

## SUMMARY OF NACWC CASE

The National Action Committee Western Cape (NACWC) case was unique in a number of respects. It came at a time of rapid institutional and organizational change in South Africa as the country moved into the post-Apartheid period. It was an effort by groups in the non-profit sector to introduce a 'new institutional form' that would be aimed at reforming the public sector from the outside. And despite many advantages, the experiment ended up with outcomes that none could have foreseen at the outset.

The NACWC case offers the following insights.

1. Large-scale systems change (i.e. changing the delivery of technical education in South Africa) is inherently intractable given the complex political, technical, institutional, cultural and financial issues that swirl around the decision making and implementation process. This is particularly true when the systems change is taking place within a context that itself is going through dramatic changes (i.e. the shift of South Africa to a post-Apartheid state and the repositioning of South Africa within the global economy). We in development cooperation are still searching for ways of thinking about these kind of 'big system' experiences - how much do they lend themselves to analysis and prediction and how much depends upon incremental design and management?
2. Part of the NACWC case illustrates the issues involved in managing societal capacity development - the lack of South African experience in collective action, the pattern of incentives for change and adaptation within a particular society, the ways in which the constant drive for organizational legitimacy and survival shapes human behavior, the impact of values and many others. We need to do far more to understand the dynamics of change in these countries. Too often we analyze the present state and then prescribe (with masses of indicators) what we would like the end state to look like. But we are not at all good at understanding how that change could be accomplished.
3. What can be said about the NACWC and its role in systems change? First, the NACWC was a visionary attempt to create a new institutional form for South African technical education. One of its underlying assumptions was that the scale of needs in the country and the intensity of its moral purpose would lead, in the short term, to quick results. In retrospect, the NACWC founders underestimated the complexity of the change process and overestimated the potential scope and pace of reform. As a practical matter, the capability and willingness of the system to absorb changes in the short term was considerably less than predicted in the 1994-1996 period.
4. The key constraint to rapid change was a shift in the direction of educational institutional development at the national level. The initial enthusiasm for new institutional forms that had appeared in the 1995 White Paper diminished over the next few years mainly under the pressure of budgetary restrictions and existing bureaucratic interests. The urge for transformation gave way to an acceptance of incrementalism. Governments at both the national and provincial levels became uneasy about allowing NGOs access to state funding. The introduction of a 'foreign' community college model and its associated decentralization made staff nervous within the existing system. The specter of uncontrollable expenditures that might come about by allowing civil society organizations access to public funding led to a shift in emphasis in the period 1997-1998 towards maintaining support for public providers. Simply put, the South African state was not about to build state capacity by building the capacity of non-state actors. The initial period of reform would therefore focus on state support of

its own existing organizations with no exceptions for the NACWC or other similar NGOs. In effect, an institutional and policy window that had existed at the time of NACWC's creation in 1996 closed with the publication of the Green Paper on Education and Training in 1998 and the subsequent Act in the same year.

5. Patterns of behavior in different sectors, let alone different countries, appear to matter. The dynamics of educational reform in South Africa would follow patterns familiar to those of many other countries trying to execute transformational change. The need for institutional and organizational innovation was clear. South Africa had to quickly close its 'ingenuity gap' by experimenting with a variety of new approaches. Consensus proved hard to reach as different interest groups championed a variety of educational reform theories. Indeed, few sectors in any country appear to generate as many battles between reformers and the educational establishment as does education. It was in many respects an example of a 'chaotic' system striving to find some new patterns of order. Vested interests in the large educational bureaucracies at both the national and provincial levels struggled for authority and resources. Differences emerged within the same departments between the top and middle level officials. Tensions arose between ministries dealing with education, labor, youth, employers and universities. Teachers' unions lobbied strongly to protect the interests of their members in the public sector. On the one hand, most groups accepted the need to dismantle the status quo. On the other, the fragmentation within the system and its inherent inertia acted to limit the growth of innovative capabilities.

6. We keep forgetting in development cooperation that capacity development is a political process as much as it is an approach to technical and organizational improvement. In the NACWC case, some organizations were facing the loss of funding and resources. Others were gaining. Some were going to win and some to lose. The Boesen framework makes this same point. We need to look at capacity development issues from that perspective. Indeed, there is a larger point here. We simply cannot understand these kinds of complex cases from a single perspective such as the technical rational which is the one preferred by the donor community or the econocratic (incentives are everything). The political view matters as does the economic. In the NACWC case, a historical perspective was key. As was the cultural and social. We need multiple images of these cases in order to come close to a full understanding. And we need the ability to keep these multiple images in our head at the same time.

7. A key point has to do with 'operating space'. Organizations can develop capacity if they have the motivation, the resources *and* the operating space to do it. But there is a balance here. Too little space leads organizations to be disempowered and demotivated. Too much and they become unaccountable, unresponsive and occasionally predatory. NACWC started out with a good deal of operating space only to lose it in the end. Operating space itself depends on a variety of factors including the state of institutions (as opposed to organizations), power dynamics, managerial skill and so forth. We can see this same issue appearing in the current Indonesia case. In the NACWC case, the organizational work on the NACWC was started *before* the governing institutions were in place. Indeed, NACWC hoped to create both itself as an organization and some of the institutions that would govern the technical education sector. Ambitious stuff that turned out to be too much of a reach.

8. Many of us use the term 'mainstreaming' far too glibly. We are, after all, talking about complex change. But the image created by the use of the term 'mainstreaming' is that of an activity close to a blood transfusion. We have already seen this issue working itself out in the ENACT case. In the NACWC, 'mainstreaming' had complex political, financial, cultural and even ethnic dimensions. The 'pilot case' approach did not work in the NACWC example in that other organizations were not

motivated by the example of NACWC's improved performance. Indeed, that presented a threat that helped to lessen its support. The value of quick results as a demonstration effect varies greatly according to the conditions. Evidence of performance can be a threat as well as a motivation.

9. In addition to 'operating space', the concept of legitimacy mattered in the NACWC case. Capacity and performance are not just activities to do with putting the machinery in place. They have to do with gaining the support, loyalty, acceptance, blessing of others who are in a position to determine your fate. In politicized situations in the public sector, capacity sometimes does not exist if others are not prepared to accept it and give it legitimacy. This was doubly the case in the NACWC case in that the one group that could override internal bureaucratic and political legitimacy - i.e. the customers and students associated with the NACWC - were not a major force. The external mobilized demand side was not a key factor.

10. In the NACWC case, DANIDA was not an intrusive player except in terms of setting expectations. But it was facing a situation of huge uncertainty - what the private sector would call venture capital. In such situations, most investments fail. It is the few successes that make the difference. And the private sector has more patience. In the NACWC case, the DANIDA material still operated from the perspective of a likely success with failure as an aberration. And the NACWC had to show results in two to three years due to budgetary institutions in DANIDA.

11. Timing mattered in the NACWC case. Windows of opportunity open and shut. An intervention that works at a certain stage in the evolution of a complex system fails at another. In the NACWC case, the type of intervention that it represented was probably far ahead of its time. Again, the dilemma of balance and timing. Not enough innovation leads to the same old stuff. Too much and it cannot get the support that it needs to survive. NACWC was intervening in the early stages of system evolution where there were few ground rules and accepted patterns of behavior other than those inherited from the old regime. Again, Tony's case is somewhat comparable

12. The issue of strategic positioning was important in the NACWC case. To understand better the emergence of NACWC's capabilities and performance, it helps to be clear about its strategic positioning. i.e. how did the timing of NACWC's establishment fit into the evolution of the technical education system? How did the NACWC relate to the system(s) of which it was a part? How did it interact with its stakeholders and client groups? What role did it play at what levels and with respect to whom? To which groups did it intend to deliver value and how would it do that? How did it relate to the rules of the game of that sector? And what would be the implications for its capabilities and performance of that strategic positioning?

13. Another point relates to the paradox of NACWC's organizational autonomy and its subsequent relationships within the system. On the one hand, the NACWC was established as a not-for-profit trust to ensure its organizational autonomy and flexibility. It was, in practice, designed to be an agent of change within the public technical educational system but positioned outside that system in terms of accountability, control and authority. Or put another way, its role was to mainstream new ideas into the system and then, in turn, to be mainstreamed into that system. Its future in the medium and short term was critically dependent on the nature of policy decisions at the national and provincial levels over which it had no control and little influence. In this sense, the NACWC was a 'decision-taker' and vulnerable to institutional trends in the sector and the wider context.

14. NACWC had internal governance issues that affected the capacity building process. It was in practice a consortium that had complex inter-organizational relationships that affected its behavior as it struggled to cope with the dynamics in the sector itself. What held it together was a passionate commitment to a set of values about serving marginalized South African youth. We in the donor community lose track of the importance of shared values in the capacity development process. But they matter.

15. A general point about building capabilities is relevant at this stage. Much of the development cooperation analysis of capacity issues is positive and additive. It implicitly assumes that capabilities can be either 'built' i.e. added on from scratch or augmented to those that already exist. The latest term 'enhancing' gives a flavour of this perspective. There is little discussion of the potential losses and dislocations that the process can entail. In some cases, participants have to face doing away with capabilities that have long existed (e.g. certain kinds of teaching methodologies) and replacing them with others that are judged to be more effective. The difference between capacity building interventions that are incremental or additive and those that are transformative but destructive are significant especially when they are focused on core activities that form the basis of personal and organizational identity. When a capacity building program is large-scale, transformative and directed at core activities, participants are reaching the outer edge of feasibility. At the very least, participants and donors need to be able to aware of the risks of their interventions and design them accordingly.

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