



Institute of Social Studies

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**NEW PARADIGM OF CAPACITY DEVELOPMENT:
CAN INTERNATIONAL DEVELOPMENT AID
AGENCIES CHANGE ACCORDINGLY?**

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Sohae Lee
(South Korea)

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Members of the examining committee:

Dr Sunil Tankha
Dr Des Gasper

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Inquiries:

Postal address: Institute of Social Studies
 P.O. Box 29776
 2502 LT The Hague
 The Netherlands

Location: Kortenaerkade 12
 2518 AX The Hague
 The Netherlands

Telephone: +31 70 426 0460

Fax: +31 70 426 0799

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“I can’t do this all on my own! I know, I am no Superman!~”

-Lyrics of ‘Superman’ by Lazlo Bane-

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LIST OF ACRONYMS

CD:	Capacity Development
DFID:	UK Department for International Development
EFA:	Education For All
ILO:	International Labour Organization
M&E:	Monitoring and Evaluation
MDG:	Millennium Development Goals
ODA:	Official Development Aid
SAP:	Structural Adjustment Programme
USAID:	United States Agency for International Development
UN:	United Nations
UNEP:	United Nations Environment Programme
UNHCR:	Office of the United Nations High Commissioner for Refugees
UNICEF:	United Nations Children's Fund
UNIDO:	United Nations Industrial Development Organization
VSO:	Volunteer Services Overseas

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1. CHAPTER 1 INTRODUCTION

This paper is about organizations managing change. "Management of change is a complex, dynamic and challenging process rather than a set of recipes." (Paton & McCalman, 2000: 2) Although changing any organization is difficult, whether it be a multinational private company or a community level volunteer organization, it is especially challenging for international public organizations such as the UN, "an extraordinarily broad organization, with a mandate that spans the entire gamut of human experience." (Heinbecker & Goff, 2005: 6) Moreover, change in an international organization with "high visibility, symbolic aura and broad agenda" (Luck, 2003: 1) is subject to scrutiny at both substantive and political level. (Ibid: 5) More than any other types of organization, international development aid agencies draw attention from a wide spectrum of people around the world. Changes in such big international organizations affect not only their managers and staff but also their cooperating organizations, politicians and taxpayers of funding countries and the politicians and the public in countries receiving funds and programmes. Because of the interests at stake, there are strong forces encouraging the organizations to "enhance its efficiency and/or effectiveness in advancing its core goals and principles." (Ibid: 4) At the same time, those who are enjoying the *status quo* within and around the organization resist change.

This paper seeks to research the driving and restraining forces of change in and around international development agencies' programme management according to the recent change of development theories. In particular, the paper will focus on one type of development aid: capacity development.

1.1. Context

In 2005, donors and recipient countries alike gathered together to declare the Paris Declaration on Aid Effectiveness. This declaration symbolizes the current priority of development aid; making aid more effective. In order to do so, development aid proposes a 'new' way of doing business; "development assistance is delivered in accordance with partner country priorities." (OECD, 2003: 11) The new buzzwords of development are alignment, country-based

approach, harmonization, government-led collaboration, ownership, partnership and the like. The “donor-initiated change in aid delivery” (Smith, 2005: 445) promises to make aid more effective.

The new paradigm is in direct contrast to the ‘traditional’ methods of aid management of one or two decades ago. The so-called ‘adjustment period’ of the 80s and the 90s is symbolized by blue-printed reform packages such as the Structural Adjustment Programmes (SAPs) imposed on low-income countries with obvious donor-imposed conditionalities. During this era, it was thought that pre-packaged ‘good policies’ could be ‘transferred’ and be implemented. On the contrary to this old practice, the new paradigm of development encourages developing countries to take lead in the process of development: As Bertin Martens, an economist at the European Commission describes it, “during the 1980s and early 1990s the aid policy pendulum had swung in favour of donor prescribed conditionality. In recent years, the pendulum had swung back towards the recipients, emphasizing ownership and donor alignment.” (Martens, 2005: 662)

Capacity development (CD), one of the major components of aid and priority activity and objective of development aid agencies, has also been affected by this paradigm shift in two ways. First, there is a lot attention paid to capacity and CD than before. Although ‘capacity’ has always been considered to be important for development, under the new paradigm of partnership and local ownership of policy making, the capacity of the countries to lead the process has become a precondition for aid to work and to ensure that aid is effective. (Hubbard, 2005: 369) This renewed emphasis on capacity is expressed at both the 2003 Rome Declaration on Harmonization and 2005 Paris Declaration on Aid Effectiveness where CD is cited as priority work. “We attach a high importance to partner countries assuming a stronger leadership role in the coordination of development assistance, and to assisting in building their capacity to do so.” (OECD, 2003: 10)

Second, the recent emphasis on the importance of capacity has motivated the development community to re-examine the theories of capacity and CD. There is a change in CD theories concerning the dimensions of capacity, how the different dimensions interact with each other, and how capacity is developed.

The new theories of CD can be summarized as follows; 1) capacity has three inter-linked dimensions: individual, organizational and societal and 2) CD is an endogenous process.

Traditionally, it was considered that capacity of individuals and the organizations of those directly involved in aid management were the most important. However, research has shown that without the capacity of the society at large, the capacity developed at the individual or organizational level is not sustainable. Moreover, different dimensions of capacities are no longer seen separately but as influencing each other.

“Capacity development should build on what exists in order to improve it, rather than to build new systems.” (Lusthaus, et al., 1999: 7) This is directly related to the second change in the theory of CD – that CD is an endogenous process; capacity develops based on ‘ownership’ of those concerned and it cannot be built through simply transferring knowledge or skills from outside.

In order to operationalize these changes of theory to the actual practice of CD programmes, various development aid agencies have proposed “a set of basic principles underlying the concept of CD and its practical implementation” (UNDP, 2003: xiii). This paper examines four principles from a longer list of principles; capacity development should 1) not be donor-driven, 2) be based on country ownership, 3) be based on existing capacity, and 4) be long-term.¹

1.2. Problem Identification

Simply producing policy documents and guidelines laid with terms such as partnership and ownership will not improve aid effectiveness. Development aid agencies should practice the new principles. However, there are inter-related problems in twofold in changing behaviour of CD programme management.

First, change in organizations is inherently difficult. It is hard to kick ‘old habits’. “Most organizations want to be seen as learning organization. Yet many old habits persist that are directly opposed to learning and to the advancement of knowledge.” (Ellerman, 2005: 149) Change is difficult because the

¹ The choice of the principles is explained in Chapter 3.

organization are used to 'old habits' and are not aware of other behavioural alternatives. It could also be that even if organizations want to change, surrounding structures do not allow for behavioural change.

Second, although all development work is difficult, CD can easily be considered as the most difficult type of aid. Both the inputs and outputs are intangible and its inherent relationship intensive process requires high level of trust among the actors. Improving CD programme management is heavily dependent on the programme officers to change their mindsets and behaviour towards their counterparts.

1.3. Relevance and Purpose of Research

There are numerous reports and guidelines produced by international development aid agencies on how capacity development programmes should be managed. The four principles mentioned above are an example of these recommendations. However, to the author's best of knowledge, there has not been any comprehensive research done on whether these principles are being upheld by development aid programme officers in their day-to-day work. The author suspects that this is because of three reasons. First, these paradigm and principles of CD have been recently introduced. Although an exact date cannot be pinpointed, the 2003 UNDP report "Ownership, Leadership and Transformation: Can we do better for Capacity Development" can be considered as the first report to outline the new operational principles. As they are new, it could be difficult to assess whether behaviour have changed. Second, a large proportion of the literature and review of CD is produced by or commissioned by development aid agencies. As one of the research respondents noted, international development aid organizations do not want nor can critically report their behaviour because it entails denouncing politically and financially affiliated partner organizations which influence their behaviour. Third, researching 'behaviour' requires an ethnographic approach of research whereby the researcher is part of the community being observed. This kind of research in an international development aid agency is not easily accessible unless they are commissioned by them.² In short, there has not yet been any comprehensive

² Recently, research based on 'aidnography' – ethnography of aid – by authors such as Rosalind Eyben, David Mosse and others are being conducted. It is still a nascent research discipline.

research on whether development aid agencies have changed their working procedure according to the new principles of CD.

This paper aims to fill this research gap. As a researcher with previous experience working in international development agency and having knowledge of their day-to-day operations and working procedures but with the freedom to be critical, the author is able undertake a research that cannot easily be done. With the above mentioned background in mind, the first question for this research is:

'Are international development aid agencies changing their behaviour in accordance with their self-declared principles of the new paradigm of capacity development?'

As a corollary, based on the assumption that the development aid agencies' behaviour have not changed adequately enough due to institutional and structural factors impeding behavioural change, the paper's second question is:

'What are the factors impeding the change of behaviour in accordance with the principles of the new paradigm of capacity development?'

As a student of Public Policy Management, the author is interested in the causes of the "traditional split between policy and implementation." (Eyben, 2006: 43) By identifying the status of implementation of the new paradigm and its hindering factors, the author hopes to contribute to the field of CD by "provid[ing] policy-makers with information and perhaps advice" (Gordon, et al., 1977: 6) about how to mend the development aid structure to allow effective implementation of the new policy. It is not the paper's aim to provide judgment on the merits of the new paradigms and principles of CD as such but to provide information on the process of its implementation and to find ways to do it better. Therefore, this paper analyzes the programme management process without going into details of CD programmes.³

³ Throughout the paper, for simplicity of presentation, the term programme will be used to encompass all activities, projects and programmes although the author recognizes that they are not

1.4. Research Target

The author collected both primary data and secondary data. For the primary data, the research target was narrowed from the broad group of international development aid agencies to the United Nations (UN). Although the UN is only one organization amongst multitude of development aid agencies, "large aid agencies [...] face similar challenges" (Eyben, 2006: 43) and therefore "the analysis [of the UN] is probably applicable to other aid organizations."⁴ (Berg, 2000: 1) UN was considered an appropriate target for several reasons. First, UN is the biggest multilateral institution with different types of organizations under the UN family. Under the UN's Economic and Social Council (ECOSOC), there are 'specialized agencies' such as ILO, UNESCO, and WHO and 'programmes and funds' such as UNICEF and UNDP. (See Annex 1 for UN's organizational chart) The agencies have different mandates and institutional structures and therefore they have diverse working procedures. At the same time, conveniently for the research seeking to narrow down the target, the UN as a whole presents itself as a single unit. Second, in view of the research topic, change in organizations, the UN is an interesting challenge to research as "one of the primary difficulties in bringing about rational change and consistent management policies in the UN has to do with the complexity of the organization." (Knight, 2000: 62) Third, the author had relatively easy access to the officers working in various agencies of the UN.

The UN as a whole was considered to be too broad to research and thus two UN agencies, UNDP and UNESCO were chosen as the two main research targets.⁵ This choice was based on two criteria. First, the agency should consider CD as one of their priority activity and have rich experience in CD. Second, the author needed to have easy access to the individual officers in order to get detailed and frank disclosure of their working procedures. The two agencies fulfilled both criteria. In order to provide a wider scope of view of the behaviour of development aid agencies, the author complemented the data by gathering information from five additional UN agencies: ILO, UNEP, UNHCR, UNICEF, and UNIDO.

the same.

⁴ In his article, "Why aren't Aid Agencies Better Learners?" Elliot Berg takes example of the World Bank's practice to explain the behaviour of aid agencies in general.

⁵ To be exact, UNDP is not called an agency but a 'Programme and Fund'. However, for the simplicity of the paper, they will collectively be addressed as agencies.

It is rather obvious but still worthwhile to point out that the primary data collected is not representative of the UN's work. Although the data collected is not presented as being statistically conclusive, it sheds light on some of the current issues which affect the behaviour of development aid agencies in CD. The primary data is complemented by findings from secondary data collected from academic work as well as various grey documents from international development aid agencies, development consulting firms and research institutes. The analysis of the primary and secondary data was further facilitated by the author's own knowledge of the UN agencies' operations.

1.5. Research Methodology

The primary data was generated through semi-structured telephone interviews and structured questionnaires. (See Annex 2) Phone interviews, the preferred mode of data collection, were conducted with 12 respondents and four interviewees responded through emailed structured questionnaire, as circumstance did not allow for personal interviews. The final questionnaire was formulated based on the findings from preliminary unstructured face-to-face interviews with seven officers at UNESCO and literature review.

A total of 16 international officers working in seven different UN agencies covering 10 different duty stations were interviewed. (See Annex 3 for the profile of interviewees) Six persons were interviewed from UNESCO, five from UNDP and one each from the five other agencies. The author selected officers who are/were involved in programme management with CD components or those who are evaluators of CD work. Out of the 16 interviewees, only two had worked solely in headquarters. All others had working experiences in country offices. This allowed the author to gather information based on hands-on experiences of relationship with the recipient and/or other in-country donors. In respect of the anonymity of interviewees, the respondent's name, agency and duty station is not mentioned within the paper.

1.6. Limitation of Paper

This paper will look into only one particular actor in CD, albeit a significant one; the UN development agencies. This poses two limitations. First, it excludes the recipient countries' perception of the process and outcomes of CD and the

behaviour of development aid agencies. Some findings which the research considers to be positive may be considered the opposite by the recipients. Second, research based on empirical evidence from 16 persons may not correctly represent the behaviour of the United Nations. As the interviewees were selected by the author's personal acquaintances, the selection may possibly be biased and their responses may not be representative. Despite these limitations, the author hopes that this paper will serve as a window of insight into this particular under-researched issue and to encourage development aid agencies and other development researchers to undertake more extensive critical research in this area.

1.7. Structure of Paper

This paper is organized in five chapters. Following this introductory chapter, the second chapter presents the analytical framework developed based on 'organization development' and 'change management' to understand the complexity of change in an organization. Chapter 2 explains the characteristics of CD programmes and its current paradigm. The following chapter presents the research findings on whether behaviour has changed or not in development aid agencies and the analysis of the hindering factors of change. The final chapter is the conclusion of the research.

2. CHAPTER 2 CONCEPTUAL AND ANALYTICAL FRAMEWORK

This chapter outlines the concepts and the analytical framework used to interpret the behaviour of development agencies in relation to change. The framework is based on two inter-linked disciplines; 'organization development' and 'change management'. They are both predominantly private sector oriented disciplines which have developed because of its need to adapt to the ever-changing environment in order to survive. The same risk applies to international development aid agencies where "donor bureaucracies work in a highly uncertain environment" (Eyben, 2006: 49) of ever-changing challenges of poverty, conflict, environmental degradation and the like. The fundamental ideas of the two disciplines that organizations should continuously learn and change to survive are pertinent to this research.

In order to explain the paper's analytical framework, two concepts are clarified; 1) how is an organization to be viewed and 2) what influences organizations to change?

2.1. Concept 1: Organization as an Open System

An organization is a system. A system is "an organized, unitary whole composed of two or more interdependent parts, components, or subsystems, and delineated by identifiable boundaries from its environmental suprasystem." (Kast and Rosenzweig in French & Bell Jr, 1990: 52) An organization is composed of different parts such as the planning section, the financial section, the human resources section, the external relations department and the like which work separately but interlinked to each other under one umbrella.

There are two ways to view an organization; as a closed system or as an open system. In this paper, the author takes the view that organizations are open systems. When an organization is seen as a closed system, all parts of the system are seen to follow a particular logic of the system to work towards achieving the organization's objectives in the most rationally efficient manner. (Denhardt, 1984: 85) On the other hand, open system sees the organization more organically. The following descriptions are characteristics of an open-

system organization by Harrison (1987). Different parts of the organization are inter-related and they influence each other. Thus changes in one part of the system will affect all other parts and vice versa. Not only are parts of the system influenced by other parts within the system but are also influenced by the outside environment. Additionally each part of the system can be seen as a system on its own. Seeing an organization as an open system denotes that one cannot fully and completely understand all of the variables which influence the system nor can one predict or control them. (Denhardt, 1984: 85)

2.2. Concept 2: Influences of Change

“Change may be regarded as one of the few constants of recorded history.” (Paton & McCalman, 2000: 2) Every individual, organization and society is constantly undergoing a process of change. Change can come naturally or it can be deliberately introduced. It is difficult to discuss it without specifying the entity undergoing change. As per this paper, change within an organization is discussed.

Change in behaviour of an organization is guided by its structure and the process of decision making. There are sources internal or external to the organization influencing the behaviour to change. The decision to make the change may be rationally made (i.e. goal-oriented) or be politically driven.

Table 1 Influencing Factors of Change

	Rational	Political
Internal to the Organization	Getting the Job Done	Getting power right and accommodating interests
External to the Organization	Creating an 'enabling environment' for doing the job	Forcing change in the internal power relations

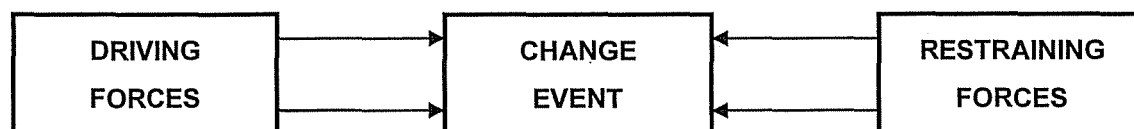
Source: Adaptation from EuropeAid (2005: 21)

In sum, there are four factors influencing organizations to change; 1) external, 2) internal, 3) rational or 4) political. The foremost obvious factor is organization's reaction to adapt to the changing environment. However, external push is not the only driving force of change. “Change in the external factors may be the most powerful drive of organizational change, leading to a change in

what has been called the 'transformational' internal factors." (EuropeAid, 2005: 21) The decision to make the changes are driven either by rational or political reasons. The recent trend in the energy sector to invest in biofuel can illustrate the different factors of change. It can be seen as a forced reaction as a result of external pressure from the public concerned about climate change. However, this change cannot be diagnosed with that one reason only. It is also result of an internal push. Switching to biofuel gives opportunities for government subsidies and is thus profitable for the company's finances. At the same time, it is also a genuine rational decision by the industry to find new alternative fuel source in order to prepare for the new market needs. Not only is it rational to find the next new source, but it is also politically important to be perceived as being environmentally friendly and innovative. Although one change factor may be stronger than others, all factors may co-exist within a process of change.

All aforementioned factors of change may be seen as the driving forces of change. It must be made clear that not all driving forces of change actually produce the desired state of change. "Efforts to alter existing [situation] upset [the] equilibrium and will elicit some response or reaction from those affected by the change." (Thomas & Grindle, 1990: 1166) To a particular change, there are always restraining forces, resisting the change.

Figure 1 Force field diagram of change



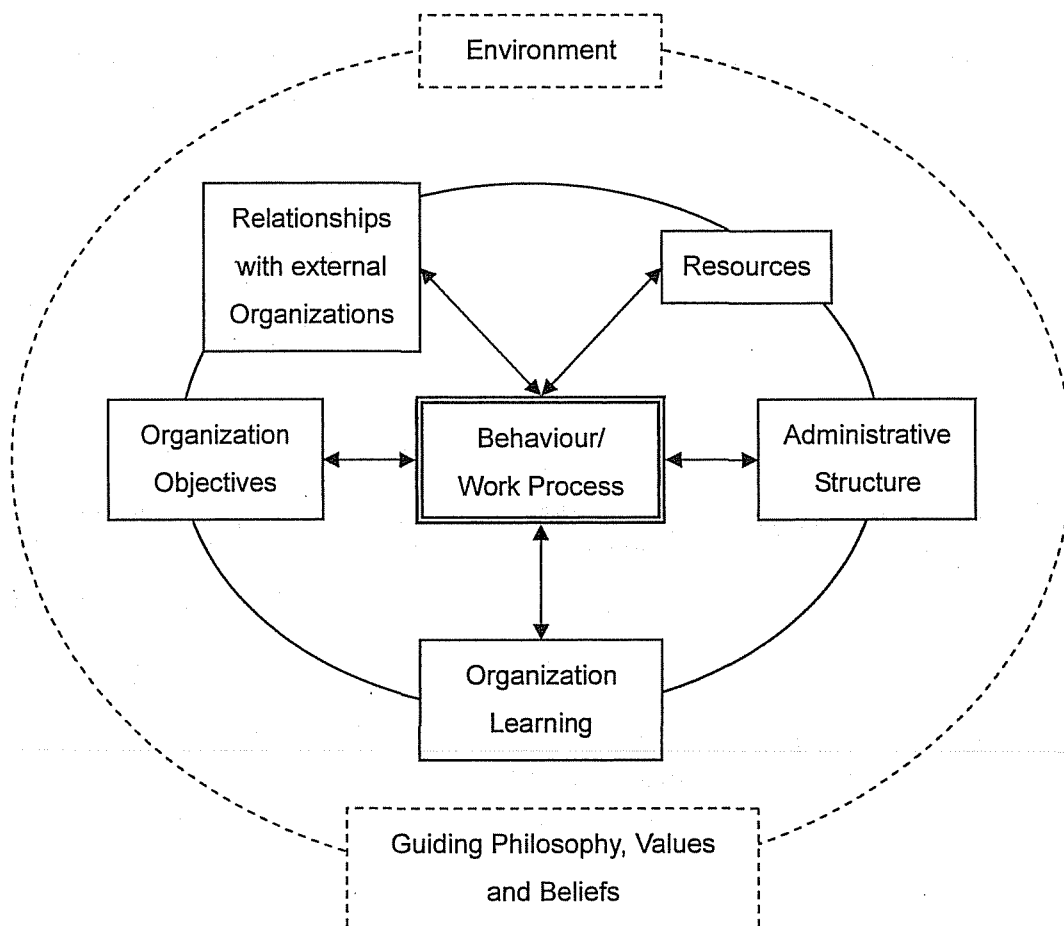
Source: Adapted from Paton & McCalman (2000: 28)

In analyzing change, it is important to understand both its driving and restraining forces and to locate its nature; whether it is a structural issue (external or internal to the organization) or if it is a decision-making process issue (rational or political). Furthermore, it is important to note that "reaction to policy change may come at any point in the process of decision and implementation." (Thomas & Grindle, 1990: 1166)

2.3. Analytical Framework: System and Influence of Change

Based on the concepts of change in an organization as an open system, the following figure represents the analytical framework of this paper. It provides a framework to analyze both the sub-parts that influence the change and those that are affected by the change. The sub-parts in this analytical framework are not physically existing sections or department within an organization but different forces within it. As the paper's objective is to observe and analyze organization's behaviour, the framework is centered around it.

Figure 2 Analytical Framework: System and Influence of Change in an Organization



Source: Author's own interpretation using Harrison (1987: 24) & Paton & McCalman (2000)

Internal Factors

- *Behaviour/Work Process:* This is the organization's behaviour or work process such as planning, programming, evaluating, communicating with other members within the organization as well with external organizations.
- *Relationship with external organizations:* An organization does not exist on its own. It interacts with other organization in its environment. The nature of relationship (competition, coordination, cooperation, and the like) with other organizations influences the way an organization behaves.
- *Resources:* This includes both financial and human resources. The amount of money that is available and the kind of expertise and the support staff available affect an organization's work process.
- *Administrative Structure:* The different sections or departments such as finance department, planning section and the like can be seen as the administrative structure. Their rules and regulations will dictate the decision making procedure, communication channels, budget allocation, human resource mechanisms such as evaluation and promotions, and the like. Administrative structure also includes the hierarchy within the organization.
- *Organization Learning:* Organization learning is a pre-condition to organizational change. Organizations learn through both formal and informal ways. Evaluation of activities is a type of formal learning. Informal learning are those accumulated by individuals from their day-to-day work on what works and what does not.
- *Organization Objectives:* An organization has an objective to fulfill. In most cases, the changes take place in order to find better ways to fulfill the organization objectives. In certain cases, the external or internal factors may also influence the objective to change.

External Factors

- *Environment:* An organization does not exist in vacuum. There are issues such as politics, economics and other social issues which affect the organization's behaviour.
- *Guiding Philosophy, Values and Beliefs:* All organizations often have unspoken guiding principles under which it should operate. For example, for a private water service company has to debate between the guiding value that water should be affordable for all and the company's objectives to make profit.

2.4. Using the Concepts and Analytical Framework

This paper analyzes the change of behaviour of development agencies in view of the new paradigm of capacity development. The behaviour is analyzed as the outcome of the different factors of change between the inter-dependent sub-parts of an open organization and the decision making process within those sub-parts. Chapter 4 presents the detailed analysis. Prior to the analysis, the next chapter introduces the characteristics the process of capacity development and its programme management.

3. CHAPTER 3 WHAT, WHY, WHO OF CD & ITS NEW PARADIGM

The rhetorical idea of 'helping people help themselves' has been part of the official development assistance (ODA) since the inception of the post World War II idea of development.⁶ (Ellerman, 2005: 1) In development jargon, it is called '*capacity development*'. It means enabling individuals, organizations and the society as a whole to undertake tasks which are required to deliver public services, organize private businesses, and any other processes that are required for social, economic and political development of a country. One may assume that building schools and distributing pens and books to school children will increase the education attainment level of a country. However, development is not as simple as that. A country must have the '*capacity*' to manage and plan school enrollments, allocate teachers accordingly, and to have necessary mechanisms to facilitate transition from basic education to higher education. Often times, development fails, not because of lack of financial resources to build schools or to establish the necessary infrastructure and the like but because of the lack of capacity to plan and manage the required crucial process of development.

Although the fundamental belief in the importance of capacity and CD has not altered throughout the course of history of development, the details of it have changed. The kind of capacity considered necessary for development, the dimensions of capacity, the methods to develop capacity, and the underlying beliefs for the importance of capacity have changed. These changes have been shaped by inter-related factors: changes in development theories based on learning through trial and error, political relationship between various actors and organizations, etc.

This chapter presents various dimensions of the contemporary practice of CD to illustrate its complexity. This chapter lays the background to understanding the characteristics of CD programme management and why changing its behaviour is challenging.

⁶ There are also views that the concept of development long predates WWII (Gasper, 2004: 32)

3.1. What is Capacity Development?

“Is *all* development not fundamentally about capacity development?”

(Langthaler in Smith: 2005: 447)

Since long, international development aid agencies have known the importance of developing local capacity in developing countries. Recently, its importance has been highlighted more than ever. CD has become both the most sought out means of achieving development as well as the priority objective of development. In its recent strategy paper for 2008-2011, UNDP identifies capacity development as “the single most important UNDP service” and that “UNDP efforts [...] must lead to enhanced national capacity” (Executive Board of the United Nations Development Programme and of the United Nations Population Fund, 2007: 9) World Bank places capacity development as one of its five main core functions. The Paris Declaration on Aid Effectiveness, “calls for capacity development to be an explicit objective of national development and poverty reduction strategies” (OECD, 2006: 11)

Despite its widespread usage and implicit understanding of what it is, there is no universal definition of CD. The lack of one concrete definition of CD has been described as being, “a buzzword devoid of any meaning”, (SNV, 2006: 2) “a concept of generality and vagueness”, (Gordijn, 2006; 1) “highly elastic, [...] can be stretched to embrace many different things.” (Horton, 2002; 2) Box 1 gives an indication of the wide variety of definitions of CD used by different international development aid organizations.

This paper does not attempt to make a definition or to pick one to be used throughout the paper as the author believes that it is a rather futile exercise to even attempt to make one definition.⁷ However, to facilitate the understanding of readers of this elusive concept, the author proposes the following definition to be used as guidance: “increasing the ability of people and institutions to do what is required of them.” (Newland in Honadle, 1981)

⁷ This same idea is also presented in Mick Moore’s book on Institution Building where he calls defining Institution Building, a “doomed exercise” (Moore, 1995: 9)

Box 1 Definitions of Capacity Development

OECD

"Capacity Development is the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time" (OECD, 2006: 12)

UNDP

"Capacity Development as an endogenous course of action that builds on existing capacities and assets, and the ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives." (UNDP, 2003: Preface)

UNESCO

"The enhancement of capabilities of people and institutions to improve their competence and problem-solving capacities in a sustained manner" (UNESCO, 2007: 1)

World Bank

"Capacity Development is about the opportunity and space to learn self-governing and about the societal demands for effective government to strengthen its capabilities to deliver" (World Bank, 2005: Foreword)

There are various reasons why there is not a universally agreed definition of CD. First, it is an issue of semantics. Defining 'capacity development', a phrase consisting of two complex concepts on their own - 'capacity' and 'development' - is not easy. Second, different individuals, organizations and societies undergo different processes to develop capacity and the expected end results differ. Therefore having one definition which captures all of these experiences is nearly impossible. Third, in contemporary development, CD plays multiple roles. It is "an objective, an approach, a process and a means, but also an outcome." (UNDP, 2003: 21) It is not surprising that there cannot be one definition to encompass all of these roles. Fourth, in the absence of one universal definition made by a neutral figure, international organizations are reluctant to use another institutions' definition for their policies.⁸ This creates a tendency for organizations to make 'new' definitions. Fifth, in an ever-changing

⁸ Similar notion is used to describe the multitude of definition of 'Organization Development'. "There is no establishment – no one university, professional society, or consulting firm – which "owns" OD and therefore has the more or less exclusive right to define it." (Golembiewski & Eddy, 1978: 4)

development environment, it is preferable not to have one clear cut definition for simplicity of policy decisions and furthermore, it is politically preferable not to state it obviously.

The author does not feel that the lack of a universally agreed definition is a factor hindering effective delivery of capacity development. It is a concept implicitly understood by most people working in its field. Although there is not an agreement on the definition of CD, there is an agreement on one aspect of it amongst different actors. "There is increasing international consensus that capacity development is one of the most critical issues of contemporary international development processes and at the heart of long-term sustainable development." (Education For All Fast Track Initiative, 2006: 2)

The main difficulty of implementing CD is that it is a relationship intensive activity compared to any other development aid. In this sense, the real issue is finding an agreement on *how* external agents should assist the process of CD. CD is often times compared to parenting. What is the best way for parents to teach their children to become independent without overly protecting them but at the same time not letting them get hurt? "This paradox of supplying help to self-help is the *fundamental conundrum* of development assistance." (Ellerman, 2005: 4) There are two dimensions of 'how' of providing CD; 1) the medium through which it is provided and 2) the 'code of conduct' or 'principles' to which external agents should adhere.

Different modalities have been used by development aid agencies to provide external support for CD. Trainings, external expert coaching, advisory service, incentives, leadership development, organizational change, scholarships are some of the main instruments of CD. A CD programme may consist of only one instrument, i.e. training. It can also be designed as a combination of different modalities together. A complex CD programme, for example, providing assistance to develop a national Education Management Information System cannot be delivered through one medium only such as training, particularly in a context where there is very low capacity. Ideally, such CD programme should be delivered through a combination of external education expert counseling, multiple and continuous training, exposure to foreign usages of similar systems, advisory services through in-country external

agent to motivate the personnel throughout the process, and other means that are deemed necessary.

These above mentioned modalities are the tangible aspect of 'how' to provide external support for the 'assisted self-help' process. The more important issue is how should the 'helpers' behave throughout the process of CD? Development agencies have outlined some principles to guide their programme managers on how to 'behave' as per the new CD paradigm. These principles are the central theme of this paper and details are discussed at the end of this chapter.

3.1.1. How is CD different from other forms of Aid?

Development aid consists of three different types of 'interventions'; financial aid, technical assistance/cooperation and policy dialogue.⁹ (Degnbol-Martinussen & Engberg-Pedersen, 2003: 40, 50) Capacity development is a form of technical cooperation. Technical cooperation is "transfer of knowledge in the form of advice, training and concrete problem solving. Some technical cooperation is aid in the form of personnel, including experts, volunteers, advisers and so on, financed by the donor." (Ibid: 40)

Capacity and CD has different characteristics compared to other developmental objectives and processes. (Zinke, 2006: 14) There are five interconnected characteristics of CD which make it unique and inherently difficult compared to other development aid interventions.

First, "capacity development is change." (EuropeAid, 2005: 4) It is an intangible process, unlike transfer of funds which can be seen on balance books. Not only is the process intangible, but the result is also intangible. This means that measuring the effectiveness of CD is extremely difficult in the traditional monitoring and evaluation (M&E) systems because one cannot quantify the inputs or the outputs.

Second, CD has dual objectives. The primary objective is to build the capacity of the individual and the organizations involved, and the secondary

⁹ It is estimated that about a quarter of donor aid is allocated to technical cooperation. (OECD, 2006: 11) However, there is a lot of debate about how to correctly calculate the amount dedicated to TC and the estimated amount is debated.

objective is for it to serve as means to achieve greater goal of development. In actual implementation, one can find many incidences where the first objective is met but second objective is not. This poses additional difficulty in M&E of CD. Should both objectives be met? Even if only one objective is fulfilled, should it be considered successful? These are questions which remain unsolved within the development community.

Third, CD is a process and it is hard to pre-define the end of the process. When is the right time for external supporters to stop supporting CD? Should programmes continue until the second objective of greater development is met? It is very difficult for development agencies to reconcile the conflict between “the pressure for short-term results and the objective of long-term capacity development.” (Zinke, 2006: 14)

Fourth, CD is “an intimate interpersonal process dependent upon establishment of trust” (Sunshine, 1995: 51) between the helper, usually associated with foreign experts, and the doer. There is a tendency for the recipients to blindly dismiss the foreign experts for not understanding the local culture and for the locals to “not distinguish between a foreigner’s attempt to dominate and the professional exigencies normal for a foreigner in [his/her country of origin].” (Grammig, 2002: 32) When trust is not established between the helper and doer, CD cannot be successful.

Related to the previous point, the last characteristic is that capacity cannot be developed based on blueprint solutions for all. It requires an intricate understanding of the doer’s society, its culture, and its norms by the helper, to adjust programme contents and modalities accordingly.

CD has long been subject of criticism because it is difficult to tangibly prove both its process and its results. The criticism is a reflection of both its real and perceived ineffectiveness. Even though there might be positive changes, they tend to go unnoticed and unappreciated in the traditional M&E systems. Due to these reasons, “capacity development has been one of the least responsive targets of donor assistance.” (OECD, 2006: 11) This is not a recent realization. Criticism of CD and its ineffectiveness has been throughout the development history. Box 2 captures some of the expressions of disenchantment of CD throughout the last few decades of development.

Box 2 Historical Overview of Inefficiency of Capacity Development

1960s

"A large and growing number of economists are working for foreign governments, as direct employees, as invited visitors, or more commonly as experts supplied under national or international technical assistance programs. It would be invidious to cite examples, but there is little doubt that many of us have been, in some degree, failures." (Seers, 1962: 325)

1970s

"Criticisms of technical assistance is expressed in four main themes [...]: (a) inefficiency (inherent), (b) inefficiency (operational), (c) substitution effects, and (d) promotion of vulnerability and dependence. (Tandon, 1973: 30)

1980s

"In the 1980s, technical cooperation has been subjected to a growing barrage of criticism. Numerous reports and evaluations, coming from recipient countries and donors alike, confirm the existence of generalized discontent with the performance of technical cooperation" (Berg, 1993: 244)

1990s

"Research indicates that large numbers of capacity-development initiatives have produced only meager results. In fact, in recent years, a variety of international agencies have produced reports indicating that investments in capacity building initiatives have not paid off in terms of effectiveness overall or higher levels of organizational or individual performance" (Grindle, 1997: 32)

2000s

"The record of TC* in delivering on its capacity-development mission is problematic at best" (UNDP, 2002b: 36)

"Technical cooperation is large in size, at US\$14.3 billion a year, but small in impact. It produces notoriously disappointing progress towards its ostensible objective of sharing knowledge and building capacity, but also provides itself largely immune to reform" (UNDP, 2002b: 229)

* TC: Technical Cooperation

N.B. Capacity Development is denoted by different terminologies such as technical assistance, technical cooperation or capacity building as they were the terminologies used during the respective times.

3.2. Why is there renewed interest in Capacity Development?

Nowadays, it is hardly possible to go through any policy or strategy document in the field of development without coming across the word capacity or capacity development. They are mentioned as being the key to achieving Millennium Development Goals (MDG), Education for All (EFA) Goals, implementing General Budget Support (GBS) and/or Sector Wide Approaches (SWAp), and for any other small and big development endeavours. At the level of common sense, it is hard to argue against the importance of capacity. Different development thinkers may have different reasons as to why they think capacity is important but regardless of their theoretical background, they all agree on one point; "in general there is a consensus that it is an inherently positive concept." (Smith, 2005: 447)

In contemporary development, there are two inter-related reasons for the renewed interest in capacity; 1) the rise of 'Good Governance' discourse and 2) need to measure aid effectiveness.

Good Governance

'Good Governance' is currently the most dominant development discourse supported by major development aid agencies such as the World Bank and UNDP and others. A typical 'good governance' programme would include "reforms to the institutions of government, the rule of law, anti-corruption and systems of administration." (Mkandawire, 2004: 326) So what does governance mean? "Governance [...] encompasses the form of political authority, the process by which authority is exercised in the management of a country's economic and social resources for development and the *capacity of governments* to design, formulate, and implement policies and discharge functions." (Bøås & McNeill, 2003: 69, italics added)

In order to understand the emergence of 'Good Governance' discourse, one has to go back in history. The 80s and to a certain extent, the 90s were dominated by the idea of 'rolling back the State' and neo-liberal ideas. Donor driven reform packages such as the SAPs (Structural Adjustment Programmes) has been the symbol of this era. "SAPs are a form of programme lending and thus provide additional finance as well as exacting policy changes." (Singer, 2001: 180) On the global scale, the implementation of donor-driven reforms was

not successful and the explanation of its failure has been attributed to the poor governance structure of the governments in developing countries. In short, the discourse is that the structural adjustment failed not because the policy in itself was mal designed, but because the governments of these countries did not have the sufficient *capacity* to manage the reform.¹⁰

In policy literature, capacity is explained as the ability to implement. "Implementation is thought to be a matter of carrying out that which has been decided upon, and successful implementation is viewed as a question of whether or not the implementing institution is strong enough for the task." (Thomas & Grindle, 1990: 1164) When implementation is not successful, the solution is to enhance the capacity of the institution to implement it better. In development, the failure of the 'adjustment period' has been blamed on the lack of capacity to implement. This has given rise to the growing interest in capacity and capacity development. Developing capacity has become the 'pre-condition' in making development aid sustainable and effective.

Aid Effectiveness

Measuring aid effectiveness is one of the current most prioritized concerns of the development community. "Principles for enhancing aid effectiveness have been agreed by donor and recipient countries in the Paris Declaration on Aid Effectiveness along with a series of indicators and targets for tracking progress." (de Renzio, 2006: 627) Capacity and CD are one of the indicators of progress included in the Paris Declaration.¹¹ Traditionally, measurement of aid transaction cost and its effectiveness has been based on financial terms. The financial measurements can only correctly assess the direct cost aid transaction but cannot capture the indirect costs or social costs. Therefore, measurement of aid effectiveness by including only monetary transaction cost was gradually considered to be incorrect and impractical. "So the focus of empirical work shifted to an ordinal, perceptions-based approach" (Hubbard, 2005: 366) In order to measure the traditionally uncaptured measurement of aid, "future

¹⁰ Many debates surround the explanation of the failure of SAPs. "Many critics are not ready to accept the blanket proposition that government failures are more important than market failures." (Singer, 2001: 174)

¹¹ Indicator of Progress 4: Strengthen capacity by co-ordinated support – Percent of donor capacity development support provided through co-ordinated programmes consistent with partners' national development strategies. (Paris High Level Forum, 2005: 10)

surveys of the cost effectiveness of aid will need to monitor changes in partner country capacity and the extent to which donor methods are helping to raise capacity.” (Ibid: 366)

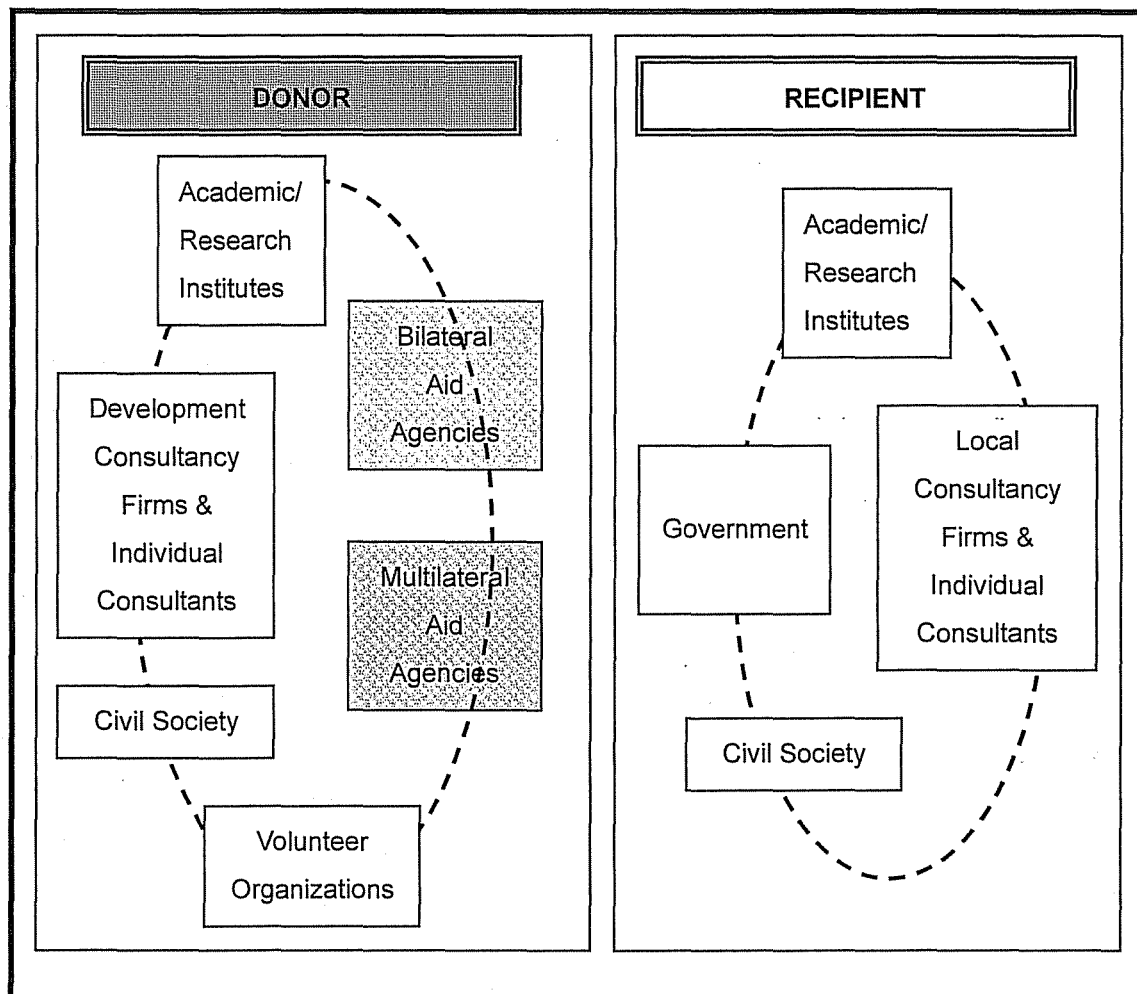
3.3. Who are the actors in the process of Capacity Development?

It would not be an exaggeration to say that all organizations involved in development are engaged in some form of CD in one way or another. Their programmes, whether they are financial aid or policy-based aid, include components of CD. “[Capacity development] covers virtually everything that a development agency might wish to do.” (Schacter, 2000: 1) These organizations work in close collaboration with each other, in forms of co-ordination/cooperation but also in competition, but it is not visibly clear to outsiders how they are inter-linked and how it affects the process and the outcomes of CD.

In CD, the actors involved can be grouped into donors as providers of financial and technical resources and the recipients. Under the new paradigm of development, the terms ‘donors’ and ‘recipients’ are no longer to be used; rather ‘partner’ is the correct term. However, “organizations that hand over money are still considered as donors rather than partners.” (Shutt, 2006: 154) This paper uses the terms ‘donors’ and ‘recipients’ to reflect the reality, The following figure shows the inter-relations between major donor and recipient organizations in the field of CD.¹²

¹² The organizations in the recipient side is not discussed as it is beyond the scope of the paper.

Figure 3 Inter-relationship between major donors and recipient organizations



N.B. 1. Dotted line represents inter-dependence

N.B. 2. Shaded organizations represent those being focused on in the paper

Source: Author's own graphic representation

Donor Organizations

Donors are not a homogenous group of organizations. There are different types of organizations within the donors with different roles and functions. There are bilateral development agencies such as USAID or DFID, multilateral development agencies such as the UN or the World Bank, international development consultancy firms, research/academic institutes, volunteer organizations such as Peace Corps or VSO, civil society and others.¹³ These

¹³ Although consultants, academic institutions, volunteer organizations and civil society also play a huge role and are very active in CD work, the author will not discuss their roles in this paper.

organizations rely on each other for funding, and compete with each other for opportunities for projects.

An example from the author's own experience in CD programming illustrates the complex relations between different donors involved. The author, working in a multilateral agency was provided with funds based on a particular policy goal (EFA Goal 1 on Early Childhood Education) from country A's bilateral aid agency. The multilateral aid agency had the responsibility to assess the needs of the recipient country and to identify the most appropriate strategy to develop capacity of Ministry of Education personnel in the field of early childhood education. An exposure trip abroad to demonstrate the operation of a model early childhood center was decided upon as the preferred modality of CD. Accordingly, an academic institute from country B which had been running early childhood centers with innovative methods was identified. Furthermore, in order to facilitate the communication and administrative procedures, the country B's bilateral aid agency was contacted to operate as the intermediary. In short, there were four international organizations, and possibly even more that the author was not aware of, involved in provision of a simple one-week exposure trip. This case illustrates the complexity of relationship and inter-dependence of funding and programme management between different donor organizations.

It is important to clarify the difference between bilateral and multilateral aid agencies. Bilateral agencies are "*national* institutions, which operate under the authority of their own governments" to administer aid. (White, 1974: 45, italics added) Usually, the so called 'rich countries' providing aid have an established bilateral aid agency. Multilateral aid agencies, on the other hand, are "*international* institutions which administer aid within a broad framework laid down by their member states." (Ibid: 45, italics added) The UN and the International Financial Institutions such as World Bank and IMF are examples of multilateral agencies which consist of membership of governments around the world. The membership of multilateral agencies is not only limited to 'rich countries' but includes developing countries.

In CD programme management, there is a broad division of roles between the two types of agencies. (Because of the difference in institutional, financial structure and technical expertise, bilateral and multilateral agencies have to co-

ordinate with each other to fulfill their mutual organization objective: develop capacity.

Historically, multilateral institutions such as the UN or the World Bank were established with specific objectives in mind for them and are now institutions with global authority specializing in a particular technical issue. For example, UNICEF is in charge of children and women, WHO is responsible for health and so on. Their institutional goal is to uphold the social values of their particular field of expertise. On the other hand, bilateral agencies do not have the necessary technical expertise required for social and economic development. Their policies are primarily based on their respective countries' foreign policy or their international relations' concerns rather than the international development goals.

Not only are these institutions different in terms of its institutional structure, they are also fundamentally different in their funding structure. The funding of bilateral institutions is based on the taxes raised from its citizens. On the other hand, multilateral institutions rely on the voluntary contribution from its member states. An important aspect of the funding for multilateral agencies, especially in the case of the UN is that, it has two parts; core funding and supplementary funding. (Bøås & McNeill, 2003: 39) The core funding comes from the voluntary contribution of its member states. The supplementary funding is additional budget kept at the discretion of bilateral donors which are reserved for specific research projects and/or aid programmes. (Martens, 2005: 659)

The funding structure has a lot of implications in the kind of aid policies and activities that these institutions can carry out. From the bilateral side, since it is strongly linked to their political constituents, the objective of aid and its evaluation can be closely scrutinized and "as a consequence, official aid may come with a lot of conditions attached to it." (Martens, 2005: 651) On the other hand, "almost all multilateral institutions as defined in their agreements and charters as functional and technical institutions" (Bøås & McNeill, 2003: 43) and are presented as being apolitical.¹⁴ As per the one-country-one-vote policy,

¹⁴ Multilateral agencies are not entirely apolitical or neutral as they want the public to believe. Although, their institutional structure does not allow them to be overtly political, multilateral aid agencies involve a lot of political choices in their programming and policy advice. (Bøås & McNeill, 2003; Martens, 2005; White, 1974)

consensus has to be made between all member governments, both donor and recipient governments, prior to deciding on the organizations' objectives and activities.¹⁵

The contrasting political institutional and funding nature makes these two different groups of development aid agencies to co-ordinate with each other to deliver CD. As multilateral institutions cannot generate funds on their own through means of taxing or profit-generation, they are reliant on other forms of legitimate funding to expand their scope of activities, such as extra funding from bilateral agencies. In turn, the bilaterals rely on the multilateral agencies to carry out CD programmes which usually require technical expertise. Returning to the previous example of the early childhood education, although the bilateral agency has committed to the international development goals, it does not have any expertise in education and even less in early childhood education. So its programme was delegated to a UN agency with mandate in education. In turn, the UN agency required funds to achieve its goals of working towards achieving the EFA goals.

3.4. New Paradigm of Capacity Development

As mentioned in the introduction, development theory and CD theories are undergoing change. Under the current context of increased emphasis in aid effectiveness, there is a lot of expectation for development agencies to find ways to make CD more effective. Moreover, it faces additional challenges to change because CD has traditionally been considered to be ineffective.

Numerous international working groups, task forces, consultants, and research institutes have been analyzing theories and practices, trying to identify the causes of inefficiency and to propose new ways of looking at capacity and CD.¹⁶ Between the numerous studies, there is a consensus on two aspects of

¹⁵ This should not be taken as that all member states in multilateral agencies have equal voice. In reality, at World Bank, "consensus is often achieved by weaker countries modifying their policy positions in accordance with those of stronger countries" (Bøås & McNeill, 2003: 18) IMF presents a similar situation. "It is very clear that those who contribute the most to IMF are also given the strongest voice in determining policies" (Ibid: 30)

¹⁶ Refer to: Learning Network on Capacity Development (LNCD) of OECD/DAC, UNDP Capacity Development Group, Capacity.org, Capacity Development Task Team of EFA-FTI, Development Gateway community on Capacity Development, Climate Change Capacity Development project,

CD; 1) capacity has three inter-linked dimensions – individual, organizational and societal and 2) capacity development is an endogenous process.¹⁷ These findings are the basis of the 'new paradigm' of CD.

According to Oxford English Dictionary, a paradigm is “a mode of viewing the world which underlies the theories and methodology of science in a particular period of history.” (Oxford, 2003) Accordingly, a paradigm shift is “a major conceptual or methodological *change* in theory or practice of a particular science of discipline.” (Ibid, italics added) As the definition says, the new thinking of CD reflects a major change of how to conceive capacity conceptually and development of capacity methodologically. Table 2 summarizes the paradigm shift of CD.

Table 2 New Paradigm for Capacity Development

	OLD PARADIGM	NEW PARADIGM
CAPACITY DEVELOPMENT	Human resource development combined with stronger institutions	Three cross-linked layers of capacity: individuals, institutional and societal.
ACQUISITION OF KNOWLEDGE	Knowledge can be transferred	Knowledge has to be acquired
MOST IMPORTANT FORMS OF KNOWLEDGE	Knowledge developed in North for export for South	Local knowledge combined with knowledge acquired from other countries – in the South and North

Source: Modified from UNDP (2002b:9)

3.4.1. Old Paradigm

In order to understand the old paradigm of CD, one can look at documents of the past. The author takes UNDP's 1993 seminal report by late Elliot Berg, a prominent development economist, on Technical Cooperation, 'Rethinking Technical Cooperation: Reforms for capacity Building in Africa.'

Study on Capacity, Change and Performance by ECDPM, amongst others

¹⁷ Different organizations use different terminology to depict the social dimension of capacity. UNDP calls it the societal dimension, for OECD it is enabling environment and GTZ, systems level. (Gordijn, 2006)

The first characteristic of the old paradigm is that only two dimensions of capacity, individual and organizational were considered to be important. "Among development practitioners, capacity has traditionally been conceived in two dimensions: human resources and organizational functions." (UNDP, 2002b: 1) The objective of capacity building was to "[enhance] skills, [improve] administrative procedures and regulations that condition organizational relationships, and increasing organizational competence." (Berg, 1993: 63) As can be inferred, the target of capacity building was restricted to within and around the organizations directly related to aid projects. (Degnbol-Martinussen & Engberg-Pedersen, 2003: 51) It can also be seen from Berg's report that societal dimensions were not considered to be part of the work of capacity building. "Capacity-building excludes the [...] goals of changing social norms and creating societal support for capacity-raising changes." (Berg, 1993: 63)

The second and third characteristic of the old thinking is that capacity was considered to be 'transferable' and that it could originate from outside. These thinking were not only about capacity and CD but it was a general underlying assumption of development. Throughout its history, development aid has been influenced heavily by the three concepts; 1) modernization theory, 2) 'gap-filling' model and 3) gap-filling through transfer. Modernization theory states that countries must go through different necessary stages to develop.¹⁸ 'Filling in the gaps' has been the method used to bring a country from one stage of development to a higher level. The three main gaps of developing countries have been thought of as the following; two financial gaps (budget deficit and imbalance of external payments) and third gap of skills and know-how. (UNDP, 2002b: 9) Not only was the assumption that developing countries have these gaps, but more importantly, it was considered that these gaps can be filled by simply transferring capital and/or knowledge from outside. Based on these ideas, technical cooperation and CD have served the purpose of filling in this third gap.

3.4.2. Characteristic 1 of New Paradigm: Three dimensions of capacity

"Until quite recently, capacity development efforts focused mainly on

¹⁸ "It is possible to identify all societies, in their economic dimensions, as lying within one of five categories: the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption." (Rostow 1960 in Rist, 1997: 94).

individual skills and institutions, tacitly assuming that other factor – usually described as externalities or an enabling environment – would sort themselves out.” (UNDP, 2003: 24) The new paradigm explains that the traditional methods of capacity building of individuals through scholarships or training and/or on institution building through modalities such as institution twinning have failed because the social aspect was ignored.

An illustration could facilitate the understanding of failure of CD programme as a result of ignoring the three inter-linked dimensions of capacity. Let's suppose a CD programme for child-friendly pedagogical management of early childhood education for Ministry of Education (MoE) officials in view of the policy goal to increase early childhood education attainment level. Improving the capacity of the personnel and the MoE is important in itself. However, the enhanced capacity at the individual and/or institutional level cannot be translated into concrete change if there is not a society-wide accepted idea that early childhood education is important. Based on learnings from such experiences, it is now recommended to address the societal dimensions as well as individual and organizational dimensions of capacity.

The new paradigm sees capacity as having three dimensions (individual, organizational and societal) and that capacity development programmes must consider the complex inter-linkage between the different dimensions.

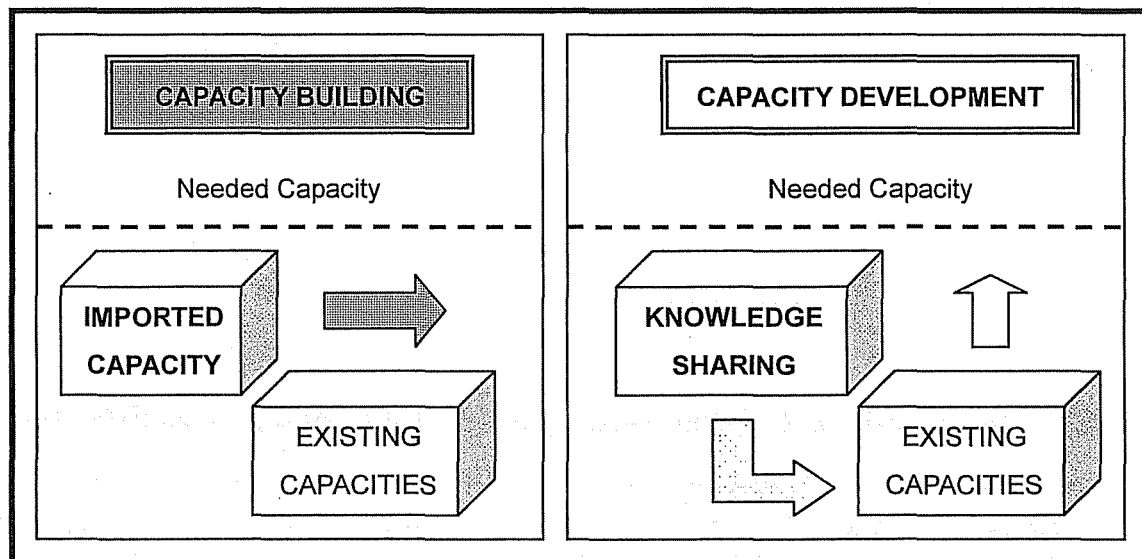
3.4.3. Characteristic 2 of New Paradigm: CD is an Endogenous Process

If the previous characteristic about the new paradigm is about *what* capacities to develop, this one is about the change of view of *how* capacity develops. As mentioned, traditional methods of building capacity involved direct 'transfer' of skills and knowledge. Modalities such as resident advisors were commonly used whereby it was expected that the external expert will 'transfer' his/her knowledge and expertise onto the national counterpart (or understudy) and that "the understudy would eventually take over from the expert." (UNDP, 2002a: 81) However, the knowledge and skills delivered through the 'gap-filling transfer model' proved to be un-retained or rejected by the recipients and thus CD outcomes were unsuccessful.

There is a new understanding of how change and learning takes place; it is an endogenous process. "Genuine internal change in the doers requires internally sourced motivation and active learning by the doers." (Ellerman, 2005: 241) As per this new understanding of how change takes place, it is now thought that the recipient country must take ownership of the process and "outside initiatives should be seen as facilitating the process, but not substituting local processes." (Gordijn, 2006)

If the previous paradigm had ignored or de-valued the existence of local capacities and considered 'transfer model' to be appropriate, then current paradigm recognizes that every individual and society has cultural values and existing capacities. The local capacities should not be ignored as it influences the process of CD.

Figure 4 Capacity Building vs. Capacity Development



Source: UNDP (2003: 10)

This fundamental change is reflected in the change of terminology from 'capacity building', mostly used during the 1980s and 1990s, to 'capacity development'. The term building denoted that capacity was like a building block which would fill in the gaps. "Capacity development [signals] that the task is one of strengthening existing capacity rather than constructing capacity that does not exist yet." (Grindle, 1997: 6) Figure 4 is a visual representation of CD as an endogenous process in comparison to the previous idea of capacity building.

3.4.4. Operationalizing New Paradigm through New Principles

Simply changing the 'what' and 'how' of capacity and CD on policy papers is not going to improve its effectiveness. It has to be put into practice. This requires "a fundamentally different approach on the part of the helpers." (Ellerman, 2005: 241) Previously, the role of development agencies was to identify 'gaps' in capacity and to 'transfer' the knowledge and skills deemed necessary. In contrast, the new consensus is that "capacity development is the responsibility of partner countries, with donors playing a supporting role." (Paris High Level Forum, 2005: 5) Additionally, CD programme content should address the societal dimensions as well as the individual and organizational capacities, which development agencies have not previously done.

So what does it mean in practical terms for donors to play a 'supportive role'? Development agencies are attempting to operationalize this by proposing principles on how to do it.¹⁹ As in the case of definition of CD, there is not a universally accepted list agreed by all, and the list varies from agencies to agencies. The author has chosen four principles out of a longer list collected from different agencies to be examined throughout the paper as they are the ones commonly cited by all agencies. The four principles are: CD should be 1) not donor-driven, 2) based on country ownership, 2) based on existing capacity and 2) long-term. Although these principles are "not enforced with sanctions," (Simon, 1997: 67), they are considered as 'management policy' or 'working policy' to which CD programme officers should observe.

1) Capacity development should not be donor-driven

As quoted by David Ellerman an opening of his book, "the best kind of help to others, whenever possible, is indirect." (Dewey and Tufts 1908 in Ellerman, 2005: 1) The new development paradigm tries to implement this philosophy by shifting the decision making power of the development process to the partner countries. In the case of capacity development, it is crucial that the process is not dictated by outsiders because CD is an endogenous process and "CD stems from one's motivation and desire to do things and to do them well." (UNDP, 2003: 22)

¹⁹. Different terms such as 'principles' (UNDP, 2003), 'operational guidelines' (EuropeAid, 2005), 'how to' (OECD, 2006), 'lessons' (World Bank, 2005) and the like are used by different organizations. The author uses the term principle.

In practice, this implies that development agencies have to 'shed old habits' of their work process. In other words, the donors must relinquish their control over the programmes or project decision making process and "incorporate more recipient country control into the planning and design of projects and programmes." (Schacter, 2000: 4)

2) Capacity development should be based on country ownership

"The cornerstone of contemporary thinking about aid and development effectiveness is country ownership." (OECD, 2006:13) "The emphasis on recipient ownership arose from the perceived failure of donor-led adjustment programmes of the 1980s and the 1990s to bring about lasting policy reforms in many countries, leading to the conclusion that 'reforms can be supported, but that it cannot be bought'" (Hubbard, 2005: 367) Ownership is a difficult concept to define because it is an intangible quality. In the context of programme management, it can be defined as "the exercise of control and command, from the idea to the process, from input to output, from ability to results." (Edgren 2003 in UNDP, 2003: 2) This again implies that the donors must hand over the decision making power to their 'partners'.

It could be easy to assume that if a programme is requested by the recipients, it means that there is ownership. However, it is not so. Having ownership means one additional step than simply making requests. A negative example of absence of ownership can illustrate this. For example, a country amidst conflict may request for CD programme for peace education curriculum development. It could be taken as a positive sign that they are committed to bringing peace and that they are fully willing to deliver peace education to its citizens, implying that there is ownership in the process. However, the country could have requested for it because there are political interests to be perceived in the international arena as being actively promoting peace, when in reality, they are not interested in it. Therefore, although this CD programme complies with the first principle that it is donor-driven, it does not mean that it is based on ownership.

Capacity and ownership are inter-linked. Capacity is the basis of ownership. "Capacity of government to command and analyze information and to implement policy change is fundamental to ownership." (Hubbard, 2005: 368)

For practitioners, this poses a difficult situation to overcome. Without capacity, there is no ownership and without ownership, capacity cannot be built. However, it is important for programme managers to remind themselves that "ownership is a matter of processes and trends, not the presence or absence of a particular quality." (OECD, 2006: 16) Ownership can be built and the role of CD programme managers is to maintain policy dialogue and to monitor performance of their counterparts and not directly manage the programmes. (Smith, 2005: 448)

3) Capacity development should be based on existing capacity

"Technical knowledge can acquire a surprisingly uninstrumental life of its own by virtue of passing from one society to another" (Grammig, 2002: 74) Every society has values and cultures and new information and skills are interpreted and absorbed in their own ways. An oven may be considered as one of the most useful kitchen appliances in a culture where food are heat cooked, but it may have absolutely no significance in a country with frying culture. This is why blue-print solutions for capacity development do not produce results.

Instead, the new paradigm recognizes that as an endogenous process, CD should adapt the programme process and content to the local context. Programme managers should understand the local capacity by dialoguing with the counterparts and allowing participatory space throughout the process of CD.

4) Capacity development should be long-term

"Developmental processes are rooted in time, not in the ambitions of helpers in a rush to do good." (Ellerman, 2005: 17) Especially in the case of capacity development, the element of time is important. Capacity cannot be rushed to be developed in a short span of time. Especially in the context of the new paradigm of capacity which requires societal dimensions of capacity to be taken into consideration, patience and perseverance by external helpers are required. "Interventions to improve conditions in an action environment take a long time to produce results because they attempt to alter basic economic, political and social structures." (Hilderbrand & Grindle, 1997: 37)

This has implications for CD programme managers in their day-to-day operations. In terms of planning, flexibility is required. Taking the time dimension

into consideration should not be blindly interpreted as planning a programme for 10 or 15 years. It might be advisable to make shorter term programme to invest incrementally and to reduce risk from both the donor and the recipient side. (Sunshine, 1995: 49) However, it must be flexible to prolong the programme if needed and to have the possibility to amend the programme content depending on the progress.

3.5. In Sum...

Along with the recent rise of good governance discourse and aid effectiveness, the capacity of aid recipient countries to manage their process of development is one of the major concerns of current development thinking. CD is considered to be both the means of achieving development and an objective in itself. However, CD is a difficult process as it is a relationship intensive process which requires the external helpers to not just provide knowledge and skills but also to facilitate an endogenous development of capacity. The process and outcomes of CD depend heavily on how the external helper 'behaves'. Development community has developed new principles for CD programme management to provide policy guidelines on how development agencies and programme officers should operate to make it more effective. The following chapter examines whether development aid agencies are implementing the new principles in their day-to-day programme management.

4. CHAPTER 4 ARE DEVELOPMENT AGENCIES CHANGING?

This chapter presents the research findings (what is the process of programming of CD in the UN) in connection to the research questions of the paper (have development agencies changed their behaviour? And if not, why?) As mentioned in the introduction, the findings from the UN are presented as a common phenomenon applicable to development agencies in general. The primary data from the interviews conducted with UN programme officers are complemented with secondary sources and are analyzed using various organization theories. Throughout the analysis, the terms 'programme officers' and 'development agencies' are used inter-changeably to denote development aid agencies although the author is aware of their conceptual difference. It is important to reiterate that this paper does not aim to assess the validity of the principles and the corresponding 'ideal' behaviour but to assess whether the changes in policy are being implemented.

This chapter is organized in two parts. The first part answers the first research question on whether development aid agencies are changing their behaviour in accordance with the new principles of CD. As organizations are made up of individuals with different personal value judgments who behave differently, describing behaviour of an organization cannot be stated in a clear-cut factual manner. The author deduces a general description of development agencies' behaviour based on the 'perceptions' of individual programme officers of their organizations' behaviour.

The second part of the chapter analyzes the structure of the organization (internal and external sub-parts as per the analytical framework) and the nature of the decision-making process (rational or political) within each of the sub-parts and how it influences the behaviour of development agencies regarding the CD principles.

4.1. Is the Behaviour of Development Agencies Changing?

4.1.1. Principle 1: CD should not be donor driven

Paris Declaration states that donors should “[align aid] with *partner countries’ priorities*, systems and procedures and helping to strengthen their capacities.” (Paris High Level Forum, 2005: 1, italics added) ‘National priorities’ are indicated in country’s policy documents such as MDG action plans, Poverty Reduction Strategy Paper (PRSP) or other sectoral policy documents such as EFA national plans. If CD programmes are not to be donor-driven, it should address the capacities required for the national priority areas. If the country’s primary concern is increasing the education completion rate by boys’ as in the case of Caribbean countries, development agencies should provide CD programmes catering to those needs, although the global priority of the development agencies might be girls’ education.

Positive changes

The research found that development agencies are respecting the counterpart’s priorities, at least on the superficial level. Half of all respondents said that all of their programmes (CD and others) are based on the recipient country’s national priorities. A majority of the respondents (13 respondents out of 15) replied that all or more than half of their programmes are based on national priorities. Specifically for CD programmes, two third of the respondents said that they plan more than half of their CD programmes based on the requests of their counterparts. One person even said that *all* her CD programmes were based on the demands of the recipients. Although, in general, CD programmes had a lower rate of being demand driven compared to the overall programmes, the research indicated a positive behaviour of development agencies to respect the national priorities.

Behind the Positive Changes

Beneath the positive finding that development agencies are respecting the counterpart’s priorities, throughout the course of the interviews, the research found many facets of behaviour indicating that the programme management process is still donor-driven.

First, many respondents openly acknowledged that national priority documents such as the MDGs and the PRSPs are heavily influenced by the donor community at large. Although the country programmes of the development agencies may seem to follow the national priorities, since the overall process of determining the national priorities is still donor-driven, CD programmes based on 'national priorities' can be concluded to be donor-driven, in essence. Development agencies showed awareness that although recipients may demand certain programmes, it may have been heavily influenced by donors from behind the official forums.

On National Priorities:

Yes, it's true that all of our programmes are based on the national MDG goals but we are the ones who wrote them, in essence.

Then are we really following the 'national' priorities?

- respondent n.2-

Second, the research found that often times the choice of the programme area and the fate of programmes' possibility of continuation were being decided by external funding donors (i.e. bilateral aid agencies). Many respondents testified that in many cases, they are obliged to conduct programmes areas of their funding donor's will, although it might not be the most urgent or necessary programme areas. Moreover, a large majority (9 out of 12) of the programme officers said that as a result of the funding donor's decision, their programmes had been cut short although a follow-up was necessary.

Third, it was observed that in most cases, the development agency's own set of designated global programme workplan could not cater to the country's priority areas. Therefore, despite the awareness of the recipient country's priority areas, programme officers could not provide the necessary CD programmes. A majority (9 out of 12) of the respondents said that *none or only few* demands of the counterparts could be addressed by their organization's given workplans and budget. For example, a programme officer in a country which required support in secondary and higher education complained of her inability to provide to the country's demands as her workplan and budget were allocated as per the global general priority: primary education. In short, as the country offices and the programme officers have the obligation to execute their workplans made based on global priorities, CD programmes are provided on areas which are not necessarily the priority concern of the counterparts.

Overall, the research showed that the country CD programmes are rhetorically based on 'national priorities' which are in reality donor-driven based on global priorities, rather than on country-specific priorities. Therefore CD programmes provided do not address to the real national priorities and as a result continues to be primarily donor-driven.

4.1.2. Principle 2: CD should be based on country ownership

Positive behaviour

"Understanding of, and agreement on objectives" (Hogwood & Gunn, 1984: 221) is a pre-condition for a policy to be implemented. The research found this principle to be firmly believed by development agencies as a pre-condition to achieving successful CD. All programme officers interviewed agreed strongly to this principle. The author considers the unanimous agreement on this principle as positive change in mindset in accordance with the paradigm shift.

A modest level of positive behavioural change was observed. From a few respondents, the author observed that officers were aware of the necessity to continuously motivate the counterpart, even if the counterpart individual or institutions have high level of ownership. As an example of ways to motivate ownership, one programme officer explained that a very simple gesture such as replacing the development agency's logo to the county's government logo on policy documents made a difference.

Negative aspects

Although the importance of the principles was widely accepted by programme officers, the research found that on the overall, it was not reflected in their behaviour.

First, the interviews revealed that most officers had difficulty in correctly judging the levels of ownership of their counterparts. Although the counterparts may demonstrate ownership, it was received with skepticism by the programme officers based on the

On Judging Ownership:

"In face of possibility of funds, the counterpart will almost always say yes. So it looks like ownership. But short-term ownership is not the same as long-term ownership. It is important for programme officers to recognize 'real' ownership"

- respondent n.10-

assumption that it was motivated by opportunities for financial support and/or other incentives. The research found a low level of confidence and trust in the counterparts to have genuine long-term ownership.

One third of the officers referred to their experiences of unsustainable programmes despite high level of ownership by their counterpart individuals or institutions due to low level of system-wide ownership. This confirms that the theory of three inter-related dimensions of capacity has practical implications for officers on the ground. However, the research did not reveal any examples of work on system-level capacity and ownership. A programme officer in charge of a nation-wide poverty monitoring programme explained that although the direct partner government institution was extremely enthusiastic about the programme, other related line ministries were not convinced of its merits and therefore the programme was not sustained at the national level. The programme officer complained about the lack of system-wide ownership but did not give any indication of active work to motivate the ownership at the system level.

4.1.3. Principle 3: CD should be based on existing capacity

The practice of this principle can be observed through two behavioural indicators. First, the need for a CD programme and its optimal modality of support should be decided based on an assessment of the counterpart's existing level and quality of capacity. Second, traditional 'transfer' model of introducing drastically new skills or knowledge should be discouraged. .

Positive Behaviour

From the interviews, the author was able to observe some positive patterns of behaviour respecting this principle. First, three out of eight agencies interviewed had institutionalized baseline assessment mechanisms for all of their programmes. Mechanisms such as KAP (Knowledge, Aptitude and Practice) assessments, PRA (Participatory Rural Appraisals) are being used to assess the existing level of capacity and the corresponding need. If the programmes did not allow for or did not require a new assessment, existing baseline studies from other agencies or from other sources were said to be used.

Two-third of the respondents replied that they conducted some form of baseline assessment, either through formal or informal channel for all or more than half of their CD programmes. Informal mechanisms such as simple observation of their counterparts or discussions were said to be used.

Behind the positive behaviour

On the overall, the research found that the application of this principle was rather ad hoc and not very respected.

First, only one third of the respondents replied that they conduct baseline studies for *all* of their programmes. The rest of the officers did not necessarily make assessments to understand the existing level of capacity of their counterparts. One respondent even said that *none* of her programmes have conducted baseline studies. The research found if assessments were done at all, most were done through informal mechanisms. The author is not of the opinion that informal assessments are bad or that they are inadequate. However, the issue is that as the baseline studies are not institutionalized as part of the programme management process, it is at the individual officers' discretion to uphold the principle. In other words, most CD programmes are implemented without sufficient knowledge and understanding of the level and quality of existing capacity.

Second, only a small number of agencies had introduced formal baselines assessments. Even from within these organizations, the author did not get the impression that it was a strictly observed procedure. Some said that it had to be done for all programmes including CD programmes and some expressed that it was not strictly institutionalized. The tools were also not being used correctly. One interviewee described that although the organizations' assigned assessment tool required the process to be undertaken over a course of a month, in actual implementation, it would be finished in two days. Furthermore, the research found that in most cases, consultants were hired to conduct assessments. Therefore, the programme officers who are responsible for designing and deciding on the modalities of the programmes do not necessarily fully grasp the level of existing capacity as a result of the outsourcing.

Third, the research found 'gap-filling' model to be still practiced. Two-thirds of the respondents replied that they have had CD programmes which introduced new knowledge and skills than what the counterparts are used to working with. The officers expressed that in development, there are certain issues which necessarily needed to be introduced. Issues such as police training on child protection, literacy through information technology modalities or skills for alternative energy production in view of climate change were some of the examples of the 'new' skills that development agencies considered to be their 'responsibility' to transmit.

On Gap-Filling Model:

"We cannot base all of our programmes based on only the demands of the counterparts. They demand same old things, because they don't know. Sometimes, it is necessary for outsiders to show them 'new' things that they were not aware of before."

- Respondent n.1-

4.1.4. Principle 4: CD should be long-term

Like all organizations, development agencies plan their activities within a certain time frame. For development agencies to adhere to the principle that CD should be long-term, they should allow the programmes sufficient time for capacity to develop as well as to grant flexible means to prolong programmes, if need be.

The research found rather contradictory perception of behaviour of the agencies towards this principle. There were perceptions that the given duration of programmes was adequate enough. On the other hand there were also perceptions that they were not. There were responses of both extremities; three respondents felt that the given programme duration is adequate to develop capacity and another three said that it was not sufficient at all. This difference in perception could be explained by the different programme cycles of development agencies. Officers from agencies with five year cycles tended to be more satisfied with their programme duration than those at agencies with two year cycles.

As for the flexibility to prolong programmes, the perception of behaviour was also mixed. Half of the respondents felt that the agencies provided leeway to extend programmes if necessary and the other half felt the contrary. Despite

On Long-Term:

“We are reliant on donors for funding. There is no way for us to predict if they will continue the programme further. Even if the result is good, they might reject it if they are no longer interested in the topic.”

- Respondent n.9-

this division of perception, almost all respondents had experienced their programmes being cut short, even when a follow-up was necessary. This confirms that development agencies are not behaving according to the principle to allow time for capacity to develop. As mentioned earlier in principle 1, the decisions to curtail the programmes were mostly decided not by the recipients but externally by the funding donors. The research found that this influences the programme officers negatively to rush to finish the programme to make results within the given time, as the possibility of extension could not be predicted.

4.1.5. In Sum...

“What managers know they should do, whether by analysis or intuition, is very often different from what they actually do.” (Simon, 1997: 137) Despite the multitude of policy papers and recommendations based on the new paradigm of capacity and CD, on the overall, the research found that development agencies have not changed their “day-to-day decisions and activities” (Ibid: 107) according to the new policies.

The four principles examined above are not stand-alone principles. Not upholding one principle negatively influences the others. More than any other principles, the research found that the first principle – CD should not be donor-driven – strongly influences the implementation of other principles. Purposefully or not, donors (both the UN and the bilateral agencies) continue to decide the programme areas. As a result, the ownership of the counterparts is not fostered. This creates a vicious circle of donor-driven/low ownership process. Capacity is not built because of lack of ownership, and the lack of ownership results in low level of participation in the process of programme management which in turn, results in donors taking control. Moreover, because the programme management process is still predominantly donor-driven, the need to assess existing capacity and to adjust the programmes according to the local situation is not considered to be necessary. Furthermore, the duration of the programmes

and the time necessary for capacity to develop are vulnerable to the development agencies' interests. On the overall, the author is able to conclude that the four principles of CD are not being practiced in the day-to-day programme management as the process is still fundamentally donor-driven.

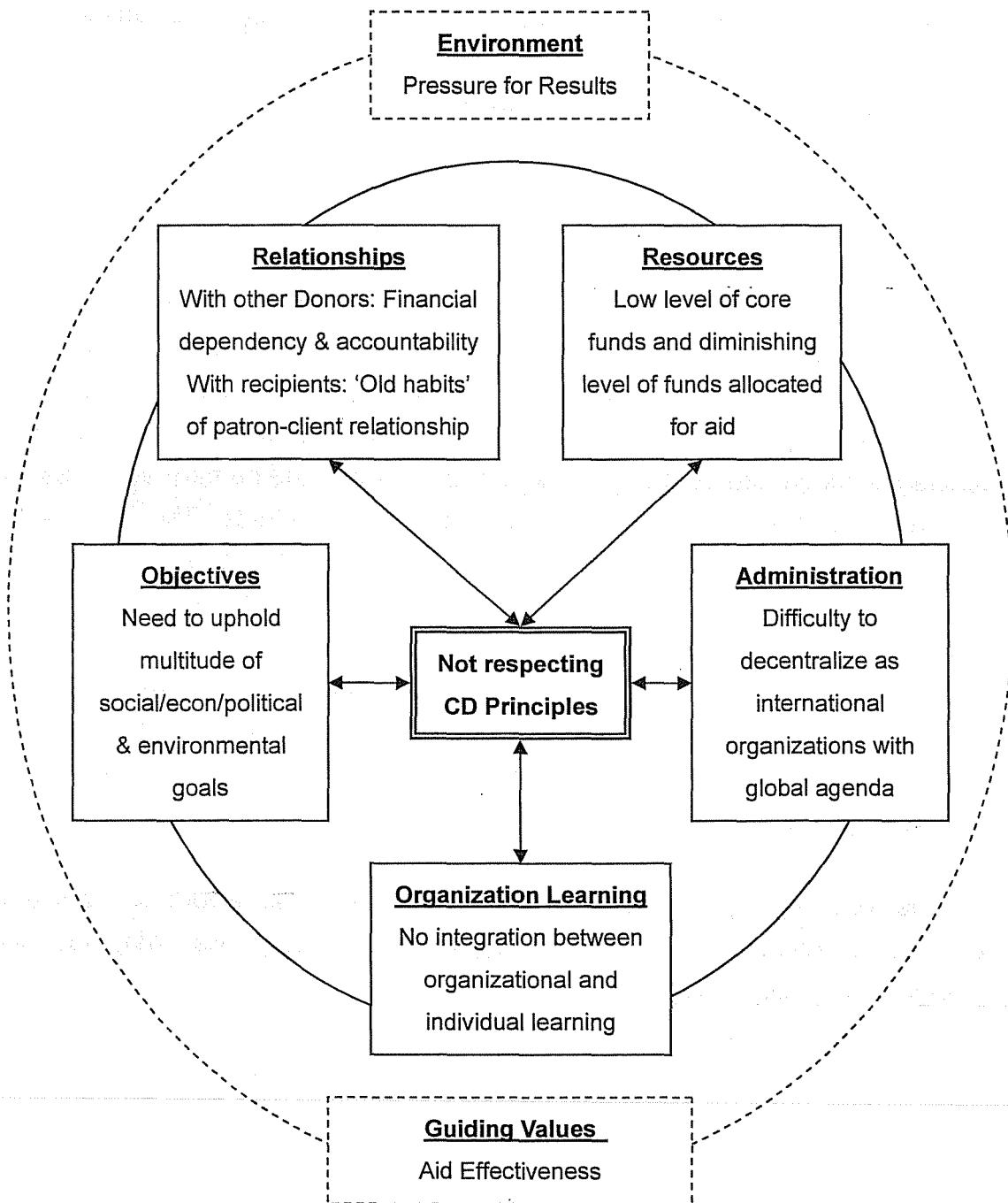
The following sub-section analyzes the various structures and decision-making process within the organization which influence the CD principles not to be implemented.

4.2. Why is the Behaviour of Development Agencies Not Changing?

Certain aspects of the principles which are not upheld can be explained rather easily. For example, the research found that in many cases the need assessments required to uphold the third principle (basing CD on existing capacity) is not carried out due to lack of both financial and human resources as they are expensive and human capital intensive procedures. The inability to conduct activities properly due to lack of funds or resources is not a unique feature of development agencies. All organizations, whether they be private or public are constrained by resources. Therefore, basic resource constraint to execute the principles is not analyzed in this paper. Instead, the particular characteristics of development aid agencies as international bureaucracies with particular social values are analyzed to understand how it influences the implementation of CD principles.

The following figure adapted from the analytical framework summarizes the main constraints of development agencies to change vis-à-vis the new paradigm of capacity development.

Figure 5 System and Influence of Change in Development Agencies vis-à-vis CD



Source: Author's own interpretation

4.2.1. Relationship with External Organizations & Resources

“In order for money or technical expertise to be passed from one organization to another, links need to be established between the two parts of the aid chain.” (Shutt, 2006: 154) “Most organizations in the aid web are, of course, both recipients and donors of funds.” (Eyben, 2006: 51) In the case of the UN, it can be seen as a donor from the recipient countries’ point of view, but it is also a recipient of funds from the bilateral agencies. This sub-section examines the relationship between 1) the UN and its funding donors (bilateral agencies) and 2) the UN and the recipients and the flow of financial resources between them.²⁰

Relationship between the UN and the Donors

As mentioned in Chapter 3, the bilaterals and multilateral agencies co-ordinate with each other to provide CD. The relationship between the 2 institutions is not one of contracting-out whereby the UN is executing donor-designed projects, but it is a relationship of co-ordination where the bilaterals rely on the UN to design and execute the CD programmes with donor-provided money. Although “rational division of labour through co-ordination sounds like a technical matter,” (Robinson et al. 2000: 217) it is actually about control through authority by a voluntary or imposed leader of the parties involved (Ibid: 215) In this case, the bilateral agencies are the ‘leaders’ with authority.

“In recent year, foreign aid has fallen to the lowest level since the start of the 1960s.” (Degnbol-Martinussen & Engberg-Pedersen, 2003: xiii) In competition for the limited resources available amongst multilateral agencies, the UN has been hit negatively. “In the early 1980s, there was an international shift of focus and financial support from the UN to the World Bank and the International Monetary Fund.” (Jolly et al., 2005:4) This trend continues. It was evident from the interviews that due to the low level of core budget of the UN, the programme officers at the UN are heavily dependent on “non-core resources [which] are subject to conditions and restrictions imposed by the donor countries.” (Ibid: 39)

²⁰ Although human resources are also an important part, it is beyond the scope of the paper.

In a recipient-donor relationship, the recipient is accountable to the donor. Development agencies are not an exception to this rule. UN agencies are accountable to bilateral agencies that have provided them with funds to carry out CD programmes for a certain policy purpose. "Funds are provided to serve policy goals and [...] are provided only when it can be demonstrated that particular policy goals will [...] be pursued." (Najam, 1996: 342) Therefore, the UN is accountable to the donors, both financially and policy wise.

While implementing CD programmes, the UN agencies are faced with the need to compromise the recipient countries' priorities for the donor's interest because of its obligation to be accountable to the funder. Willingly or unwillingly, this results in CD programme being donor-driven. Concomitantly, all other principles of CD (based on ownership, based on existing capacity, being long-term) are prone to be broken.

Relationship between the UN and the Recipients

The relationship between donors and recipients in development has notoriously been characterized by the power asymmetry between the two parties and throughout the course of development history, "institutional mechanisms have been developed on both sides that strengthen the asymmetry of the transaction." (SIDA, 1996: 11) The donors have become accustomed to controlling and imposing and the recipients are used to being dependent on 'free' incoming resources and also in certain cases, have developed rent-seeking behaviour.

As Herbert Simon describes, 'habit' and 'organization routine' influence the behavioural pattern in an organization. (Simon, 1997: 99-100) When a habitual behaviour becomes established, "it may actually require conscious attention to prevent the response from occurring even if changed circumstances have made it inappropriate." (Simon, 1997: 100) In view of the new paradigm of development and CD, it requires both the development agencies and the recipients to consciously break their habit to change their old behaviour and mindset which have become 'inappropriate' under the new paradigm of development and CD.

The low level of trust in the counterparts by the development agencies

observed during the interview is interpreted as a result of the 'old habit' of the asymmetric relationship. The recipients are required to take the lead of the decision-making process, however, they are not accustomed to the 'power to decide over the donors. During the interviews, programme officers described the recipients' requests for unnecessary overseas trips or material/equipment support such as vehicle or fuel as part of CD programmes. Although these components are also marginally necessary for capacity to develop and for general programme implementation, in view of the available funds and the possibility to make decisions for programmes, more substantive decision-making is expected and required.

In turn, development agencies interpret the old habitual behaviour of recipients as incapability to make decisions and to properly manage programmes. At the same time, development agencies are also behaving in the old way as 'the patron' and thus do not have the patience and foster the encouragement to support the counterpart to take the lead of the process.

In sum, in view of the new paradigm of capacity development programme management which suggests the process to be driven by the countries, the both sides need to make 'conscious effort' to change. Behavioural change is inherently not easy. Adding to the complication, development agencies are bound by layers of financial dependency and accountability towards their funders – multilaterals to the bilaterals and bilaterals to their citizens, which does not easily motivate the development agencies to break their 'old habits' as controlling patrons.

4.2.2. Organization Objectives

"A governmental agency, [...] may be directed simultaneously toward several distinct objectives." (Simon, 1997: 5) In the case of development agencies, the objectives are countless. UN agencies and governments of ODA giving countries have pledged at numerous international conventions and declarations to reduce poverty through the MDGs, to improve access/completion and quality of education through EFA, to advance the status of gender equality based on Convention on the Elimination of All forms of Discrimination against Women (CEDAW), to curb climate change by adhering to

the International Framework on Climate Change, and the list of objectives and the ensuing responsibilities can go on. "The tendency has been for donor organizations to continue to add more goals for development cooperation." (Degnbol-Martinussen & Engberg-Pedersen, 2003: 37) In addition to the traditional socio-economic goals, "environmental and political development goals have become increasingly prominent during the last decade," (Ibid: 38) such as the good governance agenda.

Improving literacy rate especially for women is an international goal included in multiple international declarations such as the MDGs, EFA, CEDAW and many others. By providing literacy related CD, development agency is able to work towards upholding several international obligations simultaneously. During the interviews, an education programme officer described her CD programme for literacy for women through IT means. Although the idea was donor-driven, was not initially welcomed by the counterpart, required the counterparts to acquire new sets of skills and knowledge and hence the absorption rate was low, the CD programme was strongly supported by the agency and its funding bilateral donors. This example illustrates that various principles of CD are deliberately broken by development agencies in view of achieving higher priority objective of the organization.

Capacity development is only one objective amongst a multitude of objectives of development agencies. One of the reasons for the current interest in CD is its enabling role for improving performance of a particular field of concern, i.e. health, education or others. In a sense, upholding CD principles are lower in hierarchy of goals than the internationally agreed socio-economic, environmental or political goals and therefore development agencies tend to forgo the CD principles.

4.2.3. Administrative Structure

Development agencies are structured hierarchically between the Headquarters (usually located in a developed country), the regional offices (usually located in a developed country of the region) and the country offices. Although different agencies show variance of structures, generally, development agencies are strongly centralized bureaucracies centered around its

headquarters.

In order for the new paradigm of CD emphasizing country-ownership and national decision-making to be practiced, development agencies at the country level should be able to make the necessary decisions and to allocate funds and programmes according to the needs and demands of its 'partners'. In other words, development agencies need to be decentralized. "Decentralization by definition involves bringing government closer to the governed in both the spatial and institutional senses, government will be more knowledgeable about and hence more responsive to the needs of the people." (Crook & Sverrisson, 2003: 233) If the word 'government' is replaced by 'development agencies' and 'people' by 'partner countries', the above concept and benefits of decentralization applies also to development aid structures.

The need for development agencies to decentralize is not unknown. The Paris Declaration indicates "insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries" (Paris High Level Forum, 2005: 2) as a challenge to overcome to achieve aid effectiveness.

On a positive note, the research found that unlike other agencies interviewed, UNDP's structure is quite decentralized allowing for CD to cater to local needs. All of the respondents from UNDP said that their suggestions for programmes or activities are respected by its headquarters. In addition, although the UNDP global programme cycle is 5 years, the country office's programme cycle is flexibly adjusted depending on the partner country's situation (i.e. conflict-related instability, national government planning cycle).

However, UNDP's decentralized system is an exception. The research found that in most cases, the lack of delegation of authority to the country offices hindered the CD principles to be implemented. Seven out of 12 respondents said that the country offices' suggestions are not respected by the headquarters when planning for workplans and budgets. The officers replied that as a result they would make suggestions already knowing what the preference of the headquarters is. Although the country offices can decide on the details of the activities (i.e. enrollment campaign for primary education or

primary teacher training), the programme area is pre-defined by the centralized global workplan. The example of the programme officer providing activities on primary education when in fact the needs were in secondary and higher education is a case of centralized administrative structure hindering CD principles.

As noted earlier, development agencies are also constrained by the obligation to uphold global objectives and obligations. In order to operationalize the global goals, development agencies administratively impose the global obligations to country programmes, in direct contrast to the new CD principles to not being donor-driven and to foster country-ownership.

4.2.4. Organization Learning

“The purpose of learning in the context of an organization is to improve practice – that is there should be ideally an action outcome.” (Pasteur, 2006: 26) There are two schools of thought in ‘organizational learning’; learning is either a technical or a social process. (Easterly-Smith & Araujo, 1999: 3) “The technical view assumes that organizational learning is about the effective processing, interpretation of and response to, information both inside and outside the organization” (Ibid: 3) In the social perspective at looking at organization learning, it is “something that emerges from social interactions, normally in the natural work setting” (Ibid: 4)

In view of CD, the paradigm shift and the sheer number of evaluations, policy documents, and recommendations are undeniably proof of organization learning. These are forms of technical learning at the organizational level. As described by Elliot Berg, “a visit to an aid agency office anywhere reveals desks groaning under the weight of these reports, and shelves piled high with them.” (Berg, 2000: 7) However, the research showed that the technical organizational learning on capacity and CD was not absorbed by the individual programme officers. Only half of the respondents had seen or read any documents about the new paradigm and principles of CD. Moreover, only one third of the respondents have had any kind of training on the issue.²¹ Training is a way to transmit learning to individual officers to ‘indoctrinate him with the values in

²¹ Most of the respondents who have had trainings were from UNDP.

terms of which his decisions are to be made.” (Simon, 1997: 13)²² The research showed that although the programme officers were aware of the principles, the details of the values behind it and their importance was not properly communicated to the officers by the organization.

In terms of social forms of learning, the research found high level of learning by the programme officers but disappointing level of learning by the agencies. All respondents unanimously replied that they learn very much from their counterparts throughout the course of the CD programme implementation and that they try to incorporate the learning to the subsequent programmes. Contrary to the high level of social learning by the individuals, the capacity of the organization to learn from their own officers’ day-to-day operations was found to be almost non-existent. Half of the respondents felt that neither the UN system nor their agencies have a systematic mechanism for organization learning.²³ It was described that if there is learning from other colleagues or divisions, it would be done informally through personal connections, but there is no systematic way of sharing the colleagues’ learnings and to incorporate them at the organizational level. Officers are learning from their day-to-day operations about what works and not in CD but the development agencies are not taking stock of these day-to-day learnings.

In sum, the research has shown that there is a high level of technical learning by the organizations and a high level of social learning by individual programme officers, without communication and integration of the different types of learning. Because of the non-integrated learning, it does not translate into concerted sustained behavioural change.

4.2.5. External Factors & Guiding Principles

As mentioned throughout the paper, the current underlying principle of development community is to improve ‘aid effectiveness’. There is “a growing tendency [...] to sharpen the focus on achieving results, with improved

²² The language is gender biased as it is a text written in 1945 prior to when gender neutral language became a norm.

²³ The question on systematic organization learning came up during the unstructured phone interviews. Thus this question was not answered by all of the respondents. The author feels that the percentage of the response with the same result could have been higher, if it had been asked to all interviewees.

monitoring and evaluation of development programs.” (Koeberle & Stavreski, 2005: 8) Development agencies are being held accountable both upwards and downwards to its stakeholders – to its recipients, multilaterals to bilaterals and bilaterals to its citizens - to produce results and concrete changes. The governments of its funders are required “to present comprehensive budget reports to their legislature and citizens.” (Paris High Level Forum, 2005: 9) As explained earlier, the need for accountability influences the relationship between the bilaterals and the UN.

At the UN, the need to manage for results is changing the organization’s administrative structure and consequently the programme management culture. The UN’s reform proposal in 1997 by the former Secretary-General, Kofi Annan included proposal for ‘results-based budgeting’ (Idris & Bartolo, 2000: 25) and this proposal is currently being put to practice. The new UNDP Strategic Plan for 2008-2011 states that “management activities are planned and resources allocated for the first time based on results.” (Executive Board of the United Nations Development Programme and of the United Nations Population Fund, 2007: 32) The adoption of ‘results based management’ is not only a political decision by the UN to satisfy the external stakeholders but also a rational decision internally to make better use of limited resources allocated for aid and development.

The emphasis made on programme results poses problems for CD programme management. As mentioned in chapter 3, capacity and CD are inherently difficult to produce results and even harder to present “tangible activities as proof of capacity building.” (Harrow, 2001: 210) Despite the difficulties, development agencies are required to demonstrate results of their CD programmes, in order to guarantee continuous flow of funds and other programme support, particularly from external funders.

From the interviews, the author found that although the principle of CD promotes long-term support, the programme officers perceived requesting for extension of programmes negatively as it was seen as a demonstration of a ‘failed’ programme. Instead, results-producing short term programmes were preferred by programme officers. Secondary data on the status of monitoring and evaluation of CD programmes also confirmed the tendency by development

agencies to demonstrate “the cost effectiveness and impact of their interventions – including those related to capacity development.” (Watson, 2006: 17) According to the ECDPM report on ‘Monitoring and Evaluation of Capacity and Capacity Development’, an extensive study based on 18 case studies of both donor agencies and NGO’s work on CD, showed that the M&E of CD work tend to still focus on only one dimension of capacity – the performance outcomes. (Zinke, 2006: 7) Although the new paradigm of CD emphasizes the need to see CD as both means and end of development, the pressure to prove results forces the development agencies to focus only on the ‘means’ aspect and to devalue the intangible ‘end’ aspect of CD .

In short, development agencies are confronted with upholding contradicting policies; 1) need to prove results and 2) allow time and patience for capacity to develop. The research found that the principles of CD to be long-term are compromised to satisfy the underlying principles of results-based development. As Simon describes, in face of contradicting policies, organizations resort to compromising. “Decision is made as a matter of compromise.” (Simon, 1997: 6)

4.2.6. In Sum...

The research showed that the behaviour of development agencies to work towards the new CD principles is hindered by both internal and external structures and their decision-making process. Internally, development agencies are restrained by resource constraints and thus become financially dependent and accountable to its funders. It has responsibility to uphold internationally agreed global socio-economic/political or environmental goals in addition to the CD objectives. Administratively, these international goals are imposed to country offices although CD principles require to cater to local needs. Adequate systems are not in place for organizational learning to be conducive to behavioural change. In addition, their behaviour is shaped by the hard-to-break ‘old habit’ of being a patron. From the outside, development agencies are pressured to prove results and to ensure aid effectiveness. Development agencies are faced with contradicting policies and objectives to the ones of CD and the research shows that ultimately, compromising decisions are made at the expense of the CD principles.

As many researches on policy have shown, policy implementation is not a linear process. Implementation is not a simple case of goal-oriented rational orientation towards the designated policy but rather an “interactive and ongoing process of decision making by policy elites and managers (implementers) in response to actual or anticipated reactions to reformist initiatives.” (Thomas & Grindle, 1990: 1165) Decisions taken within each of the sub-parts affect and influence behaviour to change. The sub-parts are also constrained within their own ways to take the most optimal decision. As in the case of the research findings on the implementation of new CD principles, policy reforms tend to fail because collectively, the sets of ‘rational’ decision by all sub-parts lead to an unsatisfactory result.

5. CHAPTER 5 CONCLUSION

At the onset of this research, the author started the process with personal beliefs in two things; 1) capacity and capacity development are important for development and 2) contrary to popular beliefs, international development aid agencies do not intentionally harm the process of development in developing countries.

The research searched to find out if the new principles of CD “characterized as nationally-downed or country driven capacity development.” (UNDP, 2002b: 9) are being implemented on the ground. The research found some modest positive behavioural changes but on the overall, none of the principles were found to be fully implemented. The programme management is still predominantly donor-driven and concomitantly, other principles of CD (fostering ownership, building on existing capacity and allowing time for capacity to build) are not respected.

This finding in itself is not particularly ground-breaking. Anyone in the field of development – either from the donor side or the recipient side – is able to tell their own stories of experience along these lines. However, there is a general tendency to simply denounce the development aid agencies’ clientelistic and patronizing behaviour without giving a second thought as to *why* they behave in such fashion.

This research uncovered that underneath the visible layer of ‘unchanging’ behaviour, development agencies are in fact caught between different forces in and out of their organizations to satisfy often contradicting responsibilities or expectations. In such cases, decisions are made as a compromise. The decision considered rational for one policy goal inevitably becomes a political decision for the other goals. In case of CD programme management, within the given budget limit, development agencies are expected to work towards developing capacity of countries to solve global issues such as HIV/AIDS but also at the same time to cater to particular local capacity needs. In addition, there is an increased pressure to demonstrate results and be held accountable for it. Although development agencies are aware that giving time for capacity to

develop rather than to demonstrate short-term results would make it sustainable and ultimately produce results in the long-run, in face of the external pressure to produce results, ironically, the principles of CD become forgotten or ignored, either deliberately or not. Ultimately, the satisficing decision to compromise between different policy goals end up producing a result which is not beneficial for any of the policy goals; neither is capacity developed nor does it produce results for achieving international development goals.

Numerous policy studies have shown that decisions are not always made rationally in face of change. This research reconfirms this. A change in policy will not be able to be implemented successfully unless the whole system works towards that one particular goal. The research findings show that the case of implementation of new principles of CD is not an exception.

With this research finding in mind, what can development agencies do to improve the practice of CD? Despite its' difficulty, inaction is not an option. The author does not claim to have concrete answers to this question. However, one thing that is clear. Everyone and every organization in the development circle, in one way or another affect the behaviour of development aid agencies, as organizations operate as an open-system. The process of CD should not become one of 'Prisoner's Dilemma' whereby the pursuit of self-interest by all parties leads to outcomes in which none benefit. If the system is committed to making the CD process better, the sub-systems within the development circle should give up their sub-system's self-interest to work towards the bigger goal of developing capacity which has been proven over the years as the key to sustainable development.

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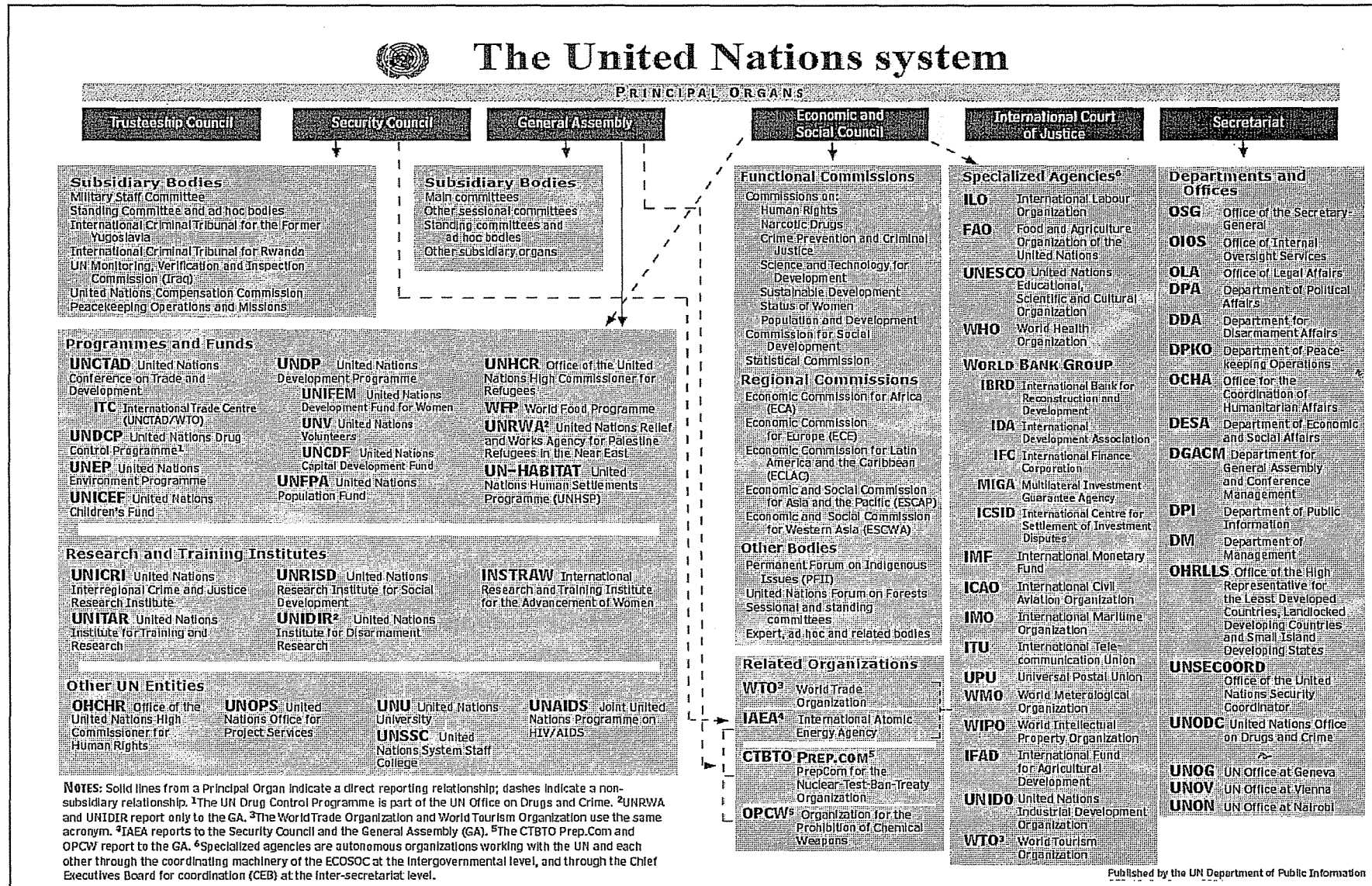
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ANNEX 1 ORGANIZATION CHART OF THE UNITED NATIONS SYSTEM



ANNEX 2 QUESTIONNAIRE

Thank you very much for your kind cooperation and your time to fill in the questionnaire. For multiple choice questions, please color the appropriate box. For open ended questions, I would be grateful if you could take some time to write short answers.

1. Have you seen or read any documents on capacity development produced by UNDP, OECD, or any other organization making recommendations about ways deliver capacity development programmes more effectively?

Yes

No

2. Have you ever been to any trainings or dissemination sessions concerning principles of capacity development?

Yes

No

3. Please rank the following principles according to the your opinion on their importance as conditions of successful of capacity development programme

1) It should be long-term

2) It should not be donor driven

3) It should be based on existing capacity

4) There should be based on country ownership

Please rank importance from left to right

Are there any other principles that you feel are important?

4. Is your personnel evaluation based on a Results Based Management (RBM) scheme?

Yes

No

5. How influential is the result of the RBM in determining your personnel evaluation?

- Very influential
- Rather influential
- Rather not influential
- Not influential at all

6. Is programme extension into the next cycle rather flexible?

- Very flexible
- Rather flexible
- Rather not flexible
- Not flexible at all

7. How long is your agency's programme cycle?

_____ Years

8. Do you find the duration of the programme cycle adequate to carry out the work needed?

- Very adequate
- Rather adequate
- Rather insufficient
- Very insufficient

9. Have there been cases where programmes have not been extended to the next programme cycle, although a follow-up was necessary? If so, was it because of lack of interest from the recipient side or from your agency's side?

- Yes. It was due to lack of interest from the recipient side
- Yes. It was due to the lack of interest from the agency's side
- No, there have not been such cases

10. In general, how much of your programme areas are based on the 'national priorities' set by your counterpart country?

- All programmes are based on the national priorities
- More than half of the programmes are based on national priorities
- Less than half of the programmes are based on national priorities
- None of the programmes are based on national priorities

11. In general, does the budget from headquarters of your agency reflect the demands of your counterpart country?

- Yes, almost all of the demands of the country is reflected in the budget,
- Yes, but only a few demands of the country is reflected in the budget
- No, the demands of the country are not reflected at all.

12. Can the field office make suggestions to the headquarters for programmes based on the demand of your national counterparts?

- Yes, and it is very respected
- Yes, but it is not very respected
- No, it is not possible to make suggestions.

13. Concerning your capacity development programmes, when deciding on the topic matter for your capacity development programme, how much of it is decided upon the demand/request of your counterpart?

- All programmes are decided upon the request of the counterpart
- More than half of the programmes are decided upon the request of the counterpart
- Less than half of the programmes are decided upon the request of the counterpart
- Very few programmes are decided upon the request of the counterpart

14. Have there been cases where the request or the demand by your counterpart is not accordance with your agencies' beliefs?

- Yes
- No

If yes, could you give some examples of the nature of the disagreement and how you overcame it? (Please feel free to take additional space to write)

15. Does your agency have a formal mechanism to assess the existing capacity of your counterpart, either at the individual level or institutional level, prior to planning your capacity development programme?

- Yes
- No

16. In what proportion of your programmes do you make assessments of existing capacity?

- All of the programmes conduct prior assessments
- More than half of the programmes conduct prior assessments
- Less than half of the programmes conduct prior assessments
- None or very few programmes conduct prior assessments

17. Have you had cases where your capacity development programme had to introduce a drastically different technology/knowledge/skill to your counterpart than they were used to working with?

- Yes No

18. If yes, please rate the absorption capacity of your counterpart.

- It was very well absorbed
- It was rather well absorbed
- It was not so well absorbed
- It was not well absorbed at all

19. In your opinion, what does 'country ownership' mean? (Please feel free to take additional space to write)

20. How much do you think that the level of ownership by the country influences the success of capacity development programmes?

- It influences heavily
- It influences somewhat
- It does not influence

Please give some examples to illustrate (Please feel free to take additional space to write)

21. While conducting your capacity development programmes, do you feel that you also learn from your counterparts?

- Yes, very much
- Yes, a little bit
- Yes, although only seldomly
- No, not at all

22. Have you been able to reflect some of the lessons learned from previous programme cycles when designing and implementing new programmes?

- Yes, very much
- Yes, a little bit
- Yes, although only seldomly
- No, not at all

23. When conducting capacity development programmes, do you find that foreign experts are efficiently able to transfer the required knowledge and skills to the counterpart?

- Yes, they are very efficient in transferring knowledge
- Yes, but they are not as efficient as desired
- No, they are not efficient
- No, they are actually more harmful to capacity development

24. Do you think that the longer you stay in the position, it helps improve the quality of your programme?

- Yes, I think that it definitely helps
- Yes, I think that it has positive effects but not always
- No, I think that it has negative effects from time to time
- No, I think that it does not help improve the quality at all.

ANNEX 3 PROFILE OF INTERVIEWEES

No.	Title	Duty Stations	Work Experience
1	Programme Specialist Consultant	<u>Country Office</u> Kathmandu, Nepal	3 years
2	Programme Specialist Consultant	<u>Headquarters</u> Vienna, Austria	6 years
3	Programme Specialist	<u>Country Office</u> Nairobi, Kenya	2 years
4	Programme Specialist	<u>Country Office</u> Kathmandu, Nepal	1 year
5	Programme Specialist Consultant	<u>Headquarters</u> Paris, France	6 years
6	Programme Specialist	<u>Headquarters</u> Paris, France <u>Country Office</u> Beijing, China	5 years
7	Programme Specialist	<u>Country Office</u> Sri Lanka Uganda	3 years
8	Programme Specialist	<u>Country Office</u> Praia, Cape Verde	3 years
9	Programme Specialist	<u>Regional Office</u> Dakar, Senegal <u>Headquarters</u> Paris, France	17 years
10	Programme Specialist & Head of Office	<u>Headquarters</u> Paris, France <u>Regional Office</u> Bangkok, Thailand <u>Country office</u> Kathmandu, Nepal	25 years
11	Knowledge Management Officer	<u>Country Office</u> Kathmandu, Nepal	6 years

12	Programme Specialist	<u>Secretariat</u> Montreal, Canada <u>Division</u> Paris, France	6 years
13	Consultant	<u>Country Office</u> Vientiane, Lao PDR	3 years
14	Programme Specialist	<u>Country Offices</u> Dhaka, Bangladesh Islamabad, Pakistan	4 years
15	Programme Specialist	<u>Country Office</u> Kathmandu, Nepal	4 years
16	Programme Specialist	<u>Country Office</u> Kathmandu, Nepal	3 years

(In chronological order of interview)