In recent years, capacity development has been considered a development co-operation priority and a critical factor when it comes to determining partner country\(^1\) leadership and ownership of development processes. Capacity development was highlighted at the Third High Level Forum on Aid Effectiveness (Accra, September 2008), and the resulting Accra Agenda for Action (AAA) refers to the importance of capacity in at least 16 different passages. Six broad themes can be identified: enabling environment constraints; capacity of country systems; technical and South-South co-operation; integrating capacity into sector/thematic strategies; the capacity development role of civil society and the private sector; state building in fragile situations.

As development partners seek to identify and apply capacity development “good practice” at the country level, many see the use of sector-wide approaches as the most promising and convenient entry point for capacity development operations. This Issues Brief discusses one example of how to work at the sector level, namely in the education sector in Nepal. It draws upon the proceedings, results, and lessons learned from a learning event (14-18 September 2009) organised in Kathmandu by the Government of Nepal and other development partners under the auspices of the Learning Network on Capacity Development (LenCD) and the Joint Donors’ Competence Development Network (Train4Dev). The European Commission funded the event.

This Issues Brief feeds into the ongoing work of the OECD/DAC, LenCD and the Southern-led CD Alliance to gather information and highlight the emerging South-North consensus on good practice for capacity development, which will feed into a joint synthesis statement on capacity development for the Fourth High Level Forum to take place in Seoul, late 2011.

**THE CAPACITY DEVELOPMENT ISSUE**

**What is the capacity problem?** Peace in recent years, relative political stability and a growing awareness of the importance and value of education have contributed to a significant increase in the demand for, and access to, public educational services in Nepal. In 2008/2009, the net enrolment rate in primary school reached 92\(^2\). Yet the poor quality of school education and high dropout rates remain significant concerns.

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1. The term “partner country” refers to countries that receive development assistance provided by other countries to support their own development.

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In 2008/2009, 62% of students in Nepal completed basic education and obtained a School Leaving Certificate. In the same year, the pass rate in the Higher Secondary Education National Examination was 25%.
To implement the necessary reforms and improve the quality of educational services, it is critical to develop the capacities of implementing agencies at all levels. It is also important to analyse, formulate, evaluate and translate policy and strategic direction into action, as well as to perform assigned roles and responsibilities successfully.

What has been done? The Ministry of Education (MOE) has undertaken various initiatives to strengthen the education sector, the most recent of which is the School Sector Reform Plan 2009-2015 (SSPR). SSPR aims to enhance the quality and relevance of education and stresses the need to improve management and performance at the school level. While SSPR covers all levels of education (early childhood, basic, secondary, vocational and non-formal) it maintains a strong focus on basic education (grades 1-8) to which approximately 75% of overall funding is devoted.

Developing capacities for effective education sector reforms. The SSPR includes a capacity development goal (“to enhance capacity for implementing the reforms stated in the Plan”) and objective (“to improve the performance of the MOE service delivery system and develop capacity to implement critical reforms”). By July 2010 the MOE is expected to develop a sector-wide framework for capacity development, based on which concerned agencies at various levels in the service delivery chain will prepare annual implementation plans covering their own capacity needs. The SSPR also calls for the establishment of a mechanism at the central level to co-ordinate and facilitate the preparation and implementation of capacity development plans down to the school level.

What about development partner support? For a number of years, development partners have increasingly used sector budget support as the main funding modality, thus improving harmonisation and alignment with sector programmes and policies. Development partners are expected to fund 24% of SSPR, which has an estimated cost of around USD 4 billion over the 2009-2015 period. On the whole, however, the provision of technical assistance remains generally unco-ordinated, with very limited joint efforts by donors. The European Commission (EC) has made the existence of a sector-wide capacity development strategy a precondition for the release of part of its financial support to SSPR.

THE LEARNING EVENT: OBJECTIVES, PROCESS AND RESULTS

Enabling national stakeholders to strengthen their own capacities. With the support of development partners, and with the EC and Denmark in the lead roles, the Government of Nepal organised a five-day learning event (14-18 September 2009) for government officials and development partners from the education sector. The overall objective of the event was to enable national stakeholders in the education sector to prepare a sector-level capacity development framework by 15 July 2010, with support as required from development partners. The expected results of the event were:

1. A conceptual framework for moving forward in the sector capacity development process;

2. An action plan to conduct necessary diagnostic work and produce realistic capacity development plan(s);

3. The establishment of a government-led change team able and motivated to take the process onwards, to be backed by senior-level officials and other important sector stakeholders, including development partners.

The process: a slow start, then a dynamic and vibrant event. Preparations started slowly but gained momentum some three weeks before the event. At that point a group of Nepalese government officials took the lead in defining content matters, with the support of development partners (logistics) and the facilitators. The event began with a plenary with around 30 participants that reviewed the current situation of the education sector, reflected on past experiences, framed a vision for capacity development in line with SSPR and shared expectations on the event. During the ensuing three days, a smaller working group of 13 members (plus the facilitators) dug deeper into the situation analysis, discussed success stories, challenges and lessons learned and worked on the event deliverables. A proposal regarding the conceptual framework, the action plan to make the framework operational and the change team to be set in place to carry the process forward was presented during the last day of the event to a plenary of approximately 40 representatives from the education sector and development partners.
The challenges and “trade-offs” of building consensus. Reaching a joint vision takes time. During the event, it was not easy to identify key capacity development priority areas for “case” topics to explore the detail of designing and developing appropriate interventions. Furthermore, participants expressed differences of opinion over both the results of the event ("are we to produce a comprehensive capacity development framework for the sector or rather an action plan to develop such framework?") and the focus of the capacity development plans to be developed ("should we develop plans by agencies or rather by theme/priority areas?"). A “trade-off” was required between immediately developing a framework and action plans, and giving enough time to foster ownership, participation and genuine commitment of all those involved. Despite these issues, ultimately a consensus emerged among participants on next steps to be undertaken, together with a growing sense of ownership and willingness to lead the process forward.

Results. The event concluded with the presentation of a Capacity Development Framework and Action Plan. Key elements of the proposal included:

1. A set of 12 guiding principles for capacity development in the education sector (see box);

2. A list of results to be achieved by July 2010, which include:
   - The preparation of Terms of Reference and the mobilisation of a national level Change Team to co-ordinate and facilitate the process;
   - The design and pilot testing of CD plans for 2 or 3 priority areas to be selected among the oriented result areas included in the SSPR;
   - The preparation of simple and user-friendly tools and guidelines to support the CD planning;
   - Definition of an appropriate allocation of resources for capacity development, including technical assistance;
   - An overall National Capacity Development Framework, based upon the 12 guiding principles defined at the workshop.

3. A timeframe and action plan to achieve such results.

LESSONS LEARNED AND NEXT STEPS

Throughout the event, important lessons learned were identified in relation to i) the broader sector context and framework within which capacity development interventions should take place; and ii) the design and implementation of sector level capacity development interventions. Highlights of the consensus which emerged at the learning event are summarized in the box on the following page.

**Capacity Development Principles**

- Needs-based and demand-based
- Process: consultative & participatory, building on stakeholders’ ownership
- Focused on improving school performance
- Prioritised: to address the most pressing needs
- Flexible and adaptable to incorporate expectations and changes in the environment
- Adequate resource back up
- Aligned with the existing policies and legal framework
- Results-based
- Support for effective implementation of SSRP
- Minimising separate units and parallel systems
- Document and utilise the success stories in the CD processes
- Realistic
### Integration of capacity development in sector planning, rather than a separate plan.
Capacity development interventions must be integrated into the overall sector planning and implementation strategy and process and contribute to sector reform objectives at all levels: national, districts and local/school level.

### Results-driven approach.
Capacity development planning should begin with the definition of the results to be achieved and of the capacities that must be strengthened to achieve them. It is then possible to work backwards and define what agencies, organisations and actors must do to strengthen their capacities to contribute to the achievements of desired results, and the capacity interventions needed.

### Systemic issues must also be addressed.
In line with SSPR, there was strong consensus that capacity development should focus on improving management and performance at the school level. However, this requires enhancing capacities at the central and district levels to provide the necessary support. Systemic issues that influence the delivery of, and access to, good quality education services must also be addressed, e.g. in terms of political support, incentives, effectiveness of resourcing and budget allocation systems.

### Learning by doing is fundamental.
The design of new capacity development interventions must build upon lessons learned from past and current capacity development efforts in the sector. If no evidence of good approaches in certain areas is available, piloting new approaches to learn what works and what does not work might be necessary. To this purpose, mechanisms for evaluating pilot interventions, collecting and sharing lessons learned must be set in place from the outset.

### Ownership is essential at ALL levels – one size does not fit all.
Concerned agencies and actors at various levels in the service delivery chain must take charge of their own capacity development approaches. At the central level, the change team can provide support, offer simple tools and facilitate the process. They need to ensure that the final plans meet minimum technical quality standards, align with the overall sector goals, and pursue synergies between different levels of the service delivery system.

### Building participation and ownership around capacity development strategies and interventions at all levels takes time.
The full engagement of all actors involves a demanding learning process. However, this process can be as important as its results: capacity development strategies and interventions must be led and owned by concerned national stakeholders at all levels for effective and sustainable reforms and change. The Nepal event created a momentum, but the real work now lies ahead.

### Commitment from the top matters.
During the event, participants required the leadership, support and guidance of their top management in defining priorities and to carry forward this agenda.

### Co-ordinated support from development partners.
Assistance from development partners - including technical assistance - needs to be fully demand-driven, aligned to sector plans and objectives and harmonised, eventually through joint delivery mechanisms.

Sector-wide approaches are perceived by many specialists as the most promising and convenient entry point for mainstreaming capacity development approaches. The lessons learned in the education sector in Nepal may apply to other countries and sectors. The DAC, LenCD and the CD Alliance will incorporate the information assembled in this Issues Brief into their collaborative effort to indentify and consolidate information on good practice for capacity development on the road to Seoul. They will produce a joint synthesis statement on these topics to set the stage for, and advance discussions on, new ideas and priorities for joint work on capacity development in 2011 and beyond.