FROM GOOD PRINCIPLES TO BETTER PRACTICE

AN OECD-DAC PERSPECTIVE ON CAPACITY DEVELOPMENT

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In 2008, the DAC launched a capacity development initiative to help implement the capacity development priorities embodied in the Accra Agenda for Action (AAA). This initiative also promotes broader internal coherence in OECD capacity development action outside the aid effectiveness area (*e.g.* in tax policy, private sector investment, and evaluation). In support of both objectives, an internal process of consultation and learning was set up which staged two initial events: "CD for Country Systems" and "CD in Fragile Contexts". A third event was a 2-day workshop (30 June –1 July 2009) sponsored by the DAC and organised by the Learning Network on Capacity Development (LenCD). The workshop brought together participants from various DAC workstreams and OECD thematic areas, as well as a number of capacity specialists from bilateral agencies. Together, they discussed a set of approaches/principles for guiding CD support.

This Issues Brief highlights the main themes discussed at the workshop. First, it summarises the distinction between capacity, capacity development and support for capacity development. Second, it notes some key considerations in CD design. Third, it highlights the six AAA capacity development operational priorities and suggests lessons for donor good practice at the level of each.

TOWARDS A COMMON CONCEPTUAL FRAMEWORK

In 2006 the DAC published a good practice paper on capacity development entitled *The Challenge of Capacity Development: Working Towards Good Practice*. The paper starts out by defining three key terms: capacity, capacity development and promotion of (or support for) capacity development. Workshop participants explored the implications behind these three terms.

Capacity: Assumptions are often made about the "lack of capacity" facing an organisation or society and conclusions are quickly reached that more capacity is needed. In fact, our understanding of the nature of capacity, what capacities are key for performance improvement and what it takes to translate better capacity into better performance remains patchy. What, for instance, is the relationship between individual, organisational or society-wide capacities? What sort of capabilities matter most: functional (managerial, logistical, technical) or soft skills (learning, relationship building), tangible (skills, systems, structures) or intangible (norms, values, attitudes)? And what role does motivation (pay, identity, reputation, sanctions-rewards, demand) play? Given the centrality of capacity to aid and development effectiveness, greater effort is needed to grasp its characteristics across different organisational and societal contexts.

Developing capacity: Our understanding of how capacity develops is changing. In the past, the view was that donor-financed technical co-operation was required to transfer knowledge, systems and institutions from developed to developing countries. Today greater attention is being given to understanding how learning happens in organisations and systems. CD is no longer what outsiders do to build the capacity of others, but how societies, organisations and people learn and take ownership for change. Importantly, CD is considered as an endogenous process, influenced by socio-economic, cultural and political factors. CD is not then just about building new capacity and filling gaps. It can be as much about unleashing, strengthening, adapting and maintaining capacity through processes that range from those which are implemented with formal intent, to those which emerge through an incremental process of learning and adjustment.

How to support capacity development processes? An endogenous perspective puts country stakeholders at the center of CD rather than donors. Donors cannot "do" CD for others; however they may play a useful supporting role. This can be done by promoting and accompanying local initiative through access to resources, ideas, connections and opportunities. But this is no substitute for partners'

own commitment, energy and motivation for change. Experience suggests that there is no "code" or recipe for effective capacity development support, and donors need to be mindful of the limitations of any external intervention. The effectiveness of any donor support will be influenced as much by contextual factors as by the quality and appropriateness of the design (see below). Playing second fiddle means having less direct control over the direction and pace of change. It also means that it is more difficult to measure attribution as well as cause-effect relationships.

TOWARDS BETTER ENGAGEMENT: SOME DESIGN CONSIDERATIONS

Workshop participants went on to consider some design considerations for playing an effective support role. Discussions focused on how to avoid supply-driven approaches, how to take account of context, defining results and outcomes and considering inputs and intervention strategies.

Avoid supply driven approaches: Local demand for support to and ownership of the CD process is fundamental. Any design process should result in a feasible proposal that is known and owned by partner country stakeholders and that considers how to overcome resistance from those who may stand to lose. Above all, it should result in more than a donor-formatted "project design document". The following considerations can help reinforce ownership, and avoid supply-driven approaches:

- Partners need to **play an adequate leading role in each step of a CD process** from initial identification through to implementation.

- **Attention should be given to what the partner will do and invest in the CD process,** and only afterwards should a possible external contribution be envisaged *(Figure 1)*. If the focus is on the latter, the process is incomplete and will likely lack ownership.

- Assessing real demand is difficult, especially when there is no opportunity cost. Discussions should **focus first on desired CD outcomes rather than on possible technical co-operation inputs**.

Figure 1. Whose project is this?
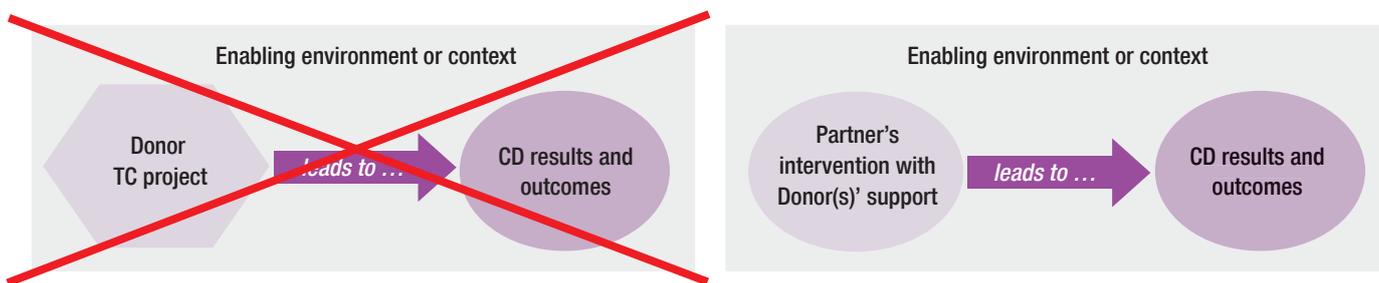
Take account of context: Providing meaningful support to an endogenous change process means being sensitive to contextual factors. There are many factors to consider which will inform the kind of response to provide. The following are of particular importance:

Table 1. Ability and willingness

Willing and able		**Willing but unable**	
• high ownership	• high capacity	• high ownership	• low capacity
Unwilling but able		**Unwilling and unable**	
• low ownership	• some capacity	• low ownership	• low capacity

- Consider the mix of **ability** and **willingness** of partners to engage in change. No two situations will be the same *(Table 1)*. Change is easiest when there is strong ownership and adequate capacity. Challenges are greatest when both ownership and capacity are low – often the case in fragile situations.

- Recognising both **functional–rational** and **political perspectives** on capacity and change, as a basis for understanding why things are the way they are, and for identifying appropriate entry points for CD support. Change in a public sector context inevitably involves both technical and political considerations. Political analysis, for example, can help reveal issues of power, authority and incentives that impact significantly on organisational performance and the willingness to change *(Table 2)*.

Table 2. Functional-rational versus political dimensions

	Functional / rational dimension	Political dimension
Main unit of analysis	The organisation as an entity with functional requirements	Sub-groups with self-interests, power and loyalty systems
What driving forces are emphasised	A sense of norms and coherence, intrinsic motivation	Sanctions and rewards, extrinsic incentives
What image is assumed	Employees concerned with organisation's interests	Individuals concerned with self-interest
How does change happen	Joint learning, best technical practice	Internal conflict, external pressure, coalition building
What will change?	Internal systems, structures, skills	Change incentives, internal and external
Emotional tone of the analysis	Naive	Cynical

Source: Willem F.G. Mastenbroek (1993), Conflict Management and Organization Development, Chichester: John Wiley & Sons.

- Acknowledging the **level of complexity** of any proposed change/CD process is a pre-condition for selecting an appropriate change strategy. Situations where the envisaged outcome of change is uncertain and more contested are far more complex than situations where outcomes are certain and uncontested. In complex situations, more iterative and incremental approaches may work whilst in less complex situations a more linear, pre-determined approach may suffice.

Define results and outcomes: Discussions often focus first on inputs and activities to be provided through donor-funded TC rather than thinking about the results and outcomes emerging from the combined activities of the partner and donor. In thinking about results and outcomes, the following points should be kept in mind:

- Think **beyond** what any external support can achieve. On its own, external support will have only limited impact on outcomes. Instead, think in terms of changes in **outputs/processes of the organisation/system** arising from the CD process.

- Be **realistic** about what can be achieved. CD results are, in most cases, harder to achieve and processes more difficult to support than envisaged. CD processes also take a lot longer to bear results, while externally funded TC is usually less effective than hoped for.

- Avoid **straightjackets**, given the complexity and uncertainty of most CD processes. Leave space for bargaining and re-strategising along the way, recognising that needs and priorities may change during the course of implementation, and take account of our imperfect knowledge when entering a process.

Consider inputs and intervention strategies: Once results and outcomes have been discussed, the next step is to consider inputs and intervention strategies. To avoid a donor-driven process, it is important to first consider domestic contributions, then if needed any external inputs. Domestic contributions should be specified at least at the same level as any external support. Other considerations include:

- Thinking carefully about the **suitability of different intervention strategies**, bearing in mind the contextual analysis carried out and the results of change/CD envisaged.

- Consider the **different roles** an external partner can best play in supporting local dynamics: facilitating access to knowledge, promoting dialogue, brokering multi-stakeholder consensus, creating space for learning, providing financial resources.

- Use **long-term expatriate TA as a last resort** rather than as a default response. Considering alternatives such as institutional twinning, South-South or triangular co-operation, distance learning, peer reviews etc.

- Be mindful of the **effect of donors' own corporate behaviour/practices** on local capacity; it can create perverse incentives, externalise accountability, lead to fragmentation and duplication of efforts, etc.

ACCRA: SIX ENTRY POINTS FOR ADDRESSING CAPACITY DEVELOPMENT

The Bonn Consensus (May 2008) identified six CD operational priorities for consideration at the Accra HLF that September. These have been broadly incorporated into the AAA and remain key entry points for addressing capacity development post-Accra. The six priority areas were discussed by participants in the June 2009 workshop with a view to distilling lessons for donor practice. These are summarised in *Table 3* below.

Table 3. AAA capacity development entry points

CD Priority Area	Lessons
Country systems capacity *"Donors and partner countries will strengthen and use partner country systems to the maximum extent possible. Enhancement of these systems requires consideration of external factors that may strengthen or weaken opportunities to share system capacity."* (AAA)	**Avoid technocratic approaches** – Support has been overly technocratic in the past and has not taken adequate account of the drivers and impediments to change. **Avoid silos** – Too much support remains fragmented. More joined up approaches are needed. **Take care of priorities and sequencing** – Different contexts require tailored responses. What is possible in a middle-income country cannot be achieved in a fragile situation. Avoid overloading the reform agenda. **Refrain from blueprints and best practice** – Think about good fit and good enough approaches. Avoid raising the bar too high and imposing a donor view of what is important. **Multi-actor approach** – Think beyond state capacity. Consider role/contribution of stakeholders in civil society (parliaments, private sector and interests groups, the media, *etc.*)
Enabling environment for capacity development *"Developing countries will take the lead in addressing key systemic issues that undermine capacity development, with support from external partners as required."* (Bonn Consensus)	**Recognise** that politics, informality and incentives matter. Learn from the difficulties of changing donors, and be more modest when trying to help others to change. **Recognise** that fragmented and parallel donor projects create perverse incentives that undermine partner capacity. Behaving according to AAA principles may do as much for promoting CD as donors supporting it directly. **Understand** the *specific* importance of the context for CD. Donors need to be in the field and get out of the office, and employ staff with a nose for politics, power issues and informal networking.
Capacity development in fragile situations *"In situations of fragility, notably in post conflict, external partners will provide tailored and coordinated capacity development support for core state functions earlier and for a longer period. Interim measures should be appropriately sequenced and lead to sustainable capacities and local institutions."* (AAA)	A **pragmatic approach to** CD is required in fragile situations: **Decide whose capacities to support** in contexts of polarised societies, where governments are not representative, or where there is political instability. **Strike a balance** between short-term fixes (*e.g.* contracting out service delivery) or quick wins, while keeping an eye on supporting medium/long term institutional development processes. **Look at different kinds of capacity:** Is it just about reinstating core functional capabilities or is it also about building leadership, relationships and confidence across state and non-state actors? **Seek good enough responses:** Identify support that may not be state-of-the-art but are sustainable and offer foundation for further development when conditions are right. **CD support strategy:** Get the balance right between direct engagement for service delivery and facilitating learning and ownership.
Integrating CD in national/sector strategies *"…commits developing countries to the integration of CD within national, sector and thematic policies and strategies as a matter of priority."* (AAA)	**Consider a sector focus:** It often provides an appropriate framework for thinking about capacity development. **Mainstream CD strategies** within sector/ thematic development strategies, rather than seeing them as an add on. **Use contry-led CD strategies to harmonise and align external support:** they provide a framework to discuss the role of development partner support, and the possible contribution of TC. **Promote dialogue and learning:** The process of preparing a CD strategy can be as important as the product that emerges, encouraging stakeholders to engage in discussion about capacity issues, and to confront different ideas of what is important.
Civil society and private sector engagement *"…commits developing countries and external partners to enable the development of civil society and private sector capacity to play their development roles more fully."* (AAA)	**Respect non-state actor autonomy:** Donors need to safeguard NSA autonomy while providing CD support. They can also play the role of "honest broker" by creating space for policy dialogue at sector and national levels. **Consider legitimacy of NSA engagement:** The legitimacy of their "voice" depends on strong downward accountability mechanisms, evidence-based research and advocacy, and horizontal networking. **Avoid short-term donor funding and cycles:** It can push NSAs into execution roles which can undermine long-term sustainable capacity development.
Relevance, quality and choice of CD support *"To enable developing countries to exercise ownership of CD through TC, external partners need to: a) facilitate joint selection and management of TC to support local priorities and b) expand choice of TC providers to ensure access to sources of local and South-South expertise."* (AAA)	**Distinguish between capacity development and technical co-operation:** TC is one input into a locally owned and managed CD process. Think about other ways to support CD. **Move decision making and management of technical co-operation to country partners:** Harmonise and align support around country systems; make TC costs and options transparent; involve partners fully in ToR preparation, selection, supervision and performance review. **Give priority to local/ regional CD resources:** Such as training and research institutions, local consultants and NGO providers; South-South and triangular co-operation opportunities. **Improve standards of CD service providers:** Integrate good practices including change management, process facilitation and coaching services that combine technical, contextual and stakeholder engagement competencies.