



Capacity building – what is it?

The Cooperative Venture for Capacity Building (CVCB) commissioned a report called *Growing the Capital of Rural Australia - the Task of Capacity Building*. This report examined ways of improving institutional support arrangements for rural capacity building. The focus of the report was to:

- summarise the social, economic and technological trends that are likely to influence rural learning to 2020
- identify the current institutional arrangements supporting and constraining rural capacity building and learning
- discuss with stakeholders how institutional arrangements might be improved to support rural capacity building and learning and how feasible it would be to make these changes.

This factsheet provides definitions of capacity building terms and summarises the general implications of building capacity.

IS IT CAPACITY BUILDING?

How do you identify whether a project is a capacity building one, or not? A number of fundamental elements are listed below as a guide. Check these questions.

- Is the program based on co-learning so that everyone who has knowledge relevant to the project, is willing to share, and to learn? If this is not the case then the project is unlikely to be a capacity building one. A provider/user perspective can have this effect if the relationship is not a two-way street. Where agencies or organisations (providers) develop and offer training, information or resources for users, such as landowners, unequal power relations often distort perceptions and expectations. Within a capacity building relationship “providers” also see themselves as “users” of information and resources held by other stakeholders, the landholders for example.
- Do the initial goals of action-taking vary among stakeholders, e.g. an increase in financial capital for commercial agents, physical and financial capital for farmers, social capital for community groups, and human capital for educators? A “one-size-fits-all” approach, where there is one (often imposed) goal for taking action to improve a particular situation, is not taken with capacity building.
- Are incentives tailored to meet the goals of different stake-holders, e.g. a tax incentive or access to infrastructure funds for those seeking an increase in physical or financial capital? Offering a single incentive to all stakeholders is not likely to stimulate participation in capacity building.
- Do other stakeholders participate in a joint effort to improve a problematic situation? This participation provides a context for generating shared increases in the stock of human, social, financial, physical and natural capital.
- Is leadership style facilitative and does it result in all stakeholders being able to initiate action to do with the project? Facilitative leadership is essential for building and maintaining a pattern of reflective practice[†] among stakeholders in a joint effort to improve a problematic situation. If leadership style is top down or the leader comes from a funding group or organisation that sees itself as the one to which the group is “accountable” then it is unlikely that capacity building principles are being implemented.

[†] *Reflective practice refers to on-the-spot surfacing, criticising, restructuring, and testing of intuitive understandings of your experience with a particular event or activity. It is an important part of capacity building as it allows learning and co learning to occur.*

DEFINITIONS

A number of the terms used in the context of capacity building can mean different things to different people. Some definitions to ensure common understanding are as follows:

Capacity building

An assumption underlying capacity building is that we all live and work in a complex and dynamic environment where one of the few certainties is constant change. In this context, the authors of the report have derived a definition of capacity building for rural Australia as being:

“externally or internally initiated processes designed to help individuals and groups associated with rural Australia to appreciate and manage their changing circumstances, with the objective of improving the stock of human, social, financial, physical and natural capital in an ethically defensible way.”

It occurs when relevant communities of practice consciously utilise their stock of human and social capital and their access to financial, physical and natural capital to improve a situation, and improve the stock of capital in the process.

Capital

Capacity building involves human, social, physical, financial and natural capital. **Human capital** refers to the capability of individuals while **social capital** refers to the level to which social networks, relationships and processes within a community support individuals to exercise their capabilities. **Physical capital** refers to infrastructure; **financial capital** to goods and services produced through human effort including both physical and financial knowledge; and **natural capital** to the renewable and non-renewable resources found in nature; useful and required for human existence. Taking the definition and the different forms of capital, capacity building involves improvement in:

- business profitability and sustainability
- industry profitability and sustainability
- the ecological health of catchments
- the wellbeing of people
- the wellbeing of their communities.

The ethical aspect of capacity building comes about because different sorts of capital can be substituted for others e.g. if we don't have knowledge we need we use financial capital to buy it (advisors); if natural capital in the form of soil fertility is deficient, we use financial capital to buy fertiliser; if community relationships are poor (social capital), one solution is to build a community centre (physical capital).

“This notion of the substitution of forms of capital underlines the importance of an ethical dimension. There is, for example, a groundswell of concern about the way exploitation of the natural environment has been translated into financial capital.”
(page 17)

Communities of practice

Capacity building involves improving the stock of capital. A prerequisite to doing this is involving the people and groups whose practices and access to capital are integral to improving a particular situation and achieving a specified goal. In this way, those who have an interest in or are affected by the outcome of capacity building are a community of practice. A community of practice can be small, e.g. a farm family determining a succession plan or large e.g. a town or an industry.

The community of practice involved in determining a succession plan could include family members, including those not directly involved in the farm enterprise; a solicitor; an accountant; and a mediator. A community of practice involved in developing a strategic plan for an agricultural industry could include individual farmers, farmers organisations, community groups, marketers, customers (such as buyers, processors, value adders and consumers); the banking and finance sectors; regulatory, research and extension agencies; and local government.

Communities of practice have a profound effect on their members because they define what it means to be competent e.g. a competent low-input grower of organic vegetables or a competent manager of a corporate cotton farm. Each is likely to be “in step with a different drummer”. Similarly, agricultural extension officers, agri-business advisers and natural resource management facilitators constitute different communities of practice (despite urging to merge).

Communities of practice can inhibit or promote new ways of doing things. Individuals are members of more than one community of practice (e.g. business person, amateur golfer, church goer) and this provides scope for import of new ideas. If, however, diverse communities of practice can be engaged in collaborative learning the scope not only for new ways of thinking, but importantly in capacity building terminology, new ways of acting, are enhanced.

The capacity building challenge is to engage the diverse communities of practice ‘whose practices and access to capital are integral to improving the situation’. This is no mean feat because they often dislike each other and the way they view the situation. If they can be engaged there is the potential for a new community of practice related to the problematic situation to emerge, and this will a capacity building goal.

Institutional arrangements

The authors have taken a broad view of what involves institutional arrangements and provide the following definition:

“Institutional arrangements are regarded as the complex of laws, customs, markets, norms and associated organisations that channel our energy toward social goals and they way we relate to others.”

These are made up of:

- gazetted laws and regulations
- commonly accepted but not legally binding rules and guidelines
- organisations established by the culture.

Institutional arrangements are moderated and influenced by a culture’s beliefs, values, worldviews and mindsets.

Beliefs, values, world views and mindsets

We all have different beliefs, values, worldviews and mindsets, i.e. ways of seeing the world and how we should act in it. These are influenced by a range of factors, including our upbringing and experiences. As far as capacity building is concerned it is important to include, acknowledge and accommodate individuals and groups in a community of practice with different ways of seeing the world. Not doing this risks marginalising and even alienating potentially significant individuals and groups.

Institutional arrangements and worldviews are important to capacity building as there is a reciprocal relationship between them all, i.e. a change in one can lead to a change in the others.

It is difficult for an organisation to be truly involved in capacity building if its practices and mindsets are inimical to the principles of capacity building. If an organisation is driven by pre-ordained outcomes and a provider/user perspective, it is unlikely to meet key requirements for capacity building such as co-learning, collaborative definition of goals and shared, leadership.

Action

A key difference between capacity building and activities such as extension and training is that capacity building requires the taking of action. If action doesn't occur then capacity building hasn't occurred. Anything that encourages or inhibits action taking, or influences what is done and how, is significant.

Capacity building is based on the belief that action is more likely to be stimulated by expectations within a person's communities of practice than by external ones, e.g. for a farmer, those within his/her communities of practice, and for a commercial or government agent, those communities of practice s/he belongs to.

WHAT CAPACITY BUILDING ISN'T

- Capacity building isn't education and training or technology transfer although they are tools that can be used to develop capacity.
- It isn't about experts imparting knowledge to others, rather capacity building is based on the concept of everyone learning together (co-learning), and this can be with input from people who have special expertise.
- It isn't a process where an organisation external to the process can determine the final outcome.

WHO "DOES" CAPACITY BUILDING?

The people who should be involved are those whose practices and access to capital are integral to improving a particular situation, i.e. stakeholders in the relevant communities of practice who, in turn, form a new community of practice for the purpose of capacity building. In this context defining some communities of practice as providers and others as users is counter-productive. All are co-learners in the new communities of practice they form.

About the project

The aims of Growing the Capital of Rural Australia - the Task of Capacity Building, funded by the Cooperative Venture for Capacity Building, were to:

- review social, economic, political and technological trends that are likely to have an impact on a future learning environment, summarise these trends and discuss how they will impact on rural learning in the next 10 to 20 years
- identify the current institutional arrangements supporting and constraining rural capacity building and learning, and possible improvements
- engage key stakeholders in dialogue about improved institutional arrangements to support rural capacity building and learning - including inter-organisational structures, inter-relationships, roles, responsibilities, and possible barriers for change in institutional arrangements and the desirability and feasibility of those changes.

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For a copy of the final report go to <http://www.rirdc.gov.au/reports/HCC/04-034.pdf>

If you want to know more about the project, contact Robert Macadam, email macadamr@bigpond.net.au