

Report on Round Table: Capacity Development for Good Governance



Institution of Development Management Studies

29th April 2011

Kathmandu, Nepal.

1. Introduction:

The Institute of Development Management Studies (IDMS) was founded in 2004 with the aim of enhancing knowledge through contemporary research in the field of management, development, organizational effectiveness and governance. IDMS organized a Round Table discussion on "**Enhancing Institutional Capacity to Practice Good Governance**" on Friday, 29th of April 2011 with the aim of bringing together experiences and insights from the development sector and the private sector. Eleven participants representing various international and national organizations who participated in the Round Table.¹

2. Rationale:

Governance is sometimes used to describe the national government, however the processes of 'steering' of governing do not only take place on the level of government institutions. When speaking of governance, this does not necessarily include principles of Good Governance, which means to effectively promote participation, accountability, gender equity, diversity,

¹ Please refer to the Annex 1. for the list of participants.

effectiveness, efficiency transparency, responsiveness and the rule of the law. In the context of globalization, the issue of good governance has gained a pivotal concern and has also been given a paramount importance in the Millennium Development Goals (MDGs) and Poverty Reduction Strategy (PRS). Many Asian countries are witnessing rapid developmental changes because of the decentralized and participatory approaches adopted for good governance.

Development organizations both at international level (donor organizations) as well as at grass roots level (implementing organization) work with partners (individuals, organizations and communities) to effect sustainable change. Policies, programmes and projects to increase good governance in the development sector have been formulated and implemented extensively by governments and NGOs with significant support from international development and donor organizations.

However; in the implementation of programmes and projects development organizations it appears, have often paid little attention to day-to-day management practices and the role of governance in providing strategic direction to achieve the goals of these organizations. It is in these everyday practices that good governance principles are tested, challenged and implemented. For example, when an organisation recruits staff, will they ensure gender progressive change? Or when meetings are held, is it ensured that these are effective by for example making use of a terms of reference or of a chart of responsibilities?

Throughout the last decade, IDMS has observed that developing the capacity of people in organizations enhances their capacity to practice good governance of their organizations. As people are at the core of organizations, they should be the primary focus of change. IDMS has observed an undervaluation of behavioural and personal change as a tool for good governance. Therefore the roundtable aimed at sharing knowledge on the following question **“How can capacity development be instrumental in improving governance?”**

3. Key Points:

Some of the viewpoints of the participants were as follows:

Mr. Mohan Das Manandhar (Executive Director Niti Foundation): There are three important steps that need to be taken into key consideration while formulating policies. They are representation, implementation and accountability. It is extremely difficult to balance all three components in the policy formulation as Nepali society is based on relationship, but not on role. Political activism hinders the process.

Ms. Noorin Nazari (Governance Specialist ICIMOD): It is difficult for small organizations to practice the concept of 'good governance' as they cannot challenge the policies at the national level. Unless a capacity is built; practising good governance is extremely difficult. Moreover;

community cannot be understood as a unified unit which adds to the complexity of improving governance.

Mr. Ajay Ghimire (CEO and Chair of Vibor Bank): Managers like rules, procedure and discretion for their fellows, but not for others. There is generally resistance while going through the process. Why can't there be mechanism to monitor and prevent corruption at the middle level where it is so rampant?

Mr. Lars P. Christensen: Capacity development, empowerment, and accountability- all these concepts have massively changed in the last twenty years. However; there are still difficult question like what is better governance? Is there such thing as universal good governance? We should not shy away from discussing our cultural values.

Ms. Mandira Sharma (Executive Director Advocacy Forum): Social audit is an important component of good governance. It is quite difficult to understand and to explain to local partners why donors do not go through a social audit and compels the partners to go through the process.

Mr. Bhanu Niraula (Country Director BNMT): Good governance still remains unachievable for state, institutions and civil society organizations. Moreover; whether the funding to beneficiaries should be driven through the state institutions or directly through civil society organizations still remains a debated question.

Ms. Ritu Verma (Head of Gender and Governance Division ICIMOD): There are important questions that need to be addressed- Governance for whom and by whom? One of the major issues of governance is elite capture. There is a need to develop women leadership skills to increase gender equity. Sensitivities regarding gender need to be taken into account.

Ms. Pragya Bashyal (National Initiative Manager CARE Nepal): Accountability is an important concept embedded within good governance. How much money is spent on overhead of an International NGO and how much is it spent on the program is often not known. Citizens' empowerment, empowerment of duty bearers and space for negotiation are components of capacity enhancement.

Mr. Tej Raj Dahal (Senior Advisor SNV): It is important to explore what capacity development is and how it is realized? In fact; there is a dilemma between these two. Generally the donors help the grassroots organization to increase their capacity to deliver the project. But the important question remains- Have our efforts alleviated the sufferings of the beneficiaries?

Mr. Asbjorn Lovbraek (Royal Norwegian Embassy Councilor): There is no shortage of empirical evidence on governance. So it may not be difficult to explore whether the good governance has

been practised or not. However; the fundamental question is- Is the definition of good governance applicable in all contexts? How do you address a dilemma on a clash of values?

Mr. Jeevan Karki (OD specialist UMN): Social audit is an important concept within the good governance. Though it remained a great challenge to implement a social audit and to deal with the upcoming questions. In our case example many people became curious about the audit while implementing the process. The result was that it raised the legitimacy of the organization in front of beneficiaries.

4. Analysis and Research Questions:

It was agreed by the participants that capacity development is an important methodology for enhancing governance. It was further agreed that governance does take place on a behavioural level, organisational level, on micro and macro institutional level and on government level. The major theme of the round table emerged around the linkage between good governance principles and cultural values. 'Nepali society is not based on role, but on relationship' (M.D. Manandhar). Such statement suggests that governance is directly linked to culture and to societal change. Good governance is context specific and it has to be understood how governance improvements can be embedded in the Nepalese context. The thought that good governance is 'only' a donor concept or western driven concept was counter argued during the round table. Some of the generally accepted principles of good governance, relating to universal human rights were mentioned. Furthermore, local examples of good governance point out that good governance is not owned by large (political) institutions. The development of peoples' and organisations' capacity has been crucial in enhancing the governance systems.

Some of the following questions for further reflection and discussion could be identified:

- What does good governance mean to the diverse people of Nepal?
- How should the quality of governance be assessed in a country where vast majority is poor?
- What are the constraints and challenges for good governance in Nepal?
- What are the opportunities for good governance in Nepal?

The participants of the Round Table identified a gap regarding the documentation of projects and cases which enhanced good governance practices and successful institutional changes. IDMS identified the need for further research, debate and sharing of knowledge regarding capacity development for good governance and will further develop her (action-)research agenda based on this round table.

Annex 1.

Concept Note: Enhancing Institutional Capacity to Practice Good Governance

Development organizations both on international level (donor organisations) as well as on grass roots level (implementing organisation) work with partners (individuals, organizations and communities) to effect sustainable change. Policies, programmes and projects to increase good governance in the development sector have been formulated and implemented extensively by governments and NGOs with significant support from international development and donor organisations. In the implementation of programmes and projects however, development organisations it appears, have often paid little attention to day-to-day management practices and the role of governance in providing strategic direction to achieve the goals of these organisations.

The Institute of Development Management Studies

The Institute for Development Management Studies (IDMS), has observed over the last seven years that developing the capacity of people in organisations enhances their capacity to practice good governance of their organisations. As people are at the core of organisations and systems, they should be the primary focus of change. IDMS has twelve years of experience in organisational development and policy research and has observed an undervaluation of behavioural and personal change as a tool for good governance. This concept note aims to initiate a debate on the question **“How can capacity development be instrumental in improving governance?”**

Concept of Governance

Since 1980 the concept governance is used increasingly and includes civil society actors. Governance refers to the stewardship of formal and informal political rules of the game (Kjaer, 2004:3). The concept refers further to practices affecting policy-making. Using the concept of stewardship allows integrating both the steering of a process as well as taking responsibility for the outcome of the process. It is not simply a matter of setting rules, or of exercising power. It is a matter of **interactions and therefore of relationships**. Focusing only on service delivery, increases (output-) legitimacy, however it neglects some fundamental aspects about the manner in which the institutions perform. In the process of service delivery, and broader development practice, democratic principles, downward accountability and transparency are key to governance and to legitimacy of policies. Focusing on these processes reinforces (input-) legitimacy for policies, which is currently under valued (Kjaer, 2004; 191).

Capacity Development To Enhance Governance

To increase good governance practices of development institutions in order to achieve sustainable development, these institutions need to ensure that they have the capacity to enhance authentic change in governance practices. Day to day management practices in organisations is the main vehicle for long term and behavioural change.

Capacity development involves the transitioning from one pattern or configuration of behaviour to another. As such, it is fundamentally about the dynamics of change; organisational, institutional, personal, political and logistical (ECDPM, 2008; 20). Capacity development is often seen as a separate domain for development. IDMS argues however, that it is an integral part of working on good governance and affecting policy making.

For example, an NGO supported by foreign aid, may improve its governance structures, by separating the board from the executive management, or by installing structures for financial controlling and auditing. However, if the interactions and relations do not change, or if there is a lack of personal motivation for good governance, the new governance structures will not improve the whole organisation.

Superficially it can be said that the output legitimizes the changes, for example in the case of audit reports. In depth however, change cannot be found and hierarchical, inequitable and non-transparent interactions may continue to exist. Other examples are when a development organisation's funds are cut. Restructuring the organisation may be required, resulting in support staff being outsourced. The restructuring misses in this case good governance. This would include restructuring the finances of the whole organisation, where the whole system would carry the burden of restructuring and not only those on the lower echelons of the organisation who are weak and vulnerable. This real case example was positively influenced by IDMS who convinced the higher management of a development organisation to carry organisational out re-structuring holistically, transparently and be accountable for the outcomes.

IDMS has observed a number of organisational development cases in which increasing capacity holistically has enhanced good governance in development organisations. Currently, empirical evidence is lacking for a grounded linkage between these two. Researching the linkage between holistic capacity development and good governance is of value to influence the current development paradigm and debates regarding the shift from thinking in terms of development results and output rather than focusing on the means and the process and hence on governance (Amartya Sen in ECDP, 2008;25).

The European institute for Development and Policy Management (ECDPM) researched and developed a framework for capacity development. ECDPM carried out sixteen case studies,

including a review of capacity issues in South Asia (ECDP; 2008). The report states that behavioural change and learning are vital to capacity development. Five capabilities which together form organisational and individual capacity and can be distinguished are summarised below.

1. Capability to commit and engage,
2. Capability to carry out tasks,
3. Capability to relate and attract resources and support,
4. Capability to adapt and self-renew,
5. Capability to balance diversity and Coherence.

Capability is least understood by external actors (ECPM, excerpt).

However, IDMS has observed that development organisations seek external support and advise through (sometimes highly costly) consultancy to assess the capacity of individuals and organisations. These assessments are almost entirely focused on the technical capabilities, external relations, innovation and diversity of organisations (capabilities 2-5). The most important driver for all the capabilities however is the first capability: To commit and engage. Patterns of behaviour are deeply embedded, making this capability the most difficult to change and to influence.

IDMS argues that the capability to commit and engage should be underlined and focused upon when developing people's capacity. To commit to positive change and to ethical governance, to commit to trust and dignity and to engage with people in a society as well as to the most poignant development issues should be the areas for fostering and development. Dialogue on the level of values, marked by our intercultural differences, will for example enhance commitment and engagement. Commitment and engagement as a capability which is needed for development is currently undervalued. IDMS wishes to initiate debate on ethical capacity development and good governance. This includes the enhancement of commitment and engagement for capacity development, which is ultimately the driver for good governance within an organisation.

IDMS would like to raise four points for debate and furthering the discussion on capacity development and governance:

1. How have efforts to enhance good governance materialised in the development sector and what are the experiences?
2. How has capacity development been viewed by development organisations and what are results of efforts to increase this?
3. How is capacity development and specifically the capability to commit and engage, related to good governance?
4. What are future steps to be taken for research regarding capacity development, good governance and policy development?

Annex 2

19th April 2011

Subject: Round Table Discussion on Governance and Capacity Development

Dear Mr. / Ms.

We have the pleasure to invite you to an interactive Round Table discussion on "**Enhancing Institutional Capacity to Practice Good Governance**" hosted by the Institute of Development Management Studies (IDMS) on **Friday, 29th of April from 2.00 pm- 5.00 pm at the premise of IDMS/ ODC Inc.**

Over the last decade consultants and researchers of IDMS have observed that developing the capacity of people in organisations leads to practicing good governance in their organisations. IDMS engages with policy makers, leaders of development, donor agencies, development practitioners and civil society to contribute to public debate on improving governance at policy level.

At IDMS we believe that people are at the core of enhancing governance in organisations. IDMS has gained a significant experience in capacity development, organisational development and policy research on governance. Over the past ten years of our work we have observed that the organisations in the public and development sectors in Nepal fail to appreciate behavioural personal or organisational change as a tool for good governance.

This Round Table discussion aims to initiate a debate on the question "**How can capacity development help improving governance in Development and Public Sectors in Nepal?**" As you and your organisation are working with the partners to improve the governance in their organisations, we would like to invite you to share your experiences with other development colleagues at the Round Table meeting.

We anticipate between 10 to 14 participants from national, regional and local organisations. We hope you will join us for lively debate on these issues- make your own contribution to the discussion and be part of setting the future agenda.

Please find the Round Table concept note, the agenda and IDMS brochure attached herewith. We look forward to your valuable presence in this event.

Sincerely, **Ken Afful**

Director of IDMS & Executive Chairman ODC Inc.

Date: 29th April 2011 (Friday)

Baisakh 16

Time: 2:00 pm- 5:00 pm

Venue: IDMS building

Annex 3. List of Participants

S. N	Name	Organization	Designation	Email	Tel
1	Mr. Jeevan Karki	UMN	OD Advisor	jeevan.karki@umn.org.np	4268900
2	Ms. Noorin Nazari	ICIMOD	Governance specialist	nnazari@icimod.org	9849200921
3	Mr. Bhanu Niraula	BNMT	Country Director	cd_poe@bnmt.org.np	9851115831
4	Mr. Mohan Das Manandhar	Niti Foundation	Executive Director	mohan.manandhar@nitifoundation.org	4433576
5	Ms. Pragya Bashyal	Care Nepal	National initiative manager	pragya@np.care.org	5522800
6	Mr. Lars P. Christensen	Danida/Hugou	Program Coordinator	lpc@hugou.org.np	9851105140
7	Mr. Tej Raj Dahal	SNV Nepal	Senior Advisor	tdahal@snvworld.org	9851045579
8	Mr. Asbjorn Lovbrook	Norwegian Embassy	Counselor	alo@mfa.no	
9	Ms. Mandira Sharma	Advocacy Forum	Ex. Director	msharma@advocacyforum.org.np	
10	Ms. Ritu Verma	ICIMOD	Division Head/ Gender and Governance	rverma@icimod.org	5003222
11	Mr. Ajay Ghimire	VIBOR Bank	Chairman & CEO	ajay@viborbank.com	4233375