Working Paper:

Capacity Development in SDC

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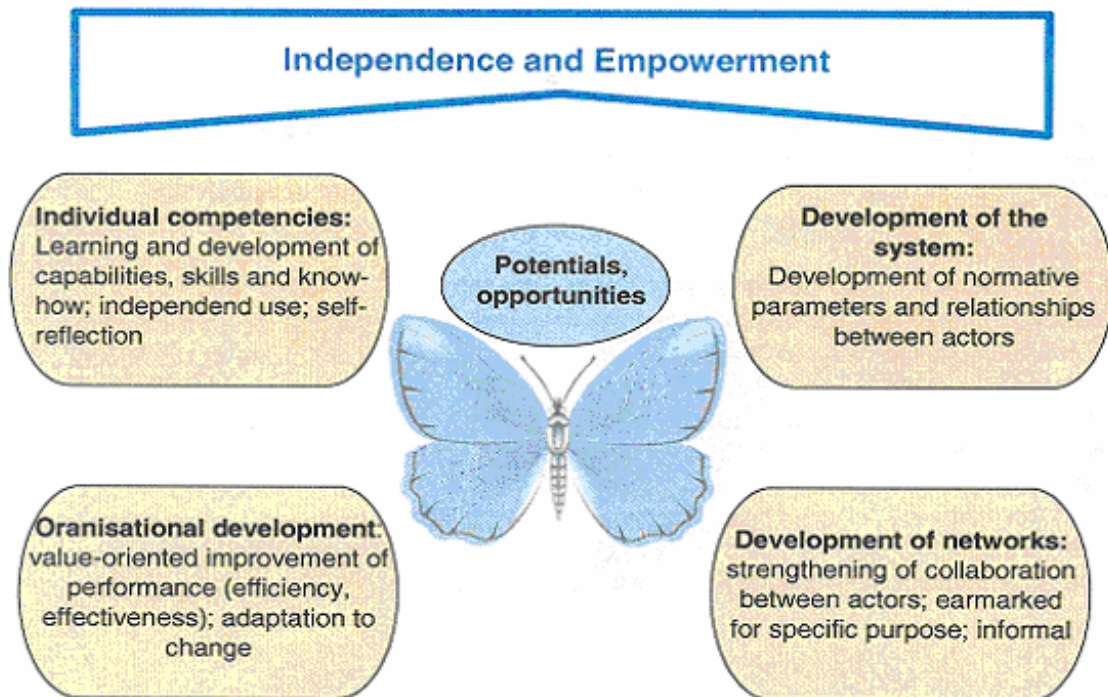reto.wieser@deza.admin.ch
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1 THEMATIC TOOL – FOR WHAT PURPOSE?

This thematic tool is addressed to the operational organisation units of SDC. Its purpose is to create order and to clarify those terms that are commonly used and significant in relation to strengthening partners and disadvantaged people. It indicates what it means to implement the model of the butterfly; it also attempts to increase the awareness of interrelations and to productively use systemic thinking. Because the consequent strengthening of partners, or of disadvantaged people, is much more than the removal of a deficit through technical instruction or advanced training, the term *capacity development* is used consistently throughout.

An example: In 1999, as part of the decentralisation process, the regional parliament in Sikasso (Burkina Faso) was newly constituted. Its functions included the development of regional plans, the drafting of projects and the supervision of implementation. To prepare for these new tasks, 10 representatives chosen from the state and civil society were allowed to study the cooperation between state, community and interest groups on the basis of two examples. At the same time SDC, with financial means and expertise, supported the communities of the region in setting priorities and elaborating their own development projects. The support improved the performance of the actors, and above all their cooperation. Today, thanks to the acquired analytical capacities, the ability to set priorities and the negotiating skills of the various actors, the regional parliament in Sikasso is attracting other donors who guarantee the financing of development projects in the region.

The following orientation guide illustrates the concept of "Capacity Development/Human and Institutional Development for the support of processes of change in developing and transition countries" that was written by Arthur Zimmermann, odcp, and adopted by COSTRA in December 2003.

2 THE CAPDEV BUTTERFLY – A MODEL WITH FOUR DIMENSIONS

3   BACKGROUND

A chronicle of trial and error…. Both donors and partner countries have tended to underestimate the complexity of the capacity development challenge.
(DAC Draft Good practice paper on Capacity Development Jan. 2005)

The development and furthering of knowledge, skills and capacities is the **core task** of international cooperation that has as its goal "help for self-help of the poor". For decades, technical assistance was *the* instrument for training and knowledge transfer from North to South and was understood as a project's task. The gradual shift to a programme approach and the implementation of Structural Adjustment Programmes required more local competencies. The building up and strengthening of local capacities was understood as a technical problem, and all in all, implemented with moderate success.

Today, the development of capacities (CapDev) and competencies is a **central challenge** for attaining the Millennium Development Goals (MDGs) and an important matter of concern for donor hamonisation and alignment. Without efficient partners (state, civil society and private sector), that also have the ability to cooperate with each other, the MDGs will not be reached by 2015. In the implementation of today, the lack of capacities in partner countries is partly posing a limitation that is just as significant as the shortage of financing itself. Thus Poverty Reduction Strategies (PRS) usually include strategies for CapDev as well so that the inherent inconsistencies can be counterbalanced: Capable partners actually constitute the prerequisite for general budget support and sector wide approaches. In reality, however, the development of capacities is encouraged as a parallel measure to balance the existing deficits. The point of departure is different in transition countries. In this case, a broad basis of knowledge, abilities, skills and strong structures exists. It is primarily a matter of changing mind sets to produce the results that are required today - which is just as difficult as learning something new.

4   TERMS

Capacity is the right mix of abilities and the potential to perform. Capacity and motivation is performance.
Capacity, motivation and good governance is performance that matters (DAC 2005).

Capacity, Capacity development, support of capacity development

The term *capacity* is used in different ways. On the one hand, it includes, **generically**, the ability to understand and to solve problems, to set priorities, to recognise opportunities, and to effectively and efficiently attain performance. Changed or improved performance is thus an expression of learning and corresponds to increased capacities. The term is primarily applied to organisations, a network or a system, whereas the term "competencies" is used in reference to an individual. Both include the methodical and specialised know-how and practical experience to structure complex processes, social competencies such as intercultural communication, the capability for teamwork, for dealing with conflicts and the ability for self-reflection.

On the other hand, capacity also designates the **specific** knowledge, skills and competencies/capabilities that are the prerequisite for achieving results. For an individual this can imply technical know-how in the field of agriculture, the practical use of computer software, the operation of machines, etc.

As a composite of the most varied attributes, *capacity* can be applied to individuals, groups, organisations, networks and even to institutions/systems. The social and communicative aspects that are especially important for structuring processes of change become predominant in international cooperation. These are often referred to as *soft capacities*, in other words leadership, processes, structures, external relationships, and differ from *hard capacities* such as infrastructure, technology, finances.
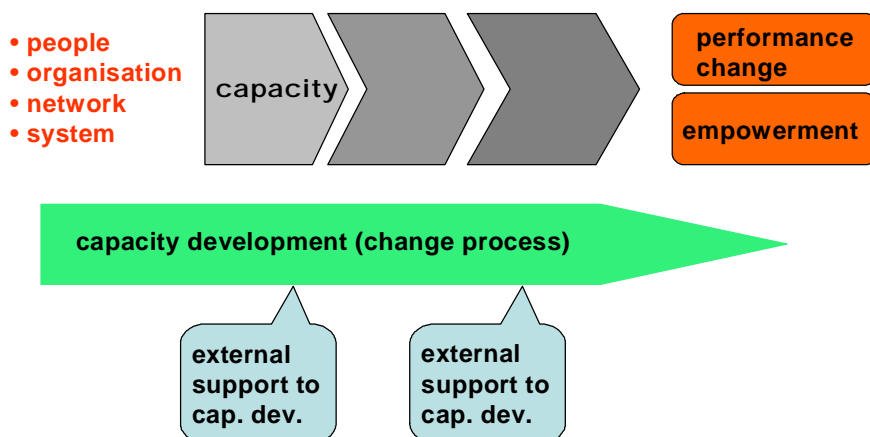
Capacity development, or building up and developing abilities, skills, know-how and knowledge, is always a long-term process. Depending on the context, it will differ in many respects in Afghanistan from that in South Africa or Peru. CapDev is the pillar of a sustainable poverty reduction and thus a matter of concern that must be given adequate consideration in all policies, programmes and projects. It often has its own *objective*: efficient local partners that can independently fulfil their functions and are prepared for future tasks. At the same time, CapDev refers to the learning *process* with its specific challenges regarding content and method. In its purpose, CapDev is focused on social and structural changes in the partner countries and is a part of a political process.

In the case of **support to CapDev**, there are external actors – SDC or its intermediary partners – that become involved and influence the process. Effective support assumes a common value base, agreed roles and tasks, and a commitment to a common vision. It requires context-specific knowledge and a deepened understanding of the existing competencies, knowledge and know-how of the various actors on which it can be built up. Methodically, a vigorous analysis of the actors is indispensable. Support to CapDev should always be oriented towards partners, or end-users, and their tasks/objectives. High expectations are placed on all actors because multiple processes are running simultaneously on different levels that are linked to each other, yet each moving at its own speed.
This in part explains the high demands made on structuring the process and the partially modest results in relation to input. CapDev support is closely linked to the principles of partnership and knowledge development. SDC orients itself on values and on the vision of a more just world (SDC Guidelines, 1999) and includes issues of Good Governance.

SDC differentiates pragmatically between CapDev and **Knowledge Management**. Under the latter, we understand a learning process that, analogous to CapDev, has the goal of increasing knowledge and capacities: access to, and the use of information, know-how and experience so that the acquired insight can be exchanged and findings made available to third parties. Whereas Knowledge Management includes learning by doing from the internal, institutional perspective of an organisation with the goal of enlarging its own competencies, CapDev has an outward reference to the partner. In learning partnerships, SDC acts as an equal partner, entitled to change itself through mutual learning with other organisations.

Individual, organisation, network, institution / system

The **individual** is the conveyor of skills, capabilities and know-how. He or she learns and acts by observing the surroundings, by interpreting them, and changing accordingly, learning on the basis of a given standard. Its competencies form the basis for the *capacity* of networks and organisations. Individuals organise themselves and learn in the **group** (families, interest and professional groups or even informal networks). Shared insights and common actions are usually developed and consolidated from individuals before being integrated into an organisation or system. Horizontal structures and trust are conducive for learning in a group.

Organisations include SDC, an NGO or a private company. They have their own resources, structures and rules as well as specific external relationships. They vary strongly with regard to size, power and influence as well as to access to the resources in their context. Learning in organisations becomes evident through the adaptation of processes, rules and structures. Examples in SDC include the new thematic focus on conflict prevention, the PRS Mission Statement, the plan of action to strengthen Harmonisation and Alignment, the adaptation of Guidelines for Elaborating Cooperation Strategies or the integration of the SDC Help Desk into that of the DFA.

A **network** consists of a limited circle of organisations, groups or individuals that work towards a goal within a limited time frame. They are organised horizontally and determine formal or informal rules among themselves. Networks vary greatly with regard to form and structure. They can be directed inwardly (such as the SDC's Environment Network or the Working Group on Knowledge) or they can be directed outwardly (such as AGUASAN, AIDS network). They learn by developing and reinforcing the knowledge, reflections and perceptions of their members into shared insights. Reciprocal trust, a common basis of values and setting of tasks form the capital for learning.
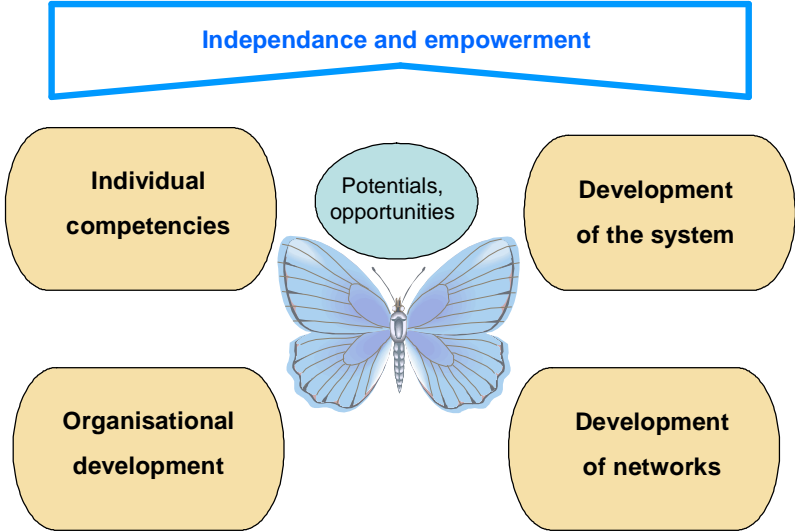
'**Institution**' and '**system**' denote social and political rules, fundamental values and formal and informal norms. They constitute the context-specific, political, socio-economic and cultural framework for the various actors in the system and define their behaviour. The system also includes the specific tasks and functions of its actors (so-called sub-systems), the reciprocal relationships between these and the formal and informal incentives to maintain and improve the system itself. System support may consist of changing the rules for collaboration between the actors in such a way that the actors can develop and achieve the performance that is needed.
The delimitation of a system must be determined from case to case. Depending on the task, the entire SDC can be considered as a system or a specific Cooperation Office with local partners and allies. A concrete example of a system is the water supply and sewage disposal in Cochabama, Peru. The main actors are the city government, the governmental water utility, service providers from the private sector, and community organisations which partly represent the people and which are responsible for the end distribution of water. All have the most varied goals and visions concerning supply and disposal. If water is to flow, however, they must agree on formal and informal rules (such as water rates and participation requirements), on specific rights and responsibilities. An important attribute of the system is its ability to negotiate, to determine rules in common, and the obligation to implement them.

The system's learning is expressed in the form of adapted processes and relationships that improve the overall performance and ensure the water supply.

5   THE CAPDEV BUTTERFLY – FOUR DIMENSIONS

The CapDev represents a metaphor in which the four wings correspond to the dimensions of the individual, the network, the organisation and the system. The butterfly orients itself on potentials and opportunities, and flies only when it moves its wings in a coordinated way. With one wing alone, it cannot move forward. In other words, the organisational development is successful at the moment when individual competencies are strengthened, internal processes and structures are adapted, and relationships to other organisations are improved.

Independance and empowerment

Individual competencies

Potentials, opportunities

Development of the system

Organisational development

Development of networks

The purpose of the "butterfly" is for participants to attain a specific performance, both independently and in cooperation with others. The process leads to **empowerment** if it provides actors with access to resources, allows them to articulate their interests, demand their rights and to participate in social and political processes. Empowerment is aimed at a transformation in the balance of power in favour of the disadvantaged actors and thus at the elimination of the causes of poverty.

CapDev support in the four dimensions

Dimension	Possible focus of interventions
A Individual learning Purpose: Furthering of individual knowledge, skills and capabilities; self-reflection; differentiation in dealing with values; learning to interpret the context of realities; clarity with regard to claims, rights, obligations and responsibilities.	**Coaching and training:** Values and attitudes, motivation, strategies for action, key capabilities and skills, social and PCM competencies; capability for teamwork, leadership, communication.
B Development of the organisation Purpose: For groups, units of organisations and organisations: Increase in the capacity by learning and performing through commonly acquired experience and know-how; Adaptation to new responsibilities and forms of cooperation, further development of the organisation's culture, enlargement of the potential for self-help; Furthering of methods and thematic competencies.	**Change management:** Development of vision and goals, adaptation of performance and working processes (strategy development), PCM, internal framework of rules, structures; Development of core competencies, optimal use of resources; customer perspective; organisations learning cycles (capitalising on experience, self-evaluation), knowledge management.
C Development of networks Purpose: Development, exchange and coordination of experience and know-how; Co-productions and improved performance, or fulfilment of tasks; building up and strengthening of cooperation and relationships; formal and informal learning partnerships (communities of practice).	**Network management:** Organisation, development and management of cooperation and networks (communal, public-private, sectoral, product-related) on the basis of comparative advantages, for the use of scale effects.
D Development of the system Purpose: Improvement of the legal, political and socio-economic parameters, i.e. the enabling environment; Focused support for the implementation of a framework of policies that enables people, organisations and networks to develop and to increase their capability; Furthering of social justice.	**Policy advice:** Platforms, access to and representation of the actors to resources, system assessment, interests and incentives, conflict management and process structuring, negotiation culture, transparency, Rule of Law, checks and balances.

6   REQUIREMENTS FOR SUCCESS, AND TRAPS

Not enough thought was given to the broader political and social context within which capacity development efforts take place. This led to an overemphasis on "right answers" as opposed to approaches that best fit the country's circumstances and the needs of the particular situation.
(DAC 2005)

Support to CapDev intents to transform an existing system on the basis of visions and goals. To enhance its effectiveness, the process of change, as supported by the SDC, should take into account the following principles:

*   CapDev is a common learning process, is value-oriented and context-specific.
*   Its effectiveness results from combining thematic know-how, context awareness and counselling competencies.
*   It is essential to include the political dimensions (power structures and relations) and characteristics of the system.
*   The establishment and strengthening of networks are becoming more and more important.

The experience of SDC and other organisations indicate that the following conditions play an important role in **success**:

*   Principles of partnership should be respected and consciously used with varying value systems.
*   A systemic approach should be followed for diagnosis: functional analysis with an overall view (patterns, rules, roles, relations) and the delimitation of sub-systems.
*   Process-oriented procedure; partners, with their practical experience and achievement potential, should be engaged at the place where they actually stay. The procedure will be shaped on the basis of their perceptions and partners will be strengthened by positive experience.
*   Flexibility and a procedure adapted to the context; willingness to make use of opportunities and to gradually achieve tangible results.

The corresponding **traps** are:

*   "CapDev is knowledge transfer": one-dimensional, qualitatively insufficient diagnosis
*   "CapDev is training": approach based on technical training
*   "CapDev is a question of know-how": external actors determine the process rather than supporting a process of self-enablement
*   "CapDev is foreseeable": ambitious, tight time frame for planning and implementation

If a CapDev is supported within the framework of a SWAP or Budget Support, it is precisely these negative points that threaten to gain the upper hand: The "harmonised" procedure on the part of the donor leads to their dominance. Thus good intentions become a trap for the partner.

7   PRINCIPLES FOR IMPLEMENTATION

Even if CapDev is understood as a common learning process, SDC remains an **external actor**. Concretely, it provides the following support, usually through intermediary partner organisations:

- access to know-how, experience, technology
- financial resources for Change-Management, or Network Management between organisations
- advocacy and policy dialogue for reforms/change
- (multi-actor) platforms for learning

In some cases, SDC agrees explicitly upon a learning partnership. It also makes use of measures to explicitly strengthen its intermediary partners in the South and the East so that their own competencies, performance and ability to learn can be improved.

Implementation in the West Africa Section

The core CapDev element for the West Africa Section is formed by the "*maitrise d'ouvrage*", or how a person or a basis organisation – embedded in its social, political and institutional surroundings – grows into its functions and competently fulfils the tasks. CapDev determines the programmatic direction and support for projects. Due to the rapid change in conditions for rural production, it is focused on expanding the skills, capabilities and potentials of family-owned enterprises and on the cooperation and agreements between actors. In the metaphor of the butterfly, both individuals and networks form the focal point for the sought balance of power on the system level. As a rule, it also includes support for decentralisation.

An example: In the "*cycle de formation et de valorisation de compétences*" [cycle of training and fulfilment of competencies], a group of individuals in Burkina Faso, who have a multiplicator function in their personal and professional surroundings, is receiving additional training in social and methodical competence building conforming to their needs. That which has been learned is implemented in their daily work and makes a contribution to change.

Conditions and Assumptions:

- The value and focus of CapDev is laid down in the **Cooperation Strategies** for priority countries and priority regions (see Implementation in the Latin America Section) and, multilaterally, in the Institutional Strategy Papers for UN organisations and international financial institutions.
- The **transversal themes** of "gender" and "good governance" are just as relevant for CapDev support as they are for any other project or programme.
- CapDev support is basically implemented within the framework of the *Programme Cycle Management* (PCM). At the same time, the strategic principles of SDC, together with the instruments for planning, monitoring and evaluation according to their state of the art, become applicable.
- Monitoring and evaluation are concentrated on **outcome** and on changes in the system (impact, context).

Implementation in the Latin America Division

In 2003, the Latin America Section specified CapDev as the thematic focus. Although CapDev is always present implicitly in operations, it is a matter of explicitly calling attention to the principles, success factors and traps and of learning from them. The Division has provided an impulse for a stronger understanding and a broader establishment of CapDev. The Cooperation Offices reappraise their experiences and mutually exchange information. Thus the metaphor of the butterfly proves useful because it emphasises the overall view and interlinks. It recalls the importance of institutional contexts and indicates the link between the individual and the organisation. Responsibility is then with the Cooperation Office. In the Cooperation Strategy of 2005 for Peru, for example, the thematic concept of "Employment and Income" has been expanded and the principles integrated according to the four CapDev Dimensions.

Principles

- The procedure is **process-oriented** and implies a **long-term** commitment. It is based on an assessment of the system. The vision that is formulated together with partners is focused on enabling actors to independently solve problems and develop the system.
- The **choice of partner** is of central importance. Collaboration with partners substantially influences the demand for support. It also defines, de facto, the delimitation of the system, determines the focus for diagnosis and the goal of the change that is being sought.
- **Reference to the context**: SDC encourages local ownership. Support builds upon competencies and experience that are available locally. In the diagnosis, emphasis is placed on specific balances of power, the feasibility of change is a decisive criterion for implementation.
- **Transparency, flexibility** and the perception of opportunities are of primary importance, and not political power.
- Individual training and **learning** through experience is specifically used as a contribution to strengthening organisations and networks. Motivation and a system of incentives are part of the process.
- The emphasis is placed on the two dimensions of **developing organisations** and **networks** without neglecting the system.
- In its support for the strengthening of institutions, SDC presents itself as a modest actor with experience and strengths in **alliances.** It avoids, in general, the uncoordinated solo effort.

> **Implementation in the South Asia Division**
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> The *Human and Institutional Development (HID)* concept (2000) of the South Asia Division was a basis for that of the SDC. The development of the SDC's own *capacity* (self-reflection, intercultural competencies, processes and methods) was placed at the for front in the HID concept because its own capacities constitute the prerequisite for effectively supporting the partner. This concept makes no distinction between CapDev and Knowledge Management. In the case of the priority countries of India, Bangladesh and Pakistan, the HID/ CapDev concept is adapted to the respective context and, CapDev is integrated into each project as a fixed component. A *regional advisor* supports the Section's Cooperation Office in these tasks.

Effective support to CapDev processes presupposes specific competencies (self-reflection, intercultural communication, familiarity with processes and methods, PCM, poverty analysis) on the side of the donors. These have to be systematically furthered among SDC staff and intermediary partner organisations (local, international).