

Capacity Development BRIEFS

SHARING KNOWLEDGE AND LESSONS LEARNED

WHERE CAPACITY IS NOT THE ONLY PROBLEM

Moving from generic capacity building to support for issues-based change in Nigeria

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For many years, donor approaches have typically relied on technical assistance and training of project staff to perform specific tasks. Since the early 1990s, donors and multilateral lenders have increasingly sought to affect the broader context and institutional environment within which individuals and organizations operate, rather than focus exclusively on training specific staff within selected organizations. This is premised on a new and broader approach to capacity development, one in which interventions take into account the larger institutional and political context within which various stakeholders and groups are willing and able to undertake reforms and affect change themselves. This Brief highlights DFID's experience in Nigeria in adopting an issues-based approach in which its role lies more in responding to and following—rather than leading—local change processes. This shifts the donor's role to engaging with a wider variety of stakeholders, identifying groups and coalitions that are most likely to drive and achieve institutional changes that can alleviate poverty, and to designing innovative means of supporting such locally driven efforts.

Why focus on capacity at the institutional level?

Throughout the 1970s and 1980s, donors spent large portions of aid funds on training and technical assistance targeting a specific team or group of staff in selected agencies and organizations in recipient countries. In the early 1990s the focus shifted to organizational change and review of the implementing organization's capacity, and designing interventions that would strengthen the capacity of the organization in question.

In designing programmes aimed at capacity development, donors tend to follow a well-understood path beginning with problem identification, review of the implementing organization's capacity, and designing interventions that would strengthen the capacity of the organization in question. This approach is tried, tested, and eminently sensible. And yet, programme reviews—particularly those done after programme completion—frequently show that the impact of capacity development has been less significant than was originally anticipated. This was the finding of a number of programme reviews undertaken by DFID in

Nigeria between 2000 and 2003. The programmes themselves were well designed and appropriately implemented, with the reviews showing that at least some capacity had been built within the target organizations. But the quality of the organizations' service seldom improved as predicted at programme inception.

DFID came to the conclusion that other factors were intervening to dilute the impact of its development assistance, and set out to use a 'Drivers of Change' process to discover what these factors are.

Drivers of change: Identifying the real barriers to pro-poor change

DFID's development assistance is usually based upon two fundamental assumptions:

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1. In a development context, capacity is often a significant problem and building capacity through technical support is an effective solution.
2. The broader environment (political, social, cultural, and institutional) in which capacity building takes place will enable improvements in organizational capacity to be utilized to facilitate the anticipated development outcome.

The first assumption rests on the logic that if individuals and organizations in developing countries are better able to perform their responsibilities then the quantity and quality of their contributions will increase—and if these contributions are related to poverty reduction then the objectives will be achieved. This is attractive to donors because it provides a technical solution to complex problems and can be presented to both host governments and donors as apolitical—avoiding accusations of interference in internal affairs.

The second assumption can be distilled into the mercurial concept of ‘political will’. It is commonly found in the assumptions and risks section of most programmes, but never fully explained, and rarely mitigated.

- In the best-case scenario, a government’s political will is reflected in a country’s adoption of a Poverty Reduction Strategy (PRS) that establishes the government’s commitment (financial as well as political) to poverty reduction and the achievement of the Millennium Development Goals (MDGs). The assumption is that a more legitimate and accountable government is likely to have a greater impact on poverty reduction, as it will tend to be more responsive to the demands of its poor people, especially if they are in the majority.
- Alternatively, there are numerous examples of governments that have a degree of legitimacy and control the levers of state power, but do not exercise this state authority in the interest of the majority of citizens, and certainly not in the interest of the poor. Assuming the existence of political will in these cases, designing interventions based on capacity building alone runs the risk of reinforcing (and legitimizing) government action that fails to address poverty.
- Even if government does have ‘political will,’ a traditional capacity development approach frequently underestimates powerful institutional constraints on the behaviour of individuals and organizations.

What determines political will to undertake and sustain pro-poor reforms?

In Nigeria, there was an assumption that the transition from military to civilian rule in 1998-99

would create the necessary political will for far reaching reforms that would have a positive impact on poverty reduction. Assuming the existence of political will, DFID’s programmes focused on limited organizational capacity, and sought to build the capacity of a range of organizations to improve service delivery in health, education, justice, and local service provision. However, these programmes had less of an impact on poverty levels in Nigeria than originally planned.

Trying to understand why these interventions were less successful than anticipated led to a shift in focus away from organizations and individuals (champions of change) to an analysis of broader features of Nigeria’s political economy:

- The analysis began with assessment of structural features—including demography, resource ownership patterns, religion, history and the nature of ethnic divisions—to better understand how and why Nigeria’s particular institutional and organizational environment had evolved.
- The second level of engagement looked at Nigeria’s institutional environment—to better understand how the rules that facilitate and constrain interaction between individuals and organizations developed and operated.

The structural features frame the parameters within which Nigeria’s political and economic system operates. Nigeria’s modern political economy has developed in response to key determining structural characteristics—including the significance of a single point-source resource (oil). Ethnic, regional and religious diversity have complicated nation building and precipitated civil war and military intervention in the polity. Furthermore, Nigeria’s endowments have been managed and manipulated through time, and through a unique set of institutional arrangements, that created the current political economy.

The analysis focused on three features that have become pervasive in Nigeria’s political economy:

1. The mismanagement of revenue from oil;
2. The weakness of formal accountability mechanisms; and
3. The absence of non-oil sector economic growth.

These three characteristics are closely related and mutually reinforcing, and combine to act as a significant barrier to reform in Nigeria—even reform led by a democratically elected government with commitment to change. Profound changes in the institutional environment—such as the transition from military to civilian rule—have had less impact on these features than anticipated.

Within the institutional environment, the discrepancy between *formal and informal institutional arrangements should be underscored*. Nigeria has a



well-established formal institutional system—a Constitution, democratic processes of accountability, functioning legislative processes, and a recognizable judiciary. Although not entirely moribund, the formal institutions are not without flaws (leading to the assumption that capacity is the key problem). The weaknesses are illustrated in such trends as a progressive failure to connect policy with budgets; corruption in procurement practice; debt mismanagement; and lack of expenditure control. A range of institutions has also emerged to facilitate the extraction of surplus rents for political sustainability and consumption by the elite.

Informal institutional arrangements tend to be more powerful and pervasive than their formal counterparts. Reliance on informal institutional arrangements extend from the use of traditional authority to mediate disputes, and ethnic trading networks to underpin economic activity, to the manipulation of the electoral system to reinforce patronage-based rather than constituency-based politics.

The power of informal institutions presents a second tier of challenges in a capacity building approach that focuses on strengthening formal institutional arrangements. *Unless transactions migrate from the informal to the formal institutional arrangements, capacity building focused on formal institutions will have less impact than anticipated.* DFID's work in Nigeria between 2000 and 2003 demonstrated the limitations of capacity building exclusively at the individual and organizational levels. Even some organizations that had strong capacity were ineffective in taking forward reform. Staff and organizational capacity are not irrelevant, but they are only part of the solution. The situation has significantly improved during the second Obasanjo government where the reformers in government have a strong vision and strong political support. *However, the conclusion remained that classic capacity building programmes needed to be reoriented and supplemented if they were to support pro-poor change.*

This led to debate about the nature of change in society—in Nigeria in particular—and whether change happens as a result of improved individual and organizational capacity. The conclusion was that

- Individual and organizational capacity is a necessary but insufficient condition for change, and
- There are other factors, bundled in the concept of political will, that also need to be affected in order for pro-poor reforms to be undertaken and sustained.

We concluded that development assistance would be more effective if it supported, enhanced and built Nigerian-led change processes rather than focusing on building capacity. In Nigeria, this way of support-

ing change has been developed by DFID as the 'issues-based approach'.

A donor response: The issues-based approach

The **issues-based approach** starts with an analysis of the political economy surrounding the institutional changes that reformers are attempting to achieve, and the identification of key issues that will motivate a critical mass of support for reform.

- Interventions are based on an analysis of the strategic importance of an issue, its link to institutional reform (and potential to facilitate a transfer from the informal to the formal institutional realm), and its impact on poverty reduction.
- Issues must be Nigerian-led, have an established Nigerian constituency demanding reform, and wherever possible, be linked to the government's own reform agenda. DFID can then add value by supporting these coalitions (with financial and technical assistance) to achieve the outcome.

This is done in support of the government's new reform agenda, the National Economic Empowerment and Development Strategy (NEEDS), Nigeria's home-grown poverty reduction strategy. The NEEDS establishes a bold agenda for far-reaching institutional reform that challenges the existing status quo and directly confronts many of Nigeria's vested interests, both within and outside government.

Within this context, DFID Nigeria has applied the issues-based approach in three ways:

- Supporting the growth of coalitions around existing government reforms;
- Following an issue;
- Combining traditional and issues-based approaches.

Coalitions to support existing government reforms. Issues-based approaches can be used to respond flexibly to government reforms to deepen or widen them to new levels of government. For example, when the Federal government published all allocations to state and local governments, it created opportunities for civil society to develop ways of monitoring the expenditure of the lower tiers of government, lobbying for increased transparency and holding politicians to account. An issues-based approach can respond to this agenda by supporting coalitions to capitalise on these reforms.

Following specific issues. In some cases, DFID will design individual programmes to support specific issues. Rather than focusing on individual organizations, the interventions focus on specific outcomes (related to institutional change) and then engage with a range of stakeholders to support a change process.

DFID's approach to the 2007 elections is one example. A traditional approach to supporting improved electoral outcomes would have identified the organization with responsibility for delivering the election—in Nigeria the Independent National Electoral Commission (INEC). A review of INEC's capacity would identify a range of deficiencies, and a capacity development programme would be designed.

In contrast, under the issues-based approach, the focus is on the outcome—a reformed institutional environment that ensures free and fair elections. To achieve this outcome, numerous organizations need to be involved, from government, civil society, the media and private sector. Supporting this objective needs a highly flexible and non-prescriptive programme with the ability to respond to unanticipated opportunities and setbacks as the process unfolds. Once a barrier to the achievement of the objective is identified, DFID uses its resources—carefully coordinated with the Nigerian coalition—to overcome the obstacle, and then proceed down the process 'road map' to the objective.

Combining traditional and issues based approaches. In other cases, DFID has supported the ability of organizations to play a full and active role around key issues. The Nigerian National Assembly (NNA), for example, plays a crucial role in Nigeria's governance system, but was unable to fulfil its constitutional mandate due to weak capacity and the impact of Nigeria's structural features on the body politic. As a result, the legislature was largely unable to engage and contribute constructively on important political issues (including the government's own reform agenda). DFID's Support for the NNA evolved into two complementary approaches:

1. A traditional capacity building approach that raises the overall ability of the NNA to fulfil its responsibilities, and
2. An issue specific aspect that supports the NNA's ability to engage around issues (such as the government's reform agenda). The issue specific aspect will enable the National Assembly to support coalitions seeking institutional reform, but will also begin to change the way the National Assembly engages in governance—itsself an important institutional reform objective.

Conclusion

In environments where weak capacity is compounded by an absence of broad-based political will, donors need to develop new approaches. Development assistance that does not engage with the politics of institutional constraints, but focuses only on organizational capacity, will have limited impact in addressing poverty—and may be counter-productive (by bolstering the existing status quo). By understanding those aspects of institutional reform that are more likely to have the greatest impact on poverty reduction, strategic donor engagement can accelerate reform and have an increased impact on poverty reduction. This kind of engagement may take DFID into new, overtly political, terrain, with all the questions of legitimacy and reputational risk that brings. But if DFID's mandate is to eliminate poverty, and the analysis indicates that the existing government and the status quo it represents is part of the problem, and where there is limited political will and strong constraints to change, then a new kind of engagement may be justified.

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