Capacity Development: Lessons Learned and Actions for Busan and Beyond

Synthesis Report

Draft for Discussion at the
Cairo Workshop on Capacity Development:
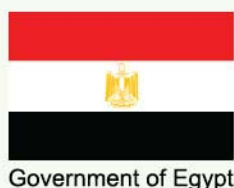*From Concepts to Implementation*
28 - 29 March 2011

Government of Egypt

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BETTER POLICIES FOR BETTER LIVES

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> *"Without robust capacity – strong institutions, systems, and local expertise – developing countries cannot fully own and manage their development processes."*
> Accra Agenda for Action, paragraph 14

This draft report is the outcome of collaborative efforts by several professionals. It aims to bring into greater focus the key issues pertaining to capacity development. These efforts were triggered by the increased attention given in recent regional and international fora to the role and challenges of strengthening partner country capacities and by the accumulated experiences in this field.

The report attempts to address the key question of how more progress can be achieved in *implementing* meaningful and sustainable capacity development initiatives which have so far had only limited success. While we draw on a wealth of sources and experiences, we have adopted a mainly *Southern perspective* in preparing this report in order to highlight the importance of southern leadership and local contexts as critical requisites for the success of joint South-North co-operation. Members of the High Level Group (HLG) take this opportunity to express their appreciation to the drafting team[1] who worked diligently to produce earlier drafts of this report, based on a clear framework articulated by the HLG. The drafts were reviewed and edited by the HLG to ensure a Southern perspective.

This is an advanced draft but by no means the final word on the subject. The Cairo Workshop on Capacity Development (28-29 March 2011), with its sub-title "from concepts to implementation", offers a particularly valuable opportunity to critique the current outline by participants (both policy-makers and practitioners) through various roundtables dealing with specific capacity development issues. The exchanges of experiences are expected to show the way forward by identifying *pragmatic and action-oriented* approaches which take due note of contextual differences and of political as well as technical considerations. The outcome of the Cairo Workshop, probably in the form of a "Cairo Consensus on Capacity Development", would generate a series of messages to further highlight the importance of capacity development at the forthcoming High Level Forum on Aid Effectiveness in Busan, Republic of Korea, later this year.

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[1] Heather Baser, Nils Boesen, Silvia Guizzardi, James Hardsky and Anthony Land, with the support of Thomas Theisohn and the LenCD network.

Executive Summary

Capacity weaknesses are arguably one of the most challenging constraints not only to greater aid effectiveness but to the whole development effort as well. Past experience shows that development co-operation has not always been successful in helping to build human resource and institutional capacities despite the enormous volumes of Official Development Assistance disbursed over the past six decades.

This draft takes an analytical approach as it first examines the evidence of good/bad practice in relation to the Accra Agenda for Action priorities in capacity development, namely (i) the enabling environment, (ii) the sector context and related country systems, (iii) the role of civil society, (iv) technical co-operation issues, and (v) fragile situations.

Based on such analysis, the report then reviews the emerging south-north consensus that capacity development would serve as a useful guide for future policies and initiatives, moving away from the narrow perspective of focusing on such elements as training and ad hoc policy advice as stand-alone forms of assistance. The evolving framework for joint action stresses that effective capacity development is much more than skills transfer alone and that it should focus on supporting endogenous change to build skills and institutional capacities for locally managing development. Special attention is also paid to the particular needs of fragile situations in state capacity building. In all cases, country leadership is essential in building a conducive enabling environment, promoting a multi-stakeholder perspective and input, and in acknowledging the longer term dimension of developing capacities leading to gradually exiting from aid.

Operationally, the implications of the emerging approach suggest the need to pay greater attention to the following factors:
- Acquiring a good understanding of the local context as a strategic starting point in mapping out country level action;
- Focusing on sectors as the practical starting point in capacity development work;
- Engaging in open dialogues among stakeholders and partners to assess priority needs and identify best options;
- Dealing with political, technical and cultural aspects and processes of capacity development;
- Starting small, assessing progress, learning and adapting approaches and methods;
- Making use of aid as a catalyst while recognising its limitations as a means of coping with capacity development challenges;
- Adopting a results-based approach which takes due note of short and longer term perspectives in assessing outcome.

The essence of future success lies in a change in mindset, which leads to behavioural change in terms of how to tackle capacity development challenges, develop a more coherent and inclusive vision about what needs to be done, and apply a Southern-led partnership modality for South-North joint actions.

Section 1: What is capacity development and why is it important?

1.1. Capacity is a basic objective of aid

Based on a series of "graduation" success stories in Europe, Asia and Latin America, the global community always expected development aid to be a transitory form of international public action. Most expected that aid to developing countries would fuel a simple process of skill acquisition, institution building and growth that would result in their graduation from aid as well. Progressively, they questioned why this often did not happen, particularly in the least capacitated poor countries and those in post conflict or fragile situations.

Today, development co-operation has become a $100 billion per year industry. It has generated its own culture and vocabulary, including a web of actors, funds and approaches, largely organised around short term projects and a complex array of rules and procedures. Despite multiple calls for reform, progress on most fronts has been frustratingly slow, with aid agencies reluctant to simplify or co-ordinate to the extent required, and many partners unable to deliver the consistent and broad based leadership necessary that would make full alignment of aid the obvious choice.

The lack of progress on reforms has spawned an interest in defining a more strategic vision for aid that more explicitly supports the development the capacity of partner countries to manage their own affairs. This vision is appealing because of its positive implications for the impact and sustainability of aid, and because it is a logical aid exit strategy over time. The current international "aid effectiveness" agenda provides a window of opportunity for renewed interest in sustainable capacity development.

1.2. Looking forward - an opportunity offered by Cairo and Busan

The aid effectiveness agenda evolved from its first High Level Forum in Rome (2003), to Paris (2005), Accra (2008) and now Busan in 2011. The direction of change is clearer: greater partner country ownership and leadership of aid; greater development partner interest in using and supporting country systems; greater attention to the strengthening of local capacity as a foundation for sustainable human development; greater recognition of capacity weaknesses as a major constraint for sustainable development.

Southern voices

Until recently, the aid discussion on capacity development[2] was dominated by Northern-led analysis and action. Now, a larger circle of Southern interest, collaboration and literature is evolving, including: the CD Alliance, a first attempt at Southern led global advocacy; in Africa, the New Partnership for Africa's Development (NEPAD), which introduced in 2010 an African *Capacity Development Strategic Framework* and the African Capacity Building Foundation (ACBF), with 20 years of experience on the continent; in Asia, the Capacity Development for Development Effectiveness (CDDE) forum; in Latin America, the Task Team on South-South Co-operation (TT-SSC).

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2 For purposes of this Report, OECD definitions are used. "Capacity" is the ability of people and society as a whole to manage their affairs successfully and "capacity development" is the process where they unleash, strengthen, create, adapt and maintain capacity over time. It is understood that these definitions remain quite general and call for further precision in order to be operationally useful.

Emerging issues

Organisers for Busan are increasingly aware of the need to integrate emerging cchallenges and opportunities since Accra, some of which already are changing the aid landscape. Collectively, they reorient the aid discourse towards a focus on the broader capacities (public, private, civil society) of partner countries to better manage their own development.

- Important **new development partners** are emerging with fresh ideas and energy. These include the so-called BRICS[3], and the new G20 forum. It is significant that both the last G20 forum and the HLF4 are hosted by Korea. These new partners have championed both capacity development and South-South co-operation.
- **Other financial flows** in support of development also have emerged and are seeking their place in the larger range of mechanisms that support the objectives of aid. They include foreign direct investment and the private sector (Public-Private Partnerships, Aid for Trade), a range of large vertical funds (environment, health, food security), and non-state mechanisms (foundations, civil society organizations).
- The **sense of urgency** concerning the Millennium Development Goals (**MDG).** Key international actions, including that of the HLF in Busan, must look at the capacities needed to tackle the problems of yesterday (traditional development agenda), the challenges of today (MDGs) and the emerging challenges of tomorrow (climate change, resilience, etc) .
- There is a significant, growing Northern political priority for understanding, action and success in **fragile situations**. This is where many aid agencies now spend the majority of their attention and funding.

The meeting in Cairo on 28-29 March 2011 offers a unique opportunity to assemble all of these efforts and emerging ideas into a coherent set of messages for partners to reflect upon in the run up to Busan.

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[3] Brazil, Russia, India, China, South Africa.

2.1. Starting with the capacity priorities of the Accra Agenda for Action

Capacity development was highlighted in the Accra Agenda for Action primarily in relation to "ownership" but reference to it also cuts across the aid effectiveness agenda. AAA priorities in this area include six core themes:

- **Enabling environment** for CD
- CD at the **sector strategy** level
- CD of **country systems**
- Role of **civil society** and capacity development
- **Technical co-operation**
- CD in **fragile situations**

There is already a considerable body of evidence on these topics, the wide variety of which can be found in the *Evidence Supplement* to this Report and the previously issued *Perspectives Notes* that summarise evidence in each topic area.

2.2. **Enabling environment** for capacity development

Context matters for capacity development. The behaviour and performance of individuals and organizations is shaped by structural, institutional and political factors emanating from how different stakeholders pursue agendas and interests. Whether capacity development and change will happen depends not only on the will and dedication of individual champions, but also on the incentives provided by the enablers and constraints in the environment. Understanding and drawing up the practical implications of how the context matters is maybe the most difficult challenge of capacity development. The enabling environment Perspectives Note for Cairo[4] overviewed the contextual factors that set the stage for capacity development. The findings of that note are often overlooked, even though they are particularly relevant in aid relationships where aid agencies seek to support endogenous processes.

Different realities

Capacity development ambitions and approaches need to match the different realities of states, economies and societies. State formation processes matter and imported notions of what states are, what they should do, and how they should do it, are at best unhelpful for capacity development.

Informal institutions are critical

Opening the dialogue about the relative importance of formal and informal institutions, involving local knowledge sources, is essential to make use of informal institutions when strengthening capacity. Overlooking or side-lining them is likely to foster resistance and forego capacity development opportunities.

Stakeholder interests and politics

Identifying the space for capacity development and reform requires an intimate understanding of the setting of stakeholders, taking into account the interests, power and

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[4] OECD and LenCD. *Perspectives Note: The Enabling Environment for Capacity Development*, 2011.

energies of those that influence capacity building processes and who will be influenced by them. Engagement of stakeholder perspectives is an important arena for promoting capacities by forming supportive coalitions, dealing with opposition to change, and keeping up external pressure for capacity development.

Coordination incentives and capabilities

Developing the capacity to deliver often requires coordination, collaboration and communication across multiple sector and organizational boundaries. Incentives and capabilities to do this are often limited unless there is strong leadership from the top. Therefore, ambitions should be scaled accordingly. It may be useful to seek "good enough" policy coherence and then focus CD efforts on what individual organizations have to deliver in this bigger picture. Development partners should take care not to add to the challenge through fragmented approaches that pay lip service only to policy coherence and alignment.

Stakeholder voice

Incentives to organizational performance are shaped by the strength of the formal and informal voice of citizens, users, media, and check and balance organisations. Looking for means to strengthen those voices which pressure for equitable or better service delivery can be an important way of making the environment more enabling for capacity development.

Broader public sector quality

Incentives to performance in sectors and at local levels are shaped by core country systems (e.g. PFM, procurement, performance appraisals) and civil service employment conditions. *Ad hoc* and narrowly conceived capacity efforts should not be expected to work in environments where broader, multi-facetted reform processes addressing country systems may be required. They also are harder to implement. This often implies that incremental "muddling through" is the best alternative; testing, trying and adapting approaches along the road, and accepting that the risk of failure is high.

Focus on evolving context

Local and foreign actors can do better when they understand the context and how it influences performance and capacity development. Successful country managers – and successful aid agency staff -- influence what is within their reach and adapt to what they cannot influence. That implies sometimes doing less and sometimes doing more, sometimes doing the same at scale and sometimes doing differently to learn, for capacity development. First of all, it demands a more organised, strategic and dynamic look at capacity and change, requiring that all partners change the mentality in which they traditionally dialogue about and deal with capacity issues as if they were mainly a technical issue. Second, it requires a flexible approach that allows new ideas to emerge and take root. Finally, it depends on patience and the ability to assess short-term impacts and results that are needed to get buy-in for staying with a particular objective long enough to see results.

Successful capacity development depends primarily on the change readiness shaped by the context, the vision, capacity and power of those leading and managing change. Getting capacity ambitions right may often imply more incremental approaches, a focus on quick visible wins, longer overall timeframes, as well as flexible adaptation to exploit opportunities and avoid dead ends. This underscores the critical need to focus on implementation processes which, in conjunction with analysis of emerging gaps in specific skills, can promote more common vision and attention to capabilities that transform mindsets and create followership.

Support local leadership

Harnessing the leadership and management for change is crucial. Country champions need to invest visibly in capacity development. They need space, capacity and support when they adapt to and influence the context. Development partners need to understand the

limitations of the available change leadership and management capacity, and abstain from trying to replace endogenous leadership with their own.

Taking the context into account implies recognizing – operationally - that capacity development is much more than a technical discipline. It affects interests, reshapes configurations of influence and power, and generates or diminishes energies of external and internal stakeholders. Successful capacity change requires constant strategizing, brokering, coalition building and conflict management. Dealing sensibly and pragmatically with these often thorny issues is a major challenge that has to be addressed by opening a more frank and unpretentious dialogue about context factors, stakeholder and change readiness. The political dimension of capacity development draws attention to where political priorities lie at a given time. Where there is an urgent need to perform better in a given sector (e.g. a crisis), policy-makers become more receptive to measures which improve such performance.

2.3. CD and **sector strategy** (and the related topic of **country systems**)

Many of the major operational issues can be addressed from a sector or sub-sector perspective (e.g. transport, education, health, or agriculture), but may require interventions across several sectors (e.g. environment). Similarly, it is convenient to link this approach to the related concept of "country systems", as capacity development conclusions for both are similar. Most aid-supported country system improvements (public financial management; procurement; statistics; evaluation) are addressed as if they were effectively "sectors" of intervention. The sector Perspectives Note for Cairo[5] found that sectors offer a practical arena for applying capacity development good practice principles. It is where most of the challenges and dimensions of capacity development come together.

At the heart of sector development

Capacity development is at the heart of sector development; capacity for policy making, for public financial management, for front-line delivery, for interaction and co-ordination between multiple state and non-state stakeholders, for monitoring and for stronger institutions capable of performing these vital tasks. It cannot be treated as an after-thought that is dealt with once sector policies, programmes and results frameworks have been developed. Yet, few sector strategies or plans systematically address capacity development as a strategic objective. Efforts are being made through learning, policy guidance, and training to bring capacity development upfront but challenges remain.

Aid effectiveness provisions

The provisions of the Paris Declaration promote changes in aid practices that contribute to enhanced partner capacity. Aid that is better harmonised can reduce the negative effects of fragmentation, while reducing the perverse incentives associated with multiple uncoordinated projects, including topping-ups. Increased use of country systems can promote stronger sector ownership and accountability, as well as stimulate internal demand for system performance. Promotion of sector strategies helps reinforce local ownership for development results while creating an impetus for better alignment of external support and mutual accountability.

These actions can help legitimise and bolster sector-level policies, processes and systems and in so doing enable sector actors to better manage their own affairs. A country systems perspective, moreover, forces both country partners and aid agencies to confront rather than

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[5] OECD and LenCD. *Perspectives Note on Sector Capacity Development*, 2011.

evade capacity deficiencies. Working with the system, and identifying ways to strengthen it then becomes the default. Care is, however, needed to avoid a narrow view of system capacity development that focuses exclusively on strengthening core functions such as planning and public financial management, while overlooking implementation capacity requirements.

Multi-actor, stakeholder approach   Capacity development spans a range of complex issues requiring leadership and change management skills. Unless a commitment to capacity development is firmly entrenched within a sector strategy, responsibility for it is quickly be abrogated to external partners, reinforcing the perception that it is something done by aid agencies for country partners. Sector capacity involves actors and stakeholders that contribute to service delivery as well as those that participate in policy dialogue and accountability. A "multi-actor/ stakeholder" approach that includes views from a broad range of actors helps avoid too narrow a vision of the capacities to be addressed.

2.4. Role of **Civil Society** (and other non state actors)

The AAA acknowledges that civil society organizations (CSO) are independent development actors in their own right that have an active role to play in contributing to country development objectives. CSOs can be providers of capacity development support as well as recipients. The findings that follow are derived from a review[6] of evidence obtained from a variety of external sources, including LenCD, the Open Forum, the WP-EFF Cluster A on ownership and accountability, OECD, CDRA, INTRAC, UNESCO, WBI, UNDP, individual experts and others.

CSOs for Capacity Development

Much of what CSOs do is related – explicitly or implicitly - to capacity development. Evidence shows that CSOs can:

- ✓ Contribute to strengthen citizens' capacity to demand good governance and hold authorities accountable for service delivery;
- ✓ Act as CD support providers at the community level and more broadly;
- ✓ Contribute to capacity development in key sectors such as education, environment, and health.

The relevant advantages of CSOs as CD providers includes their proximity to the local context in which they operate, their understanding of local dynamics, and their linkages with local actors.

Significant challenges   Yet, CSOs face shortcomings and challenges in performing this role. Most acknowledge capacity development principles, but they do not always adopt appropriate approaches in translating theory into practice. In order to assist others to develop their capacities, CSOs first need to develop their own capabilities through the investment of time and resources in critical reflection and learning. Furthermore, CSO efforts to provide CD support often is local, implemented on a small scale and project based, making it difficult to identify opportunities for scaling-up and ensure sustainability of successful experiences.

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[6] OECD and LenCD. *Perspectives Note on Capacity Development and Civil Society Organisations*, 2011

Little measurement	In general, the long-term nature, complexity and multi-dimensionality of capacity development make it difficult to assess whether the changes triggered by CSO support are sustainable. This is an issue for aid agencies, INGOs, and local CD providers alike. By focusing on outputs and quantitative data, the more intangible medium and long-term effects of capacity support processes are rarely captured.

Capacity Development for CSOs

CSO priorities in terms of strengthening internal capacities vary in relation to the context in which they operate, their mandates and the type of interventions they are engaged in. Core capacity priorities across CSOs include: (i) analytical and adaptive capacities; (ii) strategic planning, management and governance, (iii) resource mobilization; (iv) networking and coalition-building; (v) accountability, self-regulation and increase legitimacy.

Support is short-term, supply-led	CSOs often struggle to retain <u>existing</u> capacity. As much of CSO work is project cycle based, they have difficulties in securing support for long-term capacity building processes; staff turnover and departures at the end of the project cycle also increase the risk of losing the capacity that is built up. CSOs are often the entry level for national staff engaged in development work - as soon as they have acquired skills and experience, they move on to INGOs or aid agencies that offer much higher status and salaries. Generally, aid activities do not dedicate sufficient resources and time to capacity development, and project delivery requirements take the focus away from it. INGOs – which often channel funds from donors to CSOs – tend to replicate aid agency priorities for delivery and accountability obligations.
Need for an enabling environment	CSOs need a set of enabling conditions that support them in strengthening and making successful use of their capacities. Such an enabling environment includes formal recognition of the role and functions of CSOs *vis-a-vis* the state; an enabling legal and judiciary system; effective structures and processes for multi-stakeholders which allow for CSO active participation; access to information and suitable support mechanisms – from development partners and country governments. Fostering participatory development processes, democratic ownership and a sound enabling environment for CSOs are increasingly becoming a key issue for development partners, partner countries and CSOs themselves.
Need for safeguards	The provision of support to CSOs can create distortions in CSO-citizen-state relationships. Just the prospect of aid support can fuel the establishment of *ad hoc*, development partner-oriented CSOs which are often highly aid dependent and have weak roots and legitimacy in the communities they represent. In some cases a CSO focus even can lead to their being more capacitated than the state and without a partner to work with in achieving development.

2.5. Technical Co-operation

Technical co-operation is arguably the most visible aspect of international support for capacity development, including that of non-governmental organizations, foundations and South-South co-operation. Statistics suggest that funding for this has fluctuated around one-quarter of overall Official Development Assistance (ODA) over the last 50 years. In absolute terms it represents a significant expenditure, today plausibly in the $25 billion/year range, with perhaps one-half going to **technical assistance** and the remainder split equally between

training and *educational grants*. The Cairo preparatory document on this topic[7] provides an organised review of these three aid instruments of traditional technical co-operation. .

Innovations underway

Concrete actions are being taken both by a number of aid agencies (written guidance, agency capacity building, changed practices, evidence focus) and partner countries (written guidance, internal organisational action, changed practice) to give technical co-operation a more specific focus on capacity development. However, aid agency reforms tend to be focused on internal processes and abilities and actions tend to be agency-centric, often with limited sharing of experience with others. Partner countries are more concerned with taking charge and redirecting aid funds and assistance in directions that fit more strategically with their own priorities.

Understanding complexity helps realistic expectations

Technical co-operation can help to accelerate or remove bottlenecks in relation to wider reforms, but cannot be expected to be a key driver of capacity development, which depends on several factors. Single interventions like experts or training will only make a difference when they are a key point of leverage for overall behaviour change. This suggests the need for emphasis on approaches that are "good enough" and flexible enough to evolve with local realities. Several country level actions can help.

- *Strategic planning* – Joint decisions may be able to use strategic planning at various levels as an initial anchor for pragmatic capacity assessment and cooperation action. It also may help align assistance with local demand and absorptive capacity.

- *Public service reform and TA* – Sustainable public sector capacity development depends on tackling underlying factors (e.g. recruitment, use and retention of staff, global labour market) that encourage or hinder performance. Countries also may lack the capacity for workforce planning and human resource management needed for effective use of experts.

- *Weighing alternatives* - When countries can source openly from multiple sources they can better match the varied supply of assistance to their needs. Full transparency is seldom used to examine technical co-operation alternatives, strengths, weaknesses and costs. Options may include use of local experts or national diasporas and South-South approaches.

- *Approaching fragile situations* – Technical assistance in fragile situations often circumvents known good practice strategies as a matter of expediency. Development partners tend to supply massive technical assistance which may not be collaboratively defined nor situated in a vision of progressive capacity development.

Need for clear roles and local flexibility

At a more operational level, effective technical co-operation requires jointly acceptable and transparent "rules of the game" and flexibility to adapt to complex contexts that evolve.

Management roles – Failure to encourage partner country responsibilities (e.g. selection panels; criteria for selection and performance appraisal) for management of experts limits the extent of local leadership.

Capacity of development partners – Some aid agencies are beginning to reflect on the implications that these practices imply for their business processes. Innovations can include

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[7] OECD and LenCD. *Perspectives Note: Technical Co-operation for Capacity Development*, 2011.

internal assessments of their ability to support capacity and change processes, assessments of the contribution of advisers to partner country capacity development, or use of staff performance evaluations and other corporate incentives to support the use of capacity principles.

Pooling – Pooling of technical assistance can improve harmonization, reduce redundancy of effort, reduce cost and help shift management responsibilities towards partner countries. Pooling has tended to be difficult to put in place because of differing aid business processes.

A results orientation – Traditional performance requirements for technical assistance is framed in terms of "deliverables" (e.g. training courses, workshops, studies), but newer approaches focus on partner country system performance, such as tangible improvements in service delivery or regulatory efficiency. The push for short term and visible results should not be allowed to push out development of local capacity, without which partner countries will not be able to reduce their dependence on foreign technical assistance.

Training and educational grants in support of learning

Within technical co-operation, other instruments like training and educational grants have been seen as "win-win" arrangements – providing measurable skill transfer for targeted local recipients, while offering donors a domestically popular and simple management option. However, aid-supported training is too often of limited value in the local context and not sustainable in the longer term. Educational grants are locally valued, but participant selection often is not strategic, studies undertaken may not be relevant to local priorities, and successful graduates may not return to their place of origin. Monitoring and evaluation too often is minimal and the substantive results obtained unclear. Indeed, given the billions of dollars spent annually on these instruments, these instruments merit similar scrutiny for good fit to that suggested for technical assistance.

Training viewed as "learning" - There is emerging professional agreement on the need to move beyond the current narrow vision of training, to the broader concepts of *learning* and *learning practices*[8] – of which training is one possible component. Learning concerns the organisational and institutional levels as well. This goes well beyond transferring of technical skills towards a broader vision of acquiring the capabilities to make decisions and act.

Partner country role – Few agencies have a systematic approach that provides for country ownership and leadership of learning programmes. Partner countries are generally favourable to training, although they often agree that cost is an issue and sometimes are vocal in support of building indigenous training capacities, including regional level action. The longer term direction suggested is to shift aid from supply to demand driven learning programmes and to help open up the training market to local and other Southern providers.

A need for strategy – Improving the use of training and other learning techniques to achieve sustainable capacities calls for longer term perspectives*.* This can conflict operationally with shorter-term preferences of donor and partner countries. Strategic links and human resource management frameworks are needed to connect short-term actions like training to longer term change goals for continuous learning and sustainable capacity impact.

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[8] A number of successful approaches, tools and techniques are available to support learning – beyond the realms of formal study and training. They include, for example, coaching and mentoring, e-learning tools, experiential learning, leadership development approaches, exposure visits, and partnership arrangements such as twinning.

2.6. Capacity development in **Fragile Situations**

Fragile situations are attracting considerable on-going research and analysis but these do not always identify easy solutions. Tradeoffs are often necessary. The following findings are extracted from the Cairo preparatory document on this topic[9].

"Take context as the starting point"

The first of the *Principles for good international engagement in fragile states and situations* calls for taking context as the starting point – understanding the specific context in a country and developing a shared view between country partners and donors of the strategic response required. Starting from the context means building on what is feasible. Finding openings and opportunities for making a difference and identifying the time and space for learning then become more important than trying to implement a set of activities in a predetermined sequence.

Risk of doing harm is considerable

Although many international interventions have had a positive effect, both the *Fragile States Principles Monitoring Survey* and *Do No Harm* have identified a significant number that have led to the weakening of state capacity, security and legitimacy. Development programming that focuses largely on technical fixes such as training, technical assistance, and study tours and avoids important political issues may not address core problems, for example, mistrust and unwillingness to collaborate and share information.

Avoid inflexible, linear models

In fragile situations, where goals and means remain unclear or where the nature of change is complex and uncertain, an intervention may need to be incremental or emergent. In general phased approaches which start small and build up as the understanding of what works in the context grows are often more effective than starting with big programmes. Inflexible interventions can run into problems in fragile situations because they cannot easily adapt to changing conditions on the ground.[10]

Legitimacy is central

Legitimacy differs both between societies, among different groups in society and over time and its bases are subject to political debate. Understanding the sources and processes that increase legitimacy is central to effective statebuilding. Regardless of its source, legitimacy at the state level is what provides the basis for rule by consent rather than by coercion. And lack of legitimacy contributes to fragility by undermining state authority and capacity because citizens are unwilling to engage with the state.

"Least bad" solutions

There may be deep tensions in many aspects of capacity development and state building in fragile situations. Solutions often involve trade-offs: what is required to achieve one goal may make another more difficult to achieve. Fragile situations severely limit the scope for finding the best or even good solutions to problems. Sometimes the best that may be possible is solutions which cause the least possible harm and disruption.

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[9] Heather Baser. *Special Report: Perspectives on Capacity Development in Fragile Situations*, 2011.
[10] The case studies done for the Peacebuilding and Statebuilding Synthesis noted, for example, short-term horizons, lack of flexibility of donor funding and high levels of earmarking of funds for pre-determined purposes as particular problems.

Transitions   Transitioning from a focus on the capacities needed during the "humanitarian" phase to those needed during the "development" phase is a key challenge for development partners working in post conflict and fragile states. Ability to build on skills and institutions that are effective during the "humanitarian" phase is critical, as is the early need to identify and support nascent capacity that is needed during the "development" phase.

2.7. Additional dimensions of capacity development

In addition to the capacity priorities of the AAA, several new dimensions have gained visibility since Accra.

"Learning"... to get beyond concepts – Many sector and theme work areas are actively breaking down the concept of CD into more operational elements. These range from broadly conceived topics (e.g. "CD good practice in public financial management") to the more specific (e.g. "capacity building programme for Public-Private-Partnerships in infrastructure in Africa"). The sum total of these learning opportunities need to be better harvested and shared among all aid actors seeking to promote local capacity.

Productive sectors: Ultimately, all partners need to look beyond both public and social sectors if they are to focus on the sustainable capacity needs of the developing world. Already, the majority of capacity building takes place outside the public sector, with much of it (especially in least developed countries) in the informal sector. Instruments like "Aid for Trade" and "Private Sector Investments" need to be bundled in a smart way with capacity development for aid's exit strategy to be effective. This will transition the current international conversation beyond development aid and could be the key to a focus on development.

Results focused agendas: There is a perception among a number of partners that current approaches to results-based capacity development can become a "straightjacket". On the one hand, aid agencies tend to focus on implementation around interventions that stress pre-defined, measurable outputs and indicators – often at the level of what the agencies themselves provide. On the other hand, there is a growing recognition that capacity development achievements are essentially a result of what country partners do, and that capacity development requires more iterative and flexible approaches with greater emphasis given to the way change is supported. The challenge remains to find ways to define and measure results in the context of capacity development work that takes account of this tension, and to avoid what one former aid agency head has called "Obsessive Measurement Disorder".

Education is a longer term foundation: Systematic, quality education is a foundation for the development of national capacity to manage its own affairs over the long term. Development partners engaged in support of national systems of education at all levels can usefully integrate these aspects into the broader dialogue on local capacity development.

Section 3: Pulling it all together – How to move forward?

3.1. An emerging consensus: capacity as a lens for sustainable development

The body of experience detailed in the previous section reminds us that capacity development involves much more than skills transfer alone. It is first and foremost about endogenous change to build the individual skills and collective institutional capabilities needed to achieve national goals and to contribute to changing social values. Country leadership to create the space for change is critical but context determines what is possible at any given time. Activities need to build on local interest and to take into account local strengths – which often are neglected – and weaknesses.

This overview of experience suggests three ways that capacity development can be a useful frame of reference:

- As the key objective of aid – to ensure that partner countries develop the capacity to manage their own affairs in a sustainable manner.

- As an overarching lens for a joint vision, including an "exit strategy" for aid and a mutually acceptable platform for strategic discussion on development and learning.

- As an operational approach to aid management that becomes increasingly useful as the area of intervention becomes specific and targets are measurable.

Elements already exist for greater North-South consensus on the general concepts and longer term requirements for improved implementation of capacity development. Getting into the specifics of this consensus requires a joint understanding and dialogue around fundamental questions: capacity for what, by whom, why and how.

3.2. Elements for joint action

Elements of this emerging consensus can be used as a starting point for joint dialogue and to suggest the implications for aid agencies and partner countries. They include:

Context is a strategic starting point

- Jointly assess where there is interest and a sense of urgency and priority in addressing a particular challenge and readiness for change
- Work with these pockets of energy to define programmes to support them.
- Jointly assess the context to define whether the capacity challenge is simple, complicated, complex or chaotic, and then take this into account in defining an operational approach.
- Carry on a transparent dialogue process with partners.
- Regularly assess the needs for political support and the implications of that analysis – for example, focusing initially on what is possible as opposed to ideas of what should be.
- Start small, learn and adapt.

<u>Sectors are an operational starting point</u>

- Capacity development is key to sector performance and often can be its starting point. It can also serve to join up multiple agendas around a common vision. Sectors are also an effective anchor for most forms of technical co-operation.
- Use the aid effectiveness dynamic to promote sector level change (ownership, systems, processes) in relation to capacity.
- Sectors offer an excellent opportunity to integrate non-state actors in the capacity debate.
- A governance approach to sector level capacity work helps avoid narrow approaches which neglect key actors and issues elsewhere in the system that impact on performance.
- Institutions are the main vehicle for designing and implementing development initiatives and should be at the core of capacity development work.

<u>Realise the limitations of external efforts</u>

- Aid can be used to support, facilitate and catalyse transformation within a society, but it cannot lead or drive change.
- Seek out critical local leadership and engage in frank dialogue among partners to determine the scope of effort that can realistically be undertaken.
- In fragile situations take special care "to do no harm" – this includes a special attention to legitimacy as a driving issue of capacity development and state building.
- Promote harmonisation and alignment to ensure better fit and efficiency – this will simultaneously improve the environment for meaningful capacity development.

<u>Technical co-operation is ready for change now</u>

- As a major feature of development co-operation, it is incumbent on aid agencies (and all partners) to propose meaningful reforms that can be undertaken now.
- Significant discussion and readiness for change already has been generated over the last two decades – this learning needs to be better consolidated and revived as a common platform of action.
- Southern leadership should be called upon in Cairo and used in Busan and beyond to raise the visibility of this issue and suggest why it is important to reform.

Highlights of potential messages in capacity development for Busan and beyond are noted below. This inventory is the starting point of a discussion in Cairo which seeks to align it with the collective wisdom of the meeting and, particularly, to better define the objectives of the actions they subsume (e.g. which vision, agenda, call to action or reform?).

4.1. Political messages

- VISION: It is time to adopt capacity development as a powerful vision for aid and a consensual platform for joint action. At both the international and country level, we need to promote high level dialogue on what vision, scenarios and options are to be pursued. Aid agencies should seek to generate local capacities as the mandate which drives their policy, strategy and business processes.

- SOUTHERN LEADERSHIP: To succeed, ccapacity development fundamentally requires partner country leadership that harnesses the energies of all significant stakeholders. Southern champions, with aid support, should be asked to help shape a joint process immediately after Busan which meaningfully moves the capacity development learning and action agenda forward at the country level and on the basis of today's understanding of good practice.

- DEVELOPMENT PARTNER SUPPORT: Busan is an opportunity for development partners to formalize the call for attention to the principles of capacity development. Lead aid agencies need to seek opportunities for greater collective learning and agreement on good practice and harmonization of approach. For development partners, existing forums (OECD or the European Commission platform built around its Backbone Strategy), may be opportunities to seek more joined up action, including operational approaches that support stronger Southern leadership.

- INCLUSIVE PARTNERSHIP: Partner countries need to create the conditions for multi-stakeholder approaches to capacity development. Civil society, private sector and other non-state actors are vital to the operationally specific issues of capacity, most of which are demand driven. This ensures better integration of diverse perspectives and more objective monitoring and use of results.

- TECHNICAL CO-OPERATION: Technical co-operation (technical assistance, training, educational grants) is a significant proportion of aid support for capacity development. Considerable evidence and elements of a North-South consensus on good/bad practice already exists. Collective agreement on reform of technical co-operation should be formalized immediately after Busan. This includes a more competitive supply environment where partner countries are given the space to choose capacity development support from available options.

- FRAGILE SITUATIONS: The conceptual underpinnings of capacity development thought should be actively shared in partnership and under the leadership of the g7+ International Dialogue on Statebuilding and Peacekeeping. Development partners are called upon to respect the Fragile State Principles in relation to their support of statebuilding in such situations.

4.2. Practical messages

- RESULTS-BASED CAPACITY DEVELOPMENT: Partners do not agree yet on an operational approach to results-based capacity development that can satisfy aid agency reporting systems while providing the flexibility to realistically track and adjust to the fundamental change processes needed for long term impact. Partners need to engage now in a serious, collective effort to shape a results-based management system that can facilitate and enhance aid-supported capacity development.

- JOINT MONITORING AND LEARNING: Busan should ppromote joint monitoring of aid agency and partner country behaviour in implementing capacity development good practice. Country level monitoring should be linked to well organised, joint learning processes which permit encourage meaningful change among aid agencies and partner countries alike. This joint action and the current interest in knowledge management should be a critical part of the larger development agenda, to which the international community should provide solid support.

- SECTOR FOCUS: All partners need to agree to focus more seriously on sectors as the primary entry point for joint approaches to capacity development. This process should permit those involved to take account of broader, cross cutting public sector management and other challenges. The implementation strategy for any sector development activity should have capacity development at its core and even as its starting point.

- PROMOTION OF LOCAL/INSTITUTIONAL CAPACITY BUILDERS: At the country level, we need to promote better understanding of the range of agents who support human and institutional development in order to map out good capacity development approaches and practice. This better understanding of institutional arrangements across the society, used to address capacity issues, can better ensure that the best available know-how is engaged on these issues.

- AID BUSINESS SYSTEMS: There already is considerable scope for reform of aid business processes around the aid effectiveness agenda and capacity development principles. These reforms include system deficiencies in relation to flexible and more collaborative strategic planning and results measurement, more flexible and longer term project implementation, emphasis on assignment of resources to the field and reduction in donor agency fragmentation.

Capacity Development: Lessons Learned and Actions for Busan and Beyond

EVIDENCE SUPPLEMENT

March 2011

While most parties seem attracted to the use of capacity development as a guiding concept for most forms of aid, it is critical that policy recommendations and operational approaches to this topic be firmly rooted in evidence. The Synthesis Report for which this is a supplement is a very much condensed version of evidence that has been joined up elsewhere, particularly in the five "Perspectives Notes" specifically assembled by a professional team as a best effort attempt to pull together, in one location, the evidence of what we are learning in each of the priority capacity areas of the Accra Agenda for Action:

- CD at the sector level (and the related topic of CD for country systems)
- Enabling environment for CD
- CD and civil society organisations (CSOs)
- Technical co-operation
- CD in fragile situations

Key references for each of these levels of analysis are repeated below, with particular attention to field based information generated since the 2005 Paris Declaration.

CD at the sector level (and the related topic of CD for country systems)

This Perspectives Note discusses opportunities for and challenges of capacity development in a sector context. It considers the progress that has been made by partner countries and donors to integrate capacity development at the sector level.

The Note draws on various sources obtained both through internet search, including the LenCD resource corner on sector approaches, as well as through key informants. Critical also has been the country level experience of the drafters and peer reviewers. While much has been written about sector content issues and increasingly on programme-based approaches and related aid modalities, there has been comparatively little written specifically on capacity development in a sector-wide context. This paper has not therefore been able to benefit from an extensive on-going research base or policy discussions on the topic.

Of the ten sources cited below, five are based upon one or multiple country case stories related to capacity development at the sector level. Two, synthesise the findings of joint learning events addressing capacity issues for sector strategies in one or more countries. Two discuss sector strategies in general but also include relevant reflections on capacity development. Finally, FTI *Guidelines for Capacity Development in the Education Sector* includes various real-life country examples.

Baser, H and Morgan, P (2008). *Capacity, Change and Performance Study Report*. Discussion paper No. 59B, ECDPM
The purpose of this study were two-fold: 1) to enhance understanding of the interrelationships among capacity, change and performance across a wide range of development experiences; and 2) to provide general recommendations and frameworks to support the effectiveness of external interventions aimed at improving capacity and performance. The study is based upon 16 case studies which cover a wide spectrum of capacity situations ranging over different sectors, objectives, geographic locations and organisational histories.

Boesen and Brand (2008). *Report on the Joint Learning Event on Capacity Development in the Transport Sector in Ethiopia European Commission –EuropeAid*. Aid Delivery Methods Programme
This report synthesises the findings of the *Joint Capacity Development Learning Event*, held in Addis Ababa in October 2008. The event focused on the transport sector in Ethiopia and looked at ways to

strengthen its capacity through a joint approach. It sought to identify a holistic approach that could addresses both sector-wide issues and capacity constraints in individual organisations, in a sector with multiple national public and private actors, as well as multiple development partners.

Bolger, J, Mandie-Filer, A, Hauck, V (2005). *Papua New Guinea's Health Sector: a review of capacity, change and performance issues*. ECDPM Discussion paper 57F
This report examines the current reform process in Papua New Guinea's health sector from a capacity development perspective.

Education for All – Fast Track Initiative (2008). *Guidelines for Capacity Development in the Education Sector.*
The Guidelines for Capacity Development in the Education Sector were prepared as a part of the *Education for All - Fast Track Initiative* to provide guidance in developing capacity development strategies in the education sector. Various country examples are used in each chapter to assist understanding.

International Health Partnership (IHP+) n.d. *Joint Assessment of National Strategies (JANS).*
Joint assessment is a shared approach to assessing the strengths and weaknesses of a health strategy. Joint Assessment can be applied to a national health strategy pr to a sub-sector strategy such as the national malaria strategy or AIDS strategy. By August 2010, three countries had conducted joint assessments of their national health strategies or strategic plans; Ethiopia, Nepal, and Uganda.

Land (2008). *Developing Health Sector Capacity in Cambodia – Patterns, Challenges and Lesson.*
This report presents the findings of a study commissioned by the Royal Government of Cambodia to examine the contribution of technical cooperation to capacity development in the Cambodian public sector.

Land, T (2007). *Joint Evaluation Study on Provision of Technical Assistance Personnel – Synthesis Report.* Discussion Paper No. 78, ECDPM.
This study aims to contribute to the current discussions on aid effectiveness and capacity development by assessing what works in relation to the deployment of technical assistance (TA) personnel, and exploring what initiatives/reforms are being taken to improve practice. The report draws on the findings of three country studies conducted in Mozambique, Solomon Islands and Vietnam.

Morgan, P (2005) *Organising for Large-Scale System Change: The Environmental Action Programme, Jamaica*. ECDPM Discussion paper 57J
This case study looks at the experience of the Environmental Action (ENACT) programme – a collaboration between the government of Jamaica and CIDA. ENACT's mandate was to work with Jamaican organizations in the public, private and non-profit sectors to improve their capabilities to identify and solve national environmental problems.

Train4Dev & LenCD (2009). *Capacity Development in the Education Sector in Nepal. Final Report*.
The final report following a week long learning event on capacity development in the education sector in Nepal

Train4Dev (2007). *SWAPS in Motion - Sector wide approaches: From an aid delivery to a sector development.* This paper synthesise the findings 12 Joint Learning Programmes on Sector Wide Approaches events, with the intention of contributing to the general debate about programme based approached and aid delivery methods. It has one section focused on capacity development.

Watson, D. (2005) *Capacity Building for Decentralised Education Service Delivery in Ethiopia and Pakistan: A comparative Analysis.* ECDPM Discussion paper 57l
This study offers a comparative analysis of two cases stories on decentralised education service delivery in Ethiopia and Pakistan.

Enabling Environment for CD

This Perspectives Note collects evidence about how the environment can be more or less enabling for capacity development, how actors can adapt to or influence the context they operate in and what the implications are when country and development partners promote capacity development. It looks at broader structural and economic factors, formal and not least informal institutions and at stakeholders, their interests and the politics around them. The focus is mostly, but not exclusively on the public sector.

This Note is based on a variety of sources, several of which look at evidence from experiences in supporting developing countries public sector reforms; in doing so, they also look at efforts aimed at capacity development for good governance and effective management of public sectors. One study (Andrews et al, 2010) looks at leadership for change and how it can be supported; one (Boesen, 2007) looks at the interaction between formal and informal institutions.

Andrews, Matthew, Jesse McConnell, and Alison Wescott (2010). *Development as Leadership-Led Change - A Report for the Global Leadership Initiative and the World Bank Institute (WBI)*. Harvard University.
This paper presents the findings of a study to examine leadership in the change processes of fourteen capacity development interventions in eight developing countries, through 140 in-depth structured interviews. It explores what it takes to make change happen and in particular, the role leadership plays in effecting change.

Boesen, Nils (2007). *Governance and accountability: How do the formal and the informal interplay and change?* In "Informal Institutions: How Social Norms Help or Hinder Development", edited by J. Jütting, D. Dreschler, S. Bartsch, and I. de Soysa. Paris: OECD.
This document looks at the interplay between formal and informal institutions. It attempts to offer policy-makers with a pragmatic approach to deal with informal institutions.

Boesen, Nils and Ole Therkildsen (2004). *Between Naivety and Cynicism: A Pragmatic Approach to Donor Support for Public-Sector Capacity Development*. Danida, Copenhagen.
This report suggests a pragmatic approach to donor support for public sector capacity development in poor countries. It addresses two central questions: 1) what capacity improvements (small or large) may be possible under present and foreseeable conditions in poor countries? and 2) if opportunities for capacity development exist, what can outsiders such as donors do to support and encourage them? It includes references to various country case stories.

Booth, David (2010). *Towards a theory of local governance and public goods' provision in sub-Saharan Africa*. Overseas Development Institute, London.
This paper provides a midterm report on a multi-country research effort to shed light on the institutional sources of variation in public goods' provision at the sub-national level, with a particular focus on key bottlenecks to improvement in maternal mortality, water and sanitation, facilitation of markets and enterprise, and public order and security. It draws on fieldwork evidence and secondary literature.

Dahl-Østergaard, Tom, Sue Unsworth, Mark Robinson, and Rikke Ingrid Jensen (2005). *Lessons Learned on the Use of Power and Drivers of Change Analyses in Development Co-Operation*. OECD, Brighton.
This review compares and contrasts different donor approaches to conducting Power and Drivers of Change (DOC) analysis, and looks at what is being done with the findings, in order to learn lessons for future work. It draws mainly on studies conducted in four countries – Bangladesh, Bolivia, Kenya, and Tanzania – as basis for deriving findings and recommendations for this type of work.

IMF (2006). *Selected African Countries: IMF Technical Assistance Evaluation - Public Expenditure Management Reform*. IMF, Washington DC.
This report summarizes the IMF's internal evaluation, delivered to a sample of 10 primarily Anglophone-heritage African countries (Ethiopia, The Gambia, Ghana, Kenya, Malawi, Nigeria, Rwanda, Tanzania, Uganda, and Zambia) that have been major recipients of technical assistance in the area of public expenditure management.

Independent Evaluation Group (2008). *Public Sector Reform: What Works and Why?* World Bank, Washington DC.
The main objective of this evaluation is to enhance learning on how to contribute more effectively to public sector reform in developing countries. The evaluation examines lending and other kinds of Bank support in the period 1999-2006 for public sector reform in four areas: public financial management, administrative and civil service, revenue administration, and anticorruption and transparency.

Levy, Brian and Sahr Kpundeh (2004). *Building State Capacity in Africa: New Approaches, Emerging Lessons*. Washington D.C: World Bank.
This book presents and analyzes recent experiences with supply-side efforts to build administrative capacity (administrative reform, pay policies, budget formulation), and demand-side efforts to strengthen government accountability to citizens (role and impact of national parliaments, dedicated anticorruption agencies, political dynamics of decentralization, education decentralization).

Ottaway, Marina (2002). *Rebuilding State Institutions in Collapsed States*. Development and Change 33.
This book presents an examination of the model of state reconstruction adopted by the international community and some examples of its implementation. It also explores the experience of some states reconstructed from inside.

Robinson, Mark (2006). *The Political Economy of Governance Reforms in Uganda*. IDS Discussion Paper 386.
This paper presents three cases of successful governance reforms in Uganda, highlighting the political and institutional factors that explain the different trajectories of implementation, as well as features they share in common.

CD and Civil Society Organizations (CSOs)

This Perspectives Note focuses on development-oriented CSOs in partner countries. It looks at two key capacity questions: 1) CSOs for capacity development: What are the strengths and opportunities CSOs offer to support national and local CD processes? What are the challenges and shortcomings they face? and 2) capacity development for CSOs: How have CSOs been supported to develop and strengthen their capacities to effectively play their development roles to their full potential?

This note is mainly built through research of existing evidence from external sources and portals such as the Open Forum on-line library, the WP-EFF Cluster A on ownership and accountability, CDRA,

INTRAC, UNESCO, UNDP and others. Existing literature on CSOs is vast and comes from a wide variety of sources. In relative terms, more has been written on supporting capacity development of CSOs (e.g. Hamill and Ali-Ahmad, 2007; James and Hailey, 2007, Pratt B. and Myhrman T, 2009; OECD, 2009; SEO, 2010; or Squire, 2006) versus CSOs role as capacity development providers (e.g. McNeil and Mumvumam 2006; Soal, 2010; or Ulleberg, 2009). In general, the documents listed below are based on a variety of case studies from Asia, Africa, Latin America and the Middle East.

Hamill K. and Ali-Ahmad Z. (2007). *Government in Post-Conflict Countries: Lebanon Case Study*. Annex 21 for the Workshop on Local Government in Post-Conflict Situations: Challenges for Improving Local Decision Making and Service Delivery Capacities.
This case study describe how development agencies worked with local government to recover service delivery and to strengthen local planning and decision making processes after the 2006 Lebanon war. It illustrates how international actors responded to a post-conflict situation while building the capacity of local government at the same time – suggesting that supporting local government directly can contribute to the long term sustainability of post-conflict recovery efforts.

James R. (2010). *Vices and Virtues in Capacity Development by International NGOs*. IDA Bulletin Volume 41 Number 3 - May 2010.
Evidence suggests that there is a distressing dissonance between what international development agencies know about capacity development and what they implement. This article explores the reasons for this failure. In doing so, it also looks at the relationshiop between donors, INGOs and local CD providers including CSOs.

James, R. and Hailey J. (2007). *Capacity Building for NGOs – Making it Work, Praxis Series No. 2*. INTRAC
This book highlights principles of good capacity building practice identified by INTRAC based on the experience of capacity building practitioners all over the world.

McNeil M. and Mumvuma T. (2006). *Demanding Good Governance. A Stocktaking of Social Accountability Initiatives by Civil Society in Anglophone Africa*. Community Empowerment and Social Inclusion Learning Program. World Bank Institute -Washington, D.C.
This study reviews CSO initiatives to enhance social accountability capacity and practice in the public budgetary process for 10 Anglophone African countries (Ethiopia, Ghana, Kenya, Malawi, Namibia, South Africa, Tanzania, Uganda, Zambia and Zimbabwe).

OECD (2009). *Civil Society and Aid Effectiveness – Findings, Recommendations and Good Practice*. Better Aid Series.
This book is a resource for implementing the recommendations on civil society and aid effectiveness emerging from the Accra High Level Forum and its preparatory process. These recommendations address a broad community, including developing country governments, donors, and CSOs from developing and developed countries. It includes 80 real life case stories.

Pratt B. and Myhrman T. (2009). *Improving Aid Effectiveness – A Review of Recent Initiatives for CSOs*. INTRAC.
This paper looks at the impact of donor support to CSOs on the effectiveness of their development work.

SEO - Special Evaluation Office (2010). *Evaluation of NGO partnership aimed at Capacity development*. Belgian Federal public Service of Foreign Affairs, Foreign Trade and Development Cooperation.
The Paris Declaration and the new aid approach underline the importance of developing the capacities of our partners with a view to sustainable development. The evaluation discusses the experiences of NGOs in capacity-building and explains what works, what doesn't work and why.

Soal S. (2010). *The more things change, the more they stay the same*. CDRA, Januray 2010.
This evaluation commissioned by CDRA describes the difficulties and challenges faced in the past 15 years in operationalising the concept and principles of capacity development. The evaluation finings reveal that the difficulties faced in terms of supporting capacity have only got worse given the increasing challenges faced in aid business processes and in promoting effective donors-CSO relationships.

Squire C. (2006). *Building Organizational Capacity in Iran Civil Society - Mapping the Progress of CSOs*. INTRAC Praxis Paper Number 8.
This paper outlines the various capacity building approaches and activities undertaken within Iran to support CD of CSOs. Organisations supporting CD for CSOs are relative newcomers in Iran: most established in the last 5 years, with external support crucial to their development. In that time, a great deal of experience has accumulated, and the approaches of CSOs are evolving constantly. However, learning from experience is largely undocumented, formal evaluations are rare, and there are no structures in place to help CSOs to learn from each other, disseminate good practice, reward achievements, or learn from successes.

Sterland B. (2006). *Civil Society Capacity Building in Post-Conflict Societies – the experience of Bosnia and Herzegovina and Kosovo*. INTRAC Praxis Paper Number 9.
This paper investigates the approaches and methods applied to NGO capacity building in Bosnia and Herzegovina (B&H) and Kosovo during parallel and ongoing experiences of internationally determined post-conflict social, political and economic rehabilitation and transition. Capacity building in both settings is a new term, having arrived with equally novel concepts such as the 'NGO', 'civil society', 'democracy; and 'good governance' as part of a broader development discourse driving efforts to re-establish social cohesion and fashion new states according to Western-style liberal democracy.

USAID (2006). *Building Dynamic Local Service Provider Communities: A Value Chain Approach.* Draft report for discussion, November 2006.
This document looks at the challenges of delivering CD services to local organizations. It is based upon two country-case studies: Zambia and Ecuador.

Ulleberg I. (2009). *The Role and Impact of NGOs in Capacity Development: from replacing the state to reinvigorating education*. UNESCO and IIEP.
In the education sector, many NGOs have moved beyond 'gap-filling' initiatives into capacity building activities. This paper seeks to address the role of NGOs in the education sector development through the lens of capacity building.

Technical Co-operation

In examining the key sources of recent evidence on technical co-operation, this Note gives special focus to analysis drawn from country level sources of information published within the last five years since the Paris Declaration. It attempts to look at three key types of traditional technical co-operation: *technical assistance*; *training*; *educational grants*. Organised evidence within this range of aid instruments is particularly visible for technical assistance.

The topic of technical assistance has been the object of significant international scrutiny since its early use by aid agencies in the 1960s. Over 25 relevant studies are identified in annex. Many are field based and together involve more than 100 country examples. Three of these reports (ECDPM 2007; JICA, et.al. 2008; EU 2008) actually survey much of the landscape of existing evidence to provide an organised direction for consensus. They tend to converge around similar conclusions for consideration by the donor community as it funds technical assistance for capacity development.

Boesen, Nils (2010). *Technical Assistance for Capacity Development*. March 2010.
Discussion paper produced for the Bogota event on South-South Co-operation and Capacity Development.

DFID (2006). *How to Provide Technical Cooperation Personnel*. London, June 2006.
DFID internal note aimed at country offices, drawing on in depth research of current practice in different countries. Takes the reader through the technical cooperation cycle, from identification and design to procurement and monitoring, and provides a set of good practice principles.

Earthscan Publications/UNDP and Stephen Browne (eds.) (2002). *Developing Capacity through Technical Cooperation: Country Experiences*. London and Sterling, Virginia.
Six countries form the basis of the book: Bangladesh, Bolivia, Egypt, Kyrgyz Republic, Philippines, Uganda.

ECDPM (2007). *The Provision of Technical Assistance Personnel: What can we learn from promising experiences?* Synthesis Report, Discussion Paper 78, September 2007.
Study commissioned by Germany, Australia and Denmark to contribute to discussions on aid effectiveness and capacity development by learning about what works In relation to the deployment of technical assistance personnel, and to identify initiatives/reforms that are being taken to improve practice. Three case studies in Vietnam, Mozambique and Solomon Islands, over 200 individual interviews.

EUROPEAID (2008). *Review of Donor Agencies' Policies and Guidelines on TC and PIUs*. AIDCO/Unit E5 Report, Brussels, February 2008.
This review provides summary information on the policies and practices of seven bilateral and two multilateral agencies in relation to technical cooperation and th use of Project Implement Units.

JICA, et al. (2008). *Effective Technical Cooperation for Capacity Development - Synthesis Report.* July 2008.
A joint study by a Japanese led (JICA) consortium of donors, including Japan, Germany, United Kingdom, ADB, UNDP and the World Bank, attempts to fill some current knowledge gaps related technical co-operation more effective in achieving country level capacity improvement. It included eleven country studies - Cambodia, Ghana, Kenya, Lao PDR, Malawi, Malaysia, Pakistan, Tanzania, Thailand, Vietnam, Zambia - under the leadership of local Country Study Groups.

Lopes, Carlos and Theisohn, Thomas (2003). *Ownership, Leadership and Transformation: Can We Do Better for Capacity Development?* UNDP, 2003.
Contains core messages on capacity development, with a valuable set of 57 case studies from around the world.

Pearson, Jenny (2010). *Seeking Better Practices for Capacity Development: Training and Beyond*. March 2010.
Special report for LenCD and OECD.

Schulz, Nils-Sjard (2010). *South-South Cooperation in the Context of Aid Effectiveness – Telling the Story of Partners in 110 Cases of S-S and Triangular Cooperation*. March 2010.
Report for the Bogota High Level Event on S-S Cooperation and Capacity Development. March 2010.

OECD, CD Alliance and LenCD (2010). *Technical Assistance for Capacity Development* and *Training and Capacity Development*.
Joint notes prepared for the Bogota High Level Event on S-S Cooperation and Capacity Development, March 2010.

OECD/PDG (2010). *Handbook on Contracting Out Government Functions and Services in Post-Conflict and Fragile Situations.* Paris, 2010.
The contracting out of government functions and services to external providers is an established practice in which can offer essential support to states that have to deliver basic services urgently, although it risks bypassing governments and undermining their long-term recovery. With Case Studies from Afghanistan, Angola, Liberia, Mozambique, Nigeria and Southern Sudan.

Oxford Policy Management (2006). *Developing Capacity? An Evaluation of DFID Funded Technical Co-operation for Economic Management in Sub-Saharan Africa – Synthesis Report.* London, 2006.
Evaluation of DFID technical co-operation in a range of African country settings (Ghana, Kenya, South Africa, Zambia) and extent to which it contributed to development of economic management organizational capacity.

CD in Fragile Situations

This Note looks at the problems arising out of many current capacity development practices in fragile situations and their operational implications for country partners and donors. Some proposals for change include the need to take into account the non-technical elements of capacity such as trust and human relations, the importance of analyzing the frequent dilemmas of fragile contexts, and the need to ensure that development activities reinforce the legitimacy of the state, rather than undermine it.

The paper draws from considerable on-going research and analysis, some of which is so recent that it is available only in draft. Of special note is the work done by the International Network on Conflict and Fragility (INCAF), a subsidiary body of the OECD Development Assistance Committee which has as one of its areas of work the International Dialogue on Peacebuilding and Statebuilding. The joint work on capacity development and fragile states being done by the UNDP's Bureau for Conflict Prevention and Recovery and the World Bank Institute is also an important source. Other documentation has also been consulted, including documents produced by ECDPM, EuropeAid and individual experts in this area.

It would thus be misleading to suggest that there is wide agreement among partner countries and donors on the themes emerging. However, there is considerable convergence among the different organizations and individuals doing research on some issues. That said, the discussion in this Perspectives Note illustrates that issues do not lend themselves to easy solutions and tradeoffs are often necessary.

Boesen N. (2010). DRAFT. *Technical Cooperation in Fragile Situations: Draft Guidance Note*. Brussels, EuropeAid.
This note gives operational advice on how to implement the European Commission's reform of technical cooperation (the Backbone Strategy) in fragile situations. The note aims to assist users to find least-harm responses to the multiple dilemmas faced in fragile and conflict situations

Brinkerhoff, Derick and Johnson, Ronald (2009). *Decentralized local governance in fragile states: learning from Iraq*. In International Review of Administrative Sciences 75(4). Brussels: International Institute of Administrative Sciences.
This article examines the role that local governance plays in creating an effective state and in building constructive state—society relations. Reconstruction efforts in fragile, post-conflict states have focused largely on central government, yet decentralized local authorities offer a number of positive features. Looking at the governance reconstruction experience in Iraq, the analysis explores the extent to which these positive features have characterized Iraqi sub-national government.

Land, Tony, Hauck, Volker and Baser, Heather (2009). *Capacity development: between planned interventions and emergent processes: implications for development cooperation*. Maastricht: European Centre for Development Policy Management.
This paper draws on the findings of the study by ECDPM entitled *Capacity, Change and Performance*. One of the most compelling conclusions of that study is the need for the development community to reflect critically about the way it approaches capacity development work and particularly the appropriateness of approaches that are informed exclusively by a technocratic and linear planning logic. This logic tends to underestimate the importance of politics, culture and historical context and to rely on the application of best practice solutions.

Morgan, Peter (2010). DRAFT. *Donor Support for Capacity Development in Post-Conflict States: Reflections from Two Case studies in West Africa*. Washington: World Bank Institute and Geneva: UNDP, BCPR.
This paper was prepared as part of a joint initiative by the World Bank Institute and the UNDP to strengthen their analytical work and guidance to country offices in the area of statebuilding. It is based on case studies in two countries – Liberia and Sierra Leone – and takes the perspective that the capacity challenges of fragile situations are so immense that they need different approaches from those used in most low-income countries. The author identifies 9 differences and then looks at the choices and strategies to address them. He finishes with implications for donor policy and practice.

Morgan, Peter (2009). *Draft Parallel Implementation Systems, Capacity and Performance in Sierra Leone*. Washington: World Bank Institute and New York: UNDP, BCPR.
This is another paper that comes out of the collaboration between the UNDP and the World Bank Institute on statebuilding. The original reason for doing this report was to explore the operation and effects of program implementation units (PIUs) in Sierra Leone. However, the paper has taken a broader view, looking at a variety of parallel arrangements which drive policy implementation and budget execution. These systems have become indispensable but unaffordable in the longer term. The paper looks at some approaches that could be part of a strategy to dismantle, control or reintegrate the parallel system into government operations.

OECD/DAC (2010). DRAFT. *International Support to Statebuilding in Situations of Fragility and Conflict.* Paris: OECD.
This guidance document was developed by the International Network on Conflict and Fragility (INCAF) and builds on substantive conceptual and evidence-based work carried out over the past three years. It provides a conceptual framework on how to think about statebuilding in fragile situations and

provides a comprehensive set of recommendations on how development partners should rethink and reorient their support for it.

OECD/DAC (2010). *Do No Harm: International Support for Statebuilding*. Paris: OECD. (James Putzel)
This publication addresses two questions: what are the negative impacts that donor interventions can have on statebuilding and what measures should donors take to avoid such negative impacts? *Do No Harm* argues that the challenges of statebuilding are such that donors must develop a sophisticated understanding of political processes, patterns of state-society relations and sources of legitimacy in the countries where they are operating.

OECD/DAC (2010). *Fragile States Principles Monitoring Survey: Global Report: Monitoring the Principles for Good Engagement in Fragile States and Situations*. Paris: OECD
This report is on the monitoring of the *Principles for Good International Engagement in Fragile States and Situations* first adopted in 2006. The findings and recommendations have been agreed upon, in the 6 countries concerned, by a diverse range of stakeholders through a transparent consultation process. The work is premised on the assumption that fragile situations require different responses than more stable situations

OECD/DAC (2010). *Peacebuilding and Statebuilding Priorities and Challenges: A Synthesis of Findings from Seven Multi-Stakeholder Consultations.* Paris: OECD.
This paper identifies bottlenecks and emerging god practice on peacebuilding and statebuilding based on seven multi-stakeholder consultations: Burundi, Central African Republic, The Democratic Republic of the Congo, Liberia, Sierra Leone, Southern Sudan and Timor-Leste. These were carried out as part of a broader and on-going Dialogue among representatives of national and regional governments, bilateral and multilateral development partners and civil society in conversation about improving peacebuilding and statebuilding efforts in fragile and conflict-affected situations.

OECD/DAC (2008). *Concepts and Dilemmas of Statebuilding in Fragile Situations: From Fragility to Resilience*. Paris: DAC (Bruce Jones).
An independent study commissioned by the DAC Fragile States Group and prepared by the Center on International Cooperation at New York University and the International Peace Academy, it aims to address the intellectual shortcomings of the concept of statebuilding and to bring greater clarity to discussions on fragility, resilience and statebuilding.

Paris, Roland and Sisk, Timothy 2008. *The Dilemmas of Statebuilding: Confronting the Contradictions of Postwar Peace Operations*. London and New York: Routledge.
This book explores the contradictions which emerge in international statebuilding efforts in war-torn societies. It argues that such efforts are necessary but fraught with contradictions and vexing dilemmas.

World Bank/UNDP (2008). *Key Concepts and Operational Implications in Two Fragile States: The Case of Sierra Leone and Liberia*. Washington World Bank: Fragility and Conflict. (Sue Ingram)
This is yet another paper produced jointly by the UNDP and the World Bank Institute. It provides a summary of the concepts shaping the discourse around statebuilding in fragile, conflict-affected situations. It also explores some of the operational implications for international development practitioners working in these settings, drawing on experience form Liberia and Sierra Leone.