

Please cite this paper as:

OECD/Noya A. Clarence E., "Community capacity building: fostering economic and social resilience. Project outline and proposed methodology", 26-27 November 2009, working document, CFE/LEED, OECD,  
[www.oecd.org/dataoecd/54/10/44681969.pdf?contentId=44681970](http://www.oecd.org/dataoecd/54/10/44681969.pdf?contentId=44681970)



# **Community capacity building: fostering economic and social resilience**

**PROJECT OUTLINE AND PROPOSED METHODOLOGY**

**Antonella Noya and Emma Clarence**



OECD LEED Programme

**TABLE OF CONTENTS**

Introduction.....3  
 Context.....3  
 Some key lessons for policy makers .....4  
 Some areas to be explored .....7  
 Methodology: Project outline and review framework .....8  
     Objectives.....8  
     Detailed stages of the project .....8  
 Timing.....10  
 Budget.....10  
 Bibliography .....11

**Figures**

Figure 1. Community Capacity Building - Local Multiplier Effect  
 (combining social and economic factors) .....5

**Boxes**

Box 1. Gellideg Foundation Group – Gellideg, Wales (UK).....6  
 Box 2. Palmas Bank – Brazil .....7  
 Box 3. Brief overview of review activities .....10

*This note presents the proposed methodology for a project on “Community Capacity Building: Fostering Economic and Social Resilience” [CFE/LEED(2009)21], prepared as a follow-up to the discussion held at the 54<sup>th</sup> session of the LEED Directing Committee in May 2009 on the draft report on Community Capacity Building [CFE/LEED(2009)10].*

## Introduction

1. Community capacity building (CCB) focuses on enabling all members of the community, including the poorest and the most disadvantaged, to develop skills and competencies so as to take greater control of their own lives and also contributes to inclusive local development. Not only can communities be more cohesive but they can also be more resilient and better placed to confront economic and social challenges. Meaningful and effective community capacity building can be stimulated and fostered by national and local governments, and by the capacity which communities have already developed, so that power becomes increasingly embedded within them.

2. CCB has developed as a concept because of the need for strategies to address major social and economic decline in towns, cities and regions experiencing significant economic change and the consequences of deep-seated and long term worklessness and benefits dependency.

3. Following the OECD study on Community Capacity Building (presented and approved at the 52<sup>nd</sup> LEED Directing Committee and published in 2009 as *Community Capacity Building: Creating a Better Future Together*), further ideas are presented here as to how to extend and embed its analysis into a broader programme of work.

4. This document presents, in detail, a project of work on ‘Community Capacity Building: Fostering Economic and Social Resilience’, its methodology, objectives and outputs. The specific focus of the project is to enhance local and national governments’ capacity to design and implement strategies to build, rebuild and sustain community capacity – especially in deprived communities and in towns, cities and regions suffering from economic decline, worklessness and benefits dependency. To this end the project will identify the current approaches to CCB, the obstacles to designing effective CCB strategies, together with the drivers to more effective empowerment at local level. Emphasis will also be put on the skills and institutions needed in a community to actively build or rebuild local social and economic life. Recommendations will be developed and international examples of good practice (‘learning models’) will be provided.

## Context

5. Today the developed world is faced with a new wave of industrial change – remaining industrial centres in Western Europe and North America are threatened with the same decline experienced by similar towns and cities twenty to thirty years ago. The financial crisis and global recession will see, and are already witnessing, restructured companies closing large industrial facilities and other major employment sites; car plants are likely to close in cities in the US, France, Belgium, Italy, Spain, Portugal, Germany and the UK; major steel production centres are under threat in the UK, Belgium, Germany and Scandinavia. These developments are often combined with steady economic decline. Many towns, cities and regions are still looking for new types of economic purpose in the future; new specialisms, greater diversification, new forms of entrepreneurship. There is a danger that the most fragile locations in the developed and developing world are bearing a disproportionate brunt of the global slowdown. Unemployment and business closures are rising fastest in those areas of the advanced world where worklessness and low business activity were already problematic. Furthermore, localities emerging from political conflict and division often remain fragile for generations. Poverty, exclusion and worklessness are inherent in affected communities and exacerbated at times of economic downturn.

6. Such realities are a central part of the rationale for continuing and expanding the work on community capacity building. There are many areas (from the neighbourhood to the country level) that require economic and social strategies that enable them to build, or to continue rebuilding local

communities and economies. Indeed, for some years to come it will be necessary to preserve community capacity and assets in order to maintain social and economic conditions. At the same time, there are also places where capacity building strategies can help to build economic and social assets during longer term growth phases. By building capacity, communities will be in a better position to meet the challenges of the current crisis and to be more resilient to the next economic downturn. Better jobs, increased levels of entrepreneurship, positive social capital indicators, business performance and sustainability are all potential indicators of the resilience which increased community capacity can bring to local areas.

7. There are major tensions between national, regional and local governments to develop strategies that build, rebuild and preserve economic and social infrastructure in communities. Balancing national and local priorities is always difficult but in the present economic and political circumstances it is an even greater challenge. However, there is a widespread appetite amongst governments to act decisively at both local and national levels in the current crisis and there is a need to find an appropriate balance between these sometimes competing objectives. The priorities at all spatial levels are to **build** community capacity, to **rebuild** capacity in deprived cities and regions, and to **sustain** such activity in difficult economic times. Jobs, entrepreneurship and business performance are key tangible areas to which community capacity building can contribute, and this is accompanied by more intangible factors including increased social capital and social cohesion.

#### **Some key lessons for policy makers**

8. From the work already undertaken by OECD LEED (Noya *et al.* 2009; Noya, 2009; Noya and Clarence, 2007) a number of key lessons for policy makers can be identified.

9. Firstly, policy makers should specifically construct services and strategies that are aimed at stimulating enterprise, social capital and community capacity in deprived areas. It is important that in doing so, policy makers should pursue as broad an approach as possible with concurrent strategies aimed at stimulating capacity and activity at the personal and household level, in the public and private sectors and through the third sector.

10. Secondly, policy makers should resist the conflation of the social economy and capacity building with just one or two sectors in a community. Capacity building and the stimulation of higher levels of social capital and networks will be best achieved through an understanding of the broader base of activities and organisations that create and contribute to the most positive forms of social capital and community capacity.

11. Thirdly, policy makers should maximise the inter-relationships between the social economy (and community capacity) and other sectors, as well as following policies that boost either private sector entrepreneurship or the third sector in isolation. ‘Vertical’ approaches in policymaking and service delivery must be complemented with horizontal interventions and strategies.

12. Fourthly, policy makers should ensure that support – for example, information, mentoring and finance – is focused on a broad range of people, services and agencies. Support for organisations that lock in economic and social benefits to a particular community is vital. Such organisations might include local co-operatives, credit unions, time banks and other third sector or social economy organisations as well as private sector entrepreneurs and small businesses.

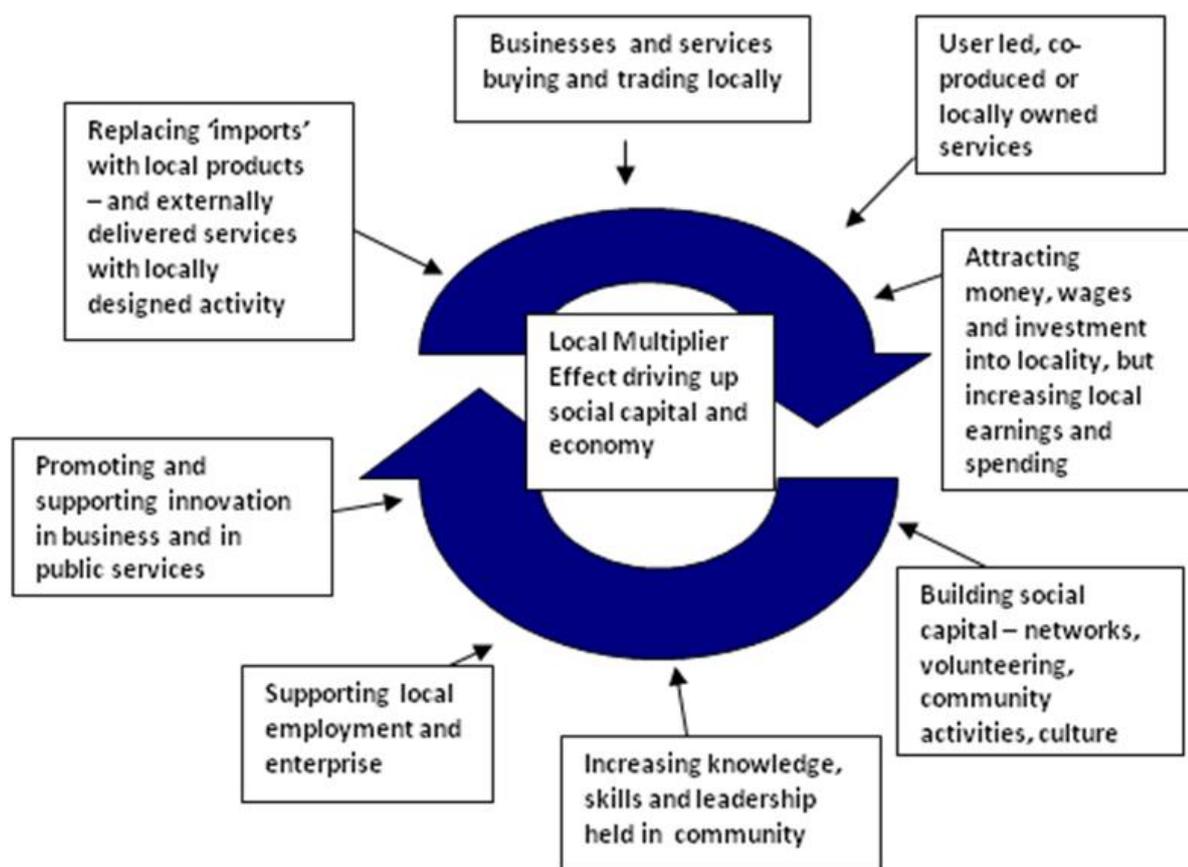
13. Fifthly, policy makers should create ‘civic infrastructure’ – capacity for well-being and spaces for social interaction and networks. Community and business spaces and social networks without obvious economic benefits should be part of a comprehensive approach to capacity building. Spaces for people and

groups to meet, for communities to come together are important aspects of all places and are conscious elements within the creation of ‘new’ business locations, such as in Barcelona and Stockholm.

14. Sixthly, policy makers should understand that most decisions and support should be exercised within communities as much as is practically possible. Social capital or community capacity is less likely to be created or sustained from the outside. Ultimately, it is the community and its residents that have the strongest understanding, ability and motivation to shape it for the better.

15. Practically, these measures will help to build stronger, more resilient communities with greater community capacity and improved relationships between all sectors and individuals within a community. These principles help to create the conditions through which new forms of social and economic activity might be generated within any given location. It also enables private sector employers to locate in an area and to build better, more economically and socially sustainable businesses in conjunction with local knowledge and networks.

**Figure 1. Community Capacity Building - Local Multiplier Effect (combining social and economic factors)**



Source: Reproduced with permission from Westall, Ramsden and Foley (2000).

16. Perhaps the most important lesson for policymakers is that all policies which support any type of sector or activity are also based on building the assets, capital and networks of individual people and households. As individuals or members of a household we all have a stake in our local communities, whether through working for or running a business, volunteering for a local charity, engaging in education, playing in a local sports team or responsible in some way for a public service in the area. We demonstrate this confluence of interests and activities in every day or week of our lives. The proportions of time

allocated to each type of activity vary from person to person and place to place, but overall we are all examples of how blurred definitions and interconnections between different ‘economic’ activities are utterly commonplace in households or in individual people’s lives.

17. The economic multiplier effect demonstrates that it takes all sorts of actors and assets to develop or to build enterprise and capacity in an area. The capacity of an area to develop is dependent on the private, public and voluntary sectors as well as on households and individuals who are resident there. Measures to promote private sector and social entrepreneurship are a prerequisite for successful and sustainable regeneration. There are many strategies that will help to turn a deprived area around, but the most effective will be the ones that bring the best of the private, public and third sectors together and that recognise that most people will play some role in all three.

18. It is clear that social innovation<sup>1</sup> is playing, and will play a critical role in the short, medium and long-term as communities, cities, regions and states, seek to rebuild during and after the current economic crisis. The importance of social innovation in addressing multiple and complex issues should not be underestimated and effective community capacity building is a positive example of social innovation in practice.

19. Two short cases – one from Wales (Box 1) and the other from Brazil (Box 2) – highlight the way in which community capacity building can not only promote job creation and employment opportunities, but also address wider social issues.

**Box 1. Gellideg Foundation Group – Gellideg, Wales (UK)**

In 1998 the Gellideg Foundation Group was established on the Gellideg estate in Wales by six women. In an area of high, long-term unemployment, the Foundation has become a central actor in addressing the complex problems which confronts the community. With its mix of activities the Foundation has not only sought to address the employment and training needs of the community, but is also focusing on raising low social aspirations.

The Foundation recognises that, beyond the availability of jobs, the social infrastructure of the community is critical in raising living conditions. The local ‘Time Bank’ (where volunteers build credits by donating time which in turn can be used, for example, in local events and activities as well as in the community hairdressers and community café) is a central part of the community; in a community of 600 families there are 220 regular volunteers, 150 of whom are children. Alongside the time bank, which provides valuable employment experience and has helped people into paid employment, are other community activities that also help to build and sustain community cohesion, such as a community café which a catering club now sells its produce to, tea dances and a walking club. The latter is in turn linked to an agenda for improving the health of the local communities, which has led to the establishment of a local co-operative selling fruit and vegetables.

The Gellideg Foundation Group views the community holistically and looks not only to the creation of employment opportunities but to the wider needs of the community, recognising that ensuring more and better jobs requires an approach which works by addressing complex social and economic problems. The Foundation is a positive example of community capacity building in action.

---

<sup>1</sup>. More information on social innovation, as well as on activities undertaken by the OECD LEED Programme in this area, can be found at:  
[http://www.oecd.org/document/53/0,3343,en\\_2649\\_34459\\_39263221\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/53/0,3343,en_2649_34459_39263221_1_1_1_1,00.html)

### **Box 2. Palmas Bank – Brazil**

In Brazil, Palmas Bank, a community bank, was opened in Conjunto Palmeiras, a community in the north-eastern region of Brazil with approximately 30 000 residents. Confronting significant local difficulties, including a lack of basic services such as water, electricity, transport and health services, the Association of Residents of Conjunto Palmeiras, proposed a community bank as way of helping themselves.

Palmas Bank has three main characteristics: management responsibilities are borne by the community; there is an integrated system of local development which promotes credit, production, commercialisation and training; and the bank issues a local currency (Palmas currency), which complements the official currency (Real) and is accepted and recognised by local producers, merchants and consumers, thereby creating an alternative and solidarity market within the community. The Bank has also developed an economic system which has an alternative micro-credit line (for producers and consumers), incentive tools for local consumption (credit card and social currency) and new ways of commercialisation (fairs, solidarity shops/stores) promoting local job creation and income generation.

Aside from the currency the Palmas Bank seeks to address community needs by engaging in programmes to provide training to vulnerable young people and women; to raise awareness of the community benefits of consuming local goods and services and the wider benefits of the solidarity economy; to help build a network of local producers and traders; and, to promote the development of local co-operatives. Much like the Gellideg Foundation Group, the Palmas Bank takes an holistic view of the community and seeks to address the multi-faceted combination of factors which are needed to create sustainable jobs and local development.

20. From Wales to Brazil, such examples demonstrate the important and positive role community capacity building can have in creating and sustaining an environment in which employment opportunities can be created, whilst simultaneously recognising that community needs must be addressed for communities to be strong and resilient. Indeed, what is evident from these two examples is the importance of recognising the strong interconnections between job creation and wider community capacity building activities. However, community capacity building is not a ‘quick-fix’ to the problems of local communities. Rather, it is an essential part of a sustained approach to local development.

#### **Some areas to be explored**

21. Stemming from the key lessons already identified it is possible to identify a range of issues which could be further explored:

- How, specifically, can community capacity building strategies help to address the effects of the economic crisis by supporting entrepreneurship and the creation of more and better jobs?
- How can community capacity building contribute to embedding and sustaining more and better jobs in local communities?
- How do we bring together policies that promote community capacity, build private and third sector enterprise and improve economic performance?
- How can the design and delivery of key public services such as welfare to work, adult education and training help to build and/or reinforce community capacity?
- What local ‘assets’ are important in a community and how can community capacity building strengthen their input to social and economic development?

22. Clearly linked to such issues are the wider ones of creating social capital and fostering social cohesion. As the two examples above suggest community capacity building has an important role to play in

job and enterprise creation, however its role also extends beyond this to building social assets which in turn feed into positive economic outcomes. How community capacity building can contribute to these outcomes is therefore a relevant issue to address.

### **Methodology: Project outline and review framework**

23. The purpose of the project is to provide guidance to governments and other stakeholders on the design and implementation of effective strategies for community capacity building.

#### ***Objectives***

- Paint a comprehensive picture of the strategies for community capacity building in a given territory and their effectiveness by considering its contribution to economic and social resilience in an area and overall performance and sustainability.
- Assess the effectiveness of community capacity building policies in building resilience by monitoring overall performance in employment (more and better jobs), enterprise (new business start ups), productivity (GDP per capita) and reduced benefit dependencies.
- Assess the effectiveness of community capacity building by monitoring wider social performance in areas including social capital, crime levels, public health and community participation.
- Identify appropriate, relevant good practice ('learning models') examples.
- Propose specific recommendations taking into account the unmet needs of the area surveyed and assist policy-makers in developing a sound understanding of the way in which community capacity building can contribute to a specific area, including employment, participation, etc.

#### ***Detailed stages of the project***

24. One of the key methodological approaches used by the OECD is the cross-country study. This involves bringing together a team of international experts and/or academics to exchange views and experiences with the main stakeholders in the fields of analysis. The aim is to help identify the strengths and weaknesses of current approaches, to make recommendations for policy development and to provide learning model policy and programme examples to help inspire the development of locally-tailored approaches. It is anticipated that a core team of experts will be identified, who will participate in all of the reviews. Accompanying this core team will be *ad hoc* experts, chosen as specialists in the area under review. This section sets out a broad proposed framework for a review of the capacity to build community capacity in line with the specific needs of individual countries.

#### ***Conducting the review***

25. Before the review is undertaken, discussions will be held between representatives from the OECD Secretariat and its partner organisations to ensure that the review is appropriately adapted to the areas and issues which the partner(s) wish to address. The specific areas to be addressed will be ascertained during initial discussions with partner(s), according to the situation of the selected countries and territories.

#### ***Background and diagnostic report***

26. Working with an expert from a participating country, current community capacity building activities will be assessed. This may be in general terms or with specific groups in mind, depending on the

objectives of the partners. Existing institutional frameworks, national and sub-national government programmes and policies for community capacity building, both generally and with regard to specific areas (such as for the creation of jobs, wider local economic development, etc.) will be examined. It may also be possible to utilise an on-line survey to feed into the background report in order to speedily identify the range of community capacity building activities being undertaken.

#### *Review panel*

27. The OECD has a strong and extensive international network of practitioners and experts on policies relating to community capacity building. It will use these experts to secure an exchange of information on practices in other countries. In particular, practitioners and experts will participate in workshops and study visits to discuss issues and policy responses with local counterparts and will prepare the final report setting out their perspective on policies and programme approaches from other countries that could help inspire further policy development in the country being reviewed. The panel's knowledge, expertise and access to information will permit the comparison of local community capacity building policies and programmes with international benchmarks on successful approaches and pitfalls to avoid.

#### *Case studies and study visits*

28. Following discussion with partners, a small number of case studies might be identified as appropriate to the review. Study missions will be conducted by the review panel during which meetings will be held with partners, national and local government actors, and other relevant stakeholders, to establish the strengths and weaknesses of current institutions and policies in light of international good practices.

#### *Workshop(s)*

29. Workshops may be held in order to facilitate the dissemination of the discussion paper and its findings to policy makers and other involved actors. Such workshops will assist in refining the discussion paper and its recommendations, before the final report is prepared.

#### *Final report*

30. Following the workshops and discussions, a final report will be prepared which will contain policy recommendations and international learning models.

#### *Other activities – capacity building seminars*

31. Other activities could be added to the review process, subject to discussion with partner(s). These may include further case studies; capacity building seminars following the discussion paper and/or the final report; national seminars to present the results; and international seminars to challenge the results at international level.

32. It is also possible hold free-standing capacity building seminars (single to multiple day events) on community capacity building. These would be tailored to the specific focus as agreed, and could include themes such as community capacity building for: employment, social cohesion, local economic development, etc.

**Box 3. Brief overview of review activities**

- A start-up working meeting or conference call to discuss the project review process with the main partners;
- Preparation of a background report on the country conditions by a local expert;
- A field visit by the international expert panel involving interviews with national administration and visits to regional and/or local actors, including governmental and organisations other relevant stakeholders ;
- A final synthesis report, including policy recommendations for national and local policymakers and;
- A seminar/roundtable discussion to present the final report (optional).

**Timing**

33. The implementation of the review process is expected to take between 9 and 12 months. The project is expected to start in 2010 and could continue during 2011-2012.

**Budget**

34. The review (and other activities) will be financed by the participating countries and organisations involved. A detailed budget will be prepared upon request, based on a clear identification of the scope of the review and the activities to be conducted during the review process.

## BIBLIOGRAPHY

Noya, A. (ed.) (2009), *The Changing Boundaries of Social Enterprises*, OECD, Paris.

Noya, A., E. Clarence and G. Craig (eds.) (2009), *Community Capacity Building: Creating a Better Future Together*, OECD, Paris.

Noya, A. and E. Clarence (eds.) (2007), *The Social Economy: Building Inclusive Economies*, OECD, Paris.

Westall, A., P. Ramsden, and J. Foley (2000), *Micro-entrepreneurs: Creating Enterprising Communities*, IPPR and NEF, London.