

## Building Local Capacity for More Effective Development

### Problem

**Many countries lack the institutional capacity to achieve “country owned” development. Governments, civil society and the private sector all need additional competencies for stronger collaboration. The policy and legal environment for non-state organizations (such as NGOs) often limits their ability to contribute to national development goals.**

### Recommendations & Actions

International assistance programs should support capacity building for local organizations to accelerate development and achieve aid effectiveness goals. To contribute effectively to development, civil society organizations must have the rights and freedoms to organize, secure resources, voice opinions, participate in agenda setting, operate effectively and help hold state institutions accountable for development results. Development assistance can be more efficient and effective if local capacity building is better integrated into ongoing programs. The following policy and program steps can help local organizations assume more effective roles in country owned development:

- **Promote more capable, self-sufficient local organizations by supporting policies and programs that build a healthy enabling environment for nonstate actors.** Efforts to create an improved enabling environment, such as government law and practices that promote the organized involvement of nonstate actors complements capacity building for individual organizations
- **Make capacity building a higher priority and better integrate it into development and humanitarian assistance programs.** Relatively few programs incorporate capacity building into their efforts. Programs that integrate capacity building are feasible and cost-effective.
- **Support and leverage established capacity building relationships between international NGOs and local NGOs.** International nongovernmental organizations (NGOs) invest billions of dollars each year on programs that deliver critical development benefits while also building the capability of local partners. Building on these established relationships effectively leverages private and public investments.
- **Increase the effectiveness and sustainability of local capacity building by supporting longer-term programs.** Building capable, sustainable local organizations is a long-term process. Programs providing longer-term support for this process achieve better results and use resources more efficiently than short-term efforts.

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### Results

Healthier enabling environments for civil society will increase the development impacts of nonstate actors. Integrating capacity building into development programs will build local capability to scale up development, reduce its overall costs and make its impacts more sustainable. Supporting nonstate actors that contribute to national development objectives supports inclusive country ownership.

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## Background<sup>1</sup>

The guidelines and standards for international development are increasingly shaped by “aid effectiveness” principles. As expressed in the Busan Agreements, these principles call for increased transparency, accountability and alignment of goals between donors and host countries. They also prescribe close involvement by local nongovernmental actors in all phases and aspects of development, including implementation, monitoring and accountability. Together, aid effectiveness guidelines are intended to bring about greater “country ownership” of the development process. Achievement of country ownership has been slowed by governance and policy challenges and by institutional capacity deficits. Addressing these deficits through capacity building has become an important aspect of current development programs.

### Capacity building for aid effectiveness

As aid effectiveness principles make clear, country ownership of development will entail new roles and responsibilities. Local civil society, the private sector and governments must acquire the skills, institutional capabilities, resources and operating space to more directly drive the development process. Each aspect of this shift will need to be based on enabling policies and a range of capacity building interventions. The purpose of these steps is to assist local partners in achieving greater development impact and to support strong, independent nongovernmental sectors that can contribute meaningfully to country-led development. But capacity building of individual organizations – though vitally important – often has a short-term focus on supporting program deliverables. It is equally important to address the macro-level constraints that limit the operations and functioning of civil society organizations.

### Enabling environment for effective development

Perhaps most important to the aid effectiveness framework is a supportive policy, legal and regulatory operating environment to empower and activate the full range of local stakeholders. Inclusive country ownership implies the emergence of capable, independent nonstate sectors – communities of organizations – actively supporting and engaged in national development processes. To contribute effectively to development, civil society organizations must have the rights and freedoms to organize, secure resources, voice opinions, participate in agenda setting, operate effectively and help hold state institutions accountable for development results. Yet the quality of the enabling environment for civil society as a whole often receives less attention than the capacities of individual organizations. Capacity building for individual organizations in a weak or restrictive enabling environment for non-

state actors will generally be unsuccessful, akin to sowing high-yielding seeds on infertile ground.

### NGO expertise in local capacity building

Many NGOs have been involved in local capacity building efforts for decades, helping to strengthen the contributions of partner organizations to national development goals. International NGOs have helped build the capabilities of local partners – including counterparts in civil society, government, community-based organizations, private enterprises and other institutions. While international NGO activities reflect a range of missions and priorities, a consistent characteristic has been engaging communities for sustained periods. International NGOs invest billions of private dollars each year in programs that establish lasting relationships with communities and local partner organizations. In part because more than 90 percent of in-country NGO staff are local nationals, NGOs are familiar with local needs, culture and development priorities.

### Integrating capacity building into development

Increased development effectiveness – rooted in gains in local organizational performance and the efficiency with which aid improves development indicators – should be the purpose of development assistance. Yet many development programs lack or have weak local capacity building components. Programs that integrate capacity building with efforts to achieve other development impacts offer cost-effective ways to address both objectives. Capacity building for local NGOs should be guided by a clear vision of the organizational needs and the development goals that capacity building will address. Effective capacity building should focus on improving the effectiveness of organizations in accomplishing their missions and program objectives. Meaningful capacity building requires significant investment in a wide range of organizational functions. The up-front costs of these activities can usually be recouped in increased development effectiveness, but may take more time than programs without capacity building. Program managers should understand the costs and duration of effective capacity building as an investment in greater impacts and lower long-term costs.

### An investment in country ownership

Capacity building for local organizations is a critical component in a broader set of enabling requirements for meaningful country ownership of development. It supports the engagement of nonstate actors as a critical complement to government leadership. The recommended policies and approaches can guide strategies for integrating capacity building to improve critical development indicators.

<sup>1</sup> Based on *More Effective Capacity Building Within USAID Forward*, InterAction, October 2012.