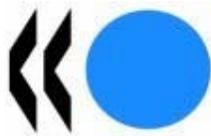


*Implementing Institutional and  
Capacity Development:  
Conceptual and Operational Issues*

*Tony Land*



Development Assistance Committee



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# **Implementing Institutional and Capacity Development: Conceptual and Operational Issues**

**Tony Land**

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## Introduction

In October 1999, the African Capacity Building Foundation (ACBF), the European Centre for Development Policy Management (ECDPM) and the DAC Informal Network on Institutional and Capacity Development (I/CD Informal Network) organised a Workshop on “Operational Approaches to Institutional and Capacity Development.”

The workshop, attended by 70 participants representing national policy research institutes from Africa together with members of the DAC Informal Network, reviewed and drew lessons of experience of capacity building in practice from a set of case studies commissioned for the workshop. Presentations and working group sessions dealt with questions such as: How have interventions been conceived; and how has capacity development been understood? What intervention strategies and instruments have been employed? How did the design and implementation of programmes work out; who has participated in the process; and how have interventions and processes been monitored and evaluated?

Why such a workshop? Our conceptual understanding of the factors that influence organisational and institutional behaviour and performance is in danger of running ahead of our empirical understanding and synthesis. It is difficult to provide practical and strategic guidance on how to approach the design of capacity development programmes and to ensure that external technical assistance genuinely supports broader capacity development processes.

During the 1998 annual meeting of the DAC Informal Network on Institutional and Capacity Development a proposal was therefore made to organise a workshop to draw practical lessons of experience on the design and implementation of institutional and capacity development programmes.

It was considered timely and useful to draw on a range of field experiences in order to learn how and in what ways capacity programmes are being supported. Such empirical lessons of experience could help refine our conceptual thinking on this topic, and provide a basis for drawing policy and operational guidance of use to both developing countries and external agencies.

As an input to the workshop, and as an introduction to the presentation of cases, this “Overview” of conceptual and operational issues was prepared. It draws on the 10 case studies prepared for the workshop, and which are referred to throughout this document<sup>1</sup>.

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<sup>1</sup> A list of the cases prepared is contained in annex 1. An earlier version of this paper, as well as summaries and full-text versions of selected case studies are on the “Capacity.Org” web-site ([www.capacity.org](http://www.capacity.org)). Proceedings of the workshop will be published separately. The author would like to acknowledge the contribution of the authors and sponsoring organisations to the realisation of this set of case studies. The views expressed in this paper are those of the author and do not necessarily reflect the views of the organisations involved.

## Conceptual Questions

*What do the case studies tell us about the conceptual frameworks we use when designing or engaging in capacity development activities? Are these shared, and is there a basis for common understanding?*

The case studies reveal a range of notions about capacity and capacity development. This is evidenced both by the different types of conceptual frameworks presented, and definitions provided, and by the nature of the programmes reported. The cases offer virtually the whole spectrum of possible understandings, and applications, ranging from examples of performance improvement in an individual organisation to broad-based processes of social mobilisation and transformation.

This only confirms that our thinking on capacity and capacity development remains fluid, yet fertile, influenced by different intellectual traditions, contexts, vantage points and experiences. Clearly, there is no single right answer. The very different case studies presented, and the range of approaches applied to address capacity attest to this.

But where concepts lack precision, and meanings are implicit rather than explicit, there is a risk of creating misunderstanding as well as of raising different expectations among stakeholders. The cases do point to the fact that stakeholders within the same programme may not share the same understanding. And the viewpoint of case authors may not be shared by those directly involved in the programmes under study. Also, a number of cases show how thinking on capacity questions has evolved over the life of a programme. Yet, amidst conceptual diversity, the case studies do reveal a certain “red line” of understanding, even if at a relatively high level of generalisation.

## How is Capacity Understood?

The “*instrumental*” notion of Capacity as the ability of individuals, organisations, or societies to set and implement development objectives on a sustainable basis, runs through many of the cases. Moreover, reference is increasingly made to questions of performance, effectiveness and accountability, for example in the studies on the Public Service Reform Programme in Tanzania and the Nigerian Red Cross.

Capacity is also viewed from a more *dynamic perspective* - a continuous process by which individuals, groups, institutions, organisations and societies enhance their abilities to identify and meet development challenges in a sustainable manner. Here greater emphasis is placed on questions of role and relationships, attitude, and responsibilities at inter-organisational and societal levels. Examples include the Ethiopian civil society programme on public participation, and the Bangladesh study on micro-credit and the poor.

## Levels of Capacity

The case studies demonstrate how capacity issues are treated at different levels – the individual, the organisation or entity, the sector, and societal levels. Some cases suggest that the inter-connectedness, and inter-play of these levels is increasingly recognised, and taken account of in programme design.

*Individual* capacities, understood in terms of skills and aptitudes (usually acquired through training) are considered as a necessary but not sufficient part of the capacity equation. But understanding how individual capacities are harnessed and translated into organisational capacities raises the question of incentive frameworks, and the supportiveness of the wider “organisational” environment.

*Organisational* capacity is likewise influenced, not only by internal structures, systems and procedures, but by the collective capabilities of staff, and by external factors in the wider “institutional” environment - such as the policy framework, and other political, economic and cultural factors. These may constrain or support performance and influence issues of organisational credibility and legitimacy.

In most of the case studies, the entry point for examining capacity questions is in fact the organisational level. To different degrees, the cases illustrate how capacity questions at other levels are also taken account of. Inevitably, as the focus shifts from the individual level to societal levels, questions of capacity and how to address them become more complex and inter-related. The Bangladesh study provides the best example of this, acknowledging that the conceptual framework applied sits at the far end of the spectrum.

A “systems” approach to understanding capacity development evident in some of the cases - can help to sort out inherent complexities, and in so doing to provide a basis for strategic design.

## **Elements of Capacity**

Experiences suggest that capacity deficits or weaknesses can rarely if ever be attributed to a single cause. The cases show that there are many different sides to capacity. The DFID studies, for example, distinguish between what are referred here to as “hard” and “soft” elements.

The “hard” elements refer to things like personal skills, functions, structures, systems and to factors such as equipment, infrastructure and financial resources. These elements are for example, discussed in several of the policy institute case studies. The “soft” elements refer to less easily definable and quantifiable factors. These are often related to so-called “incentive”, motivational and demand factors, of a material, cultural, or social nature. For personnel, this may mean financial, career and professional incentives, or more widely to questions of attitude and mind-set. At the organisational level, this can refer to aspects of policy, legitimacy, norms and values, as well as to wider questions of governance. The DFID papers refer to notions of “exit”, “loyalty” and “voice” as key dimensions of the incentive framework which can influence personal and organisational behaviour.

## **How is Capacity Built, Developed, Acquired, Attained?**

Increasingly, it is accepted that capacity programmes are more successful, and are more likely to be sustainable when they respond to an internal initiative, and when they are supported through a process approach, and not through single one time events. Issues of ownership, commitment and leadership are central to this notion of capacity as process. This process dimension is revealed in a number of the cases, although it is perhaps absent in others. The Red Cross place emphasis on this point; thus capacity development is seen as; “...a systematic approach of continuous learning .....

Recognition of capacity development as process carries implications in particular for the roles performed, and approaches used by external aid organisations in working with local organisations. The influence of donor practices on capacity processes, and the consequences for “re-tooling” are addressed in the Ugandan study on sector wide approaches, and in the CIDA study on governance programming.

## Capacity for What?

*How have these concepts been applied in practice? What aspects or dimensions of capacity have been addressed, and what interventions have been carried out or planned?*

The case of the **Nigeria Red Cross Society** provides an example of capacity development at the organisational level (albeit in relation to a membership organisation structured around a network of branches), responding to pressures for change and a consequent need to re-tool. The impetus for change can be traced to factors related to the domestic environment, as well as to pressures to conform to a set of institutional standards set by the International Federation.

The programme seeks to create an organisation which is accountable, and performs well. On the basis of an extensive preparatory and diagnostic phase, comprehensive reforms have been introduced at all levels of the organisation. This includes aspects of *governance* (reforming structures – leadership positions, terms of office, separation of roles), *internal management* (planning and budgeting, decision-making processes, reporting, building a common vision and new organisational culture, strengthening core competencies; eg: disaster preparedness, reviewing overall structures and functions, and *human resource development* (recruitment, training and guidance).

This **Tanzania Public Service Reform Programme (PSRP)** case also provides an example of capacity development at the organisational level for performance improvement and accountability. The organisational setting is, however, far more complex, dealing with “system-wide” questions affecting the overall performance of a public service composed of a multiplicity of ministries, departments and agencies.

It seeks to address the question: “*how to turn individual competence into organisational capacity?*”, something which earlier reform initiatives in Tanzania, as in many other countries, have not been able to fully resolve. The programme focuses on aspects of the incentive framework, with the view to providing an enabling environment across the system. In so doing it tries to address factors constraining performance such as poor governance, weak upward and downward accountability, poor pay and poor professional morale. Thus both “hard” and “soft” aspects of capacity addressed.

Giving the emphasis to incentives is considered critical in order to unlock and mobilise existing capacities. It represents a strategic priority, with potential benefits being felt throughout the organisational system. The approach is informed by the New Institutional Economics and New Public Management, and is seen as a key step in inculcating a new management culture within the public service. The authors however query the extent to which the approach is appropriate in fragile administrations where basic pre-conditions cannot be guaranteed. Difficulties associated with inadequate coordination between different reform initiatives, as well as insufficient capacity to manage complex change processes is also signalled.

This case study of the **Ugandan Education Development Sector Programme** provides an example of the Sector-Wide approach (SWAP). Capacity issues are an integral part of programme design, seeking to enhance overall sector performance, particularly where the presence of donors remains significant.

SWAPs aim to support capacity development by promoting policy dialogue between partners, working towards a common budgetary and reporting framework, and utilising local structures and expertise. In so doing, they also provide targeted capacity support to key sector stakeholders to perform core management functions such as planning, budgeting, and reporting.

Within the lead agencies of central government, the programme is linked to wider reform initiatives on public service reform, and decentralisation. Issues of sequencing and timing arise in terms of ensuring that the issues of incentive, as discussed in the Tanzania case, are addressed so as to ensure that capacity work at the sector level is possible.

SWAPs also look beyond central government agencies and involve lower tiers of government (local authorities), schools and school boards. This broadens the capacity building agenda immensely both in terms of addressing capacity issues within the respective organisations and entities, but also in terms of improving accountability and coordination between these levels. To balance the programme's focus at the Ministry level, a Schools Facilities Grant for local construction has been set up to encourage local initiatives.

In the **Ethiopia Governance Programme** cases, the complex process of developing a policy framework between a donor and a partner country to address governance and capacity issues is presented, together with illustrations of two specific initiatives which have emerged from this process. For CIDA, providing support to Ethiopia's political reform process represented a new challenge and a departure from classic areas of support. A strong case is made to develop strategies grounded on thorough preparatory work, and taking account of the need to also develop internal capacities within CIDA.

The programme had two main elements – a court administration programme, and a civil society programme.

After several smaller “ad-hoc”, project interventions, a longer-term programme of support to strengthen the capacity of the Federal Supreme Court system was developed. This aimed to enhance both basic capacities to process cases, as well as to address more fundamental questions to do with the roles and functions of an autonomous judiciary in the context of a new political dispensation.

A step by step approach has been proposed starting out with relatively straightforward activities to strengthen basic administrative competencies (training needs assessment, systems etc) and then moving towards facilitating wider strategic reflection (strategic planning and dialogue). A participatory approach aims to build ownership into the process, and so avoid an externally driven project approach.

The civil society programme aims to strengthen the capacity of civil society organisations to engage in public participation. It also seeks to help build new roles and relationships between government and non-governmental organisations. The authors are clear that the programme is about building new processes and not about delivering products. Specifically, the programme seeks to:

- Upgrade skills for programme delivery; via information dissemination, involvement of experts and facilitation of dialogue processes.
- Develop organisational capacities for networking, advocacy, expertise, management, leadership and programme delivery. As such it includes both tangible organisational capabilities and intangible aspects of capacity (vision, autonomy, solidarity).

Implemented through partnership programmes with both local and international NGOs, and local government organisations, a “sophisticated” methodology is used based on three conceptual frameworks of Hyden – capacity building, Putnam – social capital, and the Inter-American Foundation – learning and dissemination, in order to avoid a “hit and miss” approach.

The benefits are expected to be felt beyond the immediate targeted organisations. It is therefore acknowledged that results may take decades to emerge, with implications for evaluation methodologies.

The **Bangladesh Micro-Credit Programme** study examines how far micro-credit develops the capacity of the disadvantaged to overcome poverty. It looks at the role played by micro-credit institutes in providing loans, and reviews the strengths and weaknesses of the approaches used. Overall it asks whether micro-credit provides a systematic capacity development strategy against poverty.

Capacity questions are addressed at a number of levels – organisational and societal. In relation to the micro-credit institutes, their roles and relationships with their borrowers and with their donor sponsors is discussed. Issues of downward and upward accountability arise. Relations between these private and non-governmental organisations with government institutions is also discussed, raising wider questions about policy coherence and complementarity of initiatives in relation to combating poverty. In other words, how to marshal national capacities to address poverty.

Crucially, the study asks if the focus of capacity development should be on the survival of the micro-credit institutes (organisational perspective) or on the empowerment of the poor to overcome structural constraints (a societal perspective)? Do such lending organisations have a built in “exit” strategy, and how do they adapt themselves to the demands and needs of their constituencies?

The **policy analysis institutes** case studies focus on the role that these institutes can play in building national capacities for policy analysis and policy formulation. While all the policy analysis institutes share similar mandates and have received support from the ACBF, they have gone about their tasks in different ways, reflecting different national contexts, institutional set-ups and organisational priorities.

Creating new organisations, or strengthening existing ones to support wider policy processes has been a key element of ACBF’s capacity building strategy. Variations have been applied in terms of the location of the institutes, the strategies used to interact with wider processes, and the institutional environment. The cases reflect to different degrees how they have addressed aspects of internal capacity building, especially training, and how they have set about building capacity within the wider institutional environment. Some give more priority to delivering quality advice, others see a role in supporting wider processes of policy dialogue and constituency building. However, explicit strategies are not presented.

All of the policy institute cases address the thorny question of financial sustainability. The institutes are confronted with a dual challenge on the one hand to assure organisational survival, which can drive them towards more commercial engagements, and, on the other hand, to fulfil their wider capacity building responsibilities, which are perhaps less financially viable.

## **Capacity Development – A Process Approach**

*This section focuses on the so-called “how” questions of addressing capacity development. The case studies point to the centrality of ownership, commitment, leadership and local execution in the realisation of capacity development objectives. This is particularly so where capacity development is associated with significant change (transformational) processes, and where external organisations also play a significant role.*

*Participatory approaches have been used in many of the cases, focusing on the internal dimensions of organisational development and on wider inter-organisational and societal changes. The emphasis given to ownership and commitment also carries implications for the way in which “internal” and external” organisations work together in supporting capacity processes. The concept of “partnership” also arises in this context.*

The capacity building programme of the **Nigeria Red Cross** was implemented in 1997, but had its roots in initiatives taken four years earlier. A number of “upstream” actions were taken to support programme design, including a “joint” evaluation with the International Federation, the results of which were fed into an internal consultative process resulting in the adoption of a three year plan. Capacity and vulnerability assessments at branch level (there are 36 branches) were then conducted as a basis for developing more detailed plans. Consultative processes provided opportunities for all levels of the organisation to participate. Building a wide constituency for change was key, according to the author, for building legitimacy and overcoming any resistance.

What of the role of the International Federation? While, it played a significant supportive role throughout, the management of change was recognised to be an internal responsibility. The Federation provided technical inputs to the joint evaluation and then provided support during the implementation phase. External support to the process was considered essential in several respects; financial, in terms of meeting certain salary costs, and policy wise in terms of setting a framework for adopting a set of governance principles. The author suggests that the Federation could have been more forceful in this area. In this respect, it is worth noting that national societies belong to an international movement, and as such are expected to subscribe to a set of shared core values. This changes in some ways the nature of the relationship between external and internal players.

What is less clear from the study is the extent to which local stakeholders – persons and communities which benefit from services provided - were consulted during the reform process.

The **DFID** case studies illustrate how public service and sector-wide reforms bring about fundamental changes to the organisations and personnel involved. Changes in roles and functions, management styles, incentive structures place additional burdens on “change agents” to ensure that ownership and commitment are present deep within the rank and file of the organisation.

In **Tanzania**, the PSRP seeks to secure greater local ownership of the reform process. Significant innovations, representing departures from the past, include the closure of former project implementation units (e.g.: the reform secretariat, perceived as a privileged enclave) and the transfer of its remit directly to the Civil Service Department. This has reinforced the perception of a government-driven agenda, rather than a donor agenda, with a core group of committed persons driving the process from within. Yet, the case reveals that there is still heavy reliance on external expertise to introduce far-reaching management innovations.

But ownership of major reforms, and the commitment to stick to the process, requires wider and deeper support both from the political leadership and from decision-makers within line/sector ministries and departments. For the political leadership, the case suggests that orienting reform around issues of performance is more attractive than the earlier focus on “size and cost”, and associated retrenchment. This had created a credibility gap.

At the Ministry level, there remains a perception that the reform is being imposed by the Civil Service Department. Incentives for the rank and file to commit themselves to a new performance culture are brought into question so long as basic issues of pay and conditions of service are not resolved. Various initiatives are however being introduced to nurture support, including a Public Investment Fund which offers incentives to line ministries to design their own reform programmes.

The **Uganda** study points to several aspects of how external–internal relations can have repercussions for capacity building. The rationale behind SWAPs is to promote a dialogue between external and internal stakeholders towards defining common interest, and to promote local leadership and programme execution. Parallel structures are avoided, while common financing, accounting and reporting procedures are encouraged. These are all recognised as important elements of a capacity development approach. In practice, the extent to which donors are willing and able to “let go”, and to support common implementation arrangements is questioned. Nevertheless, there is satisfaction that the process is locally driven, and that the donors are performing more of a facilitating role.

The **Ethiopia** case study underscores the importance of trust and common vision among partners, especially in difficult areas such as governance. The emergence of a partnership between CIDA and Ethiopia is itself viewed as a process of learning and adjustment. This provides the policy and strategic framework for more specific governance work. However, finding common interests has not been easy. CIDA’s concept of capacity development as a process has been an uneasy fit with local stakeholders looking for short-term trouble-shooting technical assistance. The result was a financial framework developed with little Ethiopian involvement. Curiously, it is noted that the lower priority accorded to judicial reform by the government meant that there was less pressure for short-term results. This gave CIDA space to invest in a longer-term process of strategy and capacity development.

The work on strengthening the judiciary shows how the role of CIDA has changed over time from emphasis on getting tasks completed to facilitating their execution by Ethiopians. The initial Technical Assistance support delivered an urgently needed product, but according to the case, had little impact on capacity, although it did support a process of strategy development (discussed elsewhere). The new CIDA approach of facilitation calls for more use of local expertise in diagnostic and preparatory review work, as well as consultations with key stakeholders. Working with Canadian-Ethiopian teams was critical. There was also recognition that having a local generalist with a feel for the environment was as important as any imported technical expertise.

By its nature, the court administration programme has not been very participatory, restricted to a core group of senior level stakeholders. However, unlike traditional programmes restricted to the executive, the judiciary and legislature are involved. The broadening of constituencies does make the process of consultation, dialogue and task division much more complex, especially where roles are not well defined.

The case study suggests that the high level of participation of the Federal Supreme Court has encouraged a high degree of ownership, leadership and control. In particular, it has ensured that the programme takes account of the wider political realities within the justice system.

In relation to the civil society programme, CIDA and executing partners have played a key role in setting the rules of the game for the programme, especially in terms of methodology development and setting criteria for participation. At the same time, consultative and advisory structures have been set up with broader based representation to review proposals and give advice on wider institutional and policy considerations (national Programme Advisory Committee).

Because the programme deals with processes and not products, local participants are viewed as partners rather than recipients with a lead role to play. However, the introduction of participatory methodologies into local organisational change processes needs to take account of local management styles which tend to be more hierarchical in nature, and where there may be resistance to a more bottom-up approach.

The emphasis given by CIDA to facilitating processes is not necessarily shared by all. A case is cited of a participating organisation which appealed to CIDA to provide resources for infrastructure provision purposes, and did not see the immediate value of the process dimension. This illustrates the different meanings that capacity development can have.

The set of **policy institute** studies also offer interesting insights. Issues of ownership and participation can be identified at three levels. At the first level is the relationship between ACBF and its partner institutes. Whilst ACBF has generally responded to local initiatives, experiences vary as to the extent to which they have provided a leadership or facilitating role. In some cases, where a new organisation has been set up (Côte d'Ivoire and Senegal), the role has been perhaps more interventionist. Where organisations already existed, (Uganda, Namibia), the role has been more facilitative. The second level concerns capacity building of the institutes. Here the record is very mixed, ranging from minimal, where capacity building efforts are confined to training (Uganda, Senegal and Côte d'Ivoire), to significant, where the aim has been to institutionalise common visions among staff (Tanzania) or address a re-organisation process (Namibia). The third level concerns the relationship between institutes and the wider policy making environment. As “newcomers” to the policy analysis/formulation environment, the studies highlight the strategies used by the institutes to nurture relations in order to establish their credibility, and to overcome inevitable hostilities. Building wider ownership is key to their sustainability and ability to respond to their constituencies. Institutes, such as the ESRF in Tanzania also emphasise their networking and facilitating function as a neutral platform among institutional stakeholders, and attach particular importance to this dimension.

Questions of ownership, leadership and participation are also addressed in the **Bangladesh** case study. As alluded to in the earlier section, concerns are raised about downward accountability and transparency. There is a sense in which micro-credit institutions function in a top-down manner, where the poor are treated as passive beneficiaries, rather than stakeholders with contributions to make to the decision-making process. It is suggested that consultation, when it happens, takes place once the “rules of the game” and limits have been set. This may already mean that criteria will exclude certain groups – the most disadvantaged. This is symptomatic of what is described as a “project mentality” based on pressures to disburse. Little room is left to take up process dimensions, and to consider aspects of wider capacity mobilisation.

## **A Strategic Approach – Upstream Diagnosis**

The growing complexity of capacity development, both in terms of the many facets, and in terms of the interplay between “levels”, calls on programme designers to adopt a more considered strategic approach. Seeing the bigger picture, in terms of how the different parts of the “capacity” jig-saw fit together requires an investment in up-front diagnosis and assessment as part of programme design. This can help address issues of task division, sequencing and managing assumptions. In keeping with the participatory approach, such diagnoses ought to be carried out with the full involvement of affected stakeholders as part of an ongoing monitoring, evaluation, and planning process.

The **Ethiopia** study contrasts two experiences in order to emphasise the importance of upstream preparation, from a donor perspective. In so doing, the study presents a number of internal capacity challenges (see below). The study emphasises the importance of having at hand a clear intervention strategy which should be based on a full appreciation of institutional and capacity questions. The need for more information, more assessment and more analysis is emphasised. This is especially the case for external agencies working in complex and often unfamiliar areas of institutional reform and governance, where policy lines may be unclear, contradictory and issues sensitive. Here, emphasis is also placed on the strategic importance of dialogue as a basis for building trust, and a common understanding of problems to be addressed.

It also points out that when capacity building has to do with fundamental change, then the “political and cultural realities” require the donor to proceed with caution, sensitivity and respect, seizing opportunities where changes are welcome.

The case suggests that whilst short term interventions can be realised on the basis of a relatively weak strategy, as in the case of support to the preparation of new legislation, prospects for securing sustainable solutions and capacity development are unlikely. Later interventions, based on adequate preparation, and supported by in-house advisors, and extensive consultation are more likely to yield long term results.

With specific regard to the civil society programme, an elaborate appraisal process has been set up involving assessment of submitted proposals, the preparation of an organisational profile, including capacity mapping, and then detailed design using participatory methods.

But the case study also signals the inherent costs and risks involved. There is need to balance questions of urgency with those of effectiveness. An exploratory phase enables adequate upstream preparation, but it increases the time scale and postpones the realisation of tangible results. This can be problematic both for partners and funders looking for results, while it raises programme costs significantly without offering at the outset guarantees of results. A solution is to build in short term activities to demonstrate that something is happening while the longer-term programming takes place. It also suggests that there is perhaps not a shared understanding of the concept of capacity development. This is especially so in relation to the civil society programme, where it is concluded that the initial expectations of a full launch of the programme within 4 years was unrealistic.

## **Capacity to Manage the Process and Play New Roles**

**CIDA** found that it faced its own constraints as a process manager, rather than projects implementor. Fielding a regional advisor on governance and democracy has helped the transition to the new role, as has drawing on local expertise. The report notes the importance of mobilising teams with a mix of policy specialists and institutional development generalists with capacities to address the overall situation, decision-making and the institutional set-up, and the capacity to engage in dialogue.

The **Tanzania PSRP** reveals that insufficient reform management capacities, inadequate internal coordination and dialogue, as well as continuing pressures to respond to donor agendas will undermine ownership. If it is accepted that reform and related capacity development is a long-term process, and is not about short-term fixes, then building sustainable local capacity to see reform processes through is critical. The PSRP case studies however cautions that as our concepts and programmes of capacity development become more sophisticated, additional pressures will be placed on local organisations to manage the complexities. A gap can emerge between our capacity development ambitions and our capacities to deal with this. For local organisations, this can place additional pressures to call on external expertise.

## **Capacity and Evaluation**

*Evaluation remains a “sticky” area for capacity development. Its importance is not questioned, but there remain conceptual and methodological difficulties. The case studies reflect this situation, with only scanty attention paid to the issue.*

It is not difficult to see why. Adapting evaluation methodologies to take account of institutional development and capacity questions is not easy. Difficulties include selecting appropriate time scales, choosing suitable indicators, and dealing with issues of attribution, and so on. A balance also needs to be struck between using evaluation for external accounting purposes and treating evaluation as a basis for organisational learning and performance improvement.

What experiences can be drawn from the case studies?

The **Ethiopia** case neatly highlights the tensions faced by a donor trying to demonstrate short-term and concrete results, and at the same time, respecting the inherently “soft” and long-term character of institutional and capacity development processes. This point is also raised in **Bangladesh**, as is perhaps also relevant in terms of demands placed on the ACBF to account to its sponsors. The pressures for results arise from increasingly sceptical public opinion about the use of aid, as well as from the character of programme logic (logframe) which privilege project approaches. It is perhaps a reflection of how administrations in northern countries have themselves had to adopt a more output orientation as a result of their own reform experiences.

Several cases suggest that the increasing importance attached to outputs, and not to inputs, is critical to improving the capacity to perform, as well as to improve accountability to stakeholders and constituencies. The **Uganda** case emphasises the importance of a robust monitoring/reporting mechanism to feed the whole process with information, and, in so doing, to assure success in a complex, multi-agency and sector wide programme. It also assures accountability both upwards (to donors) and downwards (to sector stakeholders).

When conducted in a participatory manner, involving key internal and external stakeholders, continuous performance monitoring can contribute to organisational learning and capacity enhancement. This is suggested in the **Ethiopia civil society programme** where local organisations are encouraged to set and review their own performance and process indicators. This emphasis reflects the deeper notion of capacity development, discussed earlier, which emphasises continuous learning.

Performance monitoring is also a feature of the **PSRP in Tanzania**. Based on lessons learned from earlier reform initiatives, monitoring and evaluation has become less donor-driven, and is being progressively built into the reform process steered by the Civil Service Department. Crucially, it notes that so long as reporting responds to externally imposed accounting requirements, and not on internal organisational performance considerations, then the incentive for staff to support the reporting system will remain weak. Hence, the effort to internalise and re-orientate the process. Yet, the authors point out that continued donor pressure to account for expenditures has meant that even with the changes made, there is a tendency to overlook the internal dimensions.

Although no specific evaluation methodology is described in the **Red Cross** study, important questions are raised about measuring outcomes over the course of a long change process. What is the relationship between organisational reform and delivering better results? Is the internal reform process an end in itself, or must it be evaluated in terms of wider impacts? Here, issues concerning attribution, selecting an appropriate time frame, and selecting suitable indicators come into play.

Notwithstanding the very strong case made for focusing on performance as a contribution to capacity development, questions are raised as to its suitability where interventions are primarily concerned with supporting the build up of new institutional relationships, or where the focus is on changing attitudes and mindsets – the “softer” sides of capacity development. In these cases, demonstrable change may take decades to show - certainly beyond the lifetime of the intervention. The report on the **Ethiopia civil society** programme states categorically that it is about delivering processes and not products. Results are therefore defined in terms of people being able to influence the decision-making that affects their lives. six dynamic outcomes are presented with qualitative and quantitative indicators. These process indicators are about how organisations behave, rather than what they deliver. These are of potential interest to other organisations.

The **Ethiopia** study further argues that “process” considerations need to be better reflected in the logframes that funding agencies tend to use. It pleads for a more open-ended interpretation of products, while admitting that we need to give more precision to our understanding of process.

The **Bangladesh** study points to an absence of suitable mechanisms to measure performance of micro-credit institutions, in terms of impact on capacity building. This is ascribed to the fact that there really is no conceptual framework for capacity building around which to structure an evaluation methodology. Evaluation has become more important in recent years, but once again, primarily in response to donor pressures to improve external accountability. It also notes the absence of “downstream” stakeholders in any evaluation process. This raises questions of downward accountability.

The collection of **ACBF** studies also raise interesting questions about outcome and impact, although they show that more work needs to be done in developing an evaluation framework which takes account of capacity issues. Whilst it is comparatively straightforward to measure performance in terms of outputs (products and services) it is more difficult to demonstrate how these outputs translate into wider capacity outcomes, or how support to dialogue processes generates capacity outcomes. Given the mandate of the policy institutes to contribute to wider societal capacities for policy analysis, this seems to be a priority.

Meanwhile, the **policy institute** case studies do provide some anecdotal evidence of impact, and how their own performance is measured. The Côte d’Ivoire study admits that a formal methodology has not been developed, particularly concerning impact on wider processes, but the study offers a set of possible proxy indicators that would take more account of capacity questions.

Where capacity development is understood as involving more than participation in the generation of analysis, but concerns mobilisation and changing processes of dialogue and consultation, then the task of evaluation becomes more complex.

## Concluding Remarks

The case studies prepared for the workshop and which have been reviewed in this paper confirm the validity of the quotation on the first page. From both conceptual and operational perspectives, capacity building remains a “slippery” term. The range of cases clearly underlines the fact that the narrow clarity of the 1980s must give way to a more sophisticated but less certain perspective in the new millennium.

Empirical research on operational experiences can make a useful contribution to our understanding of capacity issues, and in so doing to enhance our abilities to address capacity challenges. In this regard, the case studies prepared for the workshop have all told different stories and raise different issues, some of which are shared, others where comparisons and contrasts can be drawn. This overview paper has attempted to distil these, in particular in terms of what can be learned about:

- Our understanding of what capacity and capacity building is;
- How we go about building, developing, and mobilising capacities;
- How we use evaluation in capacity development programmes and processes.

Readers who are interested in the case studies or other related issues on institutional and capacity development are encouraged to access the [capacity.org](http://capacity.org) web-site, and the web-site of the DAC Informal I/CD network.

## **Annex 1: List of Case Studies**

1. Banerjee, N. 1999. The role of micro-credit in capacity development for poverty alleviation: a case study from the non-government sector of Bangladesh. Hull: CIDA.
2. Teskey, G., and R. Hooper. 1999. Tanzania Civil Service Reform Programme: case study. Nairobi: Department for International Development.  
([http://www.capacity.org/pubs/dfid/dac\\_case\\_dfid\\_tze.htm](http://www.capacity.org/pubs/dfid/dac_case_dfid_tze.htm))
3. Teskey, G., and R. Hooper. 1999. Uganda education strategic investment programme. Nairobi: Department for International Development.
4. Qualman, A., and P. Rawkins. 1999. Capacity building in CIDA's democracy and governance programming in Ethiopia. Hull: CIDA.
5. Nwobodo, O. 1999. Nigerian Red Cross Society capacity building process 1993 – 1999. Lagos: Nigerian Red Cross Society.
6. Anonymous. Unité de politique économique (UPE), Sénégal. (unpublished)
7. Kebe, S., and T. N'guessan. 1999. Cellule d'analyse de politiques économiques du CIRES. S.l.: s.n.
8. Melber, H. 1999. The role of autonomous think tanks: a case study of the Namibian Economic Policy Research Unit (NEPRU). (unpublished)
9. Anonymous. 1999. An innovative approach to capacity building in Africa: the Economic Policy Research Centre (EPRC). (unpublished)
10. Morgan, P. 1999. Capacity building in two policy research organisations: the cases of the Economic and Social Research Foundation (ESRF) in Tanzania and the Economic Policy Research Centre (EPRC) in Uganda: a synthesis report. (unpublished)

## **Annex 2: Partner Profile**

### **African Capacity Building Foundation**

ACBF was established in November 1991 to build and strengthen human and institutional capacity in policy analysis and development management in sub-Saharan Africa. The overall objective is to ensure that Africa will have its own nucleus of professionals in policy analysis and development management in order to reduce its reliance on external technical assistance. To date, ACBF, through direct funding, co-financing as well as networking and information exchange, has supported over 40 capacity-building projects, contributing about US\$ 80 million.

The ACBF Board of Governors recently approved the expansion of the activities of the Foundation to include not only the building of capacity in macroeconomics policy analysis and development management, but also in key areas of the public sector, with emphasis on the interface between the public sector, the private sector and the civil society, as well as on regional integration. This expansion means a merger into the ACBF of the Partnership for Capacity Building in Africa (PACT) initiative, which was proposed by African Governors of the World Bank.

### **DAC Informal Network on Institutional and Capacity Development**

The DAC Informal Institutional and Capacity Development Network (I/CD Network) was established in 1994 following a joint OECD UNDP / World Bank High Level Seminar on Improving the Effectiveness of Technical Co-operation in the 1990s. The I/CD Network functions informally on the basis of voluntary membership and contributions. Most members come from DAC bilateral and multilateral aid agencies. Two development policy institutes and a non-Member regional bank are also active. Members meet once or twice a year to share lessons learned, new initiatives and approaches to technical co-operation and to decide on the next work programme for the following year.