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Impact of Official Development Assistance on Capacity Development:
A Case Study for Nepal

공적개발원조가 역량개발에 미치는 영향에 관한 연구:
네팔 사례를 중심으로

August 2017

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A Case Study for Nepal

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Nepal is a landlocked; one of the least developed countries in the region. Nepal has long history of receiving Foreign Aid. The trend shows that the volume has been increasing steadily. ODA flows to some areas of National Priority are streamlined. Almost all ODA consist of capacity development components. Technical assistance, capacity building, capacity strengthening by whatever name given to the program there is always focus to generate internal strength of the recipient countries. Donors usually adopt the same patterns and methods in capacity development. Long and short term trainings, academic scholarships, workshop, seminars, volunteers’ deployment, observation tours and technical support are some examples of the interventions used as the tools for capacity development.

KOICA is one of the important development partners for Nepal. As a priority partner KOICA has several programs in Nepal. Health, education, ICT, Governance and rural development are the major sectors that KOICA has
programs. In these sectors and other sectors KOICA also tried to emphasize the capacity development of the recipients. Although there are some variations among gender, positions KOICA capacity development activities have good impact on the participant’s individual as well as organizational level capacity development. The satisfaction level of learning transfer is higher than individual capacity achievement such as promotion, degree, reward. These programs not only contribute to support partner countries but also helped to build positive image of Korea as a donor.

For effectiveness of capacity development there is always room for improvement. Normally recipient countries having weak institutions, unclear priorities have to improve their way of setting priority, selecting appropriate institution or individuals, timely and proper communication, coordination with donors and removing the internal hurdles. Similarly donors can help the recipients to indentify the actual need, providing appropriate learning tools, harmonizing with local conditions.

**Keywords:** ODA, Capacity Development, KOICA, Individual and Organizational level Capacity

**Student ID:** 2015-24453
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Abbreviations
ADB: Asian Development Bank
CB: Capacity Building
CD: Capacity Development
CIDC: Committee for International Development Cooperation
DAC: Development Assistance Committee
DFID: Department for International Development
DP: Development Partner
FY: Fiscal Year
ILO: International Labor Organization
JICA: Japan International Cooperation Agency
KOICA: Korea International Cooperation Agency
OECD: Organization for Economic Cooperation and Development
ODA: Official Development Assistance
SDGs: Sustainable Development Goals
SETNEG: State Secretariat
SSC: South-South Cooperation
TA: Technical Assistance
TC: Technical Cooperation
USAID: United States Agency for International Development
Chapter 1: Introduction

1.1 Background of the Study

It is well known that the foreign capital has been playing a vital role for the economic development of developing country like Nepal. It is very hard to deny the importance of foreign capital in Nepal. Now this is a challenge to have a higher rate of economic growth in the context of the country’s average growth rate of 4.4 percent in the past second half decade. The foreign aid has not been able to contribute in the capacity development of the country as expected. But the main problem is that besides the increasing foreign aid Nepal is not making socio-economic development as expected. Nepal has promulgated her New Constitution by elected people’s representatives in 2015. Most of the political issues are now seems to be resolved and politicians are also thinking about the Development. This development discourse gives new hope to Nepali people. As development requires resources, ODA can be lifeline to economy of country like Nepal. In the long run every country wants to be in self sustained position for this the effective use of the ODA to build her National capacity is very important. Identification of basic requirements for effective use of the ODA will fruitful to the governments.

1.2 Statement of the problem

Nepal is a landlocked country situated between two of the world’s fastest growing economies, India and China, with a population of about 30 million. The annual average rate of population growth is 1.35 percent. Nepal does have unique challenges and opportunities for development. The contribution of agriculture to
GDP is 33.7 percent; industry 14 percent and service sector 52.2 percent. Nepal has been receiving development assistances for more than six decades and aid continues to play an important role in the socio-economic development of the country. The volume of aid commitments from development partners has been increasing over the years. The devastating earthquake of April 25 and May 12, 2015 further geared up the need of external assistance to supplement the government’s efforts of supporting to the rehabilitation and reconstruction works. ODA represents in average about 20 percent of the national budget over the last 5 years. The estimated GDP for FY 2014-15 was US$ 21.2 billion whereas the total government expenditure was estimated to be about US$ 6.2 billion which is about 29.1 percent of GDP. The internal revenue collection was estimated to be US$ 4.2 billion which is about 19.8 percent of GDP. Foreign aid was estimated to account for about 5.7 percent of GDP in FY 2014-15. Similarly, total receipts from remittances exceeded about US$ 5.9 billion which is about 28 percent of GDP in 2014-15. Currently, Nepal has the per capita GDP of US$ 762 per annum.  

The disbursement of foreign aid has been increasing steadily which results an increment in public expenditure. The economic growth rate is very low comparing to other SAARC countries. Almost always the government has failed to achieve the targeted economic growth. Badri P. Bhattarai says “despite the constant flow of foreign aid, and decades of aid financed development efforts, Nepal remains one of the poorest countries in the world” (Bhattarai BP, 2007). Thus through the proper utilization of the foreign aid, these sorts of problems have to be eradicated. For the effective utilization of the foreign aid it is necessary to

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1 Ministry of Finance, Nepal
study about the foreign aids, why foreign assistance is being increased in Nepal, what type of trend, pattern and volume of aid exists in Nepal, what is the contribution of aid in the capacity development of Nepal?

1.3 Objective of the research

I want find out the answer of two questions through this study. The first question is, “What is the current trends of foreign aid in Nepal?” And the second question is, “What role does donors like KOICA plays on Capacity development of developing countries like Nepal, how we can minimize the weaknesses to have efficiency in capacity development?”

1.4 Structure of the research

The structure of the paper will be organized as follows. Chapter 1 covers the background of the research, the statement of the problem and the significance of the study. Chapter 2 deals with the literature review of theoretical concepts and empirical studies. Chapter 3 describes about the research methodology. Purpose of the research, research questions, hypothesis and objective of the study, variables, research design all are included in this chapter. Chapter 4 describes about the economy and foreign aid about Nepal the history current status and trends. Chapter 5 provides the analysis and assessment of result and discussion. Chapter 6 includes conclusion and recommendation.
Chapter 2: Literature Review

2.1 Theoretical Literature Reviews

Official development assistance (ODA) is a term coined by the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) to measure aid. The DAC first used the term in 1969. It is widely used as an indicator of international aid flow.

Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (“bilateral ODA”) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions.²

For recent decades, capacity has been one of the hottest terms in the field of development in that nothing is as popular to promote and as difficult to accomplish as it. The term has been widely used by various international organizations such as World Bank or the United Nations, but the definition of it is still in controversy. For World Bank, capacity for development means “the availability of resources and the efficiency and effectiveness with which societies deploy those resources to identify and pursue their development goals on a sustainable basis.” However, since the definition is too much focused on resource that is not a sole source for development, the definitions by UNDP and OECD are generally accepted in the field of

² Glossary of Statistical Terms
development. Capacity herein refers to abilities, skills, and competencies of local people and communities to plan, manage, implement, and account for results of policies and programs. It includes the process of identifying, formulating and analyzing the problems of particular relevance to their societies, and designing effective strategies to solve them. To be effective, such capacity needs to be built up in all sectors and levels of society. Due to its importance recognized, donors have put efforts to foster and promote capacity building under the rubrics from technical education to institution building and public sector management, but it was not successful. For example, calls for capacity building are sprinkled throughout Agenda 21, the plan for sustainable development produced by the 1992 UN Conference on Environment and Development. UNDP has embarked on a major support to promote environmental capacity building, called Capacity 21. OECD’s Development Assistance Committee (DAC) countries also agreed that building capacity is one of the main factors that will reduce poverty and accelerate achievement of the MDGs through the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. However, the great majority of what has been written on is normative and concerned with practical management questions, which reflects donors’ perverse focus on certain parts of capacity building such as technological demonstration.

In this vein, the concept of capacity development emerged as a new paradigm. Though there are still controversies over the definition among different international organizations, ownership of the recipient countries is the keyword of the new definition. WB defines capacity development as “a locally driven process of learning by leaders, coalitions and other agents of change that brings about changes in sociopolitical, policy-related, and organizational factors to enhance local ownership for and the effectiveness and efficiency of efforts to achieve a
development goal.” OECD’s approach to capacity development has stronger emphasis on local ownership. Capacity development is “the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.” Capacity strengthening is defined as the process of developing human resources, creating new forms of organizations and institutions, building innovative networks, and integrating country ownership in order to improve the efficiency of the learning activities (i.e., technical, organizational, institutional, and policy learning). The efficiency of these learning activities, in turn, depends on the economic and political systems, as well as on the social infrastructure and institutions. The improvement in learning activities results in better knowledge about policy processes and program development, leading to better development outcomes.

The definition by UNDP much clearly indicates how donor-driven capacity building has been developed into owner-driven capacity development. Capacity building is “used to express the process of institution building or training at individual, institutional and systemic levels.” The issue remaining, after all conventional interventions in developing countries and countries in transition, is the sustainability of the intervention results.

On the other hand, capacity development is therefore “the process of creating, mobilizing, utilizing, enhancing or upgrading, and converting skills and expertise, institutions and contexts. It can be short-term, to address an immediate problem, or long-term, to create an environment.” All in all, knowledge and technologies could be learnt through training, but should be internalized in the recipient countries in order to build right capacities and make good policies for solving their problems.
2.2 Empirical Literature Reviews

Kargbo (2012), examined the impact of foreign aid in Sierra Leone and found a significant relationship in promoting economic growth, after analyzing the data between 1970 and 2007 with autoregressive distributed log bunds test approach and Johansen Maximum Likelihood approach. “The evidence in the case of Sierra Leone has provided support only for the supplemental theories that foreign aid is vital in the promotion of a country’s economic development. Donor intervention in Sierra Leone does not seem to have been in vain, but has proved to be largely useful instead.” Writer says that this is the fact that the aid being generally effective in economic development the donors should be encouraged to continue their efforts.

The empirical model used in the study was;

\[ \text{RGDPT} = \beta_0 + \beta_1 \text{Aid}_t + \beta_2 \text{PI}_t + \beta_3 \text{Policy}_t + \beta_4 \text{IQ}_t t + \mu_t. \]

Where,

- \( \text{RGDPT} \) = Real GDP,
- \( \text{Aid} \) = Foreign Aid, which is net ODA as a share of GDP,
- \( \text{PI} \) = Private Investment as a share of GDP,
- \( \text{Policy} \) = Microeconomic Policy Index,
- \( \text{IQ} \) = Property Right Score.

The Impact of the Official Development Assistance on the Economic Growth of Nepal was a study by Binod Bhattarai in 2014. This study investigates the role and impact of foreign aid in Nepalese economy evaluating the relationship of foreign aid with economic growth for the period 1981-2010. Theoretical and empirical analysis was employed to analyze the data. The hypothesis was that foreign aid contributes for the economic growth through the fulfillment of fiscal constraints in
Nepal. The theoretical argument was that it helps to fulfill the investment saving gap and foreign exchange gap to spur economic growth. Gross domestic product (GDP) was regressed against foreign aid and other variables (FDI, Investment, Interest Rate and Population). He found that the impact of official development assistance in Nepalese economy was statistically significant and positive. For the analysis this study used the regression models as follows.

Regression equation of Gross Domestic Product (GDP) on Official Development Assistance (ODA) was expressed as:

\[ NGDP_t = \alpha + \beta_1 ODA_t + \varepsilon \]

Where,

- \( NGDP_t \) = (log) Nominal GDP in current US$ in time period "t"
- \( ODA_t \) = (log) Total official development assistance and official aid received in current US$ in time period "t"
- \( \alpha \), \( \beta_1 \) and \( \varepsilon \) are regression parameters.

A Comparative Study on Official Development Assistance Policy for Dissemination of Renewable Energy: Capacity Development in Recipient Countries by Naeun Choi in 2014 tries to find the reasons of frequent failures and analyze the institutional development component for deployment of renewable energy in recipient countries, this thesis applied capacity development strategies and capacity assessment framework developed by United Nations Development Program (UNDP) which are widely used in the field of development. This analytical framework was examined by comparative case studies of Burkina Faso and the Philippines to find out how capacity development of individuals and entities that constitute institutions affects the successful deployment renewable energy and secures its sustainability through Official Development Assistance (ODA) policies. By delineating the process of capacity development in recipient countries for securing renewable
energy, this thesis confirmed rationale of dissemination of renewable energy with adaptable technology in LDCs and developing countries. Also, by examining real application cases of capacity development, this thesis offers analysis on ODA policies for dissemination of renewable energy as a stepping stone for further development of recipient countries.

The working paper “Moral Hazard and the composition of transfers: Theory with an application to foreign aid” by J. Atsu Amegashie, Bazoumana Ouattara and Eric Strobl presents a theoretical and empirical analysis of a donor’s choice of the composition of unrestricted and in-kind/restricted transfers to a recipient and how this composition was adjusted in response to changes in the moral hazard behavior of the recipient. In-kind or restricted transfers may be used, among others, to control a recipient’s moral hazard behavior but may be associated with deadweight losses.

Within the context of foreign aid, it used a Canonical political agency model to construct a simple signaling game between a possibly corrupt politician in a recipient country and a donor to illustrate the donor’s optimal choice of tied (restricted) and untied foreign aid. It also clarified the condition under which a reduction in the recipient’s moral hazard behavior (i.e., improvement in the level of governance) leads to a fall in the proportion of tied aid. It has tested the predictions of theoretical analysis using data on the composition of foreign aid by multilateral and bilateral donors.

ODA is a major independent variable in all the above studies. First two studies above have same dependent variables of economic growth. While third and fourth studies are on comparison basis. First two studies have studied ODA’s impact on economy in broader term, third studied its relation with specific sector and fourth has studied the qualitative nature of the ODA. The hypothesis mentioned on those studies is theoretically accepted arguments of ODA. The studies are based on
secondary data. Hypothesis used in first and second of above study are same while other two has different nature. All focus their study on recipient countries.
Chapter 3: Conceptual Framework

3.1 Research Questions
I want find out the answer of two questions through this study. The first question is, “What are the current trends of foreign aid in Nepal?” And the second question is, “What the role does donors like KOICA plays on Capacity development of recipients like Nepal, how we can minimize the weaknesses to have efficiency in Capacity development?”, “What are the possible ways to improve the efficiency of the capacity development?“ from donors and recipients perspective.

3.2 Hypothesis of the Research
Based on available literatures I suppose, “Foreign aid improves the capacity of the recipients’ country through the contribution in skills and expertise, institutions and contexts.”

3.3 Research Methodology

3.3.1 Methods of Data Collection
This study will be based on secondary data collected and published by The World Bank and The Government of Nepal, Nepal Rastra Bank (The Central Bank of Nepal), Central Bureau of Statistics, Nepal and various donor agencies such as, Asian Development Bank (ADB), United Nations Development Program (UNDP), KOICA and others. Foreign aid will be taken as the percentage of gross domestic product. The annual reports and other publications of the selected projects will be assessed. Similarly questionnaire survey will be use to find out the impact of KOICA’s Capacity development programs in Nepal. The survey will be based on judgmental sampling because of the nature of the topic which confines the experts, professionals and officials working directly in the field. While studying the case a
small sample of data is collected with help of questionnaire. The questionnaire is both open ended as well as close ended to know the impression of the capacity development. The sample is selected among government officials who already have experience of involving in the different capacity development programs of KOICA.

3.3.2 Research Design

Descriptive research design will be adopted for the study. The descriptive and analytical research tools will be also used for the study. This research will have a hypothesis as; “the foreign aid has a significant effect in the National capacity of Nepal. UNDP has developed the capacity assessment framework. This framework will be used as analytical assessment. Capacity assessment approaches in three dimensions: point of entry, core issues, and functional and technical capacities. While core issues tackle key barriers of capacity development, and functional and technical capacities are closely linked to project development cycles, point of entry targets actors in the process of capacity development and most widely accepted in the field of development.

3.3.3 Levels of analysis

Two different areas will be selected as individual level, and the organizational level assessment. Though each level is basic units of analysis, the capacity development needs to be understood as interdependent and interconnected system. All components operate together toward a common purpose.

Capacity development at the individual level specifically means the process of changing individuals’ attitude and behavior through knowledge, skills exchange and training. This is the major dimension because institutions and societies need skills and knowledge of individuals. Effective function of individuals takes place through learning-by-doing, participation and the exercise of ownership, on-the-job training,
mentoring, and other learning processes empowering the local people. The organizational level of capacity development includes strengthening performance and function of formal or informal entities, and institutions are also included in this level. Unlike traditional capacity building approach, here more emphasis is placed on entities’ interaction with other stakeholders by developing mandates, tools, guidelines, standards with organizational values and management systems for information resources that facilitate and catalyze institutional arrangements. This is most typical entry point for analysis of capacity development because most ODA policies targets government agencies for projects. For example, donor agencies target a Ministry of Finance for the reformation, and then zoom-out to system level or zoom-in to individual level for the program expansion.

3.3.4 Data Processing and Analysis

In the process of data analysis, the available required data from various sources will be collected, classified and tabulated to fulfill the requirements of the study. Data will be presented in percentage when it is required. Tables, graphs, diagrams etc will be used according to situation and requirement of the study.

3.3.5 Limitations of the study

This study will cover basically the period from 2001 to 2015. The Study will include the variables which are seen important from literature review to have an impact on Capacity development. As long as the data are available, it will be tried to include more control variables to get the exact impact of the independent variables. This study excludes some of the variables due to unavailability of data which may have an influence on capacity development. The other main limitations of the study are:
• This study will be primarily based on the data and information available from the secondary sources.
• Sometimes data varies according to the sources as their definition and methods of collection and calculation are not identical.
• This study will be concentrated on limited scope as data and information related to the study is acquired from the secondary source.
• This study will be conducted within the given short time period.
Chapter 4: Overview of ODA in Nepal

4.1 Introduction of Nepal

Nepal, officially The Federal Democratic Republic of Nepal is a landlocked country of south Asia located between two economic powers China and India. It is a mountainous country with area 141,181 square kilometer. Nepal has main three geographical regions, Mountains, Hills and Tarai, almost parallel to each other from east to west. Tarai is situated in the southern where Lumbini, the birth place of the Lord Buddha is located, and Mountains in the northern part. The middle part from east to west is occupied by Hills. The altitude varies from 60 meter to 8848 meter from the sea level. The Himalayan range in Nepal has the Mount Everest; the tallest mountain in the world and several other mountains higher than 8000 meters.

Nepal lies between two economic power houses, China and India. Its economy is dependent on agriculture which has 35.8% contribution in the GDP, 25.16% people live below the absolute poverty line and 76.3% of the total households are engaged in agriculture. The unemployment rate is 2.2 percent, inactive population rate is 19.9 percent and fully employed population is 70 percent.

Nepal has a serial of periodic plan experience of more than 55 years and still going on. Nepal’s planned economy was started in 1956 with the first five year plan. In early 90’s, with eighth five year plan free market oriented liberal economic policies were introduced. Nepal started to liberalize its economy since mid 1980's through economic stabilization program (IMF). The central bank (Nepal Rastra bank) gained autonomy from the Ministry of Finance only in 2002 (Risav Bista P.117). At that time IMF conditionality was targeted for market oriented economy through the reforms like devaluation of currency, deregulating financial sector, liberalizing trade, reducing budget deficit by curtailing public expenditures and removing
various subsidies (ADB/DFID/ILO, 2009). However, the unilateral economic liberalization began not before 1992. (Subedi N., 2013)

4.2 Current trend of ODA in NEPAL

4.2.1 Aid's volume and composition

The volume of foreign aid disbursement in FY 2014-15 reached a total of US$ 1.13 billion of which ODA contribution was US$ 1020.75 million (90%) and INGO contribution was US$ 116.89 million (10%) in this period. Despite the devastating earthquake in April 2015, the level of disbursement of ODA contribution stands at almost the similar level as compared to the previous fiscal year (US$ 1.03 billion in FY 2013-14). Of the total disbursement of ODA, 45 percent was provided by multilateral DPs, while 55 percent came from bilateral DPs. The ODA disbursement was made through 442 projects implemented in the country and the highest amount of disbursement (US$ 65.60 million) was made for Nepal Health Sector Program (NHSP II) in FY 2014-15. In the meantime, it is found that the overall trend of ODA flows with regard to disbursement remained constant (at around US$ one billion annually) over the period of last five years as given below.
Table 1: Top 5 Multilateral DPs According to disbursement

<table>
<thead>
<tr>
<th>Donors</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank Group</td>
<td>188,122,967</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>147,894,405</td>
</tr>
<tr>
<td>United Nations Country Team</td>
<td>44,236,346</td>
</tr>
<tr>
<td>European Union</td>
<td>31,378,363</td>
</tr>
<tr>
<td>Global Fund to Fight AIDS, Tuberculosis and Malaria</td>
<td>22,059,056</td>
</tr>
</tbody>
</table>

From the perspective of ODA disbursement, the top five multilateral DPs in FY 2014-15 have been the World Bank Group (US$ 188.12 million), Asian Development Bank (US$ 147.89 million), the United Nations Country Team (US$ 44.23 million), the European Union (US$ 31.37 million), and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) (US$ 22.05 million). The top 5 multilateral DPs contributed approximately 43 percent of the total disbursement.

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3 MOF IECCD AMP (generated on 04 Feb 2016)
Table 2: Top 5 Bilateral DPs According to Disbursement\(^4\)

<table>
<thead>
<tr>
<th>Donors</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>168,073,845</td>
</tr>
<tr>
<td>USAID</td>
<td>132,370,217</td>
</tr>
<tr>
<td>Japan</td>
<td>39,867,923</td>
</tr>
<tr>
<td>China</td>
<td>37,948,751</td>
</tr>
<tr>
<td>Switzerland</td>
<td>32,467,406</td>
</tr>
</tbody>
</table>

Likewise, the top five bilateral DPs for the same fiscal year are the United Kingdom (US$ 168.07 million), USAID (US$ 132.37 million), Japan (US$ 39.86 million), China (US$ 37.94 million) and Switzerland (US$ 32.46 million). India and China have also provided technical assistance to the Government of Nepal through Scholarship, trainings and study tour conducted in their countries, which is not fully reflected in the total volume of assistance. Though, both of these countries are very important aid providers to Nepal, the assistance received from them has not been well reported as in the previous years. The top 5 bilateral DPs contributed approximately 40 percent of the total disbursements.

\(^4\) MOF IECCD AMP (generated on 04 Feb 2016)
4.2.2 ODA disbursement by DPs

Chart 1: Sources of ODA Disbursements in FY 2014-15

As shown in chart 1 above, the World Bank Group and UK have made the largest disbursement in FY 2014-15 (18.43 percent and 16.47 percent respectively)

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5 MOF IECCD AMP (generated on 04 Feb 2016)
followed by ADB (14.49 percent), USAID (12.97 percent), UN Country Team (4.33 percent), Japan (3.91 percent), China (3.72 percent) and Switzerland (3.18 percent). Similarly, compared to previous fiscal year, the disbursement from the United Kingdom, UN Country Team and the USAID has increased in FY 2014-15. On the other hand, the disbursement from EU, Japan, GFATM, India and Japan has declined in the same fiscal year.
The trend of ODA flow disbursed from the 8 top ranking donors during the last 5 years as shown in Chart 2 indicates that there are fluctuations in the size of disbursement amounts compared to their contribution over the years. From the above chart, it is clear that the disbursement from the World Bank Group, ADB, India, Japan and EU has declined from the level of FY 2010-11 while that of the UK and USAID has significantly increased during this period.

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6 source: MOF IECCD AMP (generated on 04 Feb 2016)
4.2.3 Sector-Wise ODA

The health sector became the top sector receiving ODA followed by local development, education, road transportation and energy. The health sector received US$177.74 million (17.41%), local development US$124.90 million (12.23%), education US$ 113.68 million (11.13%), road transportation US$86.57 million (8.48) and energy (including hydro/electricity), US$ 78.57 million (7.69%). Similarly, other sectors which received foreign aid were drinking water US$71.00 million (6.95%), agriculture US$50.70 million (4.96%), home affairs US$ 43.71 million (4.28%) and economic reform US$ 39.40 million (3.85%). The reason why the health sector is one of the top recipients of foreign aid is mainly due to the significant amount of ODA disbursed through United Kingdom (for NHSP project) and USAID (for Sauhaara project). The education sector was the top sector receiving aid in the previous fiscal year but this sector is placed in the third place in FY 2014-15 in terms of the volume of disbursement. The reason for the decline of ODA disbursement in the education sector is mainly due to significantly low disbursement for School Sector Reform Program (from US$ 118 million in 2013-14 to US$ 53.61 million in FY 2014-15).

4.2.4 Types of ODA Disbursement

Out of the total amount disbursed in FY 2014-15, the shares of grant, loan and technical assistance were US$ 587.971 million (58%), US$ 247.96 million (24%) and US$ 184.82 million (18%) respectively. Disbursement of loan assistance has increased while the disbursement for grant assistance has declined as compared to the previous fiscal year. The largest provider of grant disbursement included United Kingdom (US$ 140.88 million),
USAID (US$ 72.12 million), the World Bank Group (US$ 70.73 million), ADB (US$ 52.02 million), Switzerland (US$ 30.90 million), EU (US$ 30.38 million), China (US$ 28.75 million), Norway (US$ 25.81 million) among others. On the loan component of disbursement, the largest providers were the World Bank Group (US$ 117.38 million) and ADB (US$ 89.95 million). Similarly, the largest disbursement for TA was made by USAID (US$60.24 million), UN Country Team (US$ 35.23 million) and United Kingdom (US$ 27.19 million), Korea (US$ 16.68 million) and Australia (US$ 14.31 million).
4.3 KOICA in Nepal

KOICA has started its Assistance in Nepal from the very beginning. The Assistance began with US$ 274000 in 1991 and in the year 2014 the amount reached US$ 4.8 million (Approx.). Its involvement was basically in health and education sector in the initial period. Following the peace agreement to end Nepal’s civil wars in 2006, KOICA expanded the scale of assistance projects to support reconstruction efforts and peace settlements.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>3711.9</td>
<td>27.4</td>
<td>39.1</td>
<td>123.9</td>
<td>71.6</td>
<td>86.1</td>
<td>114.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>107</td>
<td>83.8</td>
<td>59</td>
<td>114.2</td>
<td>114</td>
<td>163.8</td>
<td>120.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>137.8</td>
<td>152.8</td>
<td>168.4</td>
<td>438.5</td>
<td>486.3</td>
<td>371.1</td>
<td>731.2</td>
</tr>
</tbody>
</table>

Nepal has been one of the priority partners to the KOICA list which have included 25 developing countries. In the year 2010 Nepal received US$ 3.62 Million in education Sector which was fifth largest amount given by KOICA to the partner countries in that year. Similarly, in 2011 and 2013 Nepal was listed in top 5 priority list of KOICA in Governance and Health sector respectively. In the year 2014 Nepal

---

7 20 years of KOICA (1991-2010)
received US$ 4.8 million (Approx.) which was KOICA’s 7 largest volume of aid among Asia pacific countries.

Besides Health and Education projects KOICA has shown its interest in rural development, ICT and other sectors in recent years. Before 2007 KOICA Major successful projects include, the “Project for Healthcare Policy and Program Management, Phases 1 and 2,” the “Project for the establishment of the Korea-Nepal Friendship Hospital (2006–2008/ USD1.16 million),” and many others. The government of Nepal in its periodic development plan has set agricultural development as its second priority and announced that it will focus its efforts on productivity improvement, farm diversification, and commercialization in the agricultural sector. To assist with such efforts, KOICA has initiated projects in five village development committees in Nawalparasi District. Featuring certain elements of South Korea’s Saemaul Undong, these projects aim at developing the agricultural sector, enhancing health care systems, and encouraging local residents to have ownership in community development.
<table>
<thead>
<tr>
<th>Start Year</th>
<th>Sector</th>
<th>Project</th>
<th>Project Period</th>
<th>Disbursed Amount in million US $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Education</td>
<td>Strengthening Vocational Training Fundamentals :The Project For the Establishment of the KOREA-NEPAL</td>
<td>2008-2011</td>
<td>0.568</td>
</tr>
<tr>
<td>2008</td>
<td>Education</td>
<td>Improvement of vocational training center in Tamnagar, Butwal</td>
<td>2008-2013</td>
<td>0.668</td>
</tr>
<tr>
<td>2010</td>
<td>Health</td>
<td>The project for the development of community-based health insurance to achieve universal coverage for essential health care in Nepal</td>
<td>2010-2011</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Table 3: List of major projects by KOICA in Nepal since 2007

---


26
<table>
<thead>
<tr>
<th>Start Year</th>
<th>Sector</th>
<th>Project</th>
<th>Project Period</th>
<th>Disbursed Amount in million US $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Education</td>
<td>KOICA Multi Project for World Food Program School Feeding Program</td>
<td>2010</td>
<td>0.500</td>
</tr>
<tr>
<td>2010</td>
<td>ICT</td>
<td>The Project for Establishment of the ICT center to enhance ICT capabilities in Nepal</td>
<td>2010-2012</td>
<td>0.500</td>
</tr>
<tr>
<td>2010</td>
<td>Health</td>
<td>Feasibility study on the introduction of a health insurance scheme and the development of its guidelines in Nepal</td>
<td>2010-2012</td>
<td>0.107</td>
</tr>
<tr>
<td>2011</td>
<td>Health</td>
<td>Improvement of the health environment in Tikapur, Nepal</td>
<td>2011-2014</td>
<td>5.500</td>
</tr>
<tr>
<td>2011</td>
<td>Governance</td>
<td>modernization of customs administration</td>
<td>2011-2013</td>
<td>6.800</td>
</tr>
<tr>
<td>2011</td>
<td>Education</td>
<td>Building a technology training center at Kathmandu University in Nepal</td>
<td>2011-2014</td>
<td>1.699</td>
</tr>
<tr>
<td>2011</td>
<td>Development</td>
<td>Establishment of master plan for development of Lumbini</td>
<td>2011 2013</td>
<td>0.868</td>
</tr>
<tr>
<td>Start Year</td>
<td>Sector</td>
<td>Project</td>
<td>Project Period</td>
<td>Disbursed Amount in million US $</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>2013</td>
<td>Gender</td>
<td>Improving the health environment in the Mugu District, Nepal</td>
<td>2013-2015</td>
<td>5.000</td>
</tr>
<tr>
<td>2013</td>
<td>ICT</td>
<td>Establishment of recovery center for IT disasters 2013 2015 282</td>
<td>2013-2015</td>
<td>0.282</td>
</tr>
<tr>
<td>2014</td>
<td>Development</td>
<td>The Inclusive Rural Development Project in Nawalparasi</td>
<td>2014-2019</td>
<td>8.000</td>
</tr>
</tbody>
</table>

KOICA focus from since its inception was capacity development. Almost all projects consist of capacity development components. It supports for intensive and extensive trainings, seminars, workshop, and academic scholarships to the officials. KOICA volunteer’s service is also considered as capacity development programs and Nepal receives Volunteers every years.
4.4.1 KOICA and Capacity development

Before the establishment of KOICA, Korea started to support its partner countries in terms of capacity development. It started Fellowship program in 1963 with the help of USAID’s fund to support partner countries to build human resource capability. After KOICA has started its work the major capacity development activities are operated under the KOICA Fellowship Program. The KOICA Fellowship Program is one of KOICA’s main projects to support partner countries secure human resources for their development. Policymakers and the technical staff members of partner countries are invited to learn about the development experience of Korea and acquire new technical and managerial skills. Furthermore, the Fellowship Program is greatly involved in promoting a positive image of Korea.

In 2012 KOICA launched the new brand name Capacity Improvement and Advancement for Tomorrow “CIAT” for the KOICA Fellowship Program. This program includes different types of short and long term programs intending for the contribution of the capacity development of the partner countries human resources.
### 4.4.2 Types of KOICA Fellowship Programs

<table>
<thead>
<tr>
<th>Standard</th>
<th>Classification</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Country-specific</td>
<td>Programs that are based on the Country Partnership Strategy (CPS) and policy priorities of the recipient country. Programs that are customized for each recipient country reflecting its reality and demands.</td>
</tr>
<tr>
<td></td>
<td>Regional</td>
<td>Programs that aim for solving regional shared development tasks in a region (target member nations grouped by continent, language or local community).</td>
</tr>
<tr>
<td></td>
<td>Global</td>
<td>Programs that reflect several types of demand based on Korea's comparative advantages and foreign policy strategies.</td>
</tr>
<tr>
<td></td>
<td>Short-term</td>
<td>Less than three months</td>
</tr>
<tr>
<td></td>
<td>Mid-term</td>
<td>Three months to one year. Mainly for the science and engineering field which requires technology transfers, certificate acquirement, etc.</td>
</tr>
<tr>
<td></td>
<td>Long-term</td>
<td>More than one year. Professional programs such as scholarship programs.</td>
</tr>
<tr>
<td></td>
<td>Regular</td>
<td>Programs that are entrusted to domestic organizations with KOICA finances.</td>
</tr>
<tr>
<td></td>
<td>Cooperative</td>
<td>Programs that are financed collaboratively by</td>
</tr>
</tbody>
</table>
KOICA and other donating nations or by KOICA and third nations.
- Programs where KOICA and international organizations or regional organizations share the financial burden.

### 4.4.3 Performance

Before KOICA foundation during 1963 to 1990 the fellowship programs had 7883 participants and after 1991 to 2013 the benefitted participants reached 53,953. The numbers of courses offered reached 306 in 2013 and more than 100 countries are included in the programs.

### 4.4.4 Record by Year

<table>
<thead>
<tr>
<th>Year</th>
<th>02</th>
<th>03</th>
<th>04</th>
<th>05</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of countries</td>
<td>115</td>
<td>124</td>
<td>112</td>
<td>124</td>
<td>117</td>
<td>93</td>
<td>109</td>
<td>110</td>
<td>99</td>
<td>111</td>
<td>117</td>
<td>110</td>
<td>113</td>
</tr>
<tr>
<td>No. of persons</td>
<td>2,517</td>
<td>2,483</td>
<td>2,376</td>
<td>2,651</td>
<td>2,823</td>
<td>3,404</td>
<td>3,404</td>
<td>2,464</td>
<td>3,594</td>
<td>6,994</td>
<td>9,325</td>
<td>3,953</td>
<td></td>
</tr>
<tr>
<td>No. of courses</td>
<td>150</td>
<td>155</td>
<td>148</td>
<td>166</td>
<td>190</td>
<td>240</td>
<td>290</td>
<td>244</td>
<td>263</td>
<td>278</td>
<td>293</td>
<td>306</td>
<td>396</td>
</tr>
</tbody>
</table>

Chapter 5: Model and analysis

5.1 Capacity development Model

There is always confusion and debate over the definition of the capacity development. It is helpful to refer to the definitions of Capacity development from other development cooperation agencies OECD (2006) and the UNDP (2008) uses “process” and CIDA (2000) “approaches, strategies and methodologies” to define capacity development. As most of donors connect capacity development to organizations, society, system or institution, it shows that lots of donors view capacity development based on systems theory.

According to OECD (2010, p. 4), many donors including ADB, Germany, Netherlands, and Italy use the definition of 2006 OECD DAC guidelines on capacity development. On the other hand, other donors like Canada, Japan, and UNDP utilize similar definitions of OECD DAC.

Definitions of “Capacity Development” by Donors10

<table>
<thead>
<tr>
<th>Organization</th>
<th>Year</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>2006</td>
<td>The process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain their capacity over time</td>
</tr>
</tbody>
</table>

10 OECD (2006, p. 12); UNDP (2008a, p. 4); Bolger (2000, p. 2); Sida (2000); LenCD (2011);
For the purpose of this study the UNDP Model of capacity development is used. For this capacity development is regarded as the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives.
As KOICA is our study case the study wants to explore its capacity development program’s impact on individual and organizational level also the overall impression about the programs.

5.1.1 Individual level Capacity Development

For Individual level Individual capacity Building (Promotion, Certificate earnings, winning different awards etc.) and for learning transfer (Based on those programs development of new proposal, project, Action plan etc.) is regarded as important elements.

5.1.2 Organizational level Capacity Development

Establishing new institution (new standards, regulations, technologies etc.) and improving organizational expertise (improved performance, budget and efficient service delivery etc.) are treated as most important elements for organizational capacity development.

5.2 Discussions of the results

A survey was carried out with the questionnaire. The intended participants were officials of Government of Nepal who at least once exposed to the KOICA capacity development programs. Total 77 responses were recorded. Joint secretaries, Medical superintendent, under secretaries, Assistant manager from Public enterprise, Field officers are among them. Only 7 female respondents were recorded.
5.2.1 Individual level Capacity Development

Table 4: Aggregate satisfaction on Individual Capacity Development

<table>
<thead>
<tr>
<th></th>
<th>Individual capacity Building</th>
<th>learning transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numbers</td>
<td>Percentage</td>
</tr>
<tr>
<td>Highly Useful</td>
<td>15</td>
<td>19.5</td>
</tr>
<tr>
<td>Substantially useful</td>
<td>50</td>
<td>64.9</td>
</tr>
<tr>
<td>Moderately Useful</td>
<td>11</td>
<td>14.3</td>
</tr>
<tr>
<td>Cannot say</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>No use</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>77</td>
<td>100.0</td>
</tr>
</tbody>
</table>

From the results we can see those capacity development programs are very useful for them on individual building capacity as well as learning transfer but only less than 20% are highly satisfied with their individual capacity building which means Promotion, Certificate earnings, winning different awards are not fully met due to this capacity development programs. On the other hand the satisfaction level for learning transfer shows that the ability to develop new plan, projects are increasing. From above figures we clearly can see that KOICA programs for capacity development is regarded as successful by the participants for individual level capacity development since.
5.2.2 Gender Comparison on Individual level Capacity Development

Table 5: Gender Comparison on Individual Capacity Development

<table>
<thead>
<tr>
<th>Individual capacity Building</th>
<th>Male (%)</th>
<th>Female (%)</th>
<th>Male (%)</th>
<th>Female (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Useful</td>
<td>18.6</td>
<td>28.6</td>
<td>54.3</td>
<td>57.1</td>
</tr>
<tr>
<td>Substantially useful</td>
<td>65.7</td>
<td>57.1</td>
<td>31.4</td>
<td>28.6</td>
</tr>
<tr>
<td>Moderately Useful</td>
<td>14.3</td>
<td>14.3</td>
<td>11.4</td>
<td>14.3</td>
</tr>
<tr>
<td>Cannot say</td>
<td>1.4</td>
<td>0.0</td>
<td>2.9</td>
<td>0.0</td>
</tr>
<tr>
<td>No use</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In terms of Gender female shows more satisfied then male in individual capacity building though the differences are small. For learning transfer there are not many deviations among male and female. Female are underrepresented in Nepalese civil service. According to department of civil personnel records in 2015 only 15 percent of female are working and at officers level the representation is even less. That could be the reason of low participation of female in the capacity development programs.
5.2.3 Comparison by Position on Individual level Capacity Development

Table 6: Comparison by Position on Individual Capacity Development

<table>
<thead>
<tr>
<th>Individual capacity Building</th>
<th>Senior (%)</th>
<th>Junior (%)</th>
<th>Senior (%)</th>
<th>Junior (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Useful</td>
<td>11.9</td>
<td>28.6</td>
<td>54.8</td>
<td>54.3</td>
</tr>
<tr>
<td>Substantially useful</td>
<td>71.4</td>
<td>57.1</td>
<td>31.0</td>
<td>31.4</td>
</tr>
<tr>
<td>Moderately Useful</td>
<td>14.3</td>
<td>14.3</td>
<td>14.3</td>
<td>8.6</td>
</tr>
<tr>
<td>Cannot say</td>
<td>2.4</td>
<td>0.0</td>
<td>0.0</td>
<td>5.7</td>
</tr>
<tr>
<td>No use</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Position wise comparisons are made between seniors and juniors among the participants. Senior are the officials working in higher position such as Joint secretary, Under Secretary, Head of the departments, Managers Etc. most of them have 7 years of working experience whereas juniors are entry level officers they generally have experience of below 7 years. Out of sample collected 42 responses are collected from seniors and 35 are of juniors.

We can see the difference of satisfaction level between senior and junior officials. Juniors are more satisfied than seniors in individual capacity achievement. This
shows that capacity development at individual level is more useful in early careers of the officials. We cannot see much difference in terms of learning transfer.

5.3.1 Organizational level Capacity Development

Table 7: Aggregate satisfaction on Organizational Capacity Development

<table>
<thead>
<tr>
<th></th>
<th>Establishing new institution</th>
<th>improving organizational expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numbers</td>
<td>Percentage</td>
</tr>
<tr>
<td>Highly Useful</td>
<td>19</td>
<td>24.7</td>
</tr>
<tr>
<td>Substantially useful</td>
<td>45</td>
<td>58.4</td>
</tr>
<tr>
<td>Moderately Useful</td>
<td>10</td>
<td>13.0</td>
</tr>
<tr>
<td>Cannot say</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>No use</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>77</td>
<td>100.0</td>
</tr>
</tbody>
</table>

According to above table respondents are more satisfied with KOICA capacity programs in terms of improving organizational expertise than establishing new institutions. The usefulness on both cases are more than satisfactory level. Although the numbers are very few but some respondents are not satisfied with the programs in terms of organizational capacity building.
5.3.2 Gender comparison on Organizational level Capacity Development

Table 8: Gender comparison on Organizational Capacity Development

<table>
<thead>
<tr>
<th></th>
<th>Establishing new institution</th>
<th>Improving organizational expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (%)</td>
<td>Female (%)</td>
</tr>
<tr>
<td>Highly Useful</td>
<td>24.3</td>
<td>28.6</td>
</tr>
<tr>
<td>Substantially useful</td>
<td>60.0</td>
<td>42.9</td>
</tr>
<tr>
<td>Moderately Useful</td>
<td>12.9</td>
<td>14.3</td>
</tr>
<tr>
<td>Cannot say</td>
<td>1.4</td>
<td>14.3</td>
</tr>
<tr>
<td>No use</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In terms of Gender female shows more satisfied than male in improving organizational expertise through the programs. There is fluctuation in satisfaction level for female than male in establishing new institution at organizational level.
5.3.3 Comparison by Position on Organizational level Capacity Development

Table 9: Comparison by Position on Organizational Capacity Development

<table>
<thead>
<tr>
<th></th>
<th>Establishing new institution</th>
<th>Improving organizational expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Senior (%)</td>
<td>Junior (%)</td>
</tr>
<tr>
<td>Highly Useful</td>
<td>26.2</td>
<td>22.9</td>
</tr>
<tr>
<td>Substantially useful</td>
<td>57.1</td>
<td>60.0</td>
</tr>
<tr>
<td>Moderately Useful</td>
<td>16.7</td>
<td>8.6</td>
</tr>
<tr>
<td>Cannot say</td>
<td>0.0</td>
<td>5.7</td>
</tr>
<tr>
<td>No use</td>
<td>0.0</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

We cannot see the much difference of satisfaction level between senior and junior officials in organizational level capacity development of the program. Juniors and seniors are more or less equally satisfied in organizational level capacity achievement.
5.4 Comparison with others donors Capacity Development Program

Every donor has their own strategies, priorities and peculiarities but Japan International Cooperation Agency (JICA) can be compared with KOICA. Since both are regarded as Asian giants in economic development and long history of economic cooperation with Nepal. We can make some comparisons based on following points.

- History of economic cooperation: Being a developed nation Japan has long history of economic assistance to Nepal as compared to Korea. JICA started its cooperation since 1969 in Nepal whereas KOICA started its work in Nepal in 1991.

- Volume: JICA is operating well before than KOICA in Nepal the volume of ODA by JICA is high as compared to KOICA. Up to 2014 the contribution by JICA to Nepal has reached loan 79 billion yen; grant 198.5 billion yen; technical cooperation 71.3 billion yen\(^\text{11}\).

- Areas of cooperation: JICA’s areas of cooperation are wide as compared to KOICA. JICA’s areas of cooperation include governance, public work, agriculture, industrial and commercial, health & welfare, energy, education, environment etc.

- Capacity development programs: JICA also focus on capacity development from the beginning. Like KOICA JICA also organizes more than hundreds of various types of courses every year and accepts nearly 3000 participants from about 150 countries. Trainings, Seminars, workshop, observation

\(^{11}\text{JICA, Annual report 2016}\)
tours, academic scholarships and volunteers’ deployment are the major interventions both agencies are using as the capacity development tools.

Based on the respondents view who are also the beneficiary of the capacity development programs by JICA as well as with the KOICA there are some similarities and also the differences among them as donors

- **Similarities:** Both donors apply the same modalities, approaches and learning methods. The training and academic programs offered by donors are more or less similar in terms of technology, learning techniques and equipment. According to participants of both the JICA and the KOICA programs they resembles in many respect. Volunteers sending program was started by JICA first and KOICA also started to send Volunteers. In case of academic scholarships KOICA first started to provide academic scholarship to government officials then JICA is trying to copy it in the name of Japan Development Scholarship (JDS) in 2015. The exchange of information and policy learning from each other make the capacity development programs of both the donors identical in many respect.

- **Differences:** As there are similarities between the two donors but there are some peculiarities among them. Some views that their early achievement of technological development JICA tries to show advance technology as source of inspiration to recipients. On the other hand KOICA tries to replicate its brand of Saemaul movement to developing world as a rural development model.
5.5 General impression about Korea
The applicability of knowledge and experience of Korea is appreciated highly than other developed countries. Opportunity to get firsthand knowledge and experience of fast economic development success of Korea is regarded as a attraction point for officials to participate in the program. More practical approach to learning, facilities and environment makes KOICA program a bit unique to the participants. The respondents were asked to express their opinion about the general idea they perceived Korea as a donor country. Almost all respondent has shown very positive attitude towards Korea as a donor country. Korean culture, economic development, ICT advancement, the safe and pleasant surroundings are regarded as the major impressive factors.

5.6 Critical review of KOICA
Young Eun Jun (2015) tried to critically reviewed the capacity development program of Korea including KOICA. He pointed out that donors have dealt with developing countries with arrogant attitudes that said they know the problems better than recipient countries themselves. This type of weak awareness caused many problems in CD interventions. The case is no different in Korea. Because training and dispatch of volunteers in Korea has focused on mainly individual level, the integrating perspective which considers all aspects of linked systems is needed. Although training which focuses on individuals without a link with other modalities has been proved ineffective in developing capacities of developing countries through lots of researches globally, yet, Korean government organizations still prefer stand-alone modalities such as training and dispatch of volunteers until far. Because Korean experts played a leading role in implementing the project for capacity building for public Officials in developing countries, and therefore, it can
be said that such project was dependent on capacity of Korean experts. But, history, culture, system, and social and institutional environment of a counterpart country are different from those of Korea; therefore, any attempt to transfer Korean experience to a counterpart country cannot be successful. Also, the frequent use of “transfer” of knowledge and experience of the Korean government shows that Korea had gap-filling assumption. The word “transfer” needs to be replaced to “sharing” or “learn from each other” for practical CD. Due to absence of standard methodology for CD monitoring and evaluation, outcomes of the CD project can’t be measured. Unless indicators for CD objectives are not designed from the initial stage with CD perspectives, it could not evaluate the success of CD interventions. Korea’s capacities to plan, implement, and evaluate CD interventions as a donor needs to be developed. It is necessary to develop capacity of the Korean government ministries to set up CD strategy and coordinate CD interventions. And capacity of the Korean implementing organizations to make CD guidelines and M & E methodology and design CD interventions, and capacity of project management organizations to grasp CD perspectives and apply them to their projects should be developed.
Chapter 6: Conclusion and Recommendations

ODA has major role in the capacity development of the recipients. Capacity building has been a cornerstone of development policy for 70 years and vast amounts of money have been spent on it. In the long run every country wants to be in self sustained position for this the effective use of the ODA to build her National capacity is very important.

Korea started the first training program for developing countries with the funding from the United States Agency for International Development (USAID) in 1963 and it put effort into Technical Cooperation activities for Capacity Development of developing countries until now. KOICA efforts to develop the capacity of the recipients are perceived as successful by the beneficiaries. It helped to develop their individual level capacity as well as organizational capacity. The first hand knowledge of rapid Korean economic development experience and likelihood of potential applicability differentiate its programs from others donors. Through its program KOICA not only contribute to support its partners but it is also able to promote the good image of Korea as a donor in international community.

Capacity development is about improving the organizational performance of institutions, but there is no accepted process for assessing the impact of capacity programs. So no one knows when the process is complete. In fact, you could say Capacity development never actually ends because institutions must respond constantly to changing circumstances and expectations. There is always room for improvement in the capacity development sector. From the study and respondents opinion we can outline some of the measures to donors and recipients in general as the recommendation.
For Donors: Capacity development strategy should be focus on donor’s specific comparative advantage experience which could definitely helpful for the recipients. One size shoe fit all strategy should be avoided in generalizing the local condition of the recipients. Appropriate need based intervention strategies are more useful otherwise blanket approach strategies and programs may not be productive. The capacity to identify the real need of the recipients is important hence there is more improved intelligence in reading the local conditions by donors is required. Generally ODA from donors are fragmented and duplicated which ultimately are the reasons for failure there is also need for integration and harmonization for the common goal with donors and the donors- recipient. Alignment with national system and policy is required and Support should be based on the priority of recipients. Focus should be given on the achieving globally agreed SDGs. Project should not be fragmented in multi-projects. It is necessary to develop capacity of the donors to set up capacity development strategy and coordinate capacity development interventions. And capacity of the implementing organizations to make capacity development guidelines and M & E methodology and design capacity development interventions, and capacity of project management organizations to grasp capacity development perspectives and apply them to their projects should be developed. In addition, participatory teaching method for participants to make it possible to use their endogenous power, and capacity of evaluation institutions to understand capacity development principles and apply them to evaluation of capacity development are others major improvement areas for donors to make efficient capacity development interventions.
For Recipients: Recipients should prioritize the sectors in need of capacity development. Alignment of ODA support in the direction of the national priority can be made with the help of proper need identification. Preparation of the potential areas of cooperation in advance like project banks, development of the roster to make rational selection of the individuals and organizations for capacity development are helpful for enhancing the ownership. Effective mechanism for utilizing Human resources after the capacity development interventions should be well planned. Retention of those individuals through appropriate policies is crucial for developing countries like Nepal. Recipients should have focus on knowledge and expertise transfer there must be positive attitude towards acquiring of the knowledge from the concerned participants. Removal of certain internal hurdles and obstacles can be done by proper coordination and information sharing among organizations of the recipients.
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국문초록

공적개발원조가 역량개발에 미치는 영향에 관한 연구: 네팔 사례를 중심으로

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네팔은 내륙지방에 위치하고 있으며, 가장 개발이 더디게 이루어진 대표적인 국가로, 오래 전부터 해외원조의 대상국이 되어 왔다. 한편, 네팔에 대한 원조의 규모는 지속적으로 확대된 경향을 보이고 있다. 국제개발 원조에는 역량개발이 중요한 요소로 포함된다. 기술적 원조, 역량 구축, 역량 강화 등이 이에 해당하며, 수혜국의 내적 강화에 초점을 둔다는 공통점이 있다. 단기와 장기에 걸쳐 훈련, 학술적 지원, 워크샵, 세미나, 봉사단 파견, 시찰, 기술지원이 역량 강화 수단으로 사용되는 개입의 그의 예라고 볼 수 있다.

한국국제협력단은 네팔의 발전 과정에서 주요한 파트너로 자리매김 하였으며, 다수의 사업을 네팔에서 수행하고 있다. 그리고 그 예로 보건의
료, 교육, 정보통신기술, 거버넌스와 지방 발전 등이 있다. 공적개발원조의 취지에 부합하게 한국국제협력단 또한 수혜국의 역량 개발을 제고하는 많은 역할을 해 왔다. 그리고 조직적 수준과는 별개로 개인적 수준에서도 참여자들에게 미치는 영향에는 성별 및 직위 별로 차이가 있을 수 있음에도 불구하고, 여전히 좋은 영향을 미쳐 왔다.

일반적으로 수해국은 제도와 우선순위가 명확하게 수립 및 설정되어 있지 않다. 따라서 우선순위의 설정, 적절한 제도와 조직 선정, 적시의 적절한 소통, 공여국과의 조정, 내부적 장해 제거 등을 통해 보다 높은 수준의 발전을 이기는 것이 바람직하다. 공여국 또한 수해국에게 실질적으로 필요한 원조가 무엇인지를 확인시키준 수 있으며, 적절한 학습도구를 제시하고, 지역적 조건을 고려할 필요가 있다.

주요어: 공적개발원조, 역량개발, 한국국제협력단, 개인적 조직적 수준에서의 역량

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