

**“Being Strategic in the Face of Complexity: Implications for Global Development Capacities”
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Capacity development:

What does it mean to be strategic in complex times?

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Capacity development has been called the key to development. In recent years, the term has been ubiquitous in documents coming out of international development organizations. It is, for example, an important theme in the Paris Declaration particularly in terms of state capacity to manage resources for development. The Accra Agenda for Action has further raised its profile as a fundamental ingredient of development effectiveness. Development organizations and partner countries alike have made many commitments to strengthen capacity development and make it more effective.

There are two immediate conceptual challenges to doing this.

First, the concept of capacity development is fuzzy and can have many meanings depending on the context and the orientation of the organizations involved. This is complicated by the fact that the “capacity” in capacity development is seldom defined.

The second is that the current approaches in the development community to addressing capacity development tend to be based on a linear, planned model which does not lend itself well to the unpredictability of many of the contexts where capacity is weak, and especially to “fragile”, conflict and post-conflict situations. The issue of unpredictability, however, runs directly counter to the strong thread in the development community to identify and apply “best practice” – the silver bullet or one answer that will apply to all situations.

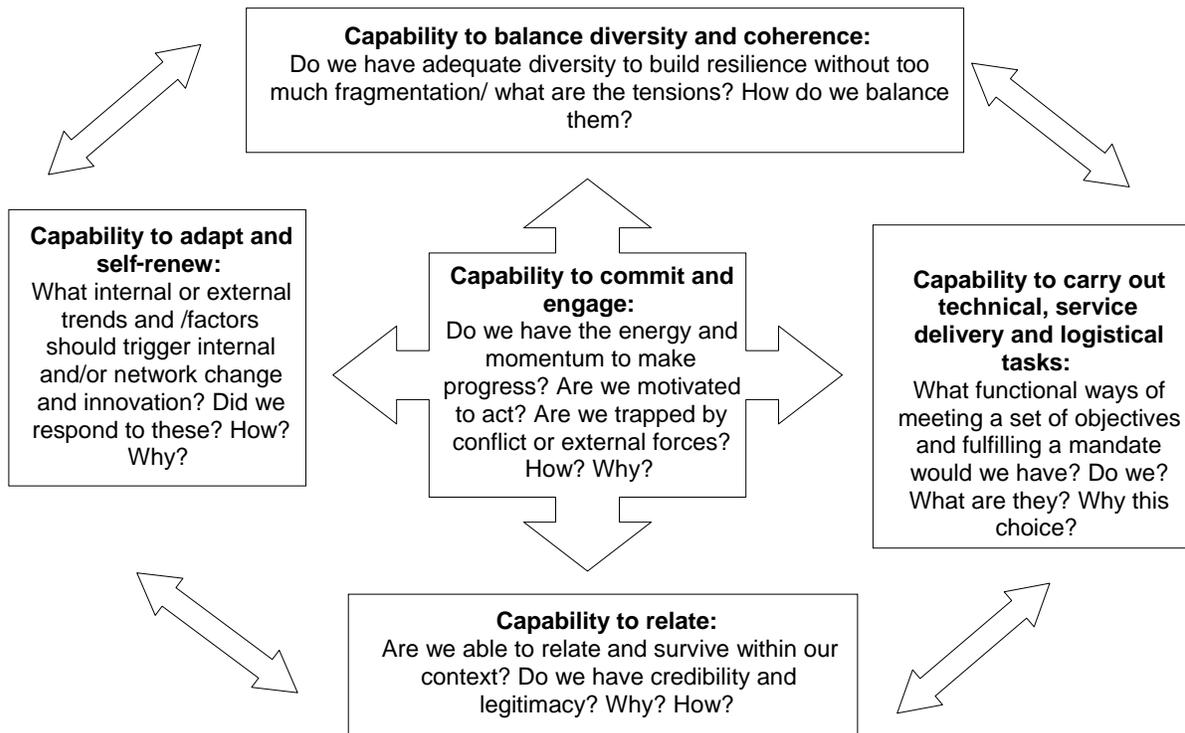
The study *Capacity, Change and Performance* (see box below), done under the aegis of the European Centre for Development Policy Management (ECDPM), began a process of looking at capacity and capacity development from the perspective of complex adaptive systems. Some of us involved in this study have continued this process, particularly through the work we are doing on “fragile” states. Our work suggests that using complexity theory can help to better identify how capacity develops and is sustained. We are, however, still trying to operationalise capacity and capacity development from this perspective and there are gaps in our thinking, especially around the dynamics of the change process.

Capacity, Change and Performance

Capacity, Change and Performance was a five-year study completed in 2008 that looked at how capacity develops endogenously – from within a system - and how it can be sustained. With financing from 9 international development organizations as well as from some of the organizations studied, the study produced 16 in-depth cases covering a wide spectrum of capacity situations: different sectors, objectives, geographic locations and organizational histories, from churches in Papua New Guinea to a tax office in Rwanda to nation-wide networks in Brazil. An extensive bibliography, seven thematic papers, and five workshop reports complement the cases.

In order to give more precision to the concept of capacity development, we decided that we first needed to address what capacity means. Based on what we saw participants doing in the 16 case studies which we did, we came up with a way of unpacking the terminology that uses the following four concepts.

- *Individual competencies* or the direct contributions of individuals to capacity - Competencies are the ability to do something and can include a range of skills and abilities from technical or logistical to mindsets, motivations and hopes. Perhaps the most obvious contributions at the individual level were those of leaders at all levels.
- *Collective capabilities* or the skills of a group, an organization or a system to do things and to sustain itself - Organizations and systems can be seen as combinations of capabilities and areas where capabilities are weak. The diagram below outlines the core capabilities that were important in the case studies for the Capacity, Change and Performance study and shows their interrelationships.



- *System capacity* as the overall ability of a system to perform and make a contribution – It is the outcome of the interrelationships among competencies, capabilities and the context, with the outcome being different from any one of the inputs. This ability includes combining and integrating the competencies and capabilities into a functioning system. Some aspects of such a ‘capacitated’ system would be legitimacy, relevance, resilience and sustainability.
- *Capacity development* or the process of enhancing, improving and unleashing capacity - Capacity development is about how competencies and capabilities interrelate to encourage virtuous cycles that support broader capacity, for example and ideally, improved individual leadership reinforces the group’s capability to build supportive networks and attract resources. This, in turn, increases

overall capacity. This increased capacity opens up new opportunities for the organization and the individuals within it. And the cycle continues.

This discussion about capacity needs to take into account the *context* or the relationships that surround the organization or system. The context includes the political, social, and institutional factors within which the organization or system exists and carries on its activities. It also includes the tangible and intangible features of culture, history and governance. The context can be more important than the nature of the activities undertaken, particularly in countries which have seen considerable conflict or instability.

How can complexity theory inform the design of CD strategies?

Using the concepts defined above, we are trying to identify the dynamics which support the emergence of capacity. So far we see the need for the processes listed below although the order may vary and indeed it may be necessary to revisit the same process more than once.

- *Understanding the context* or the relationships that surround the organization or system – This should go beyond formal organizations to an understanding of what is happening in informal and traditional institutions, such as ruling families and village governance systems. This kind of analysis needs regular updating: a one-time snapshot is not enough. Outsiders like donors may want to commission think tanks or universities in the country to provide regular analyses of key issues.
- *Identifying the energy for change* – This often implies linking to broader country processes for progressive change and providing space for individuals and coalitions to take action as they see fit. Supporting on-going change processes that show potential for social benefits, including those coming out of the traditional system, usually has more traction than new activities pushed from outside the country or system.
- *Defining broad goals of change* – What should an activity expect to do in general terms?
- *Defining the competencies and capabilities needed to support the goals of change* – These should reflect both formal capacity gains (such as skills, technical know-how, structures, systems, and assets) and informal capacity gains (such as learning, legitimacy, clarity of purpose, leadership, and confidence) – These intangible results are often as important or even more so than the tangible ones, especially if security is still fragile, inter-group tensions high, and social networks weakened as is often the case, for example, in post-conflict countries. In such situations, it may take time to develop the broad goals or a vision of where to go, with the definition of competencies and capabilities being defined over time and perhaps as the need arises.
- *Understanding how participants think about theory of change* for capacity development – In other words, how do participants see capacity evolving? This could include, among others, trickle down theory, diffusion of innovation, the critical role of elites and leadership, the importance of awareness raising and the influence of values and beliefs, a market-based approach, the dynamics of complex human systems, the influence of historical forces and bottom up vs top down.

- *Developing a shared understanding* of what theory or theories of capacity development are most appropriate to the context – This includes thinking through why one theory should support the results desired better than others and the assumptions that underpin it. Different activities within a broader initiative may require different theories of capacity development.
- *Developing an appropriate and often wide range of interventions* to support the results defined – Complex situations require a broad range of activities which go beyond the traditional mechanisms of training and technical assistance to include, among other approaches, political buffering (from adverse and even destructive influences), mediation, institutional strengthening and awareness raising.
- *Agreeing on the most appropriate planning process* or processes to support the development of capacity – Some of the choices include linear planning, incrementalism and emergence.
- *Developing some sense of staging or sequencing* – While strict planning of sequencing is unlikely to work in most complex contexts, it is useful to have some idea of what needs to be done before another activity is possible. It is usually important, for example, to establish security before development activities get underway.
- *Encouraging dynamic processes* – This might include stimulating relationships with external stakeholders including funders or political supporters. It might also involve making a clearer link internally between developing individual competencies and building collective capabilities, for example, by ensuring that training provided to staff reinforces broader organizational reform.
- *Helping organizations position themselves* to be change agents - Organizations need to think about their niche and where they can best make a contribution and develop their capabilities to do this.
- *Identifying windows of opportunity* – This implies taking advantage of critical moments to pursue a broader vision of change and doing what is feasible in the context rather than sticking to a pre-planned schedule of activities which may not be opportune. This might, for example, mean supporting a decision-maker in an important meeting rather than doing a training program for which the organization may not be ready.
- Bearing in mind that *capacity development is an on-going process* within organizations – This means that donor-funded activities are not the only game in town. Furthermore, it means that CD doesn't have a clear beginning and end. Projects and programs, on the other hand, often have beginnings and ends and milestones in between that are not adequately adapted to the realities of the organizations they are supposed to support. Projects usually use, for example, the financial years and reporting schedules of funders rather than those of the organization they are supposed to be supporting.
- *Going slowly, experimenting and learning* – Starting small and keeping under the radar screen allows more space for learning.

- *Choosing interventions carefully* - Small, well chosen interventions can have disproportionate effects.
- *Monitoring processes and capacity improvements* – It is important to set up monitoring processes that participants can use and which reflect their interests.
- *Staying engaged for the long term* – Capacity development is a long-term process. It requires patience and endurance. Quick fixes are rare. At the same time, however, some short-term gains are important to keep the interest of stakeholders.

What are the challenges to using such an approach?

- There is much pressure to show tangible results and to be accountable for funds expended to donor organizations and hence developed countries. Accountability to citizens of developing countries is often a distant second priority.
- There are few well developed methods to address some aspects of complexity, for example, M&E.
- Many development organizations have invested heavily in results-based management (RBM) and their processes of project/program management are built around it. Adopting complexity theory would require some significant changes to systems and attitudes.
- The level of analysis and the depth of understanding required to address complexity would be demanding for many staff in international development organizations. They are often managers of projects and programs with only limited exposure to the country and almost no experience outside formal organizations.
- A complexity approach requires an expanded level of effort from the donor in building relationships, understanding context and monitoring for learning. But development agency staff tend to be overwhelmed with day-to-day activities and find it difficult to set aside the time for these activities. Incentives to do so are also not strong.

Your comments would be welcome on what we are doing or on other ways of using complexity thinking to address capacity development strategically.

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