

Briefing Paper

Two Conflicting Outcomes: Capacity Development and Poverty Reduction

Donors partner with district assemblies in Northern Ghana to achieve both poverty reduction (PR) and capacity development (CD) goals. However, they are often disappointed by the performance of district planning and coordination units (DPCUs) in both regards. This paper will explore some of the reasons for this performance gap and will recommend that it is most effective to structurally separate PR and CD objectives into different programs.

Key Insights:

- Incentive structures for district officers favour PR over CD outcomes.
- PR and CD objectives are too different to be implemented by the same individuals and processes.
- Effective CD requires an initial learning process shared by the donor and partner, where the donor involvement is increased based on partner demand.

Main Recommendations:

- To accomplish both CD and PR objectives, the people, processes and evaluations should be structurally separated in a project.
- As a method of developing project management capacity, donor inputs should be ramped up during the initial stages of the project as a problem solving approach to achieving desired outcomes.

Best Practice:

District-Wide Assistance Project (DWAP, CIDA) completely separates CD from PR goals. There are 3 CD outputs with 5 CD performance indicators to measure them. The only indicators for PR are associated with the overall goal of reducing the incidence of poverty, and there are two PR indicators.

When trying to achieve both PR and CD goals, CD goals usually get de-prioritized and forgotten.

This can be explained by the following:

- Compared to PR, CD outcomes are more difficult to quantify and as a result, specific targets are harder to set. A common tendency is to measure CD progress in terms of the CD activities conducted (for example, the number of attendees at report writing workshop) instead of the change in behavior or process that CD activities have enabled (for example, the changes in the indicators for the quality and sophistication of reports).
- In most districts, there are two to three qualified individuals that are very busy while most others will be generally under-used because they are under-qualified and inexperienced. This brings about a “delegation dilemma” where qualified individuals often perform all of the work themselves rather than delegating and coaching others. When district officials are under a lot of pressure to deliver PR results in the short term, they do so at the expense of investing in other peoples’ capacity.
- Finally, since the establishment of the Millennium Development Goals, most incentive structures within African governments, civil society and donors have shifted towards achieving immediate PR goals as opposed to longer term CD goals. This means that officials are rewarded based on their ability to deliver PR as opposed to CD outcomes. This contradicts a belief that a skilled government is more likely to **achieve** and **maintain** the public services that are required for the MDGs.

A quote from a District Coordinating Director (DCD) illustrates this point very well: “Projects start off with us being the implementers and donors performing the monitoring. Now, we are monitoring and they are implementing. They turn it the other way around. UNICEF prepared a memorandum of understanding for procurement of ceramic filters for the I-WASH project and wanted the district assembly to sign-off their consent. We resisted signing the MOU since we didn’t agree with some of the conditions such as the payment scheme, but ended up signing.”

Processes to achieve CD and PR outcomes are too different to be effectively combined

As recognized during consultations with DPCUs, a donor representative will need to behave very differently whether they are responsible for CD or PR objectives. This is easily explained by the fact that these objectives require very different processes. To achieve the sophistication of understanding of the local context required to effectively achieve CD outcomes, capacity developers must be well integrated into the daily activities at the district level. Sakiko Fukuda-Parr writes: “They have highly developed skills and complex webs of social and cultural relationships that are often difficult for outsiders to understand¹”. The table on the following page explains the tension that exists between CD and PR roles.

¹ Fukuda-Parr et al, 2002, Capacity for Development – New Solutions to Old Problems, Earthscan publications, London, UK

Comparison of factors influencing the success of CD and PR

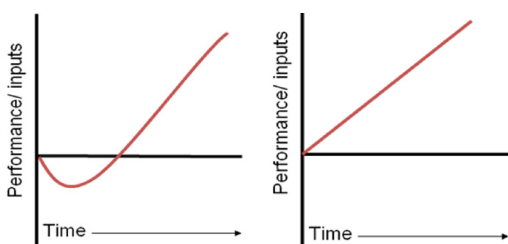
Capacity Development	Poverty Reduction
<p>LEARNER SPECIFIC OUTCOMES – the outcomes of CD must be discussed and established with each learner specifically, since their skill set needs, processes and contexts are different</p>	<p>STANDARD OUTCOMES – the PR outcomes can be standardized across the district assemblies in the form of outcomes, as were the MDGs for all developing countries</p>
<p>POWER-NEUTRAL - activities are power neutral between capacity developer and learner</p>	<p>SANCTION POWER - those supplying funds for PR have the power to sanction district assemblies who do not comply with performance triggers</p>
<p>DISTRICT SYSTEMS - focus is on the development of robust and effective district systems and staff skills</p>	<p>PROJECT SYSTEMS - focus is on the progress of short-term PR objectives</p>
<p>EMBEDDED PERSONNEL – the success of the capacity developer is based on their ability to understand the specific context of the district</p>	<p>EXTERNAL PERSONNEL – the success of the donor agent is based on their ability to be fair in holding the district assembly accountable to a standard list of targets</p>
<p>LEARNING - supports a culture of learning which provides the space for staff to take risks, make mistakes and reflect</p>	<p>ACTION - supports a culture of action and delivery, fights corruption, and is looking for efficiency (resources put in to results obtained)</p>

District resource people, such as the I-WASH or CIFS focal people, could play a role of ‘capacity developer’, but they are currently not in a position to do this since their incentive structure forces them to engage in gap filling to reach PR outcomes, as opposed to leading activities for CD outcomes. For example, much of their work is focused on coordinating and implementing physical programs as opposed to enabling others to perform the same tasks. If their role is to be effective as capacity developers, it should be completely de-coupled from PR objectives.

PR and CD objectives should be evaluated separately and expectations should be aligned with reality

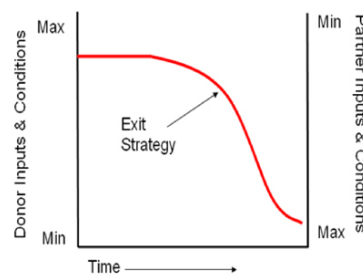
Venture capitalists typically expect entrepreneurs to demonstrate results following a J-curve. Very few external results follow the initial investment as this initial investment is meant to set up and build internal capacity. It is only following this initial stage that additional resources are expected to lead to additional external outcomes.

J-Curve Trend versus Linear Trend



A similar expectation for the initial stages of CD is necessary if the goal is to create performing and durable district assembly systems. When looking at the donor inputs over time, a J-curve model of expected outcomes over time suggests a bell curve of inputs by donors since the capacity development process is driven by the partner and takes time to ramp up. This contradicts a typical front-loaded project where the capacity development activities are preplanned before the project starts. Maximum learning for both donors and partners occurs on the slopes of the figures below. Since the progressive framework has two slopes, it allows the learning at the beginning to increase the district assembly’s capacity to absorb extra resources, and it allows the learning at the end to increase the district assembly’s capacity to make their systems resilient and capable of maintaining the progress achieved².

Typical CD Project Management



Progressive CD Project Management



Conclusions

This paper argues that structurally separating the delivery and evaluation of PR and CD outcomes will ultimately increase the likelihood of achieving both. This is a conversation that would be very interesting to pursue amongst donors and if possible, to find innovative solutions to allow this to happen.



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² Lavergne R., 2002, Results-based Management and Accountability for Enhanced Aid Effectiveness, CIDA Policy Branch.