



## **Report**

### **International Symposium on Capacity Development**

#### **From Concept to Practice exploring productive partnerships**

**Tokyo, Japan**

**February 4-6, 2004**

<http://www.capacitywhoiswho.net/tokyo/>

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## Executive summary

The International Symposium on *Capacity Development, from Concept to Practice: exploring productive partnerships* was held in Tokyo, Japan, 4-6 February 2004. It was organised jointly by JICA, UNDP, CIDA, GTZ and WBI. The symposium's main objective was to enhance a better understanding of the role of external actors – as catalysts for change - in supporting capacity development processes.

The two and a half days symposium included opening statements from the co-organisers on the background and goals of the meeting, and presentations providing conceptual frameworks on capacity development. This was followed by the presentations of nine cases from Ecuador, Guatemala, India, Indonesia, Mali, Nepal, Philippines, Sri Lanka and Zambia. From these presentations and the discussions six topics for working groups emerged:

- 1) Ownership, aid modalities and harmonisation,
- 2) Ownership and aid modalities,
- 3) Political dimensions,
- 4) Participatory community development,
- 5) Incentive systems and
- 6) South-South cooperation.

The following is a summary of key issues that emerged during the symposium and the final remarks and conclusions.

In general, there was agreement that external partners can play a useful role in supporting capacity development in different roles. Progress was made in defining appropriate roles and enabling conditions. The section on "Roles and attitudes" (starting on page 10) lists nine roles and nine suggestions on attitudes.

On capacity development: Capacity development is an endogenous process and a key driver for effective development and needs to be mainstreamed in development efforts. Different perceptions of capacity development exist among partners. It is important to share these and learn from these different approaches. The concept of capacity development is no longer limited to technical assistance. A broader understanding is now generally accepted, emphasising the importance of account contextual factors. It is important to understand incentives and driving forces behind capacity development. Capacity development is a long term process but capacity can be nurtured to achieve short-term results while supporting long-term institution building. Capacity development as an end in itself need not be incompatible with an instrumentalist notion of capacity development as a means to an end.

On roles of external partners: External partners can play a variety of roles under different circumstances. Ensuring ownership, respect for domestic capacity and dialogue led by local partners are key elements for productive partnerships. Often the most appropriate is that of a catalyst. Occasionally niche-filling is needed but external partners should not replace local capacity. Some agencies, however, have a policy to prevent brain drain by not recruiting people from local organisations. The availability of capacity in partner countries changes over time and depends on local circumstances. Therefore, a diversity of aid modalities within a coordinated framework should be used. Several cases showed the important role of non-state actors as external partners, also at decentralised levels. Partnerships need parameters and feasible indicators of success that are agreed upon by both partners. Global standards could be useful in this respect. South-South and/or third country cooperation can be major capacitating approaches; its possibility and potential should be considered when creating partnerships.

On capacity development and attitudes of external partners: Staff of external partners need to be sensitised to realise that capacity development needs to be attuned to local situations taking into account local conditions. Past donor practices have not always been helpful. There is room for improvement and need to re-think current aid-modalities. Capacity development needs to be attuned to local situations taking into account cultural, political and social characteristics. Staff of external partners need to be sensitised and trained to understand a broader concept of capacity development, and to have the skills to comprehend local contexts and foster creative partnerships. Deconcentration to field offices to help staff to be closely attuned to the needs of partner countries.

Further, participants proposed three levels of follow up activities:

- Mainstreaming of the ideas presented in the symposium in the organizations of participants, for example, through sensitization of other staff. There is potential for cooperation among organizations
- Systematic teamwork to support concrete activities on the ground, especially building on existing activities rather than creating new ones. Comparative advantage will be important and may require a scanning exercise to define. One possible joint activity would be the application of lessons from this symposium and others to one or two countries, probably a PRSP country, either new or second generation.
- The symposium should not one of a kind; there is a need to build on the ideas presented through networks, teams and a series of events. The symposium should to link up with other upcoming events, such as the Bogota seminar where the Latin countries under the leadership of Chile will discuss South-South cooperation.

## List of acronyms

ACBF	African Capacity Building Foundation
CD	Capacity Development
CICA	Chilean International Cooperation Agency
CIDA	Canadian International Development Agency
CUES	Credit Union Empowerment and Strengthening Program
DAC	Development Assistance Committee
DFID	Department for International Development
ECDPM	European Centre for Development Policy Management
GRZ	Government of Zambia
GTZ	German Agency for Technical Cooperation
JICA	Japan International Cooperation Agency
JPPP	Japan Philippines Partnership Programme
LENPA	Learning Network on Programme-Based Approaches
MDG	Millennium Development Goals
NEDA	National Economic and Development Authority
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PRIA	Participatory Research in Asia
PRSP	Poverty Reduction Strategy Papers
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WBI	World Bank Institute
WOCCU	World Council of Credit Unions

## Background

One of the key constraints to meeting the Millennium Development Goals and to reducing poverty is the lack of capacity in developing countries. Despite considerable interest in the concept of capacity development (CD), experiences and lessons are still not widely shared. The international symposium on *Capacity Development and Effective Aid* held in February 2003 in Manila acknowledged accountability to beneficiaries, incentives and ownership as essential elements of (support to) capacity development. Further, the symposium identified the need to go beyond the conceptual level and incorporate the insights from practical experience into operational strategies and policies. The purpose of the Tokyo symposium in February 2004 - *Capacity Development, From Concept to Practice: exploring productive partnerships* – was to look at operational experience in one area - the role of external partners as catalysts for change.

The meeting was jointly organised by the Japan International Cooperation Agency (JICA), German Agency for Technical Cooperation (GTZ), the United Nations Development Programme (UNDP), the Canadian International Development Agency (CIDA), and the World Bank Institute (WBI). The symposium brought together almost 200 participants from government, civil society organisations, academic institutions, partner countries and donor agencies.

## This report

This report is organised around key issues identified in the symposium rather than following the agenda of the meeting, except for the introduction and concluding comments. This means that discussions of ideas by subject replace the usual summaries of presentations. The sections in this report mostly reflect the topics of the six working groups – which were selected during the course of the symposium. Further, sections on “Emerging consensus on how to support CD” and “Roles and attitudes of external partners” are included. These reflect discussions in the plenary sessions and working groups. Though two working group topics mention “Ownership” specifically, this issue was raised and discussed throughout the symposium and is dealt with where relevant in the report. The presentations and additional information can be found either in the annexes and/or on the symposium website: <http://www.capacitywhoiswho.net/tokyo/>. All documents and presentations will be linked from the agenda on this site.

## Introduction

The context in which the symposium took place was past rounds of aid assessments and reports which have often taken a critical view of outside assistance, particularly the role of foreign advisors. These critiques have, however, not always recognized the important role that outside agents have played in many countries. The purpose of the symposium was thus to bring together a number of case studies where the role of the external partner has been positive and to define the conditions under which the partner added value to the CD process. The intention was to move from concepts, frameworks and tools to stories with lessons that can be applied elsewhere and which help to better understand the conditions under which external partners can effectively support the CD processes of their developing country partners. During the symposium, however, a note of caution was added. Strong reliance on cases studies (only) should be avoided when trying to draw general lessons since support for successful CD is very context specific. One of the conclusions of the Manila symposium was indeed that it is crucial that analytical work takes into account contextual factors.

The symposium aimed at the following specific outputs:

- a better understanding on the part of participants of the roles that external actors can play in encouraging and supporting capacity development processes,
- increased knowledge on the part of participants of specific strategies that have worked in the case studies presented,
- a better understanding on the part of participants of the conditions under which these strategies have succeeded, and
- guidance for donors on steps they might take to better support capacity initiatives and the capacity that they require.

The symposium took place over two and a half days following the agenda in Annex 1. The first day started with opening addresses defining the goal of the symposium and providing a conceptual framework on capacity development to shape the discussions during the course of the next days.

In his welcome address Mr. Hatanenaka (JICA) said that JICA's current reform efforts include building their own capacity to be closely attuned to the needs of their developing partners. Concepts and approaches to capacity development need to be adapted to country characteristics, including culture, history and political environment. The role of outsiders, like donor agencies, should be that of "a catalyst of change"; creating creative partnerships led by partner countries. Supply-driven attitudes have been dominant and are not conducive to development. JICA sees capacity development as more important than ever before, especially as an instrument to enhance human security. Japan has traditionally had its own, unique concept of capacity development, based on the self-help principle. Different concepts of capacity development exist among different countries and cultures; it is critical to get a better understanding of these different perceptions.

Mr. Diabre (UNDP) identified capacity development as a key driver for development effectiveness and laid out UNDP's commitment to mainstream the CD default principles throughout the organisation's work. Bilateral partners and multilateral organisations need to provide appropriate support for partner countries to lead and organise development processes as agreed in the Rome agenda. He emphasised the role of South-South cooperation and alluded to the potential of a Southern DAC.

Mr Vergara (CICA, Chile), Mr. Montero (NEDA, Philippines) emphasised the importance of recognising the wealth of experiences in developing countries and the need to access this knowledge. South-South and/or third country cooperation is a crucial approach in capacity development processes. Mr. Mussa Khijah (MoF, Tanzania) pointed to the need for developing countries to be in the driving seat of aid coordination. Investments in adequate working environments, e.g. through civil service reform, and finding the right combination of aid modalities are essential.

Mr. Lavergne (CIDA) outlined the elements of a conceptual framework on capacity development based on a systems perspective and on capacity development as an endogenous process of change. Also, the notion of embeddedness is key, meaning that capacities cannot be dissociated from the owners of those capacities. He distinguished four roles for outside partners as catalysts of change; as a source of new resources, as suppliers of knowledge, as a source of influence and facilitation of networking. Mr. Jones and Mr. Theisoehn emphasised the critical importance of the "how" to engage for capacity development and laid out the UNDP strategy to mainstreaming the CD principles in its work. Mr. Nair's (WBI) presentation on capacity building within a results-based framework explained the rational and methodology for this approach that seeks to identify results at various levels. Mrs. Baser (ECDPM) presented the preliminary findings of a study on capacity that aims to enhance the understanding of driving forces behind improved capacity and its links with performance.

The afternoon of Day 1 and the morning of Day 2 were devoted to case presentations from Ecuador, Guatemala, India, Indonesia, Mali, Nepal, Philippines, Sri Lanka, and Zambia and discussion about them. In general, the case studies addressed the following issues:

- the process by which capacity developed in the case, with an emphasis on capacity rather than general development issues;
- where these capacities developed, for example, within government, civil society, or the private sector;
- the nature of the support to the CD process;
- the driving factors behind the improvements in capacity;
- the role of partners: Who took the initiative? How were priorities identified? Who did the original proposal? How was the activity implemented? How was it evaluated?

Generally, the cases addressed both the positive aspects of the role of external catalysts and the missed opportunities. The cases are included in this report as boxes in the sections where it is relevant.

During the afternoon of Day 2, participants joined 6 working groups to discuss topics identified from the case presentations and the plenary discussions:

1. Ownership aid modalities and donor harmonization
2. Ownership and aid modalities
3. Political dimensions
4. Participatory community development
5. Incentive systems
6. South-South cooperation.

Each group had the same set of questions but interpreted these according to the topic:

- Identify a few of the CD challenges related to the topic,
- Address what would constitute productive partnerships in the light of these challenges, and
- Address what changes are needed for external actors and partner countries to ensure effective partnerships.

The groups also worked with some key tools (assembled in Annex 3) that had come out of the initial presentations on Day 1, for example,

- The 10 default principles (UNDP),
- The vicious cycle of disempowerment (UNDP)
- The virtuous cycle of empowerment (UNDP),
- A systems perspective of capacity development including different levels and forms of capacity (CIDA)
- An analysis of various choices and roles available to outsiders as catalysts of change (CIDA)
- Strategies for change (ECDPM)
- Capacity results matrix (WBI).

The presentations from the working groups to the plenary are in Annex 2.

## **Building consensus on how to support CD**

There were a number of general ways of thinking about capacity development which seemed to be generally accepted during the symposium, for example, the need to understand capacity development as an endogenous process. If CD is really led from within, ownership would normally be expected to follow. Capacity development also implies a systems approach.

The symposium identified several different approaches which can be used in different contexts to support capacity processes, including:

- Strengthening or enhancing existing capacities, for example, through improving incentive structures and implementing pay reform which motivate staff and encourage them to stay in their positions within the Tanzanian government ;
- Unleashing existing capacity such as entrepreneurship through the credit union movement in the Philippines;
- Developing new capacity, for example, the capacity for better governance in India through the workshops and coaching of PRIA;
- Retaining old capacity, for example, by providing benefits to retain doctors in Zambia;



- Protecting developed capacity;
- Getting rid of non-essential functions , for example, through contracting out or privatisation which allows shedding capacity that it no longer needed; also getting rid of outdated capacity through government reforms;
- Reducing demands on existing capacity, for example, through harmonisation which reduces the multiplicity of different donor approaches in Zambia ; and
- Defining priorities and limiting activities to these priorities, for example, Zambia has refused to sign the Kyoto Agreement because it cannot meet the demands implied and also fulfil its commitments under the PRSP.

The 10 UNDP default principles should serve as a guide in applying the above approaches.

Different individuals or groups have different views of the capacity needs of a system. For example, the view of the needs in educational reform would vary tremendously among different stakeholders like schoolteachers, school headmasters, the Ministry of Education, universities, the Ministry of Finance, and donors.

One participant suggested that a more robust theory would help to distinguish capacity development from general development and encourage us to think about what we mean by capacity in any given situation, such as the above example of educational reform. Another participant questioned, however, whether we need a theory of CD as opposed to guidance, though not a recipe. Though the systemic nature of CD was acknowledged, another participant reminded the symposium of the importance of tertiary educational institutions and the knowledge infrastructure in general as a foundation for much capacity development. Very prominent was the premise that developing country agents have a key role in CD; external partners need to respect and support this with humbleness. It is important to embed discussions on capacity in the Southern context, although one participant complained that most of the emphasis in the symposium was on ideas and policies developed in the North.

## **Roles and attitudes of external partners**

The symposium identified a number of positive roles that external partners<sup>1</sup> can play, including:

- As sources of new resources (finance, equipment)
- As suppliers of knowledge, technology, ideas, new management approaches (training, technical assistance)
- As advocates of global values, rules and universally accepted standards (recognized financial management standards within Philippines credit unions, the Convention on the Rights of the Child in Ecuador)
- As a source of influence (consensus building, promoting champions of change, new ideas, results-based management, support for accountability to beneficiaries, participation, transparency)
- As protector of social space for policy dialogue and civic engagement (where government may not be able or willing to provide this space)
- As facilitators of networking, new relationships with outside partners (TA, workshops, conferences, seminars)
- As mediators among various stakeholders (Guatemala, Indonesia) within the country
- As buffers against outside forces (by promoting harmonisation and thus reducing demands for reporting, meetings, etc. as in Zambia; by protecting against hostile stakeholders)
- As pressure to encourage the meeting of international standards (Philippines credit unions)

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<sup>1</sup> External partners are not necessarily international development organisations. Participatory Research in Asia (PRIA) is an Indian NGO which provides support to other organisations in India.

The partnerships that come out of these roles can help to encourage different mindsets which can, in turn, encourage change. Many of these roles involve creating an enabling environment. This usually

#### **Ecuador: Developing the Capacity to Lobby for Children's Rights**

The economic downturn and associated fiscal and political crisis in Ecuador affected children and minors quite severely. The quality and quantity of nutrition deteriorated. Access to health facilities declined. School dropouts increased as did child labour. Migration changed family structures as parents left children with relatives. But there was little willingness on the part of civil society to invest or participate in social programmes or to try to address the large economic inequalities which characterize the society. The monitoring of children's rights was inadequate. UNICEF intervened with a focus on increasing equity, building monitoring and advocacy mechanisms and ensuring fiscal commitments to reduce disparities. Its approach was strategic partnerships with both civil society and government, for example, by helping to re-establish the Citizens' Observatory of Children's and Adolescents' Rights and by working with government to encourage greater investment in social programmes. Because of UNICEF's credibility, the Observatory was able to attract the support of key actors in Ecuador. It then tackled four key issues:

- Enhancing grassroots involvement,
- Strengthening public advocacy,
- Developing national statistical infrastructure, and
- Strengthening the information culture (dissemination and use of information).

It has had notable success in each of these areas. At the same time, the Ecuadorian civil society has developed a significant capacity to lobby for social change.

implies little direct involvement, a high degree of professionalism and a modest and flexible approach that allows room for local initiatives, endogenous developments and ownership. Donors need to be sensitive and flexible to be brought in where they can make a good contribution. Thus ensuring that causes of poverty are addressed and their interventions better relate to field realities. Bypassing governments does not create capacity and donors need to look for creative ways to become partners in national policy debates.

In the cases presented, the credibility of the external partner often played an important role. Thus, UNICEF was able to encourage high profile people to participate in their local organisation and these people, in turn, could exert their influence to change government thinking on children's rights. PRIA has a well established reputation as a networker and as a supplier of knowledge and advice appropriate to the Indian environment. In Guatemala, GTZ was able to broker some disputes because of its impartiality.

#### **Capacity development for small enterprise and export promotion in Guatemala**

In 1996 Guatemala was still characterised by a feeble government and civil society, scarcity of qualified human resources and high levels of distrust. Over the past years, GTZ has contributed to the peace and reconciliation process by promoting small enterprises and export activities. The work has focused on facilitating exchange of information and expertise among the Guatemalan stakeholders involved in export promotion and on restructuring and strengthening of the exporters' association, AGREPRONT. AGREPRONT is now able to provide solid advice to local exporters as well as lobby government and carry out advocacy work. It has become key to efforts to strengthen Guatemalan exporters, particularly those involved with non-traditional products. Two factors have been important to the success of this programme: the development of a common agenda among previously unorganised stakeholders and continuous strengthening of the intermediary association, AGREPRONT, through studies and advice. This assistance enhanced its capacity to influence policy decisions on export strategies.

Some cases also benefited from the credibility of local partners. In the Indonesia case, for example, the Regent of Takalar was known for his dynamism and innovation.

The roles identified above often imply a change in the attitudes now taken by external partners in many of their activities. Some of the implications identified include:

- Adopting a modest attitude;
- Adopting an *accompagnement* (“Process consulting”) approach – supporting local actors to achieve their goals by working with them side by side.
- Flexibility and adaptation to field realities,
- The need to encourage innovation and risk taking,
- Putting less emphasis on project management,
- Capacity development of external partners like developing skills for *accompagnement* and mediation, and the need to ensure that field personnel have macro policy analysis skills,
- Mainstreaming capacity development in external agencies,
- The need to encourage the discussion of capacity development in PRSPs,
- and, work in partnership, thus do not by pass government.

## Harmonisation and Burden Sharing

As described below in the Zambia experience, harmonisation merits attention since it potentially has tremendous advantages for all parties involved. Harmonisation both creates requirements for new capacity and increases demands on existing capacity. National governments are expected to effectively prioritise and articulate needs, to produce macro reports and analyse these, especially in terms of the needs of the country, and to present and defend policy positions. Thus, the opportunity is created to say *no* to aid proposals that are not in line with national priorities. Donors – engaging as partners in this policy dialogue – need to harmonise their systems with those of other actors who have different approaches and interests.

Harmonisation is both a challenge and an opportunity – a challenge to move from political monologue to dialogue and an opportunity for developing countries to claim ownership. It is easier to achieve agreement on harmonisation at the global level than to translate it into practice at the country level. What matters ultimately is not simply donor harmonisation but donor alignment to country priorities and integration of operations into national systems and processes.

A logical corollary to the debate on harmonisation is the issue of complementarity or burden sharing among donors: how can they work together to best use their comparative advantages and reduce the administrative and technical burdens both on themselves and on their developing country partners.

This implies defining what these comparative advantages are, for example, JICA has traditionally focused on the organizational level and the World Bank at the macro level. It may also imply that some donors withdraw from countries where they may not be the best suppliers for the needs identified. This is already happening on a limited scale, for example, Norway is asking the Netherlands to manage their funding to certain activities in Zambia. The Norwegians have no active role in these activities on which the Dutch report annually.

### **Zambia: aiming to make better use of existing capacity**

A group of seven donors initiated a process which has led to increased harmonisation of donor procedures in Zambia. In March 2003 the Directors General of The Netherlands, Sweden, Denmark, Finland, Norway, Dfid and Ireland Aid signed an agreement with the Government of Zambia (GRZ), which aimed at drastically harmonising their cooperation (e.g. joint policy formulation, joint funding arrangements, donors representing each other, fewer and better coordinated missions, joint training, increased predictability of donor funding, decreased bureaucracy within GRZ and better systems for donor coordination, an inventory of NGO support, a mission freeze period of three months in order to allow the GRZ to prepare its budget). As a result of this harmonisation process the partners involved have been able to reduce transaction costs and by doing so have freed up both donor and GRZ-capacity. Other donors show a keen interest to join this process (e.g. Worldbank, UN agencies, European Commission, Germany and to a lesser extent Japan). It is encouraging to witness an increased spirit of collaboration within the donor-GRZ community.

As part of the harmonisation "action framework" and of Public Service Reforms, GRZ and the Netherlands Embassy have set up pilot projects to top up the remuneration packages and salaries for Zambian medical doctors. The Netherlands has long provided doctors to Zambia, particularly for rural and remote areas. At the same time, the brain drain of Zambian doctors has been significant and the rural areas are severely under serviced. Under the health workers' retention scheme, the funding previously used to recruit Dutch doctors is being redirected to selected local staff who now receive improved housing, schooling subsidies, rural hardship allowances, and access to loans for a vehicle or a house. After some years, they can benefit from assistance to continue with post-graduate training. The scheme which began only in 2003 is already showing signs of slowing down the emigration of local doctors – an example of capacity retention.

### **Aid Modalities**

While the symposium recognized that having a diversity of aid modalities is good, it also noted that new ones create capacity challenges for both donors and partner countries. In addition, the increasing emphasis on programme support versus project support may place donors in an imperial position despite the rhetorical emphasis on partnership, ownership and global consensus. The appropriateness of an aid modality depends on who is being targeted for what purpose. Hence, budget support may not be very effective in supporting local communities.

There was recognition of the need to better define and understand the circumstances which help to make any given approach effective, an exercise which was done in the working group on *Ownership and Aid Modalities for niche programmes*. (Please refer to the presentation of this group in Annex 2.) Since either projects or programme-based approaches can be more or less comprehensive, the group decided to speak in terms of a continuum from comprehensive to niche programming.

Sustaining capacity beyond the timeframes for the MDGs is another challenge. There is a risk that the MDGs will focus resources on time-bound targets without fostering the capacity to sustain results beyond the target dates.

Scaling up is a major issue in the development community today especially in the context of how we meet the MDG by 2015. How do we build capacity on a large scale and not just confine ourselves to the most propitious environments? Are some CD models applicable to more than one environment? If whole models cannot be replicated, what elements can? What do we know about the enabling conditions for scaling up?

The symposium brought out some examples of replication of approaches in other countries and/or other sectors.

- A credit union model developed in Guatemala is now being used in the Philippines and in other Asian countries, and
- The Kaizen process of quality control, which is used extensively in Japanese industry, has been increasingly applied in the public sector such as a gynaecological hospital in Sri Lanka

### **The Philippines: Credit Union Empowerment and Strengthening Program (CUES)**

Under the aegis of the World Council of Credit Unions (WOCCU), the Credit Union Empowerment and Strengthening Programme aims to develop the capacities of Filipino credit unions to reach out to a broader group and particularly to the poor. Between 1997 and 2002, USAID contributed US\$ 7.3 m to strengthen credit unions in Mindanao. The 11 credit unions supported now serve more than 280,000 clients and have over US\$ 46 m in assets. Over the period of intervention, membership of the credit unions increased almost fourfold, while defaulted loans decreased from over 60% to below 6%. Real asset growth was also positive. The CUES programme drew on approaches used in Guatemala, Ecuador and Nicaragua. These included increasing the competition amongst credit unions, the provision of technical expertise, and building strategic partnership with key local officials. WOCCU provided training to all levels of the credit union in business, financial and managerial skills. The competitive element came through performance rankings, awards and formal accreditation of credit unions, once they had complied with set standards. An overseas study visit for the five best performing unions provided an additional incentive as well as an opportunity to learn from credit providers in developed countries. WOCCU's contribution to the success of the credit unions was the transfer of technical expertise to help install internationally accepted standards for credit management. Continuous monitoring helped to record successes and failures. By reducing intervention at the right moment and letting Filipinos take charge of the business, the CUES programme put particular emphasis on increasing ownership and teaching self-reliance.

### **Sri Lanka: Developing the capacity for quality management**

The Kaizen management process is a management approach used by companies such as Toyota as the core of their processes. Developed in the private sector, Kaizen has spread to many countries in Asia, where both the private and the public sector use it. After attending a seminar in Japan on the Kaizen process, a doctor of a gynaecological hospital in Colombo, decided to implement it in his hospital. He identified the elements of capacity required for quality care and addressed them using the Kaizen system and work improvement teams. The results were dramatic: in just two years, maternal mortality rates dropped by half and neo-mortality by one third.

The Sri Lanka case raises several interesting questions:

- To what extent can management approaches developed in the private sector be applied/used successfully to developing capacity in the public sector?
- How can internationally acceptable standards be achieved?
- How did the scaling out and up work?
- How can such a system move from one hospital to the broader medical system?
- Importance of management to quality care, not just technical skills?

In what cases is outside assistance needed to meet international standards?

Effective scaling up involves more than just replication. A crucial element is upstream-downstream linkages. Information on local experiences needs to feed national policy making to enable wider implementation. The Nepal Community Development Programme showed the success and usefulness of micro-macro linkages.

On the other hand, we often face difficulties associated with scaling up. Much scaling up is predicated on using pilots as models. But pilots are not always as appropriate as anticipated. They may create resentment in organisations which are performing less well or encourage backlash from vested interests which do not want to change, for example where the existing system is profitable to those in charge.

There was a general feeling that scaling up was an issue that merits more study to better understand the possibilities and the limits. It also raises questions about the role of donors such as how long should they stay involved in an activity to ensure that the scaling up works, to what extent they should encourage certain models and how do they assess the degree of local commitment to innovations.

## CD as a Political Process

CD has a major political component because it often involves changing the balance of power among groups. To be effective, however, CD should be non partisan, a principle that was suggested as the 11th for the UNDP list of default principles. Some of the activities discussed during the symposium included non-partisan political roles such as:

- helping to build the capacity to resolve disputes in Guatemala through dialogue, networking and internal leaning processes, and to mediate among disparate stakeholders;
- building the capacity of local organisations to using a rights-based approach in lobbying for children's rights and increased social spending in Ecuador;
- building the capacity for governance at various levels of the electoral system so as to strengthen the political system in India, building the capacity of communities to participate in governance in Indonesia and building links between local level experiences and national policy development processes in Nepal;
- helping countries to carry through on policy decisions such as the use of national languages in the first 4 years of education in Mali, thus strengthening local ownership. Also, moving away from WB textbook procurement processes which have traditionally favoured one supplier country over others;
- dealing with political-economic pressures such as, in Mali, providing alternative sources of supply to the foreign private sector which has been bolstered by customs duties favouring the importation of books over paper;
- encouraging risk taking and innovation within donors, such as programmes of delegated cooperation and harmonisation in Zambia which require a high level of commitment from senior management in donor administrations.
- Empowering organisations to track public expenditures which is not only a technical process but part of the process of building governance, for example in Ecuador.

### **Mali: developing publishing capacity through “*accompagnement*”**

In 1997, CIDA undertook a project to assist Mali in the reform of its education sector by financing the publication of three textbooks. This project provided an opportunity to work with Malian authors and publishers. As a result of this experience, CIDA and its partners became increasingly aware of serious deficiencies in donor support for textbook provision in Mali, to the point that the millions of donor dollars invested have left Mali with little indigenous textbook production or distribution capacity. The main efforts to build local capacity have been limited to textbook procurement and there has been little impact on local private sector capacity.

CIDA decided to support local publishers, distributors and booksellers to help them create an effective system of textbook production and distribution. Technical assistance is based on providing to support to Malian partners as equals (*accompagnement*). The approach is a dynamic and encourages learning how to learn and the application of lessons learnt. The aim is to help local actors take the capacity development process in hand, so that the process of change continues after external support is removed.

Some of the enabling factors for political capacity to develop include a culture of accountability, processes of accountability especially within countries, freedom of information especially of the press, and empowering through participation those who have been traditionally excluded. Disabling factors include lack of trust in the country, between donors and the country and among donors; conflict; absence or weakness of the legal framework; and donors lacking comparative advantage.

### **Nepal: Sustainable Community Development Programme**

The Sustainable Community Development Programme was initiated in 1996 by the National Planning Commission of Nepal and UNDP. The programme focused on community participation with social asset base creation as an important intervention, sustainable use of biodiversity and livelihood strengthening. The programme showed that communities, given the choice, the resources, the capacity, skill development inputs and awareness creation, could lift themselves out of subsistence living and become viable change agents for sustainable development. The continual leveraging of grassroots-level experiences helped shape central level policy to address poverty environment linkages. At the ground level, site-specific approaches were promoted, based on an analysis of existing capacity as well as expectations of the communities. Various implementation modalities were used. In some locations activities were implemented through support organizations while in others, directly through local bodies. The micro-macro policy linkages have worked quite well bottom up and have helped establish a wide partnership the policy advocacy front comprised of NGOs and donors.

The UNDP engaged as an “adaptive facilitator”, without imposing a strict programme cycle or delivery rates. More important was the provision of critical support that provided the flexibility, time and space to identify the country priorities, establish the vision and put together the programme. UNDP’s support was directly linked to national programming priorities, and the approach taken underlines that working within existing structures is crucial for domestic ownership and capacity development. In this sense, UNDP has been an adaptive facilitator.

### **Participatory community development**

Intimate knowledge of local circumstances was considered crucial in supporting CD at community level. The Nepalese and Indonesian cases were referred to as examples where external agents had a careful, well thought-through role as facilitator to play. Facilitating CD in participatory development requires special capacities. Input of technical assistance through - foreign – experts could be useful, but only when the expert comes with a set of appropriate capacities and attitudes such as modesty, flexibility and an eager interest in local conditions, norms and values.

Inconsistency between local and regional/national policies is a main constraint, both for short term implementation and – even more so – for longer term sustainability and replication elsewhere.

### **Incentives**

Generally, incentive systems need to be systemic rather than piecemeal and embedded in a broader context rather than being implemented in isolation. Quick fixes generally don’t work and transparency is essential. Cultural and market sensitivity are also critical. Open en frank dialogue can lay the foundation for mutual trust and provides a strong incentive for productive partnerships. As the Indonesia case showed, trust and friendship are key to changing mindsets and attitudes. These are in turn essential incentives for capacity development.

### **Developing the Capacity for Participatory Development in Indonesia**

Over a 5-year period (1997-2002), the Takalar District, with the support of JICA, worked to develop a system of participatory development known as SISDUK that aims to empower community groups and enhance rural livelihoods. Villagers who have plans for small scale projects form an informal group and present proposals to the district government. District field officers participate in the group meeting, evaluate the proposal and then submit the proposal to a committee of various agencies of the local government. When the proposal is approved, a related agency provides support. The programme has served to strengthen the relationship between local residents and local government authorities with increased opportunities for communities to participate in and add their voice to the development process. Since the ending of external support, the participatory development process remains in place regulated and financed through the district council. The programme was expanded from the original 4 pilot villages to over 70.

JICA’s intervention aimed to facilitate a process to empower communities to develop their own capacities: a role of a catalyst among multi stakeholders. Necessary support expertise was mobilised through collaboration with civil society. Further, emphasis was put on developing the capacities of a system rather than focusing on quick results. At provincial level capacities were strengthened to enable wider application.

An attractive incentive system for government employees might include elements such as salary scales high enough to prevent brain drain, ranking that provides a stature of being a civil servant and recognition of achievement.

Strong incentives for public managers at all levels of hierarchy certainly would be created through the development of effective systems of accountability, both for financial transactions but in particular for results achievement.

Some incentives which could increase the pressure for donors to take more effective approaches to CD include:

- Greater financial transparency - The Dutch devolution of decision making to the field has made costs more visible at the local level and encouraged reflection on how these funds could be used more effectively. In effect, the knowledge that each European doctor in Zambia costs 130 000 Euro annually created an incentive to seek greater value for money and resulted in a scheme for supporting local doctors rather than foreign ones.
- Changes in leadership - In JICA, the arrival of Mrs Ogata, former UN High Commissioner for Refugees, has been a stimulus for change. Field-oriented approach and overseas offices' initiative are encouraged in management. CD is critical for both JICA staff in overseas offices and aid management officers in developing countries. Under the initiative of the new President, CD to mainstream peace building and human security is also a priority.
- Linking CD with the Millennium Development Goals – Such a linkage could serve as a means to democratize CD and make it real to people.
- Mutual accountability - Independent monitoring of partnerships for capacity development at the country level could be carried out at regular intervals such as every year or two. This would be based on core principles about which there is increasing consensus.
- International meetings– The June 2005 DAC follow up meeting to the Rome session on harmonisation may be an opportunity to move forward on global standards in CD and to define the practical actions required to meet them.

## **South-South and third country cooperation**

Many participants, particularly those from Central and South America and from Asia called for more recognition of the knowledge and experience of the South. The representatives of the Latin countries feel that they have many capacities in the region but they need to make them more productive, partly through improving incentives for action. Many Latin countries have been going through a continuous process of remaking their institutions and rebuilding their capacity because of wars and other crises. This has left a residue of competitiveness among countries but there is now much more interest in cooperation within the Latin societies and among the societies of the region.

An Asian representative suggested that access to local knowledge is difficult and there is a need to invest in harvesting experiences. There is sometimes prejudice against local knowledge.

There was also considerable interest in sharing capacity through South-South cooperation, through for example conferences, both academic and NGO, libraries, etc., or via exchanges like the Japan Philippines Partnership Programme (JPPP). One participant suggested a DAC of the South to encourage interchange among countries.

## **Concluding remarks**

The symposium demonstrated a general understanding of capacity development which is broader than the mechanisms of technical assistance and training and includes changing attitudes and mindsets. . The section on Emerging *consensus* indicates the different premises and approaches that result from this broader view on CD. Also in the roles and attitudes of external partners in supporting CD a richer diversity has emerged, as described in the section on “Roles and attitudes”.



In the closing remarks the co-organisers, representatives from partner countries – Mr. Ehsan (Afghanistan), Mr. Khijah (Tanzania) and Mr. Zorilla (Uruguay) -, and other participants concluded that:

#### On capacity development

- Capacity development is a key driver for effective development and needs to be mainstreamed in development efforts.
- Capacity development is an endogenous process.
- Different perceptions of capacity development exist among partners. It is important to share these and learn from these different approaches.
- Importance of understanding of incentives and driving forces behind capacity development.
- In developing support to capacity development contextual factors need to be taken into account. Thus, different approaches and modalities are needed
- Capacity development is a long term process but capacity can be nurtured to achieve short-term results while supporting long-term institution building.
- Capacity development as an end in itself need not be incompatible with an instrumentalist notion of capacity development as a means to an end.

#### Partnerships and roles of external partners

- External partners can play a variety of roles under different circumstances. Often the most appropriate role is that of a catalyst, though this role can take different forms.
- Ensuring ownership, respect for domestic capacity and dialogue led by local partners are key elements in productive partnerships.
- The availability of capacity in partner countries changes over time and depends on local circumstances. Therefore, a diversity of aid modalities within a coordinated framework should be used.
- Occasionally niche-filling is needed but external partners should not replace local capacity. Some agencies, however, have a policy to prevent brain drain by not recruiting people from local organisations.
- South-South and/or third country cooperation can be major capacitating approaches; its possibility and potential should be considered when creating partnerships.
- Partnerships need parameters and feasible indicators of success that are agreed upon by both partners. Global standards could be useful in this respect.
- Several cases showed the important role of non-state actors as external partners, also at decentralised levels.

#### Capacity development and attitudes of external partners

- Capacity development needs to be attuned to local situations taking into account cultural, political and social characteristics. Staff of external partners need to be sensitised and trained to understand a broader concept of capacity development, and to have the skills to comprehend local contexts and foster creative partnerships.
- Past donor practices have not always been helpful. There is room for improvement and need to re-think current aid-modalities.
- Deconcentration to field offices to help staff to be closely attuned to the needs of partner countries.
- Mainstreaming of capacity development in external partners' work is essential; thus staff needs to be sensitised throughout the organisation.

In general, there was agreement that external partners can play a useful role in supporting capacity development. Some progress was made in defining appropriate roles and enabling

conditions. In this regard, the session provided some common ground for groups that might not have seen eye to eye previously.

The symposium closed with a general agreement that it should not be one of a kind and that there is a need to build on the ideas presented through networks, teams and a series of events. Participants generally saw the need for the symposium to link up with other upcoming events, such as the OECD/DAC/Govnet in March, the Forum on programme-based approaches in Asia in early June, the ACBF/ECDPM seminar in late June, and the LENPA in October.

In addition, participants proposed three levels of follow up activities:

- Mainstreaming of the ideas presented in the symposium in the organizations of participants, for example, through sensitization of other staff. There is potential for cooperation among organisations, for example, the UNDP will prepare training materials that might be used by other organisations.
- Systematic teamwork to support concrete activities on the ground, especially building on existing activities rather than creating new ones. Comparative advantage will be important and may require a scanning exercise to define. One possible joint activity would be the application of lessons from this symposium and others to one or two countries, probably a PRSP country, either new or second generation.
- Other conferences as opportunities for follow up, such as the Bogota seminar where the Latin countries under the leadership of Chile will discuss South-South cooperation.

## Annex 1 – Agenda of the symposium

February 4, 2004	
8:30 – 9:00	<b>Registration</b>
9:00 - 9:35	<b>Opening Session</b> Chair: Mr. Ikufumi Tominmoto, Deputy Managing Director of Planning and Evaluation Department, Japanese International Cooperation Agency
9:00 - 9:31	<b>Welcome address</b> <a href="#">Atsushi Hatakenaka</a> , Senior Vice President, Japanese International Cooperation Agency
9:15 - 9:30	<b>Opening speech</b> <a href="#">Zéphirin Diabré</a> , Associate Administrator of UNDP, United Nations Development Programme
9:30 - 9:35	<b>Administrative announcement - JICA</b>
9:35 - 12:00	<b>(Session 1) Introduction and Overview</b> Chairs: Mr. Ikufumi Tomimoto, Director of Planning and Evaluation Department, JICA and Mr. Shoji Nishimoto, Ass. Administrator And Director, UNDP
9:36 - 9:45	<b>Goals, Agenda and Expected Outcomes of Symposium - Mr. Hiroshi Kato</b> , Director of Planning and Coordination Division, Japanese International Cooperation Agency
9:50 - 10:20	<b>Perspectives of CD from Partner Countries</b> <a href="#">Arturo Vergara</a> , Chief, Technical Cooperation between Developing Countries, Chilean International Cooperation Agency, <a href="#">Jose S. Monteo</a> , Director III Project Monitoring Staff, National Economic and Development Authority, Philippines, <a href="#">Khijjah Ramadhahi Mussa</a> , Deputy Permanent Secretary, Ministry of Finance, Tanzania
10:20 - 10:40	<b>Capacity Development: Conceptual Framework and Key Issues</b> <a href="#">Real Lavergne</a> , Senior Analyst, Canadian International Development Agency
10:40 - 10:50	<b>Coffee Break</b>
10:50 - 11:10	<b>Mainstreaming Capacity Development Principles: From Concept to Practice</b> <a href="#">Terence Jones</a> , Group Head, BDP, United Nations Development Programme, <a href="#">Thomas Theisohn</a> , Policy Adviser, Capacity Development, United Nations Development Programme
11:10 - 11:30	<b>Embodying a Results Framework into Capacity Building</b> <a href="#">Govindan Nair</a> , World Bank Institute
11:30 - 11:40	<b>Study on Capacities, Change and Performance</b> Mrs. Heather Baser, ECDPM
11:40 - 12:15	<b>Q&amp;A, Discussion</b>
12:15 - 13:15	<b>Lunch Break</b>
13:15 - 18:00	<b>Session 2: Finding The Lessons From Practices - Good Practices And Missed Opportunities</b>
13:15 - 15:35	<b>Session 2-1: Case Presentations and Discussions (1)</b> Case Study 1: Capacity Development in Support of Peace and Reconciliation process in Guatemala, <a href="#">Fanny de Estrada</a> , <a href="#">J.Peter Holla</a> , Programme Coordinator, German Technical Cooperation

	<p>Case Study 2: Hybrid Management in the Hospital Sector--Kaizen Approach in a Hospital in Sri Lanka, <a href="#">Yasuo Uchida</a>, Professor, Kobe University</p> <p>Case Study 3: Capacity Building for Effective Democratic Local Governance: Experience in India, <a href="#">Kaustuv Kanti Bandyopadhyay</a>, Participatory Research in Asia</p> <p>Comments from discussants</p> <p>Floor Discussion</p>
<b>15:35 - 15:50</b>	<b>Coffee break</b>
<b>15:50 - 18:00</b>	<p><b>Session 2-2 Case Presentations and Discussions (2)</b></p> <p>Case Study 4: Sustainable Community Development Programme in Nepal, <a href="#">Gyan Prasad Sharma</a>, National Planning Commission, <a href="#">Hum Bahadur Gurung</a>, Sustainable Community Development Programme</p> <p>Case Study 5: Strengthening Capacity for Participatory Development under decentralization--a case in Indonesia--, Burhanuddin Bunna, <a href="#">Zainal Abidin Malawi</a>, National Democratic Alliance Party, <a href="#">Yasuhiro Kawazoe</a></p> <p>Comments from discussants</p> <p>Floor discussion</p>
<b>18:15 - 0:00</b>	<b>Reception</b>

**February 5, 2004**

<b>9:00 - 11:00</b>	<b>Session 2-3 Case Presentations and Discussions (3)</b> Case Study 6: Capacity Development of Credit Union Organization in the Philippines, <a href="#">Lucy Ito</a> , Vice President, World Council of Credit Unions, Inc. (WOCCU) Case Study 7: Promoting Quality of Education in Mali, <a href="#">Marcel Oullette</a> , Consultant, Textbook Specialist, Canadian International Development Agency Comments from discussants Floor discussion
<b>11:00 - 11:15</b>	<b>Coffee break</b>
<b>11:15 - 13:15</b>	<b>Session 2-4 Case Presentations and Discussions (4)</b> Case Study 8: A Human Rights based Approach to Capacity Development: the Case of Ecuador, <a href="#">Carolina Reed</a> , Social Observatory Foundation, <a href="#">Fernado Carrera</a> , Case Study 9: Aiming to make better use of existing Capacity--Zambian experience of donor harmonization and improving conditions for national medical staff, <a href="#">Jan Waltmans</a> Comments from discussants Floor discussion
<b>13:15 - 13:30</b>	<b>Session 2-5 Introduction for working groups</b> Chair Mrs. Heather Baser, ECDPM Themes of working groups and guidance of discussion will be explained
<b>13:30 - 14:30</b>	<b>Lunch Break</b>
<b>14:30 - 18:00</b>	<b>(Session 3) Working group session --- How can we do better for capacity development?</b>
<b>14:31 - 18:00</b>	<b>Working group discussion and preparation of report for plenary including a coffee break</b>

**February 6, 2004**

<b>9:00 - 11:00</b>	<b>(Session 4: Plenary) Reports from Working groups to plenary &amp; discussion</b> Chair: Mr. Andreas Proksch (GTZ), and a Representative from Partner Countries (10 minute presentation from each group + 40 minute discussion on generalizable lessons, future actions, etc.) <a href="#">Andreas Proksch</a> , Director, Strategic Corporate Development, German Technical Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit)
<b>11:00 - 11:15</b>	<b>Coffee Break</b>
<b>11:15 - 12:00</b>	<b>(Session 5: Plenary) Final plenary &amp; wrap-up</b> Chair: Mr. Terence Jones (UNDP) and a Representative from Partner Countries -Comments from co-organizers (5 minutes each) -Comments from 2 representatives of partner countries (5 minutes each) -Chair's summary

## Annex 2 – Working group reports

### Working Group No. 1 Ownership, Aid Modalities and Donor Harmonization

#### **Four key messages**

- Diversity of aid modalities is desirable
- New aid modalities create capacity challenges for both donors and partner countries
- Donor harmonization presents capacity challenges for donors and partner countries
- New challenge of sustaining capacity beyond time-frame of MDGs

#### **Diversity of aid modalities is desirable**

- Different aid modalities (project vs. program approaches) should be seen as complementary (recall Manila symposium conclusions)
- Appropriate aid modality depends on who is being targeted for what (e.g. support of local communities may not be effected through budget support)
- Example: Ghana uses the whole spectrum of aid modalities (projects, SWAPs, budget support, baskets, etc). Need to be flexible and preserve a mix of aid modalities
- Example: Ethiopia pursuing programmatic approaches within national level capacity building schemes. But enormous challenge of capacity at decentralized levels (regions and districts) to properly use funds and deliver services

#### **Capacity Building Challenge of New Aid Modalities**

- One perspective on the broad trend:
  - Increasing emphasis of program vs. project approaches places donors in an “imperial” position
  - Shift from micro/technical approach to macro/political approach to capacity building (even though rhetoric emphasizes notions of partnership, country ownership, and global consensus)
- Another perspective on the broad trend:
  - The PRSP approach has strengthened consultative mechanisms within partner countries and between them and donors
  - Donors welcome partner country-generated proposals for specific areas of support. Sense that previous long “wish lists” have become shorter and more focused
  - However, there is much variance across countries in degree of ownership and extent of domestic consultative process (confirmed in PRSP progress reports)
  - Sense that PRSP process has been externally driven and skepticism regarding the true degree of ownership (although some partner country representatives indicate partner countries have learned to become more assertive) (even though rhetoric emphasizes notions of partnership, country ownership, and global consensus)
- The challenge for donors:
  - Donors under pressure from their constituencies to ensure budget support can be channeled and used responsibly within partner countries
  - Program/budget support approaches broaden the capacity challenge beyond capacity to account for proper use of project funds. Capacity to track overall expenditures (not just donor funds)
  - This broader capacity challenge entails capacity support to decentralized entities and non-state actors to help develop greater accountability for proper use of all funds and satisfactory delivery of service for beneficiaries
  - Donor staff sometimes sense tension and confusion dealing with legacy of large number of “old style” projects and new-style budget support programs
- The challenge for donors:

- Challenge of greater “harmonization” within donor country aid systems (different actors have different approaches and interests)
- Example: Japan Platform, a system of funding where government, businesses, NGOs, academia and private foundations, work as equal partners to decide the allocation of funding from government and private donors to be implemented by NGOs.
- The challenge for partner countries:
  - Partner country challenge to effectively prioritize and articulate needs.
  - Difficult challenge for partner countries to be able to say “no” to certain aid proposals (generated by “aid industry” in the North). Incentive structure is still biased against this. for fear of losing donor support. Incentive for partner country officials to mouth the same rhetoric and logic used by donor agencies.
  - But where there has been strong country leadership, donor harmonization and alignment is making progress (Vietnam, Ethiopia, Tanzania)
  - Challenge for partner country governments to tap and release capacity of domestic private sector as well as deal with incentive issues of public/private pay differentials

### **Challenges of donor harmonization**

- Partner country representatives challenged donor agencies to achieve consensus among themselves
- Donor consensus easier to achieve at global level (Rome meeting) but harder to translate into practice at country level
- At country level, personalities matter and determine progress of donor harmonization - among heads of donor agency field office representatives and within country leadership
- To shift from global rhetoric to actual country-level practice, suggestion to hold more in-country workshops on donor harmonization
- Ultimately, what matters is not simply donor harmonization, but donor alignment to country priorities

### **Sustainability challenge under new aid modalities**

- Risk that MDGs may focus resources on time-bound targets without fostering capacity to sustain results beyond target dates. Danger that national training systems may be ignored in favor of narrow MDGs.
- Example: Indonesia (Lombok) – women artisans’ pottery export project supported by NZ (developing skills, literacy, export services) withered at the end of the project (marketing channels not sustained)

## **Working Group No. 2**

### **Ownership and Aid Modalities**

#### **Challenges**

Understanding the place of niche programming vs comprehensive without going back to business as usual (supply led, bypassing government, low value for money, high transaction costs, isolated efforts)

#### **Place for niche programs**

- within a program defined by partner country
- developing specialized advocacy functions (Ecuador)
- support to NGO / civil society (but government should not be held accountable)
- promoting innovation
- accessing information + knowledge through partnerships
- establishing + maintaining long-term partnerships for CD

#### **Conditions for effectiveness**

- ensure services + equip are standardized
- process must be speedy
- should contribute to reduction in transaction costs
- value for money
- transparency

#### **Procurement issues for TA/CD**

- Competitive methodologies not suited to establishing partnerships
- Transaction costs
- One-sided (donor only)
- No openness for local TA

#### **PBAs**

- Moving away from bypassing governments to building capacity
- Calls for new capacities at host partner level
- Everyone has to be committed to institutional reform for PBAs to be effective
- Managing transaction costs is still an issue for donors but not necessarily for partner countries.

#### **Changes**

- Onus on Partners to justify niche programming
- Follow local procurement standards where possible
- Work together across national boundaries
- Develop common guidelines

On roles + responsibilities

Of donors + partner countries



## Working Group No. 3 Political Dimensions

### **Key Challenges**

- Enabling factors for capacity to develop:
  - Strong political leadership
  - Culture of accountability
  - Well functioning institutions and democratic processes
  - Dialogue among political actors/stakeholders
  - Empowering those excluded – inclusiveness in participation
  - Favorable political conditions to development (commitment, stability and ability to act)
  - Skills and personality
  - Access to information
- Disabling factors:
  - Lack of trust – in country, between donor and partner, among donors, etc.
  - Vested interests of donors (conditionality, tied aid, etc.)
  - Change in leadership can also be disruptive
  - Ability to implement reform or change
  - Inequality of incentives and working conditions
  - Weak governance and corruption
  - Conflict
  - Lack of experienced professionals (e.g. in political institutions)
  - Absence or weakness of legal framework
  - Risk for donors to work in areas where they do not have comparative advantages
  - Too many donors

### **Elements of productive partnerships**

- Be prepared to...
  - Understand (and adapt approaches) to the context in the country (macro level analysis)
  - Choose carefully the countries of intervention on the basis of comparative advantages - (i.e. donor strengths and weaknesses)
  - Trust each other (and invest efforts in building such trust)
  - Assess and understand capacity of both partners – mutual understanding (meso and micro level of analysis)
  - Understand what drives change
  - Share understanding of risks and how to manage them
  
  - Set out common goals and objectives
  - Encourage a “culture of accountability”
  - Collaborate on monitoring
  - Define common strategies and scenarios for action
  - Choose entry points and modalities which are mindful of specific context and donor political comfort level (i.e. from conflict countries to most stable AND able countries - In some contexts can only work at political level and in others at NGO level or local government)
  - Focus on people – (where governance is weak need to find suitable entry points – e.g. empowering those excluded from the political process or lacking access to services and information)
  - Be innovative in coordination among donors

### **Changes needed for such productive partnerships**

- Partner countries:
  - Taking pro-active role in articulating their wants and needs and creating hierarchy of priorities both at national and sector level

- Getting rid of donors where they are not needed
- Donors
  - Being present where changes take place (i.e. field presence with decentralization of donor authority)
  - Accepting and being silent partner whenever possible (i.e. lowering flag)
  - Being able to recognize strengths and weaknesses
  - Encourage selectivity of other donors through policy dialogue
  - Shifting from political monologue to political dialogue

## Working Group No. 4 Participatory Community Development

### **Ingredients for successful partnerships**

- Flexibility
- Resources
- Highly professional attitude
  - knowledgeable
  - modest
  - trust-worthy

### **Challenges**

- Lack of knowledge on local situation
- Resistance to change in the community/ multi-stakeholder tensions
- Political unwillingness both in communities and at national level
- Sustainability, scaling-up and replication
- How to share the knowledge on how to do participatory development
- Inconsistencies of policies

### **Value added**

- Different set of values - honesty ,discipline, another mind-set - that creates motivation.
- Expertise, alternative view, comparative vision.
- External knowledge: advice is taken seriously
- Create an enabling environment
- Impartiality: consensus building, though not always, depends on context.
- Create sense of security by creating institutions for decision moving and financing.
- Can help to create sustainability in politically unstable situations.
- Can bring global values and rules, universally accepted standards

**Working Group No. 5  
Incentive Systems**

Participants	Interest
Shuhei Ueno, JICA, Small Enterprise	Branding tools, CD has connection to motivation & training
Yosuke Murai, JICA/Intern	Incentives is key factor to successful projects; JICA-trainees
Sat Watanabe, JICA/Indonesia	What factors, why recipients want to move forward. What is role of external experts, third parties? Interactions of various players (community and NGO, government, country).
Tadashi Suzuki, UNDP	So that partner can sit in driver's seat. Partners who create own plan are proud, self-motivated which leads to sustainability
Shinji Hara, consultant	Partnership with donors is important, but partnership with local people is even more important and this leads to trust. So how are people developing trust? As engineer on the ground, local people are two extremes: those who want to change and those who are not interested. "Incentives" are a difficult concept. "Incentive <u>system</u> " is— what are the factors that affect people. How do we create good partnerships and incentives
Hang Suvidya, Cambodia	Incentives are important for donors and can mobilize well-trained resources. How do countries build incentive program to sustain outputs
Bernie Justimbaste, Philippines	Coming from Ministry of Science & Technology. Losing people to other countries so interested in insights and solutions. People are incentivized to invest in themselves. Public employees are subject to distortions and incentive schemes (including financial as non-financial, simple recognition) play a role in making systems more equitable.
Jan Waltmans, Netherlands Embassy - Lusaka	How one could and use incentive schemes
Yasuo Uchida	Health sector is organic system. Incentives should be used to improve efficiency. Result-based structure give outcomes: monetary, non-monetary recognition. Incentives categorized: individual, institutional, organizational (hospital competition. Can be used in a highly accountable environment because can monitor openly. Motivated to be more accurate because can be checked.
Thomas Theisohn, UNDP	How do address our own incentives to behave in a different way when we are subject to pressure of deliverables, speed, spending funds (distortive incentives). Positive and negative.
Lucy Ito, WOCCU	How implementing organizations can use incentives and disincentives.

**Examples of Incentive Systems:**

- salary scales to prevent brain drain
- retention/loyalty (minimum duty) retention
- ranking and time-bound
- recognition for achievement
- public sector salary may be higher/lower than public sector but bureaucrats enjoy social stature.

**Types of Incentives:**

- individual incentives that are institutionalized
- organizational

#### Levels:

- institutional
- organizational
- social

#### A Fundamental Point:

If any of us doesn't have the motivation to learn, it is impossible to be taught.

#### CD Challenges:

- **How can we develop intrinsic/endogenous motivation for sustainable development?** (How does this emerge as opposed to how is it instilled? May involve change; e.g., juice as incentive to get construction workers to clean up becomes normal thing workers do with supervisors → self-esteem.
- **Having developed initial trust, how to scale up the trust/incentives?**
- **How to design creative incentives given reality of globalization of brain drain.** Compensate recipient countries with incentives. **While global drain is a problem, domestic brain drain from sector to sector is healthy to develop capacity within a country.** Thinking about capacity development in private sector in comparison to government sector. Note that some global brain drain is valued by host country because of volume of international remittances (Eritrea). Return of brain drain is motivated by seeing some kind of return.
- **How to address limited absorptive capacity of trainees?**
- **Embedding incentive systems in the broader framework rather than in isolation. Don't aim for quick fixes** which politicians want because they want to be re-elected. (Politicians' incentives for election!) If return is visible, incentives are easier to develop. Harder is less concrete returns such as knowledge, self-esteem. Role of "institutional culture" or "environmental situation" may change a person's behavior. (For example, theft in one hospital versus no-theft culture in hospital 500 meters away.) **Systemic change versus individual changes. How to systemically change accepted norms and values?**

#### What can go wrong in the interaction between external partners and internal partners?

- External partners should do more to understand local culture
- Sometimes we need to wait. Progress is not linear.
- Multinational company example: easier for multi-national to make employee adopt company culture by come in and offer high salary
- Reassess genuineness of partners' commitment
- Who judges what changes are desirable and how linked to sustainability?
- Incentives in one area can distort/corrupt other areas?

#### What Makes Partnerships Productive? (financial and non-financial)

- **Evaluation of external partner performance from recipient's side. Important decisions should be made by partners rather than imposed by funder.** It's a question of development ownership. Without receiving development funding, countries can raise own funds for projects. Creating accountability within receiving partners to have interest in evaluating quality of received expertise. (process-based and outcome-based). Independent review of partnership is key.
- **Identification of right indicators.** A challenge with results-based management is how to measure capacity development.
- **Three Components of Productive Partnership:**
  - a. **Both partners have the same understanding of the problem.**

- b. **Agree on objective.**
- c. **Agree on how to reach objective.**
- **Mechanism for being able to say “no” to offers of experts. If receiving partner is involved in selection, has ownership (incentive) to benefit from expert.**
- Openness, honesty, trust. Power dynamics. If receiving partner cannot choose expert or received assistance, will not own or have in interest in productive intervention. Mutual and common accountability.
- **Open and informative communication. Trust is incentive for open and frank partnership.**
- **Design incentive schemes that are systemic (not piecemeal), market sensitive, and sensitive to local culture. Transparency is essential.**
- Any special recognition or reward must be made with clear explanation so that all can understand and accept recognition.

**Role of external actors and partner countries to ensure effective partnership**

	Ideas
Evaluation of external partner performance from recipient’s side. Important decisions should be made (owned) by partners.	<ul style="list-style-type: none"> <li>• If had a ranking system, would be useful. In absence, on a country level, a mechanism for donors to reflect on their effectiveness.</li> <li>• Enable local partner to own their own plan.</li> <li>• Remember intrinsic incentive/ownership</li> </ul>
Identification of right indicators.	
a. Three Components of Productive Partnership Both partners have the same understanding of the problem. b. Agree on objective. c. Agree on how to reach objective.	<ul style="list-style-type: none"> <li>• Mutual contract for common objective, clear indicators of success, transparent conditions,</li> <li>• Advocate but don’t be a salesperson</li> </ul>
Mechanism for being able to say “no” to offers of experts. If receiving partner is involved in selection, has ownership (incentive) to benefit from expert.	<ul style="list-style-type: none"> <li>• Sustainability possible only with intrinsic ownership.</li> <li>• Develop pool of designated consultants or experts across donors and let local partner choose from pre-selected list subject to capacity of local partner.</li> </ul>
Open and informative communication. Trust is incentive for open and frank partnership.	<ul style="list-style-type: none"> <li>• Open &amp; frank communication</li> </ul>
Design incentive schemes that are systemic (not piecemeal), market sensitive, and sensitive to local culture. Transparency is essential.	

## **Working Group No. 6 South-South Cooperation**

### **OVERVIEW**

- THERE'S TWO PERSPECTIVES TO STUDY THE SOUTH-SOUTH COOPERATION (SSC):

### **SOUTH-SOUTH COOPERATION (SSC) WITHOUT DONORS**

- CHALLENGES
  - Initiative exchange independently of the donors
  - Rationalization of initiatives
  - Motivate the individual to share or disseminate their knowledge to the institutions
  - Nations competitions
  - Historical rivalities between countries
  - SSC is costly but is an investment
- Lack of mechanism to implement the program
- Prejudice against local knowledge
- Imposition of models of the donors
- Stopping brain drain.

### **PRINCIPLES AND PRECONDITIONS TO SSC**

- Southern knowledge is valuable
- Select the adequate partners
- Availability of resources through south-south aid
- Share common problems

### **SSC WITH DONORS**

- CHALLENGES
  - Revision of the systems to select the participants (human resources)
  - Encourage donors and southern countries to commit resources for SSC
  - Integrate SSC measures in to a long term CD process.

### **CHARACTERISTICS OF PRODUCTIVE PARTNERSHIP**

- Donors have to be convinced that SSC will be a successful project of CD
- Untied aid programs.

### **DESIRED CHANGES**

- Untying of expertise
- Southern countries have to demand actively SSC resources and actions from donors
- Exposure of CD “state of the art” to southern countries
- Donors have to be receptive to SSC demands.

### **CONCRETE PROPOSAL**

- Develop a Seminar between Latin American countries support by Chilean Agency Cooperation program in Colombia, to adapt CD knowledge to Latin America reality with the expertise of the donors like GTZ, JICA, CIDA, UNPD and WB.

## Annex 3 – Documents referred to / key tools used in the working groups

- The 10 default principles (UNDP)

**Default Principles**

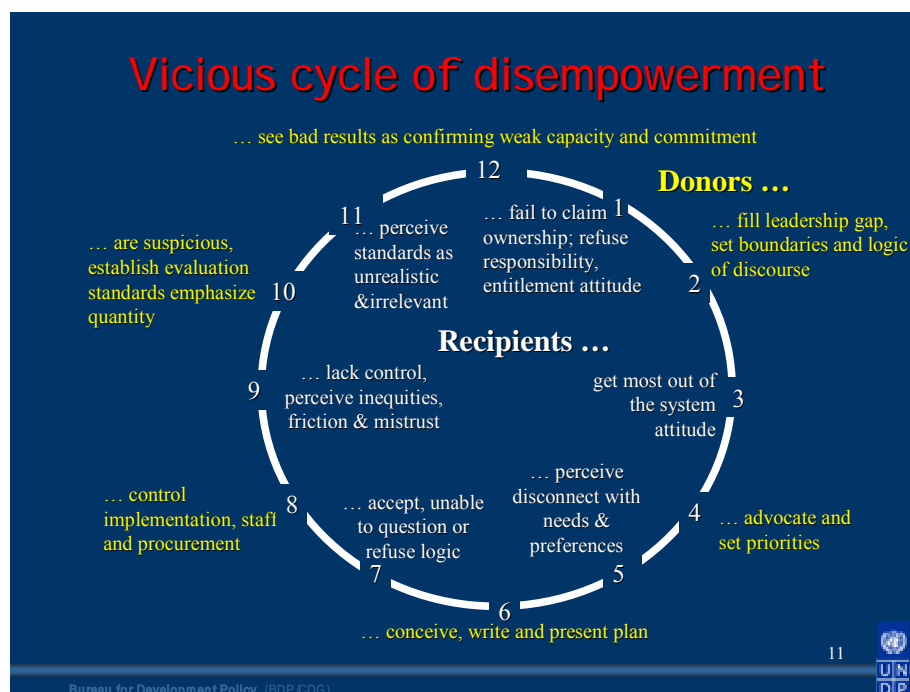
CD is a long-term, dynamic process.

- 1. don't rush**  
... builds upon respect and self-esteem.
- 2. respect the value system and foster self-esteem**  
... is context specific.
- 3. scan locally and globally; reinvent locally**  
... requires an enabling dynamic.
- 4. challenge mindsets and power differentials**  
... needs attention and leadership.
- 5. think and act in terms of sustainable capacity outcomes**  
... can be encouraged with conducive incentives.
- 6. establish positive incentives**  
... is premised on ownership.
- 7. Integrate support into national priorities, processes & systems**  
... grows from existing capacities.
- 8. build on existing capacities rather than creating new ones**  
... is most needed where it is weakest.
- 9. stay engaged under difficult circumstances**  
... needs to work for poor people.
- 10. remain accountable to ultimate beneficiaries**

Bureau for Development Policy (BDP/CDG) 5

Source: page 5 from the presentation of Thomas Theisohn and Terrence Jones (UNDP)

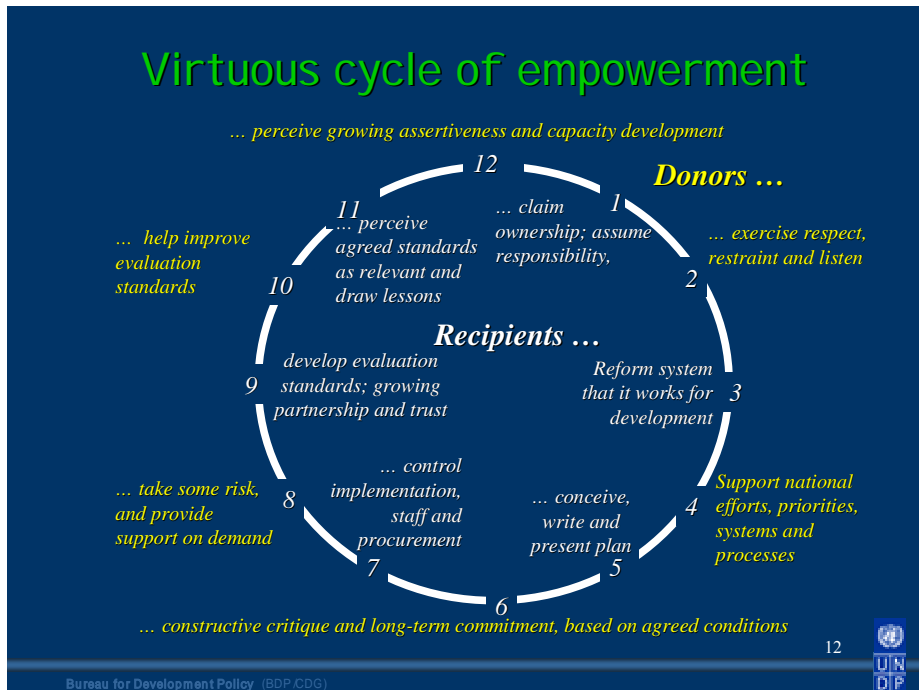
- The vicious cycle of disempowerment (UNDP)



Source: page 9 from the presentation of Mr. Thomas Theisohn and Mr. Terrence Jones (UNDP)

- The virtuous cycle of empowerment (UNDP)





Source: page 10 from the presentation of Mr. Thomas Theisohn and Mr. Terrence Jones (UNDP)

- **The levels of intervention (CIDA: adapted from Boesen et al. page33<sup>2</sup>)**

	Predominantly functional/technical (CB perspective)	Predominantly political (CD perspective)
Organizational level	Most donors interventions – training, restructuring, TA	Focus on governance, accountability, consensus building ...
Macro level	e.g. budget reforms, legal mandates, public sector reform	Strengthen civil society organizations, political accountability ...

Source: page 21 from the presentation of Mr. Réal Lavergne (CIDA)

2. Boesen, N., Christensen, P.F., and O. Therkildsen. Sept. 2002. Evaluation of Capacity Development in a Sector Programme Support Context: Contributions to an Analytical Framework. Draft (September 2002) paper for DANIDA. Not published.

- **Roles for outsiders as catalysts of change (CIDA)**

Roles for Outside Partners as Catalysts of Change – a Basic Taxonomy:


- As source of new resources (finance, equipment)
- As suppliers of knowledge, technology, ideas, new management approaches (training, TA)
- As source of influence (consensus building, promoting champions of change, new ideas, RBM, support for accountability to beneficiaries, participation, transparency)
- Facilitation of networking, new relationships with outside parties (TA, workshops, conferences, seminars)
- As mediators among various stakeholders (Guatemala, Indonesia)
- As buffers against outside forces (by promoting harmonisation and thus reducing demands for reporting, meetings, etc as in Zambia; by protecting against hostile stakeholders)
- As pressure to encourage the meeting of international standards (Philippines credit unions)

Source: adapted from page 23 from the presentation of Mr. Réal Lavergne (CIDA)

- **Strategies for change (ECDPM)**

## Strategies for Change

EXISTING SITUATION	BUILDING A STRATEGY	DESIRED SITUATION
What is the problem? Where are we now? What needs improvement? <ul style="list-style-type: none"> <li>• Strengths</li> <li>• Weaknesses</li> <li>• Opportunities</li> <li>• Threats</li> </ul>	<i>Objective:</i> move from existing to desired situation  <i>Steps:</i> <ul style="list-style-type: none"> <li>• Joint analysis and agreement on shared values</li> <li>• Collecting appropriate information</li> <li>• Assessing the opportunities</li> <li>• Understanding what activities will lead to desired change</li> <li>• Assessing the capacity of the system to absorb change</li> <li>• Defining effort + resources required</li> <li>• Identifying timeframes</li> </ul>	What capacity is required?  What are the elements of this?  What are the long-term goals?  What can be done in the short term?  How will we know when we have succeeded?



EUROPEAN CENTRE FOR DEVELOPMENT POLICY MANAGEMENT  
 CENTRE EUROPÉEN DE GESTION DES POLITIQUES DE DÉVELOPPEMENT

Source: page 8 from the presentation of Mrs. Heather Baser (ECDPM)

- Capacity results matrix (WBI)

## Capacity-Results Matrix

		Input Mix				
		Policy Reforms	Public Action Choices	Public Services	Investment Programs	Institutional Capacity Building
R e s u l t s  C h a i n	<b>Inputs:</b> Money, materials, people, knowledge					
	↓					
	<b>Outputs:</b> Intermediate goods and processes					
	↓					
	<b>Outcomes:</b> Access to and use of goods and services and beneficiary satisfaction					
	↓					
	<b>Impact:</b> Sustainable improvement in long-term indicators & Institutional bldg					

Source: page 6 from the presentation of Mr. Govindan Nair (WBI)