



Sida's Policy for Capacity Development

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*Sida's Policy for
Capacity Development
as a Strategic Question
in Development
Cooperation*

Sida, Methods Development Unit
November 2000

PREFACE

This new policy for Capacity Development aims at improving Sida's efforts to strengthen the capacity of our cooperating partners. A lot has been done over the years but we can do more and better.

The policy stresses the importance of renewing our efforts and placing capacity development at the centre of our work. Capacity development is a long term undertaking with many partners involved. It is vital that we have a clear analytical framework and that we are clear about our own role as facilitator, dialogue partner and funder. A lot of the successes and failures of the past go back to such fundamental issues.

It is my hope that the policy will serve as a working tool for staff members at Sida and for all those partner countries and organisations in Sweden with whom we are working to achieve the objectives set out in this policy.

Stockholm, February 2001

A handwritten signature in black ink, appearing to read 'Bo Göransson', with a stylized, cursive script.

BO GÖRANSSON
DIRECTOR GENERAL

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POLICY

“Sida’s task is to make sustainable development possible and thus make development cooperation superfluous in the long run. Our principal method is capacity and institution development. Knowledge is our most important resource.” (Sida’s mission statement, 1995)

This central part of Sida’s mission statement of 1995 has been reaffirmed in other policy documents ever since. Capacity development should be a major feature in development cooperation. Why is this so?

KNOWLEDGE, COMPETENCE and well functioning organisations and institutions are important pillars in any strategy that aims at poverty reduction. This conviction is widely shared by governments, enterprises, and organisations in civil society all over the world today.

But, while increasing investments are made in the rich countries in the development of knowledge and of competence, there is no equivalent in the poor countries. The differences between rich and poor countries and between

individuals within poor countries are widening rather than narrowing in this respect too.

This alarming situation calls for renewed efforts by Sida to increase its support to capacity development, defined as the combined efforts to support the development of knowledge, competence and well functioning organisations and institutions.

It is also necessary to review and to develop existing modalities and work practices, including looking at the need to develop Sida's ability and that of Swedish cooperation partners to deal more efficiently with questions of capacity development. After more than 30 years of experience of support for capacity development, there is still recurring criticism from partner countries of present approaches to capacity development.

This policy is the result of a review of present priorities and modalities for capacity development as they have evolved within Sida.

Sida's renewed commitment to capacity development is made in an environment characterised by progress towards democracy and a market economy in many partner countries. In this process, the interaction between the state, the market and civil society is changing. The institutional frameworks in the form of laws and policies as well as the norms and values of people, are changing. This ought to be reflected in Sida's work by a recognition of the need to develop and strengthen institutions and organisational structures, in the public domain, in the private sector and in civil society.

Corresponding changes in institutional frameworks are taking place internationally. The strengthening of the

human rights framework and understanding of and respect for human rights are key concerns in Swedish development cooperation, which should also guide Sida's work in its capacity development efforts.

OVERALL OBJECTIVE

Sida shall increase its support for capacity development in partner countries. This will be done through increasing support for national systems of education, training, and research, through a clearer focus on capacity development in all programmes and projects, and through more active collaboration with Swedish partners.

The ultimate objective is to create conditions for professional sustainability of institutions and organisations, including national systems of education, training, and research.

MAIN AREAS OF WORK

In order to achieve the objectives above, Sida shall:

- Systematically integrate capacity development as an objective in projects and programmes.
- Improve and strengthen Sida's cooperation with and professional exchange with Swedish partners.
- Provide more support, financially and professionally, for the strengthening of national systems of education, training, and research.
- Increase its support for the development of international competence in Sweden.
- Improve its own ability to work for capacity development in partnership with others.

ACTION TO BE TAKEN WITHIN SIDA

In relation to capacity development in projects and programmes, including support for capacity development within national education systems, Sida shall:

- Develop its approach to capacity development, through a more systematic analysis and sharing of experience of capacity development within Sida and with other partners, through the establishment of a shared conceptual framework, through staff development and through the establishment of a focal point and a network for capacity development within the organisation.
- Increase contacts and sharing of experience with international and Swedish partners on methodological issues related to capacity development.
- Develop its role as a catalyst and facilitator in the development of networks and other forms of cooperation that aim at a wider sharing of professional experience between countries, organisations, and individuals.
- Develop its methodology as regards the analysis and evaluation of organisational and institutional structures and processes of change.
- Increase its efforts to build on, use and strengthen knowledge and competence in partner countries.

In relation to Sida's support for national systems of education, training, and research, Sida shall:

- As far as possible, participate in Sector Wide Approaches together with other partners on the basis of Sida's policy for Sector Programme Support.
- Improve coordination within Sida between support for basic education and support for higher education and research.

BASIC CONCEPTS

An important part of Sida's future work is to create a common understanding of concepts and approaches.

Sida will work

- to develop the *knowledge* and *competence* of individuals and organisations
- to develop *organisations* and/or *systems of organisations* and
- to change and strengthen institutional frameworks in the form of formal policies and laws and/or other informal norms which stipulate the limits within which individuals and organisations develop.

The combined efforts in all three areas mentioned above constitute Sida's efforts to promote *capacity development*.

The concept of "institutional framework" is of central importance. It is used here in the sense of rules or, more formally, the restrictions which people place on different forms of cooperation. The institutional framework can be formal and consist of laws and policies. It can also be informal and consist of the norms and values people set up for social interaction.

- Sida's efforts to concretise and develop its approaches to capacity development shall be guided by the analytical framework set out below.

ANALYTICAL FRAMEWORK

This analytical framework is a working tool that should guide Sida in its dialogue with other partners and in its assessment of proposals for funding. It takes knowledge and learning as the starting point of the analysis.

SIDA'S POINT OF DEPARTURE is that knowledge and learning are keys to social and economic development. This is reflected in several current policy documents.

The government's policy document on Africa (Africa on the Move; Revitalising Swedish Policy towards Africa for the 21st Century, SKR 1997/98:122) argues that Sweden shall participate in building capacity in Africa through providing more support for basic education with a focus on primary schooling; the development of universities, independent research institutions, and networks; the training of government employees; developing the capacity to perform evaluations and analyses; and an IT policy for development cooperation.

In the policy document on democracy and human rights in Swedish international development cooperation, a clear link is established between education and demo-

crazy in the discussion on the importance of civil society and on education as a basic prerequisite for the exercise of and for participation in social decisions.

The policy document also contains another line of reasoning which is of central importance in Sida's action programmes. This concerns the importance of the influence and participation of those people who are affected by decisions. In the poverty programme it is stated that initiatives, planning, and control shall rest as far as possible with those who are affected. In the action programme for peace, democracy, and human rights, popular participation is given prominence as an important component in the democratisation process.

All programmes give prominence to the importance of institutional change in the form of formal laws and policies as well as to the importance of informal norms and values such as the development of a democratic culture and the need for environmental awareness.

In the international debate there are two perspectives on the concepts of knowledge and capacity. From one perspective, capacity is mainly seen as a way for individuals, organisations, and nations to become better equipped to support themselves and to increase their productivity and, thereby, their competitiveness. It is this dimension which is most often referred to in everyday speech when capacity building is mentioned.

What is often forgotten is that people must also function in other roles and contexts: as members of families and as citizens in societies which are part of an increasingly multicultural world characterised by conflicting perceptions and values.

The ultimate objective of the development of knowledge and capacity is therefore to make it easier for people to build up an identity: for themselves and in relation to others. This is, to quote a current UNESCO report on education for the next century (the so called Delors Commission report), “the true humanist mission of education”. It is this broad approach to knowledge and capacity which can be found in the policy document referred to above and which should permeate Sida’s work.

This broad perspective is important when the issue of knowledge and capacity is related to the four action programmes. The goals of these programmes are broad and cover political, social, economic, and environmental development. Capacity building is a key issue for the achievement of these goals.

To speak about knowledge and capacity as “the true humanist mission of education” is not in conflict with the idea of knowledge and capacity as means to increase productivity. Knowledge and capacity are tools, but not tools that serve solely to increase productivity. They also help give people an identity and enable them to participate fully in social and political life.

The other idea underlying Sida’s approach is that the learning process takes place throughout life. It does not stop when people leave school. Therefore there is a long tradition in Swedish international development cooperation of investing in different forms of adult education, frequently referred to as project-related education and training. Elements of this type can be found in all sectors and projects.

Internationally, this approach was summed up in the

concept of “life-long learning” which was coined by UNESCO in the 1960s. In the introductory document from the most recent world conference on adult education (Hamburg, 1997) it is noted that “historically there are two different and important theoretical and ideology stands which argues for life-long learning. The concept was introduced by UNESCO in the late 1960s and was related to a humanistic tradition and connected with democracy and self government”... (but) “In policy documents from various countries written since the 1980s, the erosion of a commitment to equality and the total dominance of the economic imperative is very evident.”

In the same document it is emphasised that the balance between the two perspectives must be restored. “Globalisation calls for new forms of cooperation, democracy and global governance, although generally acknowledged, in a world of competitiveness among distinct nations they are as yet only weakly developed.” ... “According to such views, adult education should not only have competition but also cooperation as a goal.”

This action programme is based on this broad approach to knowledge and capacity.

But, while there are well-founded empirical data which illustrate the relationship between investment in knowledge and social and economic development, the gap in respect of knowledge is tending to grow – between rich and poor countries, between regions, and between groups of people within countries.

The recognition of the decisive role of the institutional framework for sound economic and political development is a reaction against the belief, common in the 1980s, in

the market as the decisive factor. The essence of this belief was that political and administrative deregulation, i.e. as few normative and other rules as possible, would release creative energy and entrepreneurship.

The great variations in development between countries and, above all, the rapid growth of the so-called Asian tiger economies, showed the inadequacy of this type of model. There was something else, something over and above price relationships, stable currencies, and reductions in budget deficits, which explained the rapid growth in the Asian tiger economies. They had invested in knowledge development and capacity building, of course, but wasn't there also a strong nation state and ethics of industry and exactitude which could be traced back to Confucius? This, in brief, was the analysis. This provided a boost for the school of institutional economics which emphasised the role of institutions in the sense of values, policies, laws, and other frameworks. The thesis was that without a clear institutional framework, the market cannot function.

With the wave of democratisation at the beginning of the 1990s, another need arose – the need to analyse the political regulations, i.e. the rules of political life. The institution concept also acquired central importance here. This is reflected, for example, in Sida's action programme for peace, democracy, and human rights.

This analytical framework also matched Sida's experience. The everyday management of projects had paved the way for this approach. The problems of international development cooperation had increasingly been described as shortcomings in the human capital, management capacity, and organisational structures of the recipient coun-

tries. This was true of government agencies, companies, and non-governmental organisations. The demand for management consultants had increased. Public administration support, an area given special priority by Sida since the beginning of the 1980s, was an early expression of this assessment.

IMPORTANT DISTINCTIONS

A number of approaches and methods, as well as a number of concepts, have been developed at Sida. Here some distinctions must be made.

The definitions below do not claim to express once and for all what concepts such as knowledge and capacity “really” are. They have been chosen in order that they can be used by Sida and, at the same time, relate to international usage. They need to be given a concrete content in each individual case.

Knowledge or competence?

Knowledge can be described as an asset, something which has been achieved, in compound expressions such as “a knowledgeable” person. The concept can also refer to the process itself, i.e. the acquisition of knowledge.

The concept is used here in the first sense. When Sida wants to describe the process, we should speak of knowledge development.

Having knowledge means having understanding and insight. But insight and understanding are only sufficient to perform part of a task defined in advance. To perform the entire task, competence is also necessary. Competence consists not only of knowledge, but also of certain

attitudes and skills, for example the ability to function in a social context.

Transfer or development of knowledge?

Two concepts are used alternately to describe the task of so-called technical assistance. They reflect two different approaches to the learning process.

One approach is based on knowledge being transferred from a person who has it to a person who does not have it. The expert transfers his knowledge to his counterpart, countries import technology. Sweden concentrates on exporting services etc. The most common international expression for this is *transfer of knowledge*.

Sida prefers to use the concept *development of knowledge* in order to show that learning requires the active processing of knowledge and that solutions are developed in a process of give and take between several parties.

In relation to technical assistance, this means that foreign expertise brings a certain kind of knowledge and competence. Those people who work in a country's public administration, companies, or organisations have other knowledge and experience. In the meeting of the two forms of knowledge, new and creative solutions can arise, but it is seldom, if ever, a question of exporting ready-made solutions or ready-made knowledge. The relevant knowledge and competence are developed as a result of a process of learning and of social interaction.

What is an organisation?

An organisation can be a government agency, a company, or a non-governmental organisation. The character of an

organisation is that individuals in the organisation work together to achieve common goals. However, it can also be described as a structure, as administrative routines, and as a “culture”. The first definition focuses on the process within the structure, the second on the outer framework. When Sida speaks of institutional cooperation it most often means cooperation between two organisations: government agencies, companies, or non-governmental organisations with the same task and focus. The most common concept for this is *twinning*.

Programmes of development cooperation often focus on several organisations. An educational system may involve, for example, a national ministry, but it also involves local agencies, other ministries, parent associations, and teachers’ unions. It is proposed that the designation for this should be *systems of organisations*.

Institution or organisation?

The institution concept has assumed central importance in analyses of economies and political systems. The background to this is one of changes in systems which have taken place in many parts of the world and which are commented on in the introduction to this policy document. International development cooperation is focusing increasingly on these broad institutional frameworks. A distinction should be made between formal frameworks, in the form of written policies and laws, and informal normative frameworks which set the boundaries for human relations. An example of an intermediate form of framework can be seen in the unwritten laws in a society. The concept of institutional framework should be used both for

the formal frameworks such as laws and policies and for the informal frameworks in the form of norms and values.

It is also important to differentiate between the concept of institutional framework in the sense of the *rules of the game* and the concept of organisation in the sense of the *team which is playing*.

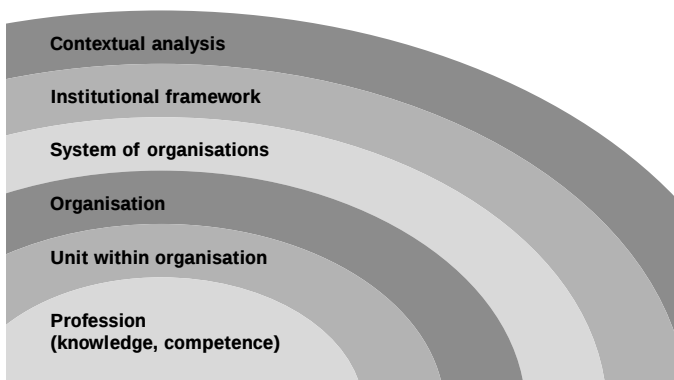
Capacity

The concept of capacity is widely used internationally in compound expressions such as capacity building and capacity development.

The concept of capacity is often used as an overall concept for the conditions that must be in place, for example knowledge, competence, and effective and development-oriented organisations and institutional frameworks, in order to make development possible. These conditions can change, and the concept must therefore provide concrete content from case to case.

The distinctions can be summarised in the following way:

Analytical tool



APPROACHES TO CAPACITY DEVELOPMENT

The operative conclusion of this policy is that there are many ways of developing knowledge, human resources, and organisational and institutional frameworks. What is most important is to have, with the aid of a broad analysis, the right strategic focus. This does not mean that Sida must work with all problems revealed by the analysis. On the contrary, experience shows that successful processes of change take place gradually and in small stages. That is why the contextual analysis is so important (see analytical tool above).

The challenge to Sida is to make clear analyses of problems and to adjust its focus and methods to the problems which have been identified and to the agreed objectives of cooperation. Today there are deficiencies in both parts of this process.

The development of methods at Sida should concentrate on the following areas:

- Better analyses in country strategies and project assessments.
- A more comprehensive overview of educational inputs of different types.

Contributions to knowledge development and human resources development currently consist of support for countries' national systems of education and research and support for a number of different types of courses or project-related education and training programmes. There is an international training programme in Sweden, there are scholarship programmes in third countries, there are correspondence courses for economists, there are training pro-

grammes for elections, education programmes in human rights and so on.

What is lacking is a greater focus on systems and a systems approach. Human resources development is always needed, is always requested, and can always be justified. All experience shows that it must be introduced in the right context if it is to be a decisive factor for change. The need for project-related education and research can often be better met within the framework of the formal system.

Rapid technical developments also justify reviewing present forms of support for educational programmes.

- The development of sector programme support as a form of cooperation and as a condition for support is an important step on the way to a coherent approach to strengthening national systems of research and education.
- Institutional cooperation/twinning has become the predominant method for developing organisations and for human resource development at the work place. This applies to programmes of cooperation between government agencies, companies and non-governmental organisations. Experience shows that better use could be made of it as a method for human resource and organisational development. What often happens is that different parties learn from each other in their own specialist fields. This method does not often lead to the development of organisations or to changes in the institutional framework which stipulates what the organisation may do.
- The building of networks and contacts is an increasingly important method which often has the purpose of changing institutional conditions. Policy development takes place in the form of a process of interaction be-

tween central government and civil society, and in in professional contacts between countries. Examples of international and regional networks supported by Sida are the Global Water Partnership, GWP, and the Association for the Development of Education in Africa, ADEA. The Coastal Zone Initiative has the principal aim of bringing together scientists and decision-makers. Many more examples could be given of Sida's support for building networks. Sida contributes funds, but its most important task is to function as a catalyst, to build contacts, and to participate in a dialouge with many partners. The same can be said of international convention work. Sida's role as a catalyst needs to be given prominence and to be clearly defined. It makes somewhat different demands on Sida's competence, which need to be developed.

ORGANISATION ANALYSIS

Sida's policy of working more on organisation issues in government agencies, organisations, and companies in partner countries has resulted in a need to understand and analyse how organisations develop. The so-called staircase model is used today in several departments. Work on the policy has also included reviewing of the various existing methods.

The results are presented in a separate working paper (Methods Development Unit, Measuring an Organisation's Condition and Development; Capacity Development – Sida Working Paper No. 2) and it is proposed that they form the point of departure for further development work at Sida and in cooperation with various partners in Sweden. Another example of this type of analytical tool is the

“staircase model” (The Staircase Model in Brief; Department for Democracy and Social Development).

COUNTRY ANALYSIS

The action programmes give prominence to importance of the institutional issues in the development process. They also indicate key institutions in the form of laws, policies and organisations in the areas they cover. Popular participation is another recurring theme.

It is important that this dimension is included in country analyses and country strategies. Guidelines for this should be included in the manual for country strategies.

PROJECT ASSESSMENT

Experience shows that there are shortcomings in the analyses of conditions for capacity development. Sida should improve its competence:

- Contextual analyses as a prerequisite for the approval of contributions to capacity development. Which factors obstruct/support the contribution? Experience shows that Sida has not devoted enough attention to issues relating to the long-term financing of contributions to capacity development.
- Experience shows that projects can be successful and economically sound when the initiative comes from the partner country, when the project is in line with other ongoing work for change, when there is “ownership”, and when the contribution has sufficient support from the parties concerned.
- Are the shortcomings due to a lack of professional competence, to weaknesses in the organisation or in the insti-

tutional framework, or to a combination of these? Which of these areas should support focus on?

- A simple analytical tool has been developed within Sida (see: Analysis of Needs for Capacity Development, Methods Development Unit, Sida Working Paper No. 4).
- What knowledge and capacity exist?

Experience shows that contributions are successful when they are based on something that already exists and then build further on it. Therefore it is important to analyse the knowledge and capacity which already exist in relation to the contribution as well as the knowledge and capacity which can be developed through the formal education system. The latter issue has often been neglected, with the result that far too many resources have been invested in so-called project-related training when a reinforcement of the formal education system would have been more effective.

ROLE ISSUES

New patterns are starting to emerge in this area which affect Sida's role.

Sida is increasingly assuming the role of catalyst and builder of contacts. This takes time and requires capacity. The more Sida focuses on overall institutional issues, the greater the demands that will be made on Sida as a dialogue partner and as a sounding board.



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