

Supplementary Theory: Capacity Development (CD)

Capacity Development (CD) is the viewpoint from which the arguments contained in this study are based. Before commencing the main discussion, we will summarize the concept of CD and its trend in JICA.

Arguments regarding the impact of aid have mounted since the 1990s, and articles and statements which are skeptical about the impact of particularly technical cooperation have become conspicuous. For example, the 1991 *Human Development Report* had already raised the suggestion that “technical cooperation is the area of development assistance that is most in need of review,” and there was a spate of skeptical criticism against technical cooperation, including the acrimonious criticism by the DAC Chairman at the Maastricht International Conference in 1990: “That technical cooperation is depriving jobs from competent persons in developing countries is a waste of resources and is difficult to accept.”

JICA summarized the various criticisms of technical cooperation in its research report, “The Effectiveness and Problems with the Japanese-style of International Cooperation,” as follows:

(1) Problems on the part of donors

Ownership diminishes due to cooperation being donor-driven (or priority being given to the needs of the donor).

Because too much emphasis is being placed on short-term goals, cooperation ends up being centered around the activity of the expert, and capacity and institutional development are neglected.

The expert-counterpart method is ineffective. (In addition to above, the enthusiasm of the counterparts is an issue.) It is inefficient. (There is a great expense incurred in recruiting and dispatching experts.) There are also negative impacts. (Employment opportunities are being taken away.)

Donor management issues. (Individual projects are implemented disjointedly. They are not consistent with the national plan of the partner country. Aid is not being coordinated.)

(2) Problems on the part of aid-recipient countries

Management issues of developing countries (Developing countries do not have enough capacity or systems to adjust, absorb and internalize technical cooperation into the country’s own national system.)

Policy environment problems in developing countries (There are a number of instances where policies in conflict with the project purpose are adopted.)

Institutional environment problems in developing countries (Problems include corruption and undeveloped legal systems. Systems which can effectively utilize technology have not been

developed.)

(3) Other problems

Since it is basically (grant) aid, the level of cost-consciousness from a cost-benefit perspective diminishes, and market selection is not conducted.

Various recommendations to counter these issues have been put forward, but the most important and that which has become the turning point of the paradigm shift is the *Capacity for Development: New Solutions to Old Problems*, which was released by the UNDP in 2002. The report organizes and analyzes the abovementioned issues surrounding technical cooperation, and criticizes that the “old model” of technical cooperation in question is based on the following mistaken assumptions:

- The approach ignores existing capacities in developing countries, and tries to replace them with knowledge and systems produced elsewhere. Development in this case is not transformation, but rather replacement or displacement.
- The asymmetric donor-recipient relationship. This is the belief that, while donors and aid-recipients are regarded as equal partners, the development process is (should be) controlled by the donor.

Since technical cooperation had been conducted based on these “mistaken assumptions,” the technical cooperation undermined local capacity, distorted priorities, chose only high-profile activities, and undertook technical cooperation which ignored local needs under fragmenting management by expensive methods. This was the analysis of the report.

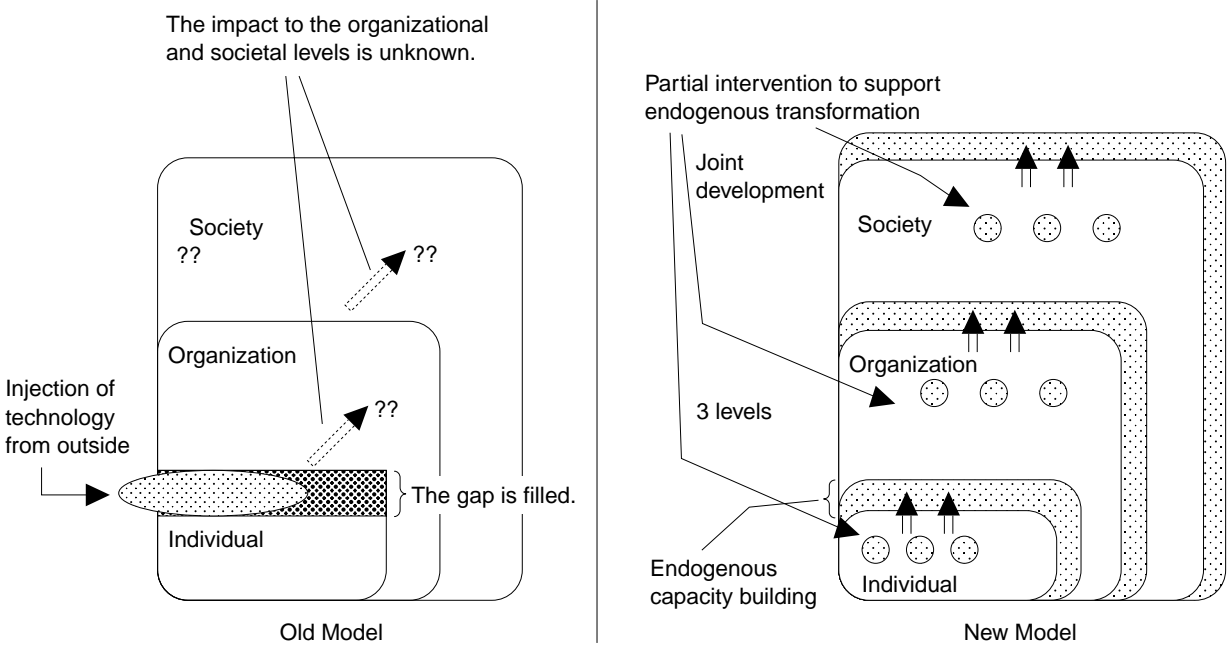
Table A-1 A Shift in the Paradigm in UNDP Reports

		Current paradigm	New paradigm
1	Nature of development	Improvements in economic and social conditions	Societal transformation, including “building of right capabilities”
2	Conditions for effective development cooperation	Good policies formulated overseas	Good policies formulated endogenously in developing countries
3	Symmetric property of donor-recipient relationship	Should be handled generally through a “spirit” of partnership and mutual respect	Should be addressed as a problem for which concrete measures should be taken
4	Capacity Development (CD)	Human resource development (also combined with institutional development)	Should be developed as three cross-linked layers of capacity: individual, organizational and societal
5	Acquisition of knowledge	Knowledge is transferable	Knowledge has to be acquired
6	Forms of most important knowledge	Development of knowledge in the North, and export of the knowledge to the South	Local knowledge combined with knowledge acquired from other countries in the South or the North

Source: Created by author from Fukuda-Parr, Sakiko et al. (2001)

In order to break free from this situation, the report questions the fundamentals of the aforementioned mistaken assumptions, and asserts that there needs to be a “shift to a new paradigm.” This assertion can be summarized as in Table A-1. In other words, according to this new paradigm, development is a transformation, not something displaced from outside, and knowledge should be acquired endogenously, but it is not something transferred from north to south. Furthermore, in order to support this, the policy environment also needs to be endogenous. CD is not simply something at the individual level, but it needs to be concurrently implemented at the organizational and societal levels as well. The relationship between the donor and the developing country is not a problem that should be settled with a generality such as the partnership spirit, but rather there needs to be a concrete awareness of the problem. Figure A-1 maps out this kind of thinking.

Figure A-1 The “Old Model” and the “New Model” of Technical Cooperation



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In the old model, despite that the capacity needed by developing countries requires improvements for organizations and social systems to which those individuals belong, what is actually being carried out is external experts “injecting” foreign technology to individuals only. Injection is the notion, for example, where the technology of a so-called developed country is introduced without adjustment, and the technological gap for individuals in the partner country is filled. With technical cooperation in the old model, the cooperation does not go beyond introducing technology from outside to the individual level, and it is unclear how this will impact on the organization and society. Furthermore, in worse cases, there may be instances where experts do nothing more than substitute for the work of the counterparts in the developing countries. On the contrary, in the new model, efforts are undertaken to build capacity, not just for individuals, but also for organizations and society as well. This is not a gap-

fill injection of technology from outside, but it is partial intervention for the counterparts to build their endogenous capacity, and acquire problem-solving abilities for themselves. Against these two models, JICA's support very much aims for person-to-person technology transfer at the individual level, and the relationship is donor-driven, so JICA's approach may be criticized as fitting the old model.

In response to this kind of criticism, JICA issued a report called, "The Effectiveness and Problems with the Japanese-style of International Cooperation," where it conducted analysis based on several examples of JICA's best practices. With cases of JICA's projects referred to, the report asserts that these criticisms against the old model do not fit JICA's projects. Table A-2 sets forth the reasons.

Naturally, these counterarguments to the criticisms are the views of the author of this report and are not JICA's official views. Furthermore, although these counterarguments are based on 31 examples of JICA technological projects, these are "best practices," as the report also admits, and further research will be necessary in order to conclude that these best practices are typical of JICA's technical

Table A-2 Criticisms towards Technical Cooperation, and the Responses in JICA's Report

Criticisms towards Technical Cooperation	Responses in the JICA Report
Centered around the conduct of practical business. Only filled the gap.	JICA's technical cooperation has emphasized "technical cooperation for human resources development" based on Japan's technological knowledge and experience. It does not fill gaps, but rather supports human resources development in the partner country.
Only substituted for the work of counterparts, and deprived them of employment opportunities.	In addition to the response similar to the above, the report said that the criticism would apply to experts employed on consultant contracts, and that in JICA's case, its experts are mostly recruited from government offices and related organizations for a limited period of time, so the criticism would not apply in most instances.
The relationship between donors and developing countries is not equal, and asymmetrical. The needs of the partner country are ignored, and there is no ownership.	From its own previous experience as an aid-recipient country, Japan has a basic attitude of emphasizing ownership by the developing countries and supporting self-help efforts. In addition, Japan respects the national plans of the partner countries, jointly formulates proposals based on the principle of "requests-basis," and promotes cost-sharing. Furthermore, Japan has never set conditionalities.
Preoccupied with transfer of foreign knowledge and systems.	As part of its process for modernization, Japan has experience in making improvements on the knowledge and systems of developed countries before adopting them, rather than just a mere transplant. Stemming from this kind of experience, JICA's approach is to place importance on identifying the needs of the partner country, internalizing the knowledge, and utilizing local knowledge.
The means for acquiring knowledge is inadequate; not the knowledge transfer.	The method of technology transfer in JICA's technical cooperation is not just training and other types of formal education, but it embraces OJT and group learning through projects, and has already started implementing the UNDP recommendations.
Efforts are needed at the three levels of individual, organization and society.	JICA's technical cooperation places importance on the development of institutional capacity and on the direct capacity development of counterparts, and it has not expressly conducted efforts for the societal level. However, its support for organizations that perform a social function can be regarded as having favorable impacts on sectors and society.

Source: Created by author

cooperation. At present, the Research Group at JICA's Institute for International Cooperation is taking the lead to conduct various lines of research on CD.

At the same time, it could probably be said that these criticisms for technical cooperation and the counterarguments in JICA's report reveal the particularity of how far JICA's technical cooperation is removed from the technical cooperation of donors at large. Surely the technical cooperation developed by JICA for many years with an emphasis on "human resources development" cannot actually be grouped together with the type of technical cooperation that "deprives jobs from persons in developing countries," as criticized scathingly by the aforementioned DAC chairman. Technical cooperation is defined as "cooperation or support through technology," but it is easily conceivable that there will be considerable variances according to a type of aid philosophy, its purpose, and a type of approach for implementation. To start with, there is a chance that using the term "technical cooperation" to bundle together these different forms of aid, and then arguing the rights and wrongs, will lead to needless misunderstanding. What is important here is not to investigate the general effectiveness of assistance that is implemented under the name of technical cooperation, but it is important to clarify what kind of technical cooperation is effective. In this study, we will focus on this issue and proceed with an investigation based on hard facts so as to lead to more practical recommendations.