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### News and Events

- **Book Presentation at ECOSOC, 5 July 2002.** Ministers, ambassadors and other high-level officials attended the presentation of the book *Capacity for Development : New Solutions to Old Problems* (Reviewed here on p. 11). The event coincided with ECOSOC's operational activities segment themed "Capacity building."
- **JICA Symposium, envisaged for November 2002.** The symposium will focus on Capacity Development as the key to development, on the role of local ownership and on Knowledge acquisition. It is to be cosponsored by JICA, WBI, CIDA and UNDP.
- **DAC Task Force on Donor Practices (TFDP).** With a view to reduce significantly transaction costs for developing country partners the TFDP is expected to issue a series of "Good Practice Reference Papers" related to financial issues, pre-implementation and monitoring and reporting by end 2002.

(More info on [www.capacity.org/events.html](http://www.capacity.org/events.html))

## *Advancing the policy and practice of capacity building in international development cooperation*

# **Capacity for Development: Insights and Innovation**

During the past decade, there has been increasing awareness of the role of capacity development in the development process and today it is recognised to be central to the fight against poverty. A number of promising aid reforms have therefore been engaged in by donors and recipient countries aimed at enhancing the development process from a capacity development perspective. Some approaches have worked well in a number of countries and sectors - elsewhere they have produced mixed results. All provide a wealth of lessons that offer cornerstones for further learning and innovation. This has been one of the starting points of a major initiative of the United Nations Development Programme, which takes a fresh look at the fundamentals of capacity development, and how external cooperation can best contribute to the development of lasting indigenous capacities. The results of the project Reforming Technical Cooperation for Capacity Development are intended to contribute to the ongoing debate on capacity development and the role of external partners.

In this issue of Capacity.org, we provide a selection of insights and lessons gathered from research, roundtable discussions, country events and e-discussions. An overview of salient issues is contained in the contribution of Anthony Land. Peter Morgan's paper looks at the bigger picture of technical cooperation, the emergence of new approaches driven by progressive countries and a number of donor organisations, and outlines trends that should be considered as the reform process gains momentum. The contribution of Carlos del Castillo shows us how UNDP has successfully experimented in Latin America with 'National Execution' and 'Cost Sharing' modalities to favour ownership and sustainability. Some refreshing insights from the micro perspective are offered in the contribution of José Romero from the Capacity 21 project in Ecuador which raises issues such as all-inclusive dialogue and empowerment and how this feeds into capacity development at the local level. This is complemented by a more provocative contribution written by ECDPM, which proposes an intelligent approach to gap-filling that avoids being misguided by politically-correct rhetoric. All these contributions are included in the "Insights in a 1000 words" series that can be found on the project website [www.undp.org/capacity](http://www.undp.org/capacity).

We also include a book review by Siba Kumar Das of *Capacity for Development: New Solutions to Old Problems*, a first product of this UNDP initiative which provides a collection of articles written by prominent academics and development practitioners proposing new approaches to developing lasting indigenous capacities. Two further books are envisaged later this year. Beyond these contributions there is an overview of product categories of this UNDP project that can be found on the project's website and a short list of recommended literature relating to the discussion on the reform of technical cooperation.

In cooperation with:



## Issue 14

July 2002

# Placing Technical Cooperation at the Service of Capacity Development: Emerging Lessons

## In a Nutshell

In May 2001, the UNDP launched an initiative known as 'Reforming Technical Cooperation for Capacity Development', which is a multi-dimensional review of the role of technical cooperation in capacity development. This contribution offers an interim overview of emerging lessons drawn from the initiative, more especially from the focus and country studies that have formed the backbone of the project, as well as from the round tables and e-discussions that have been conducted as part of the process. A first book, entitled *Capacity for Development: New Solutions to Old Problems* has been published, and two further books will appear later on in the year.

## Insights: the Centrality of Capacity Development

During the 1990s, and now in the new millennium, awareness has been growing of the role played by capacity development in the development process. Today, capacity development is recognised as central in the fight against poverty and the attainment of the Millennium Development Goals. Further, it is commonly accepted that capacity development is not only a means towards achieving such development targets, but a legitimate development outcome in its own right. Capacity is understood as the ability of individuals, organisations and societies to perform functions, solve problems and set and achieve their own objectives.

The rise of capacity development as a key development concept is part of a wider change in the philosophy of aid, as a result of which more attention is now being given to issues of ownership, accountability and effective governing institutions. It has also been part and parcel of a more fundamental review of how development cooperation can meaningfully contribute to locally driven development processes.

Although capacity development has worked

well in some countries and sectors, elsewhere it has fallen short of expectations. Good results have been recorded in relation to technical skills transfers and human resources development. It has been criticised, however, for having had insufficient impact on creating relevant, performing and sustainable organisations and institutions. In certain instances, it has been condemned for actually undermining capacities by fostering practices involving parallel structures and salary supplements.

A number of donors and recipient countries undertook promising reforms during the course of the 1990s, and these have generated a wealth of lessons offering cornerstones for further learning and improvements. What, then, are some of the ideas and lessons that can inform our thinking on capacity development and the role that external assistance, and more especially technical cooperation, can play in supporting it?

- The subject has been viewed through **the wrong end of the telescope** - the external assistance end. We need instead to look through the capacity development end. With capacity development as the objective, we can be guided by country conditions to identify what needs to be done to support it. With capacity development as the desired outcome, we can determine if and how external assistance can best be used. A supply-driven process needs to be replaced by a demand-driven process.

- Capacity development is an **endogenous process** which cannot be imposed, nor replaced by outside interventions. It requires political leadership and commitment to change, and is stimulated by a demand for knowledge. It is a long-term process.

- **Ownership is central** to capacity development and must be at the centre

of the aid relationship. Ownership requires broad stakeholder participation and commitment, encompassing, if necessary, the private sector and civil society. Moreover, ownership and capacity are mutually reinforcing. Local ownership of external assistance as an instrument for capacity development produces more effective and efficient results.

- Our point of departure must be to **work with and through the existing capacity base**, rather than to by-pass it in order to gain quick results. This requires a more sophisticated understanding of the organisational and institutional environment, both formal and informal, and how these impact on incentives and performance.

- A conscious effort must be made to give more weight to the **long-term** objective of capacity development, over short-term concerns to demonstrate concrete results. To do so requires accepting the time-lag between external inputs and capacity as an output. It also means avoiding prescriptive approaches and adopting more flexible and iterative strategies that take better account of process.

- **Good governance**, i.e. well functioning governing institutions and transparency and accountability mechanisms and processes, provides the foundation for individual, organisational and societal capacities to flourish and the foundation for effective use of development cooperation.

- We must move away from the notion of capital, technology and knowledge transfer to one of **knowledge acquisition**. The approach needs to be one of 'scan globally, reinvent locally'. We have been operating under an assumption that knowledge resides mainly in the donor countries and needs to be transferred. But there is knowledge everywhere and true partnership implies equitable sharing and utilisation.

### **Towards New Practices on the Ground**

Are practices on the ground keeping pace with the new thinking? The research points less to evidence of sweeping change, but rather to a process of incremental change and experimentation. At a country level, the shift is often determined by a combination of donor willingness to review aid modalities and the conduciveness of the local political and institutional context. Change is most likely where partners are committed to seeking alternatives as part of a joint effort, and when there is already a reasonably strong capacity base.

Overall, there is a trend towards holistic approaches, working from a systems understanding, taking into account the different dimensions of development cooperation so as to improve coordination and coherence.

### **More Exchange: Towards Structured Dialogue and Participation**

Structured dialogue and participation have become increasingly common phenomena in the aid relationship. As the focus of aid has gravitated towards macro policy reforms and sector level assistance, obtaining up-front agreement on goals, objectives and priorities has become essential. More fundamentally, reaching consensus as well as maintaining open and transparent communication between the aid partners is seen as a basis for establishing more equitable partnership, developing trust, extending ownership to key stakeholders, including civil society and the private sector, and enhancing accountability. All these serve to enhance the governance framework for cooperation.

Dialogue also helps donors harmonise their interventions in line with national priorities, thereby creating the basis for moving towards a country-driven agenda and the national coordination of aid.

Initiatives such as the Common Development Framework, Poverty Reduction Strategy Papers and Country Support Strategies, as well as the framework of Consultative Groups

and Round Tables, offer promising improvements over earlier piecemeal approaches, provided they do not impose parallel systems to replace national decision-making processes.

### **New Accountability Regimes**

Efforts are also being made to redefine accountability regimes by emphasising accountability between service providers and their users, so that citizens become the ultimate judges of performance, rather than the external funders. Aside from strengthening the role of parliaments to enable them to be responsive to their constituents and the public at large, various public-voice instruments and end-user accountability mechanisms are being tested, including client scorecards, user satisfaction surveys, public hearings, and joint monitoring.

### **From Projects to Sector and Budget Support**

Increasingly, donors are providing general budget and sector support, and are channelling fewer and fewer resources to discrete projects. Budget support significantly reduces the transaction cost of classic external assistance, and signals confidence in the integrity as well as the capacity of local institutions to take control. Much of the criticism that has been levelled at project assistance can be met by this type of 'hands-off' approach. Budget support does, however, raise certain challenges, as well as creating pressure on donors to account for and demonstrate the impact of such support back home. 'Sector-wide approaches' have been welcomed for upholding the principle of national execution and working through existing institutions, for reinforcing national systems of accountability and priority-setting, and also for reducing transaction costs. The pooling of donor resources, especially technical assistance, is also being tested as a means of building local ownership of external resources, reducing disharmony among interventions and contributing towards a more structured approach to capacity development support. It also facilitates the fielding of local and regional expertise.

### **Changing Roles: From Getting the Job Done to Facilitation and Policy Advocacy**

In keeping with the new understanding of how external technical support can be brought to bear on endogenous processes, efforts are being made to transform the role of the expert from a doer to a catalyst and the facilitator of a change process. This requires a reappraisal of the qualities required of national and expatriate experts, new types of training that help to combine substantive expertise with process facilitation skills, and the redefinition of performance indicators that reward such work.

### **Taking Advantage of the Networking Age and Information Technology**

The networking age changes the way in which donor assistance can be used. Equitable knowledge partnerships create more of a knowledge-sharing rather than a knowledge-transferring approach, and open new opportunities for accessing information and expertise. This helps to ensure a demand-driven rather than a supply-driven approach. The result is a reduction in the need for traditional expatriate support in situ, and at the same time greater opportunities for knowledge networking among Southern experts.

### **Internal Donor Reforms and Capacity Development**

A number of agencies are implementing internal reforms so that they are better equipped to support a capacity development agenda. One has dismantled its department that fields experts and consultants; another has redefined its corporate objectives in terms of capacity development. Others are reviewing their accountability mechanisms, and are developing appropriate capacity development indicators. Donors are also intensifying their efforts to harmonise procedures, delegate responsibilities to field offices, and strengthen their competencies with appropriate institutional and facilitation skills. New techniques are also being used to improve on institutional and capacity analysis and diagnosis.

### **But More Can Be Done**

Despite this progress, there remains more that can be done to ensure that external assistance supports rather than undermines capacity development. For instance, while the efforts made to harmonise donor policies, implementation modalities and reporting requirements have earned plaudits, criticism continues to be directed at the sheer number of separate project initiatives, project management units and reporting systems that place untenable burdens on already weak administrations.

Many agencies continue to channel their assistance through project frameworks that are inappropriate for capacity development. Short time frames, rigid implementation schedules, rapid disbursement schedules, parallel implementation structures, flag-flying and separate incentive schemes are the most commonly criticised aspects.

Whilst a logical project framework can help to clarify objectives, implementation strategies, and criteria for monitoring and evaluation, a highly structured intervention logic can be unsuitable for addressing the often fluid, iterative character of capacity development processes.

Many developing countries remain concerned by the tendency to draw heavily on expatriate advisors, despite the availability of capable local consultants and service providers. In parallel with this, criticism has also been levelled at the practice of providing salary supplements and other inducements to lure capable staff away from national institutions to work on donor-financed activities. This practice, it is claimed, distorts the labour market and undermines institutional capacities. The tying of aid and a lack of cost transparency lead to inefficiencies and waste, and can undermine the local ownership of the development process.

### **Incentives and Constraints**

Both partners are responsible for ensuring that the most is made of external assistance in supporting local capacity development. Recipients need to provide an enabling policy and governance environment that

contributes to the development and utilisation of national capacities. Donors, in turn, need to be more responsive to recipients' development agendas and adopt more flexible approaches that can complement national processes.

On the *recipient side*, factors such as the level of aid dependency, political stability, security and general governance questions influence the donor-recipient dynamics and the openness to change. Poor institutional contexts, as well as unstable political environments, reduce the likelihood of fundamental change.

But where conditions are right, donors are willing to move quickly. Where committed governments have asserted themselves in the aid relationship and have taken the lead in shaping and managing development cooperation, the result is often greater ownership among recipient institutions and a greater willingness on the part of donors to explore new implementation modalities. This, in part, requires recipients to think in terms of opportunity costs, and to say 'No' to forms of development assistance that are unsuitable.

Another key factor is the level of human and social capital in the partner country. Countries with a highly educated population, a vibrant university and research community, well-qualified professionals and an active NGO community, offer a strong base of knowledge and expertise that can readily substitute for imported expertise. However, in countries where the standard of education is low and there are few experts to draw on, it is more difficult to implement new modalities to the same degree. Moreover, weaknesses in the civil service and the absence of basic incentives can trigger a brain drain in some countries, thus resulting in an over-reliance on expatriate advisors, and other gap-filling mechanisms. In some countries, patronage and the politicisation of the civil service adversely affect performance, as does corruption.

On the *donor side*, there are various internal constraints to changing established ways of

doing business. The desire to get better results with diminishing resources may seem reason enough to push for change, but this is not always sufficient. Critics, moreover, note that some of the major providers of external assistance have been least inclined to embrace change, and that the innovators are often 'minor' donors.

The research points to a fundamental policy dilemma facing donors, that one of the studies aptly summarises as follows:

*'Accountability arrangements [for technical cooperation] highlight the poor reconciliation of two opposing donor policy positions. On the one hand, there is support for sector programmes, national ownership, and understanding of the long-term nature of capacity development success. On the other hand, and at the same time, there is concern for proper use of donor taxpayers' money, the desire to demonstrate short-term progress, the unique value of the individual donors' contribution, and pressures for the rapid disbursement of funds.'*

Hauge, A (2002) (p. 4), [http://capacity.undp.org/focus/accountability/accountability\\_fd.pdf](http://capacity.undp.org/focus/accountability/accountability_fd.pdf)

Donors need to find creative solutions to reconcile such opposing policy prerogatives. Added to this are various more mundane constraints, such as the difficulty of changing established rules and procedures that are tied to national legislation and bureaucratic practices.

### **Conclusions**

Recognition of the centrality of capacity development to the wider development process, a better appreciation of the role that development cooperation can play in supporting nationally driven processes, and a growing awareness of the factors that can support and undermine long-term capacity development, have provided donors and recipients with an opportunity to explore innovative ways of harnessing and sharing global knowledge and experience.

The cornerstones of the new thinking outlined at the beginning of this article offer a framework for implementing a capacity development agenda, and it

has been seen that efforts are underway to 're-tool'. Although there is still a long way to go, initial progress has been made on a number of fundamental issues that provide a basis for donors and recipient countries to build on. As with most change processes, successes have been scored in comparatively uncontroversial areas. The challenge now is to address those thornier issues that require a better appreciation of the factors that motivate and constrain

change.  
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## ***New Approaches to Technical Assistance***

### **In a Nutshell**

A new approach to technical assistance has slowly been emerging in the latter part of the 1990s. Much is still experimental, but it is now possible to see new patterns driven by countries and by a number of international development organisations.

### **Insights**

Technical assistance (TA), as an exchange or transfer of knowledge or techniques, has been going on for centuries. In the early 18th century, Peter the Great brought in French engineers to build St. Petersburg, and Japan borrowed from the West in an effort to catch up with Europe and North America. However, the approach to TA used by the international development community beginning in the late 1940s was revolutionary.

A key component of this new approach was that the design and provision of international TA for the first time became an issue of public policy, and TA for development cooperation was funded from the government budgets of developed countries. Specialised public-sector organisations (i.e. development assistance organisations, or donors) were set up to manage and control TA provision.

In the latter part of the 20th century, TA made a series of genuine contributions, mostly in activities such as meteorology, agriculture, health, population and high technology. However, the success rate seems to drop dramatically when TA is used to address organisational and social constraints. TA has had a pattern of poor performance that is now well documented:

- In many instances, TA has eroded the *ownership, commitment and independent action* of national actors.
- TA has often *undermined the functional capabilities* of those whom it was trying to assist.
- In some instances, TA has *encouraged countries to put in place the wrong policies, organisations and institutions*.
- TA has often *lacked sustainable impact*.
- TA can be cited for *self-perpetuation and excessive costs*.
- Finally, the TA issue has had a *corrosive effect on the motivation and sense of professionalism* of some staff within international development organisations.

A new approach has slowly been emerging in the latter part of the 1990s. Much is still experimental and open to question. But it is now

possible to see new patterns and mechanisms driven by countries themselves, and by a number of international development organisations unwilling to accept incremental adjustments to past TA practices. Included in these changes would be innovations such as Sector-Wide Approaches (SWAs), Comprehensive Development Frameworks (CDFs), and Poverty Reduction Strategy Programmes (PRSPs). Collaborative or 'pooled' TA is a reform that holds promise to improve TA effectiveness in the years ahead.

Key principles for innovation include:

- Restructuring organisational relationships so as to encourage countries to own their own development interventions and those of international development organisations.
- Less fragmentation in development interventions.
- Encouraging more trust and collective action amongst all participants.

What is really at issue in making TA effective is not its presence, volume or cost. The heart of the matter is its purpose, design, context, selection and mode of provision - in short, its modernisation and creative deployment. Special attention needs to be paid to issues such as the role of the Internet, ownership, the new TA needs in relation to decentralisation, human resources planning, pay and incentive schemes, alternative methods of delivering and applying knowledge, and more creative ways of approaching organisational innovation and change.

### *The reform of international development organisations*

International development organisations are now looking at other ways of introducing TA into development activities. In the longer term, development organisations may need to get out of operations and programme delivery altogether and concentrate on broader policy questions and domestic liaison. The trend towards decentralisation needs to continue. The principle of pooling may need to be extended beyond specific development programmes into the formal structures of organisations. International development organisations are now losing the capacity to function effectively as TA suppliers, controllers, allocators and gatekeepers. An increasing proportion of relevant technical knowledge is now housed in global networks involving many countries. Some of these may need subsidisation from development organisations, to focus on the specific issues that need addressing in a range of countries.

### *Monitoring and measurement*

We need to develop more effective approaches to assessing the results of TA interventions in the field. In the future, collective monitoring and evaluation will likely replace traditional control techniques. The good news about the recent emphasis on performance and results is the potential discipline it can exert on TA design and the impetus it can give to learning more about the drivers of performance at the field level, both of which have been weaknesses in the more traditional approaches to TA over the years. The bad news is the potential for the current collection of mechanical measurement techniques to push participants back into unproductive practices such as acting against innovation and experimentation, manipulating data and indicators for the sake of appearances, and a disregard for process issues.

### *Capacity-building*

International development organisations increasingly claim that capacity-building is the key objective of contemporary TA. Yet few resources are devoted to improving core competencies in such a critical area. In the 1960s, enormous resources were devoted to agricultural research. The Consultative Group on International Agricultural Research still exists as an international network. If TA is to improve its performance in the new century, a similar effort is required to support capacity-building.

Adapted from *Technical Cooperation - Success and Failure; An Overview*, Peter Morgan, (<http://capacity.undp.org/complementary/Morgan.pdf>)

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For the Insights article see:

<http://capacity.undp.org/cases/insights/morgan.htm>

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## ***From Technical Assistance to Development Cooperation: The UNDP's Experience in Latin America***

### **In a Nutshell:**

During the past decade, the UNDP's experience in Latin America has concentrated on two modalities that are inherent to ownership, i.e. 'national execution' and 'cost-sharing'. Since activities are not externally imposed, the result is development cooperation and a higher level of ownership.

### **Insights:**

The UNDP commissioned a study on UNDP's development cooperation experience in Latin America to explore how its activities in Latin America have evolved in areas relating to efficiency, sustainability, ownership and accountability through the use of the UNDP's national execution modality, and the self-financing of projects. With only USD 15 million of core UNDP resources assigned to the region (or 5 per cent of the core total), Latin America mobilised and spent non-core resources totalling USD 855 million in 2000 (representing 63 per cent of the UNDP's overall delivery worldwide, and 83 per cent of worldwide non-core expenditure).

The study suggests that international development agencies should examine this experience, and adopt a modified version of the national execution model used in the Latin American region. Additionally, the

UNDP is qualified, and should be ready to support such a change in the policies and operations of international development agencies.

The study is a testimony to the value of long-term investment in partnerships for capacity development between Latin American governments, regional development institutions and the UNDP, given that these result in relationships built on trust and familiarity. The UNDP has also played an active role in supporting NGOs and institutions that have acted as a breeding ground for future political leaders. This close knowledge and familiarity with the UNDP has encouraged many in the development industry to turn to the UNDP for support, once they became important political actors.

Unlike other regions, the issue of a north/south divide in the nationality of experts does not play a significant role in Latin America. The only real barrier is the ability to communicate in the local language, particularly as all countries, with the exception of Brazil, are Spanish-speaking.

The UNDP's experience in Latin America during the past decade has concentrated on

two modalities, both of which are inherent to ownership. The first is 'national execution', which requires a national institution to execute UNDP projects by taking the lead in direction, control and responsibility for achieving project objectives and accountability for its resources. The second, 'cost-sharing', is a funding modality that involves the distribution of project funding over a variety of sources, i.e. the UNDP, recipient governments, donors, and/or international financial institutions. Many of the UNDP's project activities in Latin America are completely funded by governments, with no financial input from the UNDP itself.

The lesson to be drawn is that sharing in funding and taking the lead in project execution both lead to ownership. This in turn is instrumental in achieving a higher level of ownership in technical cooperation, since activities are not externally imposed or carried out in isolation, but are instead based on true partnership, thus leading to genuine 'development cooperation'. In addition, the case of Latin America demonstrates that the national execution of projects is the preferred modality, is most suited to capacity development, and involves an internal process of learning by doing. It also suggests that development

problems are extremely complex, and that 'technical' problems are only part of a wider picture, with the sustainability of development efforts being mostly dependent on other issues, i.e. cultural, organisational, legal, institutional, and similar aspects (that need to be addressed through integrated and innovative approaches to sustainable capacity development).

The 'self-financed + national execution' modality also tends to focus on results and impacts, and not on inputs. The assumption of programme control and responsibility by national institutions leads to an increased utilisation of local and regional expertise, and local procurement of goods and services. This boosts cost-effectiveness and reduces the economic cost inherent to other types of technical cooperation (such as reverse flows, the problem of opportunity costs for alternative projects and programmes, and inordinate institutional or counterpart requirements).

In essence, the UNDP's cooperation in Latin America has evolved in the following ways:

- from donor-driven to recipient-driven;
- from donor-financed to recipient-financed;
- from UN agency execution to national execution;
- from assistance from a donor to support from a partner;
- from the use of projects for transferring technological expertise to the use of programmes for attaining human development objectives;
- from a sectoral focus that reflects supply to a multi-sectoral approach that responds to the country's problems and needs;
- from a focus on project activities and inputs to a focus on results and impact.

Resources for many key programmes (self-financed by governments) have originated from loans made by international financial institutions. These programmes have faced three main problems:

- rigidities in the legal framework in programme countries which have not

## Project Milestones

- **Interactive project website:**  
([www.undp.org/capacity](http://www.undp.org/capacity)), Launch of May '01:
- **1st E-discussion, May/June '01:**  
Participants discussed the extent to which donor agencies, recipient governments and the development industry are ready for change.
- **1st Roundtable, 16-17 July '01, Geneva, Switzerland:**  
Facilitated an open exchange on success and failure in capacity development and put on the map the issues to be explored by the initiative.
- **Focus and Country Studies Research, launch July '01:**  
Launched an examination of alternatives and options for developing lasting national capacities and country level research.
- **2nd E-discussion, Oct./Nov. 2001:**  
More than 600 participants tackled opportunity costs, sustainability, ownership and accountability.
- **2nd Roundtable, 3-7 Dec. 2001, Turin, Italy:**  
Explored options and offered a platform to facilitate cross-fertilization between the research and other innovative experiences.
- **3rd Roundtable, 11-12 Feb. 2002, Accra, Ghana:**  
Brought together leaders, decision makers and practitioners to focus on political aspects of a Capacity Development Agenda.

### Book Series:

- **Capacity for Development (1): New Solutions to Old Problems**, launch 18 March 2002 in Monterrey (see book review page 11).
- **Developing Capacity through Technical Cooperation (2): Country Experiences:** Forthcoming: autumn 2002.
- **Capacity for Development (3): Making It Happen:**\* end of 2002.  
The book will present a synthesis of the initiative findings focusing on operational implications and innovative approaches.

\* Working title

been conducive to rapid and flexible procurement, or to transparency in the bidding process for procurement;

- inflexible recruitment policies and procedures that have constrained the recruitment of the most qualified personnel and the establishment of

- appropriate levels of remuneration; and
- insufficient capacity for programme implementation.

The tripartite partnership of government, international financial institutions and the UNDP has provided a range of country-specific solutions to address the legal framework problem, expedite recruitment and procurement, and improve programme implementation practices (with a view to identifying and mobilising existing national capacities). The Latin American experience has been showcased for over 30 visiting joint government and UNDP delegations from Africa, Asia and Europe. Cost-effectiveness has produced considerable savings by establishing transparent bidding processes. Specific capacity development components are now integrated in the design of some of the development programmes.

## Conclusions

The study argues that, by becoming a partner in the development process and providing an array of development services to governments, UNDP projects can concentrate on substantive high-priority aspects in the hierarchy of development capacities. This should help to fend off criticism that such projects are typical by-pass interventions (the stigma of which may be understandable when a national need is solved through the use of external resources and external expertise). But the UNDP's 'self-financing + national execution' model provides an enabling environment for national expertise, so that governments can manage their own programmes and utilise their own national financial resources, thus changing the very nature of the by-pass debate.

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The full study is available at:  
<http://capacity.undp.org/complementary/DelCastillo.pdf>

The Insights article is available at:  
<http://capacity.undp.org/cases/insights/delcastillo.htm>

## Social Communication Strategies and Sustainable Development in Ecuador

### - Insights from the Field -

#### In a Nutshell

Dialogue 21 encourages the use of information and communication to lay the groundwork for a culture of dialogue, so that all the various social, political, governmental and economic actors can join together to clear a path that will lead to sustainable human development.

#### Insights

Dialogue 21 is an Ecuadorian national project that was launched in 1999 to encourage the use of information and communication as a strategic tool for sustainable development. Its main axis is the training of local leaders working through parish committees (the country's basic political units). In parallel, Dialogue 21 also helps to formulate national policies on sustainable development. It seeks to construct a permanent culture of dialogue between the country's social actors, coming as they do from a wide range of ethnic and racial backgrounds. This process has been undertaken in a country immersed in a crisis that is not only political (with four presidents in less than 18 months), but also economic and social and in which different actors and strata of Ecuadorian society are locked in a state of permanent confrontation.

The project is designed at three overlapping levels. The first level involves developing local capacities for which leaders are trained in matters relating to local sustainable development. Those who have attended secondary school can study local sustainable development at the Universidad Politécnica Salesiana, where the curriculum includes the theory of sustainable development in a local environment; project design; resource mobilisation; communication for development; and social participation techniques. Those without a formal education can join and take part in an informal education process called the 'local dialoguers' network', which organises workshops, distributes monthly information bulletins, and where students join in radio programmes that are broadcast twice a month.

At a second level, Dialogue 21 participates in the design, management and approval of

government policies that lead to the passing of legislation in support of local action. One of the most significant results was the preparation of the Law on Parish Committees, which came into effect on 27 October 2000. Dialogue 21 also played a role in preparing the regulations governing the committees and in negotiating an annual budget.

At a third - and all-embracing - level, Dialogue 21 seeks to promote a national culture of dialogue, with the aid of commercials broadcast on national TV and radio. The TV commercials show social actors in different situations (e.g. military or church leaders talking to ethnic leaders), while the following message is displayed: 'Dialogue is possible; dialogue enriches whoever engages in it as long as it is based on respect for others.' The radio commercials focus on specific sustainable development themes that are of interest to different provinces and localities to which recorded items are sent, following which local personalities are invited to debate the particular topic in question. This is a way to make people aware of the debate, the dialogue and the opinions expressed. The synergy among all three levels is of the utmost importance. Training local sustainable development leaders becomes significant to the extent that it is backed by national laws and by the formation of a permanent culture of dialogue.

#### Methodology

The Capacity 21 methodology for Latin America has been used in Ecuador to develop local capacities. This technical cooperation method has developed a horizontal-type 'style' that is designed to inspire confidence among those working on sustainable development. It uses three principles of Agenda 21 (i.e. participation, information and integration); engages in a flexible, pre-defined planning process; adapts to the context and specific needs of those participating and, finally, applies the lessons learnt about sustainable development gathered from other countries in the region.

Based on this working 'style', Dialogue 21 has developed its own methodology known as

'Esquinas para el Dialogo' (dialogue corners), a reminder of a common Ecuadorian cultural practice. These 'corners' are places where people congregate during their daily activities in the neighbourhood, the parish and in rural communities. They are street corners, local shops and markets where people gather to talk about each other and anything that happens to be going on, and to exchange gossip in general. The challenge was to translate this local custom into a way of introducing a sustainable development practice at local, provincial and national levels.

Eighteen 'Esquinas para el Dialogo' have been held to date: fourteen local, three regional and one national, involving a total of 883 people. Of this total, 32% were women, 12% members of indigenous communities, and 4% Afro-Ecuadorians. National-level training was provided to 60 communities and there is now a human network of 44 leaders or local 'dialoguers' in place.

Bearing in mind the achievements already made, the following objectives have emerged as the main challenges for the future:

- building individual, local, national and global links towards sustainable development;
- strengthening the connection between projects and processes in order to clarify a project's role as an input within much broader forces and currents;
- opening lines of research dealing with the issue of self-esteem as a means of expressing political opinions;
- finally, and as one of the best expressions of a strategy for developing local capacities, working tirelessly on formal and informal education so as to train local leaders for sustainable development.

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For the Insights article see:

<http://capacity.undp.org/cases/insights/romero.htm>

# Gap Filling: A Problem or a Solution

## Separating Ideology from Reality

### In a Nutshell

The conventional wisdom in discussing the reform of the aid system is that gap filling undermines capacity development, and that there are virtually no circumstances under which it should be considered as a viable option. We would like to challenge those assumptions and suggest that a less dogmatic view may be more realistic.

### Insights

The conventional wisdom in discussing the reform of the aid system is that gap filling (i.e. using expatriate personnel in line positions) in general undermines capacity development and that there are virtually no circumstances under which it should be considered as a viable option. We would like to challenge those assumptions and suggest that a less dogmatic view may be more realistic in view of the changing roles and responsibilities in the aid delivery system.

Gap filling was probably the most common form of technical assistance up to the early and mid-1990s. It still continues today, though the numbers are probably somewhat lower because of the official opprobrium that has been heaped on the mechanism. But many expatriates who are supposed to be building capacity are actually involved in line functions.

Gap filling has been severely criticised. Some of the complaints include:

- expatriate salaries are often multiples of local salaries;
- expatriates financed through aid programmes often fill jobs for which there are qualified local personnel available but no funds to hire them; and
- the availability of donor-funded staff sometimes allows governments to avoid difficult reforms such as improving salaries.

The net impact is often that gap filling demotivates local staff, the most qualified of whom leave government service and even the country. This results in an undermining of institutional capacity. An extreme example of such decapacitation is described in the 1998 review of international aid to Mali, conducted by the Development Assistance Committee of the OECD in cooperation with the UNDP.

### Avoiding the Negatives

On the other hand, there are a number of countries where there are severe capacity shortages, especially in government service, which are unlikely to be relieved for at least a generation. In Mozambique, for example, the university only produces 10 or 12 masters-level economists every year and there is not a single qualified accountant in the whole government service. Tanzania similarly suffers a great dearth of accountants. In Cambodia, the genocide of 1975-79 has created massive shortages of technicians, managers and professionals. In these countries, the conundrum is sometimes as

dramatic as either agreeing to fill line positions or allowing government services to decline into chaos. It is possible to use line technical assistance personnel in such a way as to build local capacity. This has been the case in Uganda, where gap filling has increased local skills and knowledge and has supported policy reforms. In Botswana, reliance on expatriates has helped to develop policy as well as the systems and procedures for policy implementation. The experience of these countries and others suggests a number of areas that require reflection before moving into gap filling. The answers to these questions could be used to help build a strategy and a broader programme for a selective and strategic use of gap filling while avoiding the undermining of local capacity. Some of these areas might be:

- **Ownership:** Where is the demand for gap filling, on the part of governments of developing countries or donors? Both the governments of Uganda and Botswana are in the driver's seat in terms of defining technical assistance requirements as inputs into national development. In many other countries, however, governments may have neither the capacity nor the will to refuse suggestions made by donors.
- **Institutional capacity:** Is the government able to define needs and manage support once provided? Unlike many other countries, Uganda has a vision and a capacity to articulate its requirements to attain this vision. The growing number of Ugandan-run tenders, including requests for technical assistance, are evidence of this.
- **Public service reform:** Is a reform programme underway to look at system-wide constraints in order to make government service more attractive in the longer run? Zambia is implementing a public service reform programme, with the first phase concentrating on pay and conditions of service as well as the rehabilitation of the financial and economic management system.
- **Capacity assessment:** To what extent has there been an assessment of available skills in key sectors of the country concerned and plans developed to address the shortages? Botswana has prepared human development plans on a sectoral basis.
- **Critical and strategic areas:** Are the posts to be filled absolutely critical for the functioning of government? Is there an absolute shortage of skills in these key sectors? An example might be the Gabinete de Estudos of the Ministry of Planning and Finance in the Mozambican Government, which provides advice to the Ministry on managing structural adjustment programmes and on negotiating with the multilateral agencies.
- **Training programmes:** Are there parallel programmes to train staff to fill the shortfall of skills over the longer term? In Zambia, gap filling in the Ministry of Finance and Planning was discontinued because donors considered that the long-term provisions by the central government to fill positions were inadequate.

- **Integration into the system:** Are posts filled by expatriates part of the government establishment or supernumerary? Do expatriates report to local managers or to project authorities who are not part of the government service and who may themselves be expatriate? Expatriate staff in Botswana report to local decision-makers, their posts are part of the government establishment, and they are integrated into the country's national planning system.
- **Alternatives:** Has the government discussed or developed plans to lure back the diaspora? Are alternative and cheaper sources of qualified staff being tapped? As donor support to Botswana has decreased and been replaced by local financing, there has been an increase in recruitment from the region and from other developing countries, resulting in a significant drop in staff from developed countries.

## Conclusions

The challenge is not to insist on advisory assistance over gap filling, but rather to match the needs of the situation with the mechanism

that is most likely to facilitate the realisation of national development objectives. As developing countries take more leadership in defining development assistance, they may choose to use gap filling in selected and strategically important areas. To refuse to respect a well-considered decision of this nature would be to return to the old paradigm of 'the donor knows best'. That being said, gap filling is not an approach to be used lightly and, most importantly, not in a way that would undermine existing local capacity. This presupposes a good knowledge of the environment and of past experience with technical assistance in the country concerned. An approach which looks at gap filling as an honest option is, however, more likely to be able to avoid decapitating the country than one which hides behind the rhetoric of capacity development when the reality is quite different.

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The Insights article is available at:

<http://capacity.undp.org/cases/insights/baser.htm>

## **Selected Readings** *(More resources in the capacity database at: <http://capacity.undp.org/resources.htm>)*

### **The Role and Effectiveness of Development Assistance - Lessons from World Bank Experience**

[http://econ.worldbank.org/files/13080\\_Development\\_Effectiveness.pdf](http://econ.worldbank.org/files/13080_Development_Effectiveness.pdf)

This study takes a broad view of the relationship between development experience and official development assistance (ODA) over the past 50 years, with particular emphasis on the World Bank's experience in recent decades. The report finds that progress in improving well-being has been rapid, if uneven, and that - notwithstanding some significant shortcomings and failures - ODA has often helped to underpin and support success and is becoming more effective in doing so. The complexity of social and economic change means that the impact of aid cannot be easily divorced from other factors.

### **Donor Harmonisation Study - Vietnam**

<http://www.oecd.org/pdf/m00026000/m00026361.pdf>

The objective of this study is to identify and compare the aid management procedures of the government of Vietnam and six bilateral donors, to identify common ground and disparities, and to formulate options leading towards a common framework of ODA management in Vietnam. The study attempts to gauge the scope for harmonisation as a means of increasing aid effectiveness and reducing transaction costs.

### **The quality of aid: Towards an agenda for more effective international development co-operation**

<http://www.christian-aid.org.uk/indepth/0004qual/quality1.htm>

This Christian Aid report brings together the main findings and recommendations of three case studies on the quality of UK and EU aid to India, Ethiopia and Mozambique. The aim of the synthesis report is to identify the most important building blocks of aid quality; to put the case study findings in the context of the wider debate on aid effectiveness; and to provide recommendations for various stakeholders to improve the quality of aid.

### **Citizenship, Participation and Accountability: A Perspective**

<http://www.pria.org/cgi-bin/drc.htm>

The exclusion of the poor and the marginalised from the development process has given rise to concerns about active citizenship, responsible participation and accountability in the development process. Such concerns can be addressed by alternative forms of development, which foster more inclusive and deliberate forms of citizen engagement. The Development Research Centre's study on 'Citizenship, Participation and Accountability' aims to re-cast such concerns in a rights-based and citizenship-centred mould in both theory and practice.

### **Round Table Mechanism - Evaluation**

<http://magnet.undp.org/docs/aidcoord/rtm/evaluation%20paper%20of%20rtm.html>

The overall objective of the Round Table Mechanism (RTM) is to help advance the economic growth and social progress of developing countries. It operates by fostering dialogues between developing countries and assistance partners, and coordinates the implementation of policies, strategies and programmes. This report is an evaluation of the RTM's contribution to policy reform, resource mobilisation, and the management of development cooperation and coordination.

### **Aid Dependency and Governance**

[http://www.egdi.gov.se/pdf/20001pdf/2000\\_1.pdf](http://www.egdi.gov.se/pdf/20001pdf/2000_1.pdf)

This review argues that, if the institutional environment is right, large amounts of aid can have a highly beneficial impact on developing countries. Aid can help governments to meet their development objectives more quickly and effectively, and can improve the standard of living of the poor. Unfortunately, the institutional environment in most developing countries is poor, which means it is far less clear exactly what effect high levels of aid will have on these countries.

## **Book Review:**

# **Capacity for Development: New Solutions to Old Problems**

In their book, *Ahead of the Curve? UN Ideas and Global Challenges*<sup>1</sup> authors Louis Emmerij, Richard Jolly, and Thomas G. Weiss ask: 'Were UN ideas ahead of the curve?' The question refers to the four main spheres of UN action: peace, independence, human rights and development. They conclude: 'In a surprising number of cases, the answer is 'Yes'. In some, a resounding 'No.' Is **Capacity for Development: New Solutions to Old Problems**<sup>2</sup> a publication ahead of the curve?

With contributions from 15 practitioners, academics and policy-makers, this book represents a growing unease with development and technical cooperation policies and with the inadequacy of the results achieved, so far, in the core task of national capacity-building. 'Of all the elements of the development cooperation package,' the three editors Fukuda-Parr, Lopes, and Malik find that 'developing national capacity has emerged as the one particularly elusive goal.'

**Capacity for Development** argues that, up to now, capacity-building efforts have mostly focused on individual and institutional development. Capacity-building must take root at a societal level in order to generate the social transformation needed for sustainable development. In this context, social capital plays a central role in the development cooperation agenda. Much of Part 1 bears this out with convincing certainty. But what precisely, in an operational sense, is social capital?

In his chapter, 'Towards a normative framework: Technical cooperation, capacities and development,' Malik concedes that 'social capacity, as a concept, is difficult to quantify, and so it is hard to make it an integral part of hard public policies.' Lall exemplifies the problem in his chapter, arguing that social capital is key to industrial success in developing countries and is needed in a large number of areas, all of which he defines most impressively. What he calls for, however, amounts to a most enormous universe of interventions, and crafting a programme of social capital formation on so large a scale may prove to be a next-to-impossible task. It is not surprising that Lall ends his chapter on an agnostic note. 'Which social norms and relationships are the really crucial ones, and what affects their development?' he asks. His reply: 'We do not yet know.'

Malik and Wagle, in their chapter on civic engagement and development, refer to M. Edwards, who paraphrases Ramon Daubon in a World Bank draft paper in 'likening social capital to the Indian Ocean': 'Everyone knows where it is, no one cares where it begins or where it ends, but we know we have to cross it to get from India to Africa.'

This is wonderfully engaging and in a serious, literary way, conveys a truth that resonates. But for purposes of designing a development policy, the statement provides but a shifting, watery foundation. We

need to regain terra firma. One way would be to carry out a pilot intervention or two on broad-based social capital promotion, in order to gain solid, empirical ground. We need to examine and pursue updated re-conceptualised NaTCAPs (National Technical Cooperation Assessment and Programmes).

Another major thesis of **Capacity for Development** is that, in technical cooperation, the donor-recipient relationship will always be asymmetrical. 'Donors,' the editors point out, 'will always ultimately control the funds and where they are disbursed.' However, as they also argue, '...it is possible to level the playing field, or at least reduce the gradient.' They suggest the following ideas for reducing asymmetry.

First, find a way to reinforce the voice of recipient countries in global debates on aid policy. The developing countries do not presently have a forum such as the OECD's Development Assistance Committee. Similar 'Southern forums' could be an important platform for balancing the donor-recipient relationship. 'A good entry point for such cooperation might be existing regional or sub-regional mechanisms,' the editors add. Left unstated is the implication that such mechanisms could prove more fruitful than the more global but also not-so-effective Group of 77. Still, it is curious that the editors do not at all refer to this economic policy forum of the developing countries.

Second, create innovative funding channels. One way - perhaps the best way - is by direct support to recipients' national budgets. The editors believe that this will allow recipient governments to exercise ownership of external assistance and determine how best to feed it into capacity-building efforts.

They also suggest pursuing mechanisms that would 'allow donors to retain a degree of control by channelling resources through specific technical cooperation funds... As long as the recipients deployed the funds to achieve agreed overall objectives, they could use them as they saw fit.' As an extension of this idea, a group of donors could also agree to pool funds that could be used in a similar way. Another idea is to set up 'autonomous development funds - public but politically independent institutions that can cater to both government and civil society.'

These ideas are the fruit of timely and innovative thinking. One must hope that the international community, and in particular the donor community, will give them the most serious thought, especially in the wake of the Monterrey Summit<sup>3</sup>, which gave development cooperation a new lease of life.

In his provocative chapter entitled 'Should we mind the gap?', Lopes argues that, on many levels, achieving national and local ownership

may be messy, time-consuming and may not conform nicely to donors' needs for visible and easily verifiable quick results. But if technical cooperation is to achieve its true purpose of societal transformation, there may be no alternative to reducing asymmetry in the donor-recipient relationship.

Whether the ideas put forward in this book fall on fertile soil or not remains to be seen. Efforts to draw attention to such innovative thinking could be a struggle, given the resurgence in the West in recent months of ideas advocating a return to realpolitik and even colonialism.

Development cooperation partners need to think more like Mkandawire, whose chapter encourages the African leadership to reduce the negative aspects of aid by being more assertive of their needs and capacities. He asserts that this could only lead to 'greater mobilisation of their own resources-human, financial and material-before rushing off to aid missions, so that aid is merely complementary to their national efforts, and not the driving force... To tame 'technical cooperation', Africans will have to be selective, and that will involve paying for the services.'

Towards the end of their overview chapter, the editors present a matrix proposing a new paradigm for capacity development. This paradigm assigns pride of place to local knowledge so long as it is 'combined with knowledge acquired from other countries - in the South or the North'. Again, this is the right approach to take, provided that both policy-makers and practitioners pay heed to what Fukuda-Parr and Hill have to say about knowledge networks and south-south cooperation:

'As Southern (knowledge) networks develop through the establishment of regional and national networks, the opportunity

for the South to learn from the South also becomes greater. The South holds much relevant development knowledge for other Southern countries. The real experts on development are those who live the reality on a day-to-day basis.'

It is a great pity that this book does not contain a fully-fledged chapter dedicated to the topic of South-South cooperation.

Its few shortcomings notwithstanding, **Capacity for Development** is both timely and remarkably good. Space limitations prevent this review from doing justice to its richness and complexity. This is a lucid and illuminating book that merits the widest possible attention. This review started by asking whether the book is ahead of the curve. The answer is a resounding 'Yes.'

1 Indiana University Press, 2001

2 *Capacity For Development: New Solutions To Old Problems* is edited by Sakiko Fukuda-Parr, Carlos Lopes and Khalid Malik and published by Earthscan Publications Ltd. and United Nations Development Programme, 284 pp., 2002. ISBN 1 85383 919 1 (p) and 1 85383 924 8 (h).

3 International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002.

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*Capacity.org* was set up by the European Centre for Development Policy Management (ECDPM) as a tool for development researchers, practitioners and decision-makers. As both a web site and a newsletter, *Capacity.org* brings together information, ideas, and viewpoints on capacity building policy and practice within international development cooperation. It acts as a platform for dialogue and provides a channel for informed review and synthesis of the complex issues faced by development practitioners and policy makers.

Focusing on both the 'why' and the 'how' of capacity building - debating policy questions and learning from practical experiences - *Capacity.org* seeks to 'unbundle' the complex of ideas and practices that we call capacity building. In doing this, the editors particularly encourage the exchange of perspectives and experiences from the South, to ensure that the discussions are rooted in reality.

Developed by ECDPM, it is our aim to make *Capacity.org* a joint effort in which all of our various capacities and expertise are mobilised and shared. Interested individuals and organisations can help make *Capacity.org* an effective communication tool for people who seek to alleviate poverty through capacity building. Join us by contributing information, lessons, ideas and opinions, and feedback. Offers to co-finance parts of the initiative or to link related initiatives are very welcome.

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