TECHNICAL CO-OPERATION AND CAPACITY BUILDING IN ETHIOPIA: A SYNOPTIC VIEW*

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INTRODUCTION

The literature on external technical assistance in Ethiopia has remained scanty. The purpose of this brief article is to present a synoptic view of the salient aspects of technical co-operation and capacity building in Ethiopia. The major issues are summarised under the following topics: technical co-operation and resource inflows (section one); supply of experts and training (section two); integrating technical co-operation into the planning and budgeting process (section three); government policy and priorities for technical co-operation (section four); and the management of foreign aid (section five).

TECHNICAL CO-OPERATION AND RESOURCE INFLOWS

Technical co-operation, especially in Ethiopia, is perceived as provision, on concessional terms and/or outright grant of resources, aimed at transfer of skills, know-how and capacity building within the national institutions to successfully carry out development activities. The Technical Co-operation resources made available are usually in the form of personnel on short-and long-term basis, training and equipment necessary to implement projects/programs (NaTCAP 1994).

The country has been receiving substantial amounts of external resources from bilateral and multilateral agencies and NGOs in the form of grants, loans and credits as well as humanitarian assistance and relief aid for the last many years.

The total disbursement of external resources from 1989 - 1993 was about 1.85 billion USD. This is about 19% of the GDP. It was also observed that in the same years, the

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Technical Co-operation component amounted to about 484 million USD, which averages 26% of the total external resource disbursement.

In terms of proportion, Technical Co-operation resources account for about 35% of the national budget for the years 1989 - 1993 on the average (GOVE/UNDP 1996).

Technical Co-operation is classified into investment related technical and free standing Technical Co-operation. The free-standing component for the years 1989-93 was 317.4 million USD; and this is about 8.3% of the recurrent budget. Similarly, the investment related Technical Co-operation amounted to 161.5 million USD with a ratio of about 11.7 to the capital budget.

The general trend reveals that the total external resource disbursement (including Technical Co-operation) declined constantly beginning 1990 with the exception of 1993 which manifested a two-fold increase.

Technical Co-operation resource distribution by source of funding reveals that out of an estimated annual average disbursement of 95 million USD (1989-93), 57 million USD (60 percent) was provided by multilateral institutions, 35 million USD (37 percent) was accounted for by bilateral Technical Co-operation programs, only 3 million USD (3 percent) came from NGOs. Among the multilateral donors, the UN system had made available the largest volume of Technical Co-operation. Within the UN system UNDP's annual average share amounted to 10.5 million USD (GOVE/UNDP 1994) of the disbursement for Technical Co-operation, (2:1994) followed by GTZ and USAID.

Analysis of disbursement patterns by major sectors for the years 1990-1992 reveals that Technical Co-operation beneficiary sectors consistently tend to be: health, human resource development, natural resources and agriculture, social development, transport and communication, energy, industry and area development. However, disbursements of Technical Co-operation components had declined in the above sectors, from 147 million USD in 1990 to 54.2 million USD in 1992 (MEDaC 1993).

SUPPLY OF EXPERTS AND TRAINING

Disbursements for Technical Co-operation are expressed in the form of supply of experts providing training opportunities and equipment.

Data assessed for Technical Co-operation personnel by sex and duration of services from 1989 to 1994 reveals that:

⇒ about 1,224 experts were engaged for long-term services, of which 127 were nationals and 93 were females. The participation of females was about 7.6 percent;

⇒ in the same years under consideration, there were 1,495 work-months for short-term consultancy services, of which 1,370 work-months were allotted to international short-term consultants leaving only 125 work-months for national consultants; and the female participation was about 5.5% of the total short-term services;

⇒ the participation of long-term experts shows a decline trend from 1989 to 1993; and the participation of nationals is extremely low; with respect to the participation of nationals for short-term consultancy services, as a whole, there is some evidence showing a modest increase of national participation;

⇒ in the five year period, about 940 long-term personnel were involved in the implementation of about 270 projects/ programs. The external resource disbursed on these personnel amounted to 52.8 million USD. Each long-term expert on the average received about 12,000 USD per month indicating the high cost attached to personnel; and

⇒ the engagement of women in the overall activities of experts had been observed to be rather insignificant calling for a greater attention for equitable opportunity for women.

The low level of participation of nationals, both men and women, could not be justified either by the initiation of Technical Co-operation projects or unavailability of nationals possessing required skills. Nonetheless, the induction of nationals into the Technical Co-operation activities has its own long-term merit.

An expanded and improved use of local expertise can reduce the degree of dependency on foreign consultants by enabling donors to make more use of Ethiopian personnel who may have a better insight into the culture and environment with less requirement to adjust to the local conditions.

Regarding Training and Equipment

The database at MEDaC, from 1989 to 1993, reveals that:

- ⇒ there were 450 Ethiopians who were given training opportunities abroad per year;
- ⇒ about 2,065 Ethiopians were offered local training each year;
- ⇒ 2,520 work-months were used for short-term international training and about 25,593 work-months were used for local workshops and short-term training activities;
- ⇒ about 22 million USD was used to undertake the above mentioned training programs;
- ⇒ the selection of trainees, the identification of training institutions, and fields of study as well as assessment of the impact of such training efforts have not been done on planned and systematic basis. The assignment of counterparts and their training on the job have not been ensured;
- ⇒ both the retention mechanism and incentives for trainees have been inadequate.

Under Technical Co-operation programs, equipment is supplied to user institutions with the primary purpose of facilitating the smooth implementation of projects. There are, however, difficulties in the use, maintenance and supply of spare parts. Technicians who operate and maintain the equipment are not properly trained. Furthermore, there is no system established in the selection of appropriate technology and periodic stock taking of such equipment. It was observed that some equipment are misplaced and transferred to other activities that were not justified by project documents.

In as much as there are quite a good number of donors keen to provide technical assistance as per the needs of the government, there are also instances in which a few donors tend to supply experts without taking into account development priorities and institutional needs; in such cases, projects are identified and prepared by donors with the envisaged goal of implementing the projects with their own experts; training opportunities are also offered by sector institutions and / or donors on adhoc basis.

INTEGRATING TECHNICAL CO-OPERATION INTO THE PLANNING AND BUDGETING PROCESS

Available data on Technical Co-operation resource disbursements (1989 - 1993) reveals that, on the average, the share of Technical Co-operation in the total external resources and the total Government budget has been 27% and 9.4% respectively (NaTCAP 1994).

Although Technical Co-operation is mostly provided in the form of grant, the Government also covers costs of expatriate personnel in the form of provision of accommodation, offices, in making available counterpart staff and other support services. In addition, it forgoes income from duty free privileges and tax exemptions provided to the expatriate personnel.

Investment related Technical Co-operation projects are largely integrated into the Government capital budget, whereas free-standing Technical Co-operation projects do not pass through the same scrutiny as capital projects. Consequently, such projects compete for meagre domestic resources, entail wastage and create dependency syndrome on external sources; and even collapse when donor assistance is withdrawn. Therefore, in order to ensure efficient resource allocation and sustainability, Technical Co-operation projects should undergo similar appraisal and approval processes as other investment projects before they are accepted for implementation.

GOVERNMENT POLICY AND PRIORITIES FOR TECHNICAL CO-OPERATION

Technical Co-operation can be taken as a component of partnership in development; and it is incumbent on partners to mutually define the problems, identify solutions and formulate Technical Co-operation programs within the reach of reasonable strategies and resources required.

Technical Co-operation activities are mainly envisaged to support the implementation of government policies, strategies and programs. This can be attainable if the assistance is accounted for and fully integrated into government planning and budgeting process for its effective and efficient utilisation.

The Technical Co-operation program, to be developed in collaboration with donors, should incorporate development priority areas identified through the participation of institutions, regional offices and the community at large. TCP in its overall scope and content must be derived from the country's development strategy, priorities and the investment program in order to attain the objectives reflected in the same. The preparation and elaboration of TCP should be subjected to the same scrutiny as public investment program (PIP).

In summary, Governments prefer the program approach rather than project AID. While the contribution of Technical Co-operation and financial aid reflects specific development need, choice for one of them should be left to a recipient country based on the level of socio-economic growth (Irish AID (a) and (b) 1996).

Although aid should be channelled through government structure of the recipient country, there should be room for NGOs from the donor country to be involved in the implementation of programs/projects provided that there is a regulatory instrument governing the operation of NGOs. What should be sustainable, however, is support to local self-help groups.

With respect to loans versus grants, one could say that a proportionate mixture of both is desirable.

As has been indicated, both multilateral and bilateral sources of funding are recommended. However, conditionalities of both sources require government involvement in the identification, design and implementation of programs and projects.

THE MANAGEMENT OF AID: THE ETHIOPIAN EXPERIENCE

The first attempt on a planned and co-ordinated economic development in the country started in 1944-45 when the United States Technical Co-operation project mission prepared a ten-year investment program. Following this, sectoral development programs were prepared for the major sectors. These sectoral programs paved the way for the subsequent three five-year development plans: 1957-61, 1963-67 and 1968-73. After the 1974 revolution, there were policies and strategies in the successive annual development campaign programs (1978-1984). The ten-year perspective plan as well as the country's presentation for the second UN conference on LDCs was the framework within which development activities and overall external resources were guided.

In November 1991, the Transitional Government of Ethiopia (TGE) adopted a new economic policy (NEP) which introduced a marked departure from the command economic policy of the previous years. Subsequently, in October 1992, a policy framework paper (PFP) was issued as a result of the adoption of structural adjustment program (SAP) (MEDaC 1993).

With perspective for the future growth of the economy, and based on NEP and PFP, the TGE has adopted an overall development strategy, oriented towards agricultural development led industrialisation (ADLI). The ADLI strategy is based on broadening the agricultural production base through improved productivity, and through increased land utilisation over the medium and long term. The development strategy thus revolves around productivity improvement of small holder agriculture and industrialisation based on utilisation of domestic raw materials with labour intensive technology. Based on the overall strategy, sectoral development strategies are prepared for agriculture, industry, education, health, transport, energy etc. The other far-reaching policy change that took place since 1991, is the introduction of a system of regional and local governments. Several proclamations were issued relating to regional administration. The most significant, however, is proclamation No. 7/1992 which provides for the setting of regional self-governments, whose powers include, inter alia, planning, directing and supervision of social and economic development programs in line with the policy of the government (GOVE/UNDP 1994).

The share of foreign aid to micro-economic aggregate can best be analysed in terms of its contribution to the overall investment, gross domestic produce (GDP), balance of payment (BOP) and the governments' budget. Foreign AID flows in terms of personnel, finance and equipment have major impact on the planning and budgeting processes.

UNDP alone as multilateral agency operating in Ethiopia for a long time reported that out of the total 300.2 million Birr disbursement for the period, 87.0 million Birr was spent on equipment for 1987-1991 which is directly related to investment.

As regards the BOP, the following components can be identified:

I. equipment and other imports financed by foreign aid

II. wages and salaries of expatriate personnel

III. expenses on training and study tours abroad

IV. debt repayment associated with TC finance by loans.

These items are directly recorded in the trade, current and capital accounts of Ethiopia's BOP.

CONCLUSION

Institutional capacity building is a continuous process of developing capacity for policy formulation, policy implementation, policy analysis and review. Other elements include development of financial, material and human resources. The assimilation of these resources brings about self-reliance, and the attainment of self-reliance is understood to mean that the level of technical capacity and institutional maturity at which the institution can satisfactorily perform the functions and carry out the role entrusted to it without recourse to long-term assistance from external bodies.

Despite the various institutional reforms in both the public and private sectors and the enhancement of national capacities, problems of effectiveness and sustainability are still issues of primary concern. This implies the need to place increased emphasis in utilisation of existing national capacities, in particular, to ensure a conducive atmosphere for the use of such capacities, be they human, institutional or otherwise.

The concept of capacity building has often been confused with that of institution building and the two terms have often been used interchangeably. The two terms mean different things although there is considerable overlap between them.

Institution building involves support for particular institutions, their human resources, equipment, management systems and so on. Capacity building, on the other hand, is a

broader concept which, in addition to the above concerns with human resources and institutions, includes an emphasis on the overall policy environment within which the organisations operate and interact. Capacity building incorporates three main components, namely:

I. a human resource component,

II. an institutional component, including both organisations and the rules and conventions which govern behaviour, and

III. overall environment, i.e., policy, legal, etc.

In many "capacity building" efforts emphasis has been placed on the first two components of the capacity building concept to the neglect of the last component. That is, a lot of effort has gone into developing the human resources through training, etc., creating and strengthening institutions through the creation or strengthening of management systems, provision of logistical supplies and physical infrastructure. However, experience has indicated that such efforts have not succeeded in creating capacity, that is, the capability to perform functions effectively, efficiently, and on a continuing basis. In many such cases, the human resources so developed have neither been retained nor fully utilised. Brain drain, high staff turnover or low morale, leading to inefficiency, has been the order of the day. Similarly, the infrastructure created and the equipment provided under such efforts have not been fully utilised.

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