

Capacity Development

Building Capacity on Individual, Organisational
and Institutional Levels



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What is Capacity Building?

Capacity building and capacity development are processes that facilitate a holistic approach for creating sustainable change. The two expressions are usually used interchangeably in many different ways and there are many existing definitions, but the core idea is similar.

Capacity building or strengthening of capacity in development co-operation refers to efforts that aim at enhancing the ability and capacity of individuals, organisational units, or an organisation or system of organisations to perform their respective missions, functions and tasks efficiently and effectively. Capacity building is thus a very broad concept that encompasses a range of measures and activities. For example:

- Improving service delivery capacity;
- Developing a shared vision, values and strategy in an organisation;
- Developing policies and an appropriate and efficient structure and staffing;
- Identifying best practice and implementing effective work methods in combination with streamlined planning, monitoring, reporting and evaluation processes;
- Improving the level of professional and

managerial competence;

- Training individuals in certain target groups in an organisation;
- Developing partnerships and joint development programmes that support the institutional framework for certain sectors of public administration.

Capacity building is an umbrella concept – it is a holistic approach to planning, implementation and follow-up of change processes. Building capacity can be performed at different levels: for individuals, for teams, for organisations and systems of organisations, within an institutional framework and for society at large. In most cases, capacity building measures attempt to integrate these levels.

In day-to-day usage capacity building primarily refers to external efforts to build up particular capacities or fill gaps as part of a specific development agenda of a country. Capacity building efforts tend to be relatively targeted and focused, whereas capacity development describes an organic process of growth and change that donors may wish to promote.

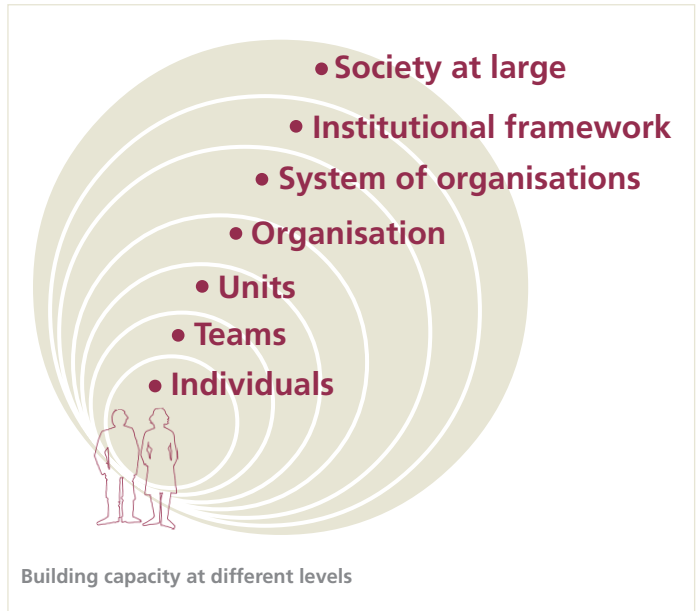
In popular usage, **CAPACITY** is simply the power to achieve one's goal.

UNDP: CAPACITY is the ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve goals.

UNDP: CAPACITY DEVELOPMENT entails the sustainable creation, utilisation and retention of capacity, in order to reduce poverty, enhance self-reliance, and improve people's lives.

UN: CAPACITY DEVELOPMENT or building is the process by which individuals, institutions and countries strengthen capacities or abilities.

CAPACITY DEVELOPMENT refers to the ability of countries, organisations and people to manage development on their own in a smooth, efficient and sustainable way. (Bossuyt, 1995)



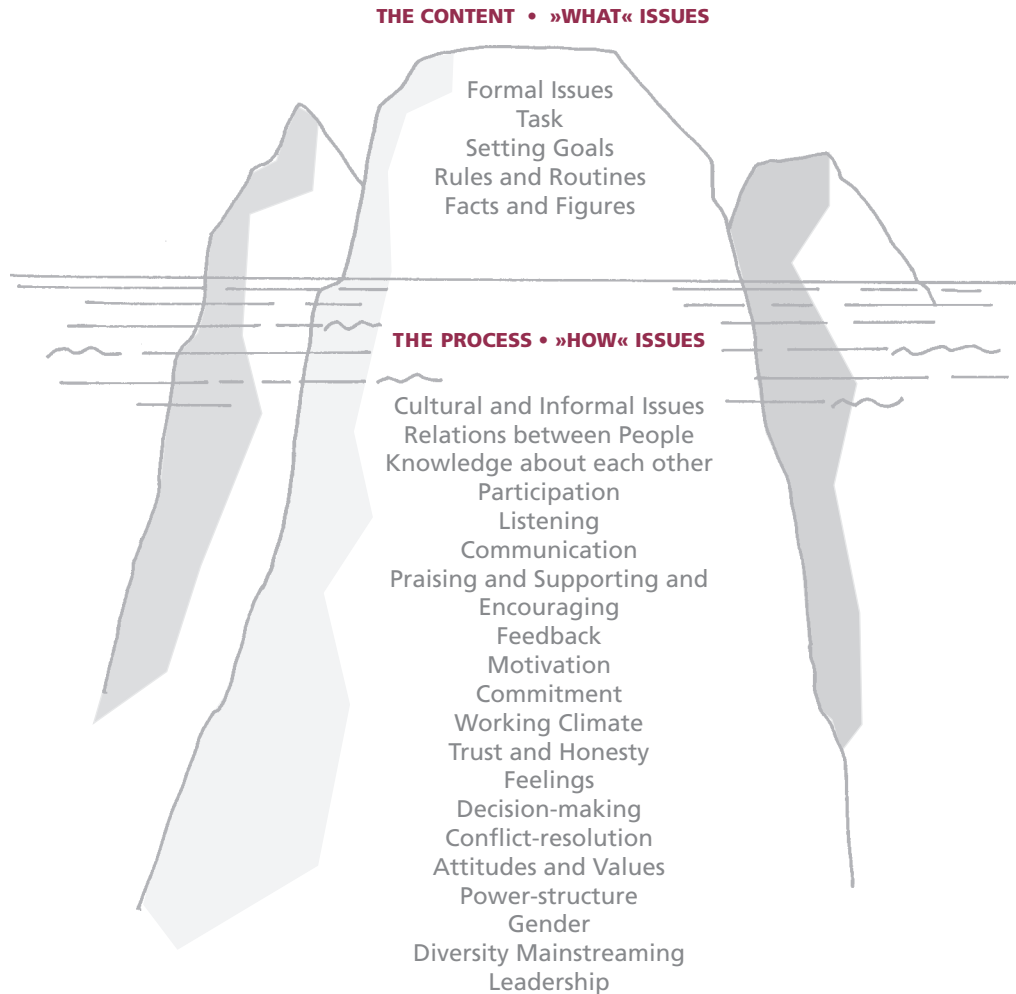
When designing a change project targeting one particular level it is crucial to widen the scope of that intervention and to consider how to integrate other potential levels.

What are the factors that promote or inhibit the impact and sustainability of a specific change intervention? It is often necessary to combine and co-ordinate interventions at different levels to safeguard valuable capacity building efforts and to generate conditions for sustainable change.

Capacity building efforts need to address a variety of issues, including issues of culture, leadership, gender and diversity. Efforts to enhance change management capacity need to encompass both the "what" and the "how" aspects of any change – from developing rules and routines, and setting goals, to issues

concerning relations between people, their motivation, attitudes and values. In most cases the "how" aspects – the process – is much more complex and needs more attention and resources than the "what" aspects, which are the tip of the iceberg.

SIPU International aims to help develop capacity that creates good conditions for individual and organisational learning and growth and development at all levels. Our work is based on a set of fundamental values regarding service delivery and good governance, participation, continuous learning, and process facilitation within the broad perspectives of context and environment.



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The Institutional Framework is Central

The institutional framework is of central importance. Institutions represent the norms and rules that guide and constrain the behaviour of individuals and organisations. The institutional framework can be both formal and informal. The formal framework consists of written laws, policies, rules and regulations. The informal framework consists of norms and values that govern how people interact with each other, and how they work and live together. The institutional framework is built on values such as good governance, human rights, democracy, and gender sensitivity. It includes the economic, social, cultural and political contexts in which organisations operate.

Any capacity building programme must recognise both the formal and informal aspects of the institutional framework. It may also employ capacity building activities that facilitate the interaction within and between internal and external factors:

- Improving communication and the flow of information between organisational units and within a network of organisations;
- Endorsing delegation, empowerment, cohesiveness and decentralisation;
- Revising laws, regulations and policies that constrain the interaction between public, private and civil sectors;
- Affecting the norms and values of people working in a particular institutional framework.

Capacity building of this type is also referred to as institutional development.

Areas and Focus of Capacity Building

Our client is often a specific organisation or group of organisations. Our experience shows that institutional frameworks can be created and sustained only by developing efficient organisations and promoting effective co-operation between them.

Based on our experience in developing countries, we find it useful to distinguish between three main areas for capacity building. While they are all integrated and interdependent, each area also has its own focus and type of activities.

»SIPU International has a participative approach in all assignments with the aim of showing in practice how an open and democratic process can improve effectiveness in development work.«

Areas and Focus of Capacity Building

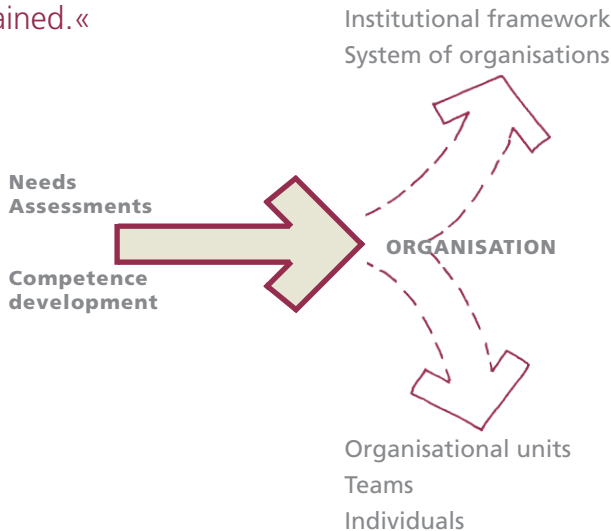
Areas	Focus	Types of activities
Institutional reform	Institutional context and systems of organisations. Macrostructures. Balance of power and interactions between public and private sectors and civil society. Decentralisation. Systems for transparency, accountability and anti-corruption.	<ul style="list-style-type: none"> • Analysis of environmental factors and need for change • Revision and development of economic and political regimes • Policy and legal change • Management of development policies • Constitutional reform • Training on parliamentary democracy and management of parliaments • Enhancing awareness and structuring of work around conditions for good governance, human rights and development of gender equality and democracy in general.
Organisational strengthening	Management systems to improve work processes and performance of specific functions. Systems to ensure quality and availability of information, transparency and accountability.	<ul style="list-style-type: none"> • Improvements of organisational and managerial structures • Leadership and managerial training • Systems for planning, implementation, monitoring and evaluation • Action Learning in combination with change and project management programmes • Team building and utilisation of human resources • Strengthening organisational culture, communications development and conflict management • Financial management, budgeting, monitoring and evaluation • Gender and diversity equality planning, implementation and monitoring systems
Human resources management for the development of individuals, teams and cadres	Supply of professional, technical and administrative personnel. Strengthening of political cadre. Interaction between civil society, politicians and personnel.	<ul style="list-style-type: none"> • Organised training of staff and politicians • Structuring of salaries and conditions of work • Systems for incentives and rewards • Systems and procedures for effective human resources management including recruitment, induction, and development • Ensuring that human resource management systems and structures benefit the development of both male and female personnel

Developing Competence

A core component of capacity building is developing the competence of targeted individuals and organisations. Competence can be defined as an individual's or an organisation's ability and willingness to perform and achieve certain objectives and results, i.e. the ability to deal with a given situation, to act effectively and efficiently in it, and to manage unforeseen situations.

The main elements of competence are knowledge, skills, attitudes and values. Values connect people in learning relationships. Only by developing people's competence can the results of other capacity building measures be sustained.

»Only by developing the competence of people can the results of other capacity building measures be sustained.«



Analysis of Service Delivery

A major target for most capacity building interventions is improved service delivery. The common starting point of SIPU's assignments is to help organisations identify the needs of their own clients and to develop their capacity to respond to these needs.

It is difficult to focus capacity building interventions without a clear picture of the kind of services an organisation delivers, or should deliver. A strategic planning support programme should include needs analyses amongst stakeholders of the organisation or the organisational unit, analyses of institutional requirements, formulation of goals and strategies, setting of qualitative and quantitative standards for service delivery, drafting of action plans, and the design of monitoring and evaluation programmes. Ways of establishing and maintaining a learning dialogue with stakeholders, and of handling complaints, may also need to be put in place.

The development of policies, the legal framework, procedures and systems needs to focus on enhanced service delivery, as well as priorities and budget allocations. The same applies to support services within an organisation because internal support functions such as human resources and financial management enable external services to operate effectively.

Good Governance for Welfare Development

Good governance, which is a requirement for high quality service delivery, is the effective management of a country's affairs at all levels. It is the execution of economic, political and administrative authority by processes and institutions that citizens use to voice their interests, exercise their legal rights, meet their obligations and mediate their differences.

Good Governance and Democracy

To strengthen Good Governance is in essence to support the further development of democracy. Good Governance is based on universal Human Rights and the Rule of Law, and fosters a constructive interaction between the three major stakeholders – the State, Civil Society and Commerce. This democratic culture promotes decentralisation and prevents and combats corruption through public control of power and those who exercise it. The office of the auditor-general plays an important role in ensuring accountability within the public administration and service. However to function well, the auditor-general needs an active civil society with citizens that are free to express themselves and an independent mass media. These are all elements of a functioning democracy.

Human rights activities address the rights and obligations of the individual in relation to the state, and the state's obligations to the individual. Human rights should be based on values such as respect for human dignity, the integrity of the individual, freedom, safety, opportunities for individual development, and participation in decision making processes. These values must be integrated into all capacity building programmes that aim to create a functional service delivery system.

Progress towards good governance will only be reliable and sustainable if it delivers increased welfare to its citizens. Public service development and reform should focus on building up organisations that have the capacity to deliver responsive public services in an efficient and effective manner. Such organisations need to be accountable, transparent, and participatory in their operation. Other important organisational characteristics include both professionalism and the promotion of continuous learning and development.

At SIPU International, we apply a participatory approach in our assignments to demonstrate in practice how an open and democratic process can increase the effectiveness of development work. We strive to embrace all major stakeholders in planning, implementation and evaluation activities.

Attention to Context and Environment, – a Necessity in all Capacity Building

Capacity building, change and development must be seen from a wide perspective before focusing on particular needs and practical situations. Each development project needs to be understood in its overall institutional context and in the organisational environment in which it operates

Numerous factors influence an organisation, its strategies, structure and ways of operating. Similarly, the way an organisation operates and delivers services influences its communities, customers and clients. It is sometimes useful to group these factors into two clusters – internal and external.

»SIPU International's client is often a government organisation. In our response to organisational development needs presented by the client representatives we engage in a partnership that reaches out to individuals, teams and units as well as addressing the organisation's interactions with its environment.«

Internal Environment

The internal environment of an organisation is affected by factors ranging from the way the organisation develops its vision to the daily performance of individuals and teams. Other factors, such as the way work is organised and people's interactions, have an impact on formal and informal structures. For sustainable organisational development, it is vital to understand how continuous learning and structured knowledge management is built into daily operations.

External Environment

The external environmental factors can be grouped into categories using the PETS analysis framework. The acronym stands for the initial letter of the different categories, i.e. Political, Economic, Technological and Socio-cultural factors.

Political factors

- Government legislation and ideology
- Universal rights and international law
- Labour market
- Leadership support
- Interaction with private sector and civic society

Economic factors

- Government economic, fiscal and budgetary policies
- International economic relationships and conditions
- Lending policies of financial institutions
- Interactions between public and private sectors
- Wealth distribution and poverty issues
- Concern for the environment

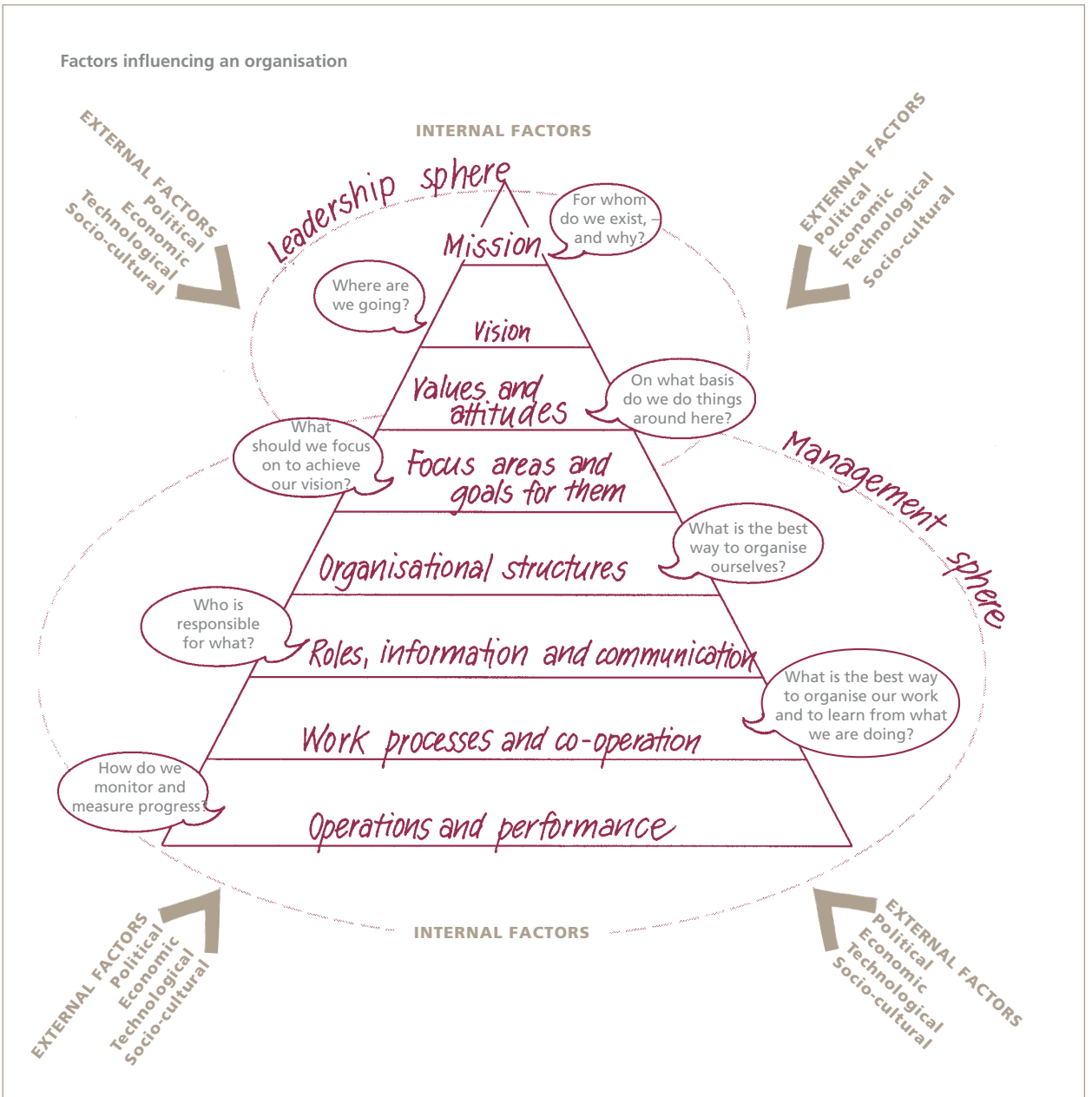
Technological factors

- Information technology and availability
- Use of information technology in work processes
- Communication with other organisations

Socio-cultural factors

- Overall demographic trends and human resources development
- Attitudes to work and employment
- Business ethics
- Organisation of civic society
- Gender issues
- Lifestyle changes
- Social conflicts

Factors influencing an organisation



Participation Facilitates Ownership

SIPU uses a broad range of methods and tools for capacity building. Our experience in achieving sustainable results and satisfied clients shows that participation and client ownership of change processes are vital. When developing capacity, all parties involved need a common understanding of the institutional environment and a commitment to participatory capacity development activities.

Organisational capacity cannot be developed through externally driven interventions alone. It must be led by an internal process of change in which the top management of the organisation recognises its responsibility for and commitment to agreed outcomes. Developing capacity in organisations cannot be done for organisations – it must be done by and with organisations.

Achieving ownership means going beyond commitment to change by senior managers. The process must also ensure the widespread involvement of staff and other stakeholders at all levels of the organisation. Direct involvement in planning, implementation, follow-up and evaluation processes, helps these groups to influence outcomes, and without their involvement, desired outcomes will not be achieved.

The development of inclusive participation and ownership processes is also the route to improving the information base that underpins proposals for change. In particular, it offers an opportunity to identify what needs

to shift in the organisational culture and attitudes before change can take place.

Continuous Learning and Process Facilitation

SIPU International considers capacity building to be a long term development process. A process approach in combination with participatory methods requires a long-term preparation and implementation time-frame. Flexibility is another requirement. Although setting clear objectives at the outset is important, a flexible approach to allow modification during implementation is needed.

Throughout the process, we continually refine the appropriate roles and relationships for us and the client organisation(s). Our approach is to adopt a facilitating and supportive role, rather than one which is prescriptive and directive.

This facilitating and supportive role blends well with another important element of the SIPU International approach – the focus on continuous learning. Facilitation is a specific technique to guide learning, growth and development among people and their organisations. Facilitation of action learning helps people develop insight and good judgement by building on what people already know.

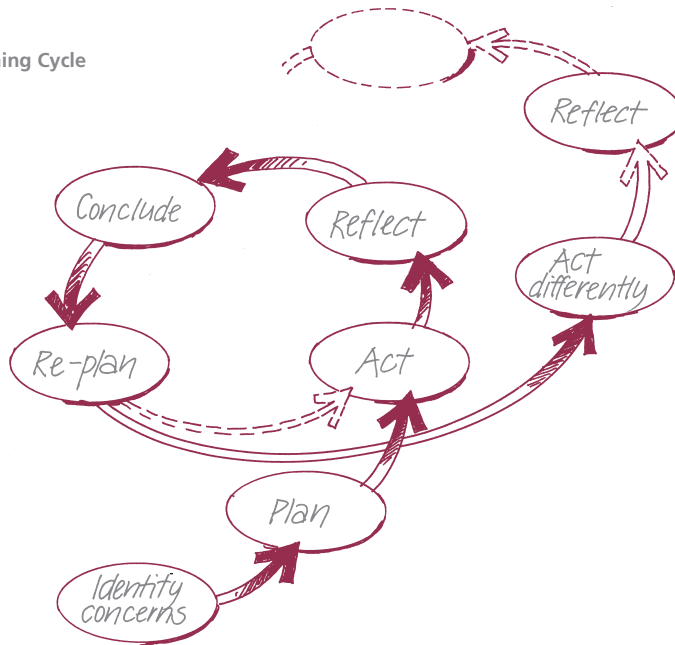
Learning comes from people's own experiences. Learning takes place when people reflect on their actions and draw conclusions from these experiences that is, when people

move from thinking about "what happened?" to "what might happen?". This allows people to apply what has been learned from experience to many new situations and to plan to do better – or differently next time.

Action learning assumes that all participants in a learning situation bring valuable experience and knowledge. People learn together much better in participatory environments, in contrast to top-down processes driven by external agencies and directives.

»Developing capacity in organisations cannot be done for organisations – it must be done by and with organisations.«

Action Learning Cycle



People can explore, discover and grow in a supportive and understanding environment. SIPU International consultants help clients create such an environment. Our aim is to help people solve problems by themselves and for themselves. Through the wealth of our experience and our network of skilled staff and associates, we can identify possible ways forward, without forcing ideas on people. We show through the way we work that all people deserve respect. And we believe that all people can contribute in the right environment and with the right support.

An Action-Learning Approach to Capacity Building

Capacity building starts with a relationship with a client. We help our clients analyse the current situation – a necessary first step in any development co-operation. We prefer to do the analysis of various factors together with the client to create the necessary insight and to build a common ground of understanding. What is the reason for the existence of the organisation? What are the factors to pay attention to? What needs to be done? What are the desired effects of possible actions? What are the essential priorities?

An initial overview is in most cases followed by a more detailed analysis and step-by-step action learning programme. Our way of working is based on participatory methods that encourage individuals, teams and organisational units to perform tasks that will

lead to problem solving and development. Objectives are set and agreed upon together with the client. Methods and activities are flexible and designed to allow for maximum learning from experience. Continuous learning through continuous evaluation is an integral part of the change process.

Change and development work is a journey determined not only by clear objectives, but is also a dynamic process, which must have room for review that leads to new learning. There is a need for continuous adaptation and adjustment of plans and actions based on what we experience and learn from experience. At times development means periods of "two steps forward and one back". Our way of working is not just one journey, but many small journeys at the same time.

Many ways of Implementing Capacity Building

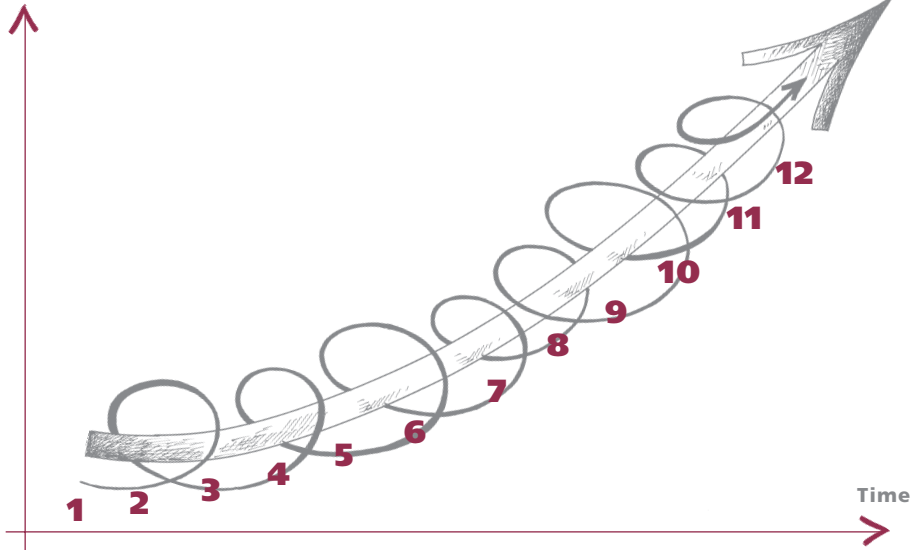
There are many ways of defining and implementing capacity building and development. What is relevant to a particular client and in a particular assignment is determined in a dialogue with the client. It is only through an open dialogue that the necessary holistic view of the situation and the needs can be established – and the way forward be agreed upon.

Twelve Steps for Capacity Building through Continuous Learning

These are twelve practical steps that illustrate a typical capacity development process. Continuous learning is built in at all stages from planning to acting, reflecting, drawing conclusions, then re-planning and acting differently.

- 1 Investigate the reason for the existence of the organisation
- 2 Identify the issues and concerns
- 3 Carry out a broad analysis of links between all levels of capacity building
- 4 Develop a vision for a future desired position
- 5 Analyse external factors and resources needed
- 6 Analyse internal factors and resources available
- 7 Balance factors and interests
- 8 Establish priorities for change and development
- 9 Choose strategies for change and identify milestones
- 10 Implement changes step-by-step
- 11 Monitor the process
- 12 Evaluate the outcome

Level of performance and development



Models and Tools for Facilitating Change

There are many ways to apply capacity building in practice, and there is no single solution to organising and facilitating change work. The main thing is to carry out an initial broad analysis and then to work with the client to identify the priorities for the change work together with the client. SIPU International works according to the values presented in this booklet when selecting and combining the most suitable models and tools for sustainable change in a particular situation.

The “Staircase” Model

One of the models used to facilitate co-operation and dialogue with clients is the Staircase Model. The model provides a framework for descriptive diagnosis that is useful in planning, implementing, monitoring and evaluating capacity building efforts. The model identifies two main dimensions of measurement.

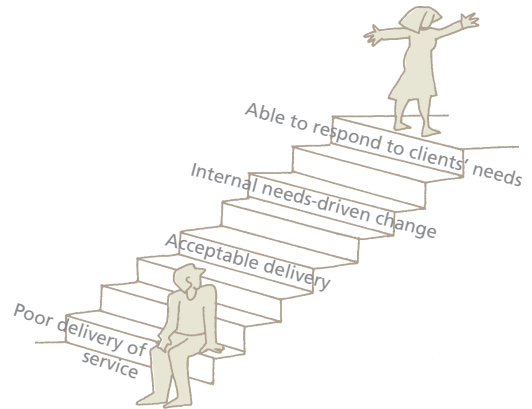
One dimension covers the quantity and quality of products and services delivered by the organisation. Is there a reasonable input of resources in comparison to what is delivered? Are the products and services relevant to what is needed, and have the desired effects or outcomes been achieved?

The second dimension reflects the organisation’s ability and capacity to respond to continuous need for change; for example, changes in products and services that meet the demands of citizens, clients and customers,

changes in production methods, and changes in administration and management.

The model identifies four development stages:

- The organisation is characterised by poor quality and unpredictable delivery of goods and services;
- The organisation is able to deliver expected goods and services with reasonable reliability and quality;
- The organisation carries out changes on its own;
- The organisation works actively with its clients and customers and is able to change and respond to their needs.



An assumption of this model is that it is necessary for an organisation to reach one stage before it can enter the next. Reality, is of course, more complicated. The organisation may have reached a high degree of development in one area, while in others it is still struggling with basic problems.

Combination of Efforts is More Effective

With a broad and holistic view of the external and internal environments, it is easier to diagnose constraints, their location and cause, and to select and prioritise those that need attention. Therefore capacity building activities should start with a broad assessment of carefully selected factors to determine the most potentially serious constraints on effective performance and development. The traditional route of training through courses may not be the most appropriate answer to effectively address needs or problems. Research shows, and it is also our experience, that effective performance is driven by strong organisational culture, good management practices, and effective communication networks.

In fact, the most sustainable results are achieved through a multi-faceted approach, combining inter-related actions and efforts. Capacity cannot, in itself, be achieved through uncoordinated and selective interventions. Organised training, in combination with problem solving in action learning programmes at the work place, can be a very effective means of enhancing performance and achieving lasting results.

Research and our experience indicate that individual performance is more affected by people's opportunities for meaningful work, their understanding of the whole work process and how tasks are linked in a chain for delivery of goods and services, than it is by

training in specific skills alone. In carefully designed action learning programmes people share experiences and professional norms, and affect each others' attitudes. Teamwork and the overall performance of participants are enhanced, to their own benefit, and that of the organisation and its clients.

There are no easy solutions to improve performance and good governance. There are, however, approaches and strategies that are more effective than others. SIPU International develops and adapts strategies for change that match the particular needs of any single client. And we do it together with the client.

Main Approach

- The power of participation
- Gender and diversity equity
- Systemic thinking
- System analysis LFA – Logical Framework Approach
- "Staircase Model" for organisational development assessment
- Facts gathering from inside – and from outside
- Needs assessments
- Action Learning
- Learning organisation
- Organisational development
- Developmental training
- Project work and project management

Methods and tools

- Scenario technique
- SWOT
- Future search
- Focus groups
- Workshops and participatory work sessions
- Specific tools for individual and team development
- Mainstreaming of gender and diversity

Examples of major components of applied change strategies used by SIPU

»Capacity building is a long term development process.«

Acceptance of change x Quality of change proposal = Results!

To achieve sustainable results a proposal for change has to be accepted. It does not matter how well the research and analysis for improvements have been carried out. Without acceptance from the people who are to implement the change, there will be no or poor results. Full acceptance of a poorly prepared change programme will also lead to poor results.

SIPU International promotes continuous and systematic follow-up and evaluation. SIPU helps the client understand people's response to change and their actual learning from the process. But more importantly, how to monitor and assess performance improvements and the overall effects the change process has on the client's organisation and its interaction with other organisations and institutional environments.

SIPU International has its base in government operations and most of our assignments aim at strengthening good governance and good government. Our clients represent a wide range of organisations from the spheres of local, provincial and central governments. Through SIPU's Swedish and international network of specialists, consultants and partners, our clients can access the best of public administration and good governance practices.

Management is at the core of our capacity building assignments. Improving efficiency and effectiveness in the public sector and in public administration is the overall aim. The assignments include, for example, financial management, public procurement, physical planning, auditing, and management of different sectors, such as transport, health, water supply and sanitation, education, and fiscal, and bank management.

SIPU International undertakes assignments in:

- Asia
- Africa
- Europe
- South America

SIPU INTERNATIONAL AB

POSTAL ADDRESS

P.O.Box 70338 SE-107 23
Stockholm Sweden

VISITING ADDRESS

Torsgatan 4, Stockholm

PHONE

+46 (0)8 698 06 01

FAX

+46 (0)8 698 06 10

E-MAIL

info@sipu.se
www.sipu.se

SIPU INTERNATIONAL is committed to democracy, good governance and gender equality. We are recognised for our participative approach and our orientation towards sustainable results. We work with people, through people, and for people! SIPU INTERNATIONAL offers consultancy and human resources development services in the following areas:

- Public Administration and Service Reform
- Parliamentary Democracy and Management of Parliaments
- Local Government Development

- Capacity Building and Development
- Institution Building
- Organisational Development

- Management and Leadership Development
- Human Resources Management and Development
- Performance and Result-Based Management
- Financial Management
- Public Procurement

- Democracy and Human Rights
- Gender equality

- Urban Development
- Public Health Management

- Project Design and Management
- Feasibility Studies, LFA-Logical Framework Approach and Evaluations