The Effectiveness of Technical Assistance in Middle Income Countries

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Question

What is the available evidence on lessons learned on the effectiveness of technical assistance (TA) in countries that don’t receive financial aid?

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1. Overview

The broad literature on Technical Assistance (TA) in Middle Income Countries (MICs) notes that such programs were largely unsatisfactory, particularly in comparison with the scale of TA spending. The evidence suggests that TA programs both in terms of outcomes (e.g. building sustainable capacity) and impact (e.g. contribution to poverty reduction) have fallen short of expectations (Cox and Norrington-Davies, 2019; Greenhill, 2006). Andrews et al. (2012) also claim that five decades of big ineffective capacity building support entails that TA’s generic theory of change (ToC) is deeply problematic.

Nevertheless, TA effectiveness may depend on numerous factors – not least on whether it is short or long term, as well as on its scope and sector or country of focus (IMF, 2009; DFID, 2006). Andrews et al. (2012) recap the observations by Greenhill (2006) that TA projects have continued for so long, usually in the same recipient countries and sectors, indicating a pattern of repetitive failure. Some recent literature has noticed that TA may lead to changes in the ‘form’ of institutions, without necessarily changing their function. For example, Williamson (2015) notes that while institutional capacity, systems and processes have been developed, sufficient progress in institutions and improvement in public sector outcomes have usually not resulted. The World Bank (2005) has also noted that where TA has been used to fill gaps in skills required to manage Bank-funded projects, it has had insignificant real impact on bolstering client capacity. Land et al. (2015) additionally underscore that lack of enough TA facilitation has resulted in too many inept TA projects, especially before the rise of the aid effectiveness principles.

Even if the overall pattern of results on TA effectiveness is questionable, there is some evidence of encouraging capacity-development outcomes in specific institutional settings (Cox and Norrington-Davies, 2019). These successful cases generally involved embedded technical advisers working sensitively over a prolonged period. Tilley (2014), for instance, describes how ODI Fellows embedded into the Ministry of Finance in partner countries have assisted respective partner government in the Global South to establish an Aid Coordination Department and professional development of local staff.

TA to MICs (i.e. developing countries that don’t receive regular financial aid) may be particularly justified because of better likelihood of effectiveness when compared to Low-Income Countries (LICs). Glennie (2011) notes that TA related allocation of resources (or other development interventions) are not just carried out based on ‘need’, but also based on likely impact, or ‘effectiveness’. Aid could be more effective in MICs because it is relatively smaller as a share of GDP and government expenditure. It is noted that problems of ownership, conditionality and dependency are absent when aid is very small. MICs will generally have better governance structures, institutions and oversight mechanisms (compared to LICs) – meaning that foreign aid of any form (including TA) is more likely to be put to good use in MICs. (Glennie, 2011)

Beyond the academic literature, various reports issued by development agencies (e.g. DFID, Danida, BMZ Germany, AusAID, and BTC) as well as International Financial Institutions (IFIs) (e.g. World Bank, IMF, African Development Bank and Islamic Development Bank) have been looked at by this rapid evidence review. However, it should be stressed that some IFIs such as the World Bank are better poised in conducting reviews of TA programmes and also in making findings publicly available – as compared to other IFIs such as the Islamic Development Bank,
which is particularly active in TA programmes the Middle East and North Africa (MENA) region (see Section 3.2).

Some of the key findings from specific TA programmes across different MICs have been summarised below:

- Evidence from DFID’s TA operations reveal that long-term TA support has been successful (from evidences in different case studies). It was noted that the effectiveness of long-term support differed based on the specific programme context and on the quality of technical cooperation. Furthermore, short-term support was effective mainly when it was used as part of broader package of support.

- An evaluation of the provision of TA by Danida, BMZ Germany and AusAID has similarly shown that unique contexts of individual TA projects and settings ascertain TA effectiveness – hinting difficulty of generalisation.

- Evidence from the Belgian Development Agency (formerly BTC, now Enabel) has shown that assigning TA identification and formulation process to different donor agencies/departments may lead to coordination problems that may reduce TA effectiveness.

- Evaluation of World Bank’s TA programmes has revealed that the indirect effects of TA (e.g. effects beyond their stated objectives) could be significant. Some of the key factors associated with greater TA effectiveness in MICs were the level of government’s absorptive capacity, receptivity and buy-in as well as strong collaboration with clients, and continued follow-up.

- The evaluation of the IMF’s TA showed that TA effectiveness can be undercut by the lack of awareness of unique institutional features of client countries by TA experts. It was also shown that a fragile civil service can become a key impediment to sustaining capacity-building programmes.

- Evidence from the Middle-Income Country Technical Assistance Fund (MIC-TAF) of the African Development Bank (AfDB) showed that TA effectiveness can be adversely affected because of lack of clear strategic focus and setting of unrealistic implementation timelines for specific TA projects.

- Evidence from TA components of the ‘Pacific Private Sector Development Initiative’ has demonstrated that including the economic empowerment of women as a TA agenda (i.e. as a specific focus area) enhanced overall TA effectiveness – while also boosting private sector development initiatives.

- A review of an early-stage TA program (which is part of the Colombia Prosperity Fund Programme) has indicated that higher than planned operational costs and overly ambitious ‘Business Cases’ or ‘indicative logframes’ (e.g. planning too many development projects) will create challenges for TA effectiveness.

This brief report is structured as follows. Section 2 provides brief definitions of TA. Next, several (partially/fully) successful examples of TA in MICs by bilateral donors and multilateral development agencies are given in Sections 3.1 and 3.2. Further, Section 3.3 encapsulates some core challenges in measuring the effectiveness of TA. Additional evidence on TA effectiveness is provided through case studies on specific TA programmes in MICs in Section 4.
2. Technical Assistance: Brief Definition

Technical Assistance (TA) can be defined as “knowledge-based assistance to governments intended to shape policies and institutions, support implementation and build organisational capacity”. While ‘Capacity’ can be defined as “the ability of organisations to carry out, effectively and efficiently, programmes of coordinated action in pursuit of formal agreed goals” (Cox and Norrington-Davies, 2019). Furthermore, ‘Capacity’ is defined by OECD (2006) as “the ability of people, organisations and society as a whole to manage their affairs successfully.”

TA is one of the most commonly used delivery mechanisms in international development assistance today (Cox and Norrington-Davies, 2019). It became part of the development vocabulary in the decolonisation era, as development organisations provided support to newly independent countries in building up core government functions. TA is also central to south-south cooperation, whereby developing countries support each other via the transfer of knowledge and provision of capacity-building support.

However, as Cox and Norrington-Davies (2019) further note, there is a range of terminology in use, often used interchangeably and imprecisely.

- **Technical cooperation**: A term for TA that suggests a more equal partnership between provider and beneficiary (Lucas 2009). This term has gained growing popularity, as the development community has bolstered its focus on country ownership and leadership of development assistance.

- **Capacity development**: This term surfaced in the 1990s to portray the process in which people, organisations and society create, strengthen/adapt and maintain capacity over time. Even if it is frequently used interchangeably with capacity building, it recognises the agency of the partner country.

- **Capacity building**: Assistance focused on improving organisations’ capacity and skills, but can incorporate various levels of capacity, from individual to whole of society (World Bank, 2005). This term was promoted in the 1990s, as development practitioners acknowledged the need for ‘enhanced capacity to be treated as a goal, not simply a means for attaining other development objectives’ (World Bank, 2005). It is often used interchangeably with TA, even though some argue that it implies accords larger attention to ensuring the partner country’s capacity to set and implement its own development vision (Jones et al., 2012).

3. Effectiveness of TA to Middle-Income Countries (Overall Evidence)

3.1 Effectiveness of MIC TA: Case of Bilateral Donors

**Evidence from DFID**

A synthesis report on DFID Technical Cooperation (DFID, 2006) showed that long-term TA support has been successful (from evidences in different case studies). However, it was noted that the effectiveness of long-term support varied depending both on the context and on the
quality of the technical cooperation. Short-term support, conversely, had principally been effective when it was provided as part of an overall package of support.

TA management by DFID was more effective in the cases where DFID applied different styles and techniques. It was shown that effectiveness was enhanced where the choice of contractor was a joint decision between DFID and the Government in question, and where decisions followed an extensive selection (e.g. interview-based) to identify the right adviser/consultant. This finding is backed by the evaluation study, which found that joint recruitment processes and transparency in this process improves ownership (DFID, 2006).

In Ghana and Kenya (lower-MICs), the supported activities were part of a wider multi-donor effort – being most effective in Ghana. In South Africa (upper-MIC), government had articulated a policy framework for the use of TA. South Africa showed a strong level of ownership when compared to Ghana and Kenya.

Measuring the impact of the TA output proved to be difficult since the review did not include exercises to benchmark capacity and because capacity targets were not set. Only in a minority of the cases reviewed was it possible to identify output. In these cases, it showed that failure to meet the predefined output was because of lack of government commitment and progress, uncertainty about the mandate of the organisation supported, management weaknesses, or design flaws. It was also found that the quality and appropriateness of skills - belonging both to the potential TC provider and beneficiary organisation - were critical, with interpersonal skills being particularly important.

**Evidence from Danida, BMZ Germany, and AusAID**

An evaluation of the provision of TA by Danida, BMZ Germany and AusAID (based on case studies on MICs such as Vietnam and Solomon Islands) has shown that the context for TA plays an important role – just like the findings from the evaluation on DFID TA, noted above.

- In the case of Solomon Islands, a small lower MIC country in the pacific, the major lesson to be learned is that engagement of **TA in countries with fragile institutional setting (be it MIC or LIC) requires an exit strategy at entry, and very clear terms and conditions for engagement.** Danida (2007) notes that the needs are long-term in these countries with fragile institutions (e.g. Lower-MICs or recent LIC graduates) and it is difficult to be transformational, because of the weak institutional environment and the scarcity of trained human resources.

- A case study in Vietnam showed that, at a more operational level, there are positive experiences with regionally sourced TA. However, the case study also found that it was difficult to draw a set of clear ‘criteria’ regarding which mode of TA interventions have worked best and why. It was noted that the local partner (i.e. Vietnamese government) appreciates having a hand in the recruitment process, as well as setting up rigorous mechanisms to monitor TA. It has also been noted that it is preferable for government representatives to jointly recruit TA with the donor (Danida, 2007).

**Evidence from BTC**

The European Centre for Development Policy Management (in collaboration with ACE Europe) conducted a study on behalf of the Belgian Technical Cooperation agency (BTC) and its policy
setting partner Directorate-General for Development Cooperation (DGD) on the future role of TA in Belgian development cooperation (BTC, 2006).

It was noted that, when the partner country is serious about development and is capable of managing and controlling resources (e.g. MICs), the need for a TA expert to focus on resource transfer aspects is much less pronounced. Proposals were made by BTC to undertake a study on how to operate in MICs and emerging economies (such as South Africa, Morocco, Ecuador, and Vietnam) where specific needs for TA and expertise may be significantly different in comparison with what is needed in fragile and more destitute countries (BTC, 2006). However, in recent years, the focus of BTC (now called Enabel)\(^1\) has shifted primarily to LIC countries (DGD, 2019).

BTC, unlike many other bilateral development agencies, had a separate TA identification and formulation process (as DGD is the agency that identifies TA programmes, while BTC formulates it). This system has proven difficult for efficient programme coordination and effectiveness of the mobilisation of TA.\(^2\)

### 3.2 Effectiveness of MIC TA: Case of International Financial Institutions (IFIs)

With varying degrees of emphasis, most IFIs have two objectives in providing TA:

(i) improving the design and execution of IFI-financed projects, and thus their ultimate developmental or policy impact; and

(ii) building institutional capacity, skills, and knowledge in client countries.

Traditionally, most IFIs have accentuated the first objective, providing TA as an input to investment operations – for example, to finance project-related studies and build the capacity of executing agencies (e.g., Islamic Development Bank (IsDB)), to achieve the best developmental results of IFI financing (African Development Bank (AfDB)), to improve the quality and sustainability of IFI investments (European Investment Bank (EIB)), or to help client countries implement IFI policy advice (IMF). More and more, however, some IFIs have expanded the objectives of their TA beyond improving the performance of their lending operations to ‘stand-alone’ goals, such as strengthening institutions and facilitating knowledge exchange (World Bank Group), or promoting the transfer of technology and fostering regional cooperation (Asian Development Bank (ADB)) (ECG, 2012).

Although the definition of TA varies from one IFI to another, there are some parallels. Activities related to the preparation, implementation, and evaluation of IFI-financed projects usually are part of IFI TA (the exception is the IMF, which does not provide project financing). All IFIs involve ‘capacity development’ in one form or another as a category of TA. What is considered as TA usually excludes internal activities related to IFI management (e.g. the preparation of country or sector strategies) and training provided to IFI staff.

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1. BTC has recently changed to a renewed and reformed Belgian Development Agency (Enabel).
2. Other donors have a typically linked process – adding more control and coordination to the TA process (Danida, 2007).
Evidence from World Bank Group (WBG)

The WBG has steadily earmarked a larger share of its administrative budget to ‘core’ knowledge work, which includes TA; economic and sector work (ESW); impact evaluations; external client training; research; global monitoring, and new product development (World Bank, 2011a). In 2011 these core knowledge services amounted to 31% of the Bank’s budget, compared with 24% in 2002. The amount spent on TA nearly increased by fourfold between 2002 and 2010 (ECG, 2012).

World Bank Independent Evaluation Group’s evaluation of the World Bank’s TA and ESW found that most ESW and TA met their specified objectives to at least an average extent, although their effectiveness was stronger in shaping Bank lending and strategy than in providing support directly to clients (World Bank, 2008). The indirect effects of TA and ESW – through Bank lending – were greater than the direct effects. In some cases, ESW and TA had effects beyond their stated objectives. Some of the factors leading to greater TA (and ESW) effectiveness in MICs (and other developing countries) were the degree of government capacity, government receptivity and buy-in, close collaboration with clients, and sustained follow-up. With respect to monitoring and evaluation, the report found that the implementation of the Bank’s results tracking framework has not been enforced (ECG, 2012).

Evidence from International Monetary Fund (IMF)

The IMF’s TA focuses on designing and implementing appropriate policies and bolstering institutional capacity. Most IMF TA to MICs is provided via short, one-off IMF missions, short-term and long-term resident experts, and training.

The evaluation of the Fund’s TA by its Independent Evaluation Office (IEO) found that TA effectiveness has been weakened by a lack of proper understanding of institutional, organisational, or managerial features of client country (ECG, 2012; IMF, 2005). Importantly, a weak civil service is a major impediment to sustaining capacity-building efforts. The evaluation also noted weaknesses in the dissemination of TA reports and in the coordination between the IMF and other donors. A major conclusion of the IEO study was the necessity to divide the results chain into two steps: i) the extent to which TA has enhanced the technical capabilities of agencies receiving TA, and ii) the ability of agencies to use that knowledge and implement their mandate. The latter case may often require political support (ECG, 2012).

Evidence from African Development Bank (AfDB)

In a recent evaluation of TA for ESW in AfDB, the Central Evaluation Department (CED) (in particular, Operations Evaluation Department (OPEV) of AfDB) found that it was difficult to assess the costs, efficiency, and effectiveness of such knowledge products (AfDB, 2011). The volume of ESW production has risen significantly in recent years, but the portfolio remains dispersed, untraceable, and inconsistent. As ECG (2012) notes, there is no clear definition, governance, and procedures for quality control of AfDB ESW. Methods and procedures for dissemination are generally ad hoc and vary across Bank units. Furthermore, the level of internal utilisation of ESW products is low, and it is not clear if there is a good demand for many ESW products.

Hitherto, there was no systematic monitoring or evaluation of activities financed by the Technical Assistance Fund for Middle-Income Countries. However, Bank Management has planned new reporting arrangements in the form of quarterly reports targeting a pre-established results-based framework, in addition to supervision and auditing mechanisms, in the form of project completion
reports, so as to measure the impact of grants after approval (ECG, 2012). See also Section 4 (Case I) for an evaluation of this programme.

Evidence from Islamic Development Bank (IsDB)

Evidence on IsDB TA effectiveness is limited. Self-evaluation of private sector advisory services is just commencing. Self-evaluation of public sector TA is not done systematically. Independent evaluation guidelines for TA are being reviewed. IsDB also has been moving away from evaluating individual TA operations to evaluating TA programmes and TA clusters at the country level (ECG, 2012).

3.3 Challenges in Measuring Effectiveness of TA

Because TA self-evaluations by development agencies are conducted very soon after project closure, they usually report on the achievement of outputs, or at best intermediate outcomes, rather than final outcomes. In WBG-IFC, for instance, many advisory services projects do not achieve results at the level of final outcomes by the time they close. During 2008-2010, 22% of IFC advisory services completion reports did not have a ‘Development Effectiveness’ rating (11% were ‘too soon to tell’, 6% were ‘cannot verify’ due to poor CR quality, and 6% were exempted from a Development Effectiveness rating due to the nature of the project). 60% did not have an “Impact” rating, i.e. no ‘final outcome’ rating/score (Johnson, 2012).

IMF self-evaluations of TA also focus on intermediate outcomes rather than final outcomes (impacts) (ECG, 2012). Current practice in the WBG-WB is to monitor and evaluate the results of knowledge activities by focusing on intermediate outcomes (i.e., the level of results where the Bank has more control), but efforts are underway to move more toward measuring final outcomes (World Bank, 2011b). However, a recent IEG evaluation of Bank-wide TA and ESW noted the difficulty of attributing long-term development outcomes (growth and poverty reduction) to these activities. Instead, the evaluation focused on intermediate objectives and success indicators (World Bank, 2008).

Most ECG members use the OECD- Development Assistance Committee (DAC) core evaluation criteria (relevance, effectiveness, efficiency, and sustainability) in their evaluations of TA activities. Within these broad criteria, some IFIs have defined sub-criteria that are specific to TA evaluations. Other IFIs have moved away from precisely applying the OECD-DAC criteria toward different criteria that are customised to the characteristics of TA. The question for the TA GPS is the extent to which the OECD-DAC criteria can be adapted to TA by specifying sub-criteria that are relevant to TA characteristics, and whether the same set of sub-criteria be used for different types of TA.

Evaluating the ‘efficiency’ in TA evaluations is problematic. It may be difficult to do cost-benefit analysis or calculate an economic rate of return for TA because of the difficulty in placing a monetary value on benefits. Cost effectiveness analysis might be possible for some types of TA (e.g., training), but less feasible for others (e.g., policy advice). Many development

3 AfDB offers three types of TA – namely, i) Institutional capacity building (public and private), ii) Project cycle operations (public and private) to finance feasibility and engineering studies, and iii) TA grants for Middle Income Countries (ECG, 2012).
institutions in practice ground their assessment of efficiency on the timeliness of the TA activity. (ECG, 2012)

4. Case Studies: TA programmes in MICs and their Effectiveness

Case I: Middle-Income Country Technical Assistance Fund (MIC-TAF)

Project Details

The Middle-Income Country Technical Assistance Fund (MIC-TAF) was established by the African Development Bank Group (AfDB) in 2002. The TA was intended to address issues such as the limited access of regional member MICs to financial resources for investment preparation and analytical studies. The objective was to improve the volume, quality, competitiveness and development effectiveness of the Bank’s operations by providing grant resources for capacity building, economic and sector work (ESW), and project preparation in MICS and blend countries (AfDB, 2019).

Evidence on Effectiveness

- In April 2018, an Independent Development Evaluation (IDEV) of the MIC-TAF was ordered. The evaluation investigated issues around the Fund’s governance, as well as the factors that hindered (or promoted) the utilisation of funds (AfDB, 2019).

- The effectiveness of the Fund was rated as satisfactory overall. However, strong evidence of the achievement of development outcomes could only be verified in 17 out of the 185 grants in the MIC-TAF portfolio that could be linked to new or ongoing lending operations in beneficiary countries. Most operations ultimately attained their planned outputs, but the usefulness of those outputs was variable. Additionally, as was the case for ESW, evidence from the interviews with the Bank’s Task Managers suggested that the follow-up on outputs to ensure their continued usefulness and the concrete achievement of outcomes was not systematic (AfDB, 2019).

- The Fund lacked a clear strategic focus. It supported a wide range of activities across multiple sectors. The evolution of the Fund through the various guidelines shows that its purpose has widened over time, with an increasing list of activities. Although interviews with operations staff suggested that broadening the scope was necessary to increase the use and coverage of the Fund, as well as to meet the needs of countries, the evaluation considered that this evolution potentially reduced the Fund’s development effectiveness.

- The most important weakness of financed projects was their unrealistic implementation timelines, which often resulted in extended implementation delays and high transaction costs. Ultimately, this led to cancellations and political issues with the governments, and a negative impact on the Bank’s image. (AfDB, 2019)

- The quality of MIC-TAF projects was sometimes affected by various forms of country-specific risk. Three categories of risk that required attention were: (i) risks related to a
country’s internal political environment; (ii) risks related to the capacity of implementing partners to execute an approved project, and (iii) risks in sustaining the development impact of projects beyond the point of exit (AfDB, 2019).

Key Lessons Learned

- One of the key lessons identified in the PCR was to avoid designing programmes that were too ambitious and beyond the capacity of the implementing agencies.
  
  o For instance, a MIC-TAF project (namely, ‘Institutional Support Project at the General Secretariat of the Arab Maghreb Union’ consisting of Mauritania, Morocco, Algeria, Tunisia, and Libya) went through three extensions and was completed in 54 months instead of 18 months – because the project design was not consistent with the institution’s capabilities (AfDB, 2019).

- Another important lesson from the project is the need for flexibility in making design adjustments to consider changes in the institutional framework.

Case II: TA to ‘Pacific Private Sector Development Initiative’ (PSDI)

Project Details

- The Pacific Private Sector Development Initiative (PSDI), 2007–2017 was a programme managed by ADB that provided support to Pacific Developing Member Country (DMC) governments (i.e. a group of lower and upper MICs in the Asia pacific region) on issues such as access to finance, business law reform, state-owned enterprise (SOE) reforms, public–private partnerships (PPPs), the economic empowerment of women, and competition and consumer protection.

- These interventions were complemented by analytical work and sub-programmes on crosscutting issues. As per the available information, since 2007, the PSDI has launched 276 sub-programmes, of which 93 had been completed as of end June 2017. From a total of USD60.4 million allocated funds, USD42.2 million had been disbursed as of end June 2017. Of the total funds, ADB provided USD6.1 million, Australia USD49.8 million, and New Zealand USD4.5 million (ADB, 2018).

Evidence on Effectiveness

- The evaluation by ADB (2018) found that, after a decade in operation, TA programme in PSDI had supported the provision of several important inputs necessary for modern, functioning private sectors in Pacific MIC DMCs. This was achieved in a political economy environment that generally made private sector reforms difficult.

- Nevertheless, the delivered outputs did not fully achieve the intended outcomes. This is because the provision of building blocks (i.e., outputs) conducive to improving the enabling business environment was not adequate in itself. In managing the programme and delivering value added, ADB did not provide enough strategic guidance, thus missing out on opportunities to draw on its knowledge and experience to lead the programme (ADB, 2018).
In terms of effectiveness, PSDI supported the provision of the necessary building blocks for a better business enabling environment in several Pacific DMCs.\(^4\) The World Bank Doing Business indicators show that some Pacific DMCs improved over the 10-year period across a range of indicators. More recently, the 2018 Doing Business reported that the Pacific DMCs included in the study improved their economy’s distance to frontier, except for the Solomon Islands, Timor-Leste and Kiribati. The evaluation found evidence that online business registration and secured transactions asset registries established by PSDI are being used in several Pacific DMCs. For example, the establishment of an electronic business registry in Samoa in 2013 means it now takes less than a day to register a business there. Similar reforms are being implemented in Cook Islands, the Federated States of Micronesia (FSM), Palau, Solomon Islands, Tonga, and Vanuatu. The evaluation finding on the effectiveness criterion is in line with a 2015 IED study that found “PSDI has played a key role in supporting improvements in the business environment in the Pacific” (ADB, 2015).

The introduction of the economic empowerment of women as a focus area enhanced the effectiveness of PSDI III. By making this an explicit focus area, it improved overall TA performance. It is now established that including women in private sector development initiatives enhances general growth prospects (ADB, 2015). A review of the Private Sector Assessment documents (PSAs) showed that the analysis of gender and the economic empowerment of women became much more important after it became a focus area. A review of the other focus areas, as presented in PSDI annual reports, shows the same trend (ADB, 2018).

PSDI’s overall effectiveness remains constrained by the unique barriers faced by the private sector in the Pacific region. The unique conditions of the Pacific region also limit the application of solutions drawn from other developing regions. The private sector in the Pacific region is characterised by: (i) small domestic markets where purchasing power is low; (ii) significant distances to major markets; (iii) credit markets dominated by a few commercial banks; (iv) land tenure problems, and (v) high labour costs resulting from the crowding-out of businesses and individual investors by the public sector (DFAT, 2015; Holden et al., 2004). Delivering effective solutions in the Pacific region, thus, requires thinking outside the box and taking higher risks. PSDI work needs to be therefore contextualised\(^5\) (ADB, 2018).

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\(^4\) PSDI delivered value addition when it complemented other ADB products. There have been occasions when PSDI activities supported ADB’s core operational products and helped create a multiplier effect. Examples included providing design inputs and implementation support to policy-based operations in Solomon Islands (ADB, 2016), supporting TA implementation in Papua New Guinea (ADB, 2011), and assisting the transformation into a commercial bank of a microfinance institution established through an ADB grant in Timor-Leste (ADB, 2018).

\(^5\) The extent to which outcomes were achieved is unclear. The evaluation found that, while the results at the output level were often achieved and provided for legal and regulatory foundations for private sector development, outcomes and, to an even lesser extent, impact are less noticeable and often not measured. A 2014 ADB review found comparable results. It noted that even if the enabling business environment in the Pacific had advanced, “substantial and spontaneous private sector growth and investment remains elusive, and countries still struggle to diversify their economies away from a reliance on the public sector” (ADB, 2014). The reality is that many of the limitations on developing the private sector fall beyond the control of government policy. Because external factors may influence PSDI’s results, the evaluation found it difficult to isolate the ultimate impact of the sub-programmes.
Key Lessons Learned

There are several elements of PSDI’s modus operandi that align well with the literature on what works well in TA for private sector development in Pacific island countries. Some of these (according to ADB, 2018) include:

- **A demand-driven approach.** Development activities work best when the demand for the intervention is clear and well-communicated.
- **Analytical work and sequencing.** Reforms that are underpinned by solid analysis and appropriately sequenced provide the basis for success.
- **Clear and measurable results.** A clear results framework, including detecting milestones and sharing progress with clients, helps generate ownership.
- **International expertise.** Government clients have a clear preference for recognised and well-regarded international expertise.
- **Long-term engagement.** Trust and relationships are often identified as elements of successful international development programs.
- **On-the-ground presence.** Government clients, across a range of private sector development programmes, indicated that an on-the-ground and ongoing presence of consultants is vital.
- **Ownership.** Success and sustainability are more likely where the government counterpart has a real sense of ownership of the project and the process.\(^6\)
- **Tailored solutions.** Addressing common problems affecting private sector development demands adapting solutions to specific country situations and political economy contexts.

Case III: IMF TA programmes in MENA countries through the Middle East Regional Technical Assistance Center (METAC)

Project Details

METAC is intended to provide TA activities and training in the IMF’s core areas of expertise (including macroeconomic policy, central banking, tax and revenue administration, public financial management, macroeconomic statistics, and financial sector soundness). The model of TA provision is based on a team of resident advisors located within the region (in Beirut), augmented by short-term experts. METAC’s activities are an essential part of the IMF’s overall TA programme for the countries and territories that it covers, closely coordinated with the support offered directly from the IMF functional departments. The countries/territories covered by METAC have remained unchanged since 2004 and constitute of Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza and Yemen (IMF, 2009).

\(^6\) A review of TA effectiveness (in the face of change of government) by Megersa (2019) shows that ensuring TA ownership and sustainability are important.
Evidence on Effectiveness

The overall assessment from the beneficiary survey is that METAC’s TA was considered as effective. 19% rated the achievement of the objectives of the TA as Excellent and 67% as Good, while only 14% rated as Modest and none as Poor. The quality of formulation and engagement by METAC was rated as Excellent or Good by 78% of beneficiary respondents, with 80% providing this rating to the practicality of recommendations. The extent to which TA was effective in generating implemented recommendations was assessed as Excellent by 17% of respondents, Good by 56% (and Modest by 9%). 39% of the respondents rated METAC as Excellent in building capacity and 42% as Good (IMF, 2009).

Based on the form of engagement and the mode of TA delivery, 89% of the respondents rated the quality of expertise and assistance provided and 72% the timeliness of TA as Excellent or Good. Among those expressing an opinion, 60% of the respondents rated the effectiveness of Resident Advisors as Excellent, 20% as Good and 20% as Modest. The effectiveness of Short term experts was rated as Excellent by 49%, Good by 37%, Modest by 11% and Poor by 3% of respondents, while the ratings for regional and national workshops/training were respectively 30% and 24% Excellent, 55% and 56% Good, 12% Modest in both cases, and 3% and 8% Poor. 70% of those expressing an opinion considered that the quality of TA from METAC was at least as good as that provided from IMF HQ (IMF, 2009).

The survey of training participants also indicated that training was effective with over 90% of respondents rating topics covered, and quality of resource persons/presenters and presentations as excellent or good and 93% rating the topics as relevant to the participant’s day to day work. The main reservations (ratings of modest or poor) related to insufficient time to interact with other participants (32%), post course follow up (32%) and length of the course (41%).

Key Lessons Learned

While the basic METAC TA model appears to be generally effective, more attention to regional information sharing and to implementation follow up is likely to be needed further to enhance effectiveness and sustainability.

Respondents to the survey of beneficiary organisations highlighted “more sharing of regional experience through METAC” as the main measure for upgrading the quality of TA provision. METAC has embarked on some regional activities that have been well-received and is engaged in initiatives to strengthen regional networking, but this has not been a major area of activity in terms of the allocation of TA time (IMF, 2009).

Identified as the next most important measure was the provision of more follow up to help on the implementation of recommendations and more use of long-term in-country experts. These can be viewed as both reflecting a concern with finding ways to enhance the effectiveness of a mode of TA delivery that is concentrated on short-term missions. A rise in the frequency of Resident Advisors visits to countries was also seen as important by 70% of the respondents. Worries about implementation follow up were also noticeable in the countries visited – especially those that provide more challenging environments for capacity development (IMF, 2009).
Case IV: Technical Assistance for Smart Cities (TASC)

**Project Details:** (TASC Business Case, 2016 & TASC Annual Review, 2017)

The GBP 4.98 million Business Case for TASC was approved by the Head of DFID India in July 2016. DFID India through TASC wishes to support Ministry of Housing and Urban Affairs (MoHUA) of Government of India (GoI) to implement reforms in the urban sector.

Smart urbanisation is vital for India’s development and as a result is a top priority for the Government of India. Urbanisation is also well aligned with the prosperity interests of the UK. The Government of India has specifically asked for UK expertise on the development of Smart Cities. This involves UK support for investment strategies, TA to the city/state authorities, and showcasing UK commercial and innovation expertise. Furthermore, support will include research collaboration, partnerships with the Indian central government and states, and business-to-business partnership development.

This intervention represents a shift from previous DFID work. This programme will be the first of its kind to combine strategic advisory support to the Ministry of Urban Development (MoUD) and 3-6 Indian cities to (a) establish a pipeline of investable projects and (b) bring in the best from the UK in city design, urban rejuvenation, smart technology and build strong academic, research and business partnerships to promote innovative urban solutions. TASC is devised to complement a USD500 million (each) lines of credit from the World Bank and the ADB.

**Evidence on Effectiveness:** (TASC Annual Review, 2017 – Year 1)

Progress was slower than expected due to delays in approval by the Indian Ministry of Finance, which in turn led to setbacks in procurement. Nonetheless, the DFID India team engaged with the ministry and sector stakeholders in the fast-moving urban sector in India to ensure the programme is well aligned with sector needs and government priorities. Moreover, several stand-alone activities were undertaken which allowed continuous engagement with key stakeholders and laid a strong foundation for the main programme.

One of the main milestones of the first year was procuring the TA Agency through the DFID Wealth Creation Framework Agreement. A GBP 3.18 million contract with PwC[7] will be issued and managed by DFID India to implement the TASC programme

There were setbacks while finalising the Terms of References (ToRs) for the TA agency with the Government partners. However, the programme appears well-positioned to achieve the desired outcome. Going forward, the scope will need to continue to evolve with the context e.g. revisiting World Bank (WB) support as their funding strategy has changed.

**Key Lessons Learned:** (TASC Annual Review, 2017)

- To attain results and outputs and ensure complementarity, a clear working arrangement with UK Government and agreement on geographic areas of intervention (cities/states) and level of engagements was necessary.

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[7] PricewaterhouseCooper LLP (PwC)
• Use of available UK Government funds guaranteed bridging activities and was useful in presenting a continued UK presence with the government at the State and the city governments.

• When consultants working on the programme also work across multiple DFID programmes, it makes it difficult to assure specific inputs are made on the given assignment.

Case V: Colombia Prosperity Fund Programme (CPFP)

Project Details: (CPFP Business Case, 2017 & CPFP Annual Review, 2018)

The CPFP Programme aims to realise economic development, unlock economic opportunities and drive growth in Colombia’s post-conflict and conflict-affected regions. The Programme will benefit about 3 million people with a focus on women and girls in Colombia’s poorest regions, and result in up to GBP1.99 billion (USD2.57 billion) of primary benefits to Colombia over 10 years. The potential secondary benefits for international (including UK) businesses, set within the context of a peaceful, prosperous Colombia, are significant.

Core areas of TA provision include:

• TA programmes to boost productivity of cities and tackle poverty by improving access to services. The proposed programme will support TA to plan, appraise and structure projects; promote transparency in the construction sector; enhance coordination across institutions for better urban planning, and better assess financing options for inclusive, safe, resilient and sustainable urban development.

• TA programmes to address the crucial barriers to agricultural growth and productivity which include inefficient use of land, lack of access to technology and finance, and limited penetration of tools to assess and manage risk. The TA from this programme will be very useful for the agricultural sector because in the past, just 9.6% of farmers had received TA or finance to help manage or develop their agricultural activities (DANE, 2014). Furthermore, the sector is also highly vulnerable to risks like climate change.

• The UK has also supported some preliminary capacity building activities (for implementation of ambitious local PPP programmes) based on UK expertise. Providing further assistance to develop PPP expertise in the regions will enable PPPs in Colombia to be implemented in line with the UK approach. Colombia is likely to be one of three main countries in the global Prosperity Fund Infrastructure programme. While the bilateral programme will concentrate on providing TA to National Infrastructure Agency (ANI), the global Prosperity Fund initiative will provide complementary TA to municipalities like Bogota and Medellin.

• The Theory of Change (ToC) also suggests that the programme will develop information systems, education and technology, and pilot programmes for insurance, providing TA to assess land use, and support pilot and commercialisation of agri-tech solutions

• The main cost across the programme is advisory services to deliver the TA and capacity building activities.
Evidence on Effectiveness: (CPFP Annual Review, 2018)

Progress to date suggests potential for the Programme to still provide against the business case’s original objectives, despite the higher-than-anticipated costs in some outputs’ activities and the consequent shift towards fewer but larger scale projects. The ultimate pipeline and the impact of changing the composition of the pipeline is uncertain and it is too early to fully assess effectiveness as actual results (outcomes) are not yet being reported.

Building implementing partners’ capacity on gender and inclusion (G&I) has been a core deliverable of the Programme so far. Integrating G&I in a systematic way into their programme management is improving the capacity of implementing partners beyond the Programme’s life. It will be vital to assess progress in future evaluations guaranteeing that lessons learned, and successes are celebrated.

Within six months of its implementation, the Programme made strong progress to deliver the outputs identified in the Business Case (across the three pillars over 2019-20): that is,

- institutional strengthening (e.g. feasibility studies on projects improving regional competitiveness; 22% Programme impact weighting),
- infrastructure improvements (e.g. inclusive Urban development solutions and feasibility studies on sustainable rail projects; 54% Programme impact weighting), and
- agriculture benefits (e.g. agri-insurance and agri-tech; 25% Programme impact weighting).

Nonetheless, the programme has faced considerable delays in converting inputs into outputs, mainly due to the process of establishing the activities (a de facto inception phase). Now that these have been established, they should not recur, and are not expected to have a material effect on the overall effectiveness and value for money over the Programme’s lifecycle.

Key Lessons Learned: (CPFP Annual Review, 2018)

As the Annual Review recommendations show, the overall number of regional competitiveness and urban development projects proposed in the CPFP Business Case and indicative logframe was overly ambitious. Together with the higher costs, there will be a substantial reduction in total projects numbers following the Programme logframe review in 2019.

Though not planned for, a de facto inception phase occurred as time was needed to deal with unforeseen challenges right at the start of Programme implementation. An inception phase is good practice for programmes of this nature and, on reflection, should have been included in the design of the Colombia Programme.

CPFP’s primary and secondary objectives require substantial socialisation with implementing partners. Key actors (e.g. Colombia’s Financial Institution for Development of the Regions (Findeter), the Latin American Development Bank (CAF), and Innovate UK (IUK) – the British Government’s agency for the promotion of innovation) all need support to understand the poverty, gender and inclusion focus of the Programme. To maximise Programme impact, this support must continue and spread to our wider stakeholders in government and the private sector in Colombia.
Colombia has good standing in international gender rankings as a result of its good policies and strategies. Nevertheless, according to CPFP Annual Review (2018), the country does not actively implement them. Neither does Colombia have adequate capacity to implement its own policies or international best practices.

5. References


https://idev.afdb.org/sites/default/files/documents/documents/MICTAF%20Executive%20Summary%20ENG%205%5BWeb%5D.pdf


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About this report

This report is based on six days of desk-based research. The K4D research helpdesk provides rapid syntheses of a selection of recent relevant literature and international expert thinking in response to specific questions relating to international development. For any enquiries, contact helpdesk@k4d.info.

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