Institutional capacity development

The ability of states to design and deliver policies is a key priority that needs to be addressed by governments when analysing institutional capacity development.

British rule in the colonial period impacted on three aspects of public administration: the collection of taxes by the state; the provision of law and order; and the provision of services on behalf of the state to the citizens. According to Weber, the most efficient and rational way of organising is through bureaucratisation, which is key to legal authority. In public administration, the creation of institutions became the central pillar through which the state could provide law and order. This has now been termed ‘old’ versus ‘new’ public administration.

In today’s Commonwealth, a useful operational definition of capacity development is ‘the process by which individuals, organizations, institutions and societies develop abilities (individually and collectively) to perform functions, solve problems and set and achieve objectives’ (United Nations Development Programme; see Box 1). This process has four interrelated dimensions:

1. The development of individual skills, and the conditions needed to ensure that they are used productively.

2. The development of effective organisations or entities (such as public bodies, private businesses, non-governmental organisations [NGOs] or community-based groups) within which individuals can work.

3. The strengthening of interrelationships between entities (e.g. a micro-credit system consisting of credit institutions, line ministries, NGOs, small businesses and community-based groups).

4. An enabling environment for addressing cross-sectional issues relevant to all parts of society.

There is little agreement among the literature regarding how to identify and measure the concept of capacity development. This makes it difficult to assess capacity gaps and evaluate the impacts of programmes at national, institutional or organisational level. Numerous approaches to the task of evaluating capacity development are being piloted, adapted and adopted in various country settings. They tend to follow the gradually recognised ‘good practice’ principles that have emerged from less than successful past practices and the impediments reflected in the literature, especially that related to systems thinking. (Morgan discussed the idea and practice of systems thinking and their relevance for capacity and capacity development, with particular reference to organisations as learning entities. This school of thought posits that results-based management, by contrast, adopts ‘reductionist’ views of development problems.)

However, within the numerous definitions (see Box 1), an emerging consensus appears that capacity development involves the long term, contributes to sustainable social and economic development, and is demand-driven. Capacity development also suggests a shift towards enhancement and strengthening of existing capacities. This is distinct from past approaches under the label of ‘institution building,’ which entailed starting from scratch to build institutions based on supposedly universal models taken from industrialised countries of the West.

Institutional capacity development requires particular emphasis to be placed on developing the capacity of ‘counterparts’, in government departments or other local organisations, to continue with similar work after a donor agency has withdrawn its funding. It is evident that individual capacity development alone is clearly not enough for this purpose: the other three dimensions of the process must also be addressed. The need for NGOs to relate to, instead of bypassing, government structures is increasingly recognised. Multilateral agencies prefer to operate through project implementation units in the interests of transparency and efficiency in a situation in which government structures are fragile, or in cases where projects cut across numerous ministries or departments. In effect, they often give more weight to the immediate objectives of facilitating, monitoring and supervising resource flows than to the intermediate objective of developing capacity.

Many projects without project implementation units have separate offices, sometimes within the government building, sometimes elsewhere. This is also a barrier to institutional capacity development. Projects with staff inside the relevant government building are more likely to leave
something behind. It is also clear from the literature that low salaries threaten post-project financial sustainability and hence institutional capacity development.

More recently Horton et al. have concurred that ‘capacity development cannot be “delivered” to “adopters” or “users” who play a passive role in the process. Instead, capacities develop within individuals and organisations through learning processes and the acquisition of new knowledge, skills and attitudes. Capacity development efforts are therefore best judged by observing changes in the behaviour and performance of people and organisations, not through studies of the “impacts” of external interventions.’

Recognition of indigenous capacities and institutions has led to an emphasis on partnership – which suggests a shift towards a development approach that responds to the needs of partners, and helps people and institutions to realise their own objectives of development. This is not to suggest that there is any uniformity – people, organisations, institutions and contexts involved in capacity development are not alike. Organisations define themselves in terms of their position within the public administration system, their decision-makers, organisational history and philosophy, and it is evident that they approach capacity development in similarly diverse ways.

**Knowledge management**

Knowledge management is the process through which an enterprise uses its collective intelligence to accomplish its strategic objectives. Knowledge management is not just about technology. It is about processes, people, behaviour, workflow and additional factors. It is about understanding how people work, sharing concepts and ideas, identifying groups of people who work on similar projects and seeing how they can learn from one another. This encompasses organisations learning from their experiences and about leadership in organisation.

Knowledge management has been at the core of government tasks for some time – inseparable from strategy, planning, consultation and implementation. However, evidence drawn from the existing literature suggests that the public sector is falling behind the private sector in these practices. In an organisational setting, benefits can occur at individual and organisational levels.

- **At the individual level**, knowledge management provides employees with opportunities to enhance skills and experience by working together, sharing knowledge and facilitating a learning environment – improving personal performance that can lead to enhanced career development.

- **At the organisational level**, knowledge management provides major benefits for an organisation – improving performance through increased efficiency, productivity, quality and innovation.

Thus, organisations that manage knowledge are able to claim higher rates of productivity. Granting increased access to their employees’ knowledge enables organisations to make better decisions, streamline processes, reduce the amount of repeated work, increase innovation and create greater collaboration. For the public sector, managing knowledge could reduce the cost of operations and improve customer service; increasing an organisation’s financial value by considering people’s knowledge as a valued asset. As knowledge transfer is increasingly recognised as a source of value creation, organisations have identified knowledge management initiatives as strategic facilitators of competitive advantages. An organisation’s main implementation challenge stems from the absence of a ‘sharing culture’ and the lack of employees’ understanding of knowledge management and its

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**Box 1: Definitions of capacity development**

- ‘Capacity building is the ability of individuals, groups, institutions and organizations to identify and solve development problems over time’ (Peter Morgan, 1996).

- ‘Capacity development is a concept which is broader than the organizational development since it includes an emphasis on the overall system, environment or context within which individuals, organizations and societies operate and interact (and not simply a single organization)’ (United Nations Development Programme [UNDP], 1998).

- Capacity development is ‘...any system, effort or process... which includes among its major objectives strengthening the capability of elected chief executive officers, chief administrative officers, department and agency heads and programme managers in general purpose government to plan, implement, manage or evaluate policies, strategies or programmes designed to impact on social conditions in the community’ (Cohen, 1993).

- ‘Capacity is the combination of people, institutions and practices that permits countries to reach their development goals... [Capacity building is] investment in human capital, institutions and practices’ (World Bank, 1998).

- ‘Capacity building is a process by which individuals, groups, institutions, organizations and societies enhance their abilities to identify and meet development challenges in a sustainable manner’ (Canadian International Development Agency [CIDA], 1996). See also UNDP 1997 and IDRC 1995 for an emphasis on sustainability.
opportunities and benefits. Organisations can address these challenges by utilising training opportunities, and by redesigning primary components of knowledge management initiatives.

Government organisations worldwide are facing challenges as administrative, executive and judicial bodies continue to move towards an electronic work environment, pushed by paperwork-reduction mandates, requirements to handle increased workloads with fewer personal, and the rapid addition of electronic communication channels by taxpayers and citizens. Some believe that the USA's National Performance Review (NPR), which gave life to the reinventing government movement, may have been the most important reform of the 20th century. It came at a time (the Clinton Presidency) when there was a higher-than-ever demand for changing the way governments function.

Conclusion: networking for institutional development

It is difficult to see how the ideal of global convergence can be realised in the field of institutional development when countries still differ in terms of governance; how they practise capitalism and the benefits and costs they derive from it. Even the practice of so-called old public administration in its Weberian ideal form not only presented problems for countries with strong public administration systems, but also had significant variations in its application in low-income countries where issues of patronage and informality were well entrenched.

But in terms of regional convergence, the Commonwealth Secretariat has been successfully linking public and private management development institutions, and has been at the forefront of supporting a balanced approach between the two sectors. Here, the Malaysian National Institute of Public Administration (INTAN) and the Singapore Civil Service College (CSC) were chosen as the 'hub', to learn from successful public sector reforms and practices within Malaysia and Singapore and linked with apex public sector training institutions in South and South-East Asia. These institutions have been able to learn, share and exchange faculty and materials across the region, thus contributing to the success of a connected Asia-Pacific region – supporting and aiding in each other's national public sector reform and development.

A second strategy has been to create a network of management development institutions. The Lahore University of Management Sciences was created as the regional clearing house for case studies from which all member institutions could draw upon case notes and teaching guides. The South Asian Quality Assurance was promoted to benchmark teaching institutions with the support and guidance of the European Foundation for Management Development (EFMD), the Association to Advance Collegiate Schools of Business (AACSB) International, and national management associations in South Asia. The Association of Management Development Institutions in South Asia (AMDISA), Hyderabad, also received financial support from the EFMD during 2004–2006 for developing a South Asian Quality Assurance System (SAQS).

Imposing a standard set of reforms in countries with different institutional traditions because of an assumed global imperative may create empty managerial ‘shells’ out of current poor-performing administrative systems. To satisfy donors, governments may proclaim they are implementing reforms when, in fact, nothing substantive is

Box 2: Commonwealth-funded degree and training programmes

(i) Business administration and human resource development

Since the 1990s, the Commonwealth Secretariat has spearheaded capacity development in the Asia-Pacific region by supporting and funding a Masters programme in Business Administration at the University of the South Pacific (USP), Fiji, and a Masters in Human Resource Development at the Indian Institute of Applied Manpower Research (IAMR), New Delhi. These programmes have been successfully embedded into the regular programmes and continue to attract both bilateral and multilateral funding support (for example, the Indian Technical and Economic Co-operation programmes [ITEC/SCAAP] supports the Masters in Human Resource Development at IAMR, while AusAID and NZAID have extended their support to the MBA programme at USP).

(ii) The Commonwealth Singapore Third Country Training Programme

Since the early 2000s, the Commonwealth Fund for Technical Co-operation (CFTC) has teamed up with Singapore Management University under the Commonwealth Singapore Third Country Training Programme to deliver six programmes on Knowledge Management. Later, this programme graduated to Knowledge for Development (K4D) to meet the challenges of knowledge management globally. The programme was evaluated by the Centre for International Development and Training (CIDT), University of Wolverhampton, UK, in September 2010. It assisted in conducting a knowledge audit, analysed case studies and developed action plans. Evaluators visited agencies to see K4D in practice, and to see the change that has taken place in Singapore. They also found that K4D has resulted in Knowledge Departments being set up in universities in different countries.
really happening as far as institutionalisation is concerned. This is why Commonwealth networking and rigorous, region-specific quality assurance are valuable tools.

References


