

## Understanding capacity-building/ capacity development

### A core concept of development policy

#### SUMMARY

'Capacity-building' is a core concept of development policy. The notion that strengthening the capacity of individuals and institutions in developing countries is crucial for the success of development policy emerged gradually, with the theoretical debate reaching its peak between 1995 and 2005.

Development approaches based on the notion of capacity-building were introduced to make up for perceived shortcomings in the development aid and technical assistance provided by major international donors since the 1950s. These included lack of ownership by recipients, incapacity to effect sustainable change, lack of inter-sectorial coordination, and insufficiently tailored-made approaches.

Although capacity-building is still widely used, a new term has been coined – 'capacity development' – and this has become the favoured choice of the development community. While 'capacity-building' suggests building something new from the ground up, according to a pre-imposed design, 'capacity development' is believed to better express an approach that builds on existing skills and knowledge, driving a dynamic and flexible process of change, borne by local actors.

The European Commission has developed its own theoretical framework, adopting the standard OECD definition of capacity development and focusing primarily on ways to drive change. The European Parliament has initiated a comprehensive set of actions to support building the capacity of parliaments in partner countries.



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## Emergence of the concept of capacity-building/capacity development

Capacity-building is a term widely used in relation to different organisations. A general [definition](#) states: capacity-building is 'planned development of (or increase in) knowledge, output rate, management, skills, and other capabilities of an organisation through acquisition, incentives, technology, and/or training'. The term has most often been used in relation to public institutions and has been widely debated and analysed from a conceptual point of view in development policy, which aims to improve the capacity of developing countries' institutions to deliver on their functions.

The term 'capacity-building' appeared in the 1970s in the United States, in reference to the need to improve the capacity of state and local governments to implement fiscal decentralisation policies.<sup>1</sup> The term witnessed increased interest in the 1990s. The adverse economic conditions that many developing, particularly African countries, experienced in that period highlighted the lack of effectiveness of development efforts. These had failed to produce durable change and to strengthen the capacity of the recipient countries' institutions to take responsibility for development. The technical cooperation provided during the previous decades by international donors had often not made a lasting impact, failing to lead to self-reliance. The 1993 UNDP report on Rethinking Technical Cooperation – Reforms for Capacity Building in Africa ('the Berg report') was the first attempt to address these [shortcomings](#) systematically, building on what it described as a wide agreement on the reasons underlying technical cooperation failures. According to the report, such reasons included lack of local ownership and commitment caused by the donor-centric model of delivering technical cooperation, lack of incentives among poorly paid local staff, and rigid 'blue print' approaches based on predefined outputs that were failing to capture the real changes needed to produce a transformative effect. In response to this, in 1998, the UNDP developed a [framework](#) of guidelines for capacity-building that identified three levels at which it has to take place, namely the individual, the organisation and the broader environment.

Since the mid-1990s, all major multilateral and bilateral aid agencies and non-governmental development organisations have adopted capacity-building as a core element of their policies, and produced documents and handbooks on the subject. The 1996 OECD report, [Shaping the 21st Century: The Contribution of Development Co-operation](#), marked a defining moment with its new development paradigm based on local ownership and partnership between donors and recipients. Spurred by such debates, there was also a shift to a new concept, that of 'capacity development', which became the preferred choice of the development community. These new trends were inspired by some major turning points in development policy, such as the adoption in 2000 of the [UN Millennium Development Goals](#) and the [2005 Paris Declaration on Aid Effectiveness](#). The latter highlights that capacity development is one of the essential preconditions for aid effectiveness: 'The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives – from analysis and dialogue through implementation, monitoring and evaluation'. Capacity-building is the 'responsibility of partner countries', while donors play a supporting role. The declaration also draws attention to the importance of the wider social, economic and political context. The 2008 [Accra Agenda for Action](#) adopted by developing and donor countries, and multilateral and bilateral development institutions, reiterated this approach, recommending that developing countries 'systematically identify areas where there is a need to strengthen the capacity', that donor support 'be demand-driven and designed to support country ownership', and that technical cooperation be provided by

local and regional resources, including South-South cooperation. The importance of local institutions is acknowledged as a basic principle of aid provision: 'Donors agree to use country systems as the first option for aid programmes'.

The document that best expressed the emerging consensus on the concept after years of debate in the development community, was the 2006 OECD DAC (Development Assistance Committee) paper, [The Challenge of Capacity Development – Working Towards Good Practice](#). The definition therein of capacity and capacity development is the most widely accepted and used one. The same document clarified the difference between capacity-building and capacity development, expressing a clear preference for the latter. Capacity-building does not recognise existing capacity and operates with a pre-imposed design, while capacity development suggests an endogenous process of change.

### Definitions of capacity and capacity development

**Table 1 – Definitions by major aid donors (direct quotes)**

Organisation	Definition of capacity	Definition of capacity development
UNDP	The ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner.	<i>Capacity development:</i> The process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.  <i>Capacity-building:</i> A process that supports only the initial stages of building or creating capacities and assumes that there are no existing capacities to start from. ( <a href="#">UNDP</a> )
OECD DAC	'capacity' is understood as the ability of people, organisations and society as a whole to manage their affairs successfully. The definition is deliberately simple. It avoids any judgement on the objectives that people choose to pursue, or what should count as success in the management of their collective efforts.	<i>Capacity development</i> is understood as the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.  The phrase capacity development is used advisedly in preference to the traditional <i>capacity building</i> . The 'building' metaphor suggests a process starting with a plain surface and involving the step-by-step erection of a new structure, based on a preconceived design. Experience suggests that capacity is not successfully enhanced in this way.
World Bank	<i>Capacity for development</i> is the availability of resources and the efficiency and effectiveness with which societies deploy those resources to identify and pursue their development goals on a sustainable basis. ( <a href="#">World Bank, 2009</a> )	<i>Capacity development (or capacity-building)</i> is a locally driven process of learning by leaders, coalitions and other agents of change that brings about changes in socio-political, policy-related, and organisational factors to enhance local ownership for and the effectiveness and efficiency of efforts to achieve a development goal. ( <a href="#">World Bank, 2009</a> )
UNECA		Capacity development is the process through which individuals, groups and organisations, and societies deploy, adapt, strengthen, and maintain the capabilities to define, plan and achieve their own development objectives on an inclusive, participatory, and sustainable basis. ( <a href="#">UNECA website</a> )

Organisation	Definition of capacity	Definition of capacity development
USAID		Human and Institutional Capacity Development (HICD) is a USAID model of structured and integrated processes designed to identify root causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems. ( <a href="#">USAID</a> , October 2010)
FAO	Takes over the OECD definition ( <a href="#">FAO</a> , 2015)	Takes over the OECD definition ( <a href="#">FAO</a> , 2015)
African Union		A process of enabling individuals, groups, organisations, institutions and societies to sustainably define, articulate, engage and actualise their vision or developmental goals building on their own resources and learning in the context of a pan-African paradigm. ( <a href="#">Strategic Framework for Capacity Development in Africa</a> )
EU	The European Commission takes over the OECD definition.	The European Commission takes over the OECD definition.

Data source: see links in the table.

While capacity development has become the favoured term<sup>2</sup> used in the programmatic documents of the standard-bearing international development aid agencies (including the European Commission's DG DEVCO), capacity-building still remains widely used by different stakeholders, including in various EU policy documents. More important however than the choice of word itself is the new approach that the term 'capacity development' attempts to better encapsulate, as described in the next section, and which has become generally accepted.

Capacity development has become an indispensable part of the activity of all development organisations today, even if in practice the results of efforts to develop capacity have not always been satisfactory.<sup>3</sup> Acknowledging the centrality of the concept for development efforts, [UNDP](#) states that capacity development is the 'engine of human development'.

## Main features of capacity-development frameworks

### A complex undertaking

Capacity development is a broad and complex undertaking, implying change at multiple levels. The notion of change is central to many documents framing capacity-building/development concepts. It borrows from sociological ideas about the complex ways in which organisations are transformed, the multiplicity of factors affecting change, the fluid and dynamic character of the process and the importance of the affected individuals' and organisations' ownership and leadership. Despite this acknowledged complexity and fluidity of the required transformative processes, donor reports on capacity development attempt to provide technical step-by-step guidance, trying to capture the essence of transformative processes and the way they can be effected and influenced. Some donors also attempt to provide measurable results indicators.

Despite the variations in the understanding of development capacity, there are certain common features for all conceptual frameworks.

- **Local ownership** of all interventions is considered crucial, and is one of the main elements distinguishing the new approach from traditional views on technical cooperation. Stakeholders in developing countries have to decide on the needs and targets of capacity development; furthermore, they have to design the processes of change and assume leadership for them. According to the UNDP, an essential component of capacity development is 'transformation that is generated and sustained over time from within'.
- The need for **partnerships between donors and local stakeholders** follows directly from the importance of local ownership.
- **Action is required at multiple levels** to achieve sustainable results, because capacity development operates within an understanding of institutions as relying on individuals' skills and motivations, on one hand, and as embedded in a broader social and political context that shapes any transformative process, on the other.
- **The change achieved has to be sustainable over time.** According to the UNDP, capacity development starts from 'the principle that people are best empowered to realise their full potential when the means of development are *sustainable* – home-grown, long-term, and generated and managed collectively by those who stand to benefit'.
- **Political and governance factors** play an important role, given the influence they have on the functioning of institutions and on the possibility for reform.
- It is important to **engage civil society and the private sector** in capacity development, both as drivers and as targets of capacity development.

Many policy documents recognise three levels at which capacity development operates: societal, institutional and individual. Below is a description of these levels by the UNDP.

The **enabling environment**: 'is the broad social system within which people and organisations function. It includes all the rules, laws, policies, power relations and social norms that govern civic engagement. It is the enabling environment that sets the overall scope for capacity development.'

The **organisational level**: 'refers to the internal structure, policies and procedures that determine an organisation's effectiveness. It is here that the benefits of the enabling environment are put into action and a collection of individuals come together. The better resourced and aligned these elements are, the greater the potential for growing capacity.'

The **individual level** includes 'the skills, experience and knowledge that allow each person to perform. Some of these are acquired formally, through education and training, while others come informally, through doing and observing. Access to resources and experiences that can develop individual capacity are largely shaped by the organisational and environmental factors described above, which in turn are influenced by the degree of capacity development in each individual.'

### Criticism

Despite the broad consensus among the development community regarding the centrality of capacity development, some critics doubt that the concept truly achieves what it promises. Listed below are some of the most frequent criticisms.

- Its interpretation has become so broad that it has become a synonym for development assistance.
- A frequent criticism refers to the lack of focus on measurable outcomes. Despite all efforts to provide practical guidance and measurable outcomes, the relevant policy documents remain at such a level of abstraction and generality that they fail to indicate with precision what donors and other stakeholders have to do, or how the outcomes can be truly measured and assessed.

- Proposed methodologies are often divergent and lack clear terminology.
- It has become an umbrella approach for pursuing ambitious social and political transformation in third countries, for example, along the lines of the neoliberal consensus, while claiming local ownership. At the same time, this approach shifts the burden of responsibility towards third countries, which are to blame if development efforts fail.<sup>4</sup>

### The EU's capacity-development efforts

The European Commission's [Toolkit for Capacity Development](#) (2010) makes use of the definitions of capacity and capacity development provided by the OECD. It also focuses on the three-tier approach to capacity development, describing capacity as an attribute of people, organisations or groups of organisations. However, the organisation is given prominence, being the main unit of analysis.

The Commission's approach also emphasises the centrality of change for capacity development. Change is defined as a process that is internal to organisations and people, but that can be influenced by external factors. Change can affect a multiplicity of factors, such as knowledge, skills, work processes, tools, systems, authority patterns and management style. The Commission's toolkit lays down some basic principles of capacity development.

According to the European Commission, change requires first of all drivers of change, that is, influential actors inside an organisation who find the current capacity level too low. A credible and well-managed change process is needed to inspire confidence in those who drive it and to overcome resistance in those who resist it. A shared vision about the future is the third element needed to create pressure for change.

Most importantly, capacity development 'must be owned by those who develop their capacity'. Therefore external partners cannot design and implement it, but only support it. The beneficiaries of capacity development must themselves assess their needs, design the process of change and manage it.

EU measures to support capacity-building go beyond development policy, and also include areas that are closely linked to development. For example, EU external support for democracy, which is implemented in synergy with EU development policy, aims to strengthen the capacity of governments, parliaments and other state institutions, political actors, civil-society organisations and other actors, according to the 2009 [Council conclusions on democracy support](#).

Security is another important area in relation to capacity-building which the EU supports. Taking into account the security-development nexus, capacity-building is crucial for ensuring lasting security. According to the April 2015 joint communication on [Capacity building in support of security and development – Enabling partners to prevent and manage crises](#), capacity-building efforts in this area aim to build 'effective, legitimate and sustainable institutions, including effective justice and security sectors, border control and coast guards'. The activities deployed to achieve these objectives include political dialogue, technical cooperation, training and the provision of essential equipment and material. The mandates of several CSDP missions and operations have had, as one of their objectives, building the capacities of peace and security actors in partner countries.

To make EU support for capacity-building in the defence and military-security sector more systematic and longer-term, the Commission has put forward a [proposal](#) to amend the Instrument contributing to Stability and Peace, with a view to creating an EU budget



instrument designed to provide comprehensive financing for security-capacity programmes in partner countries.

In the field of humanitarian action, the European Union is contributing to enhancing the capacity of actors to respond to humanitarian needs in an effective and efficient manner, notably through [Enhanced Response Capacity](#) (ERC) funds.

### The European Parliament's support for capacity-building

**The European Parliament** expressed its support for investment in capacity-building in a [2015 resolution](#) on financing for development. In its [resolution](#) on the future of ACP-EU relations it called on the parties to redouble their efforts to build capacity in the ACP countries.

As part of its support for democracy and elections, the EP provides assistance to parliaments in third countries in order to strengthen their institutional capacity. More specifically, EP programmes focus on strengthening the parliamentary functions; setting up parliamentary organisations; implementing administrative and institutional reform; and sharing of best practices. To achieve these objectives, the EP has set up a special political group, the Democracy Support and Election Coordination Group ([DEG](#)), headed by the chairs of the Committee on Foreign Affairs and the Committee on Development. It is made up of [15 members](#), including the chair of the Sub-Committee on Human Rights and the EP vice-presidents responsible for human rights and democracy and for the Sakharov Prize network.

While previously capacity-building was implemented in a rather ad-hoc manner, since 2014 it has been pursued in a systematic way, addressing the whole electoral cycle via a so-called 'Comprehensive Democracy Support approach (CDSA)'. In order to better focus its cooperation efforts, the DEG has defined a list of priority countries for its activities in support of democracy. The choice of these countries is usually made taking into account the results of electoral observation missions (EOMs) undertaken by the EP in the broader framework of EU EOMs. The countries included in the list have promising prospects for strengthening democracy. Whether the EP has been involved in mediation and dialogue-building efforts in the respective countries can also influence their inclusion in the list of priority countries. The current list, which is valid until the end of the current EP mandate in 2019, includes Georgia, Moldova, Morocco, Myanmar, Nigeria, Peru, Tanzania, Tunisia and Ukraine. Similar assistance is also provided to the African Union Parliament. For each country, a lead MEP is appointed to oversee the support activities. A progress review of ongoing programmes is drafted yearly. The continuation of the assistance depends on whether progress has been made.

Capacity-building activities supported by the EP include study visits to Brussels of MPs and/or parliamentary staff from the priority countries, fellowships (usually 4–6 weeks) on a given topic, and the organisation of seminars and conferences in the priority countries, with the participation of MEPs. EP staff can provide local training to staff in the priority countries. Mediation and dialogue-building activities with parliamentary parties and other political actors are another important dimension of EP cooperation. While they are not specifically directed at capacity-building, they contribute to creating an overall political environment that is favourable to the functioning of parliamentary democracy and institutions, and to organising peaceful and fair elections.

Many support efforts undertaken by the EP are made in close cooperation with the EU delegations in the priority countries, through the funding projects they implement.

The parliamentary support programme implemented with the Ukrainian parliament (Vekhovna Rada – VRU) is the most comprehensive of its kind and is based on a July 2015 [memorandum of understanding](#). To support the implementation of the memorandum, a preliminary [needs-assessment report](#) was drafted over a period of several months and published in February 2016. It put forward a series of recommendations for improving the functioning of the Ukrainian parliament in areas where the EP could provide support. Capacity-building activities focus on both the administrative and the political dimensions of the parliament. An administrative cooperation agreement was signed between the secretaries-general of both parliaments, enabling the provision by EP staff of expertise, guidance and mentoring in various fields. Administrative assistance has included study visits from VRU staff and missions from EP staff to the VRU on specific topics, such as human resources, communication, library and research, among other things. Examples of support for the political dimension include a seminar on enhanced cooperation between the executive and the legislature, participation in a VRU-civil society conference on transparency and openness, a seminar on parliamentary ethics dialogue in Ukraine, trust building and inter-party dialogue.

### Main references

Greijn, H, Hauck, V, Land, A, Ubels, J, [Capacity Development & Technical Cooperation : Capacity Development Beyond Aid](#), May 2015.

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European Commission, [Toolkit for Capacity Development](#), 2010.

OECD DAC, [Inventory of Donor Approaches to Capacity Development: What We Are Learning](#), 2010.

USAID, [Human and Institutional Capacity Development Handbook](#), October 2010.

Venner, Mary, [Capacity Development: Old wine in new bottles?](#), 2014.

Otoo S., Agapitova, S. and Behrens, J., [The Capacity Development Results Framework](#), World Bank Institute, 2009.

### Endnotes

<sup>1</sup> According to Venner, M., [Capacity Development: Old wine in new bottles?](#), 2014.

<sup>2</sup> Certain [commentators](#) still think that 'capacity development' remains an elusive notion and one that does not add much to the traditional understanding of technical assistance from a practical point of view.

<sup>3</sup> As acknowledged in the past by the OECD and the World Bank ([Capacity Development Results Framework](#), p. 1).

<sup>4</sup> For further criticism of the concept, see Venner, M., [Capacity Development: Old wine in new bottles?](#), 2014.

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