional changes**, difficulty in capturing what the results could look like.
- ü **Demand** is not necessarily putting itself forward, materializing. So pragmatic approach is still needed.

Good practices

- ü New projects have to comply with the list of questions mentioned in the guidelines.
- ü Very few TA, sometimes in multi donor funds, but TA is fully owned by government and demand-driven, came back strongly as a good indicators. Evaluation to review approaches on CD: but there is no detailed info.
- ü At country level, where there is no dictating of what should happen in ministries.
- ü Example in Uganda with a hands-off approach that underpins the importance of ownership (see report 2).
- ü Financing of LenCD.

Document available

1. Irish Aid Guidance Note, Capacity Development, Draft for Coherence: October 2010. **To be validated by Management.**
2. Peer review.

Awareness of the OF & BBS

- ü **BBS: Very good document.**
- ü Guidance note drawn from the EC approach: **Strong linkages between what EC has learnt & Irish guidance note.**
- ü **Expectations from EC:** EC could do a piece of work on the way to measure capacity development results; look at on how best TA & CD fit in the

Supporting the implementation of the "Technical Cooperation for Enhanced Capacity Development" component of the "EU Operational Framework on Aid Effectiveness"

management for results agenda; work on common EU position that would drive the DAC work.

Italy

Internal strategy, policy, instrument

- Ü **No specific guidelines** on CD.
- Ü **No reference to CD in project document** at this stage (but it will come after the guidelines & will be one of the markers 'for economic & technical cooperation' after project appraisal, for the financial proposal).
- Ü 6 priorities AAA are taken on-board in Italian strategy.
- Ü **Internal network on CD** since 2009, mobilisation of network of local technical units (field offices) through first inventory of practices & lessons learnt on TC (based on six priorities in AAA). Responses: much more done than expected could be qualified as CD + internal concept note on CD.
- Ü **Peer review** of OECD, later 2009, specific chapter on CD.

State of play:

- Ü **Need to:**
 - + Redraft the concept note,
 - + Organize training/internal seminars,
 - + Draft the guideline son CD (headquarter is currently sharing the draft with the field offices),
 - + Upgrade the level of awareness of staff,
 - + Design specific markers on capacity development (for appraisal, quality control, financial reports)
- Ü A **seminar is planned with EC in May**, to contribute the CD guidelines and should be ready by the end of the year.

Strengths:

- Ü **Role of CSO:** Italian NGOs involved at country level: seen as a bridge between Italian cooperation & in-country local NGOs. Attempt to strengthen the relations with Italian NGOs because they can play a role in building CD & mainstream it (through co financing).
- Ü **Decentralised cooperation** with local authorities, research institutes, and universities.
- Ü Independent from Ministries, also useful for CD. Twinning arrangements, etc.
- Ü Identification of cooperation based on bilateral agreement, with country programmes.

Constraints

- Ü **Limited resources** (difficultly because of budget cut, not a lot of HR and even less financial resources).
- Ü **Limited awareness** of field staff.
- Ü **No specific guidelines** on CD or TC.
- Ü Modalities: normally **tied aid, and tied technical assistance**.
- Ü **Use of PMU**, decreasing but still being used.
- Ü **Language barrier:** documentation in Italian, being for report etc. Only documents with partner countries are in the main international language used in country.

Good practices

Mentioned during the interview but not supported by documentation.

- ü **Triangular cooperation** (South-South) especially in Latin America, example in Argentina; support to undertake **vocational training** in health in Paraguay, Peru, Bolivia, Columbia; in Brasil to support development initiatives in Mozambique; in Tunisia & Senegal for vocational training (i.e. scholarship from Tunisia in Senegal).
- ü Until 2009, a lot of **scholarships**: 180 students/2007, 80 had scholarships. Now is decreasing.
- ü Involvement of CSO through **decentralized cooperation**.
- ü **Reinforcement of public administration** in partner countries, including e-procurement in Morocco, Tunisia, Ethiopia.
- ü Budget Support, growing compared to the early 2000.

Documents available

1. *Il Capacity Development e l'Aiuto Pubblico allo Sviluppo*, Ministero degli Affari Esteri, Direzione Generale per la Cooperazione allo Sviluppo (in Italian only).
2. Capacity Development and the Italian Development Cooperation, powerpoint presentation, Rome, 14 May 2009.
3. Questionario su Capacity Development (in Italian only).
4. Aid Effectiveness Action Plan, Approved by the Steering Committee of the Directorate General for Development Cooperation in its session of 14th July 2009, Ministero degli Affari Esteri, Direzione Generale per la Cooperazione allo Sviluppo.
5. Piano Programmatico Nazionale per l'Efficacia degli Aiuti, Approvato dal Comitato Direzionale nella Seduta del 14/7/09 (in Italian only).

Awareness of the OF & BBS

- ü Headquarter is aware of the importance of the EU OF and the linkages of the other components (especially DoL & use of country system), and general level of awareness of the BB.
- ü Forthcoming seminar in May will increase the level of awareness.
- ü Willingness to go towards a sort of stricter relationship with the EC on a number of topics: CD is one of them (for example with **on-going request to qualify for delegated cooperation**).
- ü **Expected role from EC**: capitalize good practices & share lessons learnt.

Latvia

Internal strategy, policy, instrument

- Ü Very newcomer in Development: Legal basis from 2005.
- Ü **Law + policy** on Development Cooperation by cabinet of Minister of Foreign Affairs.
- Ü Attempt to base it on the Accra, PD, etc.
- Ü Based on so-called demand-driven approach.
- Ü **CD is not a priority sector.**
- Ü **No specific guidelines on CD.**
- Ü Based on the experience of transition, no embassies in Africa.
- Ü **Provision of TA/TC in a few projects** (Latvian expertise from public administration, agencies, NGOs, e.g. on democracy building, environment).

Constraints

- Ü **Limited resources** (human + financial) => limited possibility for intellectual input on strategy, etc.
- Ü Focus on small but very targeted projects => need to extend the size of the projects.
- Ü **Project cycle time span:** only one year => It should switch to 2 years, move to bigger projects or programmes, work on biannual programming.

Strengths:

- Ü Added value: **Transition experience** (e.g. on institutional development)
- Ü Language (i.e. Russian).

Good practices

- Ü Example in Moldova (2009): advisory role on banking system, and request since for more training.
- Ü In Georgia: adult educations through life long learning system with Latvian associations.
- Ü No supporting documents for these examples.

State of play:

- Ü **On-going work on new strategic document** for the next 5 years.
- Ü On going discussion with parliament, NGOs, Ministries. AE is highlighted.
- Ü **Expectations to do more joint projects** (pool resources, share technical expertise, joint monitoring). But differences: in legal framework, financial procedures, length of the cycle.

Documents available

1. Development Cooperation Policy Programme of the Republic of Latvia 2006 – 2010.
2. Law on International Assistance.

Lithuania

Internal strategy, policy, instrument

- ü **Technical Cooperation:** important part of Lithuania's development cooperation activities, but it's not a policy itself.
- ü Technical cooperation/capacity building is used **primarily in partner countries in EU's Eastern neighborhood and is concentrated on sharing good practice in reform processes.**

Strengths

- ü **Comparative advantage on transition experience.**

Documents available

- ü Mission of the Development Co-operation Policy of the republic of Lithuania Government's decision, extracts, (translation), January 2011.

Luxembourg

Internal strategy, policy, instrument

- Û Prise de conscience de l'importance de CD & volonté de travailler sérieusement sur ces questions de CD & AT.
- Û Agence: mettre en œuvre et adapter les orientations, approche assez pragmatique, stratégie suivent la réalité.
- Û Suite aux recommandations DAC Peer Review, Ministère a mis sur pied des cellules de compétences, et LuxDev a mis des ressources pour développer ces stratégies.
- Û Connaissance des orientations de la déclaration de Paris: élément déclencheur parmi d'autres.
- Û Coopération basée sur projets essentiellement, mais qui évoluent vers approche programme et appui budgétaire.
- Û Diminution du recours à unité de gestion parallèle et AT.

Constraints

- Û Pas vraiment de projets purs 'RC' ou purs 'TC', intervention plus holistique, donc liée à la capacité des partenaires à mettre en œuvre leurs politiques.
- Û Difficulté : convergence entre la demande de la part de partenaires & les secteurs prioritaires choisis par le ministère.
- Û Beaucoup de pression de la part du Parlement luxembourgeois, qui appuie les approches projets & le financement des ONGs (parfois au détriment d'autres approches).
- Û Pression sur LuxDev pour reddition des comptes très détaillée, or CD nécessite une grande flexibilité.
- Û Effort nécessaire pour recruter des consultants au niveau régional.
- Û Pas de volet de CD systématique dans l'appui budgétaire sectoriel.
- Û AT luxembourgeoise généralement contractée par LuxDev (sauf dans le cas des cadres partenariat opérationnels).

Strengths

- Û Volonté politique et encouragements du ministère,
- Û Transformation profonde et ouverture sur l'agenda 'efficacité'.
- Û Révision des procédures,
- Û Accord de partenariats opérationnels avec acteurs locaux dans 10 pays partenaires.

Good practices

- Û Travail de réécriture de l'identité, et de la mission de la coopération luxembourgeoise (2008): dans la nouvelle orientation, CD est central.
- Û Cellules de compétences du ministère et la mise à disposition de ressources de la part de LuxDev ont permis une meilleure collaboration entre les deux institutions.
- Û Exemples des accords de partenariat opérationnel = outil d'alignement, au sein d'un secteur correspondant aux priorités nationales, avec délégation au partenaire, qui permet de sortir de la pratique 'projet'.

- Û Document de références pour gestion des projets, avec redéfinition du rôle des AT, & nouveau guide du cadre logique. Effort constant.
- Û Decision de LuxDev de rejoindre le réseau train4dev (2008) et prise de responsabilité au sein du réseau.

State of play:

- Û Développement de nouvelles pratiques: mission de formulation commune (avec Espagne & CE au Salvador); appui budgétaire sectoriel (Cap Vert); coopération Sud-Sud (Sao Tome-Cap Vert-Luxembourg).

Documents available

1. Questionnaire for the Evaluation of an Operational Partner's Organisational Capacity.
2. Guide Logical Framework and Costs – Formulation Process, Lux Dev, Agence Luxembourgeoise pour la Coopération au Développement, 2010.
3. Appendix (Logical framework and costs) - MfDR summary table for sectoral projects.
4. Stratégie de renforcement des institutions et des capacités pour la coopération luxembourgeoise.
5. Guide to the Establishment of Operational Partnerships for Projects and Programmes funded by the Grand Duchy of Luxembourg, Guide Operational Partnerships Implementation Process, 22.05.2009.
6. Lux-Development's identity and mission, Lux Dev, Agence Luxembourgeoise pour la Coopération au Développement.
7. Vision 2012.2, Lux-Development's strategic objectives for the period 2010-2012, Lux Dev, Agence Luxembourgeoise pour la Coopération au Développement.

Awareness of the OF & BBS

- Û OF & BBS: Cadre suffisamment précis, l'enjeu actuel est sa mise en œuvre.
- Û Connaissance limitée (c'est-à-dire par peu de personnes) au sein de l'administration ou de l'agence.
- Û Références à BBS prévu dans la nouvelle stratégie.
- Û Attentes CE: Capitaliser les leçons d'expérience sur la mise en œuvre de BBS & dissémination de cette information sur le terrain. Mettre en place une vraie politique de communication sur CD, et utiliser le CAD comme un forum porter la position européenne sur CD/TC.

Malta

Internal strategy, policy, instrument

- ü Malta official document on Overseas Development Policy states that **coordination & complementarity of development aid is vital for sound and effective capacity development.**
- ü General policy of **untied aid.**
- ü Development assistance through two binary streams: allocation to multilateral agencies for specific projects, and through co-financing of Maltese NGOs, which have been working on the ground for several years.

Constraints

- ü **Limited resources.**
- ü **Lack of historical background** and expertise in promoting its interests in **developing countries**, & limited contact with partner countries.

Strengths

- ü Maltese NGOs have factual knowledge of the social and environmental conditions in these regions.

State of play

- ü Malta's policy **is to establish common principles to ensure that capacity building is integrated** as effectively as possible in our development programmes.

Document available

1. Malta Overseas Development Policy, *An Overseas Development Policy and a Framework for Humanitarian Assistance for Malta.*

Awareness of the OF & BBS

- ü Yes.

Netherlands

Internal strategy, policy, instrument

- ü End of 90's: limits of long-term expatriates in partners' countries => Now: not long term expat anymore.
- ü Change that came at the same time that the **introduction of SWAPS** => so CD became implicit & mainstreamed (but no systematic CD pillar in SWAPS).
- ü **Development cooperation policy framework** (Nov. 10): **CD is mentioned** but not as a sector of interventions per se.
- ü Emphasis on 'resourcefulness': support should aim at building self-reliance.
- ü **No explicit CD strategy.**
- ü But **Capacity Development Programmes** exist: on PFM issues for example.
- ü **Guidance note on CD:** general concepts on instruments & procedures (not very successful & applicable on voluntary basis).

Constraints

- ü Organisations have to be able to define their own goals, ad hoc demand, so **difficult to engage.**
- ü CD is so **broad.**
- ü CD is still difficult to be discussed per se, easier in a sector or thematic context. **Need to be more explicit.**

Good practice

- ü Coaching programme SPICAD to support embassy staff on CD.
- ü Support to NL NGOs so that they get specialized for CD in the South.

State of play

- ü **On going evaluation** on CD: what has been done, since it was introduced in the MFA early 2000. Report almost finalized. See report 2.
- ü Dutch cooperation will now work around themes, rather than sectors. No confirmation that CD will be one of them.
- ü On-going DAC Peer Review (final results in August), that will integrate recommendations on CD.

Document available

1. Questionnaire for the Evaluation of an Operational Partner's Organisational Capacity.
2. Guide Logical Framework and Costs – Formulation Process, Lux Dev, Agence Luxembourgeoise pour la Coopération au Développement, 25.03.2010.
3. Appendix (Logical framework and costs) - MfDR summary table for sectoral projects.
4. Stratégie de renforcement des institutions et des capacités pour la coopération luxembourgeoise.
5. Guide to the Establishment of Operational Partnerships for Projects and Programmes funded by the Grand Duchy of Luxembourg, *Guide Operational Partnerships Implementation Process*, 22.05.2009,

6. *Lux-Development's identity and mission*, Lux Dev, Agence Luxembourgeoise pour la Coopération au Développement.
7. *Vision 2012.2*, Lux-Development's strategic objectives for the period 2010-2012, Lux Dev, Agence Luxembourgeoise pour la Coopération au Développement.

Awareness of the OF & BBS

- ü **Reference to OF in the guidance note**, but not so much...so far. Link exists.

Poland

Internal strategy, policy, instrument

- Ü New donor, so programming & strategy is all the time adjusted.
- Ü Policy for development assistance organized around yearly programme documents, yearly programming with countries & sector priority: attempt to focus, limit the number of sector being addressed and countries.
- Ü **2011: 4 sectors, in line with PD & AE + DoL.**
- Ü **CB is being addressed through TC:** part of the projects is supposed to deliver assistance to central state or at the regional level through **expertise, training, study visits.**
- Ü Attempt to **follow demand driven support.**
- Ü **T/TC: most of projects**, except those to NGOs, are **done by polish administration to partners' administration** (trainings; study visits & seminars in the partners countries, using experts from polish administration, private sector, university).

Constraints

- Ü Basic one: yearly budgeting, **projects can only be done over one year.**
- Ü **Limited resources.**
- Ü **Needs are difficult to encompass in yearly programmes**, but attempt to analyse the situation in the partner countries by their own means
- Ü **Partners are not fully aware of their needs.**

Strengths

- Ü Staff involved in diplomatic missions sees CD positively.
- Ü **Added value of transitional experience.**
- Ü **No PIUs** on delivering aid.
- Ü Dialogue with partner countries.

State of play

- Ü Currently a multi annual approach & a 5-year programme is being drafted in parallel with a new law (none so far), starting next year, hopefully it will take into account CD/TC.
- Ü DoL orients the on-going reflection on where the Polish comparative advantage is.

Document available

1. Polish Aid 2008, Activities of the Ministry of Foreign Affairs of the Republic of Poland, Development Co-operation Department Ministry of Foreign Affairs.
2. Polish aid: Co-operation with Eastern Europe, South Caucasus and Central Asia, Development Co-operation Department Ministry of Foreign Affairs.

Awareness of the OF & BBS

- Ü **Documents are known.**
- Ü **Too elaborate** given the size & level of the polish strategy, which still need to develop their own internal capacity.

- ü **Principles more & more integrated in yearly programming** including EU & DAC document.
- ü **Expectation from the EC:** push for a more coordinated EU approach, DoL, joint programming.

Portugal

Internal strategy, policy, instrument

- Ü **Strategic Vision** statement of the **Portuguese Cooperation (PC)**, revised in 2006, seen as guidelines that **encompass CD principles**.
- Ü **Further guidance for sector priorities** in the *Strategic Vision* document includes: enabling good governance by supporting policies and Administration systems, citizenship and democracy; curbing poverty by supporting capacity for sustainable development through enhanced education, health, rural development, management of natural resources, income generation and education for development; strengthening civil society.
- Ü **Action Plan for Aid Effectiveness** (approved by IPAD in 2006 & 2009) = guidance for pursuing Accra priorities and EU additional commitments with operational targets to ownership, alignment, harmonization and division of labour, accountability and transparency, strategic and results oriented management, addressing fragile situations, adequate incentives and joint monitoring with a strong focus on enhancing TC effectiveness for CD.
- Ü **Portuguese Cooperation Guidelines for Capacity Development** (approved by IPAD in March 2010): synthesis of key principles & best practice, provides the framework for shaping TC for CD.
- Ü IPAD's concept approach stresses **CD as an endogenous, systemic and joint learning process** (multilevel and multistakeholder).
- Ü In practice, **ownership is central to capacity** & partners' legitimacy & accountability are the main drivers of ownership.
- Ü Deployment of **TC following demand and leadership from partner countries**.
- Ü **Peer-based** & triangular **arrangements** to be most effective in fostering context driven and resilient capacity.

Constraints

- Ü Difficulty to **insert CD in planning/programming** perspective.
- Ü Difficulty to find the **right incentives that drive ownership**.
- Ü CD driven by **domestic relational dynamics**, where the common and in-hand **financial incentives have limited leverage**.
- Ü **Differentiation of contexts** among partner countries: Fragile country systems are challenging for CD support.
- Ü **Time span** to achieve CD longer than Aid cycles.
- Ü **Pressure for short-term results**.
- Ü **Measuring and evaluating results** is complex.
- Ü **Harmonization** hampered by donors' own agendas and visibility concerns.

Good practices

- Ü "Saúde para Todos" - Support to São Tomé and Príncipe Health Sector.
- Ü Support to Mozambique's Vocational Education System.
- Ü PASEG - Support to Guinea-Bissau's Education Sector.
- Ü See in report 2 (extracts of these examples).

Document available

Not communicated

Awareness of the OF & BBS

- Yes

- **Expectations from the EC:** Appreciation of the systematic exchange of information on TC activities, coordination of activities pursued & mapping exercise of parallel PIUs & significant TC activities.

Romania

NA

Slovakia

Internal strategy, policy, instrument

- ü **Neither particular policy nor strategy** for addressing capacity development.
- ü **Medium Term Strategy for Official Development Assistance** of the Slovak Republic (2009 –2013): **alignment to recipient country systems**
 - Involves the strengthening of **capacity building programmes** in recipient countries and development of financial management systems.
- ü **Technical Cooperation**: broadly defined as a means of cooperation, & mentioned in the **National Programme of the Slovak Official Development Assistance** for 2011. TC priority: the reform and integration processes of Western Balkan Countries and countries of Eastern Partnership.

Constraints

- ü Expertise that had been acquired during the pre-accession period has been scattered and sometimes it is not easily identifiable.
- ü **Limited human resources.**

Good practices

- ü Provision of experts for consultation.
- ü Study tours.
- ü Network of contacts with authorities of the Western Balkans and Eastern Partnership countries (Western Balkans and Commonwealth of Independent States).
- ü Special programme focused on providing expert advice in the field of public finance management. The Programme Public Finance for Development: Strengthening Public Finance Capacities in the. In light of the importance of Slovakia's experience for other transition economies, and the priorities of Slovakia development cooperation, the Strengthening

Document available

1. Medium Term Strategy for Official Development Assistance of the Slovak Republic for 2009 – 2013.
2. National programme of the Slovak Official Development Assistance for 2011.

Awareness of the OF & BBS

- ü **Yes, though not in full detail.**
- ü **Expectations from the EC**: communicate with MS on more regular basis, thus keeping them updated about the implementation of BBS.
- ü Preparation of **European Transition Compendium**: also meant to draw new MS's expertise acquired during the pre-accession period (same features than the national development programmes focused on strengthening recipient countries' capacities).

Slovenia

Internal strategy, policy, instrument

- ü Development cooperation is very much **demand driven**, project with TA is requested by partner, especially to have expert in the transition phase & accession to EU.
- ü TA & CD is mentioned in several core documents but usually it happens at **sector level, within a mix of approaches** (for example technology transfer, TA to change norms, etc.).
- ü **Project thinking**: can be quite small actions (200/year): partner countries come with a shopping list of projects for training etc

State of play

- ü **Reshuffling in development cooperation system** is expected because the first system was too decentralised between several ministries (not efficient in time of crisis) + change of government.
- ü **There will be systematic reference to AAA & PD** in the new system. not efficient AE is one of the angles to work on it.
- ü **Expected move from project approach, to programme approach** (a number of field chosen, where activities can be combined).

Constraints

- ü **Decree** on TC provides a basis to enhance work on CD, but also limitations, for example: **tyed TA** (i.e. only Slovenian public servants).
- ü Limited geographic scope.
- ü **Limited resources & lack of capacity** at MFA to administer TC.
- ü **No systematic coordination of donors** in countries in providing TC – no overview. So demand driven, but running the risk of being redundant.
- ü **Partners not always very active in voicing their needs.**
- ü CD is used in vague term. TC is well defined, legal wording exist.

Strength

- ü Slovenia can be **seen as a peer** by a number of developing countries due to its recent experience of transition (**high level of trust** that facilitates partnership).

Good practices

- ü Two institutions were set for TC: Centre for Excellence in Finances (regional TA in finance management, demand driven approach to training in very focus fields) & Centre for European perspective (provision of expertise in the security sector).
- ü Follow up funding of projects when partners' feedback is positive.

Awareness of the OF & BBS

- ü **No awareness of BBS** – not being used.
- ü **OF not known, not a reference.**

Spain

Internal strategy, policy, instrument

- ü **Capacity development is dealt with** in the framework of the **sector priority on Democratic Governance and Technical Cooperation**: i.e. one of several instruments included in the current Master Plan of Spanish Cooperation 2009-2012 (MP).
- ü With regards to **CD, the first Strategic Objective of Spain's Democratic Governance** is to strengthen public administrations that work for social cohesion.
- ü Includes capacities for planning, monitoring and evaluating public policies; support for redistributive policies; support for reforms that develop the Rule of Law; support for civil service development; judicial reform, and transparency and accountability.
- ü No specific allusion to aid effectiveness principles in the MP, but focus is in line with Spain's **promotion of inclusive ownership and alignment**.
- ü MP indicates that **TC is key to developing local capacities**, which enable partner countries to take on leadership role in aid relationship.
- ü Commitment to completely **untie TC** (so that it can be locally owned).
- ü MP is **not very specific** on how this can be best carried out.

Constraints

- ü Programmes not always formulated according to partners' desired objectives.
- ü Technical missions –particularly those of short duration- are less successful.
- ü Not sufficient evidence of results obtained.
- ü Costs to support CD/TC are higher than is apparent at first glance

Good practices

- ü **Capacity development and TC are widespread** in Spanish cooperation.
- ü Two major examples: Programa Iberoamericano de Formación Técnica Especializada (PIFTE) and the Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas (FIIAPP). See in Report 2 of the study.

State of play

- ü AECID in the process of **developing sector action plans**, one of which will be in the area of **democratic governance**. This is based on a diagnostic analysis, which has already been carried out.

Documents available

1. Master Plan of the Spanish Cooperation, 2009-2012, Main Guidelines, English Summary.
2. Plan Director de la Cooperación Española, 2009-2012.
3. Informe de Evaluación N°26, Informe final de la evaluación del Programa de Cooperación Bilateral del Ministerio de Trabajo e Inmigración, Diciembre 2009.
4. Evaluación de los Programas de Formación de la Cooperación Española al Desarrollo, Agencia de Evaluación y Calidad, Ministerio de la Presidencia, Gobierno de España

Awareness of the OF & BBS

- ü **Yes**, although AECID has **not actively followed** this.
- ü In 2010 it did collaboration in organizing an **information session on BBS for Spanish Cooperation** actors (by a consultant, in 2010).

Sweden

NA

United Kingdom

Internal strategy, policy, instrument

- ü One of DFID roles has been to lead on CD.
- ü But **DFID does not have a specific policy on CD. The view is that CD is so central** that having a specific policy does not make sense.
- ü **'how to' note** on how to provide TC (i.e tied TA) in 2006 including a reflection on **the high costs of TA**, DFID being under some scrutiny on this particular aspect. But implementation of that note has never been monitored.
- ü Since, **reliance on parallel PMUs has diminished**, and alignment behind country dev. plans on CD has developed, but the language of CD not fully adapted in the implementation & programming yet.
- ü **PD & AAA** have provided a bit of incentive to change CD/TC related strategies and practices (i.e. PIUs).
- ü Renewed enthusiasm for CD because more money is spent in Fragile States, where the importance & challenges of developing capacities is extremely pronounced.
- ü **Good understanding of CD** that goes beyond providing short term TA.
- ü **In the field, no specific staff assigned to CD, but the CD approach is very much alive during programming**, through political economy analysis, institutional capacity diagnosis, needs assessments, etc.
- ü Staff in the field have mixed feelings about CD: consensus on the fact that they are serious capacity challenges in all countries, but none on a specific focus, or approach to tackle them.
- ü 15-16% of DFID aid is channeled through **budget support**, and sector programmes are also used.

Constraints

- ü One can wonder if the **guidelines** are operational enough, and used (no monitoring on their implementation so far).
- ü Besides the **quality and results of programmes** aiming at, or contributing to CD varies.
- ü CD is not factored specifically in programme design.
- ü CD is certainly **not yet taken into account on a systematic basis** in programme monitoring & evaluation.
- ü In the **absence of demand driven request**, & capacity to understand the nature of local demand, and the scope for ownership.
- ü CD is not necessarily a meaningful term because it is too broad.
- ü Split between staff working on governance from London & staff working on aid effectiveness.

Good practices

- ü See the response to the Paris survey for specific examples (not communicated).

State of play

- ü On-going change (i.e. policy and strategic developments) is partly focused on answering this challenge and preparing for Busan (through DAC & EU meetings, networks, etc.).
- ü On going work: **draft briefing note on CD**. It sets out a possible position that DFID could approve as a new strategic basis.

- Û On-going **revision of the procedures** and capacity development could be inserted in the updated programming procedures.

Documents available

1. DFID White paper 'Eliminating World Poverty: Building our Common Future', 2009 (overall strategy).
2. *DFID Does Capacity Development - Strengthening Capacity for Development Effectiveness*, Internal draft document - **not for dissemination**, 24th February 2011, (new briefing note).
3. Memorandum of the United Kingdom, Peer review, DCD/DAC/AR(2010)1/17, document for official use, 23 March 2010.
4. DAC Peer review, DFID, DCD/DAC/AR(2010)2/17/ PART1FINAL, 20 April 2010.

Awareness of the OF & BBS

- Û Vague 'institutional' awareness: aid effectiveness and governance staff knows about it, but this EC strategy is quite focused on TC/PIU rather than CD in its full meaning.
- Û **Not much used** as a source in DFID on going reflection.
- Û The challenge is more to define what it means & to think more broadly about CD.
- Û OF: It is difficult to know if it is really known outside the aid effectiveness unit.
- Û **Expectations from the EC:** The EC should reflect about its own comparative advantage and added value on the issue of CD: i.e. vis-à-vis the OECD, but also UNDP, WB, DAC to avoid duplication.
- Û **Need for better sharing of experiences.** But the 'CD' approach is questionable because of the scope of the concept, and the lack of common understanding and approach at the EU level.

ANNEXES

I. Contact persons on Capacity development and technical cooperation in Member States

II. Interview questions

III. Recapitulative of Member States' input

IV. Additional examples provided in Member States' input

V. Bibliography

VI. Flyer introducing the study

ANNEX I. Contact persons in Member States

The following persons are the contacts that either participated in an interview or send a written input.

	COUNTRY	NAME	INSTITUTION	MAIL	TELEPHONE
1.	AUSTRIA	Ms. Scherb Ms. Jantscher	ADA ADA	margit.scherb@ada.got.at christine.jantscher@ada.gv.at	+43 1 90399 2550 +43 1 90399 2501
2.	BELGIUM	Ms Debrabandere	BTC	regine.debrabandere@btcctb.org	+32 2 505 37 57 +32 496 590100
3.	BULGARIA	Ms Chernakova	MFA	echernakova@mfa.government.bg	+359 2 948 20 59
4.	CYPRUS	Ms. Lambrianides	MFA	elambrianides@planning.gov.cy,	+357 22602868
5.	CZECH REPUBLIC	Mr. Halaxa	Perm. Rep.	petr_halaxa@mzv.cz	+32 2 213 93 37 +32 2 213 92 86
6.	DENMARK	Mr. Nohr	MFA	hennoh@um.dk	+45 339 202 10
7.	ESTONIA	NA			
8.	FINLAND	Mrs Seppälä,	MFA	pekka.seppala@formin.fi	+358 9 16056421
9.	FRANCE	Mr. Evin	AFD	evinj@afr.fr	+33 1 53 44 31 97
10.	GERMANY	Ms. Horstmann Mr. Diehl	BMZ	Bettina.Horstmann@bmz.bund.de Lothar.Diehl@bmz.bund.de	+49 228 535 3605
11.	GREECE	NA			
12.	HUNGARY	Mr Kocsis	MFA	akocsis@kum.hu	+36 1 458 1842
13.	IRELAND	Mr. Sherlock	MFA	paul.sherlock@dfa.ie	+353 61 774072
14.	ITALY	Mr. Lovisolò	MFA	flavio.lovisolo@esteri.it	+39 348 695 0589 +39 06 36916301
15.	LATVIA	Ms E. Dumpe	MFA	evija.dumpe@mfa.gov.lv	+371 6 70 16 410
16.	LITHUANIA	Mr. West	Perm. Rep.	dangira.west@eurep.mfa.lt	+32 2 788 18 81 +32 4 01 35 31
17.	LUXEMBOU RG	Mr. Bary Mrs Thioleron	Lux Dev MFA	bary@lux-development.lu Elisabeth.Thioleron@mae.etat.lu	+352 29 5858 224 +352 247 82 428
18.	MALTA	Mr Agius Mr Falzon Saviour	MFA MFA	alfred.agius@gov.mt saviour.j.falzon@gov.mt	
19.	NETHERLA NDS	Ms. Van Esch	MFA	wilma-van.esch@minbuza.nl	+31 70 3486240
20.	POLAND	Ms. Kierzkowska	MFA	Zuzanna.Kierzkowska@msz.gov.pl	+48 22 523 82 01
21.	PORTUGAL	Mr. Sousa F. Ms P. Pereira	IPAD – MFA IPAD - MFA	fabio.sousa@ipad.mne.gov.pt paula.pereira@ipad.mne.gov.pt	+351 21317 68 77
22.	ROMANIA	NA			
23.	SLOVLAKIA	Ms. Sijkova	Perm. Rep.	diana.sijkova@mzv.sk	+322 743 68 06

Supporting the implementation of the "Technical Cooperation for Enhanced Capacity Development" component
of the "EU Operational Framework on Aid Effectiveness"

24.	SLOVENIA	Mr. Verdir	MFA	Ales.Verdir@gov.si	+386 1 478 21 28
25.	SPAIN	Ms Novales B.	AECID	beatriz.novales@aecid.es	+34 913 948 806
26.	SWEDEN	NA			
27.	UK	Mr. Hudson	DFID	a-hudson@dfid.gov.uk	+44 20 7023 0148

ANNEX II. Interview questions

The five questions mentioned below guided the interviews and were suggested for the written inputs. The set of accompanying sub-questions were used as a checklist to make sure that all points were covered.

Question 1:

What policy is in place to address the issue of Capacity Development and Technical Cooperation in the light of the Aid Effectiveness principles set in the Paris Declaration and in the Accra Agenda for Action?

1.1: What is your country's perspective on this issue (on going reflection, forthcoming development, etc.) and what is the process of change undergone (triggered by the Aid Effectiveness agenda)?

1.2: What are the main aspects of your national approach that reflect the Paris and Accra principles? How is it managed at headquarter and field offices levels?

1.3: As far as the EU Operational Framework on Aid Effectiveness is concerned, how did your country try to respond to the EU Council conclusions pillar three (Technical Cooperation and Capacity Development chapter) and how do the policies illustrated above reflect the Operational Framework conclusions on Technical Cooperation and Capacity Development?

Question 2:

What constraints and/or challenges do you meet in implementing your country's Capacity Development / Technical Cooperation policy?

Question 3:

What are the good practices and/or examples of activities in this area?

3.1: At the institutional level?

3.2: At the operational level?

Question 4:

In which documents your strategy concerning Capacity Development / Technical Cooperation is spelled out?

Question 5:

Are you aware that the European Commission put in place a strategy to reform its Technical Cooperation and Capacity Development approach (the so called Backbone Strategy)?

5.1: What is your knowledge of/expectations from the Backbone Strategy on Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission?

5.2: Do you see any linkages between the EC approach and your national approach?

5.3: How can the EC develop communication/information activities towards Member States to multiply learning effects and the respect of the agreed technical cooperation reform principles?

ANNEX III. Recapitulative of Member States' input

	COUNTRY	NAME	INSTITUTION	INPUT
1.	AUSTRIA	Ms. Scherb	ADA	Written input
2.	BELGIUM	Ms Debrabandere	BTC	Interview
3.	BULGARIA	Ms Chernakova	MFA	Interview
4.	CYPRUS	Ms. Lambrianides	MFA	Interview
5.	CZECH REPUBLIC	Mr. Halaxa	Perm. Rep.	Strategic document
6.	DENMARK	Mr. Nohr	MFA	Interview
7.	ESTONIA	NA		
8.	FINLAND	Mrs Seppälä,	MFA	Written input
9.	FRANCE	Mr. Evin	AFD	Interview
10.	GERMANY	Ms. Horstmann Mr. Diehl	BMZ	Interview
11.	GREECE	NA		
12.	HUNGARY	Mr Kocsis	MFA	Written input
13.	IRELAND	Mr. Sherlock	MFA	Interview
14.	ITALY	Mr. Lovisolo	MFA	Interview
15.	LATVIA	Ms E. Dumpe	MFA	Interview
16.	LITHUANIA	Mr. West	Perm. Rep.	Written input
17.	LUXEMBOURG	Mr. Bary Mrs Thioleron	Lux Dev MFA	Interview Interview
18.	MALTA	Mr Agius	MFA	Written input
19.	NETHERLANDS	Ms. Van Esch	MFA	Interview
20.	POLAND	Ms. Kierzkowska	MFA	Interview
21.	PORTUGAL	Mr. Sousa F.	IPAD – MFA	Written input
22.	ROMANIA	NA		
23.	SLOVLAKIA	Ms. Sijkova	Perm. Rep.	Written input
24.	SLOVENIA	Mr. Verdir	MFA	Interview
25.	SPAIN	Ms Novales B.	AECID	Written input
26.	SWEDEN	NA		
27.	UK	Mr. Hudson	DFID	Interview
Total inputs				22 Member States (+ strategic documents from Czech Republic, no written input)
Interviews				14 Member States (but 2 different interviews with Luxembourg Ministry and Agency)
Written input				8 Member States (+ strategic documents from Czech Republic, no written input)
Not available				4 Member States

ANNEX IV. Additional examples provided by Member States of Technical Cooperation and Capacity Development in practice

1. A scholarship programme that turns into a Capacity Development programme: the example of Appear (Austria)

Traditional scholarship programmes were diverted into a Capacity Development programme for partner universities and scientific institutions, promoting the involvement of local expertise. (See: www.appear.at)

Along the line of the Austrian Development Cooperation ADC 'Strategy on Higher Education and Scientific Cooperation', the new *Austrian Partnership Programme in Higher Education and Research for Development* (Appear) supports partnerships between higher education institutions in Austria and ADC key regions for the period 2010-2014. It is implemented by the Austrian Agency for International Cooperation in Education and Research (OeAD-GmbH) and Latin-America Institute (LAI) to promote academic partnerships between 'South and North'. The objectives are to improve the quality in teaching and research, to make the management and the administration at the involved institutions more effective and to strengthen the scientific dialogue nationally and internationally.

Appear also contributes to societal debate about the quality and the orientation of development in general, and the goal of poverty reduction in particular. The institutional partnerships are based on a cooperative collaboration and mutual respect for different cultural contexts and approaches. Appear is also based on issues that are of high relevance particularly for the partners in the ADC key regions. The exploitation of the results also follows a participatory approach – for example through mutual exchange of teaching staff or joint publications and presentations.

Appear wants to encourage researchers, professionals and academic institutions in the addressed countries and in Austria to share their knowledge and experiences, to design innovative projects targeting the general objective described above and to improve the overall standards in higher education, research and management.

Current projects of Academic Partnerships under Appear:

- Changing Minds and Structures: the Nicaraguan Agricultural University's Growing Involvement with Rural Communities;
- Strengthening Universities' Capacities for Mitigating Climate Change Induced Water Vulnerabilities in East Africa;
- Strengthening Rural Transformation Competences of Higher Education and Research Institutions in the Amhara Region;
- Promoting Gender Responsive Budgeting / Gender Mainstreaming through Research and Research Dissemination, Gender Responsive Policies and Strengthening Institutional and Management Capacities;
- Promotion of Professional Social Work towards Social Development and Poverty Reduction in East Africa.

2. Public Finance for Development Programme (Slovakia)

The Ministry of Finance has also created a special programme focused on providing expert advice in the field of public finance management. The Public Finance for Development Programme: Strengthening Public Finance Capacities in the Western

Balkans and Commonwealth of Independent States. In light of the importance of Slovakia's experience for other transition economies, and the priorities of Slovakia development cooperation, the Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States programme (hereinafter referred to as programme) is focused on promoting Slovak public finance experience through the engagement of Slovakia's Ministry of Finance (in cooperation with the Ministry of Foreign Affairs and Slovak Aid) and other experts.

Objectives include: (1) Development of analytical capacity and building skills in the area of public finance reform for poverty reduction, jobs creation and social inclusion; (2) Increasing awareness and understanding of public finance concepts for poverty reduction, human development and social inclusion; and (3) Knowledge sharing, dissemination of information, and improved outreach.

Key activities ensuring achievement of the programme objectives include:

- Thematic trainings for professionals, policy makers, researchers, and NGO representatives from Slovakia's priority countries on public finance reform;
- Joint research, designed and implemented jointly by teams of researchers from Slovakia and priority countries; small grant research schemes for junior researchers specializing in public finance reforms; contests for the best diploma work in the public finance dimensions of poverty reduction;
- Support for conference participation for scholars/researchers/policy makers from Slovakia and priority countries on public finance and development topics, located both in Slovakia and abroad; stand alone lectures on public finance and Slovak reforms in universities of the region; support to the translation, publication and dissemination of research works promoting Slovak public finance reforms;
- Professional exchange to strengthen inter-linkages between researchers and policy makers in Slovakia and priority countries.

3. Support to Mozambique's Vocational Education System (Portugal)

Following the decision of Mozambique to enhance technical education from 8th to 10th grades, we supported the Ministry's central services in developing and experimenting curricular reform and adequate teaching competences for one reference School.

Building upon the results the national strategy for Vocational Education and Training was drafted towards a decentralized model of expansion, where regional and local schools apply for recognition of Vocational Education capacity status.

The Project then evolved to build capacity on regional education authorities to conduct training of teachers and school management boards, curricular programmes' adaptation to their region's economic profile and supervision of the school's performance. So far 35 schools have entered the Vocational Education System.

4. "Saúde para Todos" - Support to São Tomé and Príncipe Health Sector (Portugal).

The Programme supports the development of the Healthcare System, structured around core activities of Technical Assistance to the Ministry of Health and decentralized structures, targeting planning and management capacities from central services to regional authorities and basic healthcare units.

Peer led training of Health professionals, refurbishment of infrastructures and advocacy for partnerships with civil society and media to deploy an integrated health strategy, including prevention activities such as enhanced access to sanitation or education for health, complete this sector approach.

Planning practices improved sharply and records of access to public health services rose, placing universal access within reach.

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ANNEX VI. Flyer introducing the study⁶¹



Study on

Supporting the implementation of the "Technical Cooperation for Enhanced Capacity Development" component of the EU Operational Framework on Aid Effectiveness

I. Context

On November 17th, 2009 the Council of the European Union (EU) adopted the Operational Framework (OF) on Aid Effectiveness containing measures in the areas of Division of Labour (DoL), Use of Country Systems, and Technical Cooperation for Enhanced Capacity Development.

The Technical Cooperation (TC) component is a relevant part of the Aid Effectiveness agenda, which involves the EU institutions at central level, at Delegation level but also, Member States (MS) through the Operational Framework on Aid Effectiveness. In July 2008 the Commission formulated its approach to TC, the so called Backbone Strategy on *Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission* (BBS) which has been since the object of an extensive dissemination effort involving EC headquarters delegations and beyond.

Against this background, it is important to support the implementation of the renewed approach to Technical Cooperation and Capacity Development at EU level in order to promote a harmonized approach at European level.

II. Main objective of the study

The main objective of the study (January-April 2011) is to assess the MS approaches to TC and CD in view of implementing the OF 3rd pillar on TA. It should provide a state of the art information to:

- Support the European Commission in its cooperation with Member States on ensuring implementation of the TC component of the Operational Framework both at central and delegation level;
- Establish strong linkages with the Commission Backbone Strategy on TC reform and ensure communication/information activities towards MS to multiply learning effects and the respect of the agreed TC reform principles; and
- Feed into the EU reporting in the next High Level Forum on Aid Effectiveness (Busan, Korea - Nov 2011).

⁶¹ Flyer used to present the study at the "Technical Seminar on Aid Effectiveness: Implementing the Operational Framework", 14-16 February 2011, Brussels.

III. Approach

A first descriptive **report** will summarize the results of investigation **on the state of play, progress and efforts in revising TC and CD approaches and practices in the EU** under the main objective of ensuring Aid Effectiveness.

A second report will provide a **comparative, critical analysis on current status of implementation of the OF conclusions with suggestions on linkages with the Backbone Strategy on TC Reform and how to improve implementation** in connection with the on-going monitoring of Monterrey and Paris Declaration (i.e. surveys). The paper will also indicate best practices and suggestions for future activities to be shared with MS on the basis of the experiences found across the 27 MS. It will in particular list constraints in the implementation of TC approaches as difficulties to match theory and operational implementation.

The **final report** will consolidate **conclusions** and to the extent possible, it will suggest a few **recommendations for improving coordination and communication channels, and for consolidating the approach to the implementation of the EU OF.**

Field visits will possibly be organized in order to deepen the understanding of the on-going TC related work at when relevant. They will also aim at supporting communication/information activities towards the selected MS in order to multiply learning effects with respect to the agreed OF principles.

IV. Contacts

For further information, please contact:

Maria Del Rocio Munoz-Rufo, DEVCO A3: Maria-Del-Rocio.MUNOZ-RUFO@ec.europa.eu

Laura Mascagna, DEVCO B1: Laura.MASCAGNA@ec.europa.eu

Gwénaëlle Corre, Technical Assistant: gwencorre@gmail.com