

Technical Assistance and Donor Countries : Their Impact In Nepal's Development.

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INTRODUCTION

Technical Assistance (TA) is gaining high importance in the modern world. TA is considered one of the major but a sensitive form of international aid. Some time discussions take place on foreign aid in Nepal but only cursory attention is accorded to TA. When TA is the subject of discussion, the focus is on the foreign expert and his deeds and misdeeds and rarely is TA dealt with as integrated inputs into institution building. Moreover, TA is seen as an adjunct of capital assistance and an area of greater concern to donor than to Nepal (NPC 1993).

TA is an integral part of Official Development Assistance (ODA). TA can be broadly divided into two types-investment related TA and free-standing TA. The investment related TA can be further sub-divided into two categories-investment related TA from the same donor agency funding capital assistance, and investment related TA from a donor agency outside the capital assistance programme. Free-standing TA covers a wide gamut of activities, comprising primarily of institution building activities such as policy development, procedural and methodological improvements, research and analysis and training systems, undertaken through advisory services both foreign and local, training and modalities such as study tours. The supply of equipment and material is an important component of large number of TA project and programmes.

There is no agreed definition of TA, donor agencies themselves differ in the components they include as TA. The

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Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) defines technical cooperation (TC) and technical assistance (TA) as two separate categories, TC being limited to free standing institutional development activities, and TA being limited to investment related technical support. United Nations Development Programme (UNDP) includes both free standing and investment-related activities in technical assistance.

The OECD defines TA as an addition to the flows which qualify as Official Development Assistance (ODA) which comprises of grants and a very small volume of loans to nationals of developing countries receiving education or training at home or abroad and to defray the cost of teachers, administrators, advisors and seminar personnel serving in developing countries and technical cooperation in a number of member countries implies financial support to institutions both in the donor and in the recipient countries for research and training related development.

His Majesty's Government has a clear definition of what it considers should constitute TA or TC. TA, so defined, includes all advisory services, training, equipment and material related to institution building, whether local or foreign, funded by donor agencies, including International Non-governmental Organizations (INGOs). Both investment related and free standing TA are included in the definition.

OBJECTIVES OF TA

The objectives of TA is primarily to strengthen the national management capability to carry out development project or programme more effectively. Apart from the provisions for training and studies, expatriate experts are provided for technical know how about agricultural science, environment, forestry, mining and engineering etc. as well as in the fields of management and social research. The underdeveloped countries like Nepal to carry out developmental activities in broader scale in a systematic manner need technical expert either national or expatriate. So, the objective

of TA is to help those countries who lack technical know-how to build their nations.

TA AND NEPAL

TA has become a catchy word in these days. The impact of such assistance has been both positive and negative in terms of development of the country. Nepal is also one of the recipient countries regarding technical assistance and she has both bad and good feelings in this field. Since the very inception of TA programmes in Nepal under one project or the other, its expatriate input component has all along been a subject of controversy. While there are TA achievements, significant doubts are expressed about the cost-effectiveness of many TA activities. It has been useful in some areas whereas in other areas it has made more dependant to donor countries. So, this kind of assistance has raised many questions in Nepal, common Nepali people do expect solid contributions than in papers and seminars.

A Brief History of TA In Nepal

TA, in general, is a product of the early fifties, but was pursued more vigorously after the Second World War, was considered nothing but an investment in human capital formation required for attaining the postulated growth rate. In the period before the Second World War, which emancipated many colonialized countries, TA was merely motivated by the paternalistic consideration of the colonial power to sustain its dominance over the colony. Building of roads and creation of other infrastructure facilities created by the colonial powers with the help of TA were informal and integrated part of the development programme with its overall economy.

In the early seventies technological change became a popular event in the developed world. At that time, it was thought that the underdevelopment is caused mainly by the lack of adequate technological base. There was a wide feeling that this problem could

be overcome by improving technical expertise or know-how from the countries which possess it. In supplying the possessed stock of technical know-how and knowledge, it was the United States which took lead in the late forties. It was the first country to propose a technical assistance programme in both general and particular sense. In the general sense, the first TA was announced in the early 1940s for Latin America. In the particular sense TA emerged from the US President Truman's inaugural address of The Point Four Doctrine in 1949.

The US was one of the first countries to provide TA to Nepal. Nepal and the US signed a Point Four Program on January 21, 1951. After signing to this program, Technical Cooperation Mission was established in Nepal after one year. In the beginning US supplied only TA in the form of technicians and mission support. After 1954 some other forms of TA such as commodity assistance, contract services, training and other costs were extended and commodity assistance constituted the highest form of TA after 1955.

After the political change of 1951, the then His Majesty Government requested the Government of India for technical assistance, in making rules of procedures for the new administrative set up. At this time Nepal received TA in smaller form from other sources as well. As Nepal became the full member of Colombo Plan and, thereafter, participated in its Consultative Committee in March 1952, she received a considerable volume of TA. Before getting the membership of UNO, Nepal was receiving some economic and technical advice from its specialized agencies. As it acquired the membership of UNO she extend her hands for diplomatic relations. Thereafter, the volume of TA increased gradually. In this way, Nepal is receiving TA today from a number of bilateral, multilateral agencies and individual countries.

Background

TA comes under foreign aid or it is seen as an integral part of foreign aid and capital assistance. The urgency of TA for Nepal could be realized by the problems posed by the absence of technical

skill for implementing the projects. For instance, in the past, the projects financed through credits by India had remained unspent even at the time of signing another agreement with India. At the request of HMG/Nepal, in many occasions, the Government of People's Republic of China agreed to dispatch a necessary number of technical experts to help the kingdom of Nepal in the construction of items of aid to be specified under the Indo-Nepal agreement. The amount of aid provided by India was also to be used for trainees dispatched by HMG/Nepal to learn technical skill in China. The dire need to take the TA for Nepal was lack of technical know how and managerial knowledge.

As Nepal established diplomatic relations with other countries after 1951, both TA and economic assistance also increased gradually. Due to relatively poor institutional, economic and technological infrastructure of the country in the fifties and sixties, any form of aid received for implementing development projects had to be accompanied by TA. So, TA became an integral part of economic assistance to Nepal. It became the major form of aid and an instrument of attaining the aid objective of the donor countries, that is, control over the use of projects financed by aid and also increasing the cost of aid to the recipients. In this way number of technical experts or advisor increased in the country.

TA in the early fifties constituted quite a high percentage of the total economic assistance, in 1954 as it was 40 percent of the economic aid, but in 1962 this declined to only about 8 percent. The sectorial breakdown of the TA from 1954-62 indicates that about 48 percent of total aid constituted the commodity assistance and about 19.47 percent was constituted of expenses on technical experts (Khadka 1991)

Besides major donor countries like USA, India and then USSR, a number of OECD members such as Switzerland, Great Britain, Japan, West Germany, France, Austria, Canada and the UN agencies also provided TA in the form of advisors, training and education to Nepal. The absorptive capacity of Nepal was so weak that any country willing to help Nepal to implement its development projects had to provide some technical experts as well, in addition to

financial and economic aid. In view of the limited manpower to run future development projects, Nepal also needed to build its manpower strength. This was to be done by sending Nepali nationals abroad for training and education. Thus, it formed one of the major aspect of TA. The total number of technical expatriates and Nepali national experts covered by TA upto 1970 were 1503 and 8897 respectively (Bajracharya 1972/73)

Number of technical experts and scholarships under Colombo and non-Colombo plan have increased quite considerably over the years. A sectorial breakdown of technical experts working in Nepal indicates that the highest number of these personnel were in sectors such as agriculture, education, planning, health and local development. The His Majesty Government of Nepal has utilised the services of both bilateral and multilateral agencies. The interesting thing in both the agencies was that they were concentrated in similar activities. Besides, there are also volunteers working in Nepal whose number in 1982 was estimated to be 208. The total number of experts and volunteers working in Nepal reached 461 in years 1981/82 of which 253 were experts and the rest volunteers. Currently there are a total of 334 expatriates excluding free lance expatriates working in Nepal for several bilateral and multilateral projects covering almost all the development sectors in the country (Shrestha 1983) and 100 expatriates are working with INGOs of Nepal (NPC, 1993). Few years ago, National Planning Commission had evaluated 316 projects. They represent 50 percent of the total projects of the government, and 80 percent of total development projects. It shows obviously that many projects are running in Nepal with foreign aid, of them some projects are running independently by donors.

If the country has used about 300 man days of technical expatriates annually, the total cumulative man days from 1970 to 1986 would be about 4800. Considering the number of projects operating in Nepal this figure would not be an exaggeration. According to a recent study the annual cost of a foreign expert in Nepal is US\$ 150,000, that of an expatriate INGO person US\$ 20,000 and for a UN volunteer is US\$ 15,000. In comparison of this, a

senior officials of the government receives US\$ 2,500, a senior level personnel in the larger farms in the private sectors gets US\$ 6,000 and a senior national consultant employed by UN system and bilateral donor agencies gets US \$ 10,000 (NPC 1993). This difference in salaries has discouraged the Nepali expert in front of foreign counterparts, and becomes more pinching when Nepali national is competent than foreign counterpart. Further, lack of transparency of the cost of experts raises many questions to the conscious Nepali citizens.

Policy and Strategy Concerning TA

Till now the His Majesty Government of Nepal has not made a comprehensive TA policy and strategy. As a result it is taking every sort of aid offered by donor agencies to date. This has created many problems and burdens to the country making more dependent on TA or foreign aid, for even to maintain completed projects difficult, example of such an act is of the Solid Waste Resource Mobilization Centre (SWRMC).

There is a saying that there is hardly any development sector in Nepal that has not been affected by foreign assistance. However, it does not mean that every sector has received an equal share of foreign aid pie (Tiwari 1992). Over the years donor's priorities and Nepal's need have oscillated from one sector to another. In this way, Nepal is moving ahead still in dilemma in the matter of TA. Nepal has not been able to make clear-cut vision in TA.

It has been observed recently that the priorities on foreign aid is being changed. Accordingly, the His Majesty Government is making efforts to cut down on foreign TA programmes and make more use of Nepali professionals. Government wants to be particularly selective on loan front and wants to take loans to finance capital investment sectors such as transport and power sectors. The government is also seeking to change the approach used in giving the country aid. It has been further noticed that the projects executed in the country should be regarded as HMG's

programmes and not of this or that agency's and the donors by and large have agreed to this point (Mahat 1992).

The TA provided to establish technical and general educational and training facilities within the country has been hailed by most of the Nepali people. This sort of assistance will help in institution building and producing technical manpower in the country. The amount of expenditures receiving under TA has been recently studied by NPC. According to this study, Nepal received, on the average, about US\$ 400 million as Official Development Assistance (ODA) annually in recent years. The share of TA is around 20 percent of total ODA. It is estimated that over the last 25 years, Nepal might have received over US\$ 1 billion in TA. There have been well over 2000 TA projects in the last decade (NPC 1993)

Nepal has received, on the average, US\$ 80 million annually in the years from 1986-90. About two-thirds of money came from bilateral donors, and one-third from multilateral donors, receiving agriculture 20 percent, natural resources 12 percent, transport 10 percent, energy 9 percent and health 9 percent, which are the leading sector recipients of TA (NPC 1993), however, these figures do not give exact amount as some donors did not provide sectorial classification of programmes.

Constraints

From the above analysis it is obvious that Nepal has received various forms of TA in different departments of the Ministries and at the universities. A major problem in TA is lack of facts and figures. Even our Ministries and departments have no system of maintaining records of TA in any methodical way. No records exist of advisory services and experts, those sent on training abroad or of equipment received. Similarly hardly any information is available on local expertise and training mobilized through TA. Donors themselves, with a few exceptions do not possess local institutional memories (NPC 1993).

Second problem in TA is the misuse or underuse of our technical experts. Our selection process of technicians before

sending to study and training is also not scientific. There are some departments in the government where most of personnels are trained abroad but their services have not been utilized at best. Department of National Park and Wildlife Conservation (DNPWC) have best manpower in the SAARC countries but their role is not significant in terms of services to development of department. Similarly, our Nepali professionals trained abroad and in U.K. under Overseas Development Programme in Forestry Science, have not been utilized by the government and they are free to go anywhere after completion of their study. This is the great misuse of our resources and technicians, and is useless to bear the cost in the name of country under TA. Even after spending a huge amount of money in TA over the last two decades hardly any person made a study on this perspective.

The vast gap in salaries between expatriate experts and Nepali experts have also created dissatisfaction in Nepalese side. This gap should be minimised to raise the morale of Nepalese personnels. Till now TA has not been emphasized by the Government in institution building, and there is a lack of transparency in TA in donor agencies also. Further the donor agencies have no country-specific policies in TA.

Contribution of TA

The contributions of TA in the development of Nepal can be described briefly below:

- TA has provided support to establish, develop and diversify the public institutional infrastructure in Nepal over the last four decades. Most old and new institutions in the public sector have been beneficiaries of TA, and they have been enabled to perform at levels significantly higher than would have been without TA.
- It has been a catalyst and intermediary between donors and HMG, in generating a flow of capital assistance. There is almost no substitute to TA in this regard.

- Training facilities offered through TA has been the primary mechanism for creating a large professional manpower in Nepal.
- There has been a significant transfer of technology-both soft and hard technologies to the country through TA.
- TA has been instrumental in stimulating a more intensive concern with social issues, especially in education and health. Social indicators reflect that there are improvements in health and education and in gender issues.
- TA has played an important role in these improvements. TA activities have been largely conducted within framework of various international norms established by global bodies, and once again TA has been an intermediary in ensuring translation of global objectives into country-specific terms (NPC 1993).

CONCLUSION

Despite the shortcoming of the current TA arrangements, the fact still remains that for the national development efforts to be more productive there exists an unavoidable need for small and continuous infusion of technical and managerial know how into the development efforts of Nepal. The major problem of the country is poverty. So, government major thrust should be toward poverty alleviation. To achieve this goal the government should make policies, plans and strategies based on facts and figure of the country rather than to fulfil the dream of individuals person, for this following steps would be desirable for the effective use of TA:

- Formulation and implementation of a comprehensive TA policy and strategy by the government is the urgent need of the country and government must stick to its policies and strategies having the principle of right man at right place with no discrimination in placing proper person at proper place.
- The government should give priorities in producing technical experts. Now, the country possesses more or less trained

manpower in many fields. So, while taking the services of experts, Nepali nationals should be given priority. The services of national experts trained abroad should be utilized to maximum. If our technicians are not competent then they should be given opportunity to further their skills and knowledge in their fields.

- Relative weight of TA resource allocation should be shifted from foreign advisory and expert services to other TA components such as foreign training, equipment and to local technical resources.
- Foreign experts should be for a short-term duration, with only exception made for long-term experts; experts to be indentified for selected niches, on the basis of quality, counterpart obligations to be abolished and in place enable experts to relate to wider official circles, and to local peer groups.
- Foreign training should be seen as an important asset complementing local university and other higher educational institutions. Process of trainee selection should be strengthened on merit basis. The focus of TA should be to strengthen university system of undergraduate and post-graduate training.
- Shifting of TA resources to generate training activities in all parts of the country is necessary which will establish a countervailing trend to current concentration of TA in Kathmandu, and perception of TA as elitist. Optimal mobilization of local technical resources through TA; use of local training institutions, trainers, local consultants and experts for extensive poverty-focused programmes should be launched and low-cost training efforts, local training institutions and local consultancy firms should be strengthened.
- It should assure a regular flow of equipment and commodities required by research and training institutions. TA should be used to engage the private sector more extensively, through greater linkages with TA programmes, designing specific activities to strengthen private sector institutional infrastructures and, like in other countries in Asia, utilize TA to improve access to foreign markets and technology.

- INGOs and NGOs should be mold as mainstream partners in poverty-focused TA programmes, and role of government should be shifted towards a more facilitating and less controlling role. INGOs must be stimulated to focus equally on economic and social sectors, and to be facilitated to local NGO institution building.
- Organization of TA records and statistics should be improved according to the Development Cooperation Report of UNDP and should be published, and scattered TA information and data should be analysed generating insights into TA trends and facilitating policy programmes.
- The independent execution of projects by donor agencies should be discouraged. The projects/ programmes/TA provided by donor agencies, not in line with the polices should be rejected categorically. HMG/Nepal should request all the donor agencies to show or make TA transparent in their annual programmes so that it would be easier to make plans and programmes for the country.

Finally, one thing is certain that Nepal's development depends on Nepali people. It would be worth here to quote few lines from Lords of Poverty- "...what is most needed in these closing years of twentieth century is that the time has come to say goodbye to the Lords of Poverty. They can only be ousted by stopping development assistance in its present form-something that might prove to be in the best interests both of taxpayers of the rich countries and the poor of south. In this context the flourishing middlemen of the aid industries should be ousted or removed so that it will become possible for common people to rediscover ways to "help" one another directly according to their needs and aspirations as they themselves define them, in line with priorities that they themselves have set and guided by their own agenda" (Hancock 1989).

It has been seen that some countries have developed with less aid and some countries, on the other hand, have become worse with more aid. So, the volume of aid does not determine or play the

significant role in the development of the country. It is people, and with the motivation of people, development can be done, which should be borne in the mind of our planners and decision makers.

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BOOK REVIEW

Joshi, Shyam (1994) *Managerial Economics*, (in Nepali). Taleju Prakashan, Kathmandu, pp. 192 including bibliography, price NRs. 90.00

In real sense, the two subjects, economics and management, are interrelated, because economics is related with the distribution of available resources and management is related with the achievement of business goals through maximum use of available resources. Economic theories and methods can not be used in management until and unless these are mold in combination with the study of economics and management. Thus, the unified approach and study of economics and management is, at present, as important as the managerial economics itself. In others words managerial economics, obviously, is the application of economic theories to solve the business problems. In this regard, the theories of traditional economics such as: demand analysis, production analysis, theory of price determination, theory of profit, theory of investment etc. are coordinated with accounting management and statistics to solve the modern business problems. Thus, the managerial economics is not a new subject, it is only the novel application in modern perspective of traditional economic theories to solve the modern complex business problems and major tool to make managerial decision.

Thus, while on the one hand, realising the important of managerial economics to make the students capable and competent in parting managerial skills in their different professional life, Tribhuvan University has introduced this subject in her M.B.A. and M.A. (economics) syllabus, their is a dearth of standard teaching materials and textbooks really useful for the teachers and the student, and even those available are in English language being costly to afford both by students and teachers, on the other. In this

context the book under review written in Nepali language by Shyam Joshi, reader at management department in Public Youth Campus has contributed to alleviate the scarcity of literature in this area. Though, with a long outstanding teaching experience of managerial economics, the author has considered the requirements of M.B.A. and M.A. students while preparing the text, but more weight has been given to the requirement and need of M.B.A. students only.

The book divided into ten chapters, first chapter contains the introduction of managerial economics and its nature, scope, important, its relation with traditional economics and differences in use of decision making process and factors influencing in managerial decision making process have been describe briefly.

Second chapter deals with established and propounded theories in this field by reputed scholars. Third and fourth chapters throw light on demand analysis and demand in anticipation. The author has gone in depth to analyse both the concepts, meaning, importance of their features, their determining factors, and use of different elasticities of demand in different managerial decisions and, non the less, with good deal of different anticipatory demands, has highlighted their importance in business dealings.

Fifth chapter has gone in detail in dealing with production function with concentration on production curves, factors combinations, law of variable proportions and sixth chapter has focused on production cost, being consistence with different views on production costs and factors determining costs. Seventh chapter has an extensive analysis of markets' conditions and price determination as well as price discrimination. Nineth and tenth chapters have dealt with profit and investment with their all accessories, respectively, having lucid look at the different decision wayouts for investment.

The cursory look at the book leads to the conclusion that the book has written especially for the second year students of M.B.A., but it is useful for M.A. (economics) students also. Written in simple language and style, with minimum use of mathematics, the book is useful for the teachers and the students of M.B.A., as well as for M.A. (economics) and is worth reading for those who take interest in managerial economics, however, the book also compiles some weaknesses. First, the book has not been able to incorporate all the branches and aspects of managerial economics. Second, the author has assumed that most of the master degree students have already known the fundamentals of the subject matter and has explained the concept and theories in brief which nullifies the present teaching impartation at master level. Third, the author has been very miser in use of numerical value, which has roused some confusion in different stages, compelling the teachers and the students to seek the help of English text book, which have resulted hard labour of author unrewarded. Incompetency in Nepali language, with the use of non practice Nepali words in the text is the last, but not the least, weakness of the book, however, the author has tried to make them fluent and smooth in sentencing the meaning.

Inspite of these weaknesses, students may appraise the author for his benevolent effort to help the student and the general reader, by providing a worth readable book in this field hoping that the author will improve the weakness in the second edition.

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