



DONOR CAPACITY DEVELOPMENT INNOVATION: THE EUROPEAN COMMISSION

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HIGHLIGHTS OF THE EC APPROACH TO CAPACITY DEVELOPMENT

Implementing the Paris Declaration and the Accra Agenda for Action. European development assistance aims to develop capacity and produce sustainable results¹, in line with the European Commission (EC) commitment to the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action*. This is reflected in its approach to capacity development (CD) which: (i) recognizes the fundamental importance of local ownership of CD processes, (ii) encourages co-ordination of CD support by different donors, and (iii) seeks to provide adequate quality assurance.² All CD processes supported by the EC are to be designed, managed and monitored with local partners in the lead to ensure that they are demand-driven and contextually appropriate.

Organisational Strengthening and Change Management at Sector and Country Levels. EC policy in this area has evolved along with the development of its sector approach. Organisational strengthening and change management are considered as crucial dimensions of capacity development, which is “the outcome of changes internal to people, organisations, and groups of organisations”³. Organisations are perceived as open systems in contexts where change is driven by functional and political stakeholder interests, and capacity is developed by stimulating and accompanying positive change processes both inside organisations and on the demand-side⁴.

Mainstreaming Capacity Development and Reforming Technical Co-operation at All Levels. The Commission is currently mainstreaming CD into all development activities implemented by its agency EuropeAid through the implementation of its technical co-operation reform. The agency sees CD support as a crosscutting and integral part of its development assistance and therefore has not established a special unit dedicated to it. However, EuropeAid does have a focal point in the Quality Monitoring Systems and Methodologies Unit. Technical co-operation reform has become the key channel for promoting new approaches to CD.

MAJOR CHANGES IN SUPPORT FOR CAPACITY DEVELOPMENT

The nature of the CD activities carried out by the Commission has been directly affected by its technical co-operation reform process. This has led to adjustments of its approach in order to increase partner country ownership and leadership of the CD processes and to improve their quality. In turn, as all programmes are now looked at through the lens of technical co-operation reform, CD can be placed at the core of programme implementation where relevant⁵.

WHAT TRIGGERED THE CHANGES?

The Paris Declaration on Aid Effectiveness highlighted the importance of enhancing partner country capacities to plan, manage, implement and account for results of policies and programmes in order to achieve their own development objectives. It has fostered donor commitment to co-ordinate technical co-operation and align CD support with national development priorities and to strengthen and use country systems to channel and manage aid. A 2007 European Court of Auditors report⁶, whose purpose was to determine whether EC technical assistance was providing effective support to CD, concluded that project design was often inadequate due to overambitious objectives, tight timeframes and insufficient assessment of the existing institutional environment as well as limited local ownership. It also drew attention to the lack of specific guidelines for the field delegations about when and how to provide technical assistance in relation to CD. In 2008, the EC started its technical co-operation reform with implementation of **The Backbone Strategy**⁷. Research and consultations carried out in preparation for the strategy revealed that the technical co-operation efforts were too supply-driven, and that EuropeAid and the EC delegations were too involved in their management.

1 As stated in the *Guidelines for Making Technical Co-operation more Effective*, p.VII

2 For a more comprehensive overview of the features of the new EC approach to CD, see Table 1 below.

3 *Toolkit for Capacity Development*, p.6

4 *Institutional Assessment and Capacity Development: Why, What and How?*, p.22

5 The EC recognises that technical co-operation may serve other purposes than CD, such as project implementation, facilitation of co-operation with partners or policy/specialist advice.

6 *Special report on the Effectiveness of Technical Assistance in the Context of Capacity Development*, available at <http://eca.europa.eu/portal/pls/portal/docs/1/673583.PDF>

7 The document is available at http://ec.europa.eu/europeaid/what/delivering-aid/aideffectiveness/documents/workplan_en.pdf

Table 1. Key Features of the New EC Approach to Capacity Development

LOCAL OWNERSHIP AND DEMAND DRIVEN CD	COORDINATION AND COMMUNICATION	QUALITY AND RESULTS ORIENTATION
<ul style="list-style-type: none"> Recognise that local ownership must be at the core of CD support Create space and time for partner countries to head the CD processes Manage CD support flexibly and adapt systems and tools to stimulate partner ownership 	<ul style="list-style-type: none"> Help harmonise CD support from different donors and invite partner countries to assume the coordination role Facilitate joint donor learning and exchanges of experiences and good practices Communicate about EuropeAid's CD strategy and activities with all stakeholders 	<ul style="list-style-type: none"> Design, manage and monitor CD support at country level and provide quality assurance throughout the CD process Set realistic objectives and formulate expected results clearly Enhance the competencies of EC staff to assist CD processes effectively
<p>HOW:</p> <ul style="list-style-type: none"> Technical co-operation reform as an entry point for CD Appropriate application of CD concepts and strategies in practice Adequate time management and planning for CD processes to have an impact 		

WHAT WAS THE RESPONSE?

Milestones for Effective Capacity Development. The EC has developed 3 milestone documents to enable the transition from conceptual thinking about CD to practical application. *Institutional Assessment and Capacity Development* was published in 2005. It emphasised the need to assess organisations in order to provide appropriate CD support. Following the launch of the Backbone Strategy in 2008, *the Guidelines on Making Technical Co-operation More Effective* were finalised in March 2009 along with the *Toolkit for Capacity Development*, which proposes an innovative combination of tools for sector and stakeholder analysis with organisational assessment and change management methods.

Policy Commitment to Improving Technical Co-operation and Capacity Development. In 2009, the Swedish EU Presidency made the technical co-operation reform process a key priority, and as a result, CD was placed center stage. The same year, the Council of the European Union reaffirmed the strong EU commitment to aid effectiveness as well as the intention to establish an evolving, dynamic and flexible operational framework with technical co-operation for enhanced CD as a key component⁸. The Spanish EU Presidency is currently pursuing the effort to promote CD, with a particular focus on South-South co-operation.

Specific Initiatives to Facilitate Country Ownership. The organisational set-up for implementation of EC programmes or projects is being reviewed. Efforts have been made to shift away from using Project Implementation Units, established as temporary structures in parallel to the existing administration, towards "Project Implementation Arrangements" which are owned and managed by the partner countries and embedded in the local institutional context. Furthermore, a diversification of contracted technical co-operation service providers is taking place to make room for innovative sources of support, including local contributions and South-South cooperation.

Box 1: Capacity4Dev – The New CD Web Portal

The EC knowledge management platform, www.capacity4dev.eu⁹, was launched in 2009 to facilitate the exchange of lessons learnt and consolidate good practices. It is an interactive and living platform which is continuously updated and enables the exchange of ideas, experiences and success stories. Joint learning about CD between EC delegations, EU-member countries, and between the EC, other donors and partner countries has become a priority. Learning events therefore have been organised in collaboration with partners such as the LenCD¹⁰. An additional innovation recently added to this portal is a multimedia presentation on using the new EC operational guidelines to convert technical co-operation into practice.

WHAT ARE THE NEXT STEPS?

Promoting CD in Practice as Part of the Backbone Strategy. At policy level, CD is now the focus of the efforts to increase technical co-operation effectiveness. Meanwhile, the EC now works to ensure that this will also lead to CD improvements at the operational level. This is recognised to be a gradual and lengthy process. During the ongoing phase two of the Backbone Strategy, the EC delegations and their partners will be engaged in designing CD support at country level that better responds to local demand and reinforces partner ownership. As part of this process, the key components of the Backbone Strategy will be communicated to all stakeholders to facilitate coherent implementation and shared learning.

Improving Quality at All Stages of the CD Process. Five quality criteria will be applied to ensure consistent technical co-operation quality (see box 1). Partner countries will be asked to play a vital role in monitoring processes, and mutual performance assessments of partner and donor contributions may be undertaken.

8 Council Conclusions on an Operational Framework on Aid Effectiveness, Council of the European Union, 17 Nov. 2009

9 The milestone documents referred to in this issue of the Donor CD reform series are all available to download from www.capacity4dev.eu

10 LenCD is an informal learning network with members from bilateral and multilateral, governmental and non-governmental organisations engaged in development cooperation. For further information, please visit www.LenCD.org

Box 2. Improving the Quality of Technical Co-operation for Capacity Development:



New Quality Matrix and Criteria

In January 2010, EuropeAid introduced a new quality matrix which is to be used by task managers of projects with a significant TC component to self-assess the quality of TC support. The matrix is based on five quality criteria from the guidelines “Making Technical Co-operation More Effective”, as represented in the Figure below.

LESSONS LEARNT AND FUTURE CHALLENGES

WHAT HAS THE EC LEARNT ABOUT CAPACITY DEVELOPMENT?

Ownership Is the Key to CD Success: partner countries must be given the opportunity and space to take a lead in managing their own CD processes, from the identification of their capacity needs to the evaluation of the CD support provided. Ownership implies a specific and often considerable investment of resources by the partner, a fact often overlooked. The EC should assist partners in clarifying the roles and responsibilities of each actor involved in the CD process. Box 2 below contains an example from Nepal of the EC efforts to promote country ownership of CD processes at sector level.

Box 2. Stakeholder Contribution to Sector Strategy for Capacity Development of the Education Sector in Nepal

While access to education has improved in Nepal, its quality and relevance needs to be increased. To implement the necessary reforms, it is critical to develop the capacities of education service providers at all levels. As part of the 2009-2015 School Sector Reform Plan, the Nepalese authorities have therefore committed to preparing a sector-wide CD plan by July 2010. In September 2009, the Government of Nepal organised an action learning workshop under the auspices of LenCD and with support from the EC to assist key stakeholders in establishing a sector strategy for CD. Key outcomes of the event were:

1. A set of Guiding Principles for CD in the education sector (e.g. the importance of local ownership and leadership of the CD processes as well as the need for CD support to be flexible and adaptable);
2. A list of results to be achieved by July 2010, such as the establishment of a change team at national level to facilitate the process, pilot testing of CD plans for selected priority areas in the SSRP, and the preparation of user-friendly tools and guidelines to support CD planning;
3. A timeframe and action plan to achieve such results.

Key Features of the CD Process Design

During the learning event, the participants reached consensus about the key features of the CD process:

- CD must be an integrated component of the sector reform strategy to contribute to its objectives;
- Clear distribution of roles and responsibilities and stimulation of ownership at national, district, and local levels is essential to ensure effectiveness and sustained impact;
- Relevant institutions at district and central levels should be strengthened to assist schools in their efforts to improve school management and enhance the performance of their pupils;
- CD processes should be continuously adapted based on learning-by-doing and lessons learnt.

Challenges of Ensuring Quality Support Provision

The challenges of providing sector-wide CD support include :

- Setting up comprehensive CD programmes as opposed to isolated interventions such as training of teachers to establish the linkages across the sector;
- Addressing systemic issues (e.g. incentives, effectiveness of resourcing and budget allocation systems);
- Taking the time required to engage actors at all levels, ensure top management support, build ownership and learn from successful experiences.
- Adopting a flexible, learning-oriented approach to mainstreaming CD in the sector reform.

For more information, please visit <http://capacity4dev.ec.europa.eu/school-focused-capacity-development-nepal>

CD Is a Process that Takes Time: CD is a long process, and it is essential to make sure that the required conditions are in place at each stage for CD to take place. This entails adopting a flexible and adaptive approach to CD. The EC must manage CD support by strengthening the level of country ownership and focus on demonstrable results, both in the short, medium and long term.

The CD Approach must be Applicable at All Levels: The overall approach to CD needs to link conceptual and strategic thinking with clear operational guidelines and practically applicable methods and tools that are easily accessible. Continuous learning from experiences at country level should feed into the design, management and monitoring of CD processes to ensure quality, cost-effectiveness, and contextual fit.

WHAT CHALLENGES ARE FACED BY THE EC IN REFORMING CAPACITY DEVELOPMENT?

Develop Human Resources and Improve Incentives: The EC needs to strengthen the competencies of its own staff and contracted technical assistance personnel to enable them to support CD processes effectively. In addition, managers should be assisted in creating appropriate incentives for operational staff to engage more deeply in understanding the context and political economy that drives or constrains CD processes and balances the pursuit of short-term results and achievement of disbursement targets with the longer-term, staff-intensive processes that are required for good CD support.

Use Existing EC Procedures to encourage local ownership: Due to past complaints concerning EC procedures, internal systems were revised, contracting procedures screened against aid effectiveness commitments and user friendly guidance produced. Staff now must take up the challenge and apply existing these procedures (e.g. for tendering and contracting) adequately and in a timely manner so as to enable partner participation. In addition, the ongoing efforts by the Commission to use country procedures and processes should be extended to technical co-operation support wherever feasible.

Facilitate the Co-ordination of Capacity Development Efforts: CD support is often provided by several donors intervening in the same context. The Commission may have a role to play in facilitating co-ordination, notably within Europe, but possibly also with non-European donors by using the EU operational framework for aid effectiveness to avoid duplication or contradictory measures and to help partner countries assume a co-ordination role.

KEY REFERENCES:

- *Toolkit for Capacity Development*, Reference Document n.6, Tools and Methods Series, EuropeAid, European Commission, March 2009
- *Making Technical Co-operation more Effective*, Guidelines n.3, Tools and Methods Series, EuropeAid, European Commission, March 2009
- *Reforming Technical Co-operation and Project Implementation Units for external aid provided by the European Commission – A Backbone Strategy*, EuropeAid, European Commission, July 2008
- *Institutional Assessment and Capacity Development – why, what and how?* September 2005, Reference Document n.1, Tools and Methods Series, EuropeAid, European Commission, September 2005

WEBSITE:

www.capacity4dev.eu

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