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WORKING PAPER SERIES

RAISING THE AGENDA FOR
CAPACITY BUILDING IN THE CRC

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INTRODUCTION

This paper raises the agenda for capacity building within the CRC - what it is, whose responsibility it is and the contribution it can make in moving the CRC towards its strategic goals. It is not intended to be a fully conceptual contribution at this stage of the work of the CRC but obviously the type of explanation offered on the practical realisation of capacity building has deep theoretical roots, which will be referred to at points in the argument. Represented in the paper are the aims and values of capacity building as laid out in the application to DFID for the establishment of the CRC and some basic principles by which capacity building could evolve in relation to these.

The paper also raises issues with a view to creating a dialogue amongst CRC partners on the most appropriate approach to capacity building. Such a dialogue would encompass some fundamental features of the capacity building process:

- as an essential feature in meeting CRC purposes which cannot just be viewed as a peripheral add-on activity

- as a means by which CRC partners can achieve an understanding of the demands of collaboration and how synergy can be created in respect of CRC aims

- as a way of keeping the key questions about relevance of research and the actual needs of the end users at the forefront of researchers' minds.

Concomitant with the above three points is a recognition of the importance of the capacity building process in respect of how the work of the CRC is to be evaluated.

What we also hope to demonstrate through the brief exposure achieved in this paper is that capacity building represents a disciplinary approach in its own right which can enhance the mainstream research on regulation and competition. Certainly a significant body of conceptual material on capacity building can be shared amongst CRC partners and it is our

hope that CRC approaches can be developed that deepen understanding of the topic and give rise to unique insights, particularly relevant to regulation and competition. This is essential if the CRC is to become a fully collaborating body geared towards sharing the fruits of research and acting as a prime resource for regulation and competition institutions. As such capacity building within the CRC can be seen not only as a facilitating and implementing tool for achieving overall aims but also as a research agenda in its own right, creating expertise and quality of thinking which can be put to effective use through the collaborating efforts of the partners.
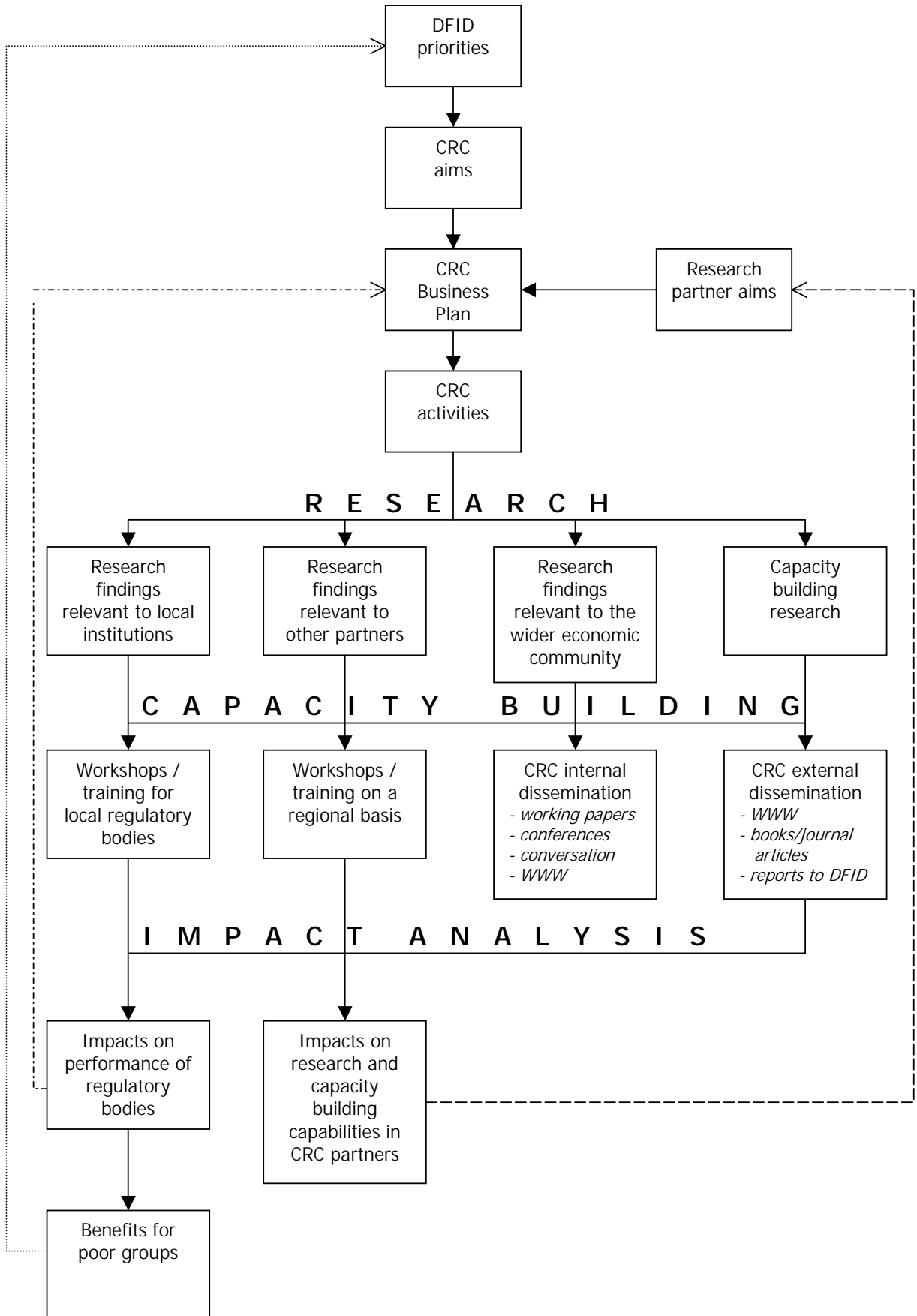
The issues concerning capacity building are raised under three separate headings in the paper - internal capacity building in the CRC, capacity building in regulatory agencies and the evaluation of the impact of CRC activities.

INTERNAL CAPACITY BUILDING IN THE CRC

The CRC is a complex entity involving a number of collaborating partners who need to effectively share their research findings between themselves and with outside bodies with an interest in competition and regulation. But more than this, in the spirit and letter of DFID's sponsorship of the CRC, is the remit of capacity building to obtain the maximum impact out of the multi-various research activities and to shift the whole agenda forward on the role of competition and regulation in securing more fundamental economic development achievements. Obviously, the traditional mechanisms of conferences, working papers and journal articles are going to be of prime importance in sharing research progress and in making findings available to the outside world. However, we have to consider the role of other methods in ensuring research experience is made pro-actively available within the CRC as partner needs arise in specific areas. Each partner will need to consider, for instance, its role as a learning resource for all other partners and how it may assist in moving the CRC's total agenda forward. The multi-dimensionability of capacity building in these respects becomes apparent when looking at Figure 1. This suggests an imperative within all research of seeking positive impacts on the performance of regulatory bodies and as a consequence bringing benefits to poor groups within communities in accordance with DFID priorities.

Within the hierarchy featured in Figure 1 the CRC Business Plan is obviously important in setting the direction and in selecting the most appropriate actions to ensure these impacts are

Figure 1. Capacity Building within the CRC


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                              ┌──────────────┐
                              │    DFID      │
                              │  priorities  │
                              └──────────────┘
                                     │
                                     ▼
                              ┌──────────────┐
                              │    CRC       │
                              │    aims      │
                              └──────────────┘
                                     │
                                     ▼
                              ┌──────────────┐      ┌──────────────┐
                              │    CRC       │◄─────│  Research    │
                              │  Business    │      │ partner aims │
                              │    Plan      │      └──────────────┘
                              └──────────────┘
                                     │
                                     ▼
                              ┌──────────────┐
                              │    CRC       │
                              │  activities  │
                              └──────────────┘
                                     │
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R E S E A R C H

| Research findings relevant to local institutions | Research findings relevant to other partners | Research findings relevant to the wider economic community | Capacity building research |

C A P A C I T Y   B U I L D I N G

| Workshops / training for local regulatory bodies | Workshops / training on a regional basis | CRC internal dissemination
- *working papers*
- *conferences*
- *conversation*
- *WWW* | CRC external dissemination
- *WWW*
- *books/journal articles*
- *reports to DFID* |

I M P A C T   A N A L Y S I S

| Impacts on performance of regulatory bodies | Impacts on research and capacity building capabilities in CRC partners |

Benefits for poor groups

4

made. Additionally, research partners would need to consider how the CRC could assist in raising their own institutional performances in research and capacity building, but over and above the impact of each partner's localised agenda for change is how the CRC can build the generic expertise for the wider development community in the area of regulation and competition. Partners, we suggest, jointly have this overall responsibility drawing on the relevant experiences of their own localised agendas to promote ideas within the CRC.

For capacity building within the CRC the recognition of strategies, policies, programmes and procedures for regulation and competition that represent "good practice models" is of prime importance. This may be knowledge that needs to be centrally co-ordinated within the CRC if it is to be utilised as a resource for all partners and outside institutions. The required role of partners and the choice of appropriate mechanisms in disseminating this expertise will form part of the dialogue in capacity building. Specific issues that arise are:
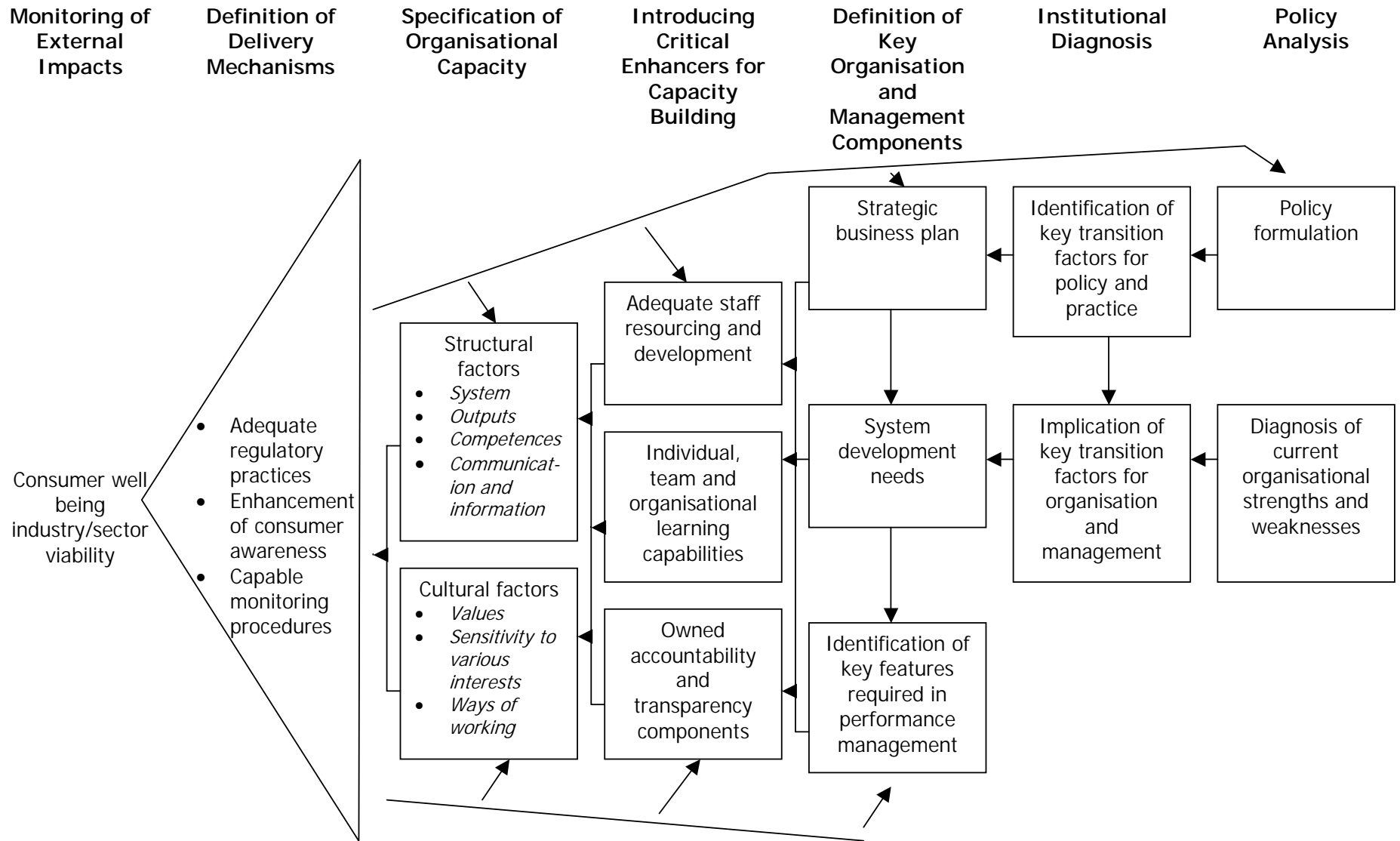
- What capacity building activities, in addition to planned conferences, etc., will enable an effective sharing of research purposes, methods, problems and outcomes?

- To what extent do partners wish to extend their capacity building expertise in a relevant way to meet the needs of regulatory institutions within their local environments?

- What proposals do partners wish to put forward on the way that capacity building should be co-ordinated with the CRC?

- How will the capacity building process in the CRC,
    - result in an integrated approach to research that fulfils CRC aims
    - promote the role of partners so that they feel they have a part in creating value adding outcomes in CRC sponsored research
    - create synergy in research output and quality for the CRC
    - accumulate information on what might be termed as "good practice" models for regulation and competition.

CAPACITY BUILDING WITHIN REGULATORY AGENCIES

A key component of the CRC's work is not only to link research output with the improvement of policy design in regulatory agencies but to understand more of the institutional processes that enable policies to be effectively developed and implemented. In this sense improvement of institutional processes is at the heart of capacity building as much as policy based research and must be of prime importance in the CRC. To this end it is worth making an initial conceptualisation of what constitutes capacity building within a regulatory agency. This conceptual explanation should be considered very provisional at this stage and is based on a very limited study in Malaysia which enabled a comparison to be made between what might be termed an "unreformed" regulatory agency with one that has recently undergone a transformation process in the light of new legislation, establishing a form of agency better able to deal with increased complexity, technological change and consumer pressures within its respective sector. The conceptual framework is laid out in Figure 2.

Without referring to specific features of the framework it is worth saying that whatever configuration is adopted for it, capacity building inevitably must, in terms of contemporary management theory, be conceived of being part of the "world of change". Thus regulatory agencies are required to be dynamically responsive to externally induced changes (see feedback arrows, Figure 2) and to consequent shifts in strategic direction, usually inspired by policy inputs from government. This overall context determines the nature, scale and selection of internally defined activities which are set in motion by the strategic business plan and the performance management system. Note that while Figure 2 suggests a sequential connection between these activities the reality of organisations is rather more complex, involving for instance, cycles of feedback internally driven as well as externally derived. One thing is clearly suggested, however, from this diagram and that is that consumer well being and industry/sector viability, and the successes and failures in seeking these, are dependent on the state of institutional capability. This approach additionally brings to the fore the idea of capacity building in regulatory bodies being a specific example of how public

Figure 2. Conceptual framework for capacity building with a regulatory agency

Monitoring of External Impacts	Definition of Delivery Mechanisms	Specification of Organisational Capacity	Introducing Critical Enhancers for Capacity Building	Definition of Key Organisation and Management Components	Institutional Diagnosis	Policy Analysis

Consumer well being industry/sector viability

- Adequate regulatory practices
- Enhancement of consumer awareness
- Capable monitoring procedures

Structural factors
- *System*
- *Outputs*
- *Competences*
- *Communication and information*

Cultural factors
- *Values*
- *Sensitivity to various interests*
- *Ways of working*

Adequate staff resourcing and development

Individual, team and organisational learning capabilities

Owned accountability and transparency components

Strategic business plan

System development needs

Identification of key features required in performance management

Identification of key transition factors for policy and practice

Implication of key transition factors for organisation and management

Policy formulation

Diagnosis of current organisational strengths and weaknesses

bodies can improve services to consumers/clients in the community and in this sense it may appropriately draw on concepts emanating from the "new public management".

In conceptualising capacity building in this manner three other key attributes need mentioning:
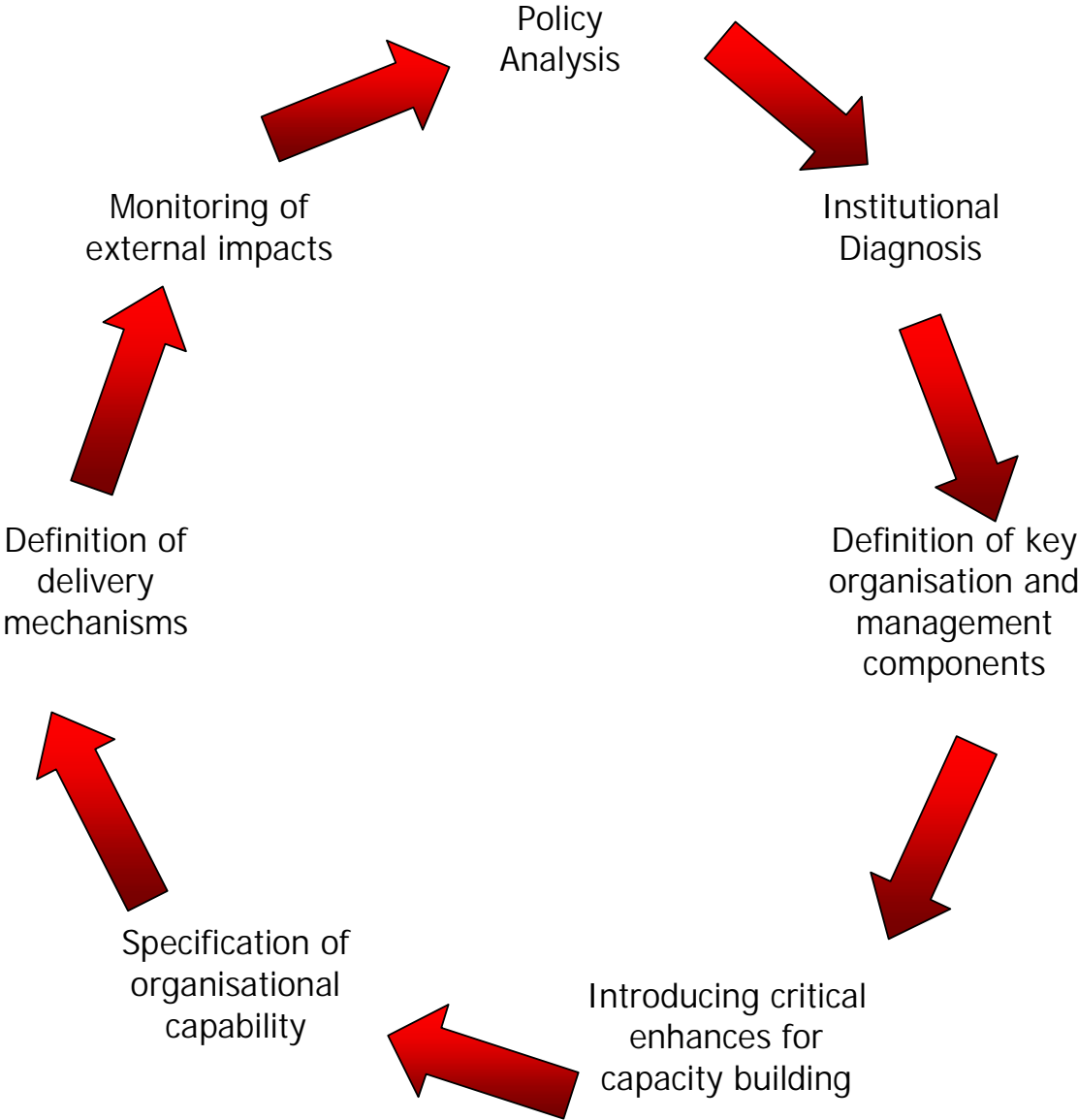
- a regulatory institution is a complex system and changes in any one part will have consequences for other parts and the system as a whole

- the attitudes and capabilities of people are essential to the adequate functioning of the system, and these become critical in terms of required change

- the level of complexity implied by the systemic portrayal of Figure 2 suggests that "command and control" approaches to management are unlikely to be successful on their own and that more participative mechanisms for getting things done are likely to be appropriate, involving staff working independently, interdependently and flexibly in the interest of performance improvement.

Additionally, it should be noted that Figure 2 is laid out in a way that suggests the intervention sequence that needs to be followed in any project for capacity building. Consequently shown along the top of Figure 2 are the steps necessary for consultancy intervention (internally or externally derived) in a regulatory agency, as perhaps invoked by a "contract" involving a CRC partner. These steps in themselves may be seen as a cyclical activity, as shown in Figure 3.

The issues to be considered by partners in respect of this aspect of capacity building within the CRC are as follows:

- What priority issues are being faced locally in the regulation and competition area and how might the CRC help?

- How are the priorities for capacity building to be established within the CRC given limits to the budget available for it?

Figure 3. Capacity building - cycle of intervention

Policy
Analysis

Institutional
Diagnosis

Definition of key
organisation and
management
components

Introducing critical
enhances for
capacity building

Specification of
organisational
capability

Definition of
delivery
mechanisms

Monitoring of
external impacts

- How can co-funders be found for capacity building activities?

- How can "good practices" for capacity building with outside agencies be best spread amongst the partners?

- How are local resources for capacity building outside of the partner institutions to be identified and developed?

EVALUATION OF THE IMPACT OF CRC ACTIVITIES

Of fundamental importance in CRC capacity building is the role of feedback mechanisms in evaluating progress towards strategic aims. While the CRC can be viewed as a "corporate entity" with a business plan agreed with DFID, evaluation of what goes on amongst equal collaborating partners is not a process that can be considered a centrally managed activity. All partners have a key responsibility in initiating and managing the evaluation process, not in any idiosyncratic manner that remains unknown to others, but in transparent ways that allow "good practices" to be shared. While flexibility in arrangements is thereby inevitable for evaluatory activities, certain basic mutually agreed criteria may also be necessary for the CRC.

Before coming to a detailed consideration of the nature of the evaluation processes that do need to come into play it is worth dwelling on some basic theoretical stances that underpin evaluation within a capacity building framework. Any viable approach encompasses the following:

- an understanding of the systemic processes governing the relationships of inputs and outputs in the CRC and how this assists in maximising the influence of research findings and in meeting strategic aims (see Bohn (2000))

- the establishment of feedback loops of information related to research progress and outcomes, whose development is the responsibility of all CRC partners (for the nature of such processes see Harri-Augstein and Thomas (1991))

- the use of "hard" indicators of output, as contained for instance within CRC's Outline Project Framework for DFID (see Appendix 1) as well as "soft" indicators

(more qualitative) related to the production, sharing, utilisation and dissemination of research findings, and to capacity building exercises for governments, etc. (this approach is encapsulated for example, in Checkland and Holwell (1998))

Figure 1 lays out the systemic framework for the work of the CRC and indicates the major evaluative loops. This is an initial attempt at such a representation and ideas are welcome on the components included and the inter-active relationships between the various levels of the figure. Note, that while " Research Findings" are subject to a tripartite classification in the figure, this approach is to signify the connection to partners and stakeholders, and is not intended to signify that research output is only relevant to specific parties. Most pieces of research will indeed be concurrently relevant to all partner institutions. The reason for the tripartite disaggregation is that the process of dissemination in each case may be different and may involve different forms of evaluation (as indicated by the next lower tier of the Figure).

Three major evaluation needs are suggested in Figure 1 (as indicated by the arrows running vertically upwards):

- an identification of impacts directly resulting from the CRC that improve the well being of poor groups (see Appendix 2 for a listing of DFID priorities in this respect). An "indicators for development" approach might be useful here

- the measurement of the impacts on the performance of regulatory bodies and on the research and capacity building capabilities in partner institutions in relation to stated CRC aims, i.e. as driven by the Business Plan

- a measurement of the impacts on the research and capacity building capabilities of each CRC partner in relation to its aims (recognising that the CRC is but one of many activities for the partner institution)

Additionally, and not shown on Figure 1, is an evaluatory feedback loop that links "capacity building" with "CRC activities" to ensure on an intermediate basis that events, etc. have been mounted and have proceeded in a "good practice" format.

How these evaluations are to be conducted and by whom are priority considerations for the CRC if it is to set off in the right direction. Specifically the following evaluation issues need to be addressed:

- What approach is necessary in the CRC to ensure that partners take on board the need to self evaluate their research and ensure it is related to:
  - DFID priorities
  - the CRC Business Plan
  - own institutional aims?

- How can the capacity building specialists within the CRC assist in establishing the process and methods for self evaluation?

- What formal requirements are required of CRC partners in ensuring that pertinent evaluation information is made available to the Director of the CRC?

CONCLUDING COMMENT

This paper is but an initial attempt in laying out the capacity building approach for the CRC and as such its whole scope is open to critical discussion. We certainly would welcome further ideas on the fundamental nature of capacity building as well as on the details outlined above.

References

Bohn, J.G. (2000) *Thinking Systemically About Policy, Technology and Society*, 19 (4), pp29-37

Checkland, P. and Holwell, S. (1998) *Information, Systems and Information Systems: making sense of the field.* Wiley, Chichester.

Harri-Augstein, S. and Thomas, L. (1991) *Learning Conversations: the self-organised way to personal and organisational growth.* Routledge, London.

Appendix 1: Outline Project Framework

Narrative Summary (NS)	Verifiable Indicators (OVI)	Means of Verification (MOV)	Assumptions/Risks
Goal: To contribute to poverty reduction by improving processes of competition and regulation			
Purpose: Enhanced and applied knowledge of the relation between processes competition and regulation to inform the design and implementation of policy and practice which can support pro-poor development	Policy-makers and operational staff in governments (regulatory agencies, competition authorities, stock exchanges), international agencies will have been made aware of the findings and recommendations and will incorporate them into policy design and practice	Review of policy documents Review of policy advice given by international agencies	Research provides sound conclusions and recommendations that improve policy implementation Result of the research programme are disseminated effectively
Strengthened capacity of government agencies to implement rule-based systems and processes of regulation	Improve policy performance and practice of agencies involved in competition policy and regulation	Contact and feedback from policy-makers and practitioners Independent evaluation of the effectiveness of capacity building exercises	Co-funding is required to improve coverage and effectiveness of capacity building activities
Outputs: New insights derived from theoretical and empirical research on competitive processes and systems of regulation and how they link to poverty reduction	Reports to DFID Working Papers Published papers and books Policy Briefing Papers Conferences and Seminars Website	Requests for working papers Attendance at conferences and seminars Book reviews, book sales, number of citations	Research is delivered on time Key research issues are correctly identified Results of research are communicated effectively to end-users Identification and selection of candidates for training based on right criteria
Practical advice and recommendations for the design and implementation of policies for competition and regulation in African and Asian countries			
Effective capacity building exercises focused on policy design and implementation in each southern partner country	Seminars and workshops mounted Policy briefings	Reports on training exercises and policy advisory work	

Activities:	Inputs:		
(Refer to Activity Plan)	*Phase 1*		
Inception period			Financial resources are adequate for the nature and scale of activities
Phase 1	Staff (north and south including overheads)	Issue Papers	
Issue Papers		Quarterly Accounts	Key staff are retained
Organise launch events	Travel and subsistence	Management Committee Report	Researchers complete work on time and to high standards
Publicity material and Dissemination Plan	Dissemination		
	Equipment		
Organisation of three workshops	Other costs		
	Total		
Set up DRC (appointments, systems, contracts and plans)	*Phase 2*		
Phase 2	Staff (north and south including overheads)		
(Refer to Activity Plan)	Travel and subsistence	Quarterly and Annual Financial Accounts	Co-funding required
Research (conceptual and applied)	Dissemination	Annual Reports	
Capacity building (seminars and workshops, PhDs)	Other costs (capacity building scholarship, office, etc)	Management Committee Reports	
Dissemination (Conferences)		Advisory Group Reports	
		Consultations with DFID	
		Annual and Forward Plans	

Appendix 2: Reaffirming the International Development Targets

The Challenge of Globalisation

The UK Government will:

- Work with others to manage <u>globalisation</u> so that poverty is systematically reduced and the International Development Targets achieved.

- Promote economic growth that is equitable and <u>environmentally sustainable</u>.

Reaffirming the International Development Targets

1. One in five of the world's population – two-thirds of them women – live in <u>abject poverty</u>: on the margins of existence, without adequate food, clean water, sanitation or healthcare, and without education. That is 1.2 billion people whose lives are blighted by poverty, robbed of their dignity in a world of growing wealth and material plenty.

2. Three years ago the Government published its first White Paper on international development – Eliminating World Poverty: a Challenge for the 21st Century. After years in which development policy was subordinated to commercial and short-term political interests, the UK's development strategy is now focused on the reduction of <u>abject poverty</u> in the world.

3. At the heart of this agenda is a commitment to focus all of our development effort on the achievement of the International Development Targets – targets agreed by the governments of the world at a series of United Nations conferences in the 1990s (see box 1). As a first step towards the complete elimination of poverty, the targets include a reduction by one half in the proportion of people living in <u>extreme poverty</u> by 2015. As we move towards this, we will of course need to set further targets, in order to achieve the total elimination of extreme poverty.

4. In this Paper we strongly reaffirm the UK Government's commitment to the International Development Targets set out in our first White Paper. They remain absolutely central to our development strategy, including the policies we pursue through multilateral institutions. In three years we have made real progress in getting greater commitment to these targets across the international system.

5. The targets have been endorsed by the World Bank and the International Monetary Fund, by the European Union and by 77 African, Caribbean and Pacific countries as part of the Cotonou agreement and by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD). Most recently, many of the targets were also endorsed by 149 Heads of State at the UN Millennium Summit in New York. There is now an unprecedented international consensus around these targets.

Box 1

THE INTERNATIONAL DEVELOPMENT TARGETS

The International Development Targets are:

- A reduction by one half in the proportion of people living in extreme poverty by 2015. Universal primary education in all countries by 2015.
- Demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005.
- A reduction by two-thirds in the mortality rates for infants and children under age 5 and a reduction by three-fourths in maternal mortality – all by 2015.
- Access through the primary healthcare system to reproductive health services for all individuals of appropriate ages as soon as possible, and no later than the year 2015.

- The implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

6. The targets are challenging, some particularly so. But if we put in place the right policies, nationally and internationally, we believe that they are achievable. It should be noted, however, that they can be achieved overall but missed in some countries. Progress is dependent on national governments in all countries strengthening their commitment to poverty reduction.

7. In the last few decades, there has been enormous progress in development. Since the 1960s, life expectancy in developing countries has risen from 46 to 64 years, infant mortality rates have halved, there has been an increase of more than 80 per cent in the proportion of children enrolled in primary school, and there has been a doubling of access to safe drinking water and basic sanitation.

8. Over this period, we have learned a lot about what works in development – and about what does not. Our task is to apply these lessons on a larger scale in the context of globalisation. It is clear that development strategies must be adapted to local circumstances and must be nationally owned and nationally led by developing and transition countries. But we believe that globalisation creates unprecedented new opportunities for sustainable development and poverty reduction, and for progress against the targets.