A guide to funding capacity building projects

The potential of a research project to "build capacity" in a group, community or region is often used as a justification for projects. The term "build capacity" is, however, often used and defined in slightly different ways. Research commissioned by the Cooperative Venture for Capacity Building (CVCB) has provided a definition of the term capacity building and helped to highlight the key questions funding organisations should ask when considering funding potential capacity building projects.

The definition of capacity building used by the CVCB is:

> *Capacity building is understood as externally or internally initiated processes designed to help individuals and groups associated with rural Australia appreciate and manage their changing circumstances, with the objective of improving the stock of human, social, financial, physical and natural capital in an ethically defensible way.*

KEY CONSIDERATIONS FOR FUNDING CAPACITY BUILDING PROJECTS

There are four key elements of capacity building, developed by the CVCB, which have important implications for organisations considering funding capacity building projects. The four elements and the implications of each are as follows:

1. Effective capacity building maintains a focus on outcomes as improvements in the stock of capital sought by stakeholders. It strives for consistency between the outcomes sought and the nature, design and conduct of interventions.

From an R & D funding perspective this means that the focus of a capacity building project will be on outcomes and not on outputs. In fact, it will not be possible at the beginning of the project to identify what the outputs might be. What is important in determining the success of a project is that it is evaluated and how the stock of capital as defined by stakeholders improves. It is crucial that any capacity building project must include some process or strategy for measuring the current stock of capital of all types, and the changes in capital stocks resulting from the project.

This proposition also implies that the process for carrying out the project needs to be appropriate for and consistent with the improvements in capital sought.

2. Effective capacity building defines and engages the relevant communities of practice. In doing so, it encompasses a diversity of interests and world views and avoids the losses associated with marginalisation of potentially significant people.

An effective capacity building project will engage all of the important groups, institutions and individuals in the project area. These groups and individuals will bring different knowledge and skill sets to bear on the problem based in their different practices. A possible first step for a project is to confirm the identity of these people and their willingness to be involved with the project. It should also be recognized that there will be different motivations for different members of the project community. These will range from financial to social motivations.

As well, all members of the project community will have demonstrated a desire to address the problem that was the catalyst for the project in the first place. This means that it is not enough for an institution or individual to nominate a particular problem or issue, rather the local communities of practice must do this. The implications for a researcher and for the funding organisation are that the definition of an issue may not coincide with their perspectives and that community involvement is necessary from the outset.

3. Effective capacity building creates a common agenda and a willingness to collaborate among the members of the relevant communities of practice.

Whoever is proposing the project should be able to demonstrate that all of the individuals, institutions and groups critical to the success of the project are willing to contribute to the project in some way. If some groups are reluctant to become involved then the project must either develop ways to engage them or accept that the project will be more limited in scope. Conflict is a likely occurrence in the early stages of developing a common agenda and projects need ways to manage this.

Proposition 4. Effective capacity building depends on political and institutional commitment to the goal of capacity-building programs and the alignment with it of strategically important organisations.

Political and institutional arrangements are often a barrier to capacity building. The reason for this is that many institutions operate with rigid control structures and in specific roles. It is common for government departments to be seen as a source of information and expertise, and it is hard for agency staff to act outside these roles. As an example, it may be possible for a technical expert employed by a government agency to act as an information source but the same person may be constrained when trying to act as a member of a community action group.

Many organisations are also constrained by issues of accountability, i.e. identifying outcomes and outputs at the beginning of a project and demonstrating that these were achieved within a particular budget and timeframe. This implies an aspect of control that is contrary to capacity building principles. The implication is that organizations need to use different methods of accountability for capacity building projects, e.g. improvements in capital as a result of a project.

Another potential problem resulting from institutional constraints might arise if project areas cross jurisdictional lines between two local governments or two catchment management authorities.

A capacity building project will only be successful if these potential institutional barriers are removed and strategically important organizations are genuinely committed to the project and willing to cooperate.

IS THE PROJECT CAPACITY BUILDING?

What are the key characteristics of a capacity building project? The following are a set of questions, based on the preceding discussion, which can help determine whether a project is based on capacity building principles.

? Is the program based on co-learning so that everyone who has knowledge relevant to the project, is willing to share, and to learn? If this is not the case then the project is unlikely to be a capacity building one. A provider/user perspective can have this effect if the relationship is not a two-way street. Where agencies or organisations (providers) develop and offer training, information or resources for users, such as landowners, unequal power relations often distort perceptions and expectations. Within a capacity building relationship "providers" also see themselves as "users" of information and resources held by other stakeholders, the landholders for example.

? Do the initial goals of action-taking vary among stakeholders, e.g. an increase in financial capital for commercial agents, physical and financial capital for farmers, social capital for community groups, and human capital for educators? A "one-size-fits-all" approach, where there is one (often imposed) goal for taking action to improve a particular situation, is not taken with capacity building.

? Are incentives tailored to meet the goals of different stake-holders, e.g. a tax incentive or access to infrastructure funds for those seeking an increase in physical or financial capital? Offering a single incentive to all stakeholders is not likely to stimulate participation in capacity building.

? Do other stakeholders participate in a joint effort to improve a problematic situation? This participation provides a context for generating shared increases in the stock of human, social, financial, physical and natural capital.

? Is leadership style facilitative and does it result in all stakeholders being able to initiate action to do with the project? Facilitative leadership is essential for building and maintaining a pattern of reflective practice[†] among stakeholders in a joint effort to improve a problematic situation. If leadership style is top down or the leader comes from a funding group or organisation that sees itself as the one to which the group is "accountable" then it is unlikely that capacity building principles are being implemented.

[†] *Reflective practice refers to on-the-spot surfacing, criticising, restructuring, and testing of intuitive understandings of your experience with a particular event or activity. It is an important part of capacity building as it allows learning and co learning to occur.*

It is also possible to say what isn't capacity building.

▪ Capacity building isn't education and training or technology transfer on their own although they are tools that can be used to develop capacity. Capacity building is an active process where groups and individuals take action to improve the stocks of capital.

▪ It isn't about experts imparting knowledge to others, rather capacity building is based on the concept of everyone learning together (co-learning), and this can be with input from people who have special expertise.

▪ It isn't a process where an organisation external to the process can determine the final outcome.

DESIGNING AND IMPLEMENTING CAPACITY BUILDING PROJECTS

Criteria to guide the design, conduct, monitoring and evaluation of capacity building initiatives are as follows:

▪ all the relevant communities, groups and individuals agreeing to collaborate to create a **shared agenda**

▪ there is a **process** to address the problem that gave rise to the project, including strategies to improve all types of capital - human, social, financial, physical and natural

▪ explicit **agreement** by all parties to a co-learning approach

▪ project activities can be **monitored and evaluated** so that improvements can be measured as the project progresses

- provision for and access to the full range of **resources** needed for success
- participation in the project should the have the potential to generate **measurable improvements** in the stock of physical, financial, natural, social and human capital.

By answering the questions set out in the previous page and by evaluating proposals against the criteria proposed funding agencies will be able to select projects most likely to meet the principles of capacity building and generate improvement in rural capacity.

Project template

The following is a guide to items that could be included in project applications. These can be modified to suit each organisation's own project application.

Project outcomes. Quantifiable where possible

Link to industry strategic plan. Where does the project fit within the industry(ies)' or RDC strategic plan.

Problem to be addressed. This should be a description of the particular situation that the project community wants to improve

Project community. A list of all of the people, institutions and groups who will participate in the project

Project summary. Summary of the project being proposed.

Methodology. The project methodology should specify how the various people in the project will contribute to the outcomes, how they will learn and how this will improve the various types of capital. The methodology should also explain how the project will be monitored, implemented within industry and evaluated as it progresses

Beneficiaries. Who will benefit from the project

Agreement to participate. All the key players must demonstrate a willingness to participate in the project and to work with the other parties in the way described by the methodology

Resources. The proposal should specify as clearly as possible all the resources that are available to begin the project, the resources required to start the project and a plan to find the resources required to complete the project. The resources will include financial, technical, institutional, and physical contributions. The proposal should also describe where each resource will be obtained from and clear agreement for it to be used from the source.

About the project

This factsheet is based on the report, Growing the Capital of Rural Australia - the Task of Capacity Building, which was funded by the Cooperative Venture for Capacity Building. Its aims were to:

- review social, economic, political and technological trends that are likely to have an impact on a future learning environment, summarise these trends and discuss how they will impact on rural learning in the next 10 to 20 years
- identify the current institutional arrangements supporting and constraining rural capacity building and learning, and possible improvements
- engage key stakeholders in dialogue about improved institutional arrangements to support rural capacity building and learning - including inter-organisational structures, inter-relationships, roles, responsibilities, and possible barriers for change in institutional arrangements and the desirability and feasibility of those changes.

Researchers were Robert Macadam, John Drinan, Neil Inall and Bruce McKenzie, from Rural Enablers.

For a copy of the final report go to http://www.rirdc.gov.au/reports/HCC/04-034.pdf

If you want to know more about the project, contact Robert Macadam, email macadamr@bigpond.net.au