Capacity Development: Lessons Learned and Actions for Busan and Beyond

Synthesis Report

Fifth Draft Version
15 March 2011
# Table of Contents

Preface ........................................................................................................................................ 3

Executive Summary ................................................................................................................... 4

Section 1: What is capacity development and why is it important? ........................................ 5  
  1.1 Capacity is a basic objective of aid.................................................................................. 5  
  1.2 Looking Forward – an opportunity offered by Cairo and Busan ................................. 5

Section 2: What have we learned so far? ............................................................................. 7  
  2.1 Starting with the capacity priorities of the Accra Agenda for Action ......................... 7  
  2.2 Enabling environment for capacity development .......................................................... 7  
  2.3 CD and sector strategy (and the related topic of country systems) ............................... 9  
  2.4 Role of Civil Society (and other non-state actors) ....................................................... 10  
  2.5 Technical Co-operation ............................................................................................... 11  
  2.6 Capacity Development in Fragile Situations .............................................................. 14  
  2.7 Additional dimensions of capacity development ....................................................... 15

Section 3: Pulling it all together – How to move forward? ................................................... 16  
  3.1 An emerging consensus: capacity as a lens for sustainable development ................... 16  
  3.2 Elements for joint action .............................................................................................. 16

Section 4: What messages for Busan and Beyond? ......................................................... 18  
  4.1 Political messages ........................................................................................................ 18  
  4.2 Practical messages ....................................................................................................... 19
Preface

"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 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.

Talaat Abdel-Malek
Frannie Léautier
Fernando Straface

High Level Group on Capacity Development
Cairo, Egypt
15 March 2011

1 Heather Baser, Nils Boesen, Silvia Guizzardi, James Hrasky, Anthony Land, Mia Sorgenfrei.
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 capacity development 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.

Until recently, the aid discussion on capacity development 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).

Southern voices

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.
Organisers for Busan are increasingly aware of the need to integrate emerging challenges 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.

---

\(^3\) Brazil, Russia, India, China, South Africa.
Section 2: What have we learned so far?

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 Cairo⁴ 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

---

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-faceted 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 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.

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.

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

---

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.

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 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 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.

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.

---

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

CSOs often struggle to retain existing 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.

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.

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.

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.

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.

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

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.

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 – 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.

---

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 topic⁹.

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.

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.

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 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.

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.

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.
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.
Sectors are an operational starting point

- 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.

Realise the limitations of external efforts

- 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.

Technical co-operation is ready for change now

- 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, capacity 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 promote 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.