



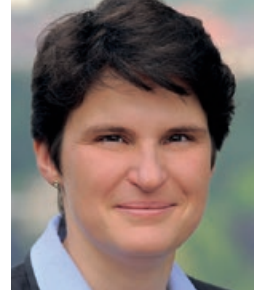
Guiding Framework

# Supporting Capacity Development

A Guiding Framework for Practitioners



# Foreword



**Tanja Gönner**  
Chair of Management Board

**Dear colleagues,**

Capacity development - the questions of how best to define it as well as how and by whom it can best be sustainably supported, have long been on the international development agenda. The debate has focused in particular on substantiating the results of capacity development support.

GIZ's predecessor organisations possessed decades of practical experience with supporting capacity development. Building on their proven approaches and instruments, we are now developing these further and orienting them towards the needs of our various partners and commissioning parties. GIZ supports people in developing professional expertise and proactive management capabilities. Organisations, public authorities and businesses use our advisory services to make their organisational-, management- and production structures more effective and efficient.

Not least, GIZ advises governments on translating their goals and change processes into laws and strategies and on realising them countrywide through the implementation of appropriate provisions. Enabling policy and societal frameworks are key to effective and sustainable reforms. Without these frameworks, changes would remain isolated, and in the medium term ineffective.

The proliferating and growing global challenges such as climate change, energy and food security, and the management of increasingly scarce public goods such as water and soil, clearly demonstrate that capacity development must equally take place in all countries and societies. In this context capacity development plays an important role in International Cooperation. The focus is on acquiring negotiation skills and developing shared paradigms to support joint action. GIZ is embracing these new tasks, and together with its commissioning parties and partners developing demand-driven formats, learning platforms and forms of cooperation. Increasingly, GIZ is also delivering capacity development support in combination with other services, such as the management of complex construction projects.

Capacity development and the support thereof are fundamental components of each and every project and programme implemented by GIZ. In fact, they form part of GIZ's core competence. Therefore, we would like to motivate you to consciously think about capacity development whenever planning and implementing our measures, and to actively conduct the dialogue on capacity development both within the company, and with our partners and commissioning parties. This publication is designed to give you both the guidance and the encouragement you will need.

Wishing you every success!

A handwritten signature in black ink that reads "Tanja Gönner". The signature is written in a cursive, flowing style.







## 1. What are we talking about?

Internationally, the term capacity development (sometimes abbreviated as 'CD') is defined as follows<sup>1</sup>:

Capacity is the ability of people, organisations and societies as a whole to manage their affairs successfully and to continuously adapt in response to changing conditions. This involves identifying development constraints, designing solutions and successfully implementing these.

At GIZ we often characterise this as the ability for proactive management, which we understand as the capability of stakeholders to effectively combine and coordinate political will, interests, knowledge, values and financial resources in order to achieve their own development goals. The term 'ability for proactive management' underlines the fact that it is not sufficient for these capacities simply to be present; they must also be used actively and independently (ownership) in order to shape development- or change processes.

Capacity Development refers to a process through which people, organisations, and societies as a whole unleash, strengthen, create, adapt, and maintain capacity over time and continuously realign it with changing conditions. The change processes involved are always endogenous. They never follow a linear trajectory. They are, on the contrary, shaped by the political, economic, social and cultural factors that come into play in their particular context, and the tensions that arise as a result.

The support of Capacity Development by external partners is an important part of development cooperation to better enable people, organisations and societies to expand their ability for proactive management.

## 2. Why are we talking about Capacity Development?

Capacity Development has been one of the core themes of the development discourse for several decades. The close link between Capacity Development and aid effectiveness was repeatedly underlined in the Paris Declaration (2005) and the Accra Agenda for Action (2008). Since then, the development community has stepped up the international debate on Capacity Development and ways to support it.

Traditional approaches to Capacity Development, such as the transfer of knowledge and expertise through long-term consultancy inputs and training measures, are now seen as just one possible source of leverage. More and more often these are coming in for criticism. Simultaneously, more recent forms of support, such as triangular- and South-South cooperation, are becoming the focus of attention.

In light of this critique, GIZ, together with its partners and commissioning parties, continuously reflects on its approaches. We also take an active part in the international debate, and continuously develop our services and instruments accordingly. This enables us to optimally meet the requirements of an increasingly diverse range of partners and commissioning parties.

However, donor and recipient countries alike are increasingly realising that more funding, more harmonisation, and the increased use of partner systems, as rightly called for by the aid effectiveness agenda, do not automatically lead to demonstrably greater development. Most recently the evaluation of the Paris Declaration (2011) identified insufficient capacities in developing countries as a key and persistent constraint to development progress.

Accordingly, the outcome document of the Fourth High Level Forum on Aid Effectiveness/HLF 4, which took place in the South Korean city of Busan in late 2011, firmly identified Capacity Development and the support thereof as key to further reform steps in partner countries. Therefore, Capacity Development is a core issue in various initiatives that are defining cooperation with the Paris Declaration partner countries in the post-Busan process.

//1 GIZ follows the OECD-DAC definition published in 2006, which remains the internationally accepted frame of reference for the understanding of capacity development.

The proliferating and growing global challenges clearly demonstrate that Capacity Development must equally take place in all countries and societies. This is the only way to jointly enable all countries to adapt to the changing conditions and to successfully manage global problems.

GIZ is preparing itself to cooperate with possible new commissioning parties and partner countries, expanding its portfolio accordingly, and developing its instruments and methods to match the needs and demands. Increasingly, GIZ is being requested to deliver Capacity Development support in combination with other services<sup>2</sup>. Examples include the management of complex services such as construction projects, innovation processes, and sectoral transformations.

In this context, knowledge sharing<sup>3</sup> and the joint elaboration and implementation of constructive solutions are becoming more important. This became apparent not only in the HLF 4 outcome document, but also in the official statements of the G20 Development Working Group. Promising ways of achieving this include regional- and global learning platforms, knowledge networks, South-South cooperation, and triangular cooperation. Increasingly effective use is now being made of these approaches. When supporting its partners in using these forms of cooperation, GIZ brings its comprehensive experience to bear.

//2 A guiding framework is currently being prepared that will describe GIZ's services. We expect to publish it in the second quarter of 2013.

//3 See also GIZ's guiding framework on Knowledge Sharing (2012).



**Triangular cooperation** between Mozambique, Brazil, and Germany is strengthening Mozambique's national metrology institute (INNOQ). The three partners are providing complementary inputs. While Mozambique is contributing human resources and infrastructure, Brazil is providing the largest financial contribution plus professional expertise in the fields of metrology and export. The German contribution is being delivered jointly by GIZ and PTB (Germany's national metrology institute). It comprises comprehensive support for strategic management, communication, marketing, and monitoring. So far, construction of the new building for the INNOQ headquarters has been commenced, and a metrology law has been passed. The number of professional experts at INNOQ has been consolidated, and its services are now being used by the private sector at the local level. The triangular cooperation arrangement is stimulating joint learning, and increasing mutual understanding of the respective approaches and procedures. Moreover, the lessons learned are being used to further develop the concept of triangular cooperation.

### 3. What is our approach to Capacity Development?

GIZ is a federal enterprise mandated to perform international cooperation for sustainable development and international education work. On the basis of this broad corporate purpose we are now widening our range of services, both in emerging economies and developing countries, and in Germany itself. As we do so, we are building on the structures, networks, and service offerings of our three predecessor organisations.

Capacity Development support is a core competence within GIZ's range of services. Our specific approach to Capacity Development support is rooted in our concept of sustainable development<sup>4</sup>.

GIZ understands sustainable development as a holistic process that strikes a balance between social responsibility, ecological soundness, political participation, and economic performance. To achieve this, all stakeholders need to engage in a permanent process of searching, negotiating, and learning that produces workable compromises. This process cannot be planned in detail in advance. The principles underlying GIZ's Capacity Development support therefore result in a holistic approach that is both process- and value-based.

In accordance with the German Government's guidelines<sup>5</sup> and the OECD-DAC definition, the conceptual understanding on which we base our approach to Capacity Development involves three levels: people – organisations – society. Further distinctions can be drawn within the level of 'society', which is then broken down into the dimensions 'cooperation systems' and 'policy fields'.

Capacity Development support is always provided with precise reference to the existing Capacity Development potential or deficits, taking existing challenges into account. Certain types of problems and challenges can be solved more easily and rapidly than others; more problematic are those of a long-term nature whose effects will only be felt in the future and whose causes are complex. Climate change, for instance, requires us to make a break with deeply rooted values and behavioural paradigms. Processes of transition to democracy and a social market economy are complex, long-term change processes. In fragile states, the challenge is to promote

and restore ownership and statehood in a difficult environment.

Capacity Development must always be a stakeholder-owned process. Stakeholders must have a vested interest in the process, assume responsibility for it, and be actively engaged in achieving the change objective. This presupposes that the people and organisations involved see a benefit for themselves in the desired changes, and are willing to achieve them.

In the international debate the term democratic ownership<sup>6</sup> is used. This term emphasises the fact that government ownership alone is not sufficient. If sustainable processes are to be initiated and successfully implemented then parliaments, local governments, and civil society must also be involved. Clearly, democratic ownership is therefore crucially dependent on cooperation and processes of constructive negotiation by various actors.

GIZ shares this understanding. We believe it is important to seek close exchange with the various partners from the outset, and to achieve a maximum degree of ownership among all stakeholders.

//4 See our guidelines on 'How we work to foster sustainable development'.

//5 See the Guidelines for Bilateral Financial and Technical Cooperation with Developing Countries (2007).

//6 Since the Paris Declaration, the implicit meaning of the term 'ownership' in the international debate has evolved from 'country ownership/ government ownership' to 'democratic ownership'.

#### 4. How do we support Capacity Development processes?

GIZ possesses excellent sectoral and methodological expertise, proven instruments, innovative approaches, and longstanding experience with supporting Capacity Development processes.

Our management model Capacity WORKS<sup>7</sup> supports the operationalisation of our Capacity Development approach. It enables us to provide flexible consultancy services to suit our partners' needs. And it allows us to support change processes whose outcome cannot be fully anticipated, and that may involve setbacks, conflicts, and obstacles. Support delivered to change processes of this kind will only succeed if it maintains a systemic and holistic perspective. Capacity WORKS provides the tools for this job. It is used in all phases of commission management.

Moreover, our results model enables users to visualise the entire desired change process from a systemic perspective, and to continuously sound out alternative strategic options. However, we should not forget that Capacity Development processes need time to unfold and make their impact.

To further improve its support for Capacity Development processes, GIZ is investing in new methodological approaches such as capacity assessment. These involve politically and economically informed consultancy processes designed to elaborate implementation strategies for Capacity Development support. The strategies are aligned with the political, economic, and social context of the development cooperation/international cooperation measures in question, and are designed to make our consultancy and support inputs even more effective.

Our Capacity Development support services are designed on the one hand to strengthen the capacities of individuals (in particular change agents) by transferring technical expertise and skills, and developing proactive- and methodological capacities for self-reliant problem-solving. This is also called human capacity development (HCD).

At the same time we also support the organisational development of partner organisations, as well as cooperation, networking, and processes of negotiation between actors (i.e. individuals, organisations and governments, etc.). This means that at the level of society we address policy fields and the cooperation systems that are needed to facilitate the structural change envisaged in the agreed objective of the development cooperation/international cooperation programme. Targeted financial inputs can also be provided to boost the results of Capacity Development support.

GIZ possesses special experience in facilitating processes of negotiation, e.g. moderating between government and civil society, or between various interest groups. Key to this are the creation of corresponding participatory mechanisms and the promotion of negotiating skills among our partners, e.g. for national and international political dialogue.

GIZ's support services usually involve a long-term commitment. This enables us to acquire tacit knowledge of the region, the country, and the partner organisations, and establish cooperation relationships with our partners built on trust. Through our direct, long-term commitment we have achieved a position of trust with many partner organisations that enables us to effectively support changes.

When delivering our support and consultancy services we often operate simultaneously on the macro, meso, and micro levels in a partner country (i.e. we pursue a multi-level approach). Likewise, we seek to involve various actors from the state, civil society, and the private sector (i.e. we pursue a multi-stakeholder approach). As a result we often have a very detailed knowledge of partner structures, which enables us to adopt different perspectives on the change process, and bring these to bear in our process consultancy inputs.

//7 Capacity WORKS Manual, 2008. The manual is currently being updated.



The **SADC Water Programme** is fully in line with Capacity Development support. This regional programme aims to strengthen the human, organisational, and institutional capacities of the SADC Water Division, selected river basin organisations, and national organisations for transboundary water management. Using the 'transwater capacity cube', a practical model to optimise implementation processes has been developed that structures, interlinks and systematically operationalises the following areas: the three strategic focuses of the SADC Regional Strategic Action Plan (infrastructure development, water management, water policy); the three levels of intervention of the BMZ (macro: SADC, meso: river basins, and micro: municipalities); and the programme's three target areas for Capacity Development (staff training, organisational consultancy, and institutional development). The success of the programme and its correspondingly high profile have led other donors to delegate their extensive regional water portfolio to GIZ. This has entailed a quadrupling of the budget for the current phase to just under EUR 40 million.









Many of our partner countries are no longer looking to transfer a single model, but rather wish to identify a range of different systemic options from which they can then develop an approach to reform that is appropriate to local conditions. We are able to meet this demand among our partners thanks to our worldwide operations and manifold contacts. We also make a point of knowledge exchange and dialogue between our partner countries.

We are receiving an increasing number of requests to help launch and jointly steer learning processes. Providing technical, organisational, and methodological support for joint learning processes is one of GIZ's strengths.

Within these processes we promote the establishment and moderation of regional or global networks, either to address specific sectoral themes, or in order to raise awareness of current and future development challenges and strengthen problem-solving capacities. To achieve this we use both e-learning and traditional classroom formats, and place special emphasis on fostering the formation of personal networks, e.g. through our continuous alumni work.



The **Alliance for Financial Inclusion (AFI)** is a global network of central banks, finance ministries and regulatory authorities from a current total of around 80 developing countries and emerging economies. AFI aims to improve access to formal financial services for sections of the population hitherto not reached. Here AFI relies on the explicit disclosure of technical, methodological, and instrumental knowledge within a peer-to-peer learning process. Using this learning framework participants succeed in jointly generating new knowledge. For this to work, all the actors involved (commissioning party, implementing organisation, participants, and official bodies) need to enter into a partnership as equals. GIZ acts as moderator and facilitator of the process. AFI is funded by the Bill & Melinda Gates Foundation.



## 5. Where have we set priorities for our future involvement in Capacity Development?

Our many years of experience mean that we possess tried and tested professional standards and procedures for supporting Capacity Development. The continuous quality assurance and improvement of our services is one of the company's key concerns, and one that is shared by our entire workforce. We have set the following four priorities for the future:

1. Diversifying and increasing the flexibility of our Capacity Development service offering in line with the increasingly broadening demand among our commissioning parties and service recipients.
2. Continued elaboration of methodological approaches for strategic development in projects and programmes, such as capacity assessment, and support of our partner countries and commissioning partners in elaborating Capacity Development strategies at the sectoral and/or national levels.
3. Continuous improvement of our systems for substantiating the results of our Capacity Development support (CD results).
4. Market-oriented development and establishment of new services in combination with Capacity Development support (e.g. operator models, fiduciary action, new forms of cooperation with the private sector).

Furthermore, we will continuously bring our expertise and experience to bear in the global debate on international cooperation/development cooperation, underlining the key importance of Capacity Development for leveraging needed transitions to a sustainable society. To this end we will participate in joint learning processes with partners and partner countries on current Capacity Development issues, and support corresponding platforms such as LenCD (Learning Network on Capacity Development).

Guiding Framework



## Abbreviations

<b>AFI</b>	Alliance for Financial Inclusion
<b>CD</b>	Capacity Development
<b>G20</b>	Group of twenty leading industrialised countries and emerging economies
<b>HLF 4</b>	Fourth High Level Forum on Aid Effectiveness
<b>INNOQ</b>	Instituto Nacional de Normalização e Qualidade
<b>OECD-DAC</b>	Organisation for Economic Cooperation and Development – Development Assistance Committee
<b>PTB</b>	Physikalisch Technische Bundesanstalt
<b>SADC</b>	Southern African Development Community
<b>TC</b>	Technical cooperation



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