

Capacity Development as a Strategic Question in Development Cooperation

Policy and guidelines for Sida

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SWEDISH INTERNATIONAL DEVELOPMENT
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Department for Natural Resources
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Policy Secretariat for the Sector Departments

Capacity Development as a strategic question in development cooperation – Policy and guidelines for Sida.

”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 concern in programmes and projects in which Sida is involved.

Why Sida will focus more on capacity development

Knowledge, competence and well functioning organizations and institutions are keys to poverty reduction through social and economic development. This conviction is widely shared by governments, enterprises and organizations in the 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 also in this respect.

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 organizations and institutions.

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

These policies and guidelines are 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 the 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 as a need to develop and strengthen institutions and organisational structures, in the public domain, in the private sector and in the civil society.

Corresponding changes in institutional frameworks are taking place internationally. The strengthening of the human rights framework, the understanding of and the respect for human rights are key concerns in Swedish Development Cooperation, which should guide Sida's work also in its capacity development efforts.

Overall objective

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

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

Main areas of action

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.
- Give more support, financially and professionally, to the strengthening of national systems of education, training and research.
- Increase its support towards development of international competence in Sweden.
- Make Sida better equipped to work with capacity development in partnership with others.

Action to be taken within Sida

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

- Develop its approaches 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 organization.
- 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, organizations and individuals.
- Develop its methodology as regards analysis and evaluation of organizational and institutional structures and change processes.
- Increase its efforts to build on, use and strengthen knowledge and competence in partner countries.

In relation to Sidas support to 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 Sidas policy for Sector Programme Support.
- Improve co-ordination within Sida between the support to basic education and the support to higher education and research.

Conceptual framework

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

Sida will work

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

The combined efforts in all the three areas mentioned above constitute Sidas efforts towards *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 establish for 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 concretize and develop its approaches to capacity development shall be guided by the analytical framework that is contained in the attached annex.

Appendix 1

Further development of approaches and methods

This appendix is a development of the discussion, concepts and analytical framework that form the basis of the action programme. It provides points of departure for the further development of approaches, concepts and methods for human resource and institution development by the parties concerned, inside and outside Sida.

Why is human resource and institution development necessary?

Sida's point of departure in its work with knowledge and human resource development is that they constitute an integral part of human and economic development. This is reflected in several current policy documents.

The government's policy document on Africa argues that Sweden shall participate in building capacity in Africa through providing more support to 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 democracy in the discussion on the importance of civil society and on education as "a basic prerequisite to exercise citizenship and participate in social decisions".

The policy document also contains another line of reasoning which is of central importance in Sida's action programmes. This is the importance of the influence and participation of those people who are affected by the 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 the importance of informal norms and values such as the development of a democratic culture and the need of environmental awareness.

In the international debate there are two perspectives on the concepts of knowledge and capacity. In one perspective capacity is mainly seen as a way for individuals, organisations and nations to become better equipped to support themselves, 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 also must function in other roles and contexts: as member 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 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 the means to increase productivity. Knowledge and capacity are tools, but not merely tools that have the sole aim of increasing productivity. They also have the aim of giving people an identity and enabling them to participate fully in social and political life.

The other idea behind 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 project-related education. Elements of this type can be found in all sectors and projects.

Internationally this approach was summarised 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 two perspectives must be regained." 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 investments 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 view of the decisive role of the institutional framework for sound economic and political development is a reaction to the belief, common in the 1980s, in the market as the decisive factor. Political and administrative deregulation, i.e. as few normative and other rules as possible, would release creative energy and entrepreneurship. This was the basic idea.

The great variations in development between countries and, above all, the rapid growth of the so-called Asian tiger economies, showed the inadequacy of these types of models. There was something else, something in addition to 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 institutional economies where the institution concept in the sense of values, policies, laws and other frameworks was given prominence. The thesis was that without a clear institutional framework, the market cannot function.

With the wave of democratisation at the beginning of 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 fitted well into Sida's reality. 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 countries. 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 experience.

Clarity and a common approach to the concepts.

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

The definitions 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. ("When we speak of shortcomings in the capacity of the ministry in Mozambique we mean that there is lack of clear policy. That management of the department xxx is weak and that there is a lack of competent personnel in the central planning divisions.....")

Knowledge and 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 defined task 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 to be able to function in a social context.

Transfer of knowledge and development of knowledge

These 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.

Put in relation to technical assistance, it means that foreign expertise has certain 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, or never, a question of exporting ready-made solutions or ready-made knowledge. The relevant knowledge is developed as a result of a process.

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, 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 consist for example of an 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 and institutional framework

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

One consequence of this is that it is important to differentiate between the concept, 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**.

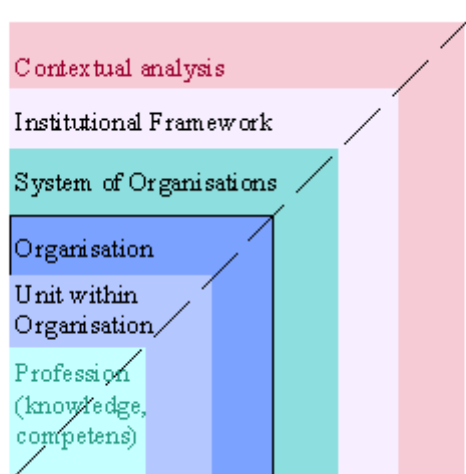
Capacity

The concept of capacity is used widely 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, effective and development- oriented organisations and institutional frameworks, 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:

Areas/Objectives of Support to Capacity Development



Methods for human resource and institution development at Sida

The operative conclusion of the action programme is that there are many ways of developing knowledge, human resources, organisation and institutional frameworks. What is most important is to use, with the aid of a broad analysis, the right strategic focus. This does not mean that Sida must work with all problems taken up in the analyses. On the contrary, experience shows that successful processes of change take place gradually and in small stages. Therefore the external analysis is so important (see diagram above).

The challenge to Sida is to make clear analyses of the 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 for knowledge development and human resource development consist today of support to countries' national systems for education and research and support to 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 programmes for elections, education programmes in human rights etc, etc.

What is lacking is a greater focus on systems and a systems approach. Human resource 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 of 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 to educational programmes.

- The development of sector programme support as a form of cooperation and condition for support is an important step on the way towards a coherent approach to strengthen 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 it can be utilised better 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. The method does not often lead to the development of organisations or changing 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 between central government and civil society, 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 to building networks. Sida contributes funds but its most important task is to function as a catalyst, to build contacts and to act as a speaking partner. The same can be said of international convention work. Sida's role as a catalyst needs to be given prominence and clearly defined. It makes somewhat different demands on Sida's competence which need to be defined.

Organisation analyses and organisation measurement

Sida's policy of working more with 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. The work on the action programme has also included making a review of the various existing methods.

The results are presented in appendix 1a and it is proposed that they form the point of departure for further development work at Sida and in cooperation with various parties in Sweden. Examples of this type of cooperation is SEKA's development of the staircase model in cooperation with its counterparts in Sweden.

The importance of analyses in country strategies

The action programmes give prominence to the importance of the institutional issues in the development process. They also indicate key institutions in 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.

The importance of analyses in project preparations

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

- External analyses as a prerequisite for the approval of contributions for human resource and institution 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 for human resource and institutional 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 with 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, weaknesses in the organisation, in the institutional framework, or a combination of these? Which of these areas shall the support focus on?
- 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 roles.

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 speaking partner and sounding board.



SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
S-105 25 Stockholm, Sweden
Tel +46 (0)8 698 50 00 Fax +46 (0)8 20 88 64
Homepage: www.sida.se