



Canadian International  
Development Agency

Agence canadienne de  
développement international

# Capacity Development:

## Why, What and How.

Canadian International Development Agency  
200 Promenade du Portage  
Gatineau, Quebec  
K1A 0G4

Tel: (819) 997-5006

Toll free: 1-800-230-6349

Fax: (819) 953-6088

(For the hearing and speech impaired only (TDD/TTY): (819) 953-5023

Toll free for the hearing and speech impaired only: 1-800-331-5018)

E-mail: [info@acdi-cida.gc.ca](mailto:info@acdi-cida.gc.ca)

**Canada** 



# Capacity Development

## Occasional Series

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### **Editor's Note**

Welcome to the first edition of this Capacity Development Occasional Series. The purpose of this series is to contribute to shared learning within CIDA about capacity development (CD) - the concept, approaches, tools, techniques, methodologies, and experiences. While this first paper is conceptual in nature, the overall emphasis in the series will be on how CD can contribute, in practical terms, to more effective development programming. It is also our hope that over time the series will draw increasingly on emerging practices in CIDA's programming branches, or perspectives on CD from these sources.

I should also note that CIDA Policy Branch has recently produced a 'Capacity Development Tool Kit' which includes more detailed information on CD tools and strategies. If you would like a copy of the tool kit, please contact me at (819) 997-1597 or by e-mail at heather\_baser@acdi-cida.gc.ca.

Heather Baser, Policy Branch



## CAPACITY DEVELOPMENT: WHY, WHAT AND HOW

By Joe Bolger, CIDA Consultant

### **Introduction**

This paper is the first in an Occasional Series of discussion papers on capacity development. The purpose of this introductory paper is to provide an overview of capacity development (CD) for development practitioners. In brief, it outlines some of the reasons for the emergent interest in capacity development within the international development community. The paper also attempts to explain what is meant by the term capacity development while detailing some of the implications for donors and developing countries of embracing a CD approach.

### **Why Capacity Development**

Increased interest in capacity development in recent years is a response to widely acknowledged shortcomings in development assistance over the past fifty years, e.g. the dominant role of donor-led projects, inadequate attention to long-term 'capacity' issues. A consequence of these short-comings has

been limited sustainable impact in priority areas such as poverty reduction. Capacity development draws on the lessons of fifty years of experience, fostering approaches which are more systematic, integrated, based on developing country ownership and focused more clearly on sustainable results.

### **What is Capacity Development**

There are numerous definitions of capacity development, each reflecting a particular bias or orientation. Some describe capacity development as an **approach** or **process**, e.g. towards reduction of poverty, while others see it as a development **objective**, e.g. targeting the development of individual or organizational capacity. Many definitions fall somewhere in between these two perspectives. The definition below suggests that capacity development includes various "approaches, strategies and methodologies" which seek to improve performance at different social levels. In other words, it argues that there is no single approach or prescription ('one size

fits all') for capacity development. At the same time, as underlined later in this paper, CD as an approach is based on certain principles and orientations which collectively do distinguish it from other approaches to, or perspectives on, development.

First of all though, it is important to be clear on what is meant by the term 'capacity'. Capacity is defined for purposes of this paper as the:

- 'abilities, skills, understandings, attitudes, values, relationships, behaviours, motivations, resources and conditions that enable individuals, organizations, networks/sectors and broader social systems to carry out functions and achieve their development objectives over time'.<sup>1</sup>

The elements in this definition of capacity constitute the 'what' of CD – the 'core capacities' to be developed, strengthened, more effectively utilized or otherwise addressed in a CD intervention. These same elements are reflected in the Objectives of Capacity Development (see Box below) and can be associated with the different 'capacity levels' in the attached CD framework (see Annex A).

The definition of CD which follows addresses the 'how' of this approach.

### **Capacity Development: Definition**

**Capacity development refers to the approaches, strategies and methodologies used by developing country, and/or external stakeholders, to improve performance at the individual, organizational, network/sector or broader system level.**

In reading the definitions and statement of objectives above, it is important to bear in mind that CD is fundamentally about change and transformation – individual, organizational, societal. While it is pur-

poseful in its orientation, it is not likely to be linear, easy or free of conflict. It is also about values – 'whose capacity' is to be developed, for what purpose? Finally, CD relies, in large measure, on learning and adapting behaviour, which requires an openness to the lessons of experience, and the flexibility to modify approaches as required.

### **Objective of Capacity Development**

The objective of capacity development is to:

- **enhance, or more effectively utilize, skills, abilities and resources;**
- **strengthen understandings and relationships; and**
- **address issues of values, attitudes, motivations and conditions in order to support sustainable development.**

### **Underlying Principles**

Capacity development as an approach to development is rooted in a set of principles which are not unique to this concept. In fact, these principles have been enunciated in various ways in different documents, e.g. the DAC's *Shaping the 21<sup>st</sup> Century: The Contribution of Development Cooperation*, the World Bank's *Comprehensive Development Framework*.

### **Capacity Development Principles**

CD is based on:

- **broad-based participation and a locally driven agenda;**
- **building on local capacities;**
- **ongoing learning and adaptation;**
- **long term investments;**
- **integration of activities at various levels to address complex problems.**

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<sup>1</sup> The definitions of capacity and capacity development are variations on those offered in several papers prepared by Peter Morgan - 'Capacity and Capacity Development – Some Strategies', October 1998 and 'An Update on the Performance Monitoring of Capacity Development Programs. What are We Learning?', May 1999.

As the first two principles suggest, the question of roles and how they are negotiated is centrally important in CD. These principles also underline the importance of a systems perspective, a long-term orientation supported by strategic partnerships, effective coordination and coherence in programming frameworks.

## **A Conceptual Framework**

### ***Capacity Development: The Concept***

Various definitions and frameworks for capacity development have been advanced in recent years. While they differ in detail, all of them underline the importance of understanding the context in which development programs occur or are being considered. They also reflect agreement on the notion that there are different dimensions or levels of capacity (e.g. individual, organizational, societal,) and that it is important to be cognizant of, and responsive to, the relationships among them. For example, a capacity development perspective suggests that organizational performance may be shaped as much by forces in the enabling environment (e.g. laws, regulations, attitudes, values) as by factors internal to the organization, (skills, systems, leadership, relationships etc.). Capacity problems, constraints and solutions thus need to be considered from a systems perspective, with an appreciation of the dynamics and inter-relationships among various issues and actors in different dimensions. This perspective represents, arguably, the most important contribution of capacity development, i.e. a systematic recognition of the importance of thinking about individuals, organizations, programs, policies etc. as part of a broader whole rather than as discrete, or loosely connected concerns.

The conceptual framework for 'Capacity Development' presented in 'Annex A' draws on other models or conceptual frameworks which have been developed in recent years (e.g. UNDP (1998), Hildebrand and Grindle (1994), OECD (1995)). It suggests that there

are four levels of capacity<sup>2</sup> – individual, organizational, network/sectoral and the enabling environment. Each of these represents a level of analysis, as well as a possible entry level for a CD intervention.

### ***The Enabling Environment***

The 'enabling environment' represents the broad context within which development processes take place. Experience suggests that this environment may in fact be either enabling or constraining, or possibly a mix of both. For example, poorly conceived policies, high levels of corruption, or lack of legitimacy can make for a highly 'disabling' environment with significant consequences for development initiatives. On the other hand, sound policies, high levels of commitment, effective coordination, and a stable economic environment can be important contributors to an enabling environment which can greatly increase prospects for success.

Attempts to effect change at the enabling environment level generally take a considerable length of time given the nature of the issues being addressed - policies, structures, attitudes, values etc. While not all capacity development initiatives will seek to effect change in the enabling environment, they will need to be sensitive to factors at this level which may have an impact (positive or negative) on initiatives which are focused primarily on the organizational, sectoral or individual level.

### ***The Sector/Network Level***

Developing countries and donor agencies are increasingly focusing their investments on this level, e.g. sector or sub-sector programs. This reflects an increasing awareness of the importance of coherent sector policies, strategies and programming frameworks, as well as effective coordination within and across sectors. CD initiatives at this level may focus on policy reform, improvements in service delivery, or increased coordination among institutional

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<sup>2</sup> Other frameworks include three or even five levels of capacity. For example, the UNDP framework speaks of capacity issues at the 'micro, meso and macro' levels, while Hildebrand and Grindle refer to five dimensions of capacity – 'human resources, organizational, task network, public sector institutional context and the action environment'

actors. Investments may target the sector as a whole or a sub-sector, or alternatively focus on themes (e.g. poverty reduction), or area-based programming. Inclusion of networks in this level signifies the importance of collaboration within and across sectoral, thematic or other types of programs in any attempt to strengthen or more effectively utilize capacity.

Change at this level can be challenging given allegiances to traditional ways of 'doing business', competing organizational priorities, lack of coordination among related initiatives (e.g. sector reform programs and public sector renewal) or simply a lack of capacity. On the other hand, reforms at this level can contribute significantly to synergies and promote more effective use of existing capacities.

### ***The Organizational Level***

This capacity level focuses on organizational structures, processes, resources and management issues. Traditionally, it has been the most common point of entry for bilateral donors. Typically donor-sponsored inputs have included technical assistance, budgetary or infrastructure support to individual organizations, or support for institutional linkages. An important dynamic exists among the organizational, the sectoral and enabling environment levels, with performance of individual organizations being affected by a range of factors in each of those realms. Similarly, organizational performance depends on the availability, effective use and motivations of individuals.

Capacity development encourages not only a thorough analysis of issues at the organizational level, but an assessment of how factors in these other levels may either constrain or support a process of organizational change. For example, an analysis by stakeholders may lead to the conclusion that attempts to strengthen local health bodies through training programs may not result in improved health delivery in the absence of adequate salaries for decentralized health workers. CD interventions at this level will usually seek to promote synergies among organizations and may be designed

to contribute to change at the sectoral or enabling environment level, e.g. more effective integration of activities within the sector, and the promotion of new policies based on the innovative practices of individual organizations or networks.

### ***The Individual Level***

This level in the CD framework refers to individuals as social or organizational actors, e.g. small holder farmers, water engineers, planners, accountants – and the way their skills or abilities are harnessed or strengthened to contribute to the realization of development objectives. From a capacity development perspective, change at the individual level should be contemplated as part of a broader framework (reflected in the 'higher' levels in the accompanying CD graphic). Too often, development projects have focused narrowly on training of individuals without giving adequate attention to organizational issues, broader processes of empowerment or relevant factors in the 'enabling' environment. Experience suggests that investments of this type risk being of limited benefit if these broader considerations are not taken into account in the design of the intervention.

The diagonal axis in the accompanying framework highlights the importance of the links among the various capacity dimensions and the importance of thinking in multi-dimensional terms ('zooming in and out' to use the UNDP language). This helps development planners and practitioners to assess opportunities and constraints at various levels, their potential impact on one another, and to determine the most appropriate level(s) or type(s) of intervention. Interventions, for example, may 'zoom in' on a particular level (e.g. support for an organizational change process) or alternately seek to address a development issue(s) across several levels. Programming decisions will be based on a host of variables including: the nature of the development problem being addressed, existing programs and capacities, current capacity strengths or gaps, and opportunities or inhibitors in the 'enabling environment'. In essence, the framework emphasizes the importance of understanding the 'problem' in its full

dimensions, systematic analysis of opportunities and constraints, identification of windows of opportunity and promotion of strategic and integrated responses.

### **Capacity Development Strategies**

Capacity development relies upon various strategies, not all of which entail enhancement or creation of new capacity. Strategies in a CD initiative may include any one of the following, or potentially a combination of them:

- eliminating old or inappropriate capacity (e.g. governmental bodies which have proven to be ineffective or have lost their legitimacy);
- making better use of existing capacity (e.g. through improved networking or changes in organizational incentive systems);
- building up or strengthening existing capacity (e.g. national government policy or M+E units, local government bodies);
- providing space for innovation or creative use of capacities (e.g. private sector or NGO innovations in education or health care delivery);
- creating new capacity (e.g. policy fora, coordinating councils).

(See Morgan, 1998 for more on strategies.)

Capacity development as an approach draws on various methods and tools (e.g. capacity assessments, stakeholder analyses, participatory planning processes, organizational development, policy dialogue). CIDA's 'Capacity Development Tool Kit' includes selected tools, guidelines and strategies linked to the program cycle.

### **Implications of Capacity Development**

Subscribing to capacity development as a 'way of doing business' has various implications for development stakeholders. These have to do not only with efficacy, but questions of values and interests - 'capacity for what' and 'to serve whom'. "At issue here are basic questions about the purpose, origins and ownership of an intervention." (Saxby, 1999)

Some of these implications are highlighted below, from two perspectives: that of developing countries, and that of donors. We start with the implications for developing countries based on the perspective that capacity development is fundamentally an indigenous process which donors support.

#### ***Implications for Developing Countries***

The implications for developing countries can be considered from two perspectives. First, in terms of the relationship with external actors, the overarching implication is that the developing country is 'in the driver's seat'. This means that developing countries are responsible for:

- setting the development agenda (policies, 'rules of the game' etc.);
- leading the process of program identification, planning and implementation; and
- coordination of external resources.

Secondly, as a domestic process, it implies:

- broad consensus on policies, programs and strategies (legitimacy);
- a clear sense of indigenous resources and capacity gaps;
- a strategy for addressing capacity needs;
- access to means to implement the strategy; and
- systems to support ongoing consultation and learning.

#### ***Implications for Donor Agencies***

Capacity development implies a shift for donors leading to a significantly diminished role in problem identification, design and implementation of interventions and greater emphasis on facilitation, strategic inputs and supporting processes aimed at strengthening developing country capacity. Functionally, this means a move away from 'donor projects' to investments in developing country programs and less reliance on expatriate technical assistance. The roles of outsiders, including external support organizations, in such a context, have to be negotiated, they cannot be assumed.

The implications for donors thus include:

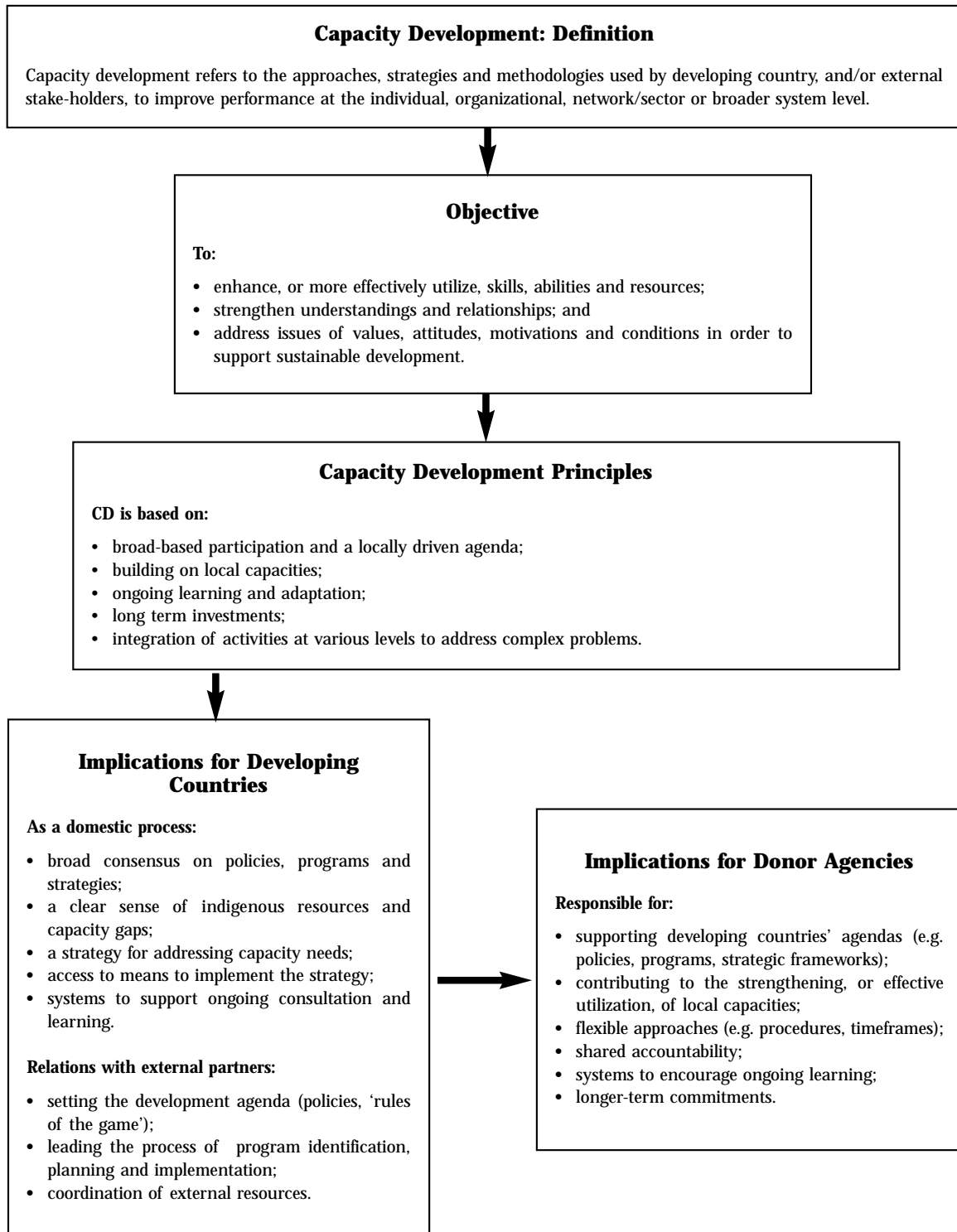
- supporting developing countries' agendas (e.g. policies, programs, strategic frameworks);
- contributing to the strengthening, or effective utilization, of local capacities;
- greater flexibility in adapting to developing country procedures and timeframes;
- shared accountability;
- systems to encourage ongoing learning;
- longer-term commitments.

The implications listed above imply significant shifts in power and prerogatives, as well as accountabilities. For donors, this requires a re-assessment of their own management systems, organizational structures and skills, as well as the terms of their relationships with developing country and other partners. Such changes are clearly not easy and the challenges for donors and others in 'getting there' should not be underestimated. The process of how to get there, and related issues, will be discussed in a follow-up paper in this CD Occasional Series.

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## Capacity Development: In Brief





**Annex A**

**Capacity Development:  
Conceptual Framework**

