**Report**

**Workshop organized by EuropeAid on Technical Cooperation and Capacity Development**

**Brussels, 4-5 July 2011**

**“How can we be more effective in supporting Capacity Development?”**

**Introduction**

This workshop was hosted by the European Commission, DG for Development and Cooperation – EuropeAid, B1 (Quality support) and brought together some 80 participants from EuropeAid Headquarters, EU Delegations, EU institutions, EU Member States, country partners and resource persons on Capacity Development (CD). Country partners came from the Philippines, Bangladesh, Burkina Faso, Timor Leste, Cuba, Uruguay and Mozambique.[[1]](#footnote-1)

The event had three main objectives:

* 1. To review with a variety of stakeholders experiences and progress made in the implementation of EuropeAid’s Backbone Strategy on Technical Cooperation (TC) and Project Implementation Units (PIUs) that started in 2008, as well as to review how EU Member States are approaching Capacity Development;
* 2. To reflect and discuss on a variety of approaches and methods for addressing capacity development as a more fundamental transformational process and strategic objective of development assistance, and to explore how this can enrich the quality of support provided by EuropeAid in its operations;
* 3. To identify lessons and formulate messages on Capacity Development that can inform wider preparations for the 4th High Level Forum on Aid Effectiveness in Busan (29 November – 1 December).

The event was timely for three reasons:

* First, EuropeAid is in the process of formulating a revised Project and Programme Cycle Management (PPCM) that brings together various approaches and principles on how to support operations more effectively, including for Capacity Development.
* Second, the messages were formulated in time to feed into the work of colleagues in EuropeAid and the OECD/ DAC who are preparing for Busan.
* Third, following the recommendations on reforming TC made by the European Court of Auditors in 2007, EuropeAid had committed itself to assess the implementation of the Backbone Strategy.

The event was structured around four principal sections:

1. Opening and review of the TC Reform – Experiences of EuropeAid with the implementation of the Backbone Strategy, and the follow-up by EuropeAid and EU Member States of the TC and CD aspects of the EU Operational Framework on Aid Effectiveness.

2. From TC Reform to a wider CD perspective – Dealing with context and opportunities, illustrated by good practice cases on how to promote CD through Public Finance Management.

3. Lessons to be learned on CD from the private sector and possible implications on how methods that aim at building the capacities of the private sector can be useful for development cooperation.

4. International dialogue/ learning on CD and its implications for

a) the formulation of the workshop messages for Busan and

b) the integration of the CD perspective into EuropeAid’s operations (PPCM).

**Opening**

Mr. Rudischhauser, Director of EuropeAid's Directorate B "Quality and Impact", opened the workshop. After welcoming all participants he stressed the relevance of this event for two reasons.

First, EuropeAid has invested considerably into improving its provision of TC after the release of the critical Court of Auditors report on TC in 2007. Instruments and tools were developed and procedures were simplified to enhance the quality of the organisation's operations. While progress has been achieved in this area, time has come to look beyond TC for CD and to discuss how to address good CD practice more broadly in EuropeAid’s operations.

Second, the event provides a platform where experiences of EuropeAid, EU Member States and country partners in dealing with CD could be discussed openly. Lessons can be drawn and feed into the preparations for the 4th High Level Forum on Aid Effectiveness in Busan. Working along the CD principles will lead to an exit strategy from the aid dependence of partner countries and should therefore become a major issue at Busan.

**Presentations and discussions[[2]](#footnote-2)**

**Session 1a - Review of the TC Reform, Experiences of EuropeAid**

Presentation by Paul Riembault, HQ B1: *“Technical Cooperation Reform – What story does the monitoring tell?”*

The presentation briefly highlighted the various efforts undertaken by EuropeAid to enhance the quality of its TC operations, followed by an overview of monitoring statistics on progress made with the implementation of the TC reform. Both self-assessments and external monitoring statistics from 2010 indicate that there is an increase in quality of the programmes provided (2 out of 3 are in line with TC/CD quality criteria, against 1 out of 3 according to the 2007 Court of Auditor’s report). Another important observation is that projects with no TC components equally contribute to CD, with non-TC approaches, such as working through local NGOs, and scoring even better than projects with TC components. While there was recognition that these figures can only provide a snapshot of longer-term CD processes, they show the relevance to look at CD beyond TC only and to apply a more holistic approach when supporting CD.

The discussion that followed confirmed that the introduction of the Backbone Strategy helped to improve the operations of EuropeAid, that a shift of mind-set of colleagues within the organisation at Headquarters and Delegation level can be observed, and that training events in the field triggered partners to think differently about TC and CD. Critical voices though reminded that the reform is coming along slowly, that CD can only be supported based on clear demands and that – to provide effective support – the point of departure needs to be the country, its institutions and its people, and to determine from that basis how to provide support meaningfully. In effect, more fundamental reforms within the system of EuropeAid and how it can function need to be addressed in order to support CD processes effectively. Partner country representatives, on the other hand, reminded colleagues that there is also a role to play from their side and a responsibility to pro-actively engage and orient the support provided.

Presentation by Anja Bauer, EUD Manila: *“Technical Cooperation and Capacity Development – Health Sector Experiences Philippines”* and contribution by Violetta Corpus, Government of the Philippines

This contribution illustrated how the EUD and its partners in the Government are gradually moving to a government-managed TC approach supported by a Capacity Development Plan for the health sector. The development of such a Plan took a considerable time, but constitutes a relevant outcome towards a more owned government approach to which the EUD now provides support. The Plan helped to overcome earlier differences of views between the Government and the EUD and is now the basis for accountability towards the Government of the Philippines. While progress along the principles of good CD has been achieved, there are still challenges to be overcome, such as long government procurement processes, limited availability of TA providers, and a high incidence of failed biddings.

*In summary, the following should be noted:*

* + Yes, the Backbone Strategy has proven useful as it has helped to reduce “poor quality” TC and PIUs and contributed to a change of mind-set within the organisationand partner countries.
* The Strategy introduced a number of innovations, but not all have fully been taken on board. There are still many limits within the organisation, for example the existence of procedures that limit to work more from a capacity development perspective or the inability to use country systems.
* CD is often reduced to the Aid Effectiveness agenda, but needs to be addressed more widely. For instance there is a need to recognise the specificities of the partner's context and to undertake the support from a wider view, not just technically, but by also taking into account the political aspects.

**Session 1b - Review of the TC Reform, CD approaches at EU level**

Brief introduction to the Operational Framework on Aid Effectiveness, Laura Mascagna, HQ B1: *“Implementing Aid Effectiveness – The EU Operational Framework for Aid Effectiveness”*

Presentation by Gwenaelle Corre, consultant: *"Introducing the results of the Study on ‘Supporting the implementation of the Technical Cooperation for Enhanced Capacity Development component of the EU Operational Framework on Aid Effectiveness’”*

*In summary, the following should be noted:*

* There is a need to move from rhetoric to better practice as there are still tensions between the concept of CD and practices on the ground. This discussion should also touch upon the issues of the Division of Labour and the role that the EU can play in terms of a stronger coordination with regard to CD efforts;
* The coordination of TC at country level is still a challenge that needs to be addressed. TC will still be needed for some time, but it needs to be oriented and coordinated by a capable partner;.
* There is a need to be more responsive to the demands, the complexity of a given country, its culture and its political environment. Tensions regarding the achievement of short-term results, disbursement, visibility and political pressures can never be fully resolved but need to be managed in a constructive manner taking into account the CD principles;
* Whether CD is given the prominence that it deserves, as the critical enabler of sustainable results, is still questionable. Dialogue is needed at country level to take into account the partners’ realities but also how support to CD is institutionally set up on the side of the development agencies.

After the presentation, representatives from Member States, Mr Flavio Lavisolo (Ministry of Foreign Affairs, Italy), Mrs Bettina Horstmann (BMZ, Germany) and Ms Elizabeth Thioleron (Ministry of Foreign Affairs, Luxembourg) responded in the form of discussant contributions followed by a plenary discussion and comments. These contributions were captured and helped to enrich the discussion on the proposed messages for Busan.

**Session 2a - From TC Reform to a wider CD perspective – working with context and opportunities**

Presentation by Enzo Caputo, consultant: *“Improving Capacity Development in aid programmes: challenges and approaches”*

The main part of this presentation and the subsequent discussion focused on the ‘opportunity framework’ - a concept introduced to the workshop participants by Mr. Caputo. The concept emerged from several evaluations undertaken by EuropeAid. The premise underlying this framework is that change usually occurs in response to windows of opportunity. Such opportunities are either given; they can emerge or can be created. The international community can also affect the framework. Making reference to the recent transformations in Tunisia, the long-term cooperation agreement with the European Union was given as an example of an opportunity framework that contributed to a progressive economic and political transformation. It also shows how countries can be affected by regional dynamics. Working with this concept requires careful analysis of the country's opportunities and how those opportunities could be used to make aid more effective.

Mr. Caputo also highlighted EuropeAid's work in progress regarding the development of an approach to identify and measure Capacity Development. This was followed by a brief informative intervention by Jan Ubels (SNV, The Netherlands) on how SNV has successfully applied a framework to monitor and evaluate progress in supporting CD, an exercise that was undertaken on a wider evaluation of CD support that the Dutch Ministry of Foreign Affairs and that is now concluding.

*In summary, the following should be noted:*

* The concept of the Opportunity Framework should not be dealt with as an additional or separate element to the work of EuropeAid. It should be an integral part of the programming and looked at continuously throughout the programme cycle. In essence, it is part of strategic thinking and management. This will also help to make linkages with the political economy thinking and analysis that is – conceptually – very closely related to the idea of working with opportunities.
* Experience from the EU’s operations in Russia shows that it is relevant to invest in and mobilise appropriate expertise to support country level dialogue process, to analyse change opportunity and readiness, and – through a more flexible approach – to adapt programme support to emergent opportunities and changing political preferences and dynamics.
* During this session, but also during other parts of the workshop, the need to come up with a clear-cut understanding on how to approach the monitoring and evaluation of CD was mentioned. Given the widespread confusion on how to look at capacity and change, and given the current intensified discussions on results-based management, it was recommended that EuropeAid and its partners should take this issue forward.

**Session 2b - From TC Reform to a wider CD perspective – CD for Public Finance Management: good case principles**

Presentation by Carole and Nico Pretorius, consultants: *“Support to Capacity Development in Public Finance Management (PFM)”*

Under the auspices of the OECD/DAC, a practitioner's guide to supporting CD for PFM has recently been produced. The presentation highlighted the major lessons learnt based on case studies from Lesotho, Nepal, Mali, Morocco and Rwanda. Key issues that emerged from this work are that political commitment at the highest levels within the partner country is key to make effective PFM reforms happen. Another aspect is that change management and the creation of “change readiness” at the individual level should not be neglected and worked with, also in the context of interventions that support change at the macro level. - EuropeAid Unit on "Economic Analysis, Public Finance and Budget support" will continue working on the guide and disseminate lessons within Headquarters and Delegations.

A brief contribution by Francisco da Costa Soares, Government of Timor Leste: *“Capacity building in Timor Leste”* informed about the CD approach that the Ministry of Finance of Timor Leste is following. Timor Leste is a country that is developing from “fragility to ability” by taking into account the valuable lessons learned internationally, in particular those that were discussed during the meeting leading to the formulation of the Cairo Consensus on Capacity Development in March 2011.

*In summary, the following should be noted:*

* The study on CD in PFM and the case from Timor Leste confirmed a number of lessons that are known from other studies that have analysed the factors that make support to CD successful. The same lessons have been captured in the OECD/DAC good practice paper on CD (2006), but can also be found on CD platforms such as the LenCD web-site. As such, the study confirmed that generic lessons can be drawn on how to support CD effectively across sectors.

**Session 3a - CD and the private sector – How the private sector addresses CD**

Presentation by Robert LeBlanc and Paul Beaulieu, consultants: *“Architecture and Parameters of Capacity Development: Lessons and Practices from the Business and Institutional Sectors”*

The development community has so far paid fairly little attention to CD and the private sector. The presentation first identified the essential logic, approaches and strategies that are used by the business sector, mirrored them vis-à-vis the approaches used in the context of public sector capacity strengthening supported by the development community and proposed avenues for further research and policy development with a view to adapt institutional approaches and practices to CD.

The consultants brought forward five recommendations to EuropeAid:   
i) to continuously readjust based on constant monitoring and evaluation;   
ii) to approach CD progressively and ground it on realistic targets;   
iii) to analyse and react on CD processes based on evidence-based performance and its

measuring;

iv) to operate context specific, don’t use blue-print approaches; and   
v) to invest not only in the acquisition of capacities but also in their maintenance.

It was felt that those are already conceptually embedded in the Backbone Strategy, but implementing them cannot be compared one-to-one as the development sector and the private sector differ considerably: the agenda as well as the functions are different. Another issue brought forward during the discussion was that the stress on monitoring and evaluation as well as the management of CD processes based on evidence-based performance can be applied in higher-capacity environments, like middle-income countries. A question remains on to what extent CD lessons from the private sector can be applied to low-capacity environments where basic capacity and governance i issues need to be addressed, like the need to adapt to changing circumstances, and where basic monitoring information is not available.

*In summary, the following should be noted:*

* The private sector potentially offers a big reservoir of knowledge and know-how that can be drawn upon to improve CD practice.
* Drawing comparisons between the private and the international development cooperation sector is not easy as both are different entities with different agenda and functions and with different opportunities and challenges. However, there is scope to adapt private sector lessons to the public sector context.
* Lessons that are incorporated in the Backbone Strategy are confirmed by good CD practices from the private sector, including:

a) The need to put accountability in the hands of partner countries to reinforce their own system instead of strengthening the development partners' accountability mechanisms and constituencies; and

b) To assist partner country stakeholders to develop their ability to strategize, plan and manage their own CD needs.

**Session 3b - CD and the private sector – Support that benefits private sector development**

This part of the workshop was organised around two working groups, each introduced by a brief presentation

Working group 1 – presentation by Manuela Prina, ETF: *“Capacity Development through policy learning: the experience of ETF”*

The presentation explained how the European Training Foundation (ETF) is supporting the development of National Qualification Frameworks (NQF) in Tajikistan by playing the fundamental role of facilitator and allowing internal processes of development to unfold. NQF constitute a benchmark for private sector operators (in this case, in the hospitality sector) that can help the private sector build up their capacities to a level that allows them to compete nationally and internationally. The essence of ETF’s approach is to facilitate multi-actor dynamics for learning and the shaping of a joint national agreement that all members of the private sector can accept and that meets the needs of the labour market. It is a process where the educational institutions of a country, including the outputs they produce, and the qualifications needed by the labour market are brought into balance.

*In summary, the following should be noted:*

* Support to CD processes that focus on stimulating multi-actor learning and the creation of systems, such as the creation of a NQF, that can help stakeholders to reform themselves has a good potential to become sustainable.
* Such processes can never be linear and require sometimes tedious negotiations to bring different stakeholders on board, in order to create a common understanding and to reconcile political interests with technical demands.
* Exposure of stakeholders who want to take advantage of the international market to international/ regional standards can be beneficial to the CD process.

Working group 2 – presentation by Francis Sempore, 2iE: *“Etude de cas – 2iE”*

2iE is a higher education engineering institute in Burkina Faso that is successfully training students from the region for the regional labour and public sector market. Following an audit in 2005, substantial reforms were undertaken to make 2iE more relevant to the labour market.

Today, partnerships with the private sector exist that allow the financing of students (loans). Thanks to these partnerships, 2iE constantly adapts its teaching to this sector's needs in order to make sure the engineers they train are ready and bring an added-value to the development of these companies. As a result, 100% of the engineers trained found a job the year after leaving 2iE.

Major achievements of 2iE are that the number of graduates has risen over the last six years, the costs per student has decreased.

By building up local capacity in Africa, 2iE is striving not only to reduce the brain drain, but also to reverse it.

According to 2iE, by sending students to Ouagadougou, where quality of education is accredited internationally (EUR ACE label obtained), instead of Europe, the number of students trained can be multiplied by four. In addition, over half of African students who travel to Europe for their education take up employment there instead of returning to their home countries, thereby increasing the brain drain. Francis Sempore highlighted the difference with the 2iE experience which actually builds local capacity in Africa, noting that "a study carried out based on a sample of around 600 2iE graduates revealed that 97% of them work in Africa."

*In summary, the following should be noted:*

* Key to the success of 2iE are the risks development partners were willing to take in supporting the institution after its Audit in 2005. Space and time was provided to the organisation to regulate its affairs and to address its administrative and management issues.
* Another success factor was the highest political support that 2iE received from West African States and Regional Organisations after its reform as well as the matching of demands of the labour market resulting in productive partnerships.

Presentation by Stephanie Kunisch: *“The Erasmus Mundus programme: How international HE cooperation and mobility can build capacities”*

Erasmus Mundus (EM’s) is the principal fellowship programme of the European Union focusing on the development of individual capacities and Partner Universities all over the globe. This informative presentation highlighted EM’s work and the approach it follows.

**Session 4 - Learning on CD and its implications on policy and practice**

Two working groups were established in the afternoon dealing respectively with a) the international CD discussion and learning and b) EuropeAid’s progress in formulating a Project and Programme Cycle Manual (PPCM).

The working groups were first preceded by a presentation by James Hradsky, former CD focal point at the OECD/ DAC: *“A Capacity Development “Roadmap” to Busan …”*

This presentation, given in plenary, highlighted the development of an international Capacity Development agenda that resulted in the March 2011 Cairo Consensus on Capacity Development. This Consensus shapes the foundations of current CD thinking that will be used to inform Busan and the outcome document.

This was followed by a short greeting by Aneta Kedziora, representing the Polish Government to the EU Aid Effectiveness Network during the Polish Presidency that started on 1 July and will end on 31 December 2011. She told participants that the preparations for Busan and the Busan meeting were the priority of the Polish Presidency's development agenda. There will be opportunities to include the essence of the CD messages in the EU Council opinions and conclusions that will be agreed in October 2011.

**Session 4a – International learning on CD and messages for Busan**

The group discussed draft messages that will be communicated to the EU Aid Effectiveness Working Group preparing the EU’s contributions for the Busan meeting. The Workshop messages have later been discussed in plenary and have been submitted to the participants for review. They are attached in Annex 3. Exchanges among the group participants underlined the main priorities perceived to be brought forward in Busan and the HLF IV architecture and EC/EU participation preparatory steps.

**Session 4b – PPCM – an agenda for operational change**

The second working group was introduced by a presentation by Chantal Marijnissen, HQ B1: *“Update on development of the PPCM Guidance” -* EuropeAid’s work in process on the formulation of a Project and Programme Cycle Manual (PPCM)

This presentation provided an introduction to the current work on the PPCM. It is a mechanism that aims to embed fresh thinking and experiences into the practice of EuropeAid's development cooperation. It is a major project that will take into account political economy analysis (PEA), sector level assessments, risk management, policy dialogue and internal monitoring. CD thinking and practice need to be integrated across the PPCM. The presentation was followed by a discussion.

*In summary, the following should be noted:*

* Concerning PEA, there were questions on to what extent the results of these will be made public or shared with the partners. The Guidance should clarify under what conditions or circumstances PEAs can become a joint EUD-partner exercise and when not.
* There were also concerns that the PPCM might develop into a static framework that leaves no space to take advantage of opportunities; PEA, context analysis and strategic management based on opportunity thinking should be on-going, throughout the project cycle.
* Good practices by Member States on PEA, sector assessment, risk management, etc. should be incorporated; the PPCM should also be shared with them for peer review before finalising.
* A shared understanding needs to be built within the organisation on how to apply the guidelines.

**Next steps**

Paul Riembault closed the meeting. He thanked all participants and presenters for their contributions and underlined that EuropeAid is well aware of the challenges lying ahead of them in terms of addressing CD more widely, beyond TC.

EuropeAid B1 will take the lead in bringing the agenda forward within EuropeAid and to integrate the discussions and lessons learnt from this workshop into the current drafting of the PPCM.

EuropeAid B1 will coordinate the finalisation of the Busan messages and its further dissemination. It will also stay in contact with the international CD community, such as the Learning Network on Capacity Development (LenCD) as to ensure that the latest thinking and discussions on CD find their way back into EuropeAid.

The results of this meeting, i.e. the agenda, the presentations, participant list as well as the workshop report will be posted on the Capacity4dev web-site (www.capacity4dev.eu).

**Conclusions**

The workshop on Technical Cooperation and Capacity Development hosted by EuropeAid on 4-5 July 2011, provided an opportunity for the Commission, country partners and member states to reflect on progress made in the implementation of the Backbone Strategy on TC reform and EU Operational Framework on Aid Effectiveness. It also provided an opportunity to reflect on the wider challenges of capacity development and to identify approaches and methods that can enrich the quality of support provided by the Commission and member states.

**Capacity Development as a key priority**

In the last year, a series of international meetings have reaffirmed capacity as being at the heart of sustainable development. Since Accra, capacity development has not only been recognised as being intimately part of the Aid Effectiveness agenda, it has progressively been associated as the driver of development effectiveness; combining strengthened country systems, inclusive ownership and results on the ground. It is also recognized as a forward looking strategy for exiting from aid dependence. This is most recently reflected in the Cairo Consensus on Capacity Development, which was endorsed in March of this year.

Capacity development can only lead to sustainable results when it is owned, led and managed by partner country stakeholders. European development partners can support partner countries implement their CD strategies when done in the spirit of partnership and when the joint effort is underwritten by mutual accountability and grounded in shared values and principles. But to do this well, demands changes in the way partners do business. The design and delivery of technical cooperation stands out as an area where additional reform effort is required, but the need for change goes beyond technical cooperation to embrace all forms of aid.

**Technical Cooperation reforms have made good progress, but the effort must be intensified**

* The review of the Backbone Strategy, based on a comprehensive analysis of monitoring data, confirmed that progress has been made over the past two years on ensuring that the majority of TC assistance provided by the Commission complies with the good practice principles reflected in the Backbone strategy, and in particular meets the quality criteria. The review of the EU Operational Framework Annex 3 on technical cooperation, also prepared as an input to the workshop, further recognizes the efforts made by various member states to address the TC reform agenda and to bring about change.
* Under these conditions, a reformed TC can be expected to make an important contribution to country driven CD processes. However the work is not yet complete. Further improvements must be made to ensure that TC is demand-driven, harmonized, and results focused. It is also important to link reform efforts to the other aid effectiveness objectives contained in Operational Framework.

**More needs to be done to improve the practice of Capacity Development**

The subsequent presentations and discussions of CD approaches and methods highlighted the need for the Commission and member states to invest more intensively in their own capacity to provide capacity development support. Building on the draft messages contained in the review of the Operational Framework as well as those contained in Cairo Consensus on Capacity Development, the following was noted:

* The international agenda on Aid and Development Effectiveness is a favourable opportunity for *setting Capacity Development as a priority*. Capacity is both the means to deliver sustainable results, as well as a goal in itself.
* Capacity Development faces *several important challenges*: ownership and readiness for change cannot be taken for granted; multiple stakeholders are involved that can be both providers of and recipients of capacity development support – the role of the private sector merits particular attention; contextual factors, including opportunities for change can have a major influence on capacity development outcomes; in other words, there is a certain degree of complexity in all Capacity Development processes that need to be managed to reach effective results.
* There is a need for a *pragmatic approach*, moving from rhetoric to practice: development partners’ own procedures and business processes will need to be adapted in areas critical to Capacity Development. These include internal competencies including cultural sensitivity and communication skills, alignment, flexible planning, risk taking, focus on learning etc.
* A *tension exists between results orientation and process support*: the pressure to deliver fast measurable results is not conducive to an engagement in Capacity Development processes. In the end, Capacity Development is both a means to produce results, and a strategic priority. The tension needs to be managed.
* There is a need for an *increased use of knowledge sharing and collaborative tools*: Capacity Development is highly contextualised, therefore, centralised decision making and blueprints should be balanced by grassroots and practitioners information sharing. The practice of capacity development is also still evolving. There is for example a large reservoir of knowledge and know-how that can be drawn from the private sector.

The opportunity exists today for Europe to support the growing and increasingly southern-led agenda on capacity development. Using the Operational Framework as common reference, the Commission and Member States are well placed to set in motion, together with country partners, a shared action agenda for capacity development aimed at changing practice in the field, combining expertise, resources and know-how, and for promoting continuous learning, based on a set of commonly agreed and respected principles.

**Annexes**

Annex 1 – Workshop programme

Annex 2 – List of participants

Annex 3 – Brussels' Workshop Messages for Busan

1. See Annex 1 for the workshop programme and Annex 2 for the list of participants. [↑](#footnote-ref-1)
2. All presentations can be found on [www.capacity4dev](http://www.capacity4dev).eu [↑](#footnote-ref-2)