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PROGRAMME COMMITTEE

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CORPORATE STRATEGY ON CAPACITY DEVELOPMENT

- i. This cover note provides the background and key issues for the attention and guidance of the Programme Committee on *FAO's Corporate Strategy on Capacity Development*.

Background

- ii. Capacity is a critical aspect of development, which is reflected throughout the Paris/Accra Aid Effectiveness Agenda. Ever since FAO's inception, Capacity Development (CD) has been at the core of its mandate and one of the most important result areas for the Organization in its work on agriculture and rural development. However, in an increasingly complex sector, FAO has to change to become a more effective CD actor and enhance the impact and sustainability of its work. Management also recognizes that an enhanced approach is required to bring FAO into line with the United Nations commitment to CD¹ and collective UN-wide country approaches to CD.
- iii. CD was recognized as one of FAO's core functions in the Strategic Framework 2010-19² and the Medium Term Plan 2010-13³, under "*Technical support to promote technology transfer and build capacity*". The corporate strategy, tools and methodologies to enhance FAO support to CD are addressed under Organizational Result X2 on "*Effective and coherent delivery of FAO core functions and enabling services across Organizational Results*". Success will be measured by the percentage of CD products and services implemented by technical departments and decentralized offices in line with the strategy, in delivering their Organizational Results under the Strategic Objectives. FAO's ongoing renewal under the IPA provides an opportunity to design and implement this new approach to CD across the Organization through improved business processes and culture change.
- iv. As foreseen in the PWB 2008-09, the Organization has developed a corporate CD strategy as a new mode of action that places emphasis on national ownership and nationally-led change processes. The preparation of the strategy involved consultation missions to member countries, the documentation of case studies highlighting CD experiences in FAO, and the review of strategy documents and good CD

¹ UNGA Resolution 59/250 and TCPR 2004-7

² C 2009/3

³ C 2009/15 paragraphs 51-53

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practices from other UN agencies. The aim was to build a common corporate vision of FAO's enhanced CD role and formulate a way for the Organization to achieve that vision.

- v. This paper introduces FAO's Corporate Strategy on Capacity Development as recently approved by the Director-General, summarizes the important aspects of the strategy (see *Annex*), and requests guidance on aspects of its implementation. The strategy is presented to the Programme Committee at the same time as the "*Evaluation of FAO's activities on capacity development in Africa*"⁴, which has many recommendations relating to its implementation in a global context; the Committee may wish to take account of the findings of that Evaluation and the Management Response when considering the corporate CD strategy.

Key Issues in the Capacity Development Strategy

- vi. The new corporate strategy outlines some key improvements in FAO's approach to CD, which include the adoption of:
- integrated approaches that address the three dimensions of capacity, namely the enabling environment, organizations and individuals;
 - approaches that address "Functional" capacities, as well as "Technical" ones, that enable national actors to plan, lead, manage and sustain change initiatives in agriculture and rural development;
 - a focus in programme and project design to encourage country ownership in development processes;
 - sustained engagement in dialogue with CD partners and stakeholders in countries, regions, and globally;
 - longer-term approaches to interventions in country and (sub)regional programmes/projects.
- vii. FAO's corporate strategy foresees implementation of a series of actions to enhance the core function on CD, which fall into the following five general categories:
- a) internal governance of the core function on CD and coordination with other core functions;
 - b) revisions to FAO's institutional processes, systems and procedures, with supporting practice guides and tools to ensure good CD practices are mainstreamed into programming;
 - c) effective planning, monitoring and reporting mechanisms to ensure that FAO's CD activities contribute to specific outcomes related to fighting poverty and defeating hunger;
 - d) communication of FAO's capacity development efforts internally in FAO and externally with authorities in countries and partners; and
 - e) enhanced institutionalization of the CD function in FAO's human resources policies and procedures.
- viii. These areas for action have been formulated into an implementation plan which requires the contribution of all FAO units at all locations.

Guidance sought

- ix. The Programme Committee may wish to provide guidance on the nature and scope of the proposed implementation actions in the corporate CD strategy (*Annex* Section G paragraphs 16-20), which relate in part to the actions described in the Management Response to the "*Evaluation of FAO's activities on capacity development in Africa*". The Programme Committee may also wish to recommend to the Council that governments and other national and international actors in agriculture and rural development be urged to commit to the CD approaches advocated in the Paris Declaration and Accra Agenda for Action. These approaches are integral to FAO's corporate CD strategy and are essential for its successful implementation.

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⁴ PC 104/5; PC 104/5 Sup. 1

FAO's Corporate Strategy on Capacity Development

A. DEFINITION OF CAPACITY DEVELOPMENT

1. In international development, capacity is seen as “the ability of people, organizations and society as a whole to manage their affairs successfully”⁵, leading to attainment of the Millennium Development Goals and FAO's three Global Goals in line with national development plans. Capacity Development (CD) is the “process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time”.⁶

2. CD has traditionally been associated with knowledge transfer and training of individuals, yet it is a complex, non-linear and long-term change process in which no single factor (e.g. information, education and training, technical assistance, policy advice etc.) can by itself be an explanation for the development of capacity. It contributes to addressing specific needs of member countries and (sub)regions across the three interlinked **individual, organizational, and enabling environment** dimensions. FAO's approach to CD is intended as a principal ‘modus operandi’ underpinning FAO's programme of work. All of FAO's technical work at headquarters and in countries has some CD aspect. Some of FAO's work (e.g. in the development of standards, global information systems, or international treaties) is not focused primarily on CD, but national and regional actors do need to develop their capacities to contribute to and use these products and services.

3. The general trend in the international development community is to replace the term “**capacity building**” with “**capacity development**”. The shift in terminology reflects an evolution from an original concept of an essentially externally-driven process in which there were no pre-existing capacities, to a new concept that places strong emphasis on national ownership and on endogenous change processes. In conformity with other UN agencies, FAO will adopt the new term ‘capacity development’, although the previous term will continue to be valid as it is pervasive in existing FAO documentation.

B. THE BUSINESS CASE FOR CHANGE: A NEW APPROACH TO CAPACITY DEVELOPMENT

4. Capacity is a critical aspect of development, which is reflected throughout the Paris/Accra Aid Effectiveness Agenda. Ever since FAO's inception, CD has been at the core of its mandate and one of the most important result areas for the Organization. In the complex, crowded and competitive sector of Agriculture and Rural Development (ARD)⁷, FAO has to change to become a more effective CD actor. Inaction would cause the Organization's CD role to become obsolete and unfit for the current needs at country and regional level, with consequences to the Organization's effectiveness, credibility, and reputation.

5. Pressure for change comes from FAO's internal reform processes and from the global environment, including the United Nations and the evolving needs and demands from member countries. As a core function, CD is closely associated with the Organization's key processes that are being transformed – such as managing for results and improving FAO's programming practices and approach to measuring impact. At the same time, changes in the **global aid environment** affect the way the Organization traditionally positions itself as a player in the international development arena. These changes include:

- increasing calls on FAO to participate in UN-wide country approaches focusing on CD, and to plan and coordinate CD under multi-donor mechanisms;
- countries increasingly leading their own development programmes and managing the allocation of resources, with several implications for the role that FAO plays;

⁵ Source: Organization for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC)

⁶ Source: OECD/DAC

⁷ ARD includes all sectors of FAO work, including food security, forestry, fisheries and natural resources.

- global challenges of climate change, environmental degradation, and the worldwide financial and economic crises, and the resulting complex new development needs, which have increased the demand for specialized advice on a wider range of agricultural problems, and led to the demand for support in development of non-technical “Functional” capacities such as leading, managing, adapting to, and sustaining change;
- increasing availability of other sources of expertise in the ARD sector, with FAO no longer being the only global expert in its domain.

6. The combined effect of such factors makes CD a compelling topic on FAO’s agenda and calls for new instruments, approaches and skills to attract resources, make partnerships, and relate to national and regional actors. Hence the new corporate strategy introduces some key improvements in FAO’s approach to CD, which include:

- A shift in the nature and quality of CD support aimed at accelerating the transformation of FAO’s role from that of a provider of technical assistance to that of a **facilitator of change** over extended time horizons. This new approach builds on local resources, including people, skills, technologies and organizations, and it focuses on strengthening the **sustainability** of CD interventions by encouraging national ownership in development processes.
- More emphasis on **dialogue** with national partners and stakeholders, to move from supply-driven to **demand-driven** CD efforts, involving joint setting of goals and strategies based on assessed needs, mutual interests and collaborative relations between FAO and national and regional actors.
- A more **integrated** approach whereby capacities of individuals, organizations and the enabling environment are considered, with attention to Technical and Functional capacities as explained below.
- An increased focus on forming **partnerships** with other CD actors, for FAO to complement the limitations in its own capacity at country level while covering other sectors across the development environment, thus leveraging a greater impact on CD processes for all actors.

C. BENEFITS OF THE NEW CAPACITY DEVELOPMENT APPROACH

7. The new approach will benefit FAO in various ways as it will result in: an increased coherence and effectiveness of CD activities across the ARD sector; a strengthened impact and visibility and a strategic re-branding of FAO’s CD role; a strengthened credibility for FAO as a CD partner within the international community and in the context of the UN “Delivering-as-One”; and an increased and more effective application of FAO’s resources for CD linked to achieving outcomes in the MTP-PWB. Ideally, countries will also engage in this new approach to CD jointly with FAO as mutually accountable parties, and become more capable of creating, adopting, leading, implementing and sustaining change initiatives towards achievement of their objectives in food security and ARD.

D. FAO’S NEW CAPACITY DEVELOPMENT VISION

8. FAO will be an important actor for CD in its areas of work in agriculture and rural development (including forestry and fisheries). FAO will play a catalytic role in partnership with national, (sub)regional and international actors by delivering high-quality CD support grounded in national, regional and global plans and strategies. FAO’s CD role will be geared towards facilitating the development of a sustainable capacity base of countries and regions in food security, agriculture and rural development to help achieve the three Global Goals of FAO Members and the MDGs.

E. FAO’S CAPACITY DEVELOPMENT FRAMEWORK

9. The new CD framework, introduced in the Corporate Strategy on CD is an analytical tool that will guide FAO staff and their partners in analysing jointly existing situations in terms of capacities and identifying the appropriate type(s) of intervention for fostering the development of capacities in countries. The framework (*Figure 1*) is based on the enhancement of Technical and Functional capacities, which are prerequisites to achieving the three Global Goals of FAO Members, across three

dimensions: individual, organizational and the enabling environment. The components of the framework are discussed in the following paragraphs.

Figure 1: The CD Framework in FAO



10. **Technical capacities** are required in the broad areas of food and agriculture to enable national and (sub)regional actors to carry out all technical tasks required to intensify production sustainably, manage natural resources, and eventually to improve food safety and security for all. FAO's technical work is reflected in the eleven Strategic Objectives (A-L) in the Strategic Framework.

11. In addition, four **Functional capacities** enable countries and (sub)regions to plan, lead, manage and sustain change initiatives in ARD to ensure that technical know-how is embodied in local systems and processes in a sustainable way:

- a) *Policy and Normative*: capacities to formulate and implement policies and lead policy reform;
- b) *Knowledge*: capacities to access, generate, manage and exchange information and knowledge;
- c) *Partnering*: capacities to engage in networks, alliances and partnerships;
- d) *Implementation*: management capacities to implement and deliver programmes and projects, from planning to monitoring and evaluation.

12. Technical and Functional capacities, which are themselves inter-related, exist across three dimensions of enabling environment, organizations and individuals.

- a) The dimension of **enabling environment** relates to political commitment and vision; policy, legal and economic frameworks; national public sector budget allocations and processes; governance and power structures; incentives and social norms.

- b) The **organizational** dimension relates to public and private organizations, civil society organizations⁸, and networks of organizations⁹ in terms of: a) strategic management functions, structures and relationships; b) operational capacity (processes, systems, procedures, sanctions, incentives and values); c) human and financial resources (policies, deployment and performance); d) knowledge and information resources; and e) infrastructure.
- c) The **individual** dimension¹⁰ relates to the people involved in ARD in terms of: knowledge, skill levels (technical and managerial) and attitudes that can be addressed through facilitation, training and competency development.

13. In CD interventions, all three dimensions are interlinked; individuals, organizations and the enabling environment are parts of a broader whole. CD often involves the enhancement of knowledge of individuals, although the output of individuals greatly relies on the quality of the organizations in which they work. Furthermore, the effectiveness of organizations and networks of organizations is influenced by the enabling environment¹¹. Conversely, the environment is affected by organizations and the relationships between them.

⁸ e.g. central and decentralized government agencies and ministries, social protection systems, inspectorates, laboratories, national agricultural research systems, global and regional economic commissions, enterprises, cooperatives, chambers of commerce, consumer groups, producer associations, community-based organizations, NGOs, formal and non-formal education and training institutes, etc.

⁹ e.g. research and extension systems, transboundary natural resources management systems, surveillance systems, public-private partnerships, etc.

¹⁰ e.g. public servants and staff of ARD organizations, producers, farmers, fishermen, herders, rural service providers, distributors, technicians, traders, food inspectors, etc.

¹¹ adapted from DAC, *The Challenge of Capacity Development: Working towards Good Practice*, February 2006

F. MOVING TOWARDS IMPROVED CAPACITY DEVELOPMENT PRACTICES

14. The new approach will require FAO staff at all locations to adopt improved practices and tools, as well as to participate in learning programmes on CD. An internal review of good CD practices identified the strengths of FAO's current CD practices with critical success factors that apply at three different stages in CD interventions (*Table 1*). These have been documented and are available internally and *via* the Organization's CD Portal Web site. Technical departments and decentralized offices will strengthen FAO's CD approach by embedding these factors systematically into their CD work.

Table 1. Critical success factors in CD

Early stage: identification of CD demands	Formulation and implementation	Finalization and sustainability aspects
<ul style="list-style-type: none"> • Use of frameworks derived from international initiatives (e.g. conventions, treaties) • Early involvement of national actors using participatory approaches • Commitment of national actors to policy implementation and performance improvements • Identification of local/national champions to catalyse change • Undertaking of targeted needs assessment 	<ul style="list-style-type: none"> • Attention to national, regional and sub-regional context • Attention to all three dimensions of capacity • Attention to Technical and Functional capacities • Combination of modalities of intervention • Application of sound training methodologies with appropriate pedagogy • Adoption of medium- to long-term approaches • Creation of networks for knowledge and experience sharing 	<ul style="list-style-type: none"> • Internalization of changes by national actors into their priorities, systems and processes • Ongoing strategic budget allocations • Incremental approaches building on feedback from previous phases • Empowerment of local communities • Monitoring and evaluation of outcomes and impact

G. AGENDA FOR ACTION TO IMPLEMENT THE STRATEGY

15. The organizational changes required in FAO to adopt its new CD approach have been formulated into an implementation plan which requires the contribution of all FAO units at all locations. The implementation plan comprises five main areas of action as below.

16. **Internal CD governance and coordination.** FAO will take measures to establish effective CD governance in order to ensure that FAO's approaches to CD are appropriately guided by Members' needs, and that CD is fully institutionalized within FAO's systems and procedures. The governance tasks will be led by an Interdepartmental Working Group on CD, and coordination will be ensured amongst FAO's eight core functions based on synergies identified between the different strategies and implementation plans. Actions on CD will also be integrated with the ongoing processes under the Immediate Plan of Action for the reform of FAO.

17. **CD programming.** Guidelines and criteria for formulation, approval, and monitoring and evaluation of FAO's projects and programmes will be revised to reflect and emphasize the new CD approach, leading to increased corporate coherence.

18. **Planning, monitoring and reporting mechanisms.** FAO's Strategic Framework provides the means for structured and inclusive planning, monitoring and measuring the impact of CD activities contributing to agreed outcomes as measured by targets and indicators. FAO's CD activities are critical to achieving many of the specific results (outcomes)¹² in the Medium Term Plan that

¹² Approximately one third of the Organizational Results in FAO's Medium Term Plan explicitly refer to CD, and many other Organizational Results involve CD.

contribute directly and indirectly to fighting poverty and defeating hunger, reinforcing FAO's external accountability for CD outcomes by its Members.

19. **Communication** of FAO's CD strategy will be important to raise awareness, firstly internally amongst FAO staff who will engage actively in making CD practices more effective, and it will promote understanding of the Organization's enhanced CD role and its operational implications. Secondly, external communication about FAO's CD strategy and achievements will become an integral part of the Organization's corporate communication activities with member countries and the general public.

20. **Institutionalization of the CD function in FAO's human resources policies and procedures** will include: establishment of clear roles and responsibilities in CD amongst technical departments and decentralized offices; reflection of CD-related responsibilities and targets in job descriptions and performance evaluation processes of staff at all levels, including FAO Representatives¹³ and Regional Representatives¹⁴; personal development frameworks and learning programmes for CD-related competencies for FAO personnel at all levels; inclusion of appropriate selection criteria for short-term personnel recruited for assignment on CD-oriented programmes.

¹³ Based on the latest revision of the Administrative Manual (4/2/2008), a FAOR "assists their countries of accreditation with *developing national capacity*, mobilizing resources, developing partnerships and exchanging knowledge and information in favor of food, agriculture and rural development".

¹⁴ The Regional Representative "supports capacity development and resource mobilization for food security, agriculture and rural development in the region" [Administrative Manual (4/2/2008) Section 117.2.32 (iii)].