

# ***Review of Technical Assistance and Capacity Building in Afghanistan***

## **Discussion Paper for the Afghanistan Development Forum**

### **SUMMARY AND CONCLUSIONS**

Post conflict reconstruction in Afghanistan has taken place since 2001 in a context of dramatic lack of capacity and had to rely heavily upon donor funded technical assistance. Five years down the road and after an overall expenditure of about US\$ 1.6 billion in technical assistance, both the Government and donors are concerned that less than expected is being achieved in terms of capacity building. As the emergency phase of the reconstruction is drawing to an end, it is now necessary to reconsider the frequently ad hoc approaches which have characterized technical assistance in Afghanistan and replace them with a more integrated and effective solution.

***There is a widespread dissatisfaction in Afghanistan with the high cost of technical assistance and its limited impact in terms of capacity building.***

The present disappointment should not come as a complete surprise. Technical assistance in Afghanistan is not devoid of the usual flaws that in the past characterized TA in other countries, with similar massive influx of expatriate expertise in the situation of extremely low capacity and insufficient donor coordination. While in a post conflict context TA is often the only option to manage huge aid flows and help jumpstart a reconstruction process, the weakness of the institutional fabric is a common critical obstacle to proper use of TA for effective capacity and institution building.

***Peppered around technical assistance is no substitute to public administration reform***

Both the Government and donors recognize that despite massive presence of technical advisers, building local capacity remains an elusive target when constraints such as inadequate pay levels, extremely poor working conditions, lack of information and management systems and frequent absence of proper merit based selection do not allow to attract and retain qualified Afghan personnel. In such exceptionally challenging environments, TA tends to be donor driven, and peppered around at high cost with little effective involvement from national decision makers and only marginal impact in terms of lasting capacity building.

A standard paradox is that TA works best in strong institutional environments where it is in fact less needed. It should thus be clear that technical assistance is no substitute for government leadership and public administration reform. In Afghanistan, unless specific care is taken to firmly establish Afghan ownership of TA activities and to use

TA with a strategic vision to support public administration reform, little progress will be achieved to foster capacity and institution building.

In addition, such efficient use of TA for capacity building will require: (i) institution wide medium term approaches instead of narrowly focused random and fragmented projects and (ii) much more effective donor coordination in the context of the Afghanistan National Development Strategy.

*“Business as usual” approach can lead to a fiscal and a political impasse*

While there is a broad acknowledgement that Afghanistan still needs considerable support in term of technical and managerial expertise, it is also now becoming clear that the present widespread use of uncoordinated and non strategically targeted technical assistance is neither fiscally nor politically sustainable. Unless new approaches are quickly implemented, the government may face an unpalatable choice of drastically reducing technical cooperation at a risk of administrative and technical disruption or heading into a fiscal and political impasse.

***TA needs to be better harnessed to support capacity and institution building. This however requires implementing a set of coordinated actions:***

*For the donor community this implies:*

- Addressing common weaknesses in technical assistance projects, such as faults in identification and design, inadequate monitoring, fragmentation into small projects of excessively short duration. Fixing such deficiencies will often require transferring task management responsibilities over TA projects to the field, consolidating small self standing TA projects and mobilizing experienced staff with institutional development background.
- Integrating TA projects and activities into institution-wide approaches based upon comprehensive human resource needs assessments, as successfully done by MoPH, building on and strengthening public administration reform efforts and focusing on the training needs of young Afghan professionals.
- Strengthening existing donor coordination mechanisms for TA activities in each sector by setting up groups of “concerned donors” in charge of facilitating TA coordination in each Afghan organization, providing funding with a medium term perspective and as much as possible through pooled funding mechanisms (e.g., ARTF-like or specific TA funds).

*For the Afghan government this will require:*

- Ensuring proper coordination of all TA personnel under strong Afghan leadership in each organization as presently successfully done, for instance, in MRRD.
- Setting up adequate nationwide TA policy instruments involving at a minimum an information system and a donor coordination mechanism and if possible, a review mechanism and a policy unit.

- Given the mixed performance of the standard “resident expert with counterpart” model, testing and if possible systematizing new TA approaches that should involve greater use of coaching techniques by consultants particularly in the management sphere, greater use of Afghan private consultants, and systematic search for twinning arrangements between Afghan organizations and similar sub-regional entities.

***The path is narrow between technical constraints that require a gradual approach and political pressures that demand quick fixes***

It is clear that in the Afghan context, initial expectations regarding the short term impact of technical assistance were excessive. The reform process proposed in this discussion paper is ambitious and as any process of institutional change will require a trade-off between technical constraints which suggest the need for a gradual approach and political pressures that ask for quick solutions.

Donors will need to accept relinquishing most of the control they presently exercise over TA activities to allow Afghan ownership in this area. For such ownership to be effective, Afghan organizations will also need to strengthen their human resource management capacity in the context of the public administration program. In this regard, strategic use of TA could progressively trigger a virtuous circle of self reinforcing mechanisms where TA strongly supports and facilitates institutional reform.

Considerable attention will still be required to boost poorly performing organizations, presently unable to make really good use of either technical advisers or the ongoing public administration reform. Beyond the needed emergency-type gap-filling actions, TA should in such cases be prioritized to focus on strengthening both human resource management units and reform management teams, however, keeping in mind that technical advisers cannot substitute for Afghan leadership.

***Mitigation of major salary inflation risks will require a donor/government code of conduct to be quickly established to regulate escalating pay raises to Afghan skilled personnel.***

While massive “capacity buying” is likely to remain necessary in the short term, such policy is not sustainable and should be reformed urgently. The present set of recommendations should allow for a transition leading to progressive capacity and institution building. It should also facilitate substitution of expatriates by Afghan expertise. However, the combination of scarce Afghan skills and lack of hard budget constraints on the part of the donors has a pull effect on the salaries of Afghan professionals that is reinforced by massive presence of expatriates.

Uncoordinated pay increases to Afghan skilled personnel lead to a fiscal impasse and salary inflation that already affects competitiveness of the economy. Establishment of a donor/government code of conduct to regulate what are presently unsustainable salary rises is urgently needed.

## ***Review of Technical Assistance and Capacity Building in Afghanistan***

This paper attempts to review key technical assistance and capacity building issues in Afghanistan in early 2007. An earlier draft of the paper was circulated for early feedback from stakeholders. This version incorporates the results of consultations in Kabul on April 12-21, 2007 that allowed fruitful discussions with both government representatives and donors.

Post conflict stabilization and reconstruction of the country started in late 2001 in a context of extremely weak administrative, technical and managerial capacity. As a result, reconstruction had to rely heavily upon expatriate technical assistance. Five years later, the very high cost of this technical assistance makes a striking contrast with the limited results achieved so far in terms of capacity building.

This problem has become a source of concern for both donors and the Government who see little capacity being built despite huge technical assistance expenditure. The fragmented and often random approach to provision of TA support during the first five years of donor reengagement in Afghanistan can be explained by the urgency and the magnitude of the reconstruction efforts.

However, with the emergency phase coming to an end it is now advisable to revisit the ongoing practices and to establish a more coherent and coordinated approach. This discussion paper is expected to launch the needed internal debate between the Government and donors to make a better use of the considerable human and financial resources provided by the international community to help rebuild capacity in Afghanistan.

This paper will *first* identify and analyze the reasons for the present dissatisfaction with technical assistance in Afghanistan, both on the part of the Government and donors. Drawing upon the lessons of almost half a century of experience with technical assistance worldwide, it will also clarify the constraints to capacity building in this country.

In the *second* chapter, this paper will attempt to provide guidance on how to better harness technical assistance for effective capacity building and institutional development in Afghanistan. To this end, it will assess how different types of technical assistance can better contribute to capacity building. It will then develop a set of recommendations for both donors and the government on how to reform ongoing practices and policies. In this context, it will explain how common weaknesses could be fixed in technical assistance projects, (ii) recommend integrating technical assistance projects within institution wide approaches based upon public administration reform efforts, (iii) highlight the need for better coordination of TA activities under improved donor mechanisms and stronger Afghan leadership, (iv) suggest setting up nationwide policy instruments and (vi) recommend testing new technical assistance and capacity building approaches.

## I. GENERAL ASSESSMENT

### 1.1 WHY IS THERE SUCH DISSATISFACTION WITH TECHNICAL ASSISTANCE IN AFGHANISTAN?

#### *Both Government and donors worry about the magnitude of technical assistance expenditure and its limited impact on capacity building*

There is a widespread concern in Afghanistan when comparing results achieved so far with the amount of technical assistance brought to the country at high costs to donors. While there is still no reliable comprehensive data on the volume of technical assistance in Afghanistan, the 2004 OECD/DAC estimates of donor spending on technical cooperation in Afghanistan stand at almost US\$ 460 million in 2004<sup>1</sup> alone representing more than 20% of total ODA to the country<sup>2</sup>. The Minister of Finance speaking in Washington during the World Bank Annual Meetings in September 2006 suggested that since 2002 a total of US\$ 1.6 billion had been spent on technical assistance and capacity building projects, with little result.<sup>3</sup>

This very significant amount most likely does not take into account a substantial part of technical assistance provided through development projects and capital expenditure. Neither does it always include all technical assistance provided by many contracted firms and NGOs. Data is presently very difficult to reconcile<sup>4</sup> but the trend is most likely upwards. Therefore, annual donor spending in Afghanistan on technical assistance could be in the range of over a half a billion US dollars. To put this in perspective, TA costs are roughly equal to the government's tax receipts, or about one half of government budget expenditures.

#### **Box 1. Is the Afghan case an exception?**

The Afghan case characterized by an extremely low capacity at all levels of government is indeed an exception. In recent times, there has been no other example of a sustained collapse of an entire education system over a quarter of a century accompanied by massive exodus of the pre-existing educated elite. These two events led to an almost total capacity vacuum in Afghanistan by 2001. Other recent dramatic situations characterized by a massive flight of the

<sup>1</sup> Figures in million of US\$ are 19.11 for 2001, 226.17 for 2002, 406.50 for 2003 and 458.76 for 2004.

<sup>2</sup> Key contributors were the USA, Japan, Germany, ADB.

<sup>3</sup> "Technical Assistance and Capacity Building in Afghanistan", Daud Ahmad, 2006. Draft interim report (unpublished).

<sup>4</sup> For the first time in 2006, the Ministry of Finance attempted to collect from donors, at OECD/DAC's request, a comprehensive estimate of technical cooperation expenses. This assessment was made for year 2005. Such statistics are particularly difficult in Afghanistan due to the presence of many cascading contracts for the implementation of development programs that incorporate significant amounts of technical cooperation costs of which are not always easily traced. The corresponding figure (US\$ 215 million) is surprisingly low, does not match anecdotal evidence and specific head counts made for a sample of ministries. It contradicts data posted on the OECD website which estimates technical cooperation expenditures in Afghanistan at US\$ 1,105 million. This last figure includes surprisingly high US technical cooperation expenses estimated at US \$ 947 which is likely to be a reporting error. There have also most likely been methodological errors made by some donors in their declarations to both the Ministry of Finance and OECD, so reconciliation of data for 2006 would be useful. The general assessment made by donors in Kabul is that TA expenses in Afghanistan presently stand at about US \$ 500 million per year.

educated elite and a breakdown of the education system, such as in the Democratic Republic of Congo in the 90s, have generally been less severe and have lasted for a much shorter period. Only Haiti today and Somalia in the near future may raise a similar challenge.

However historically, the Afghan case is not an exception. Such low capacity levels have even been quite common in the 60s, in the context of the decolonization of Africa. Some of the countries acceding to independence also found themselves confronted with a capacity vacuum. Just as Afghanistan in the early 2000s, Sub Saharan Africa received from the early 60s until the mid 90s a massive influx of technical assistance through both “gap filling” expatriate personnel and various capacity building initiatives.

Unfortunately, the lessons of the weaknesses and frequent failures of these three to four decades of TA and capacity building projects in Africa do not seem to have influenced donor policies in Afghanistan. The lessons and international best practices which in the 90s were drawn out of approaches conducted in extremely low capacity context seem to have been lost in the emergency of Afghanistan reconstruction.

***Government expectation that widespread use of technical assistance would be a short term expedient has been failed***

There was an expectation among government that technical assistance would be a short term expedient leading quickly to self reliance. However, the tendency regarding technical assistance in Afghanistan is in many cases to remain fairly stable or even to increase over time. There is thus a general perception that excessive and systematic reliance in many government institutions on high cost expatriate personnel whose efficiency is hampered by language and cultural barriers is the wrong approach to capacity building.

It should therefore be no surprise that questions arise from government circles as to whether such costs are a useful investment or they should rather be allocated to more productive use. Why not spend this money on enhancing higher education and vocational training or simply channel it as budget support? Clearly, the widespread expectation that in a few years time massive TA<sup>5</sup> plus capital investment would bring sustained improvement in the way essential Afghan administrations and organizations can improve daily lives of the people has not fully materialized. Why then should donors and the government continue to err on what appears to be a losing strategy?

***Government is concerned that technical assistance may be ineffective or even counterproductive***

At a micro level, among most common criticisms voiced today in government circles, there is the complaint that while TA staff should focus on training their counterparts and other local personnel, they seem completely absorbed in their own short term output driven objectives. They are seen busy writing memos, reports, action plans and strategies and other lengthy documents in English that most likely only donors will read. As a result, while technical assistance’s key purpose should be capacity building -- enhancing skills, improving administrative procedures and increasing organizational competence -- this objective remains largely an empty concept.

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<sup>5</sup> In the 60s and 70s, TA costs represented about a quarter of all external aid to Africa. For a few countries it even represented over a third of all development aid.

From this flows a growing sense that technical assistance in Afghanistan, in its current form, is a gap filling option with little lasting impact in terms of capacity building. Given the magnitude of its overall cost, there is a sense of the significant opportunity cost for the country. There is also a perception that this technical assistance is sometimes misused and even counterproductive. One of the often cited examples is “cascading contracts” which substantially reduce the actual amount of aid by the time it reaches the recipients.

Many local officials thus question the usefulness of technical advisers. Finally, TA projects are sometimes welcome more for the fringe benefits that some of them bring (e.g., per diem, salary top-ups, vehicles and computers) than for their costly foreign personnel component. It is sometimes locally believed that the cost benefit ratio of such projects would be greatly improved if only such fringe benefits could be unbundled. There is finally a sense that skilled or trainable local human resources are not properly mobilized or are improperly held up in NGO, UN or donor managed projects.

***Government is worried by the negative political perception of the large discrepancies between local and expatriate salaries***

While there are questions regarding the cultural norms brought in by a large expatriate population, including related consumption behaviors that go with it and permeate and influence local society, there are also questions regarding the political tensions and social frustrations created by massive expatriate presence. There are questions regarding local salaries inflation that usually accompanies massive influx of TA. There are deep concerns regarding the political perception of the huge discrepancy between standard costs of TA and local salaries, as many local staff doubt that the foreign experts level of competence justifies the magnitude of the salary difference<sup>6</sup>. There are also questions related to the technical norms and standards frequently brought by foreign TA in the design of investment programs and development projects which may be not entirely well suited and overly expensive for local conditions.

***Government dissatisfaction is also fueled by excessively donor-driven processes***

A general problem regarding technical assistance worldwide is that it is managed too little by local governments and too much by donors. Afghanistan is no exception and this problem is made more acute by the fact that most TA funding takes place off budget, is supplied directly by donors, and is negotiated between donor technical missions and local ministerial departments at a rather low level.

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<sup>6</sup> Standard annual costs average \$ 140,000 to 160,000 for individual foreign consultants from OECD countries and \$ 400,000 to 500,000 for large consulting firms, to be compared with the \$ 600 yearly income of average civil servants which have not yet gone through the PRR process and a maximum range of about \$ 12,000 for senior qualified personnel which have gone through the PRR and get “super-scale” allowances. While such costs of expatriate personnel should *not* be compared with local salaries, psychologically they are constantly compared and the discrepancy quickly becomes a politically sensitive issue.

As a result, there is a considerable frustration among senior decision makers caused by their perception that: (i) many TA projects are largely donor driven and donor managed; (ii) since most TA projects are negotiated in a decentralized and uncoordinated way at department level, senior decision makers have little say in the identification of what should be the priority areas for TA support; (iii) aside from the limited number of TA in advisory position to ministers or deputy ministers, local officials are seldom properly consulted in the selection of TA personnel. There is also the broader concern that decision makers are not consulted on the way donors allocate their resources between TA and other forms of aid.

Finally, since donors play such a key role, there is a worry that both reporting lines and loyalty of TA staff are unclear between donors who fund them, their consulting firms who decide on their careers and the local institutions where they are embedded for mostly very short periods.<sup>7</sup>

***Government circles are concerned that TA quality does not meet their expectations and that its cost is too high***

As local decision makers are not always consulted on the selection of TA, there is also a concern among them that in many cases the quality of foreign TA personnel in Afghanistan is below the average of their peers and certainly below expectations, and does not justify their high costs. There is also a sense that skills of foreign technical staff are frequently inadequate for the jobs they are supposed to occupy. There is a concern that their profiles put too heavy emphasis on technical aspects, while the local needs often require essentially management and communication skills.

It is felt that sensitivity to local culture is not taken into account as a selection criterion. In this context, there is a specific question in Afghanistan regarding a desirable policy to recruit, as a priority, experts from the sub-region which have a double advantage: a lower cost than OECD experts and a greater sensitivity to local culture. However, the latter advantage may be less significant due cultural differences that may still exist between more egalitarian Afghan practices, typified in institutions such as the shura or jirga, and more bureaucratic and hierarchical structures typical of the sub-region. There is finally a concern that some of the overhead costs of TA directly or indirectly supported by the recipient country are too high, sometimes involving free housing, per diems, local transportation, telecom costs and high security costs.

***There is a general concern in Afghanistan that technical advisers may simply be part of the donor policies and agendas***

There is finally a question as to whether expatriate personnel are sometimes just imposed by donors to facilitate their own policies or agendas. It should be no surprise that there is a growing skepticism among local politicians and decision makers regarding the real need to maintain such a high population of foreign TA personnel. Since there is also an acknowledgment that there is still a great lack of capacity and that the country still needs significant technical help, one option under discussion is to

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<sup>7</sup> For instance, a well documented comprehensive review by ADB of its TA projects in Afghanistan shows that many TA projects are programmed for just a one year to 18 months duration. Generally in Afghanistan very few TA projects extend over more than two years.



mobilize more highly specialized short term consultants and to make greater use of national consultants and experts. There is now demand to cut substitution type technical assistance and “gap filling” personnel, and to expand more forcefully technical cooperation for capacity building and effective institutional development.

As we will see later in this report, many unanswered questions exist regarding the best approaches for building capacity and institutions in Afghanistan so as to make the best use of TA. There is also a growing realization that conventional technical assistance projects, even when specially designed to train local staff and build local capacity and institutions are showing rather poor performance. This is clearly an area where lessons learned in other countries in the 80s and 90s and some recent best practices in Afghanistan may prove very relevant.<sup>8</sup>

***Donors are concerned that despite drawbacks, sometimes there is no alternative to mobilization of technical assistance***

There is a widespread recognition among donors that many Afghan criticisms are justified<sup>9</sup>. However in the donors’ view, such criticisms should be balanced by several important considerations. In a context of institutional collapse and capacity vacuum, TA is indeed *the only* available option to get things done, particularly to manage huge aid flows and rebuild essential infrastructure, services and organizations.

Without significant technical assistance, Afghanistan would have been unable to attract and manage in a relatively transparent way about US\$ 2 to 3 billion a year of foreign aid. The country would also have been unable to reconstruct critical infrastructure and organizations given its extremely low capacity base. It is the presence of a large TA population which allowed large aid volumes to be mobilized and has also allowed part of it to flow efficiently through government channels. Most criticisms regarding TA efficiency in fact relate to the very difficult operating conditions for TA in Afghanistan.

***Donors see a combination of factors that significantly hamper TA performance in Afghanistan***

***Poor working environment and lack of adequate management and leadership from some Afghan decision makers***

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<sup>8</sup> It is striking to note that historically, from the 60s to the early 90s, training programs have constituted a very minor part of the costs of technical assistance in Sub Saharan Africa, in the range of 10 to 15 %. Information presently available in Afghanistan does not allow to identify the costs of specific training programs or the cost of training included in TA, but it is unlikely that such costs exceed 20% of overall TA costs.

<sup>9</sup> There is evidence in the health sector that large amounts of TA have had no discernable effect on performance while exacting a high cost. The REACH project, for instance, used large volumes of TA, both foreign and local, to support NGOs delivering the basic package of health services. Although the cost of TA was estimated at US\$ 21 million, it produced no better result than a less intensive TA effort. A third party evaluation of quality care indicated that the large amounts of TA produced no better results (and in some cases worst results) than what MOPH achieved in its programs with NGOs (PPA). The Ministry’s Grants and Contracts Management Unit (GCMU) provided TA for the PPAs at a total cost below US\$ 1 m over the same period. The US\$ 20 m difference in TA costs could have been spent on actually delivering services without sacrificing quality. The issue has been creatively dealt with in a follow-on project by reducing the amount of expatriate and local TA and relying more on intermittent TA and the use of the GCMU.”

The limited efficiency of foreign technical personnel is well acknowledged but should first be related to the poor working environment characterized by sometimes dysfunctional ministries and agencies, and lack of everything: qualified local personnel at all levels – from typists to senior managers, adequate procedures, information systems, basic methods and organization, as well as lack of translators, computers, power supply, transport facilities for basic commuting and even lack of heating in winter. Finally, there are also serious security concerns.

A critical issue is related to the frequent lack of leadership and management skills in many Afghan ministries and organizations which does not allow efficient use of expatriate human resources. When leadership has been exercised as is the case in a number of ministries such as MOF, MOCIT, MOPH or MRRD, the general perception is that good use has been made of TA.

#### *Lack of competition among consulting firms*

The criticisms regarding the adequacy of qualification of foreign experts should be put in perspective. Many consulting firms do not want to do business in Afghanistan due to security concerns for their personnel and this clearly reduces competition and drives up TA costs. Those consulting firms willing to work in Afghanistan have all incentive to send their less qualified personnel, keeping their best experts for OECD countries or countries where there is both a strong competing market and highly qualified and demanding local oversight of TA.

#### *Insufficient donor coordination*

Most donors acknowledge that despite elaborate donor coordination mechanisms supposed to cover all aspects of donor activity, the insufficient coordination of TA funded by different donors in the same institutions and sometimes in the same departments has severely undermined their effectiveness. Such inadequate coordination of TA activity resulted in gaps and overlaps, lack of clear reporting lines, confusion of responsibilities, unstable presence with rotation of experts every 6 to 9 months<sup>10</sup>, and rivalries between consulting firms competing for the same donor resources. These problems are made more acute by the widespread practice of direct funding of TA by donors which bypass key local decision makers and local budget processes. The problem is that while most donors are now well aware of such flaws, initiatives to better coordinate efforts have generally remained the exception rather than the rule.

#### *Lack of qualified counterpart personnel*

Finally, the criticisms regarding weak results achieved in terms of training and capacity building may be well justified. But they need to be related to the frequent lack of counterpart personnel<sup>11</sup> that makes on the job training an almost impossible

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<sup>10</sup> For example, in the MEW none of the nine key international TAs present in January 2007 had a contract exceeding nine months.

<sup>11</sup> A recent UNDP partial stock taking of TA projects in Afghanistan shows in the column “National Counterpart” a long list of comments such as “none, vacant, not yet advertised, N/A”, “Short Note on Technical Assistance”.

task.<sup>12</sup> In addition, when counterparts are available, the general problems of low motivation due to low pay and limited opportunity for merit based promotion remain. This unfavorable context is a serious issue which has been only partially addressed by PRR and the widespread practice of donor top ups of counterpart salaries.

### ***Have both the government and donors lost control of TA?***

There is now a perception in Afghanistan that TA is provided in a fragmented way through: (i) a multitude of very small self standing projects<sup>13</sup> directly negotiated at the mid-level of ministries, projects without clear oversight or ownership at higher levels, (ii) “invisible” subcomponents of investment projects, and (iii) a cascade of contracted private companies and NGOs. It is striking to recognize that both donors and government organizations are unable to assess at a given moment the overall number of TA personnel working for various ministries without time consuming head counts.

Until recently<sup>14</sup> very few large scale TA projects with clear capacity building objectives and terms of reference had been set up. Even for these few large projects there was a sense among local decision makers that they had been largely bypassed in the decision process and that the review mechanisms had remained superficial. As a result there is still a sense of lack of coherence and lack of control and ownership by local decision makers.

At the same time there is also an understanding that TA presence is, at least for the short term, badly needed to fill key managerial and technical positions including at mid levels. There is a worry that technical assistance, far from being transitory, is a lasting phenomenon and that TA might be present in Afghanistan for decades<sup>15</sup>. A damaging outcome of the lack of country ownership is therefore opacity at a macro level and lack of oversight. While white land cruisers jam streets of Kabul, neither donors nor the Government have exact information on how many TA personnel are present in Afghanistan and what their responsibilities are, despite the broad declarations of partnerships, aid harmonization and coordination.

### ***Government and Donors balance between TA fatigue and the need to “get things done”***

Confronted with underperforming technical assistance in such difficult environments, donors, like the Government, tend to criticize TA. There is sometimes a joint TA fatigue among donors and local decision makers, as well as a common desire to reduce or even get rid of some TA. This tendency to limit TA is however slowed

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<sup>12</sup> Donor reports on capacity building projects abound in quotation such as: “The objective to transition away from operation support is proceeding more slowly than expected. Overall 13 mid management positions are filled, 9 are vacant and one is temporary filled. Civil service salaries are not attractive to qualified staff”. (Public Administration Capacity Project, Mid term review mission, October 6-19, 2006).

<sup>13</sup> The same review reveals that 16 out of 20 self standing TA projects are US\$ 1 million or below.

<sup>14</sup> These remarks do not apply to a new generation of projects clearly focussing on capacity building such as the IDA grant for the Civil Service Reform project under preparation or the USAID funded Afghans Building Capacity Program which is just being launched.

<sup>15</sup> The size of the TA population remained basically constant in several African countries such as Senegal and Cote d’Ivoire for nearly 40 years, from the early 60s until the late 90s.

down by the parallel donor wish to get quick results in terms of increase of disbursement and acceleration of projects implementation. Donors are fully aware that due to chronic local capacity weaknesses they have to rely upon TA to “get things done” (i.e., project contracts signed, projects implementation monitored, strategic action plan prepared, etc.). This explains further donor insistence on using TA to “get results”, particularly where they need such results at the project level.

It is well recognized that in many countries with weak institutions, TA leaves behind too little indigenous capacity and tends to stay for the long term, having not built the self reliant institutions and organizations as originally foreseen. There is a growing dissatisfaction at recognizing that many existing organizations essential to the functioning of a modern state simply do not work well without a continual presence of highly paid foreign TA. Finally, even when involved in institution building, TA may sometimes have an adverse effect, first, because the presence of TA personnel conceals the most obvious flaws in existing systems and, second, by promoting organizational models that may be overly sophisticated, ambitious and oversized relative to local needs and capacities.

***Government dissatisfaction and donor concerns are compounded by the acknowledgment that the present situation is not sustainable***

*Such widespread use of expatriate technical assistance is not fiscally sustainable*

No developing country can expect the international donor community to fund over a long period of time a large population of technical advisers at a cost which exceeds local fiscal receipts. Such situation can only be envisaged over a relatively short period of time in a reconstruction phase. It is clear that over time local capacity and expertise should take over responsibilities temporarily entrusted to expatriate personnel. Unfortunately, unless specific measures are undertaken to systematically build capacity across government organizations, Afghanistan may face an unpalatable choice between a fiscally unsustainable situation and the risk of administrative breakdown.

*Widespread use of expatriate technical assistance is also not politically sustainable*

Having been unable to satisfactorily build local capacity, many African governments had to continue relying in the 70s and 80s upon massive expatriate technical assistance. This has led to considerable resentment from local political elites and university graduates who could not understand why sometimes thirty years after independence their countries still had to rely upon expatriates to run the local administrative and technical apparatus. While the political backlash against massive presence of technical assistance in Africa took almost 30 years to materialize, most observers in Kabul acknowledge that Afghanistan is already close to the boiling point in this regard and that such backlash against massive expatriate presence will certainly not wait for 30 years and may even not wait for 3 more years.

In such context, it is imperative for the government to determine and for donors to support a proper strategy to build Afghan capacity as fast as possible and to make the best use of present technical assistance to facilitate this process. In order to prepare the foundation for such a strategy, it will be useful to properly define the meaning of

capacity building, to remember the key lessons learned in Africa in the 60s and 70s and to examine how the main types of technical assistance could be better harnessed to build effective capacity, taking into account Afghan specificities.

## **1.2. UNDERSTANDING THE CONSTRAINTS TO CAPACITY BUILDING**

*What is capacity building?*

It is important to differentiate individual skill enhancement from capacity building which encompasses much broader objectives essentially aiming at enhancing the effectiveness of specific government, non government or private profit oriented organizations. Capacity building in government organizations thus covers a broad agenda involving enhancing civil servant skills but also improving administrative procedures, increasing organizational competence and increasing the ability of government organizations to deliver public services. Capacity building is, therefore, part of the broad institution building and state reconstruction agenda in Afghanistan.

***Good practices for efficient use of technical assistance in very low capacity contexts have been overlooked***

The key lessons learned in Africa in the 60s and 70s should be remembered in Afghanistan. The first lesson is that there are two paradoxes regarding technical assistance.

*Paradox 1: Even when local expertise is available, it is much easier to get technical assistance than to recruit local experts.*

This paradox of heavy reliance upon high cost TA even when skilled local human resources are available finds a plausible and well recognized explanation in Afghanistan in the awkward combination of four elements: (i) the apparent low opportunity cost for institutions receiving TA personnel that is grant funded by donors, (ii) the difficulty in attracting qualified local personnel at the low salaries paid by the civil service, while the impact of PRR is still limited; (iii) the difficulty in properly selecting national staff on the basis of merit when IARCSC's performance is perceived as inadequate; and (iv) the widespread perception that overall budgetary and regulatory constraints make it easier to recruit high cost foreign TA funded by donors on a grant basis than qualified local personnel.

*Paradox 2: Technical assistance works better in well structured organizations i.e. where it is less in need.*

One might argue that such poor operating environment is precisely what technical assistance is supposed to address. However, experience shows that technical assistance works better in good institutional environments where TA personnel are in fact less needed and that TA works poorly in dysfunctional institutional environment where the needs are the greatest.

The key issues in Afghanistan are therefore: (i) significant institutional weaknesses which TA projects are not well positioned to address, as this requires broad public

administration reforms that go way beyond usual mandates of even ambitious TA projects; (ii) serious capacity gaps and lack of qualified local personnel at all levels which keeps critical positions unfilled and key ministerial and service functions unaddressed; (iii) insufficient education level and excessive age structure of many local staff which does not allow them to fully benefit from on the job training; and (iv) high turnover rates of many local staff always in search of a better career and salary opportunities.

**Box 2. Why is TA underperforming in a weak institutional environment?**

Technical assistance project objectives are often too broad and too flexibly defined. Despite its stated capacity building purpose a major part of expatriate expertise is devoted to simple urgent short term “gap filling” tasks. Within the receiving institution usually there is no clear coordinating body or individual with the mandate and authority to properly define priorities for channeling TA resources towards areas where they can have the greatest impact. There is also generally no monitoring of technical assistance impact. Proper medium term human resource planning with a comprehensive view of human resources gaps, training needs, and alternative human resource strategies most frequently does not exist. The local salary structure does not allow for attracting and retaining the best local expertise and capacity.

Hence capacity building becomes a Sisyphean task. Technical advisers are caught up in their daily activities. Confronted with the scarcity of local qualified human resources they are unable to properly focus on the longer term task of building local capacity. Lack of effective management capacity and clear responsibility for TA management by local authorities leads to transfer of a good part of management burden to donors who are not always well equipped for this task. As a result, donors spend their time on the nitty gritty of contract management and tend to lose the broad perspective.

Thirty years of unconvincing experience of technical assistance in Africa have also taught another important lesson:

*Technical assistance is no substitute to government leadership and public administration reform*

What is perceived as a failure of technical assistance is in fact both a leadership failure on the side of some ministries to clearly define human resource needs and to properly manage TA, and a more general failure at institution building and public administration reform. Capacity building in government indeed requires that beyond the mobilization of foreign technical expertise, critical policy issues regarding pay, grading and merit based selection are properly addressed. It also requires drive and leadership at the top of local organizations and ministries in order to change existing structures, organizational arrangements and behaviors. Finally, success requires that this leadership receives adequate political backing at the highest level to overhaul existing power structures.

A preliminary but clear conclusion is that fragmented TA projects cannot by themselves address global public administration reform issues. *Technical assistance is thus likely to be most effective if part of a comprehensive and coherent public administration reform effort* addressing key issues of merit based selection, adequate pay and grading and in the context of organizations defined by their clear missions. In Afghanistan, the very positive examples of the MRRD, MOCIT and the MOF clearly

demonstrate that a concentrated influx of TA combined with local leadership, PRR and a systematic recourse to local consultants properly selected and paid has allowed, though at a rather high cost, to achieve very significant results in terms of capacity and institution building.<sup>16</sup>

## **II. REFORMING TECHNICAL ASSISTANCE MOBILIZATION TO EFFECTIVELY BUILD CAPACITY**

### **2.1 HOW CAN DIFFERENT TYPES OF TECHNICAL ASSISTANCE BETTER CONTRIBUTE TO CAPACITY BUILDING?**

In order to assess the role that TA can play in building capacity in Afghanistan, it is useful to better differentiate between the different types of technical assistance.<sup>17</sup> Common typology distinguishes between: (a) TA linked to specific capital expenditure; (b) “operational” technical assistance located in ministries or government bodies which itself has many sub-types; and (c) project or program management related TA which, particularly in Afghanistan, covers a wide range of situations.

*a) Technical assistance directly linked to capital expenditure is likely to increase with the expansion of the Afghan capital base.*

TA personnel within this category is mostly involved in the following activities: (i) project identification and preliminary project design, (ii) negotiations and monitoring of contracts for feasibility studies and detailed engineering studies including preparation of tender documents, (iii) monitoring and supervising investment implementation.<sup>18</sup>

Typical examples of such TA support are found, for instance, in the power sector where many TA contracts support rehabilitation of hydro or thermal power plants and transmission lines. Clearly technical assistance related to capital expenditure is an area where Afghanistan will still need significant support in the future, as its local technical expertise will not be able to cover all the sophisticated aspects of modern

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<sup>16</sup> In the Ministry of Finance, for instance, the number of international full time expatriate TAs has increased from 61 in Nov 2005 to 76 in Jan 2007. But the success at institution building is still fragile and linked to a heavy presence of qualified Afghan personnel brought in on the basis of short term consultant type contracts whose number has also increased from 144 in 2005 to 204 in January 2007. The sustainability of such an institution building program is related to global policy issues regarding the implementation of an appropriate pay and grading reform linked to effective merit based selection of civil servants. The reform scheduled for 2007/2008 should allow recruitment of most of these consultants on a more permanent basis as civil servants or recruitment of other qualified personnel. If this reform and the transition from local consultants to permanent civil servants are properly handled, this technical assistance and capacity building program is likely to be a success despite its high cost. If the transition is mishandled, the institution building dimension of the approach would most likely fail.

<sup>17</sup> This typology is limited to TA provided to government institutions. It does not take into account a large body of TA personnel directly employed by NGOs and UN led projects (sometimes through consulting firms) which may represent a fairly significant population in Afghanistan.

<sup>18</sup> TA personnel located within government organizations should normally not be involved in the preparation of feasibility studies or detailed engineering studies that should be entrusted to specific engineering or consulting firms or to a national consulting bureau.

capital investments. Much progress can be made to train local engineers and experts so that they can take over simple investment processes as it is already the case, for instance, in road construction or even in small hydropower generation. However, as Afghanistan capital investment expands in the future, highly specialized technical assistance should also grow, and this should not be an area for controversy.

***(b) The term “operational” technical assistance covers a variety of situations.***

There is considerable ambiguity and confusion about the term “operational” technical assistance which is provided to line ministries and various government organizations. The same terminology covers very diverse situations. Most TA personnel in ministries are indeed positioned as *advisers*. Some of them are effectively providing advice and guidance to local counterparts. A few are working as advisors to senior officials and/or preparing policy reforms. In many cases the same technical advisers are involved in a wide variety of tasks including policy advice, management of small projects, temporary filling of line positions etc, and their positioning defies standard typology. But they often de facto hold line positions, either because counterparts are unavailable or not yet up to the job. Finally, almost all advisers are supposed to be engaged in capacity building but very few are effectively able to do so and to devote significant time and energy to train counterparts. While it is somewhat artificial to try to provide common guidelines for these diverse situations, some guiding principles can be defined.

*De facto “substitution type” technical assistance should be progressively selected in the context of comprehensive human resource needs assessments*

In the context of emergency needs and acute lack of administrative capacity there is sometimes no alternative to the “gap filling” approaches that have been used in Afghanistan to de facto<sup>19</sup> occupy critical line positions. However the present random gap filling should progressively be replaced by a more systematic and comprehensive approach based upon medium term human needs assessments and human resource planning, carefully preparing the phasing out of such technical assistance. Experience shows that what is often called “substitution type” technical assistance is unable to prepare for its own replacement even if training and capacity building are clearly part of its terms of reference. As a consequence, progress in this area requires a voluntary policy decision that would make building capacity for human resource management and planning in each Afghan organization a priority. On that basis, “gap filling” approaches for providing “substitution type” TA should be replaced by comprehensive human resource planning.

Finally, as capacity progressively builds up in local organizations, such positions filled by expatriate TAs should as much as possible be progressively phased out. If local expertise remains unavailable within the civil service, expatriate TAs may be

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<sup>19</sup> While there is still debate on this issue, it is generally agreed that expatriate technical assistance which is de facto permanently filling line positions should preferably be de jure assigned to the line positions that they occupy. This shift would remove much ambiguity and establish the TA within the normal working relationship involving peers, subordinates and supervisors. However there are doubts regarding the legal possibility of implementing such recommendation in Afghanistan for senior positions.



replaced by Afghan consultants and AEP/LEP type expertise contracted out in the context of comprehensive human resource planning. Pragmatism should guide decisions in this area taking into account that *some line positions within government (for instance for fiduciary controls and in the engineering field) require high expertise and are likely to be filled by expatriate TAs for many year to come.*

### **Box 3: Afghan Expatriates: Opportunity or Mirage?**

At the suggestion of Afghan authorities, since 2003 several donors (the World Bank, ADB, EU, etc.) have supported two innovative schemes to facilitate the return to Afghanistan of Afghan professionals who had settled in the sub-region (LEP program) and in OECD countries (AEP program). These programs have brought controversy and there is not yet consensus about their effectiveness. Putting some technical aspects in the design of these programs aside, the core of the controversy is the high wage differential between these experts and their Afghan colleagues, particularly those still within the very low civil service salary structure. The other elements of the controversy are a perceived mixed/poor performance of AEPs/LEPs despite such high salaries and the significant risks of nepotism in the allocation of such high salaries. In retrospect, it is now easier to identify the strengths and weaknesses of these schemes.

In terms of salary structure, there was no other way to attract and retain experienced Afghan mid career professionals who had already settled with their families abroad, than accepting to pay them salaries close to their market value, at least during an interim period. In term of overall efficiency, when compared with standard expatriate technical assistants, despite their superior knowledge of Afghan language and culture, their performance was also often quite similar, i.e. mixed and sometimes poor. The key reason is that they faced the same constraints as expatriate technical assistants struggling within the weak working environment (lack of computers, electricity, information systems, organizational procedures, etc.). In addition, as individuals they could not rely on the technical back up of experienced consulting firms, and very few among them had prior experience in consulting activity.

One important advantage these Afghan expatriates enjoy over the other expatriate TAs is, at least for some of them, their capacity to (i) progressively integrate into the Afghan organizations as senior managers or experts, as the salary structures are revised upwards, and (ii) become fully integrated within Afghan organizations, thus bringing considerable capacity and experience to those institutions. Another very positive element has been the outstanding performance of a limited number of such professionals who as senior advisors to ministers or as deputy ministers have had a major impact on policy decisions and restructuring of several key organizations. As a conclusion, these innovative and somewhat controversial programs can easily be criticized. But they have certainly contributed positively to the overall capacity building effort in Afghanistan.

*Technical assistants essentially playing advisory roles, should be closely coordinated in the context of coherent sector-wide approaches*

TA personnel in advisory positions preparing, for instance, policy reforms should be coordinated as much as possible in the context of sector wide approaches. When the receiving organizations demonstrate leadership and managerial skill, such coordination is usually easy. If however, the Afghan institutions due to insufficient leadership or lack of managerial skills have difficulty in organizing such coordination, the donors should be proactive and make sure that (i) all TA activity is properly coordinated and (ii) whenever possible fits within a coherent sector wide approach. In

particular, donors should make sure that TAs funded by different sources do not pull Afghan institutions in different policy related directions. Specific care is recommended whenever technical advisers funded by different sources work in the same department.

*Technical assistance focusing specifically on capacity and institution building should be as much as possible reorganized in comprehensive capacity building programs.*

Experience shows that standard “operational” type TAs has considerable difficulty in devoting time and energy to effective capacity building. Capacity building is indeed much more than enhancing individual skills of local staff. It should involve procedural improvements and organizational strengthening. Such activities usually go way beyond the terms or reference of standard technical assistants and cannot be considered as a part time job for foreign personnel recruited on the basis of their technical skills and mobilized to reach short term output oriented objectives. A preliminary conclusion is that *to effectively build capacity, specific projects or programs need to be designed and specific skills emphasizing management experience need to be mobilized.*

In this context, five years after the fall of the Taliban regime, as Afghanistan moves out of an emergency type of management, it is time to restructure and reorganize the many small self standing TA and capacity building projects spread over Afghan institutions. Such small and often poorly coordinated TA projects should as much as possible be progressively replaced by more coherent institution wide approaches clearly aiming at institution building. Such TA and capacity building programs should also as much as possible be part or closely interact with the planned public administration reform process<sup>20</sup>. They should as much as possible *focus as a priority on those institutions undergoing reform*. For the other ministries and organizations, efforts should focus on establishing and strengthening the Human Resource departments and particularly on their planning capacity.

***c) Outsourcing government services through specific donor funded projects or programs managed by sub-contracted organizations is common practice in Afghanistan***

In very weak institutional contexts, it is important to fully explore outsourcing options which are often the only way to provide key services. Given the critical gaps in terms of human capacity which are likely to remain in the near future in Afghanistan, many experiments have been made to either outsource some government functions and services to operators, subcontractors, private sector and NGOs or to establish ad hoc project implementation units (PIUs). MRRD and the Ministry of Public Health<sup>21</sup> have

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<sup>20</sup> This is the case of both the IDA grant for Civil Service reform Project under preparation and the comprehensive Afghan Buildings Capacity Program already mentioned which is just being launched.

<sup>21</sup> A recent controlled impact evaluation compared contracting for health with government provision supported by TA of the same services. Four districts received intensive management training and TA from a very experienced expatriate consultant. Three other districts did not receive TA or management training. Household surveys after 2.5 and 4 years showed that contracting greatly improved prenatal care coverage. There was some improvement in the government managed districts but it was considerably less than contracting with NGOs. Importantly there was no difference between the districts with TA and training compared to those without. These results applied across a number of health indicators and indicated that traditional TA and capacity building have had no impact.

already led the way and made decisive and fully justified moves in this direction. Other ministries could also follow a similar path of retaining responsibility for *service provision* but contracting out *service delivery*, when feasible.

*Outsourcing is an efficient way to provide government services but needs to be carefully thought out in a long term perspective*

In weak institutional contexts, particularly in post conflict situations throughout the world, subcontracting or using PIUs is often the only approach that allows critical projects to be implemented. However, the term PIU covers a wide range of arrangements -- from isolated project type and purely donor led units to country wide program oriented, multi donor funded and government led bodies.

In Afghanistan there is a large number of such PIUs (a total of 56 were identified in 2004 and 43 in 2005<sup>22</sup> but the real number is most likely much higher). Some ministries have also delegated responsibilities to a large number of self standing donor funded programs (26 in the case of MRRD). It should however be clear that those mechanisms, though most effective in the very short term, may have a negative impact on long term institution building if (i) they are not properly designed to be later integrated within government bodies, and (ii) if a proper sequencing and phasing out has not been planned. *Such phasing out, however, requires that the appropriate steps for public administration reform and capacity enhancement are undertaken.*

*Autonomous project implementation units (PIUs) and sub-contracted programs may hamper institution building*

Worldwide experience shows that when present for the long term, PIUs may negatively impact institution building. This conclusion has been endorsed by the 2005 Paris Declaration on Aid Effectiveness that however makes a *distinction* between (i) so called “parallel PIUs” accountable to donors rather than to country implementing agencies, with donor appointed staff and donor provided TORs and (ii) program management units (PMUs) that are part of existing institutional structures set up by countries and managing country-wide programs, such as the one within the MRRD managing the National Solidarity Program (NSP).

Since parallel PIUs tend to evade established lines of authority, the Paris Declaration recommends their phasing out. However even in the case of program wide government controlled PMUs, caution should be exercised. First, the distinction between donor driven PIUs and government led PMUs is often quite blurred. Second, international experience shows that systematic use of PMUs may transform ministries into empty shells without capacity or resources. Such “empty” institutions host self managed and sometimes independent PMUs and PIUs which attract all human capacity and financial resources and leave the line ministries without qualified personnel.

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<sup>22</sup> According to the draft report prepared by Afghanistan to the OECD/DAC in March 2007, however, these figures are tentative and unreliable. Several hundred parallel PIUs may be present in the country.

*There is a need for consistent policies in such sub-contracted programs to facilitate both their eventual mainstreaming into core government functions and substitution of expatriate TA by Afghan expertise.*

Since most of these PIUs and even country-wide PMUs have a limited life span, capacity is at risk to be regularly disbanded and reconstructed at high cost in a non durable and unstable process which prohibits effective institution building. In future, when program type approach will still require specific PMU type management units, their phasing out or their progressive integration into permanent organizations should specifically be planned before the end of each program.

In this regard, such outsourcing has led to frequent uncoordinated use of expatriate technical assistance as well as Afghan consultants and personnel with heterogeneous pay scales. This heterogeneity will create many problems in the future<sup>23</sup>. As a preliminary conclusion, subcontracting government activities to autonomous programs managed by private firms or facilitating partners is a perfectly good practice. However it requires careful coordination so that such outsourcing does not lead to anarchy and that clear sector policies are enforced<sup>24</sup>. Parallel donor driven PIUs should be avoided and progressively mainstreamed within standard administrative bodies *whenever progress made in the reform of key public institutions allows it*. Unfortunately it may take several years in Afghanistan before such conditions are met.<sup>25</sup>

### ***Preliminary conclusion***

Clearly, capacity and institution building are *critical issues* for Afghanistan. One of the key lessons of past development experience<sup>26</sup> is that weak performance of local institution and organizations is one of the greatest bottlenecks to development. Technical assistance aimed at facilitating capacity building and institutional development will thus require that both the lessons which drawn from more than four decades of technical assistance in other countries *and the best practices that have recently emerged in Afghanistan* be taken into account in the design of new projects and new approaches.

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<sup>23</sup> MRRD, for instance, has very successfully subcontracted program implementation to private firms themselves helped by NGO type “facilitating partners”. Presently 26 programs are managed by such contracted organizations. However, MRRD has not been able to regulate the pay scales effectively used by such firms and partners which represent for skilled Afghan personnel multiples of the authorised PRR pay scales. This will undoubtedly seriously complicate any future attempt at mainstreaming such programs within MRRD’s core activities. This also further deepens the high dependency upon donor funding.

<sup>24</sup> Initial outsourcing of district level health services to NGOs in Cambodia for instance led to much confusion in terms of discrepancy among salary rates for health workers, conflicting cost recovery policies etc.

<sup>25</sup> One alternative organizational option that might be explored in Afghanistan is for some ministries to organise themselves on the basis of large autonomous sector programs each led by semi permanent program management units entrusting implementation responsibilities to non public and non permanent operators. But this would still require an important coordinating role for the small remaining ministerial bodies requiring highly specialized managerial skill for monitoring and control.

<sup>26</sup> See “A conceptual framework for interpreting recorded human history ” D North, JJ Wallis & BR Weingast, working paper 12795, National Bureau of Economic research, Dec 2006.

## **2.2 SPECIFIC RECOMMENDATIONS FOR DONOR COMMUNITY IN AFGHANISTAN**

### ***Moving from preliminary conclusions to more specific recommendations***

It is well known that capacity building and institutional development are highly complex and slow undertakings. As a consequence, as already noted, the usual approach of small self standing and donor driven isolated TA projects in weak organizations has little chance of achieving lasting results. As described earlier, capacity building requires technical assistance projects to be part of a comprehensive public administration reform program aiming, through adequate policy decisions, at attracting and retaining qualified local personnel. In this respect Afghanistan, with its ongoing PAR program, enjoys a considerable *potential* advantage over many other countries where years of efforts were largely wasted by following a random and fragmented approach to public administration reforms and TA projects.

Harnessing technical assistance for institution building in Afghanistan will however require a number of more specific reforms of donor and government practices. Regarding donors, common “nuts and bolts” type weaknesses in TA projects need to be fixed, comprehensive TA programs addressing institution wide issues need to be properly integrated within the Public Administration Reform program and coordination mechanisms have to be substantially strengthened. For the Afghan authorities, strong coordination is required under Afghan leadership; policy instruments need to be established; new approaches should be tested and, if successful, be systematized.

### ***Fixing common weaknesses in technical assistance projects***

Due to hasty preparation, like many other investment projects, TA projects often suffer from faulty “nuts and bolts”, including inadequate identification, poor design, inadequate supervision arrangements, unnecessary fragmentation and excessively short term approaches.

### ***Correcting faulty identification and design and inflated expectations***

Inadequate identification is usually related to the “afterthought approach”. TA is perceived as a simple tool to “get things done”, when donors realize that in a capacity vacuum, someone needs to be in charge to implement a set of actions. Concerns for continuity and effective capacity building are then usually forgotten and rarely given the highest priority. This failure to view institutional development objectives as a strong priority is a critical flaw. In such context, TORs are often so hastily drafted that later they often need to be discarded as irrelevant. Clearly more careful thinking needs to be devoted to projects identification, particularly to correctly assessing projects objectives.

Throughout the world, implementation of TA projects is frequently hampered by recruitment difficulties. However in Afghanistan, due to the security concerns and difficult living conditions this has become a major issue which is exacerbated by the usual tendency to impose inflated formal requirements for any job: many years of work experience, PhD degrees, etc. Demanded profiles are discouragingly rarely available for work in Afghanistan and it should be no surprise that TA projects are

often slow to start up and understaffed for most of their life span. Profiles for TAs should be more realistic and should better take into account the difficulty in attracting highly qualified foreign expertise in Afghanistan. Eventually short term consulting may replace permanent expertise.

#### *Transferring task management responsibility from HQ to the field*

Task managers from donor institutions, mostly concerned by the “brick and mortar” side of investment programs, are regularly annoyed by the nitty gritty details of the “soft” dimension represented by TA. TA project life is in this context mostly characterized by resolving logistical issues, such as unavailability of TA staff in time due to non compliance of consulting firms with requirements of their contracts, inadequate profiles, absence due to sickness, contract issues, fiscal or family problems and, finally, the usual complaints about poor TA performance. Task management of such TA projects is seldom delegated to the field, with monitoring done from headquarters by junior personnel who will never meet the TAs or the local decision makers. This makes task management both a very slow and cumbersome process and a rather abstract and artificial exercise.

It is thus important for donors to try to decentralize to their local resident missions the task management of TA projects so that decisions can be made on the spot without undue loss of time. Since task management of such projects and programs is extremely time consuming<sup>27</sup>, donors need to organize and staff their local missions accordingly. They need in particular to make a clear separation between the day to day management of procurement and contract monitoring which can be done by junior procurement type specialists and the overall planning and support to complex capacity building activities which is a specialized discipline requiring experienced staff.

#### *Getting away from fragmentation into very small projects with excessively short duration*

The usual fragmentation of TA projects into very small components (usually US\$ 0.2 - 1 million) makes them very much linked to specific discrete outputs: drafting of a manual, of a decree, of a sector strategy, which facilitates output-based monitoring. What such monitoring is missing is the overall capacity and institution building objective. Even though a decree is drafted, or the power purchase agreement is negotiated, there is no time left to pass on the experience, there was no one available for that on the local side and this was not really the area of concern and expertise of the technical team involved in the process. Clearly the practice of ad hoc provision of TA through very small self standing projects should be revisited.

Short life span of TA projects is another concern. Following the short term “output oriented” approaches, technical assistance, also criticized for its high cost, is provided for very short periods, just to get the basic technical job done in 9, 12 or 18 months.

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<sup>27</sup> Supervision of such small TA projects or components is an administratively costly hassle as it involves monitoring of a myriad of small and time consuming contracts. For this reason, it tends to be delegated to junior or assistant level staff. Such staff usually limits their involvement to administrative control. As a result, in many cases on the donor side, no one has a vision of the broad picture regarding capacity building and institutional development.

Duration of such TA projects does not take into account the time needed to properly select counterparts, make sure they have the needed qualifications and that their salaries are adequate to motivate and retain them in the job. Basically the weakness of such short term approaches reflects the weakness of the standard TA project approach which is not addressing the long term requirements of capacity building.

*How can such standard flaws be fixed?*

Fixing such standard defects will require changing the overall approach. The incentive system on the donor side is indeed organized in such a way that there is little hope to attract serious attention to TA related issues as long as technical assistance is provided through a collection of small uncoordinated projects. Attention will only be given to TA by progressively bundling such small projects into specific institution wide programs with a medium to long term approach<sup>28</sup>, task managed by seasoned institution development specialists. As long as technical assistance remains fragmented, it will continue to be an appendix of other development expenditures. However, such bundling of uncoordinated TA activities will obviously require significant donor coordination in areas where the tendency has largely been for donors to go ahead single handed.

On the Afghan side, there is also little hope to recover ownership of such uncoordinated TA projects if they are not part of comprehensive institution building program based on clear needs assessments, comprehensive human resource planning and if possible clear sector strategies. However this also implies significant progress on the public administration reform front.

***Integrating technical assistance programs within institution wide approaches based upon public administration reform and long term vision***

*Moving from narrow technical approaches to institution wide reforms*

Most if not all technical assistance projects are prepared or designed by the staff or consultants of donor agencies. Since institution building is not perceived as a specific discipline like civil engineering or economics, TA project design is often left to the relevant technical specialists who have no institution development experience. Hence they tend to focus on the narrow technical dimension of the jobs, forgetting the broad institutional context and vision. Attention is primarily on capital lending and getting projects to boards. As a result, TA project designers often use blueprint approaches that do not promote capacity building and institutional development, each institution being a specific case.

Since project designers are uncertain about both the availability of qualified and motivated local staff and about the possibility to recruit local consultants, they insist on mobilizing expatriate personnel, even to fulfill administrative and control tasks. Finally when involved in the design of more ambitious TA projects covering for instance sector wide needs, project designers usually regard technical efficiency a key project objective. They tend to miss the critical institutional problems and mistakenly believe that additional foreign experts will be the solution to complex institutional

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<sup>28</sup> The USAID funded ABC comprehensive program will for instance cover a 5 years period until 2012.

issues. Clearly specific “institution building” expertise should be more systematically mobilized to design institution wide capacity building projects.

*Building on and strengthening public administration reform efforts in the context of the ANDS*

The progressive shift from a partial and asymmetric PRR program to a comprehensive pay and grading approach will provide Afghanistan with an overall framework for institution building in the context of ANDS. Even if PAR implementation takes place at a slower pace than anticipated, presence of what now appears to be a coherent framework is a chance for the country. Since it will be difficult to implement the new Pay & Grading reform simultaneously across the board, donors and the government should over the next few years focus institution building efforts on those ministries and agencies which will first benefit from implementation of Pay & Grading.

The expected combination of clarified missions, more appropriate organizational structures, and clarified job descriptions in the key Afghan ministries and agencies will facilitate a clearer assessment of available and missing skills. The pay increases and clarified grading combined with adequate merit based selection and promotion will allow attracting qualified personnel. This is the most critical issue for lasting capacity building. More careful planning will therefore be possible for filling gaps in the short, medium and long term.

In this context, technical assistance programs should focus on these ministries and agencies, either through a reorganization of ongoing uncoordinated TA projects or through the implementation of framework technical assistance programs specifically designed for institution building. Two recent (not yet implemented) important capacity building initiatives are examples of such comprehensive approaches: the US \$ 20.4 million IDA grant to support the civil service reform project scheduled to be presented to the Board at the World Bank in May 2007 and the large US \$ 220 million USAID funded Afghans Building Capacity Program.

Donors should thus stop peppering around uncoordinated technical assistance in poorly performing entities where TA can just partially mask deep unresolved leadership problems and therefore postpone needed adjustments. In such difficult circumstances donors should focus their efforts on strengthening the reform management units and the human resource departments of these under performing organizations and only when such efforts appear promising.

Filling the human resource gaps in the context of institution wide programs will require a mix of (i) foreign TAs from OECD countries and from the sub-region-funded by donors and provided through consulting firms and individual contracts, (ii) recruitment of local experts, both senior and junior, eventually as consultants also funded by donors or through AEP/LEP type programs and eventually recruited as civil servants, (iii) training of existing staff and, (iv) recruitment and training of new university graduates.

*Initiating the process with institution wide human resource needs assessments*



Human resource needs assessments with a medium to long term vision will first require setting up new or strengthened HR departments as envisaged by the PAR program and as successfully implemented, for example, by MRRD. This is the *first step* to move out of the “ad hoc” short term gap filling practice. Specific support from specialized technical advisers will most likely be needed in this area, with donor and IARCSC help. The *second step* will be for these strengthened HR departments of each institution to prepare a comprehensive human resource, capacity building and training needs assessment. Support from specialized international institutions for such assessments is likely to be needed, as was the case for the MOPH.<sup>29</sup>

#### **Box 4 Example of Best Practice: Ministry of Public Health**

A best practice in this regards can be found in Afghanistan with the “Capacity Building and Learning Needs Assessment” recently commissioned by the General Directorate of Human Resources of the Ministry of Public Health with support of the John Hopkins University and the Indian Institute of Health Management Research.<sup>30</sup> This type of comprehensive approach<sup>31</sup> adopted by the HR directorate of the ministry with the support of international institutions could be replicated in all Afghan ministries and public agencies as part of their reform actions within the national PAR program.

Conducted under the responsibility of a specific task force within each ministry’s HR department, such assessments should: (i) help prepare systematic reviews of ongoing TA projects funded by donors and implemented by local or international consultants; (ii) make sure that these initiatives really improve capacity at both central and sub-national levels and upper managerial, technical and mid levels; (iii) make sure that they are properly designed, supervised and coordinated; (iv) assess the local perception regarding ongoing training programs and reflect on eventual adaptations; (v) identify critical gaps between ongoing TA and capacity building activities, ongoing training programs and the needs of the ministry where core competencies are missing<sup>32</sup>; (vi) devise comprehensive medium to long term human resource plans incorporating capacity building and training programs; (vii) address such needs in a coherent, harmonized and systematic way, taking into account ongoing or likely future restructuring of the ministries; (viii) help the ministry’s senior management discuss and negotiate with donors comprehensive medium term support programs for institution building.

#### *Providing appropriate funding to train young Afghan professionals*

The training of young Afghan professionals should constitute a clear priority since they will have to quickly be able to take over responsibilities presently exercised by expatriate personnel or by Afghan personnel whose skills are outdated. Innovative training schemes should be tested based upon demand and shared cost. The

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<sup>29</sup> Human resource medium to long term assessment is a technically difficult task and it is important for Afghanistan to try to attract qualified international expertise in this area. One should be cautious not to repeat common mistakes made in the 60s by mechanistic Soviet style HR planning.

<sup>30</sup> “The Capacity Building and Learning Needs Assessment”, MOPH, Dec 2006.

<sup>31</sup> MRRD has also developed a comprehensive human resource development plan.

<sup>32</sup> Core competencies such as improved English language skills, basic computer literacy and report writing techniques should be taught at most levels in ministries and agencies. Training in basic office management skills is also needed for most heads of divisions and departments.

development of a market for private Afghan training institutions should also be encouraged.

### ***Strengthening donor coordination mechanisms for TA activities***

There already exist elaborate donor coordination mechanisms in Afghanistan. Development of comprehensive institution wide needs assessments should greatly facilitate donor coordination and if possible harmonization for funding TA and capacity building projects. Each individual TA project should fit within the overall human resource medium term development plan, thus avoiding the usual damaging overlaps and gaps. Progressively self standing donor led TA projects which are still bypassing Afghan decision makers and standard budget processes should be replaced. The new approach should address institution wide issues through capacity building programs driven by the Afghan institutions and funded through Afghan controlled budget mechanisms.

*Best practices would suggest pooling resources for TA under ARTF-type mechanisms or under specific TA funds and transferring management responsibilities to Afghan authorities*

While a few best practices in Afghanistan clearly show the way ahead, systematizing these approaches will not be easy. Coordination of TA is made particularly complex in Afghanistan by the weak administrative capacity of many ministries, the lack of strong management teams, the multitude of donors and the role played by off-budget resources directly provided by donors to Afghan entities. Difficulties are likely to remain until a pooling of resources through ARTF type mechanisms or through technical assistance funds under the control of the various Afghan organizations can be made almost systematic.

Such pooling of resources would also facilitate progressive transfer of responsibility for management of technical assistance to Afghan authorities which is critical to building their ownership and at last putting them fully in control of technical assistance. It is striking to note that very few Afghan ministries presently feel in full control of “their” TA. However such systematic pooling of donor resources is likely to require some time to build the needed confidence to fully transfer managerial responsibility of TA to local entities. In the interim period, proactive donor coordination will certainly be necessary.<sup>33</sup>

*A “second best” approach would suggest setting up groups of “concerned donors” to better coordinate TA in each concerned organization*

Present lack of coordination of TA activities in government entities receiving significant TA support is likely to remain a critical issue in many ministries. In such context there is a strong need for much improved donor coordination. Several

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<sup>33</sup> In many countries, such coordination is provided through the “lead donor” approach where a given donor assumes overall coordination and leadership in a specific sector or ministry. Apparently this approach has not given satisfactory results in Afghanistan. It is well known that a status of “lead donor” should be earned and not parcelled out to “reward the egos” of specific donors. A common and useful substitute is the set up of a group of concerned donors or core sector group entrusted with similar coordination responsibilities.

compatible options are possible, for example, for each line ministry receiving multi-donor TA support, one donor may be entrusted with a coordinating role. As a rule of thumb, it usually makes sense to try to reduce the number of both donors and consulting firms providing technical assistance to one specific ministerial department.

Another recommended approach would be to identify a core group of concerned donors for each institution considered as a whole. Such approach should itself be coordinated with the eventual sector wide processes covering sector investment programs and sector policies which are discussed in the context of sector consultative groups. While such CG processes are expected to allow for enhanced alignment of donor contributions with national priorities, the same process should apply to technical assistance.

The role of the core group of concerned donors should be to ensure that: (i) the overall TA and training needs of a given institution are properly identified and funded through a clear assessment of priorities, which is particularly important if available resources are insufficient to meet the overall demand, and (ii) there are no overlaps or gaps in critical areas. In this context the core group of donors should progressively take up resource mobilization responsibility for funding the comprehensive HR medium term development plan of the local entity.

*A specific donor coordination mechanism for technical assistance needs to be established at country level*

Since TA and capacity building issues have until now been largely in donor's hands, it is important that new policies regarding the provision of technical assistance be supported by a group of concerned donors. This CG type group of donors should collectively agree to candidly assess strength and weaknesses of the present approaches and to help implement the needed reforms. An informal group composed of donors and government and chaired by IARCSC has already been established to examine development of capacity for common functions such as financial management, procurement and human resource management.

This group could constitute an initial step in setting up a more formal coordination mechanism keeping in mind that a key issue will be to progressively transfer overall TA and capacity building responsibilities to the government. A first step to launch the reform process could be for this group to agree on a pooling of their TA dedicated resources through ARTF-like funds or specific dedicated TA funds in order to strengthen the core managerial functions of government (e.g., planning, budgeting, human resource management, etc.) which are usually overlooked by donors. Establishment of a counterpart Afghan Advisory Board composed of very senior Afghan experts envisioned by the USAID funded ABC program to harmonize the program's strategies and activities with those of the Government and other donors may provide the anchor for such country wide coordination.

*Medium term perspective needs to influence funding*

Funding comprehensive medium term human resource plans means that *resources should be provided with a medium term perspective*. This should both help avoid the present harmful "stop and go" system linked to one year or 18 months "sometimes"

renewable TA projects. Such medium term approaches, as adopted by the most recent TA and capacity building programs, allow for greater visibility and should provide increased comfort to Afghan institutions. They should also increase incentive for reputable consulting firms to work in Afghanistan and thus contribute to increased competition, drive prices down and improve average quality of TA.

There is presently a vicious circle where lack of trust from both government and donors in consulting firm s' performance sometimes leads to short term contracts which can therefore be easily canceled or renegotiated. In turn, such instability does not provide consulting firms with the incentive to mobilize their best experts. Unless consulting firms can hope to obtain stable contracts offering medium term perspective they will be reluctant to provide their best staff to Afghanistan. However, to be successful, such approach should also be based upon a serious and frank regular performance assessment of the consultant's performance which has been missing in Afghanistan.

In this context discussions could be envisaged between specific institutions (in particular those ministries selected to be part of the first round of P & G) and the concerned donors funding TA activities in these institutions. The purpose of such consultations should be to examine ongoing TA projects that do not seem to fit with the new priorities, to try to reorient them or to phase them out. The objective would be to release resources for more productive use or to try to integrate them into institution wide capacity building programs based upon clear needs assessments.

### **2.3 SPECIFIC RECOMMENDATIONS FOR THE AFGHAN AUTHORITIES**

#### ***Ensuring strong coordination of all TA activities under Afghan leadership***

*The best coordination can only be exercised by Afghan leadership*

While planning responsibilities for HR and training needs assessments are clarified and entrusted to stronger HR departments, Afghan institutions also need to clarify and assert their responsibilities for coordinating TA. Presently, most Afghan ministries lack coordination of TA activities and clarity regarding whose responsibility it should be.

*First*, each department is usually competing for some piece of donor –funded “free” TA, with its associated much prized benefits: equipment, computers, and salary top ups and per diem which sometimes come with the TA. As individual departments negotiate directly with donors, TA support can be provided by multiple donors in a non coordinated way to each ministry, sometimes even to the same departments, leading to considerable overlaps and confusion.

*Second*, there is often fragmentation of responsibilities for personnel issues between a personnel department which takes care of the administrative dimension of personnel management, a capacity building department and finally sometimes the reform management unit in charge of implementation of the PAR program.

While many combinations are possible, it should be clear that: (i) enhanced HR departments should have the overall responsibility for defining the institution's needs in qualified personnel, assessing the mix of training, recruiting international and local technical advisers who are able to meet these needs most effectively, as it is now the case in MMRD; (ii) even if each ministerial department remains in charge of day to day management of "its" TA, one of the deputy ministers should be entrusted with the overall responsibility of keeping a global vision. This Deputy Minister could be coordinating all TAs in the ministry and be the sole negotiating authority with the donors. This is needed to make sure that order is brought back to the present chaotic situation.

It is also obvious that such coordinating task is an uneasy one when a good part of the TA resources are directly funded by donors and bypass government channels. In this respect donors will also need greater discipline in their behavior and if needed should be so reminded. Finally, the Afghan authorities will also need to demonstrate greater willingness to assume authority in this area and may have to build stronger management teams at the head of key ministries and organizations. For this specific purpose they may need to use some specific form of management support from high level consultants as will be suggested below.

Such stronger coordination by Afghan authorities would also help resolve the standard dilemma of the divided loyalties of TA personnel caught between their consulting firms, the donors and the local institution. As the local institutions progressively assume both their planning, coordinating and full management responsibilities; as well as identify needs and discuss them with donors on the basis of comprehensive approaches, select, supervise, evaluate and eventually dismiss TA personnel, the reporting lines and the loyalties of TA personnel will become much clearer.

*Already some Afghan best practices show the way to go*

Since lack of leadership or lack of strong management teams within Afghan organizations has often hampered efficient use of TA, the *first* critical issue is for each organization to clearly assess priorities and responsibilities regarding the recruitment of TA and the design and implementation of a capacity building strategy. Unless there is already a very strong and effective HR department, assignment of such responsibilities to a deputy minister might be the best way to proceed. Of course for this deputy minister to effectively assume such responsibilities, the technical work needs to be properly prepared by a strengthened HR unit. This may require clarifying the responsibility of the head of the HR unit or sometimes designating a specific capacity building director.

The *second* issue is to carefully synchronize the development of the training and capacity building plan with the implementation of the various elements of the public administration reform program. Otherwise trainees are unlikely to be motivated due to poor salaries, lack of perspective regarding merit based promotion or may just lack the basic academic or professional skills to benefit from such training.

It is clear that lack of proper control of TA activities by local organizations, from needs analysis to performance assessments, is a key flaw in the standard technical

assistance approach. Both the Ministry of Public Health and MRRD have demonstrated how critical for success the establishment of such control is. Under the overall responsibility of the ministry's senior management it puts a strengthened HR department in the driver's seat, at the heart of all initiatives from the identification of TA needs, the definition of their TORs, to the definition of a comprehensive training and capacity building plan.

By combining an assessment of training and TA needs in a comprehensive way, taking into account the progressive build up of local technical and managerial capacity, this approach also provides a clear perspective for progressively phasing out expatriate TA in a responsible and organized manner. It finally gives a clear framework for making the best possible use of Afghan TA and consultants.

Finally, systematic assessment of TA performance as part of a overall performance assessment of all managerial and technical staff can provide the needed managerial tools to properly "pilot" technical assistance. MRRD's ongoing practices which combine such systematic performance assessments and the remedial actions which may even lead to dismissal of poorly performing TAs and staff can also be viewed as best practice.

Other Afghan ministries are now beginning to follow the path taken by MRRD and MoPH. In January 2007 donors and the Ministry of Energy and Water (MEW) formed a steering committee to try to tackle the "thorny" issue of TA and capacity building in the ministry where there was neither HR planning nor TA coordination before. Supported by USAID financing, a consultant (Louis Berger/Black and Veatch) has started an institution wide human resource needs assessment focusing on training needs. This experiment also shows that to move from usual fragmented TA approach to such institution or sector wide approaches in the context of comprehensive human resource development plans, strong donor support will be needed.

### ***Setting up adequate nationwide policy instruments***

*An information system and eventually formal review mechanisms need to be established at country level*

Currently the allocation of TA resources in Afghanistan depends largely on donor preferences and the ability of various departments and ministries to attract donor support. This is clearly not an optimal solution and a more rational approach is needed. It is however difficult to imagine a functioning global allocation mechanism which would most likely, to be effective, require some measures of market pricing system. In the meantime as a minimum, an information system needs to be established, and formal review mechanisms might prove useful.

Without a basic information system to monitor TA and capacity building projects and initiatives, it will be difficult to bring reform into the present unsatisfactory arrangements. Such information system might be coupled with a formal review mechanism. Institution wide TA and capacity building projects and programs should follow as much as possible the usual country wide public investment review process under the responsibility of the Ministry of Finance. We know that setting up such a review mechanism for TA will be difficult in Afghanistan where off-budget funding is

very significant. We also know that such systems are always porous and often allow low priority projects to pass through. But a centralized screening is needed to provide comprehensive information and in country transparency for rational budget allocation to these activities. TA resources are indeed scarce despite the fact that there is no visible cost attached.

This means that some unit in a ministry with the monitoring responsibility in the government structure, (for instance the Ministry of Finance) should be responsible for tracking all significant TA expenditure in the country and making sure that: (i) all significant TA activity is identified and even off-budget TA is at least traced, pre-empting serious overlaps; (ii) all large TA and capacity building projects and programs meet “good practices” such as basic requirements in terms of clear needs assessments and integration within the framework of clear institution wide capacity building plans; (iii) rules have been specified for an organized phasing out of expatriate personnel and, (iv) standard limits regarding unit cost of expatriate personnel and afghan experts are complied with.

Such monitoring unit should be able to trace and compare the break down of TA and capacity building costs between personnel, training, equipment and operating costs. It should also collect information on the respective performance of consulting firms operating in Afghanistan and make sure that firms which have done a poor job are efficiently blacklisted.

*A policy unit also needs to be set up*

A policy unit should also be established in the Afghan administration to determine country wide policy regarding TA and capacity building activities. A logical location for such unit could be IARCSC, however IARCSC is considered already overstretched by its tasks related to the public administration reform program. A monitoring unit in the Ministry of Finance might thus easily assume policy responsibility. At the end of 2006 the Ministry of Economy was given overall responsibility for capacity development but apparently the respective responsibilities between IARCSC and MOE still need to be worked out. Finally, the Afghan Advisory Group planned to be set up in the context of the USAID ABC program might also constitute an informal policy group making recommendations to the Government. Whatever the final decision, establishment of such a formal or informal unit would be very useful.

Initial terms of reference for this unit should first be to review this report’s proposals and the different contributions made by several donors (UNDP, DFID) in this area, approve or vet them and try to transform them into government policy regarding in particular good practices for technical assistance and capacity building. Other important issues need to be decided by this unit such as the acceptable salary brackets for both international and local individual consultants funded through the budget and the maximum accepted costs for consulting firms.

In this area an important and sensitive related issue would be to try to discipline the present uncoordinated and damaging donor behavior regarding salary top ups in ministries and projects they help to fund. Lack of discipline pushes both consultant costs and civil service salaries up in a dangerous spiral. Since imposing such

discipline is likely to be resented by some donors, close involvement of the Ministry of Finance in this area will be needed and some support from the IMF may also be requested. In the context of the introduction of the new P & G, it will be important to restrain donors in their salary top ups policy in order to avoid a new salary spiral.

### ***Testing and if possible systematizing new approaches***

*There are strong doubts regarding the standard “expert with counterpart” model*

Since the early 90s, there have been worldwide increased criticisms and doubts regarding the efficiency of the standard TA model based upon the long term resident expert with a local counterpart supposed to be trained on the job before taking over the responsibilities.<sup>34</sup> The reasons for the poor performance of this model in terms of capacity building are well known. *First*, the resident expert focuses on getting the work done rather than on training because his terms of reference and his incentive structure focus on the delivery of hard outputs. *Second*, there is often no counterpart, or the counterpart is selected too late, or he has no motivation, is not up to the job, or if adequately trained and ready to take over, he moves on to some other assignment.

The way TAs are selected on the basis of technical skills rather than managerial and communication ability, the way they are managed largely by donors eager to “get things done”, their short term output oriented objectives and the weaknesses of the counterparts system make this model suboptimal for capacity and institution building. Success of this model would require that the work environment is conducive to easy transfer of skills and competence. In fact low salaries, lax management and weak discipline usually undermine its effectiveness.

International experience of both large public institutions as well as large private companies very clearly shows that the best training is done through the devolution of clear responsibilities to trainees under the close supervision of a more senior and experienced supervisor. This supervisor can check his/her performance and guide his/her behavior. This is the way all large institutions behave, from the World Bank with its young professional program to large private companies with their accelerated executive programs for promising individuals. This is not how the expert/ counterpart model works since the key principle of learning by doing is not enforced.

In fact in this standard model counterparts cannot learn from their own mistakes. The underlying assumption that counterparts and experts are professional equals is misleading; their relation is by nature ambiguous and tends to systematically create frustrations. Being more experienced better paid, better equipped and more motivated the expert can turn out outputs faster than his counterpart who feels left out. Among counterparts, strong personalities which are in high demand for managerial positions tend to be discouraged by these ambiguities and the lack of responsibility.

Despite its obvious flaws for building capacity, the resident expert with counterpart model is nevertheless still widely predominant in Afghanistan. More worrying, while ability of this model at training local staff and transferring skills appears to be low, its

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<sup>34</sup> This is still the prevalent model in today’s Afghanistan. In the MOF for instance there were in January 2007, 76 long term international TA for 45 short term consultants.



ability to attract the best foreign brains in the context of high insecurity is highly doubtful.

*New and better performing approaches need to be tested and if successful systematized*

While continuing for an interim period with gap filling TA when and where really needed, it is advisable to test and if possible systematize new forms of TA support in Afghanistan. Such new approaches should be based upon short term high skilled technical assistance involved in coaching local qualified staff over long periods. There is also a need to actively search for twinning arrangements between similar institutions.

- *Remaining “gap filling” TA should preferably be integrated within normal administrative structures*

It was already mentioned that there will still be a need over the next few years for highly specialized engineers and technicians and for experienced managers. The best way to make such staff highly effective is usually to integrate them in the normal hierarchical structure. This means that the relevant positions should be part of the tashkeel of the different institutions and vacant. They should be filled in the context of the human resource development plans prepared by the HR departments. Such staff, integrated into the normal structure, should therefore be part of the work teams with peers, subordinates and supervisors. They should as much as possible lose the highly ambiguous positions of advisers at least for technical positions since line management positions cannot be entrusted to expatriates in Afghanistan.<sup>35</sup>

Such gap filling TA is costly for donors and we also noticed its various and significant drawbacks. It should not be used excessively and resource allocation should give a clear priority to ministries and agencies undergoing organizational reforms in the context of the PAR program. HR departments in need of strengthening should be a priority area for provision of such TA, in this case specialized in human resource management. Phasing out of these expatriate TAs needs to be planned ahead of time. Various lower costs options also need to be more systematically explored, like greater use of sub-regional experts and of Afghan consultants (AEPs, LEPs and private Afghan consultants). One should be cautious not to expect from such gap filling approaches ambitious training and capacity building outcomes.

- *Greater use should be made of short term “coaching” advisers particularly in the management sphere*

The skill scarcity in Afghanistan puts heavy pressure on a very limited number of managers with limited experience. As a result these local managers have no time to

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<sup>35</sup>Being part of the regular tashkeel, a question arises as to whether such TAs should be recruited through the usual merit based system and, since most of them will be grade 2 or above, be selected by the Independent Appointment Board (IAB). It seems that Afghan experts LEP type should follow the standard selection process through IAB. However, recruitment of international expertise is a different issue and should most likely follow specific bidding processes under the overall responsibility of the deputy minister in charge of coordinating TA in a given ministry.

monitor or coach their subordinates and their skills are also sometimes insufficient to properly coach them. There is and there will therefore be a huge need for coaching and training of newly recruited staff in the context of the new P & G approach. The greatest needs are likely to appear in the management area where supply of experienced expatriates is also limited and very costly. However, in a difficult security environment it is unrealistic to expect attracting experienced foreign consultants or experts with serious management background in the context of long term resident contracts. If by chance such experts could be made available, their cost would also be a very serious issue even for the most affluent donors.

In such context, much greater use should be made of short term “coaching” advisers, particularly coaches with wide managerial experience. This approach involves regular short term visits every few months by highly experienced foreign professionals. Such professionals should start with longer than average first visits (one or two months) to help assess what are the critical institution building related problems that they need to help fix. Then short regular visits of a couple of weeks over long periods provide guidance to help solve the identified problems and assess progress made. The coach remains in electronic and telephone contact with his trainees. An option is to have such visits coordinated by a permanent resident expert or project manager who can provide an overall perspective.

Impact of such approaches can be much greater than the resident /counterpart model. Its social and psychological acceptance is also easier. But it also has its limitations: Unless local officials are fully engaged and supportive of the process, not much will happen after the coach leaves. Success is, therefore, highly dependent upon local leadership and its ability to inspire the drive of local staff for results. Donors used to manage TA projects based on long term resident adviser are also likely to be reluctant to increase their administrative burden required by managing smaller consultant contracts which in addition require a wider perspective on institution building which is often missing in resident missions. Finally consulting firms used to easy money with long term contracts usually find such short term coaching approaches unprofitable.

- *Greater use should be made of local private consultants*

While the AEP project has yielded mixed results, there clearly is a great demand for experienced AEP type staff. Such experienced Afghan expatriates are likely to be available if there is a mechanism which can facilitate the matching of supply and demand. In the Afghan context, great care should of course be taken to avoid risks of influence and nepotism. But a progressive shift towards institution wide technical assistance funds would most likely create a demand for such skills and generate a supply through the establishment of small Afghan consulting firms providing both senior and junior experts. Other countries such as Ghana or Senegal have moved in this direction. The greatest obstacles and risks to such an expansion of local consulting capacity are administrative inertia and political favoritism.

- *Twinning arrangements should be more systematically sought*

Twinning is a long term partnership between two similar institutions with different professional experience. The idea is for the less experienced institution to benefit

from the more experienced to access general know how, training facilities, and eventually technical expertise and managerial support, as required. Twinning has been common in areas such as water management, electrical utilities, and universities. It has also been employed to help build capacity in specific ministerial departments such as treasury, customs, budget, public investment planning, road maintenance, supervision of school construction, management of public hospitals etc.

Twinning is usually much more effective at capacity and institution building than common TA approaches for several reasons: (i) the shared business functions and experience create an easy zone of common understanding and interest. (ii) Interaction occurs among many individuals rather than among a very small number of experts and counterparts. (iii) Twinning arrangements are easily adaptable to changing circumstances, personnel change etc, and (iv) twinning helps build long term relationship based upon trust and confidence.

The great challenge in setting up twinning arrangement is the difficulty to find a parent organization and to secure its interest. This is a very serious problem. It explains the fact that apparently in Afghanistan, the Ministry of Finance which actively searched for such twinning arrangements in 2002/2003 (?) with Malaysia for the Treasury and Budget departments finally had to fall back on a more standard TA approach. The massive and emergency nature of the task it was confronted with was indeed not compatible with the medium term nature of the negotiation of such arrangements. Now that the emergency phase of the Afghan institutional reconstruction has passed, renewed efforts should be devoted to searching such twinning arrangements, particularly with institutions from the sub-region. This can be done through diplomatic and political channels. But direct contact should also be encouraged.

Twinning arrangements have a strong reputation as an effective form of capacity building when both institutions can derive mutual benefits from the arrangement. This may be an obstacle in Afghanistan since the difference in institutional capacity and the paucity of the local market make such twinning arrangements less attractive for the foreign institutions who cannot yet expect much financial benefit from it. This is where some imagination and overall donor financial support should be mobilized. Donors should accept to fund the costs of such institutional support provided by sub-regional institutions to Afghan institutions. This may shake donor habits and procedures and this is where goodwill and creativity will be required.

### ***The debate regarding contracting individuals versus firms can be clarified***

There is an ongoing and unresolved worldwide debate on whether TA should preferably be contracted through consulting firms or on individual basis. While the common practice is to recruit TAs through consulting firms, it is also believed that in many circumstances a better service can be purchased through hiring of individual consultants.<sup>36</sup> This debate has been reactivated in Afghanistan due to the mixed performance and extremely high costs of several consulting firms.

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<sup>36</sup> This debate was quite acute in the mid 70s in France. It was led by the French aid system which decided that consulting firm fees were excessive and stopped hiring TA through consulting firms in favor of systematic use of individually recruited TA, a decision which led to the disappearance of several French consulting firms. Assessments made in the 90s led to an unconfirmed conclusion that

Criticisms which can be attributed to the cost performance ratio of consulting firms in Afghanistan should be linked to (i) an overall lack of competition in the country where for security reasons few consulting firms appear willing to work, and (ii) well known lack of internal capacity to properly monitor and manage TA. At the same time, experience with TA provided by individuals or groups of individuals has also been mixed and proves to carry considerable rigidity, since it is more difficult to dismiss individuals than ask for staff replacement from a consulting firm.

A possible recommendation to clarify this decades old debate in the case of Afghanistan is to understand that (i) it would be a costly administrative nightmare for both the government and donors to try to recruit and manage individual consultants to meet all present TA needs; (ii) in some specialized technical fields this would just prove impossible; but (iii) for some critical TA services, particularly for senior management support, senior level advisory or analytical service, particularly when based upon coaching, recruitment of experienced individuals is likely to prove both more effective and much cheaper than firms. However, this use of highly experienced individual consultants requires access to rosters of senior consultants that only donors maintain and incurrance of significant administrative burden for donors and government.

***Finally it is urgent to launch the debate on how best a reform process can be jumpstarted in poorly performing ministries and organizations.***

In an ideal world, a change in leadership is the best approach to jumpstart the reform process in a deeply dysfunctional organization. However, experience shows that due to political constraints this is not always possible. Under such circumstances there is no alternative to setting up under the responsibility of a deputy minister or some senior professional both a reform management unit and a strengthened human resource and capacity building department. Presence of experienced TA and AEP type personnel can help. But it should be clear that neither donors nor technical assistance can lead a reform process and that the limitations imposed by lack of proper leadership should not be underestimated.

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the reduction in TA costs had been more than balanced by increases in overhead costs at the Ministry of Cooperation for managing individual TAs and that there were serious questions as to (i) a likely loss of expertise and qualification among individual experts and (ii) possible patronage and even corruption in the management of a large number of individual TAs by the Ministry. This debate in France has never been properly resolved while it is this consultant strong belief that consulting firms if submitted to competition and to proper performance monitoring can statistically do a better job than individually recruited consultants.

## CONCLUSION

### *The path is narrow between technical constraints and political pressures*

Given the obvious capacity and institutional weaknesses in Afghanistan, it is clear that too much was expected from a poorly coordinated albeit massive technical assistance support. TA support indeed needs to be part of a difficult process of public administration reform and state building which as any institutional change, takes considerable time. While massive “capacity buying” is likely to remain necessary in the very short term, it is now apparent that such policy is neither fiscally nor politically sustainable in Afghanistan.

The magnitude of the remaining institutional weaknesses in Afghanistan is such that a gradualist approach to reform of ongoing practices in the use of technical assistance would be needed. Time will indeed be needed to convince donors that they have to relinquish most of the control that they presently exercise over technical assistance. Afghan institutions also need time to strengthen their human resource management capacity and to progressively implement their ambitious public administration reform program. But neither donors nor government should forget that political pressures are building up against what is perceived as a useless and costly technical assistance and that changes in approaches are urgent.

### *Combining public administration reform and a reformed approach to technical assistance can trigger a virtuous circle of self reinforcing mechanisms*

We know that TA works best where it is less needed. Present donor behavior has been critically linked to the very low capacity in most Afghan institutions. Hopefully, human and managerial capacity will improve in some key Afghan ministries and agencies with the implementation first of PRR, and hopefully within a few months with the introduction of Pay & Grading and the generalization of an enhanced merit based appointment process. Under these circumstances, much better use should be possible of a better selected, better managed and better coordinated technical assistance. Improved organization of Afghan ministries and agencies will allow technical assistance to move out of its present low impact type of activity (e.g., editing or writing management letters and reports to donors, organizing logistics, etc.) and to begin having an impact on effective capacity building.

Public administration reform is therefore the critical element for the success of a revised approach to technical assistance in Afghanistan and its harnessing for more effective capacity building. A positive dynamic can emerge from such interaction between improved Afghan management and a better use of technical assistance. Already MRRD provides a good example of what can be achieved by such positive interaction. Implementation of the public administration program should greatly help to make a much more effective use of technical assistance, thus triggering a virtuous circle where TA also supports and facilitates reform.

However poorly performing ministries and organizations will remain a challenge.

*More efficient allocation of technical assistance will require in the long term, better management of the demand side*

State building requires public accountability institutions and mechanisms. As an almost “free good”, technical assistance as well as donor top ups and AEP and LEP staff funded by donors entail almost no cost to receiving organizations. This by necessity leads to non optimal use, wastage and inefficiency. It may still be too early to discuss introduction of some market led mechanisms in Afghanistan to reduce such risks of inefficient use of what in fact are scarce and costly resources. But in the near future this is an issue that the proposed policy unit which should be established will have to look at. Ensuring that TA resources flow through the Government budget and are allocated according to explicit priorities taking into account budget trade-offs would facilitate greater scrutiny of TA proposals. TA management indeed requires revised supply mechanisms. But the demand side also needs to be better managed in the future.

*Mitigating the impact of Dutch disease will require establishing a code of conduct to regulate the escalating salary rises of Afghan experts*

These recommendations should allow for a transition facilitating effective capacity building. They should also allow progressive substitution of expatriate personnel by Afghan expertise, issue which is becoming politically urgent. However such evolution also entails a significant risk of increased aid induced Dutch disease in Afghanistan.

In a context of scarce skilled human resources, the lack of hard budget constraints on the donor side has a pull effect on salaries of afghan professionals. Such pull effect is also always strengthened by the massive presence of expatriate experts, phenomenon which was historically demonstrated in the 70s in Cote d’Ivoire.

**Box 5: Example of West Africa: Unexpected Negative Impact of Technical Assistance**

In the 60s and 70s, Cote d’Ivoire was confronted with an acute lack of capacity to rapidly expand primary and secondary education. President Houphouët Boigny who wanted to quickly “push” his country towards high quality universal education decided to ask for a massive influx of French teachers in order to make up for the lack of Ivorian teachers.

In this context, several thousand French teachers came to Cote d’Ivoire from the mid sixties until the mid seventies, under a cost sharing agreement between the French and the Ivorian governments. Working along their Ivorian colleagues, these French teachers certainly contributed to a general upgrading of the local education level. However, an unexpected outcome has been the demonstration impact of their salary level and consumption habits on local teachers. Working in the same schools with similar responsibilities, French teachers were getting a French salary plus expatriate benefits while local teachers were of course paid as Ivorian civil servants.

The salary discrepancy led to deep frustrations culminating in strikes which drove upwards the salaries of local teachers up to a point where the salary structure of the teachers had to be separated from the civil service salary structure. In about ten years the average salary of primary school teachers reached a ratio of about 10 to 12 times the per capita GDP. As a

result, despite rising budget allocation to the education sector reaching 40 percent of the overall budget in the late 70s, the high salary cost of teachers made universal education an elusive objective.

Research undertaken in the 90s in the context of the *Education Fast Track Initiative* shows that when the average salary cost of teachers goes beyond 3.5 times the GDP per capita, budget constraints make universal education very difficult. Cote d'Ivoire has never been able to reach universal education.

While it is now urgent to decompress civil service salaries and to introduce an adequate Pay and Grading reform, the very high salaries and uncoordinated donor top ups provided to Afghan experts, particularly in programs subcontracted to private firms or implemented by specific agencies create huge discrepancies. The correspondingly exceptionally high salary levels are leading to a lack of fiscal sustainability and to increased dependency on donor. This is also having a major negative impact on the competitiveness of the economy.<sup>37</sup> Given the scarcity of skilled expertise in Afghanistan, some donor funded programs with abundant resources tend to absorb existing capacities in line ministries or even in other donor funded programs, thus leading to escalating salary demands.<sup>38</sup>

A code of conduct should urgently be negotiated between the government and the donor community to discipline the excessive competition among donor funded programs for scarce Afghan human resources and to regulate/cap the salaries and donor top ups provided to Afghan experts and Afghan TA, particularly in subcontracted programs. Since this issue is having a major fiscal impact, it is this consultant's suggestion to involve the IMF into this debate.

By Serge Michailof, World Bank - April 26, 2007

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<sup>37</sup> From discussions held in Kabul with private sector investors as well as AISA, it seems that already Kabul is a high cost city where average salaries for low skilled laborers in a factory are at least twice the level in Islamabad.

<sup>38</sup> There are already complaints from several ministries that the aggressive behavior of Baring Point, the consulting firm which will be implementing the USAID funded ABC program, is "vacuum cleaning" their own capacity!