



CAPACITY DEVELOPMENT LEARNING

CAPACITY DEVELOPMENT OF COUNTRY SYSTEMS

ISSUES BRIEF 1, 2009

Developing the capacity of “country systems” - particularly in the context of the Accra Agenda for Action - is all important, as acknowledged at an informal working group discussion (5 March 2009) which brought in several relevant work streams from across the OECD.

When country system capacity is addressed in a compartmentalised manner it can fragment and overload the reform agendas of partner countries. The discussion confirmed, therefore, the need to work towards a more joint approach to meet the challenge of strengthening country systems. Collective action and experience sharing is also necessary if we are to learn about what best impacts on the development of country systems.

This Issues Brief contains highlights from the above discussion. It first examines strategic challenges, then operational ones. It concludes with an outline of possible perspectives for future joint action in, and beyond, the OECD Development Assistance Committee (DAC).

STRENGTHENING COUNTRY SYSTEMS: A CAPACITY PRIORITY IN THE AAA

The focus on country systems in the Accra Agenda for Action: A challenge calling for joint learning?

The Accra Agenda for Action (AAA, September 2008) confirms that donors and partner countries “will strengthen and use partner country systems to the maximum extent possible”. “Systems” here include public financial management (PFM), procurement, statistics, audit, monitoring and evaluation, results frameworks and environmental assessments. The AAA also suggests that enhancement of these country systems requires consideration of external factors that may strengthen or weaken opportunities to shape country system capacity.

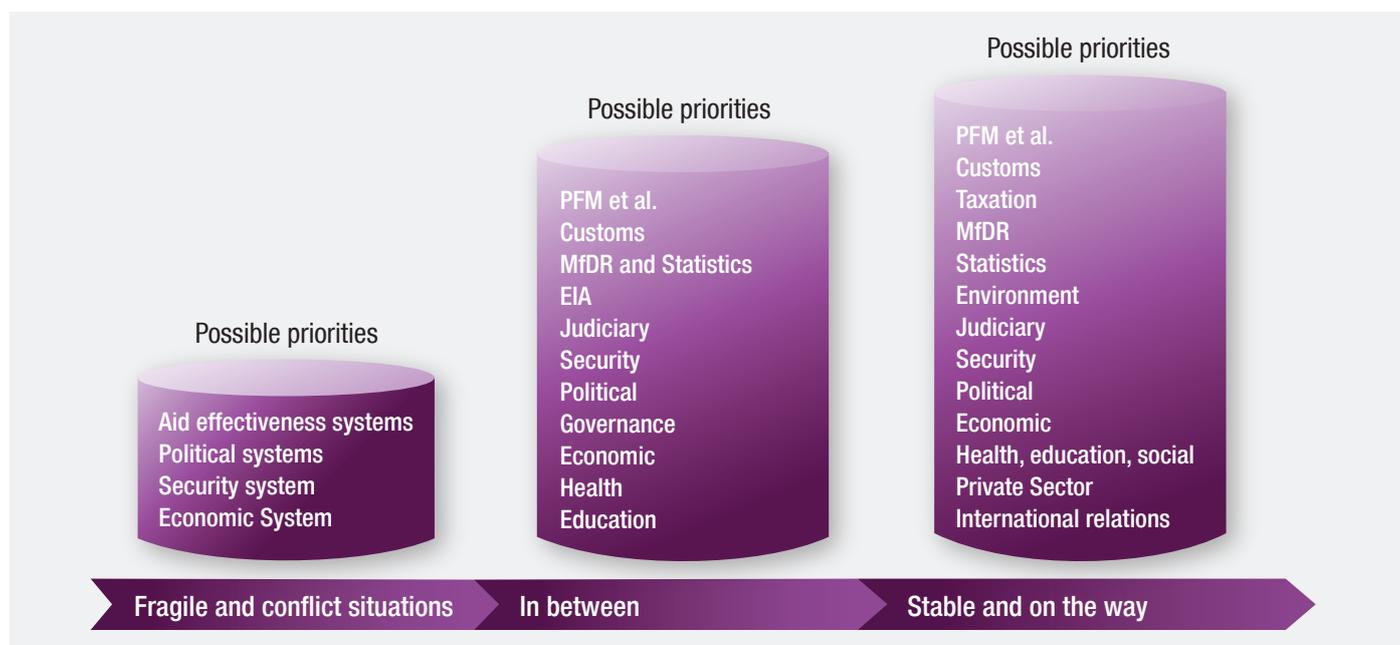
Strengthening country systems: strategic challenges across varying country situations

What are the key purposes served by country systems? There is clearly no uniform answer across the continuum of country situations where partners and donors seek to foster sustainable development. In fragile situations, key state formation objectives such as security, legitimacy, stability may come first. A reasonable set of priorities in a stable, middle-income country is likely to be very different (Figure 1). Also, countries at the same end of the continuum are likely to differ as they come from different trajectories that have shaped both their “system assets” and the available political opportunities for action.

It is therefore important to prioritise reform and capacity development based on such strategic considerations; and to factor in that developing country conditions often limit reform and change capacity. Failure to do so will risk making development co-operation less effective or even counterproductive.

- Countries and their development partners may focus on country systems of lesser importance.
- They may attempt to strengthen too many systems and sub-systems at the same time.
- The ambition level regarding the CD of each system or sub-system may be set too high.

Figure 1. Country systems: core priorities may vary in different country situations



DONORS AND PARTNER COUNTRIES THEREFORE NEED TO:

Choose the most important systems. The AAA focuses on aid effectiveness and therefore on systems central to this agenda. Public financial management (PFM) stands in the center of attention, but a too narrow focus on PFM may lead to neglect of other important systems. For example, donor economists at country level may invest a lot of time discussing PFM with national partners, at the expense of other relevant country systems (e.g. pro-poor rural growth).

Avoid picking too many systems. As development evolves, systems become formalised and specialised. Civil society, the private sector and government sectors branch out in increasingly refined ways. Evaluation becomes a specialist function, separate from monitoring, statistics and regular accountability. Taxation is dealt with separately from expenditure management. Procurement specialists gain visibility, as do environmentalists, etc. Institutionally, this is reflected in how development agencies (and the OECD) are structured – with the obvious risk that the priorities of country systems are driven by donor administrative realities, rather than by the political and developmental purposes that the country systems can service. To avoid these pitfalls, all involved must adopt a purpose-driven perspective beyond their own organisational confines and mandates.

Limit their ambition regarding the enhancement of country systems. Experience suggests that “perfect” can be the enemy of “good enough” in many country system reform agendas. Standards from stable and developed OECD member countries have been used to benchmark country systems across the continuum of country situations – implicitly providing similar answers to different circumstances. Both partners and donors have an understandable tendency to look for the latest approach, not only in technology, but also in organisational, governance and human systems. But seeking to adopt what may turn out to be short-lived or disputed fads in OECD countries may unnecessarily stretch the political, institutional and human reform capacity beyond its means.

CHANGE, REFORM AND CAPACITY DEVELOPMENT OF COUNTRY SYSTEMS

Good Practices and “Good Fit”

The capacity development of any given country system is closely related to the specific technical aspects of that system. But beyond these system-specific features, the development of any country system faces certain similar challenges:

- Reform and change is contingent on an enabling environment. Systems rarely, if ever, develop “from the inside” only. Strong, societal pressure for change is required, particularly as reform affects increasingly powerful vested interests. Capacity development of country systems is not astroll in the park!
- Forceful domestic change leadership is required, reinforced by skilled change management. Change management issues may be similar across country systems – but they are an underexplored knowledge area both among donors and partner countries.

The planning tools and approaches which dominate the development industry are largely linear, suitable for stable and predictable situations and businesses (Figure 2). But most critical development efforts take place in (at best) complex situations and (at worst) in situations of chaos. In practice, donor operational approaches to provision of support for country system development has yet to be fully sensitive to these features. This requires striking a difficult balance between the standards of good practice that donors propagate and the operational good fit of these standards to the drivers of change at any given time in any given country.

More modesty about the blessings of good practice standards and a better search for “good practices that make a good fit” may summarise the challenge. Phrased somewhat differently, it makes sense to shift from providing what we believe are the “right answers” to asking the “right questions” which can help both donors and partner countries find specific, contextualised responses that work.

Figure 2. Different capacity development approaches, according to the context



HOW CAN WE LEARN MORE?

Beyond the strategic and operational issues mentioned above, other challenges include i) the need to seek results-oriented approaches for capacity development action and ii) the need to ensure that donor support is flexible and available when there are windows of opportunity for reform in partner countries (rather than as a result of donor programming calendars). There are multiple incentives and traditions which will make it difficult to pursue an agenda at country level, as donors and partners work toward a more joint, strategically balanced and operationally effective approach to the strengthening of country systems.

Rising to the challenge is likely to require a combination of approaches including the guidance and good fit/good practice examples that the DAC may identify and those generated by various joint learning initiatives around the AAA (e.g. the Train4Dev, the Learning Network for Capacity Development, LENCD, or the Southern-led CD Alliance). The availability of current and future evaluation and research results is another crucial element. Collective work has, furthermore, to be driven by a strategic perspective beyond the individual country systems. Even the aid effectiveness agenda approach cannot be assumed to stand alone as separate from the broader development agenda in a country or sector.

This cross-fertilization, exchange and learning across work streams is a daunting challenge for country system champions and other knowledge producers/consumers, who meanwhile will also advance on their individual agendas. Key elements of a joint learning agenda may include:

- Refining and disseminating a strategic perspective for country system strengthening as briefly outlined above, which would serve as a common platform.
- Engaging senior-level actors who can drive a strategic vision for joint actions across compartments and narrower sector perspectives.
- Seeking bottom-up knowledge about how successful reformers and their partners have responded to the strategic and operational challenges of country system capacity development.
- Building results-driven knowledge development platforms which combine collaborative exchanges, in-country and regional joint learning processes, research and guidance.

OECD/DAC is a state-of-the-art forum which, through the Working Party on Aid Effectiveness, serves the development aid community, *i.e.* both donors and partners. The implementation of AAA provisions for country system capacity development will be part of the global response required and the OECD is well placed to foster strategic thinking and guidance across a broad reach of development actors. The 5 March discussions on strengthening country systems indicated a common understanding of the challenge, and the resolve to address it.

The current DAC initiative on capacity development is mandated to help implement the capacity development priorities of the Accra Agenda for Action through 2011. This issue brief was developed with the assistance of capacity development consultant Nils Boesen. For further information, please contact **James Hradsky** - James.HRADSKY@oecd.org or **Silvia Guizzardi** - Silvia.GUIZZARDI@oecd.org.



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