Capacity Development in the International Development Context: Implications for Indigenous Australia

J. Hunt

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Director, CAEPR
The Australian National University
October 2005

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<tr>
<td>AIATSIS</td>
<td>Australian Institute of Aboriginal and Torres Strait Islander Studies</td>
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<td>ANU</td>
<td>The Australian National University</td>
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<td>ATSI</td>
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<td>CAEPR</td>
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<td>CDRA</td>
<td>Community Development Resource Association (South Africa)</td>
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<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>DAC</td>
<td>Development Assistance Committee (of the OECD)</td>
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<td>DFID</td>
<td>Department for International Development (UK)</td>
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<td>DIMIA</td>
<td>Department of Immigration, Multicultural and Indigenous Affairs</td>
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<td>ECDPM</td>
<td>European Centre for Development Policy Management</td>
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<td>FACS</td>
<td>Department of Family and Community Services</td>
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<td>HORSCATSIA</td>
<td>House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs</td>
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<td>HREOC</td>
<td>Human Rights and Equal Opportunity Commission</td>
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<td>INTRAC</td>
<td>International NGO Training and Research Centre (UK)</td>
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<td>NCVER</td>
<td>National Centre for Vocational Education Research</td>
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<tr>
<td>NGLS</td>
<td>Non-government Liaison Service</td>
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<td>NGO</td>
<td>Non-government Organisation</td>
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<tr>
<td>NTA</td>
<td>Native Title Act</td>
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<td>NTRB</td>
<td>Native Title Representative Body</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>OIPC</td>
<td>Office of Indigenous Policy Coordination</td>
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<tr>
<td>ORAC</td>
<td>Office of the Registrar of Aboriginal Corporations</td>
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<td>PBC</td>
<td>Prescribed Body Corporate</td>
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<td>SRA</td>
<td>Shared Responsibility Agreement</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>USA</td>
<td>United States of America</td>
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<td>VET</td>
<td>vocational education and training</td>
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ABSTRACT

Capacity development has become a key concept in international development in recent years. Older approaches involving technical cooperation, in which knowledge and skills were to be transferred to developing countries, have been unsuccessful. In contrast capacity development is viewed as an endogenous process within organisations and communities which are themselves embedded in wider systems. Understanding the features of these systems which might support rather than inhibit capacity development is therefore important.

The paper first clarifies aspects of the term ‘capacity development’ and then draws on recent research and experience of capacity development to draw out some of the key international lessons, especially in relation to the ‘enabling environment’. It then outlines a number of community and organisational approaches to capacity development, but cautions that cross-cultural issues may affect capacity development at different levels.

The paper concludes by raising questions about the implications of this international development experience for thinking about capacity development in Indigenous Australia. It particularly argues for a greater focus on removing the constraints in the enabling environment in order to better foster Indigenous capacity.

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INTRODUCTION

This paper traces the interest in capacity development in the field of international development and explores themes which may be of interest for those seeking to build greater capacity in Indigenous Australia. It teases out what is meant by capacity development, examines what studies and experiences of capacity development reveal about successful approaches, and offers some thoughts about what all this might mean for approaches to capacity development in Indigenous Australian communities and organisations.

Early efforts in the field of international development were focused on development of infrastructure and technology, and transfer of financial capital to the developing world to stimulate economic growth. As it became clear that the focus on growth alone would not achieve development, attention turned to more human and social aspects, leading to the emergence of the ‘human development approach’ which is concerned with enlarging people’s choices. Key to that approach is the building of human capabilities. There is strong emphasis through this strand of thinking on the development of ‘capacity’, meaning ‘the ability of individuals, organizations, and whole societies to define and solve problems, make informed choices, order their priorities and plan their futures, as well as implement programs and projects to sustain them’ (Nair 2003:1).2

There are currently two major strands of development thinking and practice. One is based on orthodox neo-liberal approaches to economic development, and stresses the need for sound policies (especially efficient markets) to sustain growth, coupled with sound financial and legal institutions to foster investment and trade. The other focuses more on investment in human and social capital, and the strengthening of civil society. Thus both approaches concern themselves with governance, but each focuses on somewhat different aspects. In practice, since different institutions give weight to these different emphases, elements of both are evident to a greater or lesser degree in any one country, within a wider global context of market-led and trade-led development.

The nature of the capacity to be developed differs somewhat depending on which of these views of development is preferred. However, whichever approach is adopted, there has been strong agreement since the mid-1990s that development ‘partnerships’ between donors and recipients are critical, that people need to participate in and shape their own development, and that having capable institutions is essential to achieving development outcomes. There is also agreement that development requires collaboration between the state and other actors, notably the private sector and civil society, and that the role of donors has to become that of facilitator and enabler. Earlier approaches based on the idea that capacity could be ‘transferred’ from the developed countries to the developing ones through technical cooperation were seen to have been unsustainable (Nair 2003).

Thus partnership and participation became new catch-words to describe the ethos underlying new development cooperation strategies. Development agencies would ‘partner’ with local institutions, and local
people would gain through fuller participation in planning and implementation. The very latest thinking suggests that a shift from partnership to 'ownership' is essential. The call for greater local 'ownership' of the development endeavour has been matched by the recognition that local institutions do not always have the requisite capabilities to meet the challenges they face to fully take that ownership, and it is recognised that the wider conditions in which they operate may be part of the problem (Fukuda-Parr, Lopes & Malik 2002). Thus capacity development becomes a central task in development.

CAPACITY DEVELOPMENT: CLARIFYING A CONCEPT

The terms capacity building or capacity development are used in international development circles in many different ways to apply to a host of diverse activities at many different scales, from rebuilding an entire nation after traumatic conflict to strengthening a small community-based organisation, and occasionally to training an individual. Inevitably, such diverse uses of the term can lead to confusion about what is done in its name and how to evaluate programs which claim to do it.

In an early paper about capacity assessment and development, the United Nations Development Program (UNDP 1998) outlined the key capacities to be considered at three levels:

- the broad system (also known as the 'enabling environment');
- the entity (a department, unit, or organisation); and
- the individual.

THE ENABLING ENVIRONMENT

The dimensions of capacity which the UNDP suggests may be considered here are:

- policy—the purpose and mandates of the system, including value systems;
- the legal and/or regulatory framework;
- the management or accountability system;
- resources (including human, financial, information etc.); and
- process—including communications flows and relationships within the system.
THE ENTITY

The dimensions of capacity which UNDP suggests may be considered here are:

- mission and strategy (e.g. including role, clients, interactions with ‘stakeholders’ and wider system, and core strategic management capacities);
- culture and/or structure and competencies;
- processes (internal and external);
- human resources;
- financial resources;
- information resources; and
- infrastructure.

THE INDIVIDUAL

At the level of the individual the UNDP suggests the following dimensions:

- the individual’s capacity to function effectively within the entity and the broader system;
- performance and/or skills required for particular functions;
- accountability;
- values and/or ethics; and
- incentives and security.

Interestingly, there is no explicit consideration of the culture of the enabling environment (as opposed to that of the entity) as a resource or constraint in this framework. Nor is there any consideration of the household or kinship network in this rather institutionally-focused approach. This is typical of the understanding of capacity development in international development. Rather, households and kinship networks have been given greater focus in community development approaches.

DISCUSSION

In early work on capacity development, emphasis was placed on the capacity of individuals, and a major strategy was educational scholarships and other ‘manpower’ development approaches. The next focus was on organisations and their policies, systems and approaches to service delivery. The institutional framework and ‘culture’, or enabling environment, remained as an unexamined constraint (Department for International Development (DFID) 2002).
The British official development agency, DFID, states that ‘turning individual competence into organizational capacity requires institutional change’ (DFID 2002: 2, italics in original). They conclude that ‘best practice for capacity development is likely to require a mix of interventions at these three levels: the individual (tools and training), the organization (restructuring, reform or strengthening of business management systems) and the institutional (pay, promotion, and possibly culture change)’ (DFID 2002: 3).

More recently the UNDP has emphasised that capacity development ‘takes place not just in individuals, but between them, in the institutions and networks they create—through what has been termed the “social capital” that holds societies together and sets the terms of these relationships’ (Fukuda-Parr, Lopes & Malik 2002: 9). Social capital theory suggests that bridging and linking capital in particular can assist economic development through building networks of trust and social relationships. However, recent research suggests that social capital approaches may need to take cultural contexts into account more carefully and warns
that the assumption that strengthening social capital will lead to development is politically naïve; poor people’s engagement with public institutions and associations is constrained, and this may simply reproduce their exclusion (Cleaver 2005; Foundation for Development Cooperation 2002). Capacity development is nevertheless ‘[f]ar more than just human resource development or organizational development’ (Lavergne 2004b).

A key emphasis of capacity development is on achieving and sustaining outcomes. Many capacity development initiatives fail, or have not been successfully sustained, because they have not taken the broader system or environment into account (UNDP 1998). They have focused on the individuals or the entities without sufficient consideration of their systemic context, and their relationships, and how those may affect their capacity to perform.

Capacity development of communities is usually termed ‘community development’. It is equally important to consider the ‘enabling’ environment, that is the systems and policy frameworks which surround community-level work, as frequently aspects of this environment need to change to facilitate development. Fig. 1 illustrates rather simplistically a community in its ‘enabling environment’ consisting of several layers of government. Not shown are private sector players who may also be very significant. The black ovals in the centre represent organisations within an Aboriginal community. Each outer layer contains many complexities, and there is usually an extensive set of interactions between players in these layers and the Aboriginal community and/or organisation(s) at the centre. In the real world, even the very idea of a bounded and clearly defined Aboriginal community is also open to question. Whatever the limitations of this particular model, a key lesson from international development experience is to focus more attention on the enabling environment.

**SOME FURTHER CONCEPTUAL DISTINCTIONS**

Franks usefully distinguishes between capabilities—meaning the ‘knowledge, skills, attitudes of the individuals, separately or as a group, and their competence to undertake the responsibilities assigned to them’, and capacity, as ‘the overall ability of the group or individual to actually perform the responsibilities’ (1999: 52). Thus capacity depends on the size of the task, the resources allocated and the context in which it is to be carried out. Underfunded or understaffed activities will fail even where capabilities exist. In addition Horton et al. (2003) emphasise that management, including strategic leadership, program and process management, and networking and linkages are also critical to turning capabilities into organisational performance.

Another useful distinction is that between ‘hard’ and ‘soft’ capacities: The “hard” elements refer to things like personal skills, functions, structures, systems and to factors such as equipment, infrastructure and financial resources ... The “soft” elements refer to less easily definable and quantifiable factors. These are often related to so-called “incentive” motivational and demand factors, of a material, cultural or social nature’ (Land 2000: 3). The distinction applies at both the individual and the organisational level, as well as...
in the broader governance environment, and research and experience indicates that the ‘soft’ elements are extremely, if not critically, important (Kaplan 1999; Morgan, Land & Baser 2005).

Another conceptual consideration relates to whether capacity building is seen as a means, a process or an end in itself. Thus as a means, capacity building may be designed to enable an organisation to deliver a service or program defined by another agency. As a process, capacity building may be about developing the capacity to deal with constant change in the external environment. Finally, as an end, capacity building may be about strengthening an organisation to participate in sustainable development (Bebbington & Mitlin 1996: 7).

Oxfam (2002) sees capacity building not as a tool, but as an approach to development, and quotes Eade (1997), who says,

> Capacity building is an approach to development, not something separate from it. It is a response to the multi-dimensional processes of change, not a set of discrete or pre-packaged technical interventions intended to bring about a pre-defined outcome (Oxfam 2002: 4).

It seems that at least some official donors have also come to this view, referring to ‘mainstreaming’ of capacity development, and to capacity development as the central concept in development (Lavergne 2004b).

The idea that it is important is to develop peoples’ capacities to assert their own values, determine their own priorities, and enable them to act on these is not new (see Eade & Williams 1995) but it represents a paradigmatic shift in how development is undertaken. It is a shift from a linear, reductionist model which sought to transfer capacities from outside, to one which is holistic and systemic, and which involves recognising, working with, and enhancing existing local human and other resources and building relationships. This approach recognises that capacity development is a process of changing the institutional environment in concert with, and as a contributor to, changing institutions and individuals. Thus, a focus on relationships and inter-relationships becomes very important.

In summary, two recent discussions of capacity development make the following points:

- Capacity development has to do with the process of change and adaptation at a variety of levels including the individual, the functional, the organisational, the multi-organisational and the institutional (European Centre for Development Policy Management (ECPDM) 2003).

- ‘Capacity development is the process whereby individuals, groups, organizations and societies enhance their capacities, understood in terms of human, organizational, institutional and social capital.’ It is ‘a process of change that cannot be dissociated from those whose capacity is involved, i.e. an endogenous process’ (Lavergne 2004a). That is, Indigenous people must be the subjects, not the objects, of their own capacity development.
CAPACITY DEVELOPMENT: LESSONS FROM RECENT RESEARCH AND EXPERIENCE

The reality of capacity development on the ground is more complex than the foregoing discussion would suggest. Some interesting findings are emerging from a major study of capacity development currently being undertaken by the ECPDM for the Organisation for Economic Cooperation and Development (OECD) Network on Governance and Capacity Development (ECPDM 2003). It involves 20 case studies which investigate how organisations and systems, mainly in developing countries, have succeeded in building capacity and improving their performance. The scale of these studies varies, from whole sectors, to major institutions and NGO networks. It is exploring the factors that encourage capacity development, how these differ according to context, and why efforts to develop capacity have been more successful in some places than others.

A preliminary report (Morgan, Land & Baser 2005) emphasises the importance of contextual factors, the close linkage between governance and capacity development, and the salience of systems thinking to success. Thus, this research also emphasises that the organisations whose capacity is to be built sit within a system of other organisations, whose intersection with them may help or hinder the capacity development process. Where a virtuous spiral of capacity building can be generated, and where networks can assist in scaling up impact, this intersection can be valuable. A disempowering cycle, however, can constrain capacity development. This perspective is elaborated in the next section of this paper.

In terms of the process, the researchers note that capacity development does not always flow from a grand plan, but may evolve from experimentation or in a pragmatic and incremental way. They also emphasise the need for developing a balance between the ‘hard and soft’ capacities, and recognise that politics permeated all their studies, as ‘shifts in roles, power, access to resources, relationships and identities took place at all levels’ (Morgan, Land & Baser 2005: 11). Attracting attention and gaining support through ‘positioning’, and getting the right balance between ‘operational autonomy, political support, performance and accountability’ (2005: 11) were all important in their case studies.

A number of other relevant issues arise from the ECPDM study: the quality of leadership, legitimacy, and the relationship between capacity and performance. While leadership is seen as critical by many writers (e.g. Hailey & James 2004), four particular qualities stand out in the link between effective leadership and capacity development in the ECPDM study. Successful leaders infuse others with positive energy even in disempowering circumstances; they think strategically and creatively about capacity development as an end in itself as well as a means to better performance; they use informal networks, contacts and social standing to protect the organisation; and they adapt their leadership style as the organisation grows (Morgan, Land & Baser 2005: 12).
This research also found that legitimacy can assist in developing capacity by leading to opportunities and access to resources. Most interesting, in the context of capacity building for Indigenous governance, are their findings about the relationship between formal and informal, or traditional institutions:

In many cases power and legitimacy came out of the informal and traditional rather than the modern. The change strategies that appeared most effective were able to operate well at both levels. They had ways of indigenizing techniques from the outside and modernizing traditional practices and values. Capacity development was at one level about respecting national values. But it was also about changing them to fit with new challenges (Morgan, Land & Baser 2005: 13).

The link between capacity and performance seems to be a complex one, but what is clear is that ‘quick wins’ in the short term are necessary to sustain capacity development efforts over the long haul, and knowing how to balance these short and long-term needs is vital. However it seems that strict linear inputs–outputs thinking and too tight a focus on outcomes can contribute to reduced performance. Sometimes certain synergies or events catalyse a momentum for change in a way which could not be foreseen. At the same time, as Boesen and Therkildsen (2005) suggest, a focus on the desired results is helpful to an analysis of what needs to change in a system to develop the required capacity to achieve those results.

A recent paper produced by the OECD Development Assistance Committee (DAC) Network on Governance, emphasises a number of additional points, indicating that capacity development requires:

- clarity about purpose: capacity for what and for whom? The broad goals must be defined by the developing country and there must be clarity about roles and responsibilities, based on a clear agreement about partnership;
- attention to broader capacities to plan, manage, implement, and account for results as well as specific technical capacities (e.g. in health, education, water supply etc.); among the broad capacities, political capacities are included; and
- understanding of the political drivers for change (or blocks to change).

It also identifies a number of conditions which constrain capacity development, among them:

- lack of effective voice, especially of intended beneficiaries;
- political systems with weak social capital (trust) and lack of participation; and
- fragmented government or non-credible or rapidly changing government policies, overload of reform and change initiatives, and unpredictable, unbalanced or inflexible funding and staffing (DAC Network on Governance 2005).

Much of the practical capacity development focus internationally relates to perceived failures of the state, for example work on capacity building of the state in Africa, and work related to capacity building in post-conflict environments. Common to these is an emphasis on leadership, ownership, and a vision for the future, building on and using local expertise and institutions, and getting the right environment for the capacity
development to occur (McKechnie 2004; Ouedraogo 2005). Many of the lessons of capacity development are well summarised by the UNDP’s ‘10 Default Principles for Capacity Development’ (see Appendix A). These emphasise the long-term nature of the process and the need to respect local value systems, shift power and challenge mindsets, build on existing capacities, create positive incentives in systems, maintain accountability to the poor and remain engaged even in difficult situations (Lopes & Theisohn 2003).

SYSTEMS THINKING AND CAPACITY DEVELOPMENT

By ‘systems thinking’ I simply mean recognising and analysing a system as a whole, at whatever level or scale of the system is necessary to gain an understanding of the dynamics of capacity development in a particular context. Systems thinking involves considering the interactions of all the elements of a system with each other in a holistic way, rather than analysing the individual components of those inter-relationships. Thus, it involves trying to understand what is happening by looking at the way these interactions occur and how, taken together, they contribute to a particular situation. A system includes formal structures and arrangements as well as the cultural and values aspects which are conveyed through the interactions within it.

Lavergne sees capacity development as essentially a context-specific exercise, which requires a very politically aware and strategic approach within a systems framework. He notes that a number of characteristics can make systems more dynamic, accelerating the rate of change (Lavergne 2004a). In particular, he emphasises accountability to ‘beneficiaries’, appropriate incentives, and leadership among key issues in this regard.

Pasteur and Scott-Villiers (2004) also emphasise the role of systems approaches to learning as a way of reducing the gap between rhetoric and reality in development work. In particular they draw attention to the inter-relationships between culture and values, structures and relationships, and processes and procedures.

Such an approach emphasises that careful attention to the ways in which power is exercised through implicit as well as explicit rules, values, norms and behaviours is tremendously important. Those engaging with people whose capacity is to be ‘developed’ have to be acutely aware of their behaviours and attitudes and how those are communicated—both personally and institutionally—if their capacity development efforts are to succeed. Recent research and reflection has highlighted that intangible ‘mindsets, vested interests and power differentials may make the biggest contribution to development success or failure’ (Lopes & Theisohn 2003: 5).6

In reality, capacity development is not something simply done to others. It requires new capacities and mindsets in the people and institutions interacting with those whose capacity is ostensibly to be developed. Capacity development implies two-way learning.
The systemic consequences of certain mindsets and power relationships are portrayed in the ‘vicious cycle of disempowerment’ referred to by Lopes and Theisohn (2003) in which implicit inequalities and attitudes of superiority are conveyed, in this case by donors, in relation to developing country ‘recipients’ (see Fig. 2). Donor agencies confidently set priorities, plan directions and programs, and control resources. They set the standards of accountability and see poor results as confirming weak capacity in developing countries. Recipients, often lacking confidence in their own abilities, do not accept ownership of these imposed ideas, which may not reflect their priorities. They see the requirements placed on them as unrealistic and the standards as unattainable and simply resort to getting what they can out of the system. I see echoes of this cycle in government relations with Indigenous Australia.
Capacity development can turn this around into a positive cycle of empowerment, when external players show respect, respond positively to local initiatives, take some risks, and allow local people to take ‘ownership’ of their own development in a partnership of growing trust, with mutually agreed standards of evaluation (see Fig. 3). Above all there is a change in the dynamic of the relationship. Thus capacity development takes place in all aspects of the system, not just in the developing country—or the indigenous community.
APPROACHES TO CAPACITY DEVELOPMENT IN ORGANISATIONS AND COMMUNITIES

I now turn to the organisation or community level, and note that the dominant capacity development approach has been one based on identifying capacity gaps and then attempting to fill those through training, technical advice, and organisational reform. However, the results of such an approach have often been disappointing to everyone involved (Horton et al. 2003: 50). It may be noted that the ‘gaps’ identified have frequently been those perceived by the donor, and related to their requirements, such as the ability to report in English, or meet financial accountability standards. The ‘soft’ capacities required to work successfully with local communities may not be given such high priority attention.

Alternative approaches start from an emphasis on what is already working, and building on strengths and capacities which already exist. A range of specific models and approaches are being used with both organisations and communities, a few of which I will elaborate here.

For organisations, one approach to capacity development is based on Peter Senge’s work on the concept of the Learning Organisation. A simple definition of a Learning Organisation is Pedler’s: ‘an organisation that facilitates the learning of all its members and continually transforms itself’ (quoted in Britton 2002: 11). A wide range of tools and strategies are available to foster a learning culture and dialogue, develop organisational memory, and bring learning into strategy and policy making. Steps need to be taken to overcome the many barriers to learning, such as hierarchical control structures (especially in public sector or church institutions), activist orientation (especially in non-government organisations), or lack of incentives for learning (Britton 2002). Thus, in a Learning Organisation, capacity development is a continuous process.

A number of approaches use participatory methodology to generate learning. Participatory approaches such as Capacities and Vulnerabilities Analysis (Eade & Williams 1995) and Participatory Rural Appraisal (Chambers 1992) are commonly used for community level work. Another methodology, known as Appreciative Inquiry, starts from the proposition that there are things working in any community or organisation and the first step is to identify those. It seeks to identify what are termed ‘peak moments’ in a community or organisation, through inviting people to share stories of such peak moments and then analysing the common aspects or themes which appear at play in those peak moments. From this, the group develops visions of new possibilities, and articulates them as ‘possibility propositions’, with a community process of dialogue to transform these into reality (Hall & Hammond n.d.; Sena & Booy n.d.).
A further approach gaining attention is known as Asset-Based Community Development which uses a five-step process to identify and mobilise the assets available in a particular community, using a broad definition of assets which encompasses individuals, associations, institutions, physical assets, and the local economy (meaning local businesses and local expenditure). The five steps, all undertaken participatively, involve identifying, linking together, and mobilising the existing community assets, then building a vision and plan and leveraging external support (Foster & Mathie 2001; Mathie & Cunningham 2003). The advantage claimed for this approach to capacity building is that by focusing on strengths, it empowers people, whereas focusing on deficits can be very disempowering.

Other studies emphasise that at an organisational level, the ‘intangibles’ and underlying issues, which are often not the ‘problems’ which organisations present to consultants as the issues they need resolved, cannot be ignored if capacity development efforts are to last. Kaplan argues that unless the intangibles are addressed first, capacity building will not ‘take’—any amount of individual training will lead nowhere if the vision, culture and structure of an institution are unresolved, and the organisation is not viewed as a whole (Blumenthal 2004; Kaplan 1999, 2001).

All such participatory approaches are vulnerable to a number of criticisms, which those using them need to be very aware of. Most significant is that behind any approach to community development there lies an assumption that a ‘community’ of some sort exists, yet in reality there may be no such clearly identifiable entity—building the ‘idea’ of a ‘community’ of similar interests is itself part of the challenge—and indeed interests may conflict. In practice even geographically relatively discrete ‘communities’ can be fraught with divisions of a socioeconomic, ethnic, age, gender and/or political nature. Such sociological and structural divisions will also affect levels and types of participation, and unless specific strategies are utilised, participatory approaches may simply reinforce existing hierarchies and the priorities of the powerful (Cornwall 2003).

**CROSS-CULTURAL ASPECTS OF CAPACITY DEVELOPMENT**

Recent work by the UK-based International NGO Training and Research Centre (INTRAC) on cross-cultural organisational management suggests that ideas about capacity development should be treated with some caution in cross-cultural environments. Many of these ideas are derived from assumptions which do not hold in other cultural settings, and indeed have been criticised in their own societies. INTRAC’s work suggests a number of important concepts which may affect the appropriateness of Western management ideas and approaches to capacity building in particular cross-cultural contexts. One is the locus of human value.
Western management ideas, embodied in terms such as ‘human resource management’ and ‘the competencies approach’, see people as instrumental to an organisation’s goals. Non-Western cultures in particular may value people more for themselves, and as part of wider social systems (though it should be noted that efforts to develop more ‘family-friendly’ workplaces in Western countries suggest that such valuation is not unique to non-Western cultures). INTRAC has identified three ‘ideal types’ of management system:

- post-colonial: hierarchical, rule-bound, and distrustful of employees;
- Western or post-instrumental: in which participation and empowerment are part of a contingency instrumental approach, confined mainly to tactical rather than strategic decisions (which tend to be taken by outside stakeholders); and
- ‘humanistic’: based on values evident in, for example, African cultures, such as the idea that ‘people are only people through other people’, and on the need for the group to make all important decisions.

These ideal types serve as devices for analysing processes of crossvergence or hybridisation (Jackson 2003). Approaches designed to work in one system may not work in another where the same assumptions do not hold.

Another area in which cross-cultural considerations are important for capacity development is in approaches to managing change. In cultures where there is very high level of deference to those who hold power, or in which ‘uncertainty avoidance’ is common, approaches which are based on staff taking ownership of the process of change may not work, and indeed may create higher levels of anxiety or a loss of morale as the ‘boss’ may not appear to be giving the necessary leadership (the Learning Organisation approach, for example may not work). Another concern for capacity building is that many cultures assume an external locus of control, and thus people believe that they are unable to exert control over outcomes. To be adaptive, and to network and manage complex programs and partnerships may be difficult under these circumstances. Transfer of knowledge may also be difficult where Western approaches rely on explicit, codified knowledge, and many non-Western cultures rely on tacit knowledge (Jackson & Sorgenfrei 2003).

Two other papers in the INTRAC Praxis series referred to above also raise relevant issues. Pearson (2005) raises concerns about the mismatch between development workers’ ideas and those of Cambodian culture. She highlights two Cambodian concepts in particular: that the stability of society is based on unequal relations between people, with obligations of respect of the senior and protection of the junior owed respectively; and that the family is the prototype of all levels of social organisation, and thus a person is not primarily an individual but a member of a family, and the family’s dignity and prestige must be protected at all costs (Pearson 2005: 3–4). She also emphasises the effect of post-traumatic stress disorder on people’s capacities, with many symptoms such as ‘mistrust, fear, the breakdown of social relationships … depression, apathy, aggression, and violent behaviour’ (2005: 4) evident daily. Unless there is a fuller understanding of the implications of these beliefs and circumstances, Western ideas of capacity building will not succeed (see also O’Leary & Nee 2001).
Alvarado also argues that ‘assumptions about the constitution of organizations in the Western world, do not necessarily offer the best solutions, and cannot be adopted uncritically by indigenous peoples bent on taking more control of their own development’ (2004: 2). For example, Mayan indigenous organisations in Guatemala take a longer term view of their efforts than the time-frames of specific results-oriented development projects. Also indigenous Mayans strongly prefer oral to written communication, so that verbal agreements are considered more binding than written ones. They therefore find some donor expectations difficult to understand and meet. They also face difficulties in transcultural communication since they are forced to use Spanish to negotiate among the 22 ethno-linguistic groups, as well as with even more different outsiders. Some of the legal framework for Mayan NGOs, (such as the expectation of frequent elections and exchange of members on a board) is incompatible with a context in which elders in relatively closed communities are highly respected, and in which NGOs operate more like community-based organisations in which decision-making is participative. A further challenge is the transition of Mayan organisations from confronting the state before the 1996 Peace Accords, to collaborating with it for development—a challenge they are still working through.

Experience in East Timor also suggests that when Western structures for development, in this case Village Development Committees, were set up by the World Bank as part of a reconstruction strategy, the process saw many young better-educated people elected, rather than the traditional village leaders, as literacy had been set by the Bank as a requirement for Council membership. However, the Councils ended up with little power or authority as political and ritual authority in East Timor are largely a function of age (Ospina & Hohe 2002: 115-6).

While there are as yet no straightforward answers to the questions posed by this thread of international development research, it highlights a need for much greater attention to the cultural and cross-cultural elements of capacity development, and the importance of not assuming that Western approaches will work anywhere. It emphasises the need for careful study and observation of the context in which capacity is to be developed and the need to ground capacity development strategies within the cultural context. This is not to reify ‘culture’ as cultural practices can change, and cultural identities are complex, but to recognise that inherent in much development work are ideas which are embedded in Western cultures and which may not transfer easily into other contexts.

**CAPACITY DEVELOPMENT IN INDIGENOUS AUSTRALIA: WHAT HAS BEEN HAPPENING AT A NATIONAL LEVEL?**

I will confine my comments primarily to national policy as space does not allow detailed discussion of the complexities of State or Territory situations. In relation to Indigenous Australia the term ‘capacity development’ seems to have gained currency around the end of the Decade of Reconciliation. One of the Australian government’s first actions in its efforts to build Indigenous capacity was to hold an Indigenous
Round Table on Community Capacity Building in October 2000, which developed some useful principles consistent with good capacity development. These were:

- flexibility in program administration;
- coordinated whole of government responses;
- collaborations between business, churches, Indigenous organisations, other non-government bodies and the broader community;
- building upon existing strengths and assets within families and communities;
- the empowerment of individuals and communities in leadership and management; and

The importance of capacity building in Indigenous communities was then articulated as one of seven principles identified by the Commonwealth Grants Commission (2001) in its Report on Indigenous Funding. These developments in the Indigenous policy arena coincided with a wider debate about Australia's welfare system. In July 2000, the McLure Report on Welfare Reform (McClure 2000) highlighted Indigenous welfare dependence, and Community Participation Agreements began in an effort to reduce this dependency, foster local participation in decision-making, and trial new approaches to partnership and coordination across government (see Smith 2001). Community Participation Agreements seem to have been aborted less than three years later. The Aboriginal and Torres Strait Islander Commission (ATSIC) was the lead agency for negotiating these agreements and, with the Department of Prime Minister and Cabinet, for gaining support for the capacity-building principles across government (ATSI Social Justice Commissioner 2001). However, there were some tensions with the earlier capacity building principles because as Humpage notes, capacity building ‘emerged in the context of a coercive “mutual obligation” approach to welfare reform’ (Humpage 2005: 52). It is the coercion which is the issue here. Mutual obligation need not, in principle, be coercive, if it implies reciprocity without the exercise of unequal power; but that is not the context in which it was implemented between government and Indigenous people.

The other major initiative taken by governments has been the Council of Australian Governments (COAG) trials, intended to build Indigenous community capacity to negotiate with governments, and strengthen government capacities to work in coordinated, innovative and flexible ways with Indigenous communities. The trials are operating in eight sites across Australia, in a policy framework of partnership and shared responsibility (ATSI Social Justice Commissioner 2003: 222–3). There has been no independent evaluation of these trials, but anecdotal evidence suggests that there remain a number of significant barriers to governments working together in a ‘seamless’ way and sharing power (ATSI Social Justice Commissioner 2005; House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs (HORSCATSIA) 2004; Humpage 2005: 57).
In June 2004 ATSIC was abolished, and under the new whole-of-government arrangements the focus shifted to Shared Responsibility Agreements (SRAs). The new policy incorporated ideas of flexible delivery and a coordinated whole-of-government approach, coupled with ideas about self-management, self-responsibility and mutual obligation (Shergold 2005). It was based on five principles: collaboration within and among national and State or Territory governments; responding to regional need; flexibility, particularly in relation to funding; improved accountability with a focus on outcomes; and leadership—within government and through representative Indigenous networks at local and regional level (Office of Indigenous Policy Coordination (OIPC) 2005a). Many of these ideas are highly consistent with good capacity development, though any hint of paternalism or racial discrimination in the operation of SRAs will undermine the other positives there might be in this whole-of-government approach.

The associated ‘National Framework of Principles for Delivering Services to Indigenous Australians’ refers only to ‘providing adequate resources to support capacity at the local and regional levels’ (OIPC 2005b: 51). Capacity development of Indigenous communities and organisations, to the extent it is considered, appears to be a means to an end (the delivery of services) rather than a process important to sustainable socioeconomic development for Indigenous Australians, though there is really no clearly articulated strategy to achieve it.

The HORSCATSIA Report into Capacity Building and Service Delivery in Indigenous Communities, issued in late 2004, was a useful contribution, but also remained focused on service delivery. It recognised that there were arguments for different aspects of capacity building in relation to governments and Indigenous organisations, through which many services are delivered. In the case of the former, governments need improved abilities to communicate, cooperate, and integrate among themselves, as well as the ability to develop good communication and genuine partnerships with Indigenous communities. Indigenous organisations need improved governance and corporate management training. The Committee also believed governments needed to adopt capacity building and empowering approaches to service delivery. It recognised that the mechanisms, cycles, timeframes and reporting requirements of government funding frequently jeopardise the ability of Indigenous communities to address their needs, and said that what is required is a power shift, to enable genuine partnerships to function which reflect shared goals, shared risk, and shared power.

Linked to the idea of capacity building has been the parallel focus on governance, and the belief that achieving sound governance arrangements in Indigenous communities will enhance capacity, particularly where this facilitates greater Indigenous jurisdiction over matters affecting Indigenous people, where more flexible funding arrangements can be agreed, and where the structures and processes that are developed are in accord with Indigenous values and cultural systems. However Humpage asserts that this strand of thinking became focused on corporate governance of Indigenous organisations which deliver services, neglecting the issue of an Indigenous order of government raised by Sanders (2002). The ‘partnerships’ that were developed focused on bureaucratic and managerial aspects, rather than on the political. The discourses in
these ‘partnerships’ came from different origins. The government discourse stems from public management theory, whereas much of the Indigenous discourse derives from political concepts about human rights, self-determination, and nation-building, the latter often evolving in practice at a local or regional level. There is an uneasy marriage of these ideas being worked out on the ground, and ‘capacity building’ seems to have focused more on Indigenous governance in the management sense.

This is borne out in the Review of Governance Training for Indigenous Organisations and Communities in the Northern Territory, which concludes that ‘governance training’ in the Northern Territory is being interpreted as related to organisational management and compliance competencies rather than with ‘broader processes of Indigenous self-determination’ (Willis 2004: 3). The same appears to be true for the approach to governance training promoted by the Office of the Registrar of Aboriginal Corporations (ORAC 2004), although following the 1996 review of the Commonwealth Aboriginal Councils and Associations Act (ACAA) ORAC has tried to provide a more culturally responsive and flexible enabling legal environment for Indigenous organisations (AIATSIS 1996). A more recent review recognised that the ACAA is outdated, and a new Corporations (Aboriginal and Torres Strait Islander) Act is to come into effect in July 2006, which is intended to better meet the needs of Indigenous people. It will enable ORAC to give Indigenous corporations greater assistance with their governance (Corrs Chambers Westgarth et al. 2002; ORAC 2005). However, ORAC cannot do everything, and it has focused on support to Indigenous organisations to maintain their corporate good health. The Northern Territory’s audit suggests a much broader definition of governance which is relevant to capacity development in a whole-of-government context, and an across-government, more holistic, approach to governance training. This approach incorporates issues such as policy development, strategic direction and collaboration around funding. International capacity development experience suggests that these broader, often more political aspects, need to be given more weight.

It seems that many of the capacity ‘problems’ in Indigenous community governance stem from a disabling, rather than enabling environment or system. There are lessons from international development about approaches to working with Indigenous organisations or communities, such as the use of Asset-Based Community Development approaches, or methods such as Appreciative Inquiry (Foster & Mathie 2001; Hall & Hammon n.d.; Mathie & Cunningham 2003; Sena & Booy n.d.) discussed above, both of which build on existing or historic strengths and capacities, rather than focusing simply on addressing weaknesses. But the most significant lessons seem to be at the systemic level. International development experience suggests that unless issues at this level are dealt with, community and organisational development will always be constrained.
CONSTRAINTS ON INDIGENOUS CAPACITY DEVELOPMENT IN AUSTRALIA

International development experience and research highlight a number of important issues for the Australian scene. There are many constraints to successful capacity development in Indigenous Australia, and I will focus on some of the broad ones here. Since capacity development is context specific, more detailed understandings and analysis are required for any particular region, community, organisation or sector.

LACK OF PARTNERSHIP WITH AND PARTICIPATION BY INDIGENOUS PEOPLE

In terms of a national policy framework, there is now no effective national Indigenous voice, and there is a significant lack of Indigenous participation in the policy processes currently underway. There is no clear ‘Indigenous partner’ to have ‘partnership’ with at either national or most State or Territory levels, and although some patchy post-ATSIC Regional Council arrangements have been put in place, it is not clear what powers, resources or authority they will have. They appear likely to be simply consultative bodies. There is therefore likely to be only weak ‘ownership’ by Indigenous people of the approaches currently being adopted. Capacity development experience overseas suggests this will frustrate the policy goals, because the process of gaining a mandate for them is inadequate. While some States and Territories are developing new consultative arrangements, the shape of those is unclear—but there is certainly scope for things to change as these are developed.

In the absence of any overall consultative structure, there is no process to answer the question ‘Capacity development for what? For the Australian government, it appears to be largely a means to service delivery and, more recently, employment. The capacity development principles agreed in 2000 included ‘encouraging self-reliance and sustainable economic and social development’, but it is hard to see where these are reflected in significant policy initiatives. For Indigenous people there is a growing interest in capacity development as an end in itself—to participate in sustainable development on their own terms (see Appendix B).

If partnership is not at national or State level, can it be at community or regional level, the level which current policy prefers? Here there may or may not be legitimate, broad-based representative Indigenous bodies. While it may be a way of responding to the diversity of Indigenous contexts, the definition of boundaries, the particular rights of traditional owners and historical residents, mobility of Indigenous people, and who speaks for what, or on whose behalf, remain highly sensitive issues in many places, as a legacy of colonial displacement. Yet there is only an array of ad hoc, poorly funded support to help Indigenous people resolve these difficulties and capacity development efforts cannot ignore them.

Within particular sectors the variety of Indigenous organisations provides one avenue for partnership, though the extent to which this relationship can be seen as a partnership, rather than a contractual service arrangement is an open question. The Australian government has also recently chosen to interact at a very local level with a limited number of families and communities, through SRAs. On the surface, many of these do not appear to reflect an equal ‘partnership’, and some may just be a simple project funding
contract arrangement, for particular outcomes—a basket ball court, a vegetable garden or a petrol pump. The political ‘spin’ placed on these SRAs as making Indigenous people take ‘mutual responsibility’ leaves government open to accusations of paternalism and discrimination (Collard et al. 2005) and it is not clear how they will develop capacity. Furthermore, the idea of SRAs opens up the question of how governments can be confident in the cultural legitimacy and authority of those with whom they sign such agreements, and the notion of ‘partnership’ challenges them to find ways to reduce the inevitable power imbalance. SRAs bring governance issues into sharp focus.

Where work is already well advanced on culturally legitimate governance, such as at Thamarrurr (see Appendix C), opportunities for more genuine capacity development, open up. Future SRAs could more effectively support capacity development, if the framework surrounding them became one of genuine partnership (Fowler 1998). Whether proposed Regional Partnership Agreements will offer greater scope for this type of partnership also remains an open question. Certainly for Indigenous people to have a stronger voice in relation to government policies and programs, some ability to work regionally seems important.

Thus one way of dealing with these issues is to give more emphasis to supporting and interacting with forms of Indigenous governance which somehow bridge the traditional and the contemporary and hence have two-way legitimacy. Where there has been attention to this (e.g. in the Thamarrurr Regional Authority and Murdi Paaki Regional Council—a former ATSIC Regional body—and in Indigenous planning processes within the Murray–Darling Basin Commission) there seems to be greater opportunity for capacity development. But time and resources are required for such bodies or networks to emerge, and rushed or under-resourced efforts will not be sustainable.

At present only ten of the new regional arrangements have been put in place (Vanstone 2005b), so it is too early to know how well they will work. Westbury and Sanders (2000) suggest that experience in the Northern Territory indicates that a ‘regionally dispersed governance’ model might work best, so that small local level bodies, such as community councils, are linked to larger, regional, ‘function-specific’ organisations for the delivery of services. Thus while broad priorities may be determined and certain services delivered within a regional framework, the desire of Indigenous communities for local autonomy is respected.

The question which arises, though, is whether governments really see themselves in partnership with Indigenous communities or organisations, at whatever level, in recognition of significant cultural differences between ‘mainstream’ Australia and Indigenous people as First Nation people, or whether, philosophically, government treats Indigenous people merely as disadvantaged citizens. Clearly most Indigenous people assert their cultural identity very strongly, and whilst many wish to participate on equal terms in the modern economy, they also proudly assert their difference as Indigenous people. This is not an either/or situation. Other settler states such as Canada and New Zealand recognise the special situation of indigenous peoples, and have made negotiated provision for them through treaties and agreements while also offering opportunities in the mainstream of their society. In these places, socioeconomic progress for indigenous
people has been greater than in Australia’s Indigenous communities. Taking a partnership approach, in this sense, seems to work more effectively in terms of overcoming disadvantage and building capacity.

**COMPLEX LEGAL AND REGULATORY FRAMEWORKS**

The multi-jurisdictional legal and regulatory frameworks are highly complex—with differing levels of government, different departmental approaches, different funding regimes, and different land tenure regimes to name some of the issues. While the current whole-of-government policy appears intended to address at least some of this, in practice there seems little resolution as yet.

If implemented well, so that Indigenous communities can interface with government in a more holistic, coordinated way to achieve goals set by the communities themselves, the whole-of-government approach could contribute positively to Indigenous capacity development. However, the manner and political context in which it has been introduced have given very clear signals about who holds power and how Indigenous people are to fit into that. The invisibility of Indigenous people in the process of change means it has started on the wrong foot, in a way that is antithetical to capacity development.\(^\text{12}\) The importance of the ‘intangibles’ has been ignored.

Achieving success in whole-of-government approaches will require major shifts in inter-departmental relations and government processes, as well as a change in the dynamics of the relationship between governments and Indigenous people. There is concern, however, that the many changes in funding arrangements underway may, at least in the short term, weaken capacity. The changes seem to have been rushed and poorly prepared for, and genuinely flexible funding seems elusive.

Thus all the capacity development constraints of fragmented government, frequent, rapid policy changes, and often inflexible funding arrangements, seem present in the Australian context and are not conducive to capacity development. While the direction of change, at least in relation to greater governmental coordination, seems positive, there remains a great deal to do.

**THE NEED FOR A POWER SHIFT**

The issues of power remain fundamental. Until greater power and resources are shifted into Indigenous hands—whether to communities or organisations at various levels—whatever individual capabilities there are will not be transformed into capacity. Indigenous people are keenly aware that power is exercised in highly unequal ways and they are very sensitive to the unspoken messages in interactions with governments. Accountability issues are a good example. Despite the language of ‘partnership’ which implies some sort of equality and mutuality in the relationship, in reality, Indigenous organisations and communities are essentially contractors required to meet stringent accountability requirements set by government—a situation in which government holds the power. This is not a situation in which agreed evaluative standards have been negotiated by partners, and in which accountability downwards to clients is seen as more important than
accountability upwards to political masters. In fact, increasingly tighter controls from governments are likely to reduce program responsiveness to and empowerment of people. The power relationships are abundantly clear, and are not helpful for capacity development. There is a distinct lack of trust both ways—Indigenous people often do not trust governments, and governments often do not trust them. Building trust is an important consideration.

**RESOURCES, INCLUDING HUMAN, FINANCIAL, INFORMATION**

The under-resourcing in Indigenous Australia is well documented (recent work includes Deeble et al. 1998; Neutze, Sanders & Jones 1999; Taylor & Stanley 2005) but more specifically, capacity development itself is under-resourced. The Australian government currently seems to want to by-pass existing capacity in the Indigenous sector and go straight to communities, rather than building on the considerable organisational capacity which is there (Ellison 2004; Vanstone 2005b). In a speech to the National Press Club in February 2005, decrying the role of intermediary organisations, Minister Vanstone claimed that government is ‘listening directly to communities’ (Vanstone 2005b: 2). Rowse (forthcoming) suggests government will find that the Indigenous sector is now an important mode for delivery of services to Indigenous Australians which cannot be ignored. Indeed, the government’s own ‘National Framework of Principles for Delivering Services to Indigenous Australians’ refers to ‘building partnerships with communities and organisations’ (emphasis added); and various programs in health, employment and so on continue to be funded through Indigenous organisations. There is thus some ambiguity in statements emanating from government about how it sees the role of the Indigenous sector in the new arrangements. What is important is that whatever weaknesses there may be, there are strengths as well, and the Indigenous sector represents existing Indigenous capacity which should be built on, as part of the wider strategy. It is an important resource.

With the notable exception of ORAC, there is no significant national resourcing for Indigenous governance capacity development, and ORAC’s mandate and role is largely confined to what could be termed corporate governance of Indigenous organisations. This is different from the political governance of communities in a broader sense, though inevitably closely related to it (see Sanders 2002). There is also resourcing for a variety of valuable leadership training and development opportunities, notably for the Australian Indigenous Leadership Centre itself, but there is a risk that without the other necessary changes, this valuable work will simply lead to more frustration on one side, or blame on the other, or both.

There is no Australian institution equivalent to The Native Nations Institute For Leadership Management and Policy in the USA which Indigenous organisations and communities can call upon for assistance. This institution provides a wide range of programs in executive leadership and management, policy analysis and research, as well as strategic and organisational development for Native American communities. International experience suggests that arms-length specialist capacity development institutions like this are enormously valuable (Lavergne 2004b). In Africa, for example, donors have supported the Africa Capacity Building Initiative to help build capacity in weak states. Capacity development organisations such as
INTRAC (based in the UK, but working in a range of developing countries) provide training, management, evaluation and strategy and organisational development support to non-government organisations. The Community Development Resource Association (CDRA) in South Africa is another example of a capacity development organisation which supports community development organisations through provision of tools and resources, research, training, consultancy support, and so on. There appears to be no equivalent body in Australia offering such broad national capacity development services to organisations and communities in Indigenous Australia. The work of the Australian Indigenous Leadership Centre and ORAC though extremely important, is only part of a mix of strategies that is needed.

Information is also a significant resource for capacity development. One of the constraints in Australia is the difficulty of extracting administrative socioeconomic and demographic information about Indigenous communities at a level which is useful for planning and monitoring purposes. On occasions when the intensive work necessary to achieve this is undertaken, the value of it becomes apparent, as in the case of work undertaken by Taylor (2004) and Taylor and Stanley (2005) in the Thamarrurr region. Having good information is an important basis for capacity development.

**PROCESS, INCLUDING COMMUNICATIONS FLOWS AND RELATIONSHIPS WITHIN THE SYSTEM**

Some problems with process have already been discussed; here I will briefly mention some issues which can affect communication and relations. Some, if not many, of the cross-cultural issues mentioned earlier in the paper are relevant to relationships between Indigenous and non-Indigenous Australia, and can affect capacity development. Policy makers and program directors in mainstream departments need to pay more attention to understanding them. For example, these differences may be found in relation to assumptions about the locus of human value, people’s perceptions of the locus of control in their lives, approaches to knowledge and knowledge transfer, societal concepts and particularly the individual and their relationships to kinship networks, religious or spiritual beliefs, preferred forms of communication, timeframes, concepts, language and worldviews.

In particular, negative ‘intangibles’ referred to earlier in the paper can be conveyed very easily and sometimes unwittingly. Indigenous people may even feel that the term ‘capacity building’ itself reflects a patronising view of them:

> [T]o restore capacity to our people is to let us be responsible for our own future ... we have had 40 to 60,000 years of survival and capacity! The problem is our capacity has been eroded and diminished ... the concept of capacity building is the idea that Aboriginal people are innately deficient, or incapable, or, lacking ... there is a danger of fostering a hidden bureaucratic racism and prejudice against our people ... our people do have skills, knowledge and experience! (Richard Ahmat 2001, quoted in Tedmanson & Maher 2005)

Cultural assumptions need to be considered at different levels and in different contexts—and that includes cultures of both the non-Indigenous and Indigenous systems. There is a lot more we need to understand...
about this cross-cultural dimension of capacity development. International understandings are themselves very limited, and research must be culture-specific to be of use. What it does highlight is that before blame is placed for any failures of capacity development the possibility that different cultural assumptions and values are at the root of the problems should be explored, discussed and then addressed—and the approach to capacity development changed appropriately.

AN ILLUSTRATION

It may be useful to illustrate some of the points above with one example of how some of these systemic issues are frustrating capacity development at community and individual levels at present—even in a situation where some Indigenous people have established native title and hence have access to land and resources not available to others. In his 2004 Report the ATSI Social Justice Commissioner makes the point that the current provisions of the Native Title Act, while providing a foundation for sustainable development through legal recognition of native title rights, does not offer a framework for the process of sustainable development through enabling a claimant group to discuss its own vision and goals for social and economic development, and facilitating them to resource and implement it. He recognises that this would require capacity development of the claimant group, a process which would need considerable time, and indicates five principles which he sees as necessary for this type of capacity development:

- it must be driven by a local agenda;
- it must build on the existing capacities of the group;
- it must allow ongoing learning and adaptation within the group;
- it requires long-term investments; and
- it requires that activities be integrated at various levels to address complex problems (ATSI Social Justice Commissioner 2004: 29).

The report goes on to discuss these principles, which reflect good capacity development practice, pinpointing some of the key issues and constraints in trying to put them into effect. While traditional owner groups have a number of existing capacities which ought to be recognised, they may need time and assistance to develop skills to manage a development agenda in the contemporary context; the resourcing of Native Title Representative Bodies (NTRBs) is limited and there is none to Prescribed Bodies Corporate (PBCs), which are the key bodies one might look to for leadership in capacity development with traditional owner groups. Equally, these organisations need capacity development of their own to undertake such tasks, and although some funding has been forthcoming for this, any process must ensure that traditional owner groups are empowered to determine the directions of their own development, not have it 'delivered' to them.

The policy environment also fails to support a holistic approach to capacity development as native title has been excluded from early ‘whole of government’ discussions. Not only must there be coordination across
many levels of government and statutory bodies, but also such coordination must be within an overarching policy framework which supports capacity development for sustainable development. The ATSI Social Justice Commissioner (2004) discusses a range of issues that need to be dealt with to facilitate capacity development, but notes that too often processes are reactive to timeframes of non-Indigenous stakeholders and that NTRBs do not have the resources themselves to develop the capacity of traditional owners.

**WHAT MIGHT BE A FRAMEWORK FOR INDIGENOUS CAPACITY DEVELOPMENT?**

Before its demise ATSIC was working through a range of ideas about capacity development in the context of its capacity building framework for sustainable development, although it had not operationalised them (ATSIC 2001, 2002; ATSI Social Justice Commissioner 2003: 85). At the community level, it saw as desirable a focus on individuals, families, and clan or informal groups achieved through community development approaches such as Asset-based Community Development. At the organisational level, including community organisations, NTRBs, local government bodies and land councils, it saw capacity building as being achieved through a focus on governance, with a view to aligning an organisation's structures to Indigenous decision-making processes. And at government level, including statutory authorities, it saw capacity building as occurring through achieving strategic policy directions and interventions supported by whole of government initiatives.

In ATSIC’s view there were three elements to its thinking about capacity development. First, it embraced a participatory people-centred approach to community development, rather than a service delivery paradigm; second, it was holistic, and saw people’s active role in decision-making as vital; third, it emphasised sustainability over a long time-period. It wanted to encourage local planning systems which would be participative and empowering, contribute to sustainable development and greater self-reliance, match planning and coordination to local level needs, and link community level planning to regional planning through the now defunct ATSIC Regional Councils (ATSI Social Justice Commissioner 2003: 82–8).

The need for such participatory approaches to be integrated into local government was an important conclusion of a study in Mapoon, which found that a one-off participatory process related to infrastructure development, though successful at one level, failed to promote sustained capacity development, since wider local governance structures were ill-suited to downward accountability and continued participatory practice (Moran 2004). There is much in the ATSIC vision which accords with good international development experience. But there is a chasm between this vision and the current approach being taken by government.
CONCLUSION

The lessons learned from successful international development experience suggest some clear principles and directions which might succeed in capacity development efforts in Indigenous Australia. What is required for Indigenous capacity development is a significant change in the non-Indigenous systems which frame the way Aboriginal institutions and communities operate, and limit their powers. This must involve a serious assessment of the real systemic constraints, development of some agreed goals and approaches between governments and legitimate Indigenous representatives, at a variety of levels, and it must reflect a genuine shift in power. Policy makers must also think and act in terms of longer-term timeframes, so that there is some continuity of funding and support to communities undertaking developmental work. Short term, stop-start funding is not conducive to success.

The ‘capacity to develop capacity’ has to be created in the non-Indigenous institutions, and the political aspects need to be addressed. Capacity development is not just a technical, rational process of training and policy reform (Boesen & Therkildsen 2005; Lavergne 2004b) although that may all be necessary. It also requires mechanisms for political dialogue between the Indigenous and non-Indigenous systems at all levels—mechanisms which are non-existent or at best fragmented at present. It is these intangibles, the ‘soft’ capacities, the processes, values, behaviours, networks and approaches to learning and dialogue that need more focus in the non-Indigenous system if Indigenous capacity is to be developed. The need for really good, clear two-way communication, recognising the differences between Western and Indigenous communication approaches, cannot be emphasised enough. That takes time as well. Just as our diplomats are trained for communication with people from other cultures overseas, our politicians and policy makers in Indigenous affairs are engaging in cross-cultural dialogue within Australia, and need to be highly skilled in this area.

The current Australian government’s capacity building focus on families and small communities suggests that the problems and solutions can be found simply at that level, whereas international development experience has shifted further and further up the system to locate many of the constraints. We need to look at how these non-Indigenous systems are undermining Indigenous capacity development—and generate the political will and leadership to turn the disabling environment into an enabling one, which will release and nurture capacity in the Indigenous community. While capacity development must focus on developing skills and building capacity in Indigenous institutions, doing that without paying much greater attention to the changes needed in the non-Indigenous environment, to create genuine and trusting partnerships, will fail to realise the potential which is there.
NOTES

1. I will use the term 'capacity development' as it is now the preferred term in the field of international development. Capacity building is seen as a term which reflects the idea that outsiders can create capacity, whereas capacity development emphasises the endogenous nature of the process. In Australia the term capacity building is still more widely used.

2. The definition of capacity which is used by the United Nations Development Program (UNDP) is in Fukuda-Parr, Lopes and Malik (2002: 8) 'the ability to perform functions, solve problems, and set and achieve objectives', but I prefer Nair's longer definition for this paper.

3. The term 'enabling environment' is used in the international development literature. In the Indigenous Community Governance Project the term 'governance environment' is used to refer to that same set of institutional arrangements which set the context for community governance and development.

4. In the Australian context read 'national' as Indigenous.

5. Significant efforts are being made by the African Capacity Building Foundation an independent, capacity-building institution established in 1991 by the African Development Bank, the World Bank, UNDP, African governments and bilateral donors.

6. Chris Sara attributes his success in turning round Indigenous achievement at Cherbourg school largely to a change in mindset (see the Canberra Times, 13 May).

7. For example, the World Neighbours Field Guide provides an example of 'guided self-assessment' of organisational capacity which enables an organisation to reflect on its own capacities, and determine for itself the areas it wishes to strengthen and indicators which would show that it had done so (see Gubbels & Koss 2000).

8. One capacity development model which explicitly recognises cultural contexts is used by Onge, Cole and Petty (2003), at the National Community Development Institute in the USA. It involves them primarily with people of colour in chronically poor communities, and explicitly recognises different cultural value orientations.

9. Joint State and Federal funding is being applied in the Northern Territory for development coordinators in three new Regional Authority sites and in six proposed areas for community consultation (see Department of the Chief Minister 2005).

10. The issue of 'partnership' has been long-debated in international development, particularly in relation to arrangements between donor institutions and recipient institutions and communities, and between 'Northern' and 'Southern' NGOs. Central to criticisms of partnership is the notion of unequal power. This largely revolves around the question of money and resources and the nature of the donor–beneficiary relationship which is at the heart of most 'partnerships'. It is suggested that the donors use their power, often unintentionally, to direct and influence the values, practice and directions of their so-called partners, while those local partners have no such opportunity to influence the donor body (Wallace 1997). Trying to find ways to overcome this power imbalance and minimise the difficulties between donors and their local partners has become a preoccupation of the development sector. See for example Fowler (1998); Hately (1997); Kilalo and Johnson (1999); and Malhotra (1997).

11. At the time of writing only one Regional Partnership Agreement had been signed and only very general details were available in a media release 'Minister Vanstone congratulates Ngaanyatjarra People on first Regional Partnership Agreement' (DIMIA 2005).
12. This invisibility was remarked upon by Professor Mick Dodson in his presentation on 3 February 2005 in Canberra to the Senate Select Committee on the Administration of Indigenous Affairs in his capacity as a representative of the National Indigenous Leaders Meeting (Official Transcript: 33).

13. Although Aboriginal legal services in some States have been put to open tender (with non-Indigenous providers of legal services free to tender).

14. The locus of control may be one area of cultural difference. For example in a health program, illness may be attributed to the coming of the white system, and therefore outside the scope of Indigenous control. Another difference may be that communication by visual means is often more effective than written (Szava 2005).

15. The specific details of some of these required changes have already been identified by Professor Mick Dodson in a paper delivered at the ‘Building Effective Indigenous Governance: The Way Forward for NT Regions and Communities’ conference (Dodson 2003).
APPENDIX A. UNDP’S TEN DEFAULT PRINCIPLES FOR CAPACITY DEVELOPMENT

CD is a long-term, dynamic process...

1. Don’t rush.
   ... builds upon respect and self-esteem.
2. Respect the value system and foster self-esteem.
   ... is context-specific.
3. Scan locally and globally: reinvent locally.
   ... requires an enabling dynamic.
4. Challenge mindsets and power differentials.
   ... needs attention and leadership.
5. Think and act in terms of sustainable capacity outcomes.
   ... can be encouraged with conducive incentives.
6. Establish positive incentives.
   ... is premised on ownership.
7. Integrate support into national priorities, processes and systems.
   ... grows from existing capacities rather than creating new ones.
8. Build on existing capacities rather than creating new ones.
   ... is most needed where weakest.
9. Stay engaged under difficult circumstances.
   ... needs to work for poor people.
10. Remain accountable to ultimate beneficiaries.

Source: United Nations Development Program.
APPENDIX B. MAKING EDUCATION GOALS MEANINGFUL

A recent study of literacy and training to meet vocational education and training requirements in a Central Australian Indigenous community concludes that ‘most training does not fit into the meaning and purpose of community life’. The literacy and training available has not been integrated into the community’s aspirations and goals for the future. ‘The mainstream education and training system invests in individuals progressing along a pathway towards labour market employment, whereas in this remote Indigenous context the most important investment is the social capital’ (Kral & Falk 2004: 8), that is, the roles and responsibilities inherent in relationships within the kinship structure. The study concludes that the education and training offered need to better match the core values of this community, and to recognise non-Western definitions of employment, if capacity is to be developed. This illustrates well the principle that unless the question ‘capacity development for what?’ is answered first, the results will be frustrating for everyone.

Considerable discussion about Indigenous orientations towards education can be found in Rowse (2002), particularly Chapter Three ‘The problem of motivation in education, training and employment’.
APPENDIX C. GOOD CAPACITY DEVELOPMENT PRACTICE AT THAMARRURR

Thamarrurr Regional Council, based at Wadeye, services a population of around 2,500 Aboriginal people in the Northern Territory, some 240 kilometres south-west of Darwin. It is incorporated under the Northern Territory Local Government Act 1994 and has developed over a long period since the collapse of an earlier Council, Kardu Numida Inc, in 1994. The establishment of the Thamarrurr, which reflects the customary base of 20 clan groups and took many years of discussion to emerge as the accepted model, is a structure which is building two-way legitimacy—to be accepted as culturally legitimate, and also recognised as operating within the Western system.

Thamarrurr has real powers over a substantial number of services, among them community development; agency services such as Centrelink and Australia Post; over infrastructure such as housing, buildings, the local swimming pool, environmental health, water, power and sewerage; and over a range of social services and employment programs, as well as transport and natural resource management. However, it is reliant on other levels of government for key resources and for provision of health, education and some other services. The Northern Territory government also provides a highly experienced, culturally knowledgeable community development officer to work with the community.

In its COAG trial, Thamarrurr Regional Council sits at the table with the Australian and Northern Territory governments in a partnership. The trial has attracted political attention, including a visit from the Australian Prime Minister in April 2005, and additional resources from both the Australian and Northern Territory governments.

A socioeconomic and demographic study of Thamarrurr region undertaken in 2004 (Taylor 2004) provided the necessary demographic, socioeconomic and funding information for Thamarrurr Council and other partners in the COAG trial to understand the significant issues they were confronting and to begin planning for their future. They have identified priorities and developed a Strategic Plan. A further study of the pattern of current resourcing revealed a current pattern of below-average expenditure in areas which might contribute to building capacity and above average expenditure in areas dealing with the symptoms of social exclusion, such as unemployment and criminal justice (Taylor & Stanley 2005). The challenge is to now turn that around.

The Aboriginal people at Wadeye are keen to generate economic development, and the Council is in the process of securing land use agreements between Thamarrurr, traditional land owners and the Northern Land Council to enable this to occur by allowing Thamarrurr to joint-venture with local landowners. That is, they are sorting out one of the regulatory constraints related to land tenure issues, although it should be noted as a positive factor that the land is Aboriginal-controlled.
One SRA has been signed, in the context of one of the COAG trials, with the Thamarrurr Regional Council. According to the OIPC website:

The SRA provides for the construction of more houses to overcome housing shortages and provide opportunities for training and local jobs. The community is also taking part in programs to fix existing homes.

The Wadeye Palngun Warangat (Women’s Association) promotes women’s and family activities. Through the Ngepan Patha Centre, local women are being trained in business and computing skills, developing a sewing business, and organising social events for themselves and the community. Governments are funding the construction and clean up of houses and the programs being run out of the Ngepan Patha Centre (<http://www.indigenous.gov.au/sra.html>, accessed 9 August 2005).

In this case, the funding the SRA can provide should contribute positively in a context where many of the necessary broader conditions for capacity development are being, or have been, put in place:

- a partnership arrangement with the national and Territory levels of government working together, based on some clear mandates;
- a governance body which has two-way legitimacy and some real powers;
- political support at a high level;
- additional resources and access to good information;
- some efforts to reduce regulatory constraints;
- a highly experienced, community development officer to support the community and facilitate some of the communications flows and relationships; and
- community leaders with a strong drive to improve the situation and a long-term approach.

These conditions will need to be sustained, and enhanced over a long time period for real change to occur. However, it is these wider contextual factors, not the SRA itself, which will foster the capacity development.
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