

Capacity Development

More Competence, More Capacity, Better Structures

The success of development projects depends on the people who implement them and the organisations that execute them. It also requires an enabling framework and reliable structures to ensure that they also have a sustained impact, for Development Cooperation is intended to benefit the generations to come as well. Capacity development is therefore a key element of KfW Development Bank's activities.

Context

Enabling people to take control of their own lives is a core component of all KfW Development Bank projects. However, it is not enough to advance the knowledge and develop the abilities of individuals. The living conditions in a country can only be improved on a sustainable basis if the government is also prepared to embark on reforms. Without this contribution Development Cooperation cannot work. Even excellent individual projects will not last.

The short-term assignment of hospital staff to a region, for instance, may provide temporary relief in emergency situations. A lasting solution, however, requires capacity and structures: qualified staff, professional facilities and an enabling framework. But precisely this is lacking in many partner countries. Human resources, organisational and structural deficits are still an obstacle to development. That is why capacity development is needed.

The KfW development approach

Whichever sector KfW Development Bank works in, capacity development is always an integral part of its

activities. KfW Development Bank focuses on advancing its partners' operational and governance capability and creating sustainable structures. This is the only way to guarantee that projects will have long-term development results.

In line with the principles adopted in the Paris Declaration, KfW Development Bank sets great store by ownership in the partner countries. This means that the partners bear the main responsibility for preparing and implementing projects. Capacity development promotes the project executing agencies and makes demands of them in their role of ensuring sustainability.

The development approach of KfW Development Bank applies at different levels. At the micro level, the capacity of individual people is expanded, for example through improved access to primary education, microloans or jobs. The meso level is geared towards enhancing the performance of businesses, organisations and structures, e.g. through ongoing sector dialogue, together with technical support and on-the-job training during the design and delivery of actual projects. At the macro level, the approach seeks to create a framework which is stable and supportive, which promotes the development of individual and system capacities, and which improves the ability of a society and its economy to adjust and adapt. This might be achieved, for example, by supporting programmes of macroeconomic or sectoral reform.

There is no set blueprint for capacity development. Each country and each project requires its own approach. Capacity development should be understood as a process, which is sustained and managed locally by the partners. In this, they can expect concrete support from KfW Development Bank. Capacity development varies depending on needs, ranging from policy consultancy and programme design to the selection of innovative and appropriate financing models and evaluation. KfW Development Bank ensures that the approaches can be adopted throughout the country, allowing the projects to achieve results that go beyond the individual setting.

Capacity development begins already in the preparation and development of specific projects. Feasibility studies and programme appraisals are designed to assess in detail the performance capacity of the partners. The specific approaches to capacity development are put together on this basis. The aim is to strengthen the partner structures so that they, for instance, can operate the new infrastructure sustainably and thus provide the population with social and economic services on a sustainable basis.

A crucial factor in whether macro and sector policy is geared towards development is the form capacity development takes. Dialogue between partner countries and donors about reforms and how they can be implemented thus accompanies all projects right from the start. Above and beyond sector dialogue, KfW Development Bank helps the partner governments to draw up national development strategies and reform government and administrative actions within the scope of joint financing.

If services are required or goods need to be procured for the investment projects, KfW ensures compliance with the principles of the rule of law and fair competition. The goal is to train those responsible for procurement and construction supervision through "learning by doing". This prepares them to implement future procurement processes and construction projects without assistance. At the same time, the partner countries are coming close to meeting internationally recognised standards through the reform of their contract award systems.

On completion of the projects, KfW Development Bank and the partner subject the project to an independent assessment of progress. In this evaluation, the development policy results are appraised and lessons derived for future projects by the partners.



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Clean water requires a well-managed supply network. Source: KfW Photo Archive / Ruben Ortiz

A sustainable water supply – More than just drilling wells and constructing channels

The first steps in supplying people with clean drinking water are to drill wells and lay water mains. To ensure that this water comes out of the tap regularly and at an affordable cost, however, KfW Development Bank does not only fund the construction costs for the infrastructure. It also promotes the building of appropriate capacity in the water sector. In this context, the proper functioning of administrative, operating and management systems needs to be guaranteed. Furthermore, the new water supply system should encourage people to use this valuable resource sparingly.

The partners themselves submit corresponding project proposals to the German government. In collaboration with the partner government and other donors, sector strategies and reforms are developed and the relevant milestones agreed on as part of the policy dialogue; where necessary, KfW Development Bank helps and supports the partner in implementing them. This may entail providing consultancy services to the relevant authority on amending legislation, setting up new tariff systems or preparing a systematic investment plan for the water sector, for example. It also involves establishing an efficient water utility and a regulatory authority. Specific individual projects often prompt more extensive reforms within an entire sector in the partner country.