



DANISH TRUST FUND FOR CAPACITY DEVELOPMENT

Introduction

In 1998 the Government of Denmark and UNDP embarked on a joint endeavor known as the Danish Trust Fund (DTF), to improve UNDP's capacity development assistance for human development. The DTF was based on a 1996 Assessment of UNDP undertaken by the Governments of Denmark, India, Sweden and the United Kingdom, which argued that UNDP needs to be more focused in its approach to development and, specifically, that UNDP has a niche in promoting capacity development for good governance.

Accordingly, the DTF, with a total fund of 50 million Danish Kroner (US\$8.5 million) sought to develop UNDP's capacity to promote good governance in two specific areas: first, effective and transparent management of public resources for human development and, second, enabling environments for people's participation and choice. The overall objective of the DTF programme was to generate policy and operational lessons in the two areas of the fund's operations that may have national impact at the country level as well as corporate policy implications.

UNDP launched the DTF in five countries with various typologies – Kyrgyzstan (a country in transition), Malawi (a small low-income country in Africa), Nicaragua (a

small low-income country in Latin America), Vietnam (a large low-income country in Asia) and Zimbabwe (a middle-income country). Within the overall umbrella of capacity development, the DTF support in these five countries can be categorized into three broad areas – support to locally innovative mechanism for dialogue and consensus building among different stakeholders (Nicaragua and Zimbabwe); support to decentralization (Kyrgyzstan and Malawi); and support to parliamentary institutions (Zimbabwe and Vietnam). A mid-term evaluation of the DTF was completed in August 2001 and a final lessons learning workshop was held from 16 to 18 September 2002 in Vietnam. In June 2003, a final report entitled Learning Lessons from the Danish Trust Fund for Capacity Development was produced.

Concept

Capacity development, simply speaking, represents the process by which individuals, groups, organizations, institutions and societies develop their abilities, individually and collectively, to perform functions, solve problems and set and achieve objectives¹. It also takes place through what has been termed as social capital, between individuals as well as in the institutions and networks that they create. Capacity development, a long-term process, is an important means to enhancing human

capabilities and as such to sustainable human development. It entails an expansion of opportunities, choices and means for poor people initiated by a broad range of stakeholders, not only the government, but also communities, civil society and private sector.

Capacity development requires two things - an effective *process* in terms of roles, functions, responsibilities, and tasks; and an effective *structure* for management, transparency, accountability and collective voice. Both the process and the structure are supported by roles and norms.

The DTF objectives, by concentrating on transparent management of public resources and on enabling environment of people's participation, focuses on the second requirement. The DTF projects in five pilot countries, by emphasizing different aspects of it, had differences in goals, coverage, content and process. Yet their experiences present a common set of lessons for forward-looking thinking and future work. Those lessons are highlighted below, with references to diversified experiences as well.

Lessons Learned

1. Capacity development initiatives will not be effective without context specificity, proper designs, sound implementation and monitoring plans

A homegrown initiative, which takes into account the context specificity, is more likely to be effective. It is important to recognize that every initiative is different, depending on specific country situations and the 'one size fits all' approach is not going to work.

Weak project design, like any other initiative, is a major constraint to capacity development programmes. Clear objectives of the project are the key and more clarifying discussions are needed in the initial phase of an initiative. This is also

important as in most cases there are varying expectations from different stakeholders and such expectations need to be managed in order to come up with a consolidated vision.

In the project design, there is to a proper balance between the flexibility to respond to changing situations and retaining a strategic vision that guides the programme. In some cases, flexibility requires simultaneous design and implementation. A risk analysis for a project is also a necessity.

Regular monitoring and evaluation not only keeps a project on the track, it also enhances the issue of transparency and accountability. But more importantly, it helps to learn lessons, to do more effective forward planning and also to smoothen the process of mainstreaming, replication, and up-scaling.

What to do?

- Recognize the uniqueness of every situation, but bring in the experiences of similar situations. Reflect in the project design the context specificities.
- Initiate discussions early on to clarify the objectives of the initiative and balance varying expectations from different stakeholders.
- Invest enough time and energy for a proper project design – including institutional context, risk analysis and preconditions for success
- Formulate a concrete implementation plan, with clear identification of responsibilities, outcomes and a timetable. Be pragmatic in terms of timetable, taking into account all the possible hitches and all the probable lapses.
- Draw a monitoring and evaluation strategy, with benchmarks, institutions and follow-up actions.

Example:

Most of the achievements of the DTF-supported decentralization project in Kyrgyzstan are attributed to the political commitment, interest and action from the country's highest office – the Office of the President. But the project itself was weak on several fronts. The design of the project borrowed a lot from Nepal's decentralization initiative, but without proper recognition of the situation on the ground. It was weak in the analysis of alternative project approaches and on risks and preconditions of success. This was unfortunate given the fact that the decentralization projects are often risky and need well-prepared implementation. A clear definition of the respective roles of government at the central, provincial, district and village level was also absent. Finally, coming out of the Soviet system, the issue of decentralization was yet to be internalized within Kyrgyz society and system.²

2. Capacity development programmes need to be internally driven that requires both political and financial commitment and conducive policy environments

Sustainability of capacity development initiatives depends critically on whether they are demand driven and internally owned. It also requires a long-term national commitment to change the policy environment and a political will to go through the pains of changes and their unpopular consequences. National ownership, particularly government ownership, of the process and the outcomes is also essential. There should also be long-term commitments of the part of external partners to see the process through.

Without adequate resources, it is extremely difficult to undertake and, more importantly, sustain the capacity development initiatives and the necessary follow-up actions. Sustainability of such initiatives requires financial commitment. Sustainability also

requires that pilot activities would be progressed and deepened for broader replication.

What to do?

- Arrange broad-based dialogues with various stockholders to identify their aspirations. Make sure that they express their own needs and demands, and not what the external development partners want to hear or to support.
- Initiate and engage, on a continuous basis, in having discussions and dialogues with the government with a view to convincing them about the importance and the need for capacity development programmes. Highlight the achievements of the programmes to keep alive their interest and to sustain their commitments. Assert the long-term gains vis-a-vis the short-term pains.
- Explore and devise various ways in which the national ownership, particularly the ownership of the government, can be achieved. Review what has been done successfully in other countries in terms of process and instruments and assess whether those are relevant in the situation under question.
- Pursue resource mobilization initiatives and encourage further financial commitment. Ensure financial transparency and accountability to make the process credible.
- Learn from pilot activities and identify as to how the lessons learned can be used to influence policies and decision-making at the macro level and replicating the initiative on a larger scale.

Example:

During the later part of the 1990s, the Zimbabwean society was undergoing serious political and economic transitions. There were significant economic setbacks in

Zimbabwe, compounded by drought, and the HIV/AIDS epidemic. There was serious political turmoil in terms of occupation of European firms, urban labour unrest with enterprise closure, and with an infusion of many new members of Parliament from non-ruling parties into parliament. It was exactly the time when the Parliament has adopted a reform plan to respond to these changes by revitalizing its roles and structures for enhanced legislative and budgetary oversight functions for better transparency and accountability. The Parliamentary Reform project in Zimbabwe was launched at the same time to exactly address the needed reform – representing an initiative arising at unique historical junctures, connected with political and economic transitions. It was thus internally driven, contextual and homegrown.³

Example:

In Malawi, the decentralization project, supported by DTF, had some weaknesses. First, the project lacked some crucial linkages, e.g. it was also not linked to poverty alleviation. And in Malawi, a poor country, the need for such a linkage can hardly be overemphasized. Second, DTF resources in Malawi were less than adequate given the scope, tasks and time horizons. Third, monitoring and evaluation also tended to be underemphasized in the design. This was also unfortunate, particularly for a pilot project in which replication is expected and results needed to be assessed, documented and disseminated.⁴

3. Capacity development should be multidimensional, clearly linked to human development issues, and it must go beyond national level - to sub-national levels

Capacity development must encompass broader dimensions of sustainable human development and must be built on the synergies of interactions of those

dimensions. Thus capacity development initiatives in areas of decentralization should have strong links with capacity development in poverty alleviation. In the absence of such an inter-linkage, initiatives will be isolated and inefficient, incapable of producing the optimum results.

Capacity development does not take place in a void, either institutionally or substantively. It does not make sense to strengthen the transparent management of public resources and people's participation if there are no public resources to manage and if people's participation is confined to inconsequential matters. The challenge is to keep poverty at the center of the policy agenda. This entails giving voice to the voiceless, and bringing about a change in traditional power structures.

There are many layers in capacity development and national capacity is developed and sustained when initiatives go beyond the center - to provinces, states, districts and local levels. Decentralization and disaggregation of capacity development is *sine qua non* for overall capacity development.

What to do?

- Help the stakeholders in determining quite clearly the vision of all capacity development initiatives – what they are intended to achieve.
- Point out the linkages of capacity development initiatives in different areas and identify the ways in which they can be mutually reinforcing.
- Highlight the activities that can help achieving the goals in more than one area, thus building on their synergies. It implies developing a multi-pronged approach to capacity development. The focus of the capacity development.
- Assist in decentralizing and disaggregating the capacity

development initiatives beyond national levels to sub-national and local levels. Show the ways through which initiatives at various layers can be linked and integrated.

Example:

The DTF project in Nicaragua aimed to strengthen the capacities and functionings of the National Council for Economic and Social Planning (CONPES). This was carried out through the analysis and proposal of public policy, and through a dialogue with and the active participation of local and national state and civic society institutions. To varying degrees, support to CONPES under the DTF-funded project met the two DTF objectives. But one important issue is that a variety of CONPES activities, outputs and outcomes cover multidimensional areas. The project developed a wide-ranging and multidimensional 10-point work plan and its outputs were central to national policy objectives for human development : poverty reduction strategy, national vision, sectoral planning, and highly indebted poor countries initiative (HIPC), and new labour code.⁵

Example:

In Vietnam, the parliamentary institution project supported by DTF aimed at strengthening the role of representative bodies in general and the role of Provincial People's Councils (PPCs) in particular. The project focused on improving the information available for PPCs for decision-making in two ways – through establishing capacity for surveying the concerns, perceptions and needs of the general population and by improving the flow of information on national policies and legislation from the central to the provincial level.

The project has contributed to capacity development at the sub-national level by providing useful inputs to the discussions on laws pertaining to PPCs. It has contributed significantly to the transparent management of public resources at the provincial level. Current plans call for budget to be

decentralized, with the provinces receiving a lump-sum allocation that they may minister with flexibility.⁶

4. Partnership and alliance building is crucial for capacity development

Capacity development is too big and too complex a task to be left to one development actor. It requires joining of heads, hands and purses. Without a multi-actor programme approach, capacity development cannot be effective.

The partnership aspect of capacity development is also important from three other perspectives. First, it recognizes that capacity development goes beyond governments – capacities exist and should be developed in non-governmental entities, which are also a major agent in developing capacities throughout the society. Second, in an alliance for capacity development, when roles of all actors are defined, it is easy to hold the duty-holders accountable for non-delivery. Third, partnership also represents a participatory approach to capacity development.

Partnership building requires a broad-based and continuously engaged consultative process. Such processes can be given visibility and credibility if they are held in professional fora.

What to do?

- Identify the potentially effective partners, have engagements with them in terms of highlighting the importance of the initiative, how their contributions can make a difference and the necessity of alliance building.
- Attempt to broad-base the partnership by including communities, NGOs, media and other institutions of civil society, private sector and external donors.
- Clearly put on the table what the roles of each partner would be and what is

expected from each player. Discuss and debate, but at the end of the day come to a consensus. Be clear about the financial implications for each party in the alliance.

- Use public opinion surveys for participatory approaches within partnerships. Depend more on professional fora for discussions of partnership and alliance building.
- Engage the partners in each step of the initiative – project design or redesign, implementation, monitoring and evaluation.

Example:

The project, supported by DTF, on parliamentary reforms at the provincial levels in Vietnam, was quite successful in building partnerships. The project steering committee included the Office of the National Assembly, the three pilot provinces, the Government Committee on Organization and Personnel (equivalent to a Civil Service Commission), the Office of the Prime Minister, the Royal Danish Embassy and the UNDP country office. The involvement of the Prime Minister's Office was instrumental in national ownership of the project and the presence of both the National Assembly and the Provincial Assemblies made sure that the linkages were there, which probably improved the odds for sustainability. Vietnam also used public opinion surveys to encompass a participatory approach to the project. One complaint, often made about the Vietnam project, is that the partnership it built did not encompass the civil society.⁷

Example:

The DTF supported project on decentralization in Kyrgyzstan built partnership both with entities within the government as well with organizations within civil society. The project itself was executed by the Congress of Local Communities, a national NGO, and made effective use of United Nations Volunteers (UNVs) who were twined with volunteers at the community

level. The project partners also include the President's administration and district- and local-level governments.⁸

5. The implications for UNDP are significant in areas of human resources, learning from experiences, procedures, standards and accountability

From the DTF project, a key lesson that merged for UNDP was the need for staff quality and continuity at the country office level. In most of the countries hosting DTF activities, there were serious deficits in institutional memory.

Second, the long-term opportunity for development cooperation may lie in the answer to the question : how can the management of the knowledge-based development policy be supported? The implications of it for UNDP should be considered.

Third, the instruments, introduced for accountability as well as for performance assessment, show a heavy reliance on quantitative indicators almost to the total exclusion of qualitative judgement

Fourth, at a time of declining core resources in UNDP, there is a strong case for more focused and integrated programming. But the case for a programme approach rests on solid substantive considerations. This is especially true in terms of the capacity development areas covered by DTF.

Fifth, there is a strong case for pro-active UNDP partnering and resource mobilization role in relation to other donors.

Sixth, standards are extremely important. The issue of standards can be looked at from various angles – standards reflected in documentation (quality of reporting); standards for evaluation of outcomes and impacts; and standards of performance in areas of personnel management. A

corollary to standards is to hold people accountable for measuring up to those standards.

Seventh, in terms of oversight, the dichotomy between a country and a 'practice approach' needs to be revisited. Oversight and standards are essentially two sides of the same coin, and the appropriate institutional arrangements for the two should perhaps be examined at the same time.

What to do?

- Address adequately the issue of staff continuity. Strengthen human resources development and rationalize personnel policy to ensure substance, proper match of skill and need, effectiveness, continuity and institutional memory.
- Consider fostering a 'knowledge for development' programme'. Undertake technical work at the corporate level to help both countries and UNDP country offices to assess capacity development initiatives such as the DTF projects.
- Develop, for replication of initiatives, mechanisms at the corporate level for capturing and disseminating the lessons of experience.
- Explore the possibilities for introducing credible qualitative indicators and use them either for validating or challenging the results achieved through quantitative assessments.
- Initiate high operational performance in targeted substantive areas in an attempt for pro-active partnering and resource mobilization. It would include rigour in programme and project design, appraisal and evaluation coupled with cost-effectiveness.
- Develop effective partnerships with programme countries to mobilize donor support on a coordinated basis behind solid homegrown reform initiatives.

- Assign the role of standards, quality control and oversight to appropriate units of the organization. A hybrid arrangement of entrusting oversight to the geographical bureaux and quality control to the Evaluation Office should be feasible, the only caveat being that a clear and unequivocal demarcation is established between the two functions.

Example:

In recent times, several institutional changes have been introduced to make UNDP more professional. Amongst these one can cite the more rigorous recruitment procedures, revamped competency testing for Resident Coordinators, mechanisms for managerial and substantive accountability (results-based management or RBM), knowledge-based networking, 'scorecard' reports, staff surveys, annual compacts, and the ongoing effort to develop a corporate oversight model at Headquarters. It may, however, be too early to tell whether the changes will bring about the desired improvements, particularly since they have coincided with downsizing and country office re-profiling.⁹

Example:

The introduction of knowledge-based networks is a welcome step towards transforming UNDP from a funding/administrative organization to a knowledge-based institution. Through the networks, 'Communities of Practice' have been created, through which knowledge is being created, managed and disseminated. However, two points may be pertinent. First, information is not to be confused with knowledge. Indeed, there appears to be a surfeit of information in the virtual networks, not all of which may be professionally relevant or useful. Second, the question arises as to how can knowledge be transmitted to the rest of the organization, i.e. to those staff who are outside the respective networks.¹⁰

¹ Fukuda-Parr, Lopes and Malik. 2002

² UNDP Evaluation Office. 2002a

³ UNDP Evaluation Office. 2002c
⁴ UNDP and Government of Malawi. 2000
⁵ UNDP Evaluation office. 2002b
⁶ UNDP Evaluation office. 2002d

⁷ Ibid
⁸ UNDP Evaluation Office. 2002a
⁹ UNDP Evaluation Office. 2003
¹⁰ Ibid

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The *ESSENTIALS* series summarizes and synthesizes main lessons learned and recommendations made by UNDP and other development agencies on selected subjects. It is designed to provide UNDP country offices and headquarters easy access to lessons learned from evaluations.

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