



## Chapter 6

# Capacity Development

Capacities are deficient in key areas of urban management, economic and social planning, environmental management, and financial management.

Structures to develop and sustain these capacities are weak.

National urban institutes, local government training institutions, and incentives for local civil servants to acquire needed skills are lacking.

### On running a city well

If Asia's cities are to enhance their urban management, they will need to build better systems for their institutions and improve the skills and capacities of their staff. As Asian cities grow, they must take on more diverse, difficult, and complex tasks—functions that demand the participation of multiple stakeholders and require more highly qualified personnel. The competencies that are essential for managing a city are shown in the headings above. They fall into three interdependent groups: planning and policy formulation, program and project formulation and structuring, and managing service delivery. These are the competencies that must be built through capacity development and programs for stakeholder groups.

### The competencies

#### *Start with a plan, establish a policy . . .*

Planning and the policy formulation that follows are essential functions in managing a city. Planning is defining attainable goals for the future. Policy formulation proceeds from the plan and sets out the framework for the programs and activities to attain these goals. A policy sets guidelines for achieving the planned goals. Planning requires skills in setting a vision that involves government, businesses, residents, nongovernment organizations (NGOs), community-based organizations (CBOs),



and politicians of a city at all levels. For some institutions, developing a mission statement is also helpful. Policy formulation requires the ability to draft and enact laws, regulations, and guidelines, and includes national, regional, and local governments and politicians. Academic and research institutions often take part in policy making, and their inputs—generally data and analyses of alternatives—need to be coordinated. Regulation is an important city management function too since its framework sets the minimum requirements for service delivery. Effective regulation must be independent of the government, providers, and consumers.

Strategic planning is needed to set in motion the vision for a city. It is long-term, involves establishing a vision, goal, and objectives, and focuses on the actions to be taken, the resources to be allocated, and the targets for attaining the objectives.

#### *...and look widely for support*

All levels of government, special purpose vehicles (SPVs), and politicians and policy makers—whether performing executive or legislative functions—should be involved. The private sector, represented by business entities and financial institutions, is also an important participant. The academe and research institutions provide the information support and technical backup in terms of surveys, evaluation, and analyses. City residents, whether as individuals, or represented by groups in civil society—including NGOs, CBOs, special interest groups, professional groups, and civic organizations—should participate and contribute in the planning process. This promotes ownership of plans. After approval of the strategic plan, local action area plans are required for specific areas to translate the long-term strategies into projects and activities. Stakeholder involvement and participation is required among partnerships or existing local networks, with inputs from academic or research organizations, and local

## Core Competencies in City Management

Stakeholder Groups	Planning and policy				Program/project formulation and structuring						Management of service delivery						
	Vision setting	Policy formulation	Regulatory environment/framework	Strategic planning	Local action/area planning	Partnership/liaison arrangements for cross-sector/border coordination	Program/project formulation	Resource mobilization	Funds	Organization and staffing	Liaison/communities/private interest/participation	Land/other inputs	Finance	Development/construction	Operations and maintenance	Regulatory environment	Organizational development and human resource management
Individuals	✓			✓	✓		✓	✓	✓	✓	✓					✓	✓
NGOs/Community organizations	✓			✓	✓	✓	✓	✓	✓	✓	✓			✓		✓	✓
Special interest groups <sup>a</sup>				✓	✓			✓		✓	✓						✓
Professional groups				✓	✓			✓		✓			✓				✓
Civic organizations				✓	✓			✓		✓							✓
Business entities				✓	✓	✓		✓		✓	✓		✓				
Developers													✓	✓			
Financial institutions				✓		✓		✓				✓	✓				
Education/training institutions							✓		✓							✓	
Academe/research institutions		✓															✓
Health organizations							✓										✓
Utility companies							✓						✓	✓			
Partnerships	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓				✓
Public development corporations				✓		✓	✓	✓				✓	✓				✓
Public coordinating bodies						✓	✓	✓				✓					✓
National government (policy and line agencies)	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		✓		✓
Regional government	✓	✓	✓	✓		✓	✓	✓			✓	✓			✓		✓
Local government	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓
Politicians	✓	✓		✓		✓											
Multilateral and bilateral development organizations				✓			✓	✓				✓					✓

<sup>a</sup>Trade unions, chambers of commerce, among others.

NGO = nongovernment organization.

Source: ADB. 2007. Capacity Development Background Paper, *Managing Asian Cities Study*. Manila.

business. Individuals and civil society groups have a crucial role in local planning. Achieving consensus among them is a difficult task.

### *Who and what makes an urban program*

The city must be able to formulate programs, estimate their resource requirements, and design processes that realize plans and programs through projects that support the implementation of adopted policies. With a vision in place and the plans and policies to attain it, existing urban structures must be strengthened to ensure effective cross-border and-sector coordination. The stakeholders involved in city management have varied roles that can overlap. Some may establish partnerships, either through consultation, research on best practices, or through legal instruments. This process involves city residents, civil society groups, academic and research institutions, business groups, and all levels of government. Politicians are likewise instrumental, and their support—or lack of it—often determines outcomes. Special interest groups, professional groups, business entities, and financial institutions have important roles. Some stakeholders become directly involved in a partnership as members. Skills in achieving consensus across diverse stakeholders are necessary.

SPVs and coordinating bodies provide technical or financial support, or both. Existing partnerships may do the same. Some entities, such as those in charge of transport and utilities, are often members of the highest policy-making bodies, boards, or councils. Cities need to be able to engage at these levels. For example, the Cairns Region Economic Development Council (CREDC) has established working partnerships with the Australian government, Queensland state government, Cairns Chamber of Commerce, Department of State Development and Innovation, the economic development agency Advance Cairns, and Cairns City Council, among others.

### *The crucial human factor*

Programs and project implementation may focus on one specific utility such as water supply, or on a range of diverse sectors such as traffic management, urban development, environment, emergency response, planning for and development of growth centers, and urban regeneration. Individual residents, NGOs, and CBOs should be involved, if possible, in all aspects of the program and project cycles. Some programs involve costs that must be recovered from customers and the willingness of city residents and businesses to pay has to be established. There may be projects—especially those



for infrastructure—that require the relocating and resettling residents and businesses, and this must be addressed at the outset. Issues on social impact require a mitigation plan for resolution. The participation of educational institutions, health organizations, and utility companies is essential when the programs involve these sectors. To avoid duplication and waste of resources, for better coordination, and to target the appropriate beneficiaries, all levels of government and other public agencies must be involved. Their participation helps define the role of stakeholders in the sector concerned. There may also be multilateral or bilateral commitments for specific programs, including financial support or technical assistance, and liaising with those institutions can be resource intensive.

City management institutions, to progress, need to mobilize a variety of resources—funds, organizational arrangements, and staffing—systems and procedures, land and other inputs, participatory mechanisms, and operations and maintenance (O&M). Developing an organization's competencies in all these areas is usually required. Increasingly, organizational structures are becoming "flatter." The people within such organizations are usually from the city but often have fewer skills than their national government counterparts. NGOs and training institutions can help build capacities and provide life-long learning. A national government agency—such as a labor department or a civil service authority—may be involved, too, especially in employment regulation.

### *Involve them and inform stakeholders*

Institutional capacities are strengthened by systems that enable stakeholders to be involved in the day-to-day affairs of an organization. These systems must facilitate regular participation by individuals, NGOs and CBOs, special interest groups, professional groups, civic organizations, business entities, and institutional partners. Individuals and civil



society should be encouraged to express their views and opinions on new policies, programs, and projects. Access to information is the key to encouraging and gaining public participation. Communication between institutions and the public is enhanced through information dissemination, including the use of websites. Local consultative committees can be formed, where necessary, to support the management of major operational assets or where a high level of community interests exists.

### *Delivering a city's service effectively*

The list of areas of competency or specialized expertise needed to manage the delivery of urban services is long. It includes finance, development of services and assets, O&M, regulation, organizational development and human resource management, and monitoring and evaluation. City management institutions are created primarily to deliver these urban services. It is not enough that funds are available. The funds must be properly allocated among priority programs. Financial accountability is also critical. It is imperative that financing for performing service functions is designed to ensure efficient resource allocation and sound accountability. Financial institutions, as stakeholders, may provide support beyond financing, including technical assistance. The same is true for multilateral and bilateral development organizations. Existing partnership networks, SPVs, and public coordinating bodies often are involved in the financing of urban institutions. The government at all levels has a regulatory role since standards and financial rules and procedures have to be met and followed.

Service delivery involves skills and competencies in project planning, engineering design, bidding and award of contracts, and construction supervision. Stakeholders in developing infrastructure and services include professional groups, business entities, and financial institutions. Managing service

delivery effectively requires appropriate O&M to ensure sustainability. Both the skills and resources for this are lacking. O&M of some local services can be handed over to CBOs with the government providing guidance. For those that remain, NGOs and CBOs can provide feedback on performance of delivery. Utility companies are also heavily involved in O&M.

City management institutions need to comply with regulations, including those that cover pricing, environmental matters, and standards. All levels of government monitor compliance. The delivery of services requires staff, who need orientation and training in operations management. Those involved often acquire the necessary skills on the job, learning by doing. Capacity development programs are needed to supplement this experience to prepare people for more highly technical tasks. For this, city management institutions often turn to formal training institutions, NGOs, and CBOs. Some institutions establish their own training units.

Managing service delivery also involves monitoring and evaluation, including assessing social impacts, poverty, and gender issues. Individuals, NGOs, and CBOs, other representatives of civil society, including environmental and women's groups, and health organizations are involved in these assessments. Research institutes provide socioeconomic data, policy formulation, and evaluation methodologies. Partnerships, networks, strategy and policy units, and public coordinating bodies are also sources of information. Cities need the skills to plan such activities, supervise or undertake monitoring, evaluate the results, and incorporate them into future planning and programs.

### *To summarize*

Multiple stakeholder involvement in the core competencies outlined here is crucial for better urban management. It is essential that there be capacity development at all levels and across all stakeholder organizations.

## **Capacity development boost is critical**

Since the 1996 Habitat II Conference sponsored by the United Nations (UN), the paradigm of capacity development has taken center stage in urban development strategies.<sup>143</sup> But current approaches to capacity development do not work well enough. Capacity development is the weakest element of funding assistance, according to recent evaluations by international

<sup>143</sup> UN-Habitat. 1996. *Habitat Agenda*. Istanbul; Peltenburg, Monique, et al. 1996. *Building Capacity for Better Cities—Concepts and Strategies*. Institute for Housing and Urban Development Studies. Rotterdam; Peltenburg, Monique, J. de Wit, and F. Davidson. 2000. *Capacity Building for Urban Management: Learning from Recent Experiences*. *Habitat International*, 24(4), 363–373.

**Capacity** refers to the ability of individuals, communities, institutions, organizations, and social and political systems to use the natural, financial, political, social, and human resources that are available to them for defining and pursuing sustainable development goals.

**Capacity building** or capacity development is the process by which individuals, organizations, and society as a whole unleash, strengthen, create, adapt, and maintain these abilities over time. Capacity development reflects the fact that capacity is always available and its development is a matter of degree as well as a primarily endogenous process. Capacity building, in the strict sense of the word, implies that capacity is newly created. Therefore, capacity development is the more adequate term to describe the endogenous process of enhancing capacity to which external actors can lend assistance.

**Institutional strengthening or institutional development** is also widely used; it overlaps with capacity development but is not identical. According to Morgan and Qualman (1997), traditional institutional development focuses on what an organization has in terms of resources and structure, and on how it performs its various functions. It has the character of organizational engineering that concentrates on improving administrative procedures through the supply of training, technical assistance, and some systems development. Institutional development aims primarily on government institutions and public sector organizations.



development agencies.<sup>144</sup> The global monitoring report, which reviews advancement toward achieving the Millennium Development Goals (MDGs), noted that improvements in public sector management and institutions—the key indicators for public sector capacity—have lagged behind all other MDG benchmarks. Adequate capacity is a critical factor missing from current efforts to meet MDGs. If developing sustainable capacity is not given greater, more careful attention, development efforts in many of the poorest countries will fail even when they are supported with substantially increased funding. This is now widely recognized, and was articulated in the 2005 Paris Declaration on Aid Effectiveness.<sup>145</sup>

A 2006 evaluation study by ADB of its urban sector operations<sup>146</sup> showed that most capacity development was designed to improve project management and implementation. Institutional development focused on specific actions, which included organizational changes, master plan revisions, improved planning systems and building codes, private sector participation, developing management information systems and computerizing, as well as improved financial

### Capacity Development in the 2005 Paris Declaration

The capacity to plan, manage, implement, and account for results of policies and programs, is critical for achieving development objectives from analysis and dialogue through implementation, monitoring, and evaluation. Capacity development is the responsibility of partner countries with funding agencies playing a support role. It need not only be based on sound technical analysis, but it must also be responsive to the broader social, political, and economic environment, including the need to strengthen human resources. Under the 2005 Paris Declaration, partner countries commit to integrating specific capacity-strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed. Funding agencies, in turn, commit to align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities, and harmonize support for capacity development accordingly.

Source: 2005 Paris Declaration on Aid Effectiveness.

<sup>144</sup> Recent extensive reviews include: World Bank Operations Evaluation Department (OED). 2005. *Capacity Building in Africa: An OED Evaluation of World Bank Support*; OECD Development Assistance Committee Network on Governance (GOVNET). 2005. *Living Up to the Capacity-Building Challenge: Lessons and Good Practice*; Canada International Development Agency (CIDA). 2004. *Capacity Development in CIDA's Bilateral Programming: A Stocktaking*; Danish International Development Agency. 2003. *Screening of Danish Sector, Programme Support and Mifresta Interventions*; United Nations Population Fund Agency (UNFPA). 2003. *Support to National Capacity Development Achievements and Challenges: Evaluation Report 20*; United Nations Development Programme (UNDP). 2003. *Development Effectiveness Report 2003 and the Reforming Technical Cooperation for Capacity Development Research (2001–2003)*. Other sources include: Morgan, P., et al. 2006. *Study on Capacity, Change and Performance*. European Center for Development Policy Management;

Boesen, N. 2003. *Enhancing Public Sector Capacity: A Literature Review*. OED, World Bank; Williams, et al. 2003. *A Vision for the Future of Technical Co-Operation in the International Development System*. London: Oxford Policy Management; and Swedish International Development Cooperation Agency. 2002. *Methods for Capacity Development*.

<sup>145</sup> GOVNET. 2005. *Living Up to the Capacity-Building Challenge: Lessons and Good Practice*.

<sup>146</sup> Footnote 43.

## Overview of Capacity Development Trends since the 1960s

Decade	Terminology	Capacity development approaches
1960	Institution building	<p>Provide public sector institutions.</p> <p>Design functioning organizations.</p> <p>Focus on individual organizations.</p> <p>Models transplanted from developed countries.</p> <p>Training in universities of developed countries.</p>
1960–1970	Institutional strengthening/development	<p>Shift to strengthening rather than establishing.</p> <p>Focus still on individual organizations.</p> <p>Provide tools to improve performance.</p> <p>Training in the developed world.</p>
1970	Development management/administration	<p>Reach neglected target groups.</p> <p>Improve delivery systems and public programs to reach target groups.</p>
1970–1980	Human resource management	<p>Development is about people.</p> <p>Education, health, and populations key sectors to target.</p> <p>People-centered development emerges as a concept.</p>
1980–1990	New institutionalism	<p>Structural adjustment, policy reform, and governance paradigm.</p> <p>Capacity development broadened to sector level (government, private, and nongovernment organizations).</p> <p>New focus on networks.</p> <p>More attention to external environment and national economic behavior.</p> <p>Shift from project to programs focus.</p> <p>Concern with sustainability of capacity development efforts.</p>
1990	Capacity development	<p>Reassessment of technical cooperation.</p> <p>Donor discussions on capacity development.</p> <p>Emergence of importance of local ownership.</p> <p>Participatory approaches seen as key.</p>
2000	Capacity development/knowledge networks	<p>Millennium Development Goals become key driver.</p> <p>Increased participation in capacity development.</p> <p>Spread of information and communications technology-based knowledge networks.</p> <p>Emphasis on ongoing learning and adaptation.</p> <p>Systems approaches and emerging talk of complex systems.</p> <p>Balancing results-based management and long-term donor investments.</p>

Source: Whyte, Anne. 2004. Landscape Analysis of Donor Trends in International Development Human and Institutional Capacity Building. *Rockefeller Foundation Series*, Issue No 2.

management, including tariff revisions, billing, and collection improvements. Loan-financed assistance helped corporatize or transform public utilities into more autonomous entities, improve accounting systems and revenue collection, and improve garbage collection. ADB's project completion reports rated 65% of capacity development efforts as successful but only 50% of the institutional development initiatives were similarly rated. The report identified further needs in capacity development in financial management, O&M, project performance and management systems, and urban economic development.

### *Institutions to information— 40 years of developing capacity*

Capacity development efforts have changed considerably over the past four decades. Approaches have ranged from the 1960s model of setting up externally funded institutions

to the emphasis on strengthening existing agencies in combination with overseas training in 1970s. A shift from project-related to sustainable program and sector-oriented governance reforms occurred in the 1970s and 1980s, leading toward participatory approaches in capacity development in the 1990s. The stress most recently has been on knowledge development and sharing, together with systems approaches for improved management capacities. The latter development of knowledge networks is being combined with the emergence of results-based capacity development strategies geared to accomplish the MDGs.

### *Studying capacity development in action*

Evaluations carried out recently of a number of capacity development projects implemented over the past 10 years measured their performance against eight known principles that support successful interventions. Each project was

Summary of Positive and Negative Aspects of Selected Capacity Development Projects

Projects	Evaluation principles							
	Integrated approach	Local ownership	Linked to initiatives/ training institutes	Complementary training methods	Different target groups	Interdisciplinary in nature	Innovative learning techniques	Output-oriented
Short, tailor-made, and in-country: Capacity Development for Heritage Societies, Sumatra	+	+	+	+	+	+	+	+
Sandwich course: Palembang Inner City Revitalization	+	+	+	+	+	+	+	+
Short overseas course (Netherlands): Inner City Development in Transitional Economies	-	+	-	+/-	+	+	+	+/-
Refresher course: Urban Management in West Africa	+/-	+	+	+	+	+	+	+
Institution strengthening: Strengthening the Institutional Capacity of the Urban and Regional Development Institute, Indonesia	+	+	+	+	+	+	+	+
Long-term, tailor-made, and in-country: Strengthening the Role of Local Government in Housing, Bulgaria	+/-	+/-	+/-	-	+/-	+	-	+
Career mapping system: Capacity Development in Urban Infrastructure Management, Indonesia	+	+	+	+	-	+	-	+
Large-scale capacity development: Capacity Development in Urban Infrastructure Management, Ministry of Public Works, Indonesia	+/-	+	+	-	-	-	-	-

+ = positive contribution, - = negative contribution.

Source: ADB. 2007. Capacity Development Background Paper, *Managing Asian Cities Study*. Manila.



analyzed and scored against each principle. The table on the previous page provides a summary of the negative and positive results. Tailor-made courses appear the most appropriate.

### **Making capacity development more meaningful**

Most of the generally academic capacity development programs (CDPs) offered by institutional providers in both developed and developing countries have limited relevance to Asian cities. There are few examples of long-term tailor-made capacity development efforts. Experience shows that most programs neither offer an integrated multidisciplinary approach nor reach the people responsible for change. Peer-to-peer learning programs—the comparative field study programs of the Bangkok-based Asian Coalition for Housing Rights (ACHR), for instance, which supports young professionals visiting slum improvement projects—operate only on a microscale. Most off-the-shelf programs offered by academic institutions are unable to reflect the rapid changes taking place in Asian cities. Their knowledge products are not backed by relevant research on the ground. Institutional academic service providers do not, or cannot, provide tailor-made support to agencies in need of capacity support, and they do not offer a longer-term hands-on involvement on the ground.

### **A new paradigm?**

The consensus appears to be that capacity development for city region management in Asia needs to change from supply- and donor-driven to more demand-responsive approaches.<sup>147</sup> Capacity development involves equipping managers and staff to effectively perform their jobs and work with others. A key part of local development is handing down authority by transferring responsibility to people,

communities, and enterprises, and creating an enabling environment where people obtain information, technology, skills, and technical support to exercise their new authority. Capacity development of public sector organizations means training and human resource development, encouraged by an institutional and organizational environment that supports technical staff and managers. This calls for local governments to formulate capacity development action plans as part of their development agenda. Pioneering work of this kind has taken place in Indonesia under the sustainable capacity building for decentralization project.

Major changes in management require a new mind-set, organizational processes, and structure. And this requires capacity development. All stakeholders must understand why change is required, and must adapt the way they operate. Capacity development must stimulate and facilitate the eminently important changes our cities need. Current CDPs need to catch up with contemporary developments in Asia's cities, not only in relation to urban and economic development, but also to changes in management and finance that involve new central-to-local government relations, politics, community involvement, and public-private partnerships. Innovations in communications also impact on how CDPs, which are about communicating knowledge and skills to other people, should address their target groups (see figure on next page).

Capacity development must not only target the individual but also consider the wider institutional environment. Evaluations of CDPs by the Organization for Economic Co-operation and Development (OECD)<sup>148</sup> and others confirm that the failure or limited success of CDPs is because of a lack of coordination between programs and the institutional environment. To succeed, programs must address the three interdependent levels of capacity, namely individual, organizational, and the enabling environment.

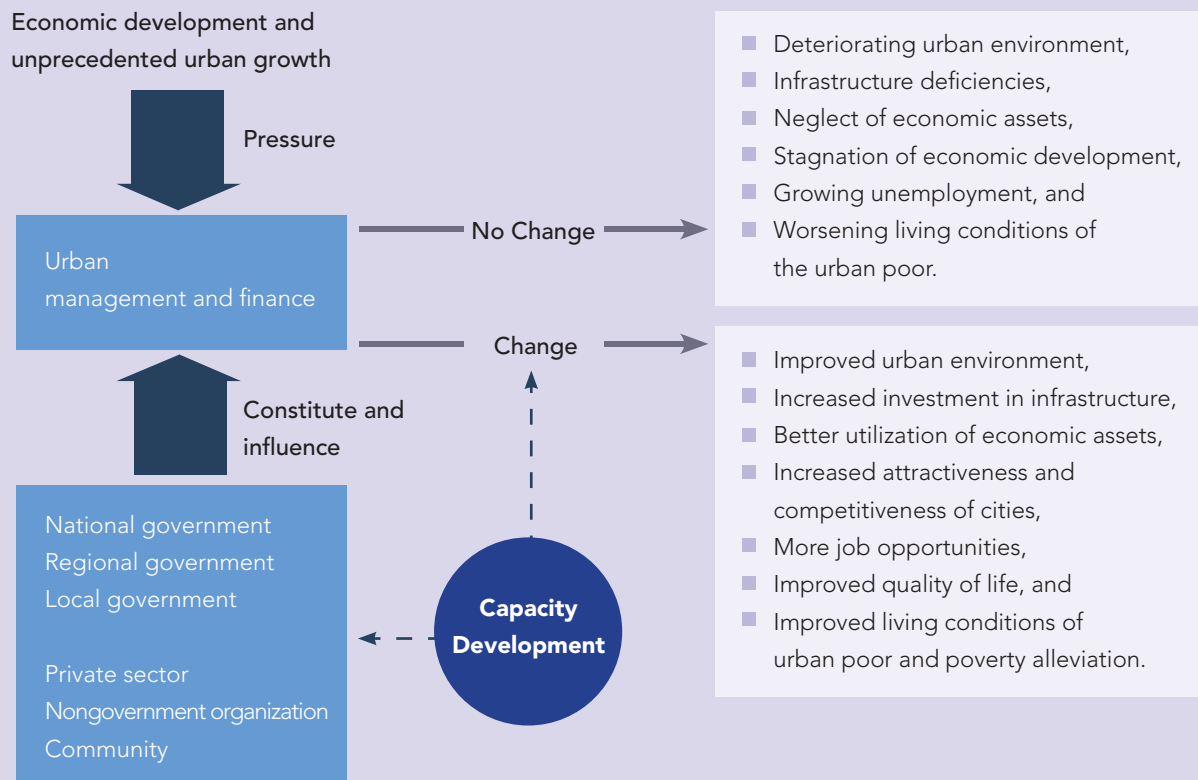
### **Bringing change through capacity development**

Capacity development must allow change to happen, while conveying the knowledge, skills, tools, and instruments necessary for change. Capacity development can become a driver of change. International experience shows that capacity development for urban management requires strong political commitment and support and local ownership. To pursue change in urban management and financing for Asian cities, demand-driven, tailor-made CDPs are needed. This

<sup>147</sup> Wakely, Patrick. 2006. *Capacity Building for Better Cities*. *Journal of the Development Planning Unit*. London: University College.

<sup>148</sup> Footnote 145.

## Linking Capacity Development and Urban Management



Awareness of why change is needed is the first step in pursuing change. This diagram shows the crucial role that capacity development plays in strengthening urban institutions for change. It also shows what can happen if no change takes place.

Source: ADB. 2007. Capacity Development Background Paper, *Managing Asian Cities Study*. Manila.

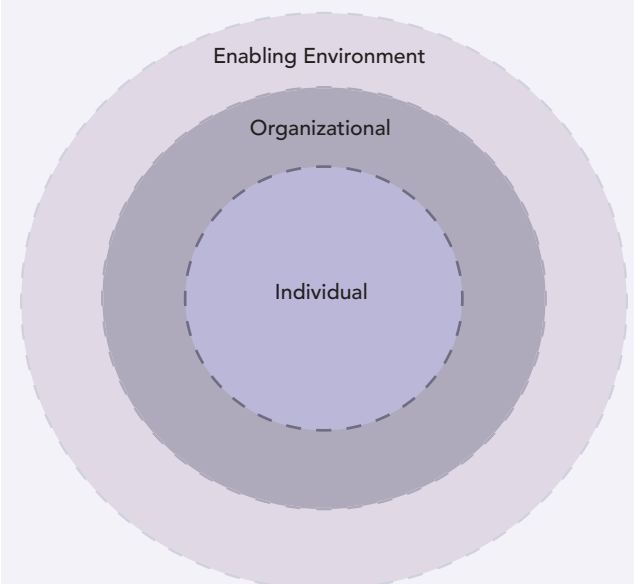
should focus not only on the public sector but on the private sector and the community as well. Likewise, strengthening institutional capacity by establishing new management instruments for cities is paramount. This includes hardware and software support to improve the management of public finance and revenues, assets, physical planning, environmental monitoring, and the administration of development licenses, including business and planning permits.

Training, however, takes time and this depends on the levels of effort required to achieve change (see figure).

### *Training a new breed of urban manager*

There are many ways throughout Asia for students and professionals to learn about managing urban development, municipal finance, provision of basic services, and housing, among others. Four types of learning opportunities are available:

## Three Levels of Capacity Development



Source: ADB. 2007. Capacity Development Background Paper, *Managing Asian Cities Study*. Manila.

## Sustainable Capacity Building for Decentralization in Indonesia

Capacity building–action plans (CBAPs) are a new part of the capacity development process of local governments in Indonesia. CBAPs will become the prime tool of local governments in defining their capacity development strategy and investments and organizational interventions under the government’s sustainable capacity building for decentralization project, with funding from ADB and the Government of the Netherlands. Components include capacity development framework, performance assessment, institutional strengthening, human resource management and development, and financing and budgeting. What is innovative is the link between capacity development and the obligation to measure improved local government performance as an outcome of all capacity development actions. This approach is a departure from the conventional training concept through courses alone. The impact of this training-only method was often

questioned. The Government of Indonesia pioneered this new approach in 2003 to generate modern and capable local governments that are able to handle their own development in a sustainable manner and provide citizens with basic urban services. The project is designed to help local governments develop effective capacity building–action plans; support the implementation of such plans through access to appropriate funding and technical assistance; support the development of a competitive market for providers to meet the needs of capacity development in local government; and implement a national capacity-building framework and disseminate supporting policies and subsectoral strategies.

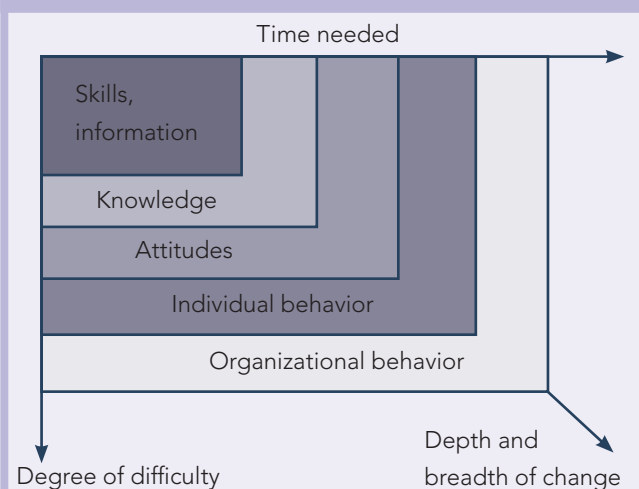
Source: Permadi, D., E. Ross, and F. Steinberg. 2004. *Capacity Building Action Plans for Indonesia’s Local Governments: A New Approach to Investments in Institutional Development*. Ministry of Home Affairs. Jakarta.

■ **Traditional Education through Universities and Vocational Training.** All Asian countries have universities and technical colleges where architecture, city planning, engineering, and environmental management are being taught at undergraduate level. However, the curricula of these educational programs focus on specific areas of study, with little or no orientation toward an integrated or holistic approach. Some curricula are still based on traditional approaches and concepts and do not prepare students for the specific challenges of today’s world. The inability of these institutions to respond to rapid change is often a major constraint. Moreover, some Asian universities tend to create an environment that encourages the reproduction of knowledge rather than critical, problem-oriented thinking or action-oriented research. In certain specialist institutions and some universities, students are encouraged to develop cross-cutting analytical skills and adopt a more proactive attitude toward developmental issues.

■ **Innovative Postgraduate Programs.** In several Asian countries, training at postgraduate level includes Master of Business Administration (MBA) programs, such as those of INSEAD, the Asian Institute of Management (AIM), and those of prestigious schools that train top-level civil servants, including the National School for Public Administration (NSPA) in Beijing. These schools typically use innovative learning methods.

For example, problem-based learning is a commonly accepted methodology employing case study analysis and simulation games rather than conventional lectures and exam-based learning. Many coordinators of curricula at these schools have strong academic backgrounds, but the lecturers are often from industry rather than the academe and have recent hands-on experience in their disciplines. The programs can be cutting-edge and take education to another level. Students, or their employers, are willing to pay for

### Level of Effort Required for Capacity Development



Source: ADB. 2007. *Capacity Development Background Paper, Managing Asian Cities Study*. Manila.

these courses because of the high quality and the status of the degrees. But these schools are targeted at business and are not usually accessible to public sector urban managers. However, they demonstrate that the inclusion of business principle in educational programs can make courses more relevant and attractive.

■ **International Courses at Universities Outside Asia.**

Long-term degree courses outside the region help foster beneficial changes in working attitudes, critical thinking, and other nontechnical attributes, including self-confidence. But experience shows that these degree-oriented educational programs often do not provide a multidisciplinary approach. Their reach is too limited when compared with the need for quality postgraduate education. Many government officials and others who have participated in these courses find it difficult to apply the acquired knowledge once back at their home offices. Many participants return to the same work as before. Very few of these universities offer short-term courses, and those that do usually offer off-the-shelf rather than tailor-made and client-oriented learning products. Few have provided additional in-country, follow-up assistance in implementing innovative practices.<sup>149</sup>

■ **Tailor-made training programs.** In recent years, many Asian countries have benefited from tailor-made training, funded or organized by funding agencies. These include training for government officials, NGOs, and private sector personnel. They have focused on specific topics such as the environment, gender, or health issues. In size, they can vary from small-scale tailor-made training,<sup>150</sup> to a national capacity development support.

### The INSEAD Asia Campus

As a leading business school, INSEAD “brings together people, cultures, and ideas from around the world to change lives and transform organizations.”

The school has two campuses, one in Singapore and one in France, with 143 faculty members from 31 countries and more than 880 Master of Business Administration (MBA) participants, 56 executive MBAs, over 7,000 executives, and 64 Doctorate in Philosophy (PhD) candidates. Faculty conduct research projects on both campuses with the support of 17 “centers of excellence.”

Source: [www.insead.edu](http://www.insead.edu)



### National School for Public Administration (NSPA) in Beijing

NSPA is where all the top and middle-level civil servants of the People's Republic of China are trained and retrained. It offers courses for ministers and mayors of large cities. French President Jacques Chirac and the Japanese Prime Minister have given guest lectures and Dr. Margaret Chan, newly elected head of the World Health Organization (WHO), received her education there. NSPA recently signed a memorandum of understanding with Harvard University and Maxwell School of Syracuse. NSPA was established in 1998. It is mandated to: train senior public managers; initiate academic research focused on government work and training needs; participate in formulating relevant training material and reference books; write or translate training material; organize and coordinate professional exchange between various local institutes of public administration and other training institutes; conduct international exchange and collaboration; educate a certain number of master and doctorate students in public administration and management; and recommend talented officials to government agencies.

Source: ADB. 2007. Capacity Development Background Paper, *Managing Asian Cities Study*. Manila.

<sup>149</sup> This post-training technical assistance could be termed as “after-sales” services.

<sup>150</sup> The Dutch government sponsors such tailor-made events. These may be targeted at the needs of small NGOs or government entities.



- **Programs for Urban Infrastructure Management.** Examples are the ADB-funded capacity building for urban infrastructure management project under the Ministry of Public Works in Indonesia (see box on page 126),<sup>151</sup> and city-level training and peer-to-peer learning on best practices of urban environmental interventions under the global United Nations-funded Sustainable Cities Programme (SCP) (see box).<sup>152</sup>

To summarize, among the various forms of capacity development the few tailor-made courses as well as on-the-job training come closest to meeting the requirements of Asian cities. Others are project-specific, often conducted only once, have a limited time span, and are generally designed to achieve project outcomes. Their relevance to the development of the management capacity of a particular city is limited.

### Achieving effective capacity building

Capacity must be developed at every level and cover all necessary core competencies. Focus should be on its integration into the existing social, economic, and political environment. The urban challengers of megacities in particular should involve all levels of government, the private

<sup>151</sup> ADB. 2007. *Project Completion Report on the Capacity Building for Urban Infrastructure Management Project in Indonesia*. Manila.

<sup>152</sup> Cities participating in UN's Sustainable Cities Programme 1990–2000. Source: UN-Habitat and UNEP. 2000. *Sustainable Cities Programme 1990–2000, A Decade of United Nations Support for Broad-based Participatory Management of Urban Development*. Nairobi.

## UN Habitat's Sustainable Cities Programme

The Sustainable Cities Programme (SCP) addresses urban management with a focus on environmental planning and management. SCP was established in the early 1990s to put into practice the concepts and approaches of the Environmental Guidelines for Settlements Planning and Management document developed by UN-Habitat and United Nations Environment Programme (UNEP). As such, SCP became a key instrument for implementing the environmental dimension of the Habitat Agenda and Agenda 21 at the city level.

SCP sets out a process for environmental planning and management that consists of five elements (see image). Source books were prepared for each of these in 1996–1997 to define the process.

### SCP Phase One, 1991–2001

The objective of SCP was to promote environmentally sustainable urban development. Phase one had several key components:

- **Operational Support.** To provide support to participating cities through demonstration projects that implement the environmental planning and management (EPM) process to address key urban issues.
- **Development of Management Tools.** Based on the practical experiences of cities, to develop EPM management tools in the form of source books and handbooks.
- **Networking.** To facilitate information and expertise exchange between SCP partners (cities, organizations, and programs).
- **Information and Awareness Building.** To raise awareness of SCP and of the urban environment agenda, and to document and disseminate information.
- **Resource Mobilization and Management.** To enable the implementation of the programs.

By 2000, SCP had 29 active partner cities. There were nine countries with national SCP programs in preparation or ongoing, and replication of city demonstration projects was taking place in 25 cities. In addition, EPM training had been carried out in six countries, SCP had established a tradition of regular regional and global meetings, and there was an operational SCP website.

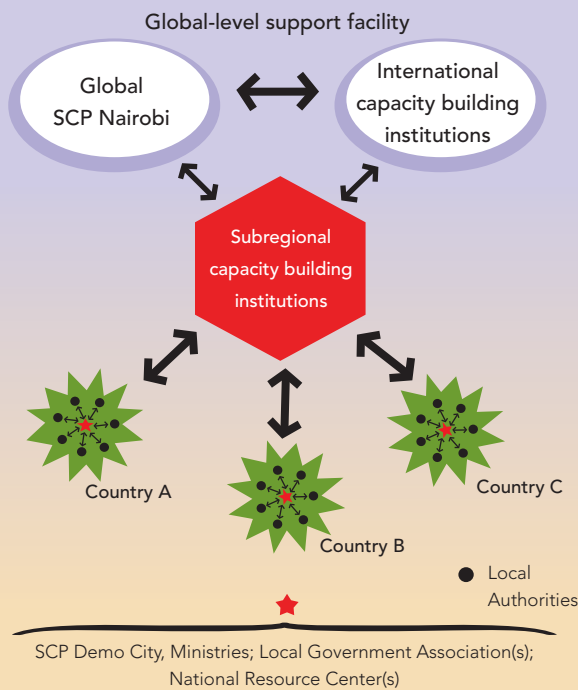
## SCP Phase Two, 2002–2007

The second phase of SCP builds on the lessons and achievements of phase one. It is a long-term initiative to strengthen the institutional capacity of city and local authorities and their partners in the area of urban EPM. Phase two represented a shift toward more capacity development. The objectives of this SCP phase are threefold: to improve the EPM/SCP application and policy implementation processes, to develop an institutional framework and network for sustained EPM support, and to institutionalize SCP's normative functions.

The key components of Phase Two are:

- Strengthening EPM implementation by reviewing its implementation modalities, and strengthening the packaging and implementation of demonstration projects;
- Supporting regional and national institutions and partners through capacity development programs by the anchoring institutions' initiative and the adaptation of SCP and EPM tools at local level; and
- Mainstreaming EPM into standards for SCP partners through improved knowledge management, the development of new EPM tools, an updated and expanded SCP global website, and regular global meetings for partners.

### Capacity Building Infrastructure for EPM Knowledge and Expertise



EPM = environmental planning and management, SCP = Sustainable Cities Programme.

With the shift toward more capacity development, SCP also moved toward decentralizing the program. The anchoring institutions initiative implies that subregional and national institutes have the overall ability to strengthen the capacity of and assist local authorities. In Asia, the main participants in this network are the Asian Institute of Management, the Asian Institute of Technology (AIT), School of Urban and Regional Planning of the Philippines, and the Thailand Environment Institute.

SCP is a valuable program but constraints impede its overall successful implementation. Because it has existed for a long time, its ideas about a successful process toward sustainable EPM have crystallized. This makes any changes in the direction difficult to pursue, even though local authorities and anchoring institutions indicate that some steps, and especially the tolls for them, are not functioning well. This inflexibility also obstructs effective capacity development of authorities and the sustainability of established programs is endangered.

Source: ADB. 2007. *Project Completion Report on the Capacity Building for Urban Infrastructure Management Project in Indonesia*. Manila.

### Elements of Sustainable Cities Programme



Source: [www.un-habitat.org](http://www.un-habitat.org)

## Lessons from an ADB Project in the Design of Capacity Development Programs in the Urban Sector

ADB's capacity building in urban infrastructure management project was a pilot project to strengthen the capability of selected local governments in Indonesia to manage urban infrastructure services and urban planning. The project was implemented from mid-1998 to December 2003. An ADB evaluation documented important lessons for formulating and implementing capacity development projects for Indonesia and in general: The project was too short and focused on formal qualifications rather than cultural change in "organizations, thus reflecting the need for long-term, in-depth engagement."

While foreign consultant-led training under the project built on existing capacities and strove to ensure that global best practice

was incorporated, the environment into which trainees returned was not conducive to the application of that practice and further support was required for real organizational change.

The career-mapping system, an attempt to "establish positive incentives," for good performance, was excellent in concept but did not adequately integrate into national priorities, processes, and systems.

In the context of the poor governance record of Indonesia and of significant economic and institutional shocks, the project did not adequately reflect the need to be more accountable to ultimate beneficiaries. A longer-term, more structured engagement providing support to incremental extension of citizen participation was required.

Source: ADB. 2007. *Project Completion Report on the Capacity Building for Urban Infrastructure Management Project in Indonesia*. Manila.

## Thematic Orientation of Capacity Development by Target Groups

Target groups	Thematic orientation of capacity development
Public sector	<p>Long-term strategic planning—10 to 15 years.</p> <p>Integrated urban management, linking economic, environmental, and social development, through interdisciplinary and cross-sectoral approaches.<sup>a</sup></p> <p>Capacity for dialogue and formulation of business deals with private sector and community, through participatory approaches.<sup>b</sup></p> <p>New management instruments for public finance and revenues, public asset management, physical planning, environmental monitoring, and the administration of development licenses, including business and building permits.<sup>c</sup></p>
Private sector	<p>Awareness of roles and responsibilities of the private sector in urban development.</p> <p>Legal, financial, and managerial parameters for public-private partnerships for service-delivery and development projects.</p> <p>Viability of pro-poor approaches and the formulation of sustainable programs.</p>
Community	<p>Awareness of roles and responsibilities of the community in urban development.</p> <p>Role and responsibilities of community-based organizations and nongovernment organizations, and capacity to dialogue and cooperate with the public and private sector.</p> <p>Lessons of community-based sustainable urban development programs in relation to physical development, urban services, savings and credit schemes, and leadership enhancement.</p>

<sup>a</sup> UN-Habitat. 2004. *Report on Sustainable Cities Programme Induction Workshop for Anchoring Capacity Building Institutes in Asia*.

<sup>b</sup> Plummer, Janelle. 2002. *Focusing Partnerships—A Sourcebook for Municipal Capacity Building in Public-Private Partnerships*. London: Earthscan; Plummer, Janelle. 1999. *Municipalities and Community Participation – A Sourcebook for Capacity Building*. London: Earthscan.

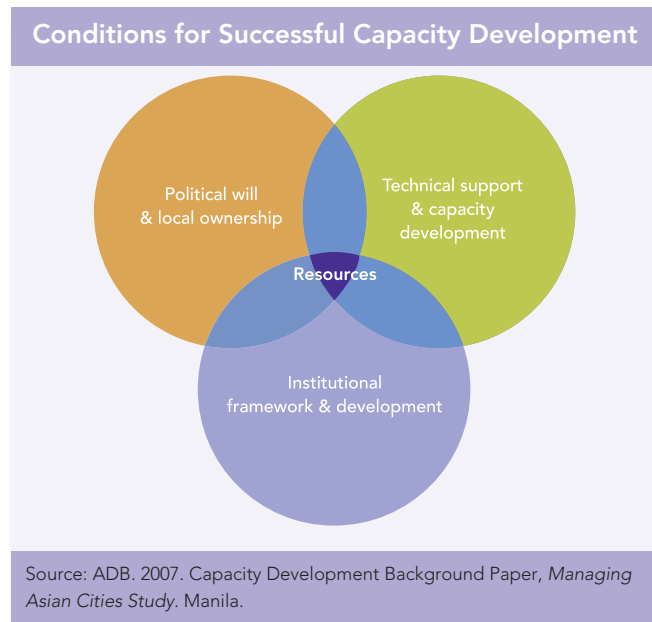
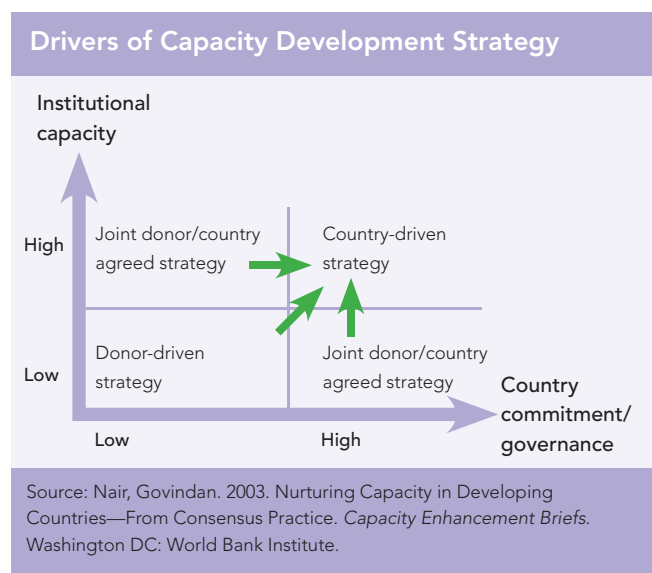
<sup>c</sup> Blore, Ian, Richard Slater, and Nick Devas, eds. 2004. *Municipalities and Finance – A Sourcebook for Capacity Building*. London: Earthscan.

Source: ADB. 2007. Capacity Development Background Paper. *Managing Asian Cities Study*. Manila.

sector, and the community. The thematic orientation of required capacity development is shown over the page and highlights the new paradigms and approaches of urban management that are proactive, problem-oriented, and geared toward strategic longer-term change.

### Ownership, leadership, and the need for better management

Local ownership is the key to successful capacity development and this is enhanced if activities are demand-driven.<sup>153</sup> There must be a shift from supply-side, donor-driven approaches to demand-led ones.<sup>154</sup> Political, not technical, processes will determine the specific pathways of interaction between



demand and supply of nurturing capacity development. Where governance is weak or institutional capacity is inadequate, development partnerships may require external funding assistance rather than being totally country-led. Inadequate governance because of civil strife, fragile accountability structures, or weak institutional capacity among service providers may mean the continuing domination of donor-driven strategies (see figure).

National and local governments need to formulate sustainable capacity development strategy under institutional and organizational reform agendas and commit funds for their implementation. Change is urgently needed in the management of Asia's cities and this calls for a multidisciplinary and multisectoral approach to capacity development.

### Call is for new, innovative teaching

Programs for capacity development ideally comprise a combination of training methods that enhance communication, facilitate the practice of skills, and embrace new technologies in teaching. To make these appropriate for adult education, there needs to be a mixture of teaching methods, including workshops, lectures, case-study exercises, role plays, and group discussions. This requires professional help and process-related, hands-on support. Peer-to-peer learning, which entails the exchange of knowledge and experiences between colleagues and fellow professionals, has gained ground over the last decade. The experiences of practitioners in one city or region can be used by others. Twinning programs between local governments have facilitated peer-to-peer learning. There are interactive platforms, such as the Development Gateway community ([www.developmentgateway.org](http://www.developmentgateway.org)), that can greatly enhance the dissemination of good practice, and function as a medium of peer-to-peer exchanges. But the exchange of information and references needs to be guided.

### New information technologies and the capacity development agenda

Information technology (IT) is now assuming an important role in capacity development, bridging distances between the target groups and the facilitators or trainers. The World Bank led the way in web-based capacity development with, for example, the outreach site of the World Bank Institute. Video conferencing enables visual communication between trainers and participants even if they are apart. Access-

<sup>153</sup> Lopes, Carlos, and Thomas Theison. 2003. *Ownership, Leadership and Transformation – Can We Do Better for Capacity Development*. London: Earthscan.

<sup>154</sup> Nair, Govindan. 2003. Nurturing Capacity in Developing Countries: From Consensus to Practice. *Capacity Enhancement Briefs*, No. 1. Washington, DC: World Bank Institute.

## Promotion of Capacity Development through Establishment of Urban Institutes

One way to improve training is to start a new institute locally with the assistance of foreign institutes, financed by funding agencies and/or local funds. Such institutes can help build, strengthen, and meet the demand for local government capacities. A new training institute requires not only curriculum development but management and financing arrangements that will ensure continued operations after the initial support ends. Good examples are the training institutes created with bilateral assistance from the Netherlands in the 1980s and 1990s, which are now functioning without foreign financial assistance. Their training courses continue to obtain financial support from various sources, including national governments, multilateral, or bilateral agencies. They continue because:

- The initiative originated locally with the institutes, universities and/or national governments, and they retained ownership.
- The institutes had local management from the beginning and were supported by expatriate team leaders.
- The bilateral assistance under a special international education program of the Netherlands government supported these institutes for 4–5 years, developing not only a training program but also the training institutes' management capability. When bilateral assistance ended, the institutes were able to continue operations through other financial sources. Multiyear support for those institutes is essential for survival.

- Staff of these institutes were trained through extensive transfer of technology programs, both in-country and in the Netherlands.
- A network was established for some years between institutes to exchange ideas.

Indonesia provided another similar example with the establishment in 1995 of the Urban and Regional Development Institute (URDI). The initiative to start this independent, private institute was taken by the Indonesian Government with Real Estate Indonesia (REI). Finance for the first year came from the United Nations Development Programme and Swiss development assistance. After 1 year, URDI had to finance itself, and it has done this successfully. Now URDI has firmly established itself in the market. Other examples of existing urban institutes and training centers established with the assistance of the Institute for Housing and Urban Development Studies (IHS), Rotterdam, are: Sri Lanka—Center for Housing, Planning, and Building (CHPB), Ministry of Housing, Construction, and Public Utilities (1980); Thailand—Center for Housing Studies, National Housing Authority (1982); India—Human Settlement Management Institute (HSMI), Housing and Urban Development Corporation (1985); Tanzania—Center for Housing Studies, Ministry of Lands and Urban Development (1980); Colombia—Center for Popular Habitat Studies, National University, Medellin (1986); Egypt—Urban Training Institute in the Housing and Building Research Institute (1992); and Ghana—Institute for Local Government Studies (ILG), established in 1998.

Source: ADB. 2007. Capacity Development Background Paper, *Managing Asian Cities Study*, Manila.

restricted platforms such as Blackboard ([www.blackboard.com/inpractice/corpgov/](http://www.blackboard.com/inpractice/corpgov/)) enable participants and trainers to exchange documents, opinions, and schedules easily. Another promising development is the use of small mobile devices, Palmtops, mobile phones, and Blackberries. Voice Over Internet Protocol (VOIP) and other technologies are reducing the cost of voice communication. These developments and the increased demands for transparency, accountability, disclosure of information, and public accessibility of documents have opened doors for increasing the capacity of civil society. For example, India has achieved a major breakthrough with the introduction of the Right to Information Act of 2005, and this may set the standard for others.

## The human touch

Not all communication can be dealt with through cyberspace. Face-to-face contact is still irreplaceable when it comes to in-depth guidance of individuals and groups. To differentiate between the modes of communication and put together a balanced program with the right mix of new technology and traditional workshops requires a special skill. Where old-school capacity development needed a teacher to give lectures to course participants, new-school capacity development requires a person who can manage the program and act as a facilitator during sessions. To combine approaches, methods, and tools of capacity development into attractive and effective programs, proper management is essential.

CBOs and local NGOs function alongside local government and should be priority target groups for capacity development. The emerging role of neighborhood and community groups has been mirrored by a new tier of local governance, or community extension workers, who provide the interface between individual households and municipal authorities. The capacity development support they need is in the skills of political negotiation, communication, community management, and the administration of local infrastructure, services, and financial resources.

Although the private sector is expected to build or maintain its own capacity to remain competitive in the market, there are circumstances where some entities—including microenterprises, both informal and formal—may need assistance. This can be provided in the form of legislative deregulation and incentives that encourage and enable them to enter the market as providers of basic urban services, or through technical and managerial training.

### **Complementary forms of knowledge transfer**

We have shown that the transfer of knowledge to city and local government staff has been undertaken by academic institutions, such as universities, schools of higher learning, or local government training institutes. However, the diversity of core competencies requires a more complex capacity development agenda.

This should comprise five major elements:

- **In-Service training.** This represents formal training for public servants that can be delivered by conventional service providers, such as universities, schools of higher learning, local government training institutes, or by consultants. This training can be either standardized by using off-the-shelf curricula and learning materials or tailor-made to fit certain institution-specific requirements.
- **On-the-job, hands-on training and peer learning:** Needs to be undertaken by consultants who may follow up on earlier in-service training through in-house advisory services and hands-on exercises and practice sessions relating to the newly installed management systems, software, and hardware. The nature is tailor-made and personalized. Peer learning through exchange visits, domestic or even international, has become a popular supplementary form of learning, which can help deepen knowledge and provide



incentives for attitudinal changes because first-hand experience may be more convincing than academic training—“seeing is better than just believing.”

- **Postgraduate education.** Formal degree-oriented learning represents an attractive modality for those who want to advance their careers and acquire additional qualifications. From the institutional perspective, it may be desirable that staff have higher qualifications, although career path planning and opportunities for promotion may not be available within the same organization. Postgraduate research work can contribute to knowledge products that may directly benefit the organization of the postgraduate students. Postgraduate education can be one most appropriate way to develop training skills and higher education institutes can provide specialized “training-of-trainers” courses.

### **VOIP and videoconferencing offer cheap means for bringing people closer**

- **Systems and Management Instruments.** Recent developments have supported the creation of a variety of electronic data management and planning tools for office use, many of which are commercially available.



They embody knowledge, but are not a panacea. Some software packages can be purchased as off-the-shelf products, including those for administration, financial management, accounting, asset management, geographical information systems, construction management, human resource management, and e-governance. Others need to be tailored to the specific requirements of an institution—systems for environmental data management, for example, and for planning and budgeting, the management of monitoring data, and human resource tracking. Although these tools and systems can substantially improve the capacities of institutions, their introduction may encounter opposition. This, in turn, will require training and attitudinal change, which can be provided through hands-on approaches by the system providers or in-house consultants.

- **Research.** Rapid urban development makes it necessary that independent research provides feedback through baseline studies, and that good management practices are assessed and documented. Research institutions are important sources of knowledge products that become increasingly relevant as cities need to make informed choices in their development planning. Such research is normally undertaken by urban institutes, either independent ones such as the Australian Housing

and Urban Research Institute or those embedded within universities like the urban “cell” within the Asian Institute of Management.

**Required:**  
*institutes to stimulate urban learning*

The mix of a country’s or city’s capacity development needs will vary depending on its existing skill base. The chosen capacity development strategy at both these levels will, in turn, influence the role and resources channeled to the variety of intermediary organizations, from universities to consultants, who provide the on-the-job training that deliver the various modes of capacity development. New, interdisciplinary, and innovative forms of knowledge transfer also require a considered review of the roles, practices, and capacities of training providers. The role of urban institutes, not a strong feature of the Asian urban scene, needs to be articulated. They need the capacity to generate and sustain a learning environment for other urban institutions. The chosen strategy may require fundamental change, not only to approaches of training delivery, but also in the relationships between the suppliers and their clients, local government agencies, private sector, community, and grassroots organizations. Improving the effectiveness of capacity developers is to become a key agenda.



Intermediary organizations operating at regional and international levels can provide such support to national or local training providers, and some already do. Besides developing knowledge products and tool kits for their dissemination, these organizations should assume a major role in helping service providers become hands-on technical assistance agencies. A new role is required for training service providers, who need to be more proactive in helping municipal organizations with their institutional and human resource agenda. New types of relationships are needed between executive authorities, including local councils, management consultants, and training and capacity development institutes. This means that local training establishments must become demand-responsive service providers.

### The Way Forward

Clearly, national and local governments need to formulate sustainable capacity development strategy and prepare action plans within the context of institutional and organizational reform programs. This requires a commitment of funds by national and local governments and support from multi- and bilateral funding agencies. In addition, there is a need to establish an operational network linking local, national, and international education and training institutions. Such a network would provide institutional and professional support to all levels of capacity development through the exchange of information and good practice, focusing on training, education, and the introduction of innovative management.