Local Capacity Development; Is it Local enough?

With a focus on the conundrum of "country ownership" in foreign aid

Tom Dichter

UAA - Dec 5, 2014

Some background

As I'm sure you know, a debate has been going on for over a decade about aid effectiveness. That debate engendered a number of high level global conferences. Here are a few that set the tone:

The Monterrey Consensus of the International Conference on Financing for Development (2002)
The Rome Declaration on Harmonisation (2003)
Joint Marrakech Memorandum (Second International Round Table Marrakech 2004)
The Paris Declaration on Aid Effectiveness (Paris High-Level Forum 2005)
The Accra Agenda for Action (Accra High-Level Forum 2008)
The Busan Declaration (Dec 2011)

There are a number of important principles from the last three of these I'd like to highlight:

"Ownership"

The idea that Countries shall put in place their national development strategies with clear strategic priorities. And that the countries' own structures shall be used to implement aid programs rather than parallel structures created by donors. And that bilateral aid will not be tied to services supplied by the donor.

"Harmonization"

That Aid will be coordinated among donors.

That Donors will conduct their analytical work and their field missions together with recipient countries.

"The Use of country systems"

That donor countries need to have more trust in partners, to invest in systems, and to recognize that partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.

That Openness, trust, mutual respect and **learning** lie at the core of effective partnerships in support of development goals.

And finally

I note that local capacity was increasingly emphasized, with the implicit recognition that capacity should be defined by developing countries and local organizations themselves.

Where are we on these principles?

As at least one study has stated, by the time of Busan not only had most of these commitments not been taken up, if anything they have been watered down.

Why has it proved so hard to make these intentions real and meaningful?

Between May of 2012 and the spring of this year I led a nine country study focused on trying to get a reading on many of these principles, especially the issues of ownership and local capacity, by talking to over 500 people in 300 organizations, the majority civil society organizations (aka NGOs), along with some government units, and some private firms. We wanted to see what people really felt about their own roles in development, the place of civil society organizations, the roles of foreign donors, and especially their view of their own capacity to undertake development work. [1]

We saw little progress towards country ownership, we saw the opposite of donor harmonization. We did not see a move towards greater trust and mutual respect; we saw few effective partnerships, and most important we noted little real learning.

However we did see interesting trends, ones that on the one hand make the donors look worse, and on the other hand ones that make the recipient countries look a bit better.

I'll start with the donors:

- Projectization – to the extent foreign aid funds are provided to local organizations (either directly or indirectly as sub-contractors) more and more such funding is for the specific carrying out of project "deliverables" with hardly any money for those organizations to pay the rent or change the light bulb. Unfortunately in a tight funding environment the majority of Civil Society Organizations and others respond to these limitations by accepting these narrow project terms at a cost to their mission and capacity. They accept the deal and then find they cannot function, evolve, learn or grow.

[1] For the full results and accompanying reports of the study see the website: www.developmentiscapacity.org

- Atomization and fragmentation – There are more and more smaller, and short term projects, with seemingly little consideration of long term impact, or any concern for experimentation, and from donor to donor, quite a bit of duplication. Accompanying this trend is a great deal of seeming make-work on the part of donors and their Northern implementing contractors – a huge amount of "mission travel" ostensibly to supervise, monitor and report. Here is a figure for one recent year when 54 countries received over 14,000 donor missions in a year, that is 260 each.[2] [Note the example of Tanzania's attempt to put a moratorium on such visits.] That trend continues to the point of looking like a culture of boondoggling.

- A marked absence of any intellectually rigorous theory of economic development – replaced by a narrow focus on poverty, saving lives, and quantifiable short-term results.

Now let me share the other main conclusions, these on the recipient country side, and these were somewhat refreshing:

- A significant increase in local capacity – not only are local people capable, competent, they are easily as capable as outsiders. and for the most part more so since they understand their environments better than we do.

- A slowly growing willingness to say no to donor conditions at the risk of getting less money;

- A growing "training fatigue, - a negative reaction to standard forms of capacity development and other forms of "we'll show you how it's done"

- Instead local organizations are talking more and more about what we could call horizontal forms of learning, peer to peer, mentoring, secondments, exchange visits. Etc.

- A strong desire to take charge of the aid agenda – more and more people in developing countries don't want simply to "participate" in the work of development (the buzzword of the 1990s); they want to set the agenda; and

- A rising cry for an equal aid playing field where mutual trust replaces donor suspicion as the basis of relationships and contracts.

- In short, while the major donors endorsed the notion of 'country ownership' --– many of the recipient countries are tired of waiting around for that commitment to be activated. They are beginning to invoke the inherent logic of country ownership: if "they" are to own it, then "we" (the North) must reduce our control.

---

[2] Owen Barder, *"Beyond Planning: Markets and Networks for Better Aid"* Center for Global Development, 2009.

Show Bolivia slide with broken USAID handshake and the phrase "No mas, Gracias".

But the Achilles heel in the whole ecology of aid is something that lies beneath the surface - **Co-dependency.**

Dependency is nothing new among those of us who have worked on the ground in developing countries. Donor money, often focused on the delivery of things (water pumps, irrigation equipment, seeds, tractors, bicycles, small loans, buildings, roads, bulldozers, computers, you name it,) has often resulted in governments, local NGOs, and the poor themselves coming to expect another project, another helping hand. There is a palpable archaeology of projects in many areas. Perhaps most ubiquitous are water and sanitation projects where a well drilled by a donor in 1985 stopped functioning to be replaced by one built by another donor in 1992, to be replaced by another one provided by yet another donor in 1999 and so on. Broken pipes from one era, lie next to more recently broken pipes from another, etc.

A recent news story on Al Jazeera conveyed as a successful and intelligent innovation the NGO World Vision giving away bicycles to students living many kilometers from their school. The premise was that this would cut down on absenteeism and lateness and improve educational outcomes. Seems quite logical. But experience tells me that in 5 years, if we bother to come back, we will see a large % of these bicycles broken, sold off, or used instead as income generating tools. We simply (and repeatedly) ignore some rather universal basics of human behavior.

<u>Why do we not seem to learn more about dependency, and seek ways to avoid it?</u>

To a large extent the reason is **co-dependency** – for in fact the donors are equally dependent — both the recipient countries and the donors need each other. The donors need to stay in business, as does the enormous ecosystem that has built up around it; the large International NGOs, the western universities, the armies of consultants, the local NGOs, and finally the contractors - thus the system is co-dependent.

Aid for development has become an industry and an increasingly self-serving one. And I believe this is why we see so little movement on the important principles set out in the international fora of the last decade. While the development industry is rhetorically committed to country ownership, the conundrum is that if the principles of country ownership were to take hold, if local capacity were fully acknowledged, if trust and mutual respect were at the heart of relationships, if country systems were fully involved in development programs, we outsiders would eventually work ourselves out of a job. And in many ways we don't want to do that. Just look at the human resource pipeline in the North for future careers in development. The top 25 U.S. Universities with MAs and there are more each year. Conservatively we are looking at about 7000 graduates each year looking for careers, not just jobs, in international development at a time when most of those jobs can and should be done by local people.

The attitudinal face of co-dependency

On our side, disturbingly, there is an often veiled lack of respect, a built in patronization of the other, of the "locals." This functions to reinforce the myth of low capacity, and to me, looking back 50 years, it is a reminder of colonial attitudes towards the "natives," and of their own willingness to buy-in to such attitudes.

Again there are two sides to the coin. On the part of too many local organizations there remains what some have called "preferential attachment," an underlying belief that indeed we in the North do have some kind of magic; we are not only powerful, but we have built things and systems that they may feel incapable of. And so there remains an accompanying insecurity about whether in fact "we are really ready to own our own development."

As for donors, especially bilateral donors, they are in a difficult position. Increasingly bureaucratized, and besieged by their congresses or parliaments who understand less and less about development, and thus many international institutions and organizations are less attractive to the best and brightest than they used to be. There are huge numbers of well-meaning people in these institutions but they are squeezed from all sides. In the USAID case, among other things, a growing number of political appointees, pressures from new initiatives that are not well thought out, and overwhelmed with paper work that gets in the way of learning. Business as usual has a way of prevailing.

Some details from a study we did of the human resources side of the agency.

As of last year at USAID, there were some 29 different hiring mechanisms (including civil service, foreign service, foreign service "limited," personal service contracts, foreign service national hires, inter-agency secondments, and of course political appointments) and while the current administrator laments shortages of staff, in fact if one counts them all (9,421 in 2013 of which 2,862 are in Washington) the agency has the highest number of employees in 18 years. More telling, a full two-thirds of the employees have less than 5 years on the job, with 29% less than 3 years. Foreign Service Nationals, the "locals" at USAID's overseas missions, the ones who stay around while the Americans come and go, and thus the ones who have some understanding of local culture, language and context, were 59% of staff in 1995 – today they are 45%.

A 20 year USAID veteran said:

> *"USAID continues to go down a path of inventing its own parallel development universe…the way it requires implementation folks to operate today precludes any possibility of service delivery efficiency, encourages bloated administrative overheads at all levels and is incredibly satisfied with mediocre results."*

Thinking and reflection about large ends and means do not fit in such systems – it is inconvenient because it slows things down. Thoughtful reflection (even just asking what, really is going on here? What interactions in the system reveal obstacles to progress or potential bridges to overcome those? To whom should we be speaking to learn what our role ought to be?) involves the risk of seeing the ambiguities and complexities involved in trying to help another country develop. For if development is characterized by anything it is complexity. Beginning with the garden variety squeeze-the-balloon-here-and-it-bulges-out-there kind of unintended consequences, and going on to try to penetrate the often opaque dynamics that mediate both formally and informally between culture(s), social structure(s), and institutions and the people in them. Thinking in this way might tempt one to say, "wait a minute now, there are many things we have not considered here." So no, it is not generally encouraged.

And the outsourcing to US firms and institutions continues.

The last year we have full figures for, 2012 shows that of the top 40 USAID vendors, 27 were U.S. non profit or for profit contractors (including a few universities). The 3rd and 4th largest of the 40 vendors were Chemonics ($681.76 million) and John Snow International ($482.86 million). Save the Children, a venerable almost household name, and a non-profit, did $128.5 million in USAID business in 2012.

In the budgets these contractors administer there will be an indirect cost (overhead) figure which will vary but could be in the neighborhood of 40% when you count all the ways in which it is legitimately possible for the contractor to profit from the deal. For example, a home office vice president might easily be charged to a project for one day a month for 5 years at a salary of $198,000, on top of which will be a fringe benefit figure. That person will do relatively little. But he or she might fly to Nairobi or Dar or Kampala once or twice a year to "check up on things." While traveling he or she'll be allowed (in Nairobi to take one example) $290 for lodging and $120 per day for meals and incidentals (M&IE). The M&IE figure is twice what a high paid Kenyan teacher makes.

USAID, in 2010 under the then new administrator promulgated what was then called IPR (Implementation and Procurement Reform), with the intention of changing the way the agency does business, and implicitly changing the 'culture' of the agency. IPR is now called Local Solutions and the effort to move the agency towards a goal of 30% of its money going to local orgs by 2015, as been de-emphasized and watered down. It is now "aspirational." And last spring a new $600 million dollar "indefinite quantity contract" was announced with the involvement of 52 American firms, both for profit and non profit, each of which is guaranteed a piece of the action, a process designed to eliminate the cumbersome process of individual biddings, and all of this is for the objective of Human and Institutional Capacity development – yet again it is us 'delivering' capacity to 'them." And this new IQC will run almost to 2020. In short, we will continue to develop their capacity, through training workshops, standardized organizational assessments, meetings, etc. And so, rhetoric aside, old ways and old arrangements continue, almost as if on autopilot.

Finally, from our study we got the impression that USAID, and a few others, are increasingly unable to keep up with the changes going on. They are behind the curve, ill equipped to adapt.

In most of the countries we visited USAID is viewed as closed and isolated, more and more a mysterious agency with many local people more cynical about its motivation. Many believe that USAID is today only about U.S. interests. In Muslim countries the suspicion is strong that USAID is moved largely by anti-terrorism concerns. Moroccans who work for US agencies are seen as engaging in "complaisance."

Moreover in the present climate, many civil society organizations do not want to touch US money. And since USAID requires branding and marking (though the mission director has the right to waive this – as one MD said to us – "Yes we have the right to waive it but we don't do that very often because the American people want it.") But, in Muslim countries especially it is not good to have the US flag printed on the back of every piece of furniture in your office.

USAID is seen, and this is virtually everywhere we went, as heavy handed in their procedures, too complicated, too time consuming. And especially missing is what one of our interviewees called "the capacity to listen to others."

Conclusions

The world is changing, and faster than most donors can keep up with.
But one thing is clear and that is that our role as outsiders needs to change. Of the nine countries we visited (Morocco, Moldova, Sri Lanka, the Philippines, Kenya, Tanzania, Nepal, Peru and Jamaica), although they differ a lot, all are capable of handling most of their own problems, we do not need to be training and capacity building and huge contracts with U.S. orgs are not as helpful as we like to think. They postpone the day when the dependency syndrome will be broken.

So what should be (and what could be) changed?

First humility – we often don't know what's best, or even what is going on.

A reduction of the jargon and its inflationary symbols – when someone is traveling, stop saying he or she is "on mission", or on TDY….

Change recruitment and orientation of new staff. Re-educate staff about development and especially the difference between it (economic development) and saving lives.

Move from rigid Organizational Capacity Assessment exercises to assessments based on their own criteria

Begin the move away from direct interventions at the level of poverty to indirect work with and at the level of institutions – become a platform or turning plate for learning, exchange of ideas, debate. And to the extent USAID does engage in direct funding it must include money for the evolution and long term survival of the best organizations and institutions (matching grants, endowment seeding, et al.)

Educate Congress,

Embrace longer time-frames

Radically rethink risk

Finally begin dumping the beltway bandits. In an article in Foreign Policy in July 2012, Administrator Shah argued that development firms were more interested in keeping themselves in business than seeing countries graduate from the need for aid. "There is always another high-priced consultant that must take another flight to attend another conference or lead another training," he complained."[3]

[3] Foreign Policy, "Hired Gun Fight," July 18, 2012