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Researching Capacity Building in Rural Australia

Capacity building: a policy challenge

Research commissioned by the Cooperative Venture for Capacity Building (CVCB) to examine institutional support arrangements for rural capacity building has highlighted new ways of developing and implementing policy to improve the effectiveness of rural capacity building.

WHAT IS CAPACITY BUILDING?

The phrase "capacity building" is most often associated with extension and education projects, which aim to provide knowledge and skills to particular groups in the expectation that they will improve the capacity of the group to change their situation for the better. While such activities might be part of a capacity building project they do not cover the full range of activities that could be included in a project for it to meet all the elements of a capacity building project.

A good place to start when looking to identify the elements of a capacity building project is the following definition:

> *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.*

There are four important elements to this definition:

1. It is a process to help individuals and groups in rural Australia manage their situation better
2. The goal of better management is an improvement in capital stocks
3. There are five capital stocks; human, social, financial, physical and natural
4. The process must be ethically defensible.

This definition highlights a difference from traditional extension and education projects, which generally focus only on human capital. While the definition includes the concepts of extension and education, it also incorporates other activities that will improve social, financial, physical and natural capital stock.

An important implication in this definition is that a successful capacity building project requires **action** and, as a result, an **improvement** in capital stocks. A program that distributes information with the aim of increasing knowledge but results in no observable change in practice or capital stocks would be judged a failure in capacity building terms.

WHY IS CAPACITY BUILDING IMPORTANT?

Empirical evidence shows that a true capacity building project will produce long term positive change in the community of practice engaged in the project. As well, not only do such projects deliver direct improvements in capital stocks during the life of the project, but they also increase the capacity of the community to undertake further work that will build on the results of the initial project.

IMPLICATIONS FOR POLICY MAKERS

This approach to capacity building has some important implications for the development of policy for natural resource management and the rural sector.

Use of incentives. While policy may use a variety of incentives to encourage particular behaviours, for example financial incentives such as tax rebates or concessions, a one-size-fits-all approach does not suit capacity building. This is because capacity building projects include different groups and individuals who are likely to have different motivations for their involvement in the project, so different incentives are needed to encourage these different groups to action.

The policy challenge is to develop incentives that recognise and can reward different motives. Similarly, policy makers need to recognise that achieving improvements in capital will require them to explicitly acknowledge that the best progress will be made when a diverse group of all relevant stakeholders is engaged in a project.

Accountability. Capacity building projects have shared accountability. In contrast with most projects, where a project leader is responsible to a funding body for the conduct of the project and the delivery of certain outputs, in a capacity building project the accountability for the project is shared by the community of practice doing the project.

As a result the challenge is to devise policy that encourages all the key people to become involved in the project and to implement a rigorous monitoring and evaluation system to provide measures of accountability.

Monitoring and evaluation. Monitoring and evaluation are critical and provide a way to account for projects. Bennett's Hierarchy (see table) is a commonly used programs-evaluation framework. The hierarchy identifies seven levels of measures, from identifying the resources engaged in a project at level 1 to the socio-economic and environmental consequences for society and for the target group at level 7. It is only at level 5 that a potential improvement in human and social capital occurs. Improvements in other stocks (financial, physical and natural) are not measured until level 7. The hierarchy provides options for accounting for and measuring progress in a capacity building project.

In contrast, most extension and education programs are based on levels 4 and 5.

Table 1. Bennett's Hierarchy: a framework for monitoring and evaluation.

Level	Description
7	Socio economic and environmental consequences for society and the target group
6	Behavioural change in the target group
5	Change in target groups knowledge, skills, attitudes, motivations and norms
4	Participant opinions about program activities
3	Target group participation in program activities
2	Opportunities offered to target group by the program
1	Resources used to mount the program

Leadership. Facilitative leadership is an important element of capacity building. This style of leadership helps the group or community of practice to develop their goals and agenda for the project. The leader does not impose his or her set of goals on the group.

The policy challenge resulting from this leadership style is leaders may be found in all parts of the community engaged in the project. As a result it cannot be assumed that a particular agency or organisation, even if it funds a project, will lead it.

Timeframe. The aim of capacity building projects is to improve all capital stocks. Projects may be formed as a response to a specific issue but the final outcomes of the project may not be known when the project begins. As well, since these projects aim to improve the long term capacity of communities and groups to innovate and improve their situations, the outcomes may be diffuse and take a long time to become apparent.

The long timeframe and the diffuse nature of the outcomes present additional challenges for policy makers as it is more difficult to determine which particular activities resulted in positive changes.

User-provider models. It is common for government departments to be viewed as providers of expert knowledge to users in rural communities, a view which is at odds with the process of capacity building which follows a co-learning model. In a co-learning situation, people with particular knowledge will agree to share their knowledge with all the members of the project community in an equal way, expecting that they will also gain some new knowledge.

The policy challenge is to ensure that information and other resources are made available equitably to project communities of practice.

Full resourcing. Since capacity building projects can engage a large number of groups from a diversity of backgrounds, significant resources are required to maintain and foster the interaction of the project community of practice. It is critical to a successful project that enough resources are allocated to ensure that all of the activities of the project can happen. Negotiation and networking activities are often not well funded but they form a fundamental part of capacity building projects and so must be properly resourced.

Capacity building to improve natural resource management
The challenge for policy makers, keen to promote capacity building as a way of improving natural resource management and increasing the rate of innovation in rural Australia, is to develop policy that supports the process of capacity building rather than targets specific resource management outcomes.

CAPITAL STOCKS

What are the five different capital stocks that capacity building projects aim to improve?

Human stocks are represented by the collective skills and knowledge of the communities engaged in the project. An increase in their skills, which are put into practice when they are learnt, would represent an improvement in this stock.

Social capital refers to the ability of the project communities to act together. An example of an improvement in social capital would be the development of a new group to act on the problem or it might be the removal of a social barrier that prevented action previously.

Financial stocks refer to the financial resources available to the group to act on improving their general situation.

Physical stocks are any physical resources that are developed during a project that might include infrastructure items such as roads, buildings or other fixed facilities as well as other items such as machinery.

The **natural capital stock** refers to the natural resources such as land, waterways and vegetation. The elimination or reduction of a weed, or the rehabilitation of an eroded site could represent improvements in natural capital.

THE CHARACTERISTICS OF A CAPACITY BUILDING PROJECT

A capacity building project can be thought of as a coming together of a group or individuals and organisations to address a common problem or issue. They agree that the best way to deal with the problem is by sharing their resources and by learning from one another during the course of the project. Successful completion of the project together will improve the various capital stocks and some improvements will also result from actually doing the project.

A capacity building project therefore would have the following characteristics.

- 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.

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 type of project is not 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 together to improve 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.

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

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