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Capacity Development Literature Review

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Table of contents

Abbreviations and Acronyms

CD	Capacity Development
Danida	Danish International Development Agency
DFID	Department for International Development Cooperation, UK
CSO	Civil Society Organisation
GIZ	German Agency for International Cooperation
IDU	Injecting Drug User
IT/ICT	Information Technology / Information Communication Technology
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
NGO	Non-Governmental Organisation
Norad	Norwegian Agency for Development Cooperation
ODI	Overseas Development Institute
OPM	Oxford Policy Management
OECD/DAC	Organisation for Economic Cooperation and Development/ Development Assistance Committee
PPP	Private-Public Partnerships
PRSP	Poverty Reduction Strategy Paper
QCBS	Quality and Cost Based Selection
SAREC	Sida Department for Research Cooperation
Sida	Swedish International Development Cooperation Agency
TA	Technical Assistance
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development

Preface

This literature review of capacity development is one of the pre-studies undertaken as part of the inception phase of the Joint Evaluation on Capacity Development that Danida, Norad and Sida will undertake. The literature review was commissioned by Sida's evaluation unit and undertaken between February-April 2014 by Indevelop under Sida's Framework Agreement on Reviews and Evaluations. During the review, the review team has been in contact with the parallel study teams from Danida and Norad.

The review team consisted of Ian Christoplos, Team Leader, with Anna Liljelund Hedqvist and Kristoffer Engstrand as team members. Adam Pain has conducted quality assurance of the deliverables. The final report has incorporated comments from Sida on the draft report.

Executive Summary

This literature review has looked at the effectiveness, impact, relevance, sustainability and efficiency of capacity development within international development cooperation. At the outset, it became apparent that the topic of capacity development is amorphous, which has proven a challenge in setting boundaries on the scope of this report. It is hoped that this review will contribute to overcoming some of the uncertainties about what is meant by capacity development. The literature review took as its initial point of departure the three factors of capacity development related to human resource development, organisational development and the institutional factors behind an enabling (and very often the disabling) environment.

Development cooperation has very often failed to undertake sufficient assessment of existing structures and of the efforts of bureaucracies to develop their own capacities. Building on existing efforts is related the extent to which local actors feel they have control over the assistance they receive. An additional benefit of building on existing reform efforts is that these processes provide a window that can reveal who the champions of reform are and where sufficient capacities and drive already exist to take advantage of capacity development support. Perhaps the most important aspect of 'building on what is there' is that of recognising that complex sets of incentives are in place, and dynamic change processes may already be underway at the start of any intervention.

There is a growing literature on capacity development in fragile states. The core message from this literature is that where capacity is most needed existing structures are extremely weak (or have strengths that do not reflect 'good governance'), and are often too weak to absorb large or rapid capacity support. Furthermore, there are no easy answers to the question of how to combine capacity development commitments with ensuring that services are provided in the short-term and thereby potentially contribute to state legitimacy. The compilation of ambitious governance checklists in fragile states has been criticised as providing little useful guidance for judging how to manage trade-offs between developing capacities and providing services. An alternative is to focus on sequencing and efforts to attain 'good enough governance'.

Despite a de facto statist focus in most capacity development initiatives, there have been shifting notions regarding the 'right' role for the state, and with this the different capacities that are needed for state, civil society and private sector actors in achieving development cooperation goals. Policies over the past two decades have ostensibly called for a shift away from assuming that public institutions alone should be strengthened as part of state building efforts. Instead attention has been given to pluralism, new public management, and in recent years to public-private-partnerships.

A major problem that exists in capacity development efforts is that they are often insufficiently anchored in analyses of what is required to reach intended goals. This problem is aggravated by vague supply-driven expectations that a new method or training package will solve the problem, without clearly defining what the problem is or what the theory of change is by which modest inputs are expected to lead to grand outcomes. Naïve and unrealistic theories of change have sometimes been manifested in a sole focus on knowledge (training) as a sufficient solution for a given sector, at the expense of looking at the broader set of issues that need to be addressed. Some studies have noted that seemingly obvious factors, such as salaries, staffing levels, and staff retention, have major implications for the realism of capacity development efforts.

A central factor driving naïvety is the idea that capacity development is basically a matter of replicating 'best practices' regardless of context. In order to move away from a naïve view on capacity development, contextual analysis is recognised as a precondition for effective support to institutional change processes. It can provide pointers for understanding where there are prevailing gaps in human resources, organisational and administrative systems, and why these gaps exist in relation to cultural factors and the broader statutory, regulatory and even informal institutional systems that constrain and enable capacity development and reform. Contextual assessment is also a matter of recognising the overarching historical, cultural and political factors that frame how local actors perceive the role of the state, civil society and the private sector. It can also reveal where these factors are reinforcing existing neo-patrimonial relations between the state and citizenry, and where naïve support to the existing power structure can have negative impact.

The value and role of results-based management in capacity development efforts is hotly disputed. Some observers are concerned about how capacity development has been perceived to mean everything and nothing and therefore propose stricter adherence to results frameworks. Other studies emphasise the unpredictability and convoluted nature of the contexts and processes into which capacity development efforts must fit, which therefore demands a 'complexity perspective' that cannot be encompassed within prevailing result-based management systems. Efforts that reward visible, concrete short-term outputs (e.g., numbers of people trained) frequently overshadow long-term and inevitably diffuse processes of organisational and institutional capacity development and reform.

Development cooperation in general and capacity development in particular have a historical association with technical assistance and cooperation. Over time, this has changed and in some respects technical cooperation and assistance have come to be associated with patronising assumptions about the superiority of Western systems and models. Nonetheless, technical assistance remains at the core of most capacity development efforts. In a certain sense, the debate on technical assistance is the flip side of the discussion of ownership, as ownership is expected to be the driver behind a transformation from earlier patronising approaches based on the transfer of Western mod-

els to one that is driven by the demands and local determined needs of the actors whose capacity is to be developed. Their empowerment regarding the choice of the priorities, modalities and channels for technical assistance is seen to be the hallmark of an effective aid agenda. The aid effectiveness agenda implies a shift away from technical assistance focused on delivering models favoured by donors, to instead reflect commitments to enhance local capacities and strengthen institutions as a basis for countries to choose their own models.

An important issue related to the prioritisation and sequencing of technical capacity development investments is that of choices between focusing on central level institutions versus local government and other local service providers. Several studies have noted that this is not necessarily a choice, as capacity development requires the combined efforts of central and decentralised structures.

Similarly, an important aspect of capacity development is that of strengthening the capacities for a dynamic relationship between civil society and the state so that duty bearers can be held to account. However, donor commitments in this regard are weakly adhered to, and CSOs are used more as consultants or 'cheap' service providers than as actors in governance and development.

The majority of the literature reviewed is striking silent with regard to capacities to understand and apply cross-cutting normative dimensions. Training in gender awareness and environmental impact assessment have been widespread, but follow up to assess the outcomes of these investments in terms of individual skills and awareness, organisational structures to internalise these norms and commitments, and changes in the institutional environment to encourage these changes has been rare. Despite the seemingly obvious connection between the responsibilities of duty bearers and their capacities to shoulder these responsibilities, a human rights based perspective is almost entirely absent in the literature.

Overall this literature review has found that success in capacity development can be attributed to design and implementation processes that reflect a non-naïve awareness of context. By understanding context, it is possible to develop the savvy required to see where ownership can be fostered and maintained spatially (in a given country, culture or political system) and temporally (when contexts change). Failure can be correlated with charging ahead with models that are neither relevant nor are likely to generate ownership. This is not to say that innovative models are not appropriate, but that appropriateness requires that the factors that stand in the way of innovation and generate path dependencies in existing organisations are acknowledged and addressed.

The main lesson learnt about these contextual factors is that they should not come as a surprise. Development cooperation has extensive and growing experience with the realities of fragile states, climate uncertainty and volatility and political upheavals arising due to conflict or even democratic elections. What is needed is a readiness to

acknowledge this and adopt modalities and dialogue processes to manage support to capacity development within these non-linear processes.

A second overall lesson is that volatility inevitably leads to goal conflicts. There is no silver bullet to enhance state legitimacy, maintain neutrality and provide vital services in the middle of a conflict. It is essential to recognise that capacities must be built and exercised simultaneously. This is never an easy task and will inevitably involve difficult choices around sequencing or even selection of 'least bad' options.

The third lesson is that these goal conflicts also exist in donor countries, and that this has led to a decline in commitments to aid effectiveness. Demands for quick results and standardised methods and indicators often overshadow a commitment to applying the lessons from the literature.

A fourth lesson is that the principles of a rights based approach are appropriate for highlighting the relations between rights holders and duty bearers, and that capacity development should be about developing the capacities of both to ensure that the supply of 'good enough governance' corresponds to the demands of an active citizenry. Technocratic approaches to capacity development run the danger of ignoring the extent to which capacity development must be part and parcel of engagements in democratic governance.

If capacity development is to be perceived as more than a technical process it is important to critically reflect on the higher level outcomes and impacts to which it should contribute. A well performing civil service is the basis for citizens to recognise and respect their government, which in turn creates a virtuous cycle of respect for rule of law, demands for non-corrupt bureaucracies and services that reflect citizen needs and demands. Civil society institutions also require capacity and legitimacy, which can be achieved if they are accountable to their members, if they are capable of representing the rights of their constituencies when confronting duty bearers, and if they provide quality and efficient services.

This literature review recommends the following in relation to the further process in evaluating capacity development:

1. The evaluation process should contribute to breaking down the division that often exists between capacity development discourses on fragile and non-fragile states; and between the statist literature and that which emphasises pluralism.
2. The evaluation should apply a meta-perspective of acknowledging the non-linear nature of capacity development processes.
3. The evaluation should strive to fill four major gaps:
    - Developing capacities among a range of stakeholders to apply cross-cutting policy concerns, from gender to environmental sustainability.
    - Links between capacity development efforts and the growing private sector development and public-private-partnership portfolios.

- Questioning implicit assumptions about how capacity development will lead to more efficient public administration and locally owned efforts.
- Learning about what happened to new procedures, IT systems, strengthened human resources or innovative learning processes after the project has ended, and even after a change of government, major disaster or conflict.

Finally, the evaluation need not rehash the copious analyses of the failures to implement the capacity development elements of the aid effectiveness agenda. The literature review team regrettably concludes that there is now a greater need to reflect on how to best 'pick up the pieces' in lieu of across-the-board commitments to aid effectiveness.

1 Introduction

1.1 THE ASSIGNMENT: SCOPE AND DEFINITIONS

This literature review has identified and summarised existing literature on the effectiveness, impact, relevance, sustainability, and efficiency of capacity development within international development cooperation. This includes looking at a broad range of literature sources from relevant research institutes, think tanks and from Danida, Norad, Sida, UN agencies, the World Bank and OECD/DAC. The selection of literature has focused to a significant degree on broad thematic reviews of different overarching themes in capacity development in international development cooperation, but has also included selected narrower evaluations that address a particular project or aspect of capacity development.

A very large proportion of international development cooperation and virtually all of Sida programming (83) includes significant elements of capacity development. This demonstrates the importance of the issue, but also the difficulty in determining how to best define the scope of a literature review such as this. At the outset, it became apparent that the topic of capacity development is amorphous. This is not just a challenge for the literature review, but has even been recognised as part of the problem in addressing capacity development needs in a concerted manner. One report notes that: "*If national capacity and capacity development mean everything, then in terms of management they mean nothing, as they do not define what and what not to do*" (71, p.54). Defining what is meant by and intended in capacity development has been described as being contested due to it being:

- *"Confused – being rarely defined or even translated*
- *Contested – as different stakeholders have different implicit agendas*
- *Contextual – as it differs in different contexts and cultures*
- *Counteracted – by an aid system that inhibits capacity building*
- *Complex – being ultimately about change in human systems"*

(42, p.i)

It is hoped that this review will contribute to overcoming some of the uncertainties about what is meant by capacity development. Nonetheless, given the amorphous nature of the theme, this review takes a broad focus, looking at aspects of human resource development, organisational development and the creation of an enabling institutional environment for enhancing capacities, in accordance with the OECD/DAC findings on good practice (54), while also recognising that these categories describe, rather than define, capacity development.

1.2 METHODS

This assignment has been conducted in three phases; inception, data collection and reporting.

During the inception phase the methodology for the literature review was developed. The team conducted a brief review of the structure of analysis applied in key international and Nordic capacity development reviews in order to inform the thematic foci and structure of the actual literature review. Based on this, the team developed a draft analytical structure synthesising the key areas for investigation in the review.

During the data collection and synthesis the team used a thematic guide developed during the inception phase to draw out relevant evidence from each piece of literature in a systematic manner. The findings in this report have been analysed in accordance with the thematic guide. The concluding section responds to the evaluation questions, summarising findings according to the OECD/DAC criteria and provides recommendations for the upcoming evaluation process.

1.3 LIMITATIONS

The contested nature of capacity development has meant that the scope of the literature reviewed reflects a range of biases and it has been impossible to arrive at a 'representative' balance of perspectives. A considerable proportion of the literature was anchored in assessment against the goals of the Paris Declaration on Aid Effectiveness (Paris Declaration), which itself has certain biases, for example a primary focus on the state. Efforts have been made to include a broader perspective, with significant efforts focused on reviewing analyses of capacity development efforts directed at civil society and the private sector.

Apart from where specifically requested in the ToRs or where a major theme has become apparent in the literature, the literature review has not delved deeply into specific sectoral or topical discourses on capacity development. It should be stressed that the ways that capacity issues are analysed differ across sectors and with regard to specific skills and reforms. Exploration of these contrasting discourses would be enlightening, but beyond the scope of this review.

Another limitation in the analysis has been the fact that the different texts reflect different underlying assumptions about the scope of capacity development. As such, the categorisations and contrasts in the review sometimes reflect non-commensurate data. Therefore the judgements regarding agreements and disagreements in the literature reflect the literature review team's somewhat subjective interpretations.

2 Findings

2.1 DEFINING THE SCOPE OF CAPACITY DEVELOPMENT, OR CHOOSING TO JUST MUDDLE THROUGH?

Capacity development is currently widely recognised, at least formally, as consisting of a range of dimensions, from the knowledge of individuals to that of organisations and the nature of the institutional frameworks and norms in which they operate. Furthermore, capacity development is about change. Intended outcomes generally involve the extent to which people perform their jobs differently. In order to enable them to do so they may need greater knowledge, bureaucracies or organisations that encourage them to do so, and changes in rules and informal norms that sanction changes in behaviour.

A current catchword in development efforts to describe these changes is 'innovation'. However, the findings of this literature review largely point to encounters with two less popular concepts. The first is that of path dependency, a term referring to the factors that lock efforts into existing patterns of behaviour due to the strength of existing disincentives and disabling institutional environments. Path dependencies exist due to the fact that institutional change has a range of political and organisational costs and can disrupt well established flows of benefits (84), most of which cannot easily be offset by donor support.

The second concept is that of institutional bricolage (85) that recognises how people seldom simply implement reforms, but instead tend to integrate and interweave new ideas, procedures and norms into their pre-existing ways of working. A meta-finding of this literature review is that path dependency and institutional bricolage are implicitly (though almost never explicitly) evoked throughout the literature.

A first question is whether there are conceptual frameworks available that are useful for wide application in 'getting a handle' on the dimensions that drive innovation, lock-in path dependencies and/or generate processes of institutional bricolage. In searching for such a framework the literature review took as its initial point of departure the three factors of capacity development related to human resource development, organisational development and the institutional factors behind an enabling (and very often the disabling) environment, in accordance with guidelines from OECD/DAC (54). However, this break down into the three categories was rarely explicit in literature analysed. This framework remains a useful tool for ensuring that the broad perspective on the components of capacity development are not missed, even if it has apparently not provided a tool that is useful for general application. Alternative categorisations also exist, such as looking at the internal and external drivers

for capacity development (48), to which a second axis has also been suggested, that of the functional and political dimensions (15). There is a general view that it is more important to focus on the content of capacity development efforts than to pay undue attention to the labels for different categories (71, 41, 57). It has also been suggested that this structure provides a useful basis for reflection, but insufficient direction for action.

A review of Sida's performance in capacity development (60) found Sida's policy for capacity development to have more of a discursive rather than regulatory character, and the manual for capacity development fails to provide concrete guidance for staff. Another review of Sida performance in relation to institutional change (64) found that it was extremely difficult to extract information about capacity development processes from existing evaluations due to the extent to which institutional development is both embedded and under-reported in overall development cooperation.

It has even been suggested that development cooperation agencies are quietly satisfied with the nebulous nature of capacity development as it allows them to ignore fundamental differences and continue with business as usual: "*Consensus is achieved by not clearly identifying the goal* (41, p.17).

One study describes a chronological process in how capacity development has been conceptualised (43) whereby capacity development (building) started out being seen as purely related to human resources (or even just training, without a focus on human resources in a broader sense). This was followed by a recognition of the importance of organisational development; which in turn led to a recognition of broader systemic factors (which may or may not be possible to influence). This enabling environment includes creation of conditions for greater engagement of civil society and the private sector. There is now a broad recognition of the need to focus on all three elements together.

Another chronological aspect that can be noted is that the rise of the aid effectiveness agenda led to a broader perspective on these elements, which is reflected most in the literature from 2004-2007 (56), but may be receding in conjunction with weakening commitments to aid effectiveness in more recent years. The scope of this literature review is not sufficient to confirm the existence of this trend.

Some studies (7, 56) point out the importance of avoiding piecemeal efforts directed at one of the categories, as the effectiveness of any form of capacity development effort is to be found in the synergies between these different aspects. It has also been noted that failure to recognise and address these different aspects can reduce effectiveness and above all sustainability. There is, however, disagreement regarding if and how development cooperation needs to take such a comprehensive approach. Some have stressed that joined-up approaches may be over-ambitious and unrealistic, especially in fragile states (24) due to the existence of "disabling" environments (8).

Some note that this gradual realisation of the bigger picture came late in capacity development in fragile states (8), and may still not have fully arrived among many humanitarian agencies (11). Some recognise that even in development work many technical cooperation interventions still reflect a faith in training-fixes, lacking even awareness of the need for a broader approaches (32).

Donor priorities are part of the reason that the lessons about the importance of recognising the broad nature of capacity development has often remained un-learnt. A subtext that runs through much of the literature reviewed is that of the need for a shift from 'teaching' goals and modalities, to a wider stance in how to support learning. "*Because donors' policies and practices are so influential in shaping the incentives of the entire CD* [Capacity Development] *provision industry, a great deal rests on the question of what donors will pay for. As long as donors keep funding the use of training as the primary approach to CD there is no incentive for service providers to change*" (57, p. 15).

One review of Sida programming found that donor harmonisation efforts may have had a negative impact in this regard as Sida came under pressure to harmonise its support with out-dated and ineffective quick-fix training efforts led by the World Bank (64).

To summarise, there is widespread formal recognition of the importance of a broader perspective on the scope of capacity development. The parameters for what capacity development means remain contested and for a range of reasons, and practice has often changed very little to reflect these broader perspectives.

2.1.1 Summary findings

Relevance: There is broad formal recognition that achieving more relevant capacity development programming is reliant on adopting a multidimensional perspective. This includes respect for how diversity in existing human resources, organisational patterns and institutional norms define what is possible and desirable to achieve in capacity development efforts.

Effectiveness: The extent to which a recognition of the multidimensional character of capacity development has led to changes in practice is limited, and strong incentives remain to judge effectiveness at output, or even at activity (training) level.

Impact: Capacity outcomes must be measured in relation to a range of transformations; and the potential of achieving these changes in attitudes and practices is related to prevailing path dependencies. The challenges in responding to the complexity of these processes has led some to suggest that less attention be paid to standardised tools, and more to adapting capacity development efforts to the actual content of desired changes in a given context, even if the impact pathways may then be characterised as 'muddling through'.

2.2 CAPACITY DEVELOPMENT FOR STATE-BUILDING AND PUBLIC SECTOR REFORM

A majority of the literature reviewed focuses on, and sometimes even implicitly defines capacity development as state-building in general, and as the core approach to public sector reform in particular. These efforts are overwhelmingly built on diagnostic assumptions about the 'failures' of prevailing bureaucracies and the need for more formal and less discretionary behaviour on the part of individuals. This again relates to changes in organisational incentives and institutional norms.

Public sector reform is also central to efforts to carry through with the intentions of the Paris Declaration on Aid Effectiveness, wherein a central aspect is that of having capacities in place so that donors can feel confident enough to channel resources through national structures (75). Part of the public sector reforms that were intended to be mobilised through the Paris Agenda involved building further on existing public sector reform efforts. However, some of the capacities needed were new, such as those required to manage modalities including sector wide approaches and budgetary support.

2.2.1 Building on existing incentives in public bureaucracies and reform processes

Even where existing structures are weak, including fragile states, it has been recognised that there is almost always 'something to build on' and that this relies on assessing the nature of this 'something' (7, 24). Development cooperation has very often failed to undertake sufficient assessment of existing structures and of the efforts of bureaucracies to reform themselves (56), or to resist reform. The literature review team interprets this as an area where there is a creeping recognition that 'reform' is inevitably about institutional bricolage and that failures are largely related to efforts to promote innovation without acknowledgement and assessment of path dependencies.

Some have suggested that this failure to build on existing efforts represents an inherent structural failure in development cooperation in general (7). Building on existing efforts is related to alignment, and the extent to which local actors feel they have control over the assistance they receive, which is in turn recognised as a central factor determining effectiveness of capacity development efforts (56). An additional benefit of building on existing reform efforts is that these processes provide a window that can reveal who the champions of reform are and what actors are trying to prevent change; or at least help to recognise where sufficient capacities and drive already exist to take advantage of capacity development support (52).

Another issue regarding alignment with ongoing capacity development processes is the recognised importance of 'new' issues not being managed as a separate track when they could be integrated into already existing and ongoing efforts. An evalua-

tion of Norad support to anti-corruption efforts noted that projects made insufficient efforts to forge seemingly obvious links to related existing public sector reform processes (40).

Perhaps the most important aspect of 'building on what is there' is that of recognising that complex sets of incentives are in place and some forms of dynamic change processes are usually already underway at the start of any intervention. Understanding is needed of the incentives and disincentives behind ongoing processes within the targeted organisations (24, 64). These processes are, however, generally too complex and informal to grasp at the outset, and learning about them may therefore require an iterative process during actual implementation. One report notes that "*Incentives to individual performance in the public sector are shaped by core country systems and civil service employment conditions. Assessing their quality and prospects for change requires identifying what is often several root causes and how they may interact in a pattern. Ad hoc and narrowly conceived CD efforts are unlikely to work in constrained environments. Broader, multi-facetted and incremental reform processes may be required – but also much harder to implement. This may leave country partners and donors with few alternatives to keep perspectives clear while muddling through; testing and adapting approaches along the road, and accepting that the risk of failure is high.*" (33, p.20).

Finally, it should also be noted that prevailing incentives may be so perverse that they are inevitably skewed against genuine reform. Path dependencies in public agencies that are primarily structured around patronage and consist of bureaucratic fiefdoms may mean that objectives to introduce formal norms and reduce the discretion of these officials may run counter to the very essence of existing systems and be therefore be beyond the influence of the modest tools of development cooperation (2).

2.2.2 Fragile states

There is a growing literature on capacity development in fragile states. The core message from this literature is that in those places that capacity is most needed existing structures are extremely weak (or have strengths that may not reflect 'good governance'), and are often too weak to absorb large or rapid capacity support (8, 23,24). Furthermore, there are no easy answers to the question of how to manage trade-offs *"between the exercise of capacity and building it."* (8, p.69), as it may be more important to ensure that services are provided in the short-term to populations in dire need, rather than automatically focusing on long-term investments in capacity.

It should be stressed that this goal conflict between developing and applying capacities exists in all organisations, even in non-fragile contexts. Senior managers are generally more concerned with 'getting the job done' than with capacity development (71, 24). This is more acute in fragile states where the challenges to 'getting the job done' are so massive and require complete attention. Both donors and citizens are more focused on actual services provided 'now' than capacities to hypothetically pro-

vide them in the future. Furthermore, there may be a consensus that humanitarian agencies should 'get the job done' in the short-term, but consensus is frequently lacking on the nature of transition processes and the role of the state in relation to trajectories of longer term capacity development.

Where humanitarian agencies are in the lead regarding service provision, principles of neutrality and independence may supersede demands for ensuring state capacity for oversight of NGO service provision (11). Bypass/parallel approaches are also justified when the urgent need for services as part of the humanitarian imperative is seen to outweigh the importance of capacity development. Some reviews note that parallel structures are so common as to be taken for granted (23). This is recognised as potentially undermining ownership and ultimately the legitimacy of the state (8, 24, 34, 73).

Bypass structures are sometimes justified not only by the humanitarian imperative, but as part of an overall short-term strategies to preserve security by keeping populations placated, goals which also frequently 'trump' capacity development and long-term intentions to strengthen state legitimacy (8,24, 42). Some describe security as an essential component of capacity development itself in fragile states (73), but this says little about how to confront contradictions where ensuring security is addressed through providing 'hearts and minds' oriented services that bypass the state.

If security is to be linked to legitimacy it is inevitably important to invest in justice and rule of law. This is not always recognised, perhaps due to lack of trust between donors and the institutions responsible for justice in the fragile states they are supporting. "*It is noteworthy in the context of legitimacy issues that evaluators repeatedly underline the lack of justice and rule of law programmes in donors' portfolios. They assume that donors prioritise support to build technical capacities of the state at the expense of justice. For example, although rule of law was identified as an important field of engagement in DFiD's needs assessments of fragile contexts, it was not put on the agenda."* (23, p.29).

Where capacity development remains on the agenda, the desire to find a quick-fix and false assumptions about a vacuum in state capacities mean that resources sometimes pour in, with technical advisors often outnumbering the civil service staff they are expected to advise (73). Erstwhile technical 'advisors' are often pulled into managerial or even operational roles (15), especially when they have nobody to advise. Attitudinal problems have been noted as a factor in dealing with fragile states, as humanitarian oriented 'cowboys', accustomed to acting on their own, frequently show insufficient patience with and respect for local actors. Such arrogance leads to dissolving trust (8). Amid pressures to act, technical 'advisors' are rarely recruited for their advisory skills, but rather for their 'can do' capacities (34). Despite considerable calls for more comprehensive approaches to rebuilding the capacities of the state, many capacity development initiatives still involve very short-term quasi-humanitarian methods (24), or a narrow focus on the technical training of individuals (34).

It has been noted that the term 'fragile state' is sometimes a gloss that fails to provide a basis for assessing where capacity development is feasible and where it is better to focus on provision of basic services while waiting for minimal conditions to arise for a shift to a capacity focus (24). A broad finding of the literature is that, due to the multitude of dilemmas in fragile states, "*least bad solutions are often the best available*" (33, p.16). Despite this recognition, there are divergent views about how to find the least bad solution. 'Whole of government' approaches to fragile states appeared early in the last decade in response to the dearth of guidance for how to deal with new countries such as Kosovo and East Timor given the broad array of needs and the recognition of failures in piece-meal approaches (8). But capacities are needed to absorb such comprehensive capacity support. Even in non-conflict situations the conditions for 'whole of government' approaches are rarely present (66). There has since been considerable evidence that these concepts have not shown their worth in practice (8, 23, 24, 34).

The compilation of *"long lists of things that must be done"* (24) with regard to capacity development in fragile state has been criticised as providing little useful guidance. An alternative to the focus on these "long lists" is to sequence efforts rather than trying to address all factors in a big push. Grindle writes that: *"If states vary considerably in terms of their strengths and capacities, it is reasonable to ask if some governance reforms logically precede others. Thus, for example, it seems reasonable to assume that the basic security of individuals and property may be a foundational condition on which other governance improvements must be built. If this is true, then countries in the midst of high levels of violence and civil war are probably inappropriate sites for interventions meant to build a professional civil service or strengthen the ability of governments to provide basic health and education services (beyond what might be possible as humanitarian intervention). In contrast, states that have developed more stable and regularised systems for managing basic public administration and social services, even if of very low quality, can be better environments for public-service reform, improved tax administration, or interventions to enhance citizen participation in public affairs."* (24, p.563).

There is perhaps a natural and inevitable statist focus when dealing with fragile states, as lack of state capacities is inherent in the definition of the fragility 'problem'. Relatively few studies provide reminders that this is not the only capacity challenge, as civil society is not just a problematic bypass to the (hopefully) recovering state, but needs to be strengthened in its own right, especially as these states are in particular need of structures to promote and demand democratic accountability (16).

Even where donors work closely with the government, public perceptions that 'the donors are calling the shots' may mean that aid can nonetheless undermine state legitimacy (23). Donors are often perceived as being more of a problem than a solution for state-building when differing political agendas among different donors result in differing theories of change and very weak harmonisation (23). There are significant

broader doubts about how genuine donor commitments are to fostering government ownership of capacity development efforts. "*Many studies do not even pay lip service to domestic ownership, let alone evaluate interventions from this perspective. Most evaluations are clearly focused on donor interventions and their logic, and they often share a* rather *optimistic (though not always explicit) view on what external interventions can achieve*…" (23 p.47).

Another 'elephant in the room' factor in capacity development in fragile states is the quality of the political settlement through which the conflict has been (is being) resolved, as this sets the parameters for efforts. Dysfunctional compromises that have been accepted in order to attain a peace settlement (e.g., in Bosnia Herzegovina, South Sudan) can lead to enormous challenges in determining (a) which of the new state institutions have responsibilities for what, (b) where legitimacy needs to be strengthened, and (c) where capacity development efforts run the risk of aggravating tensions. Silence about dysfunctional political settlements is a common feature of naïve approaches to post-conflict state-building (23). This silence reflects a failure to respect the most core and broadly accepted finding that state-building is a political and not a technical process (23). Agencies ignore the structurally dysfunctional (governance) forest for the trees due to a focus on narrow technical factors (66).

Despite these challenges, some guidance is emerging for how to retain attention to state-building, even where there is no alternative but to invest heavily in other service providers: *"Donors and governments can cooperate on policy, resource allocation and service planning, even when the majority of services are delivered by non-state providers. The dilemma tends to be diminished when donors constructively align their capacity-building support, whether at the national or sub-national levels, with public sector agencies to:*

- *capitalise on existing sources of capacity (even if very small) as starting points to visibly demonstrate coordination,*
- *structure service provider contracts to create incentives for local capacity-building and partnership with state actors, and*
- *as soon as is feasible develop linkages to community groups and CSOs* [Civil Society Organisations] *that can begin (again even in very small ways at first) to build their capacity for oversight and expression of voice."* (8, p.70)

Recognition of the gaps between the grand aims and meagre or quick fix efforts at capacity development in fragile states is generating new calls for *"good enough governance"* (24). The importance and challenges of finding new modalities and goals that can be seen to encompass governance that is 'good enough' are discussed in section 2.3 below regarding theories of change.

2.2.3 Pluralism, new public management and public-private-partnerships

Despite a de facto statist focus in most capacity development initiatives (43), there have been shifting notions regarding the 'right' role for the state, and with this the different capacities that are needed for state, civil society and private sector actors in

achieving development cooperation goals. Policies over the past two decades have ostensibly called for a shift away from assuming that public institutions alone should be strengthened as part of state-building efforts.

These policies sometimes emphasise the principle of pluralism, in recognising the importance of all actors engaging in societal development (59). UNDP stresses that to get the focus right capacity development should reflect: "*the need for national governments to ensure that responsibility for development and aid is shared more widely among different parts and levels of government, as well as among legislatures, civil society and the private sector, and citizens at large*" (71, p.24). Swedish policy regarding the role of civil society in capacity development is unequivocal. *"Irrespective of the geographical or thematic area in which activities are conducted and regardless of the situation, capacity development is to form an integrated part of Swedish support to civil society actors in developing countries. The starting point for this should be local forms of organisation and participation. Based on their values (for example with regard to gender equality) and their long-term cooperation relationships, Swedish civil society organisations often have particular potential to promote capacity development and mutual learning with their partners in developing countries. Swedish civil society organisations will contribute to capacity development in civil society organisations in developing countries based on these organisations' own priorities. In this context, the organisation and its internal democracy, independence and actual performance should be the focus."* (59, p.15).

However, this policy has not been consistently applied. Civil society organisations have not been treated as organisations that should be strengthened as a central policy commitment, but are rather still frequently seen as alternative service providers or 'implementing partners' to be engaged as a temporary bypass (39, 50).

The role of civil society in creating an environment for broader learning in society and among donor agencies has sometimes been overshadowed as many international agencies have focused more exclusively on macro-economic growth and investment. For example in Mozambique (39) donors are increasingly focused on natural resource extraction where civil society is not seen as a significant actor despite the importance of advocacy on behalf of the populations affected by these schemes. Voice could be assumed to be needed to promote a critical public debate about the implications of these new priorities on public accountability, poverty alleviation and democratic governance. However, the means through which participation in national policy discourse is to be achieved have been criticised as being naïve. An article by the United Nations Research Institute for Social Development (UNRISD) comments on the 'mandatory' element of involving different stakeholders under the new aid approach, including civil society, when drafting Poverty Reduction Strategy Papers (PRSPs): "*When looking at the PRSP-model with its participation conditionality, in its assumptions, it seems to incline strongly toward the pluralist vision, interpretation or expectation of what policy influencing is. It is assumed that the political regime is open, that the associational landscape allows for sufficient pro-poor competition, that poor people*

and vulnerable groups have equal access to the political arena, that they will be able to voice their interests and influence the policy making cycle, that the government has a neutral stand towards the different groups in society, and that that goal of poverty reduction is politically neutral. Although participation is injected with extremely high ambitions, expecting from it that it will induce a grand progress in both democratic and developmental arenas, it is remarkable that all this is to be achieved through so little steering, no screening nor monitoring or evaluating the participation itself. As such the participation conditionality is loaded with voluntaristic assumptions" (47, p.11).

The 'flip-side' of pluralism is the assumed efficiencies that can be achieved through mechanisms such as the contracting out of service provision as a core aspect of new public management (45). Such contracting demands different capacities within state institutions (to become a 'good buyer' of services) and in the non-state actors that will shoulder the responsibilities that are contracted out. New public management is well established in many donor countries and has been encouraged in development cooperation (with the World Bank a strong proponent, 78). It is therefore surprising that the literature surveyed pays relatively little attention to assessing the implications of these efforts for reconfigured assumptions about whose capacities need to be developed and which capacities should be supported in different institutions. Studies that exist largely focus on contracting of private or CSO service providers, though one review was encountered that analysed a purchaser-provider model between public agencies (21). In one notable study of contracting out in the health sector in Pakistan (82) it was found that those promoting these schemes failed to recognise the issues faced in developing ownership for such a radically different approach in the civil service. This and a few other studies (82, 7) note the huge capacity gap that exists in developing new skills and procedures in bureaucracies that were expected to shift from being service providers to becoming good buyers of services. On a more promising note, the study found that international NGOs may be willing and able to take on the day-to-day management of these schemes in an effective manner, with the state retreating to a modest oversight role.

Other studies have also drawn attention to over-estimation of host government commitments to World Bank inspired privatisation models (56). These criticisms have been largely acknowledged, and in recent years new public management efforts have come to be characterised by more modest and locally adapted approaches focusing on performance management and leadership (66). In some respects the literature review team observes that contracting discourse appears to have moved from 'contracting out' to 'development of capacities to contract out' to a recognition that contracting needs to be addressed in a perspective of entwined accountabilities among different actors, illustrated by the following example: *"Contract Watch is a cornerstone initiative of the demand-side governance agenda in Africa. The program aims to improve transparency and accountability of public procurement and extractive industries contracting by working with a coalition of stakeholders, including CSOs, government, and the private sector. It builds capacity of stakeholders to more effectively monitor*

contracting processes and outcomes. Establishing effective and robust contract monitoring coalitions contributes to controlling corruption and ultimately improving public sector efficiency and the delivery of public services"(78, p.31). UNDP has undertaken similar initiatives to bring together multiple stakeholders, not just public and private, to oversee contracting processes (69).

In recent years some aspects of the discussion of new public management have come to be refocused more on public-private- partnerships, with particular attention to contracting out infrastructural investments and management, and provision of basic services such as electricity and water (22). There is a driving assumption that the private sector is inherently more efficient than the public sector, and that market pressures will mean that these companies will invest in their own capacities, thus allowing investments to public capacity development to be focused on core functions and priorities. The critique of these efforts suggests that even the private sector lacks capacities to provide these services to isolated and marginal communities, and that the presumed 'efficiencies' are actually the result of a failure to provide equitable and affordable access to services.

Findings are also, not surprisingly, showing that the experience of public-private-partnerships is similar to that of new public management regarding the very significant capacity development needs within public agencies if the state is to be able to manage contracts and act as a 'good buyer', as well as to address that significant risks of corruption that come with contracting (22). To avoid this problem, even regulatory roles are often contracted out to other non-state actors.

Emerging findings suggest that public-private-partnerships do not just constitute a technical, regulatory challenge. Counter-intuitively, some findings suggest that it is not in strict application of regulatory structures, but rather in *"applied creativity and imagination in interpreting the provisions…"* (46, p. 5) of these arrangements that effective multi-stakeholder services have emerged. Discretion is actually beneficial in finding new ways to collaborate where formal norms are new and not entirely suitable to local norms and conditions. On a similar note, others have noted that business environment reforms need to be driven by individuals in the government with strong personal commitments to lead these efforts (63).

In addition to the contracting dimensions, some public-private partnerships aim to provide commercial or non-profit services by private companies that coincide with state objectives. One case in Nigeria (53) involved a private company selling nutrient-rich foods in coordination with government efforts to raise awareness regarding how to improve nutrition and make links to farmer organisations and reduce value chain transaction costs. Such non-contractual partnerships presumably require less regulatory and oversight capacity but even these may require new capacities among both partners to achieve sustainability.

Furthermore, the weak private sector in many countries has meant that assumptions that the private sector will automatically develop its own capacities may be questioned (22). The literature generally implies that public actors are weaker than private or civil society actors (46, 82), but this does not mean that there are no needs outside of the government. There is broad consensus that the state has a responsibility to create an enabling environment for private sector development, for example by reducing the *"risk-to-reward ratio"* (6), but apart from the obvious role of basic education, it is not self-evident who might be responsible for taking a step further and investing in building the capacities of private firms (despite many donor financed programmes that aim to do so). One study of engagement with the private sector in the health sector found three public sector capacity development challenges: *"harnessing entrepreneurial dynamism for the renewal of primary health care will require many governments to make significant progress in the three areas of strategic intelligence, financial leverage, and institutional capacity for regulation and policy dialogue"* (81, p. 2).

Another review sums up the capacities that are need for public- private partnerships (PPPs) and multi-stakeholder partnerships as follows:

> *"1) Awareness and understanding of the options and potential of partnership; and based upon such an understanding, the motivation and initiative to investigate and initiate the option of partnership as a means for achieving strategic objectives;*
> *2) Technical knowledge related to the design and implementation of the partnership – this may relate to particular thematic knowledge pertinent to the objectives of the partnership (e.g. infrastructure related engineering), as well as legal knowledge (especially with regard to the complex contractual requirements of the formal PPPs mentioned above);*
> *3) Managerial skills and systems related to the effectiveness and accountability of the partnership as well as its constituent organisations. A partnership may be interpreted as a new organisation in its own right, with its own requirements for effectively achieving its objectives and maintaining accountability to its partner organisations and its stakeholders. Often particular skills and systems are needed to ensure a continuous balance between effectiveness and accountability. Furthermore, partnerships are generally only as effective, efficient, and accountable as the organisations involved in them;*
> *4) An especially important sub-set of the above mentioned managerial skills, which are pertinent to partnerships in particular, relates to negotiation and relationship management. Even the relatively formal PPPs, despite their legal contracts, are premised upon the quality of the relationships and the levels of trust between the partners themselves and with the partnerships' broader stakeholder community."* (25, p. 2-3).

2.2.4 Summary findings

Relevance: The question of 'whose capacities count' relates to shifts in policy commitments towards a more pluralistic vision of state-building. Development practice is, however, often out of sync with pre-existing change/reform processes, emergent goals and prevailing local norms about what kind of state should be built.

In fragile states lack of consensus on the 'goal posts' of state-building leads to conflicting objectives where short- and long-term intentions do not necessarily mesh and relevance is more about finding 'least bad' and good enough' governance goals than strict policy compliance.

Effectiveness: Effectiveness has often been judged in relation to the use of capacities in service provision (especially in fragile states), which may overshadow commitments to longer-term capacity development.

There has been a tendency to underestimate the extent to which models for pluralism, new public management and public-private partnerships will require entirely new sets of skills for both the public agencies that are expected to become 'good buyers' of services and the non-state actors that are expected to have good services to 'sell'.

Impact: Outcomes in terms of incorporation of new attitudes, ideas and practices within existing bureaucracies have been hindered by failures to assess how this institutional bricolage might emerge.

Sustainability: Many capacity development efforts are based on assumptions that a 'lean' state is key to ultimate sustainability, as the private sector is expected to be driven by the market to fills gaps that the state cannot. But many citizens do not want their state to be lean. New ideas are being promulgated about public-private-partnerships as a solution to this, but it is too early to assess whether these efforts reflect lessons from past efforts to promote sustainability through new public management.

The inherent lack of sustainability in bypass solutions in fragile states has kept capacity development on the agenda, but this has not led to clear modalities for proceeding with capacity development when lack of services undermines security and therefore constitutes a threat to the immediately sustainability of peace processes.

Efficiency: Efficiency is expected to be enhanced when market forces pressure private actors to invest in their own capacities, allowing the state to prioritise use of scarce resources. These assumptions do not appear to have been critically questioned or assessed.

2.3 CRITICAL REFLECTION ON THEORIES OF CHANGE

A major problem that exists in capacity development efforts is that they are often driven by what donors want to achieve (ultimate impacts and outcomes) without sufficient analyses of the 'bridging outcomes' required to reach these goals. One report found that *"An important observation is that while Sida may have explicitly declared aims for what its support is to achieve in terms of institutional development, we seldom came across a clear idea about how to reach that goal – neither a specification of what is required nor any description of how to get there."* (64, p.10). The study partially attributed this to perspectives that emphasised changes *"within the box"* of organisational development, and without sufficient attention to context and the importance of higher level change.

This problem is aggravated by vague supply-driven expectations that a new method or training package will solve the problem, without clearly defining what the problem is or what the theory of change is by which modest inputs are expected to lead to grand outcomes. Theories of change are frequently entirely absent in public sector governance reform efforts, and even where these exist for overall programmes the capacity development dimensions particularly tend to be left as somewhat of a 'black box' (66). The expectations of grand outcomes are sometimes related to technical cooperation approaches that fail to recognise the organisational change factors that determine whether transformational goals will be achieved (56).

A fundamental attribution question in relation to theories of change that remains unasked in much of the discussion is whether capacity development actually leads to development, or if development drives countries' own capacity strengthening. One study asks if *"particular conditions of good governance lead to development or are they a consequence of it?"* (24, p.555).

Another fundamental question that is rarely asked in the literature on capacity development is whether capacity is automatically a 'good thing' in terms of actually leading to intended impacts. Referring particularly, but not exclusively, to fragile states Grindle points out *"that well-meaning efforts to encourage better governance in such regimes may further entrench their ability to wreak havoc on their citizens and neighbours. Political economists, in particular, have assessed regimes that are not concerned about good governance or poverty reduction, but only about the welfare of their ruling elites."* (24, p.560, see also 2).

The gaps in these theories of change are greatest in fragile states where short-term quasi-humanitarian approaches tend to hold sway, even where the extent of the challenge is so great as to seemingly obviously require very long-term solutions. Grindle's call for a new focus on *"good enough governance"* (24), mentioned above, is in effect a call for more realistic and pragmatic, and with this clearer theories of change.

Many discussions of the realism of theories of change raise attention to the existing dynamics within the organisations being supported, including the incentives that exist in prevailing institutional structures in bureaucracies that lay beyond the sphere of influence of donors (7, 82, 56). Analysis of the political economy of a given context is recognised as a precondition for greater realism about these spheres (66). Improved assessment if seen as important for understanding context and ensuring that this awareness is reflected in programme design (57). But it has also been found that these assessments need to be anchored in a recognition of the complexity and multidimensional character of the processes being supported, i.e., what we cannot know at the outset. "*The balance of issues in development cooperation is shifting against predictability and towards complexity and uncertainty. The complexity and the paradoxes of many context–actor relationships in our cases did not conform to a linear cause and effect pattern of effects."*(48, p.123).

2.3.1 Extent to which these theories are 'naïve or cynical'

Establishment of capacity development theories of change that are more realistic and therefore more appropriate has been described as a process of manoeuvring between naïvety (unrealistic expectations, timeframes, etc.) and cynicism (judging that the capacity development enterprise is so enormous as to be beyond solving with the meagre inputs provided through development cooperation) (7). This is a subtext in much of the literature. Even organisations that are generally criticised for technocratic approaches that disregard prevailing obstacles to capacity development are now stressing the need to focus on areas where reform is possible, now and in the future (77). The alternative to naïvety and cynicism is that of realism, which has been described as being reliant on assessment of the following:

- *"First, which range of options for capacity development efforts must in principle be considered before a decision is taken on how to stimulate change?*
- *Second, how and when can capacity development efforts be adapted to the appreciable and influenceable contextual factors and to factors inside the organisation?*
- *Third, who are the important agents of capacity change? What is the role of staff and managers in organisations and networks which are developing their capacity, of other national stakeholders and of consultants? The key issue of commitment is dealt with here.*
- *Fourth, what is the role of development agencies? Do they have a role, beyond encouraging change and paying the bill?*
- *Fifth, what issues of power are involved in change, and what are the power and dynamics of capacity change processes themselves?"* (7, p. 47)

To this can be added the scale and scope of changes being introduced in relation to existing human resources. One study cites an interviewee describing the lack of realism in the procedures being introduced as follows: *"The bidding paperwork was so huge we didn't have anyone to handle it. The application bundle was like 'hajray aswat' (holy stone at Mecca). . . . we kissed it and put it aside!"* (82, p.140). The

World Bank has recognised the need to take an incremental approach to introducing new systems as essential (77), a view that has also been echoed in Norad's work with environmental institutions (26). In-depth analysis is needed, but this should not lead to overly complex programme designs (66).

Within CSO support the realism gap between the scale of inputs and the grand expectations of change has been described as not so much an issue of choice of technologies and systems to be introduced, but primarily relating to problems arising in relation to the short-term funding modalities for both programme outcomes and on the capacities of these organisations to retain staff (30).

In terms of the different dimensions of capacity development, naïvety has is sometimes manifested in a sole focus on knowledge (training) as a sufficient solution for a given sector, at the expense of looking at the broader set of issues that need to be addressed (71, 32, 57). It has been suggested that the incentives created with the use of logical frameworks for relatively narrow, linear causal assumptions has reinforced attention to training fixes at the expense of recognising the broad and open systems in which the trained individuals work (16). One study found that Sida staff were generally not naïve with regard to the nature of capacity development, but that they were not given room to apply their tacit knowledge due to rigid (and naïve) programming structures that prevented them from breaking out of the narrow parameters of conventional programming (64).

Other forms of naïvety relate to a belief that promotion of formal norms (plus money) will lead to desired changes, without due attention to the informal processes that drive and constrain capacity development (33). *"The approach to sector work has often been excessively technocratic and formal, based on the assumption that formal policies, plans and indicators combined with financial resources can translate into efficient and effective implementation. The key actors have either not had or brought into play their understanding of the drivers and inhibitors of sector development, including those related to politics, norms and values and the informal mechanisms, which are active behind the façade"* (31, p.8).

Finally, an important aspect of naivety is the unrealistic expectations on what capacity development efforts can accomplish. One study notes: *"Donors can also set overly ambitious targets for CSO capacity building programmes. In other sectors, such as small business start-ups, only 20% survive their first five years. Yet 100% of CSOs are not only expected to be surviving, but much stronger, five years after capacity building interventions."* (42, p. 26). Another review found that declining commitments to the aid effectiveness agenda in Tanzania were due to a vicious cycle of unrealistic expectations from donors regarding the pace of reform processes, which led to pressures from headquarters to rush the process, which in turn led to a loss of trust among Tanzanian institutions (37).

2.3.2 Realism, money and performance

Some studies have noted that seemingly obvious factors, such as salary, staffing levels, and particularly staff retention, have major implications for the realism of capacity development efforts leading to intended outcomes (56, 24, 19, 2). This is sometimes identified as being related to a failure to factor in the meta-problem of brain-drain (52), and even the tendency of development agencies to poach from each other and among the staff of the very governmental agencies they are supposed to be developing (26). Even if salary top-ups are recognised as *"worst practice"* (16) in relation to capacity development, they are a fact of life in many donor interventions, especially in fragile states where there have been calls for at least introducing codes of conduct to manage the pressures to poach from government institutions (34). Poor salaries are also seen to contribute to bureaucratic systems where staff are dependent on patronage from above and corrupt relations with the public for their livelihoods, which discourages acceptance of reforms that may disrupt the status quo upon which they rely (2).

The World Bank has traditionally promoted downsizing of the civil service as the main solution to the problem of poor salaries. Fewer staff is seen as the obvious solution to finding resources to raise salaries to viable levels. The World Bank has generally misjudged the political realities of such reforms, which have gained little traction. As a result, there has been a shift of attention to systems for merit-based recruitment and general improvement in human resource management within the parametres of existing systems (77). This has also been a focus of bilateral donors, but even here there have been problems of ownership and opposition to reforms, as well as insufficient capacities to undertake these capacity development reforms (66).

Commitments to reform may be related to salaries, but the salary issue is in some respects a symptom of an overall failure to look sufficiently at the incentives that support or stand in the way of capacity development. The Phase 1 evaluation of the Paris Declaration pays particular attention to factors driving or standing in the way of staff commitment: *"…several of the partner countries – and especially in sectors or programmes where the overall role of aid is relatively small – national or institutional policy direction in favour of implementing greater ownership is shown to be strong, but most of the other potential incentives only take on substantial weight or importance for personnel who have a considerable share of their work invested in development cooperation activities. Even in those cases, systems for career recognition and tangible compensation for this work (and often for civil service performance in general) are found to be inadequate. Part of the aid reform underway is in the direction of reducing the premiums in pay and conditions that have long been associated with donor-led projects and parallel implementation units… As is seen in a number of the studies, implementing even limited changes to these special benefits is proving difficult and gradual. The result is that in other aid work a great deal of reliance tends to fall back on the intrinsic professional or personal motivation of personnel alone, together with some occasional ancillary benefits of involvement in aid projects."* (75, p. 10).

A related aspect of naïvety is the extremely limited funding available for recurrent operational costs in the actual provision of the services for which the capacities are being developed. It is expected to be enough for donors to support the training and planning but not the actual application of the skills that have been enhanced and the strategies that have been developed. One study noted: *"It is often only the planning of the job that is funded. Capacity building events, such as strategic planning sessions, HIV policy development processes and training courses, are funded. The better ones end up with action plans. But then the capacity building funding stops. There is often nothing planned or provided for the change process itself — such as HIV policy implementation. It is an all-too-frequent anomaly for a donor to fund a local CSO to develop an HIV policy, but then refuse to support the implementation. In such cases, the donor is assuming and hoping that simply by assisting with just the means, the motive and opportunity will be there. In addition, the capacity building provider (consultant/trainer) may move on to another client when 'the job is done'. But the real work of change, which only takes place back in the organisation, has not yet begun."* (42, p.19).

2.3.3 Context

A central factor driving naïvety is the idea that capacity development is basically a matter of replicating 'best practices' (33) regardless of context: *"Since the contextual factors are both highly complex and specific to a particular situation, trying to identify "best practice" approaches to organisational development is problematic. If no two contextual situations are similar, the ability to apply "lessons learned" in one situation to a different context in line with "best practice" thinking may be highly inappropriate and thus counter-productive. Instead of trying to understand what is "best practice" and apply this, there is a need to understand the contextual situation, and then see what is the "best fit" to that situation. That is, the dominant "drivers" for organisational development are not the internal ones – where a "best practice" logic would make sense – but the external environment, where a "best fit" approach is the better"* (16, p.27).

Contextual analysis is recognised as a precondition for design of more effective support to institutional change processes (64). It can provide pointers for understanding where there are prevailing gaps in human resources, organisational and administrative systems, and why these gaps exist in relation to cultural factors (77) and the broader statutory, regulatory and even informal institutional systems that constrain and enable capacity development and reform. Context will determine the effectiveness of different programme design options (56) and the space for reforms (60, 66). Contextual assessment is also a matter of recognising the overarching historical, cultural and political factors (3) that frame how local actors perceive the role of the state, civil society and the private sector and the prospects for breaking long-standing path dependencies in public bureaucracies. One study describes the failures to introduce contracting procedures intended to promote new public management since "*Management of the*

contracting, despite its ambitious modern design, thereby largely relied upon the experience and attitudes of civil servants and operationally depended upon the pace of process in the existing government system." (82, p.139).

However, recognition of the overwhelming importance of the political context has sometimes had the opposite effect, and has been used as a justification for withdrawing back to technocratic approaches if more profound influence is seen to be impossible. "*For reasons of legitimacy, the World Bank feels forced to represent its actions toward developing countries as being of a purely technical nature. In its own perception, the World Bank has only limited possibilities for intervening in the political conditions of developing countries. As one of the interviewees emphasized, the World Bank has to give itself a 'technocratic' image, and thus it has 'no possibility' to officially influence the politics of a developing country"* (43, p.570). Perhaps related to this disincentive, the growing recognition of the central importance of context has yet to carry with it resources and commitments to contextually anchored monitoring and evaluation systems and priorities (16).

Donors themselves are part of the context, and sometimes in a disabling manner as they *"can be part of the contextual problem despite their individual commitment to help country partners finding solutions to the CD challenges. In this perspective, donors may in many instances contribute significantly to CD not so much by offering dedicated CD support (advisors, training courses, twinning arrangements etc.), but simply by easing the burden of coordination of multiple, fragmented support schemes"* (33, p.16). Awareness and respect for these contextual factors is the foundation for the trust upon which 'partnerships' can emerge and ownership can be fostered (56), something that has been recognised as difficult in the post-war contexts of Bosnia Herzegovina and Kosovo, where trust has been in short supply (42).

There are many accounts wherein technocratic efforts have capsized due to failure to recognise the ways that the context steers what people perceive to be relevant 'reforms'; after which trust has been lost and the essential element of ownership forgotten (56). One study quotes an interviewee describing how the imposition of donor capacity development agendas was rejected as blatantly out of touch with the real nature of their agency: "*It took us one year to read these donor procurement guidelines . . . then our (government) system of procuring is different . . . you finally need to reconcile both. Too much time is required in going through all the steps, that is the whole problem. For the last round there were 'QCBS' (Quality & Cost Based Selection) packages... This is all donor terminology*." (82, p.139).

Even less technocratic approaches may be seen as being out of touch with host country realities due to the fact that a comprehensive approach to capacity development rarely exists: "*UNDP guidance is driven by supply rather than demand and thus in discord with government processes. The guidance treats capacity development as a unified and comprehensive issue. This is not how it is addressed within governments*

where aspects of the agenda are addressed by a range of government organizations, either as part of their core function or as part of a reform process." (71, p.59).

Finally, the use and abuse of power is perhaps the aspect of the context that is most important but also most seldom analysed in the literature. One study criticised how: "*failing to grasp the politics of power and the power of politics – thus being unable to take these issues into account in an informed manner – is one of the most obvious weaknesses in current donor approaches to CD and CD support*" (7, p.16). Another report stresses how power dimensions mean that there will always be winners and losers in any capacity development process, and that this needs to be recognised and losers compensated or otherwise managed (48). Sometimes investments intended to enhance accountability and legitimacy may actually lock governments into paternal relations based on public sector largesse, particularly in former Marxist regimes or in neo-patrimonial regimes in Africa or Asia. One observer of Cambodian reform efforts notes: "*In developing countries of Asia, there are often long histories of hierarchy as the natural order of things and high power distance between elites and masses, officials and peasants, and rulers and the ruled. By manipulating such perceptions, contemporary patrons can utilize the past to justify present actions and inequalities."* (2, p. 278). Realism requires recognition of the dynamics that generate path dependencies, as it is only then that appropriate options for overcoming these obstacles counter-productive social contracts can be identified.

In sum, a meta-issue in capacity development is the apparent tendency of development cooperation agencies to continue with given priorities, modalities and methods ('best practices') for capacity development without recognition of the contextual factors that may mean that these efforts are misplaced. A hope has been that greater attention to results-based management may break these dysfunctional path dependencies, but there are also concerns that the opposite may be true, as discussed in the next section.

2.3.4 The results agenda and commitments to long-term capacity development process

The value and role of results-based management in capacity development efforts is hotly disputed. Some observers are concerned that commitments to capacity development have been weakened due to a failure to define what it is and what is expected to be achieved (51). The dearth of outcome indicators and strategic clarity has led to weak performance when capacity development has been perceived to mean everything and nothing (71). Due to weak direction, many project level evaluations fall back on a focus on outputs of training or the exercise of capacity, with less attention to institutional outcomes and prospects for sustainability (20). Even where outcomes are measured, there is often an undue bias towards the tangible (sometimes explicitly demanded, e.g., in Danida guidelines, 15), at the expense of attention to more important outcomes, such as legitimacy and self-empowerment (48).

Other studies emphasise the unpredictability and convoluted nature of the contexts and processes into which capacity development efforts must fit, which therefore demands a 'complexity perspective' that cannot be encompassed within prevailing result-based management systems (57). If results-based management efforts reward visible, concrete short-term results at the expense of long-term and inevitably diffuse processes of capacity development and reform, context may be disregarded and path dependencies reinforced (3, 71, 42, 26, 41). Furthermore, some have noted that the nature of indicators commonly used in logical frameworks may discourage attention to the relatively abstract and complex outcomes and attribution challenges (e.g., legitimacy and self-empowerment) that characterise capacity development. The problems encountered in fitting capacity development into prevailing results-based management systems has contributed to the rise of outcome monitoring and related methods as an alternative (3). The continued prevalence of relatively traditional but discredited approaches to supply-driven technical cooperation in particular has been associated with the incentives inherent in the results agenda, as technology transfer fits well with these linear paradigms (32).

Both sides of this debate acknowledge that there is a need for more efforts to understand and follow-up on results. Monitoring and evaluation of capacity development has been extremely weak, largely due to the design of these interventions. One review exemplifies this exasperation: "*The evaluation concludes that it was not possible to draw conclusions on the 'effectiveness, efficiency and impact', because capacity was not benchmarked initially. In fact only in a minority of cases reviewed was it even possible to identify outputs. When outputs could not be traced, the causes were found to be lack of government commitment, uncertainty about mandates, management weaknesses and design flaws."* (51, p.11-12, citing a DFID evaluation, OPM 2006).

Naïve results-based management efforts have been associated with the administrative and political incentives being generated in the domestic context in the donor countries. Particularly in fragile states, donor demands for simple measurable results fit poorly with the nature of the capacity development enterprise: *"While input and performance metrics lend a reassuring technical concreteness to CD, long-term results are contingent upon the murkier, less measurable and less manageable realm of political and power dynamics, both those between donors and country actors and among country societal groups themselves."* (8, p.72).

The incentive structures within donor agencies have also been recognised as an obstacle to implementing the aid effectiveness agenda "*In terms of direct incentives, donor personnel are generally committed to the Paris Declaration, but their performance is often measured in terms of their own corporate results frameworks, sometimes coming back to the delivery of inputs or outputs – i.e. short term results. This can jeopardise capacity building, and lead to behaviour that is not in line with Paris principles*." (75, p.22). During the Phase I evaluation of the Paris Declaration it was noted that some donors were putting into place performance assessment indicators for their own staff related to rolling out aid effectiveness efforts (75). It is not known if these

measures were effective in balancing the demands for more tangible outputs or if they are still in place.

Another critical report raises attention to the ways that commitments to ownership can be outweighed by the perverse capacity development priorities that emerge from the results agenda: "*It has been noted that the imbalance of power relations between donors and their recipients (whether governments or civil society) has resulted in a phenomenon called 'regressive learning' i.e. that learning to comply with donor requirements takes precedence over all else, to the extent that important lessons from implementation of projects will be ignored if they do not fit with what was agreed with donors as the expected outputs and outcomes*" (57, p.14).

One response to this has been the growing amount of guidance being provided on evaluating capacity development (79), a topic that is not addressed further in this literature review as it is being assessed on a separate study. Within this literature it has been noted that greater attention to "intermediate capacity outcomes" is a way to address problems related to the gap between the output reporting that is common in many programmes and the grand objectives to which these initiatives are expected to contribute. The World Bank (79) categorises these intermediate capacity outcomes as:

- Raised awareness
- Enhanced knowledge or skills
- Improved consensus and teamwork
- Strengthened coalitions
- Enhanced networks
- New implementation know-how

Another study (48) suggests a focus on more profound outcomes by assessing capacities:

- To commit and engage
- To carry out technical, service delivery and logistical tasks
- To relate to and attract resources and support
- To adapt and self-renew
- To balance diversity and coherence

Much of this discourse on results in capacity development focuses on the public sector, but there are subtle differences when civil society is included, which is perhaps reflected in the two contrasting frameworks above. "*The lack of systematic M&E of CD is a recurrent theme in the literature both on the public sector (donor funded) and civil society (NGO/CSO supported) sides. But there are differences in how M&E is treated in the two sectors. When it comes to the public sector, there is a debate regarding the role of more rigorous quantitative M&E, while in the civil society discussion the more qualitative and context-specific approach is the most common*" (16, p.70).

Despite the general grim findings regarding the perverse incentives of the results agenda, there are some areas where long-term, indirect and relatively diffuse contributions to overall impacts have been accepted. Sida (SAREC) had (when evaluated in 2006) been consistent in maintaining a long-term and incremental approach to capacity development among research institutions (19).

2.3.5 Recognition of need for capacity to deal with uncertainty and unpredictability in volatile contexts

A relatively new aspect of the search for more realistic theories of change is that of the recognition that capacity development is rarely a linear process. This new conceptualisation is related to the awareness arising out of both the fragile states experience and also the critique of the results agenda. It is starting to be acknowledged that reversals of positive capacities trajectories should not be treated as a 'surprise' (24, 42). Some studies highlight how experience shows that reform processes often arrive at "plateaus" rather than following steady paths to growth (28). Painstakingly developed organisational structures and procedures need to be put aside in emergencies. Conflicts very often flame up again in different forms in fragile states. Trained staff may flee public agencies when other sectors offer better salaries, or when financial crises mean that salaries are not paid. After elections new governments may routinely throw out staff to provide jobs for their supporters, or wipe out years of efforts to reform procedures and institutional structures just because they are associated with the opposition. Long-term trends regarding climate change may indicate a need for very different role for the state, civil society and the private sector in the future, as well as the need for 'surge capacities' (29) to deal with every more frequent natural hazards. A large proportion of the civil service may die in a tsunami (10), an earthquake or the HIV/AIDS pandemic (24, 42). State capacities to generate even minimal tax revenue may evaporate due to either natural hazard triggered disasters or conflict, leading to state fragility (23). In volatile contexts, even the retention of international staff is usually very weak, with new advisors coming every few months with new ideas and models for capacity development and little institutional memory (34).

These non-linear scenarios put into question to linear 'building block' assumptions that have underpinned most capacity development efforts. Planned models may create obstacles to learning from dynamically changing contexts (34). The uncertainty that characterises capacity development processes has been described as being similar to "kicking a dog", as it is unsure where the dog will run (42). Calls are emerging for capacity development to focus more on 'resilience', but it is not always so clear what this implies. Disasters can be prepared for, but capacities have limited elasticities.

In the field of climate change there is a growing emphasis on 'adaptive capacities', a term that at first emphasised the capacities of 'communities', but is increasingly also being seen to encompass national governments and especially decentralised local governments and civil society actors (49). Evaluations of these efforts are still relatively few, but there is a growing literature and discourse (see www.seachange.org)

on how to evaluate the outcomes of anticipatory capacity development investments, for example, capacities to respond to a disaster that is only likely to happen long after the project has ended, or to prevent a natural hazard from causing a disaster. Given the uncertainties and variable impacts of climate change, one review suggests that capacity development should focus on providing flexible space for learning and reflection (28) rather than assuming that impacts can be assessed.

2.3.6 Summary findings

Relevance: The point of departure for realistic approaches to capacity development is a recognition, an understanding, and a readiness to adapt to the changing context in which capacity development is expected to take place.

Effectiveness: In evaluations of capacity development, there is a palpable exasperation with the lack of evidence available about effectiveness, which is attributable to (a) lack of realistic theories of change, and (b) the gap that exists between the activity focus on 'tangible' indicators and the grand outcomes and impacts expected from modest inputs.

Seemingly obvious incentives, such as salaries, staffing levels and availability of resources to cover recurrent operational costs, are prerequisites to effective use of capacity development support.

Impact: Most capacity development efforts lack clear and realistic theories of change regarding how impacts will be achieved. The literature review team interprets this as being related to an absence of 'bringing outcomes' to describe intentions of how to 'get from here to there'.

Sustainability: When development cooperation agencies attempt to address obstacles to change processes in a short-term manner, through e.g. salary top-ups, the results regarding sustainability are highly counterproductive.

2.4 SHIFTING ASSUMPTIONS REGARDING OWNERSHIP, TECHNICAL COOPERATION/ASSISTANCE

Changing perspectives on capacity development reflect changing perspectives on the role of development cooperation in general. In many respects, development cooperation has a historical association with technical assistance and cooperation, as technology transfer was perhaps the overriding raison d'etre of aid in its early years. Over time, this has changed and technical cooperation and assistance have to some extent come to be associated with patronising assumptions about the superiority of Western systems and models. Nonetheless, technical assistance remains at the core of most capacity development efforts (and is still the explicit core mandate of some agencies,

such as the German Agency for International Cooperation, GIZ). However, the meaning of the concepts have blurred. The shifts to modalities such as budget support in conjunction with the rise of the aid effectiveness agenda have placed technical assistance in a very different light (56, 60).

In a certain sense, the debate on technical assistance is the flip side of the discussion of ownership, as ownership is expected to be the driver behind a transformation from earlier patronising approaches based on the transfer of Western models to one that is driven by the demands and local determined needs of the actors whose capacity is to be developed. Their empowerment regarding the choice of the priorities, modalities and channels for technical assistance is seen to be the hallmark of an effective aid agenda (67).

Despite widespread consensus that this is what aid is about today, the literature is broadly critical about the extent to which this has been achieved. This is frequently attributed to weak commitments to follow through on the aid effectiveness agenda. Empty rhetoric about respect for national and local ownership when donor priorities hold sway is reflected in the continued imposition of inappropriate models (17).

Especially in relation to topics where the role of the state is contested, such as in private sector development, it has been recognised that technical assistance will only be effective if it is anchored in national owned processes (63). As described in section 2.2.3 above, prevailing perceived notions about the role of the state may suggest that ownership is unlikely to emerge. Similarly, failure to look critically at the relevance of models from donor countries or World Bank diagnostic systems, for example, continues to lock capacity development efforts into paths that weaken ownership despite decades of lessons about the failures of narrow conceptualisations of technical cooperation and assistance (66). A review of Swedish support to capacity development found little evidence that Sida had actually ensured national ownership and leadership of these processes (60).

One reason path dependencies around technical development cooperation modalities remain strong, despite near universal criticisms, is that the actual outcomes of these interventions in terms of sustained changes in attitudes and practices are rarely assessed. Technical assistance mechanisms tend to be judged more on their contribution to achieving project outputs or overcoming a specific bottleneck, rather than changes in attitudes and ways of perceiving the role of the state, civil society and the private sector. The importance of monitoring such capacity development outcomes is still not always recognised by either development cooperation or host ministries (51). Where assessments are made, this is usually done with an emphasis on a single public agency, at the expense of recognising the roles of the private sector and civil society (32). The outputs that are then seen to be the main measure of success are usually framed around the transfer of a given model, rather than the extent to which the model has become owned by the ‘recipient’ organisations, much less integrated into the recipients’ institutional norms.

Ownership of technical cooperation demands that the countries receiving this support are 'in the drivers' seat' in terms of control over resources, terms of reference, choice of consultants, etc. This is rarely the case. It has also been pointed out that the recipient agencies will often need specific capacity development support in order to develop systems and learn how to effectively control and manage the technical cooperation they receive (16).

Ownership is of course related to the demand from the recipient organisations for capacity development support. Reform efforts have proven most successful when 'working with the grain' of existing commitments and incentives (66, 64). This is explicitly or implicitly noted an most of the literature reviewed, but the drivers of host country demand are often left as a 'black box', presumably as they are too varied to generalise. Sometimes clear factors have however been identified, such as the pressures of EU accession in Eastern Europe as a driver behind demand for twinning support from countries that have gone through similar processes (52, 82).

Another aspect of ownership is the importance of leadership, from key individuals within host country agencies, to drive capacity development processes. One study suggests that the existence of such leadership is the main element in the 'black box' of what drives capacity development (28). However, it can be noted that the factors that generate this leadership themselves constitute yet another 'black box'.

2.4.1 Aid effectiveness and ownership of capacity development efforts

The failures to anchor efforts within local ownership and leadership were expected to be overcome with the Paris Declaration on Aid Effectiveness and subsequent Accra Agenda for Action (28). Alignment and recognition of the central importance of enhanced and owned capacities to follow through with the provisions of the Paris Declaration were supposed to generate a different perspective. The literature of a decade ago highlighted the factors in aid provision that created obstacles to capacity development or even undermined pre-existing capacities. One review summarised these as:

- *The proliferation of projects adding to inconsistency of policies and fragmentation of implementation.*
- *Poaching of government staff for parallel project or programme units.*
- *Distorting salary schemes through the creation of a special aid agency labour market and in "enclaves", thus creating strong disincentives for those outside these spheres.*
- *Creating multiple distorting incentives for civil servants (per diem schemes, allowances, topping up systems).*
- *Creating procedural bypasses of institutional bottlenecks instead of removing them.*
- *Bypassing normal budget and accounting procedures instead of strengthening them.*
- *Undermining national political accountability mechanisms.*

- *Substituting institutionally demanding domestic taxation with "easy" aid receipts, thus foregoing pressure for the creation of transparent and rule-bound revenue institutions.*
- *Establishing parallel monitoring systems.*
- *Initiating uncoordinated, overlapping and under-used studies, planning processes, and even capacity-development studies and processes.*
- *Focusing attention on those parts of the public sector that they support, thus neglecting other, equally important, parts of it (e.g., focusing on service de-livery itself, not the various other processes that also need to be done well to get a sector to perform)*
- *"Moving money" as a key indicator of performance.* (7, p.31)

Overall, the literature reviewed must be assessed against the backdrop of shifting understandings and commitments to aid effectiveness over the past decade. To a large extent the analyses that were produced shortly after the promulgation of the Paris Declaration apply a frame of reference that reflects the critiques of how aid was then being practiced. These studies often note that the failures to ensure alignment and build on ownership in recipient countries continue unabated, with parallel structures still common (3, 37, 40). Despite calls for joint donor approaches to be a *"default"* approach (15), there is little indication that this has become the norm. One review a few years later notes modest progress, in that there has been more attention paid to the problems of proliferation of project implementation units, but insufficient attention to how to tackle the particular capacity development challenges that need to be addressed in order to replace these with national structures (16). The studies conducted a decade ago strongly emphasise the existence of political commitments as a determining factor behind effectiveness of public sector reform (56, 37), something that could plausibly be seen as being related to the prevailing aid effectiveness discourse at the time. It is not possible to confirm, but the literature review team judges that in more recent years there are some signs of a complacent acceptance of earlier modalities, as commitments to harmonisation and alignment appear to have waned.

The Phase I evaluation of the Paris Declaration stresses that commitments to develop and then actually use national systems are the cornerstone in creating the trust that must underpin the aid effectiveness agenda. The widespread reluctance to use these systems has been recognised as one of the main reasons for the loss of this trust (75).

The gap between professed commitments to harmonisation and alignment and the *realpolitik* of relations between donors and recipient countries and among different donors is particularly great in fragile states (8). *"In the Afghanistan evaluation* [of the Phase 2 evaluation of the Paris Declaration] *the findings are devastating on the lack of sustainable capacity development. It documents the effects of continuing over-dependency on technical assistance, chronic weakness of national institutions and an inability to grapple with the priority needs that are themselves key sources of fragility. In this case it appears that the failure to apply Declaration-style practice can only exacerbate the problems. This underlines the serious implications, and dangers, of*

the frequent assumption or rationalisation that the Declaration principles cannot be applied in such situations of fragility" (8, p.49).

The Phase 2 evaluation of the Paris Declaration acknowledged the need to *"break through"* and finally see results regarding capacity development. It found: "*significant efforts, but not notably well-coordinated or harmonised ones, and with limited measurable results to date. The three main explanations provided are: the lack of clear country strategies or priorities for capacity strengthening; donors' preference for strengthening capacities in their own priority areas; and frequent movement of people in key public service posts, frustrating capacity development efforts.*" (76, p.25).

The aid effectiveness agenda has incorporated increasing commitments to make capacity development inclusive of civil society as well, but emphasis on using these organisations to 'move money' has undermined the depth of these efforts (41). This has reverberations and is reinforced within the NGO sphere itself. Local civil society's capacities may be undermined when they are being used by large international NGOs on a short term 'consulting' basis rather than within strategic partnerships focused on the longer term (41). Other modalities may have similar problematic outcomes. With Challenge Funds, civil society organisations go through a competitive bidding process in order to win contracts, and in doing so may compromise their own priorities in order to secure funds which need to be spent according to a specific (donor imposed) agenda within a certain timeframe (55).

Other sources (30, 36, 38, 39) maintain that there are positive changes taking place among several donors, and that CSOs are in fact being involved in growing numbers to deliver services and in turn develop local capacities, but this comes with its own inherent problems. CSOs 'lack the capacity to support capacity 'and investing in capacity development of CSOs requires an enabling environment (recognition of their role, involvement in policy process and having access to information) and "*implies a number of significant risks and distortions and merits careful exploration of safeguards – particularly in fragile situations where the risk of doing harm is greater*" (30, p.4). This is again coupled with the pressure to deliver within short timeframes.

2.4.2 Technical cooperation and the aid effectiveness agenda

The aid effectiveness agenda implies a shift away from technical assistance focused on delivering models favoured by donors, to instead reflect commitments to enhance local capacities and strengthen institutions as a basis for countries to choose their own models. The literature reviewed finds that technical assistance is still important, but that the choice of this technical assistance has yet to really shift to the recipient countries, and that this technical assistance needs to be pursued within a recognition of endogenous capacities development processes (7, 82, 43, 3, 56).

The aid effectiveness agenda has led to greater recognition that technical cooperation, especially to strengthen public financial management, is a central component. But this is just one component in overall strategies to ensure that both donors and recipient countries have sufficient trust and can collaborate more effectively (56). This draws attention to a core paradox in the aid effectiveness agenda; skills such as public financial management are required to take steps needed to achieve the capacity related preconditions for alignment, but broader engagement to foster commitments to carrying through these reforms are often lacking.

Some of the recent literature presents criticisms of current technical assistance modalities that are nearly identical to those presented over the past two decades (3). Others note that some seemingly older style technical assistance modalities, such as twinning, can be very effective if handled as part of peer (rather than patronising) relations (40, 52, 58). However, the relations between these peers is rarely balanced, and may therefore lead to undue attention to the agenda of the Northern partner rather than to those receiving the services (16). With Swedish development cooperation these interventions are very often undertaken by Swedish public agencies, especially in Eastern Europe. Evaluations show that this technical assistance is often appreciated for the awareness that these agencies have of the capacities that will be required to handle the EU accession process (13), and that such support is seen as appropriate, flexible and based on compatibility anchored in similar organisational cultures (52). A success factor in these arrangements has been identified as when the "*provider has understanding of background and environment of beneficiary organisation."* (52, p.29). However, this is not a panacea, and a modicum of capacity is needed to ensure success since, "*the organisation needs to be 'institutional stable and clearly 'twinnable*.'" (52, p.6).

2.4.3 Capacity development led by national and regional institutions

This literature review has encountered relatively few examples of reports that discuss how countries and regions are sourcing capacity development support domestically or from neighbouring countries. There is some recognition that, particularly regarding initiatives where local commitments are weak (e.g., environment), use of local and regional institutions to lead capacity development efforts is important to avoid impressions of these being a donor-driven agendas (65).

Engagement of a diversity of stakeholders from the state and civil society in undertaking capacity development efforts is recognised as beneficial (80). A review of Danish support for civil society recommended support to local/national facilities for capacity development and funding structures built around response to demands from local CSOs, an approach that was seen as reflecting aid effectiveness commitments (36). Other reviews have described the important role that should be played by national CSOs and consulting firms in providing capacity support, while also recognising that they face major challenges in maintaining their own capacities to provide this support. They are distracted from this role if they are drawn into short-term consul-

tancies to survival financially, when their main added advantage should be their capacity to maintain long-term partnerships (42, 30). Despite some short-comings, it is obvious that CSOs are increasingly involved in providing capacity development support to other CSOs and even public agencies (30).

Swedish support to higher education and research institutions is expected to contribute to capacities for countries to lead their own domestic capacity development efforts. Given the diffuse and long-term trajectories, and uncertainties about the relevance of skills being developed in relation to capacity needs, it is difficult to assess the extent to which the promise of support to higher education for increasing national capacities for capacity development has been achieved (19).

Particularly given the growing security threats to international staff in fragile states, there has been increasing attention given to the need to engage local institutions in these areas as well. This may not be as difficult as would seem it suggested that it is "*important to avoid focusing solely on gaps in the system but to also recognize strengths including the centres of excellence which have survived the crisis, such as university departments, national schools, NGOs, and confessional training centres These help to lay a foundation for agreements between country partners and donors on key areas for cooperation*" (34, p.10). The focus on local capacities for capacity development in fragile states is often paired with calls to engage the diaspora resident in donor countries (34). But it has also been recognised that reliance on the diaspora can also 'crowd out' national expertise that is based in the country (73) and may even generate greater resentment.

Some evaluations show that, particularly within civil society, there is a growing frustration among Southern/Eastern CSOs that their Northern/Western 'partners' bring little value (apart from money), and that the rhetoric of capacity development is used to hide this (18). This is paired with recipients concerns that they have little say in where they source their capacity development support: *"[..] informants in both Norway and Tanzania suggested that insufficient attention was often paid by Norwegian CSOs as to what the exact nature of this added-value was. There were also concerns expressed as to whether the Norwegian CSOs always had the necessary capacity themselves to ensure this potential was met. In particular blanket uses of terms such as 'strengthening civil society', 'empowerment' of partners and 'capacity building' were sometimes seen by Tanzanian informants as containing an assumption that the Norwegian CSO had abilities and capacities purely as a result of being based in a developed country.*" (16, p.55). The extent of this type of problem may be greater than what is immediately apparent, as *"passive acquiescence*" is easily mistaken for ownership given the asymmetrical power relations between northern agencies and their 'partners' (41).

Experiences such as this have led some to point out that it is not enough to focus on national and regional capacities to lead in the provision of capacity development. There is also a need to develop local capacities to assess and determine priority ca-

pacity needs as a precondition for a reversal of prevailing relations (57). With suitable support, local academia and the private sector may be able to assist state actors to reflect over and articulate their needs (80). A problem has been that an appropriate, strategic perspective is often lacking, as development cooperation agencies employ these actors in an instrumental short-term manner, rather than contributing to their capacities to support capacity development (41).

2.4.4 Changing approaches to decentralisation and local service provision

An important issue related to the prioritisation and sequencing of technical capacity development investments is that of choices between focusing on central level institutions versus local government and other local service providers. During the past decade there seems to have been a shift of focus towards decentralisation (it is beyond the scope of this literature review to confirm such a trend), often in order to reach the operational end of the *"MDG delivery chain"* (68). Decentralised service provision is where the above mentioned efforts to build on local public-private-partnerships may have most promise. One review of prospects for greater use of IT (see also section 2.4.6 below) noted that "*Such solutions are particularly attractive in the low-capacity and limited resource environment of local governments, while the rapid emergence of talented young programmers in low-income countries is making them increasingly viable."* (35, p.2). With regard to anti-corruption efforts, the development of decentralised structures has been identified as essential in moving from words to action, since this is where these measures are mostly applied (40), but also that this requires relatively strong local accountability mechanisms at these levels (17). It has also been observed that decentralisation is where different policy objectives converge (in actual interfaces between the state and the citizenry), thereby creating opportunities for greater ownership for capacity development efforts that reflect a range of needs (9). This is due to the fact that different stakeholders come together to implement efforts and therefore are under pressure to find compromises "*Decentralization experiences showed that even when donor and recipient objectives vary, it may be possible to accommodate them under one reform framework.*" (66, p.12).

There are some examples of where decentralisation has moved forward through contracting out of services to private sector actors, on the assumption (noted in section 2.2.3 above) that the market will drive the private sector to develop its own capacities. One study (74) describes how this has occurred as part of decentralisation within the education sector in Pakistan, despite lower pay in private schools (to which the authors ascribe a larger proportion of women teachers given that men prefer better paid public sector employment). However, it is also noted that the state has very limited capacity to regulate these private actors, although *"citizen-community boards"* provide a degree of oversight.

Decentralisation has been recognised as an effective way to strengthen service provision capacities in fragile states, though this may go against the desires of central governments struggling to re-establish their own authority and legitimacy (23). It has

nonetheless been noted that a focus on the sub-national level is essential for supporting overall state legitimacy, as it is at this level that citizens have direct interactions with authorities (73, 44). Results, however, have generally been recognised as patchy: "*At the national level, peace and development efforts have failed to take root when local governance reforms have not been accompanied by sufficient allocation of resources; and at the local level, service delivery, capacity building for peace, and confidence-building among groups and sectors have not always taken place on a continuing basis*." (72, p.xiv).

Despite civil society claims to enhance capacities at the 'grassroots', there has been a growing tendency to focus funding on large, urban/elite based organisations. The literature review team suspects that this is largely due to tightened donor demands for fiduciary control. Declining support to smaller but highly relevant locally anchored organisations has weakened the role of civil society as a vanguard of decentralised capacity development. This has been partially addressed by using the larger organisations as umbrella structures for broader support (39, 14).

Several studies have noted that it is inappropriate to choose either a central or local focus. Capacity development is most effectively anchored in strengthening the combined efforts of central and decentralised structures (7). Learning and knowledge exchange must include actors at national and sub-national levels (80). Some have described how central level reforms and the local level empowerment generated by decentralisation result in synergies (28). However it has also been found difficult to maintain an appropriate balance between central and sub-national (and with this between state and civil society) efforts (76). Sometimes this is attributed to failures to work within a thought–through approach to making these links: "*Scaling up of projects does not happen where insufficient efforts have been made during the planning and implementation stages to link such initiatives with national efforts. Local governance interventions need to be viewed as part of a broader system*" (72, p.42).

2.4.5 Civil society capacities to demand accountability from duty bearers

Sweden has comparatively strong and clear policies for strengthening the capacities of civil society actors to hold duty bearers to account (59). This is built on expectations of the creation of a dynamic whereby this advocacy puts pressure of the state to develop their own (and appropriate) capacities. Swedish civil society organisations are often the intermediary for this. Evidence of efforts to build this capacity show significant outcomes (18).

However, it has been found that Swedish embassies use CSOs in a highly instrumental manner (50). This has been noted as a general phenomenon as CSOs are used more as consultants than as actors in governance and development (30). The donor community more generally has been criticised for shifting funding priorities according to prevailing fashions, which has made it difficult for aid-dependent organisations to maintain a focus on their core governance-related roles and strategies (39). One

review found: "*Using CSOs only as 'implementing organisations' does not achieve these long-term results, but rather creates a plethora of consultancy-oriented CSOs bidding for projects with agendas set by donors. Such donor-CSO relations undermine the credibility of CSOs, weaken their accountability to their own stakeholders and shift this towards the donors, make it difficult for CSO to engage in longer term planning such as for their own policy and capacity development"* (50, p.12) .

The same study notes that a more strategic approach to CSO capacity development carries with it costs, and that embassies are often not prepared to make such an investment: "*The investment needed to review the CSO portfolio, undertake stakeholder analyses and develop more strategic approaches to capacity development of CSOs in partner countries in line with international commitments and recommendations is often not prioritised within the limited human resources of embassies and units."* (50, p.89)

In some respects a failure to operationalise professed commitments to a more empowering role for civil society is related to path dependencies anchored in past conceptualisations of mandates, for example: "*Ideally, UNDP should engage systematically and simultaneously with Governments and non-state actors. However, in the absence of a corporate policy directive and explicit mandate to mainstream civil society engagement as an essential element of achieving overall goals of human development, UNDP tends to 'projectize' the nature of its engagement with CSOs*." (72, p.34).

CSOs in particular have recognised the value of capacities to enhance transparency and accountability in relation to corruption, as this is even seen to broadly build their reputation -and access to funding (40). Indeed, the importance of civil society in enhancing knowledge and accountability is largely due to comparative advantages in relation to transparency. "*CSOs act as information gateways for local communities, ensuring that knowledge on a wide range of issues is disseminated, thus linking even fairly remote areas. CSOs themselves are linking up with peer organisations in other countries, either directly or through the knowledge networks. Knowledge about international standards, work in areas like good governance and rights-based development is being disseminated quickly through formal and informal networks, with a lot more horizontal communication and directed search for answers being possible compared with only a few years ago*". (16, p.63).

Overall, the effectiveness of efforts to boost civil society capacities in promoting the accountability of duty bearers is related to the extent to which states acknowledge their responsibilities. A large evaluation of Danish support to civil society suggests that theories of change have often neglected an analysis of the state in which civil society support is being implemented. It states that "*the intervention logic of* [Danida's] *Strategy is implicitly based on the assumption of a state which is capable and willing to respond the needs of its citizens. In other words, that increased demand via an independent, representative civil society results in a government more responsive*

and accountable to the needs of poor and vulnerable people. In the case of Nepal there is some evidence that the assumption was valid at a local level... However, country studies report that civil society gains at local or district level in both contexts have, in general, not yet been reflected by pro-poor policy and practice changes at the national level" (36, p.45).

Strengthening civil society capabilities to demand accountable governance may often require reforms within government. For example, legal structures for registration can have either positive or negative impacts on CSOs' legitimacy and room for manoeuvre (38). This issue of legitimacy is in some countries also related to the extent to which CSOs and government compete or cooperate in public service provision (43). Donor efforts to engage CSOs in new public management efforts to contract out services may inadvertently weaken the prospects for these organisations to undertake their other roles in demanding accountable governance.

2.4.6 Shifts to a focus on IT-based modalities

A large and growing proportion of (especially smaller) technical assistance projects focus on introducing the use of IT-based modalities. In Swedish development cooperation these programmes are often managed through twinning arrangements (13, 12), whereas in other countries these programmes tend to use technical consultants (52). These projects are intended to increase efficiency of public institutions, provide information in a timely manner and often reduce corruption risks as they reduce interfaces between the staff of public agencies and their clients. A challenge in assessing the outcomes of these projects is that they are usually evaluated during or upon completion of the introduction of these technical and technological inputs. There are relatively few ex post evaluations that assess outcomes once the technology is in place. This is particularly important with the advanced IT systems that have been an element in many public sector reform programmes, in particular where introduction of financial management information systems have been promoted by donors such as the World Bank. Advanced financial management information systems have showed initial output results, but have proven difficult to sustain in low capacity environments (77).

It has sometimes been recognised that IT inputs are not a panacea, and still require significant capacities and integrity on the part of the recipient organisation (40). In other studies the point is raised that, even if these technologies are eventually expected to reduce staffing and thereby better align tasks with public sector capacities, the (primarily) human resources required to utilise these systems have not been sufficiently developed through relatively short-term technical cooperation (56).

One important question is whether there is a role for development cooperation in IT given that it is a field that is obviously and overwhelmingly driven by private sector investments and consumer demands. It would appear to be a field where endogenous market forces are the overwhelming driver of capacity development. The nature of

this niche is being discussed, even if conclusions are not readily apparent, due perhaps to uncertainties about what constitutes public goods. "*The fears of a "technological divide" are justified, which points to the importance of continued support for knowledge and information sharing that is directed towards boosting the capacities of the poor. While most of the advances are now market-based and thus will be driven by a private-sector dynamic, there are important public-goods aspects of information access that the donor community should still support*." (16, p.63).

The decision about this niche is sometimes framed within what recipients request and what donors are assumed to provide. *"Hardware" as part of CD earned a bad reputation particularly during the 1980s as being endless requests for "the three Cs": Cars, Computers and Copiers. As a reaction, donors for a long period shunned this, focusing almost exclusively on "human capital formation". It is now recognised that the physical work environment – buildings, furniture, equipment – are important for the efficient functioning of an organisation, but also as incentives for staff."* (16, p.64).

A recent (not yet published) evaluation of the use of ICT technology in training colleges in Tanzania shows that there needs to be a balance between training, software and hardware investments in order to sustain the investment (5). The effective participation of recipient organisations when it comes to selection of software and hardware solutions is also linked to the cost-efficiency and sustainability of the initiatives as it is linked the capacity to sustain the systems (paying licence fees, maintenance). A recent policy briefing on IT solutions to tax reform notes that many IT systems introduced have been inappropriate and that local private sector solutions could be more efficient: *"Given the limitations of international and 'in-house' approaches, recent experience suggests that locally developed, open source, private sector solutions could prove to be a valuable alternative. Such solutions are particularly attractive in the low-capacity and limited resource environment of local governments, while the rapid emergence of talented young programmers in low-income countries is making them increasingly viable. At their best, local private sector solutions can address all of the major concerns levelled against international software providers, while offering the opportunity to nurture, rather than stifle, the emergence of a dynamic local software development sector."* (35, p.2).

2.4.7 Summary findings

Relevance: The period focused upon in this literature review has been one of 'soul searching' with regard to rethinking technical assistance/cooperation so as to be anchored more in ownership and local control. Lessons have crystallised, but progress in transforming modalities has been mixed.

Effectiveness: Where there are (a) similar organisational cultures, (b) solid assessments of capacity development needs, and/or (c) engagement of local organisations to lead capacity development, alignment has proven possible. These areas are often un-

dermined, however, due to short-term 'consultancy' relations with those providing services and uneven power relations between technical advisors and those who they are expected to serve.

Impact: Through decentralisation and a stronger advocacy role for CSOs, mechanisms to encourage public accountability are being strengthened. Capitalising on successes in this regard is reliant on a broader approach to capacity development that includes a systemic perspective on accountability where sub-national and national governance support is balanced; and where CSO support is anchored in efforts to build on a constructive and dynamic relationship between the state and civil society.

Sustainability: It is a truism that ownership is the ultimate foundation for sustainability. The aid effectiveness agenda has reinforced attention to the need to transform technical cooperation to better foster ownership. A precondition for this transformation is that of greater control and an enhanced of management capacities among the organisations being supported.

Efficiency: Modalities such as IT support and decentralisation are claimed to provide a basis for better efficiency. This may be true, but there is as yet insufficient evidence of whether these claims are accurate. The costs of putting these new 'efficient' modalities into place in terms of new skills and accountability mechanisms are frequently under-estimated.

2.5 NORMATIVE AND CROSS CUTTING THEMES

The majority of literature reviewed is striking silent about capacities to understand and apply cross-cutting normative dimensions. This is particularly problematic given that Sweden has applied a very concerted, and what may even be seen as a supply driven, capacity development approach to get these on the agenda. Training in gender awareness and environmental impact assessment have been widespread, but follow up to assess the outcomes of these investments in terms of individual skills and awareness, organisational structures to internalise these norms and commitments, and changes in the institutional environment to encourage these changes has been rare. For these reasons the following discussion is based on what is admittedly relatively few sources.

Attention to normative and cross-cutting issues problematises the recommendations made elsewhere in this report about 'going with the grain' to ensure ownership and contextual relevance. Changing norms involves going against the grain. One study found that "*A certain amount of 'misfit' is needed to energise capacity development. The development literature gives considerable attention to the need for fit between interventions and the cultural context. But a good deal of capacity development, and indeed a good deal of development cooperation itself, is premised on changing some cultural norms – essentially working to redress a 'misfit'. Addressing gender inequalities, trying to instil professional standards of work and advocating greater respect*

for human rights all imply going against behaviour accepted by significant groups within some countries. Too much 'fit' with such a context may indicate a lack of dynamism and commitment to try to ignite change and reform. What is important is identifying which patterns of behaviour should be accepted, and which external actors and country stakeholders should endeavour to change" (48, p. 123).

2.5.1 Human rights based approaches

The literature review team views the connection between the responsibilities of duty bearers and the their capacities to shoulder these responsibilities as self evident. Nonetheless, a human rights based perspective is almost entirely absent in the literature reviewed. Even in fragile states, where the failures of the state as duty bearer are most glaring, it has been noted that evaluations almost never explore this dimension (23). For example, a review of bilateral public sector governance reform efforts found: *"The principal finding on gender equality and human rights is that they were not routinely considered in many of the PSGR* [public sector governance reform] *case studies. The civil service reforms, audit institution-building and decentralization programs paid little or no attention to these issues*." (66, p.44). This evaluation concluded that for PSGRs to support human rights and gender equality, they should include:

- *design processes that are conscious of gender equality, diversity and human rights;*
- *disaggregated data on gender, diversity and human rights in design and evaluation;*
- *understanding of the importance of rights protection and promotion in PSG processes;*
- *mainstreaming policies supported by robust compliance mechanisms;*
- *accountability between ministries and citizens on human rights issues;*
- *sufficient resources strategically applied to gender, diversity and human rights."* (66, p.44)

Regarding capacities for promoting accountable governance, as noted in section 2.4.5 above, capacities to act as an advocate and even a watchdog on duty bearers should be central to CSO support (59). Some studies highlight that capacity is not just something that exists within these organisations, but that it also is a quality that emerges in the interfaces between different organisations (3), which is highly relevant in conceptualising how efforts have led to dynamic exchanges that ensure the accountability of duty bearers to rights holders. This governance perspective on support to civil society has often been weak. In UNDP *"many country offices have not systematically identified opportunities for strategic engagement with non-state actors in order to strengthen local governance even where the potential exists. As a result, many civil society organization (CSO) partnerships remain 'stand-alone' initiatives; they are seldom viewed as strategic initiatives aimed at enhancing democratic (local) governance and poverty reduction."* (72, p.25).

It is important to recognise that organised civil society is just one aspect of holding duty bearers to account. Promotion of democratic governance more generally, via civil society (59) and also through support to the media and freedom of expression is central to ensuring that pressure is exerted on duty bearers to develop and apply their own capacities (33). There is a recognition of the need for better coordination between developing CSO capacities to make demands with efforts to enhance government capacities to undertake their duties (36, 27). However, this is "*…no panacea: informal pressure by elite groups to privilege their interests may well be stronger than the voice of poor people*." (33, p.18). Lack of institutions to demand accountability has been seen as a factor that can lock-in systems of patronage that stand in the way of development of institutions of democratic governance (2). It is, however, notable that the literature reviewed seldom mentions this dynamic link between a rights based perspective on democratic governance and capacity development.

Within public sector governance reform, support to accountability and oversight institutions within public financial management reforms (in public accounting offices) have proven very successful in enhancing accountable governance (66). There are also examples of where civil society has been mobilised within multi-stakeholder initiatives to advocate for accountable contracting of services (69, 74). This is particularly important as public sector oversight and regulatory systems have been effectively weakened or even dismantled in many countries. One study in the health sector concluded: *"The trend towards understaffing and underfunding of regulatory institutions, often a consequence of past disinvestment, needs to be reversed. The contribution of civil society organizations for regulating provider behaviour, such as consumer protection organizations, is often insufficiently recognized, thus opportunities to build the social consensus necessary for effective regulation are often missed."* (81, p. 3).

Given the strong emphasis on enhancing capacities for service provision in public sector reforms the literature review encountered a surprising dearth of attention to the question of whether special capacities are required to ensure that these services are inclusive. Special projects that focus on training and awareness raising related to minorities naturally encourage inclusion, but mainstreaming within core reform initiatives are notably rare. This could be problematic if inclusiveness is thereby conceptualised as a technical issue rather than an overarching concern. UNDP raises attention to a rights based perspective with regard to fundamental organisational processes: "*Power relations, equity, voice, empowerment and accountability, which can all be seen as aspects of an organization's culture, are becoming key concepts in approaching capacity development processes."* (71, p.14). Even where the need for inclusive approaches is recognised as essential to avoid feeding into prevailing conflicts in fragile states, there is limited attention to how to overcome the enormous challenges that this entails (73).

Regarding the perspectives of the poor, there has been strikingly little attention to relevance or impact in relation to poverty, either in capacity development pro-

grammes or in evaluations of elements of broader programmes impinging on capacities. One review notes: *"This synthesis study on 'best practice' and innovative approaches to capacity development (CD) found an extensive literature but little that was relevant to the key development challenge: CD for poverty reduction in low-income African countries."* (16, p.9). And furthermore: "*Concerning knowledge gaps, the surprising finding is that the literature says very little about poverty-relevant and poverty-driven CD. There is not much modelling of causal chains, little about what the poor see as most important, and what forms of CD support has provided sustainable results."* (16, p.11).

2.5.2 Gender

Capacity development leading to enhanced gender equity is not just about gender awareness training. It relies on a theory of change through which this awareness is to be put to use. It is about understanding patriarchal structures and with that recognising which capacities of those representing the voice of rights holders need to be brought to bear to stimulate change. It is also about the capacities of duty bearers to reflect over and undertake structural changes in the ways that they work. Capacities to reach women with services have implications regarding who gets trained and where and how new and different services are provided. This may involve the capacity of decision-makers to see how to adjust their priorities through, e.g., gender budgeting. This is rarely the case. One of the very few reports that mentions gender issues notes: "*many key CD documents are gender neutral and do not appropriately consider the different capacity needs of men and women. Gender perspectives tend only to be addressed by assessments focusing on women's issues*" (57. p.22). A review of twenty years of AfDB (African Development Bank) experience in mainstreaming gender found that "*there is no example of a development organisation successfully mainstreaming gender to the degree that it has been incorporated into its "DNA""* (1, p.1).

While critical of the UN system's efforts to mainstream gender issues, the specialised and effective role of UNIFEM (now UN Women) has been noted: "*UNIFEM, for instance, leverages its support to women's political participation through new efforts to go 'beyond the numbers' and to build the political impact of women in politics. It invests in the capacity of women and men voters to be effective constituencies for gender equality policies from political parties. It advances women's leadership and influence in peacebuilding and conflict prevention, post-conflict reconstruction, and truth and reconciliation processes. UNIFEM also works with UNDP to demonstrate the importance of gender-sensitive incentive systems, performance measures, and procedures for gender responsive planning, programming and budgeting at national and local levels, including capacity development in gender responsive budgeting*." (72, p.38).

Although some literature provides very useful guidance regarding who receives capacity development support, how organisations are developed to be accountable and

provide inclusive services, and who is ultimately likely to benefit from these capacities, the literature review team has noted that opportunities have been missed to apply a gender lens to these efforts. It can only be concluded that those working with capacity development have not been mandated to address these policy goals.

One study highlights that a genuine commitment to applying a gender perspective on capacity development is reliant on a broader recognition of how capacity development is ultimately about both respecting and changing attitudes and perspectives (rather than just skills development or new organisational procedures): "*Gender is a vital part of seeing people holistically. Everyone belongs to a particular gender and this has implications for capacity building. … There is also clearly a cultural and contextual dimension to the gender question with different perspectives in different places. Such a difference is well illustrated … in Central Asia, where some participants felt that 'the Soviet era had fully addressed gender inequalities', whereas the external facilitators were not so sure*". (42, p.14).

Ultimately, even gender literature that does not ostensibly deal with capacity development per se sometimes concludes that the solutions lie in organisational development, e.g., leadership, accountability and incentives, and procedures and practices (1).

2.5.3 Capacities for "sustainable development"

The UN is increasingly framing its efforts in working towards the *"world we want"* in a sustainable development perspective, emphasising but by no means exclusively focusing on environmental sustainability. The new sustainable development goals are currently being formulated, so it is too early for the literature review to assess the relevance of capacity development in relation to these trends, but this is an important area for future consideration. The forward-looking structure of the analyses done thus far regarding the 'world we want', and other global normative frameworks with a focus on sustainability, such as the MDGs, can also be said to emphasise capacity for foresight, i.e., not just capacity to look and current challenges, but to plan for those of the future. These capacities were touched on in section 2.3.5 above regarding capacities to deal with uncertainty and unpredictability.

Despite emphasis in Swedish policies on perceiving of environmental sustainability as a cross-cutting norm, there is very little evidence of capacities being developed for this to occur. The environment is largely treated as a sector (83). However, within the analyses of the sector it has been found that the development of capacities among environmental authorities is insufficient to achieve desired goals for two reasons. First, these authorities are generally too weak and receive insufficient political backing to achieve their intended objectives (9). Second, the authors of the literature review note that the nature of these objectives requires actions within other sectors, particularly agriculture (49), public works and (most importantly) the attitudes and perspectives of ministries of finance. Silo thinking has weakened this: "*In order to reach impacts, there is a need to complement this approach by identifying and ad-*

dressing key constraints to environmental management that lie outside the environmental sector. Important ingredients in a broadened approach to environmental capacity development are to ensure high level policy coordination and to find institutional arrangements that make ministries of finance, planning, agriculture, energy, industry and other powerful actors assume a greater responsibility for environmental management" (65, p.11).

Given the massive capacity development investments being made in these other key sectors, donor support may even be part of the silo problem if donors fail to live up to their commitments to broader approaches to sustainable development. Given the vagueness about what capacities are required to address multi-sectoral environmental challenges, combined with the huge political difficulties of mainstreaming what is largely seen as a donor-driven agenda, there has been a tendency to focus on narrow technical issues and training of individuals so as to 'tick the box' of environmental sustainability without confronting the underlying issues (65). A clear example of this that the authors of the literature review have noted in practice is the small investments in environmental impact assessment training, which tend to be disconnected from reform processes in the agencies that would need to respond to the findings of these assessments.

Environmental ministries, with very weak commitments from ministries of finance, have a tendency to pay greater attention to searching for short-term projects rather than thinking in a long-term capacity development perspective (65). The record of small 'pilot projects' being scaled up is poor (68, 9), which in turn means that there is little incentive for longer-term capacity development. This 'projectisation' is paradoxical given the crucial importance of long-range perspectives required for dealing with emerging scenarios of climate change, demographic transformations and natural resource depletion. The blame for this is not entirely with these other sectors. It has been recognised that the environmental community has been slow to recognise the importance and implications of the aid effective agenda (65), and may therefore have taken project modalities for granted (rather than striving towards a programme approach and alignment with core governmental priorities).

Ownership has thus been a particular challenge in environmental programmes. Norad has found that: " *In the field of environment policy, planning and management such ownership has yet to be properly established with most cooperating developing partner countries. This is the "youngest" field of development cooperation. Its complex cross-cutting nature, in most cases with responsibility for implementation and monitoring given to a rather powerless new ministry or agency, along with the fact that cost and benefits until recently have been of a non-quantified and often controversial nature, has made it difficult for governments of poor countries to have environment issues match the conventional easily identifiable needs in infrastructure and social sectors in terms of priority setting … A development cooperation dialogue of considerable patience and maturing of attitudes and acceptance of the environment as a crosscutting basic needs area of crucial importance to the achievement of the Millen-*

nium Development Goals (MDGs) must reach a certain level of recipient acceptance before one may say that the time is ripe to start a concrete project" (26, p.9).

Even with Swedish programmes focused on ensuring capacities for moving from words to actions with environmental management, similar problems have been noted: "*Swedish-supported programmes have generally been weak in facilitating policy implementation through for example stimulating high-level political demand, improved mechanisms for cross-sector coordination and enhanced monitoring and enforcement of environmental laws and regulations. It seems as if the potential for pursuing a high-level political dialogue on environmental issues in the countries where Sweden supports environment capacity development has been rarely realised*." (65, p.10).

2.5.4 Summary findings

Relevance: The relevance of capacity development efforts in relation to the challenges of protecting human rights and overcoming gender inequality has been largely unexplored.

The importance of awareness and capacities to address environmental issues (and sustainable development in general) as an integrated aspect of broader development cooperation has not been achieved due to continuing tendencies to perceive of these as sectoral issues.

Effectiveness: Evidence from the literature suggests (but does not confirm) that pressures to enhance capacities for more effective implementation of specific programmes may stand in the way of attention to cross-cutting and normative goals due to weak mainstreaming.

Impact: Some efforts to influence the institutional environment through, for example, the work of UNWomen on gender as a central element in democratic governance, have been successful.

Sustainability: In order for cross-cutting concerns to be sustainably addressed, it would be necessary to ensure that they become part of the 'DNA' of partner organisations. There is little evidence that short-term training in, for example, gender awareness and environmental impact assessment have achieved this.

The lack of ownership for environmental sustainability objectives outside of the 'sector' has meant that ministries of finance have failed to allocate the resources needed to ensure the sustainability of development cooperation investments in strengthening environmental institutions.

2.6 EFFICIENCY

The literature provides little evidence-based empirical analyses of either cost-efficiency or cost effectiveness of different capacity development initiatives. There is an absence of actual empirical data about the cost and comparative advantages of alternatives, such as the choice between public and private services (81). The following observations are primarily presented as a summary of the explicit or implicit assumptions that are made about (a) what might constitute efficient capacity development efforts, and (b) how capacity development can contribute to the efficiency of development cooperation in general.

Regarding efficient capacity development modalities, a review of twinning noted that cost-benefit analyses are not demanded and seldom carried out (52). The study makes a cost-benefit assessment of TA (technical assistance) versus twinning and examines the unit costs and perceived advantages of the two modalities (52). "*Even after correcting for some extremely highly costed individual cases, TA on the average appears to be more expensive than twinning, when expressed at a contract-cost per month base."* (52, p.22). Capacity development efforts led by national and regional institutions are presumed to be cheaper than those undertaken by international consultants and other technical assistance agencies (e.g., twinning). CSOs are sometimes seen as a more cost efficient alternative for project implementation than government institutions or consultants (50). This can be problematic if CSOs are supported (and encouraged to act as) a cheap alternative. "*Government donor agencies are increasingly driven by measures of efficiency – disbursing large sums of money in a simple, cheap way and in as short a time as possible. These act as major disincentives to implementing good quality capacity development… the need for CSOs to absorb significant sums of money can push CSOs way beyond their competence too quickly*" (41, p.18).

Another presumed way to save resources is through introducing IT systems, which has been seen as a way to avoid investing capacity support in bloated bureaucracies. New public management is also promoted based on a narrative about the assumed efficiencies of specialised (usually private sector) actors in comparison with oversized public agencies. The experience described in the literature has, however, paid primary attention to the viability of these schemes, and the underlying efficiency hypothesis remains largely untested. The literature on public-private-partnerships is even more infused with the notion that the 'more efficient' private sector can take over services from the 'less efficient' state (22). A savings is also expected as the private sector is thought to already have been driven by market forces to develop its own capacities (at no cost to the taxpayers in either the donor or the host country) and thereby avoids the need to invest in enhancing government capacities. However, the literature review team suspects that the tendency for costs to consumers for these services to rise, and access to become more restricted, after privatisation has meant that public confidence in this narrative has evaporated in many countries.

There is also an assumption that private sector development is, by definition, a sector that merely needs to be 'kick started'. One review proposes that the private sector has: *"the potential to drive development in self-sustaining and self-multiplying ways that do not require continuous infusions of grant funding"* (6, p.3).

2.6.1 Summary findings

Efficiency: Capacity development is assumed to contribute to efficiency, but there is very little hard evidence about the extent to which these assumptions have proven accurate.

Narratives about the greater cost efficiency of private services and the intransigence of public bureaucracies have often been accepted on faith, with a particular lack of attention to the relative cost effectiveness of different actors in reaching 'difficult' marginalised populations.

3 Conclusions

3.1 CONCLUSIONS

The following points summarise the findings of the respective sections of this literature review in relation to relevance, effectiveness, impact, sustainability and efficiency.

3.1.1 Relevance

Defining the scope of capacity development, or choosing to just muddle through? (2.1)

There is broad formal recognition that achieving more relevant capacity development programming is reliant on adopting a multidimensional perspective. This includes respect for how diversity in existing human resources, organisational patterns and institutional norms define what is possible and desirable to achieve in capacity development efforts.

Capacity development for state-building and public sector reform (2.2)

The question of 'whose capacities count' relates to shifts in policy commitments towards a more pluralistic vision of state-building. Development practice is, however, often out of sync with pre-existing change/reform processes, emergent goals and prevailing local norms about what kind of state should be built.

In fragile states lack of consensus on the 'goal posts' of state-building leads to conflicting objectives where short- and long-term intentions do not necessarily mesh and relevance is more about finding 'least bad' and good enough' governance goals than strict policy compliance.

Critical reflection on theories of change (2.3)

The point of departure for realistic approaches to capacity development is a recognition, an understanding, and a readiness to adapt to the changing context in which capacity development is expected to take place.

Shifting assumptions regarding ownership, technical cooperation/assistance (2.4)

The period focused upon in this literature review has been one of 'soul searching' with regard to rethinking technical assistance/cooperation so as to be anchored more in ownership and local control. Lessons have crystallised, but progress in transforming modalities has been mixed.

Normative and cross-cutting themes (2.5)

The relevance of capacity development efforts in relation to the challenges of protecting human rights and overcoming gender inequality has been largely unexplored.

The importance of awareness and capacities to address environmental issues (and sustainable development in general) as an integrated aspect of broader development cooperation has not been achieved due to continuing tendencies to perceive of these as sectoral issues.

3.1.2 Effectiveness

Defining the scope of capacity development, or choosing to just muddle through? (2.1)

The extent to which a recognition of the multidimensional character of capacity development has led to changes in practice is limited, and strong incentives remain to judge effectiveness at output, or even at activity (training) level.

Capacity development for state-building and public sector reform (2.2)

Effectiveness has often been judged in relation to the use of capacities in service provision (especially in fragile states), which may overshadow commitments to longer-term capacity development.

There has been a tendency to underestimate the extent to which models for pluralism, new public management and public-private partnerships will require entirely new sets of skills for both the public agencies that are expected to become 'good buyers' of services and the non-state actors that are expected to have good services to 'sell'.

Critical reflection on theories of change (2.3)

In evaluations of capacity development, there is a palpable exasperation with the lack of evidence available about effectiveness, which is attributable to (a) lack of realistic theories of change, and (b) the gap that exists between the activity focus on 'tangible' indicators and the grand outcomes and impacts expected from modest inputs.

Seemingly obvious incentives, such as salaries, staffing levels and availability of resources to cover recurrent operational costs, are prerequisites to effective use of capacity development support.

Shifting assumptions regarding ownership, technical cooperation/assistance (2.4)

Where there are (a) similar organisational cultures, (b) solid assessments of capacity development needs, and/or (c) engagement of local organisations to lead capacity development, alignment has proven possible. These areas are often undermined, however, due to short-term 'consultancy' relations with those providing services and uneven power relations between technical advisors and those who they are expected to serve.

Normative and cross-cutting themes (2.5)

Evidence from the literature suggests (but does not confirm) that pressures to enhance capacities for more effective implementation of specific programmes may stand in the way of attention to cross-cutting and normative goals due to weak mainstreaming.

3.1.3 Impact

Defining the scope of capacity development, or choosing to just muddle through? (2.1)

Capacity outcomes must be measured in relation to a range of transformations; and the potential of achieving these changes in attitudes and practices is related to prevailing path dependencies. The challenges in responding to the complexity of these processes has led some to suggest that less attention be paid to standardised tools, and more to adapting capacity development efforts to the actual content of desired changes in a given context, even if the impact pathways may then be characterised as 'muddling through'.

Capacity development for state-building and public sector reform (2.2)

Outcomes in terms of incorporation of new attitudes, ideas and practices within existing bureaucracies have been hindered by failures to assess how this institutional bricolage might emerge.

Critical reflection on theories of change (2.3)

Most capacity development efforts lack clear and realistic theories of change regarding how impacts will be achieved. The literature review team interprets this as being related to an absence of 'bringing outcomes' to describe intentions of how to 'get from here to there'.

Shifting assumptions regarding ownership, technical cooperation/assistance (2.4)

Through decentralisation and a stronger advocacy role for CSOs, mechanisms to encourage public accountability are being strengthened. Capitalising on successes in this regard is reliant on a broader approach to capacity development that includes a systemic perspective on accountability where sub-national and national governance support is balanced; and where CSO support is anchored in efforts to build on a constructive and dynamic relationship between the state and civil society.

Normative and cross-cutting themes (2.5)

Some efforts to influence the institutional environment through, for example, the work of UNWomen on gender as a central element in democratic governance, have been successful.

3.1.4 Sustainability

Capacity development for state-building and public sector reform (2.2)

Many capacity development efforts are based on assumptions that a 'lean' state is key to ultimate sustainability, as the private sector is expected to be driven by the market to fills gaps that the state cannot. But many citizens do not want their state to be lean. New ideas are being promulgated about public-private-partnerships as a solution to this, but it is too early to assess whether these efforts reflect lessons from past efforts to promote sustainability through new public management.

The inherent lack of sustainability in bypass solutions in fragile states has kept capacity development on the agenda, but this has not led to clear modalities for proceeding with capacity development when lack of services undermines security and therefore constitutes a threat to the immediately sustainability of peace processes.

Critical reflection on theories of change (2.3)
When development cooperation agencies attempt to address obstacles to change processes in a short-term manner, through e.g. salary top-ups, the results regarding sustainability are highly counterproductive.

Shifting assumptions regarding ownership, technical cooperation/assistance (2.4)
It is a truism that ownership is the ultimate foundation for sustainability. The aid effectiveness agenda has reinforced attention to the need to transform technical cooperation to better foster ownership. A precondition for this transformation is that of greater control and an enhanced of management capacities among the organisations being supported.

Normative and cross-cutting themes (2.5)
In order for cross-cutting concerns to be sustainably addressed, it would be necessary to ensure that they become part of the 'DNA' of partner organisations. There is little evidence that short-term training in, for example, gender awareness and environmental impact assessment have achieved this.

The lack of ownership for environmental sustainability objectives outside of the 'sector' has meant that ministries of finance have failed to allocate the resources needed to ensure the sustainability of development cooperation investments in strengthening environmental institutions.

3.1.5 Efficiency

Capacity development for state-building and public sector reform (2.2)
Efficiency is expected to be enhanced when market forces pressure private actors to invest in their own capacities, allowing the state to prioritise use of scarce resources. These assumptions do not appear to have been critically questioned or assessed.

Shifting assumptions regarding ownership, technical cooperation/assistance (2.4)
Modalities such as IT support and decentralisation are claimed to provide a basis for better efficiency. This may be true, but there is as yet insufficient evidence of whether these claims are accurate. The costs of putting these new 'efficient' modalities into place in terms of new skills and accountability mechanisms are frequently underestimated.

Efficiency (2.6)

Capacity development is assumed to contribute to efficiency, but there is very little hard evidence about the extent to which these assumptions have proven accurate.

Narratives about the greater cost efficiency of private services and the intransigence of public bureaucracies have often been accepted on faith, with a particular lack of attention to the relative cost effectiveness of different actors in reaching 'difficult' marginalised populations.

The points below briefly synthesise the analysis of the literature review team in relation to the questions posed in the ToRs of this review.

3.1.6 In the past ten years, what are the areas of development cooperation where capacity development challenges have been critically assessed?

The point of departure for the majority of broader capacity development literature over the past decade has been the aid effectiveness agenda. In some respects, the very tone of the literature reflects a chronological path from high expectations to increasing frustration regarding the extent to which the commitments in the aid effectiveness agenda would create a new and very different playing field for capacity development.

The second major new theme that has emerged over the past decade is that of addressing the conundrums of capacity development in fragile states. The emphasis here has shifted from early expectations that a 'big push' could overcome 'whole of government' challenges, to a growing recognition that it is better to settle for 'good enough governance' or even 'least bad solutions'. Partially in conjunction with the changing perspectives on fragile states, there are also some signs that a recognition of the nature of uncertainty and unpredictability more generally regarding political, economic and environmental volatility may lead to more open minded perspectives on the inevitably non-linear processes that characterise institutional change and organisational performance.

The third theme that can be observed is a partial shift away from the statist bias that had overwhelmingly characterised capacity development efforts in the past, to a recognition that civil society is not just a parallel channel for service delivery but also a central aspect of state-building. It is important to stress though that this shift is only partial. Furthermore, despite considerable rhetoric about the importance of private sector development, there is as yet no clear paradigm regarding how development cooperation should contribute to a vision of capacity development that includes and supports private development.

3.1.7 What are the main lessons learnt and factors that contribute to outcomes from successful as well as unsuccessful capacity development interventions?

Success is about design and implementation processes that reflect a non-naïve awareness of context. By understanding context, it is possible to develop the savvy required

to see where ownership can be fostered and maintained spatially (in a given country, culture or political system) and temporally (when contexts change).

Failure can be correlated with charging ahead with models that are neither relevant nor are likely to generate ownership. This is not to say that innovative models are not appropriate, but that appropriateness requires that the factors that stand in the way of innovation and generate path dependencies in existing organisations are acknowledged and addressed.

3.1.8 What are the main lessons learnt on the role of the overall context (e.g. policy framework, political situation, institutional set-up, economic shocks, civil unrest, etc.) and how it affects the implementation and overall results of capacity development interventions?

The main lesson learnt about these contextual factors is that they should not come as a surprise. Development cooperation has extensive and growing experience with the realities of fragile states, climate uncertainty and volatility and political upheavals arising due to conflict or even democratic elections. What is needed is a readiness to acknowledge this and adopt modalities and dialogue processes to manage support to capacity development within these non-linear processes.

A second overall lesson is that volatility inevitably leads to goal conflicts. There is no silver bullet to enhance state legitimacy, maintain neutrality and provide vital services in the middle of a conflict. It is essential to recognise that capacities must be built and exercised simultaneously. This is never an easy task and will inevitably involve difficult choices around sequencing or even selection of 'least bad' options.

The third lesson is that these goal conflicts also exist in donor countries, and that this may have contributed to an apparent decline in commitments to aid effectiveness. Demands for quick results and standardised methods and indicators often overshadow a commitment to applying the lessons above. Capacity development is not about 'bricks and mortar'. The complexity found in this review therefore implies that capacity cannot be evaluated using random controlled trials focusing on a narrow range of indicators (even if pressures exist to pretend that the results of these initiatives can be measured in this manner).

A fourth (albeit perhaps largely unproven) lesson is that the principles of a rights based approach are appropriate for highlighting the relations between rights holders and duty bearers, and that capacity development should be about developing the capacities of both to ensure that the supply of 'good enough governance' corresponds to the demands of an active citizenry. Technocratic approaches to capacity development run the danger of ignoring the extent to which capacity development must be part and parcel of engagements in democratic governance.

3.1.9 What are the positive and negative outcomes from capacity development identified in the reviewed literature?

Effective capacity development efforts are those that reflect a genuine commitment to ownership, combined with solid assessment and monitoring of the factors in the external political and economic context and the internal incentives that will determine success or failure within and among the agencies that are targeted.

There has been notably little evaluation of the ultimate impacts of capacity development due to three factors: (a) there are few ex post assessments of what has happened after interventions have ended; (b) unrealistic or vague theories of change generally lack indicators of 'bridging outcomes' that could clarify intended impact pathways; and (c) even if such theories of change exist, the modest influence of capacity development initiatives on overall institutional change processes would put into question claims of contribution or attribution.

The most positive outcomes arising from a range of capacity development efforts are those related to where donor cooperation efforts have found a place in contributing to ongoing, country-led reform. Even narrow technical efforts can be strongly relevant if they are aligned with broader national and local led processes. Development cooperation can contribute to these processes, but it would be naïve to attempt to lead these reforms where they contradict prevailing perceptions about the role of the state.

Negative outcomes arise when donor priorities overshadow and are at cross-purposes with national and local processes. Programme documents may have 'all the right phrases' but if the approaches ultimately reflect pressures to transfer a model or (even worse) 'rent' capacities to implement a project, the results are generally counter-productive.

3.1.10 What are the main lessons learnt on the relevance of capacity development in development cooperation; are they consistent with the requirements of the institutions being supported, country needs and institutional priorities?

Programming is often relevant in theory, but ineffective in practice due to a failure to anchor efforts in what local actors perceive to be relevant for their institutions, country/local needs and priorities. In much of the literature it appears that they have not even been asked about what is relevant for them.

This does not mean that efforts need always go 'with the grain' of government expectations and demands. Civil society efforts to raise attention to the need to change norms in relation to transparent governance, gender equality and human rights are also essential. But local CSOs may have considerable skills and understanding that can be built upon and the notion that they automatically need capacity development support from their 'northern partners' deserves greater critical assessment.

Relevance is above all else related to the extent to which the context of the intervention has been acknowledged and assessed, first in programme design and later in adapting efforts to unpredictable changes. Assessments of requirements that lead to 'long lists of things that must be done' provide little guidance regarding priority needs and sequencing of priorities. Finding good enough governance in a given context requires a degree of reflective 'muddling through'.

It is furthermore striking that so little attention is given to policy relevance in relation to normative, cross-cutting goals, and that there are many examples of where expediency in project implementation has outweighed longer-term policy commitments to enhancing state legitimacy.

3.1.11 How relevant are capacity development efforts in relation to partner and donor policies and commitments to harmonisation and alignment?

The Paris Declaration provided a roadmap for capacity development but not a reliable vehicle for proceeding along the chosen path. Policies have been appropriate, but due in part to the goal conflicts noted above (especially those in donor countries), they have not led to a sufficient reconsideration of commitments. Failures to move forward largely reflect the weak and declining commitments to aid effectiveness. The literature review echoes a call made in another report: *"It is striking how many of these messages are similar to the messages set out at the end of The Challenge of Capacity Development: Working towards Good Practice (OECD, 2006), which reflects the fact that, while understanding about the issues has deepened in the interim, little has actually been done. The time has come to move from words to action."* (57, p.41).

3.1.12 What are the main lessons learnt on the sustainability, i.e. the likely continuation of benefits from capacity development interventions beyond completion and its resilience to risk?

Sustainability is above all else anchored in relevance and ownership. Despite widespread awareness of the problems associated with salary top-ups and staff poaching, weak donor harmonisation and demands for quick and visible results still make development cooperation more of a problem than a solution in many contexts (perversely and especially in fragile states).

The evidence base is limited for assessing the sustainability of commitments to support and utilise capacities developed in relation to gender equality and environmental sustainability, but there is clearly cause for concern. This appears to be due to lack of ownership within the organisations being supported, and also perhaps insufficient commitments by donors to genuinely mainstream these issues in overall cooperation efforts.

Lack of ex post assessments and tendencies to report on activities and outputs rather than outcomes has meant that evidence regarding sustainability is weak. The importance of paying attention to how organisations and institutions adapt to risk is be-

ginning to be acknowledged, but evidence is still lacking regarding how well development cooperation in capacity development has contributed (or been a hinder) to this resilience.

3.1.13 Does the reviewed literature identify the costs for capacity development interventions and how these are converted into results?

Capacity development is assumed to be a 'good thing' in relation to the efficiency of supported institutions and for development cooperation itself. There are associated underlying narratives of why different modalities are expected to lead to leaner and more efficient states and service delivery. It is notable that these narratives are accepted to the extent that they are rarely questioned, much less verified in analyses of capacity development efforts. There are very few assessments of costs, much less analyses of these costs against benchmarks of efficiency and comparisons with resulting benefits.

3.2 LESSONS FOR INTERNATIONAL DEVELOPMENT COOPERATION

"We know what works in capacity development: a succession of studies from official agencies, academics and NGO practitioners have all highlighted similar principles of good practice. The issue is not about knowledge. The problem is that development agencies are not putting into practice what they know" (41, p.13).

If capacity development is to be perceived as more than a technical process it is important to critically reflect on the higher level outcomes and impacts to which it should contribute. It is important to recall why capacity development is being undertaken. Perhaps the main justification for strengthening of capacities is to enhance the legitimacy of the state, and even civil society. A well performing civil service, with strong institutions is the basis for citizens to recognise and respect their government, which in turn creates a virtuous cycle of respect for rule of law, demands for non-corrupt bureaucracies and services that reflect citizen needs and demands. Civil society institutions also require legitimacy, which can be achieved if they are accountable to their members, if they are capable of representing the rights of their constituencies when confronting duty bearers, and if they provide quality and efficient services. The overarching links between capacity development efforts and democratic governance need to be in focus, even if the contribution of these initiatives is likely to be modest, incremental, uncertain and difficult to verify.

If the political economy of change processes is acknowledged and assessed, it quickly becomes apparent that these processes are largely outside the sphere of influence of development cooperation programmes. It is nonetheless important to look at the relevance of development cooperation in this broader perspective. The literature on relevance in this respect is strong when discussing fragile states, as it is in these states

that this is most obviously pressing. These lessons are nonetheless just as valid for states that are not seen to be fragile.

Recognition of local processes is not the same as accepting that these processes are positive. Societal expectations regarding the role of the state vary enormously. States may be predatory. Enhancing their capacities may inadvertently increase their ability to maintain a neo-patrimonial role in relation to the citizenry. Even in areas where commitments to fundamental norms are central, such as in anti-corruption efforts, the space for capacity development in influencing patrimonial relations and norms is frequently ignored due to the application of blueprint approaches.

Analyses of the political economy of capacity development are needed, but such analysis is unlikely to lead to easy choices. One review of literature on anti-corruption efforts found: "*The literature provides no answer to which approach might be more realistic: those who argue that capacity should be built because it takes time and cannot be rushed and thus should be ready when political winds shift, or those who believe this will simply underpin an illegitimate state apparatus, and that once this changes the appropriate capacity can be better designed and put in place."* (17, p.11).

3.3 RECOMMENDATIONS FOR THE CONTINUED EVALUATION PROCESS, INCLUDING SPECIAL ATTENTION TO EXISTING KNOWLEDGE GAPS

1. The evaluation process should contribute to breaking down the division that often exists between different capacity development discourses, particularly between fragile and non-fragile states; and between the statist literature and that which emphasises pluralism (by applying a rights based frame of reference). In order to do this it would be better to avoid having, for example, a 'fragile state case study' but instead look at the implications of fragility in all cases. Also, when looking at public sector reform or support to civil society the focus should be on the way capacity development contributes to a dynamic relationship between these sets of actors, rather than looking at the public sector and civil society separately.

2. The evaluation should apply a meta-perspective of acknowledging the non-linear nature of capacity development processes. This is to ensure that context is treated as a complex and dynamic setting for effective capacity development and not as a problem or an obstacle. The evaluation should focus on how well programming has responded to conflict, political changes and extreme climate events, and not judge efforts entirely according to achievements in relation to initial plans.

3. The first major gap that should be filled relates to looking at capacities to move from words (or just training) to action in developing capacities among a range of stakeholders to apply cross-cutting policy concerns, from gender to environmental sustainability.

4. The second major gap is to explore links between capacity development efforts and the growing private sector development and public-private- partnership portfolios. This analysis can draw on earlier analyses of new public management efforts, but will also need to apply these lessons in a very different light.

5. The third gap relates to efficiency. The evaluation should step back and question many of the implicit assumptions about how capacity development will lead to more efficient public administration and locally owned efforts. Prevailing narratives about 'bloated' public bureaucracies and 'efficient' private service providers deserve critical attention with regard to the actual costs of transforming public institutions into 'good buyers' of services and the cost effectiveness of private actors in reaching potentially excluded populations. It is recognised however, that availability of sufficient and comparable monitoring data may limit what the evaluation can achieve. At a minimum, the evaluation should provide a more critical and structured frame of reference for future analyses.

6. A fourth gap relates to learning about what happened after the intervention. Sustainability and resilience cannot be judged from project completion reports. It would be useful to structure the evaluation to look at what happened to new procedures, IT systems, strengthened human resources or innovative learning processes after the project has ended, and even after a change of government, major disaster or conflict.

7. Finally, the evaluation need not rehash the copious analyses of the failures to implement the capacity development elements of the aid effectiveness agenda. The literature review team regrettably concludes that there is now a need to reflect on how to best 'pick up the pieces' in lieu of across-the-board commitments to aid effectiveness. The examples of success identified in this review have emerged from forging more modest levels consensus around best fit in a given context. Principles of respect for ownership and contextual relevance, and critical attention to dysfunctions arising from weak harmonisation must remain in focus, even if many of the trappings of earlier aid effectiveness commitments may need to be acknowledged as having poor prospects in today's development cooperation.

4 Annex 1 – Terms of Reference

Terms of Reference;

Pre-study (literature review);

Joint Evaluation on Capacity Development (Danida/Norad/Sida)

Date: 2014-01-13

1. Background

Danish, Norwegian and Swedish development cooperation principally focus on developing capacities in partner countries to achieve certain results. Capacity development, as opposed to service delivery, has long been a fundamental approach in the Scandinavian development cooperation. It is also a way of managing risk linked to insufficient capacity. In an audit from 2009, Riksrevisionen (the Swedish National Audit Office, SNAO) stated that Sida is doing a lot in terms of capacity building/development but is poor at documenting it.

The results of capacity development are often substantial and yet difficult to capture. In view of the recent debate on results, it appears important to find ways of accounting for the results of capacity development. Considering that virtually all departments at Danida, Norad and Sida work with capacity development in one or the other way, lessons in this area appear potentially many. Several project and programme evaluations have assessed capacity development, to a greater or lesser extent, however a large-scale thematic evaluations in this field has never been commissioned. The need and interest for an evaluation on capacity development have therefore resulted in a Scandinavian initiative to conduct a Joint Evaluation on Capacity Development.

The Joint Evaluation on Capacity Development will comprise of three main phases; (1.1) Inception phase; (1.2) Main evaluation phase; and (1.3) Dissemination. This ToR is part of the inception phase.

During the inception phase, parallel pre-studies will be conducted by Danida, Norad and Sida respectively. Cross learning and cooperation between the pre-studies (and consultancy teams) will be anticipated during the process. This ToR lays the foundation for one of these pre-studies, see table 1, pre-study 2, thematic review.

Table 1: Inception phase, Joint Evaluation on Capacity Development

Pre-study	Owner	Thematic review (TR)	Time frame (TR)	Portfolio review (PR)	Time frame (PR)	Final reports (TR + PR)
1	Danida	Establish conceptual framework and prepare framework for portfolio review.	January 2014 – February 2014	Danida	February 2014 – March 2014	April, 2014
2	Sida	Literature review; Effectiveness of Capacity Development	January 2014 – April 2014	Sida		
3	Norad	Consideration of methodologies previously applied and potentially applicable to assess effectiveness of capacity development.		Norad		

The pre-study, established by this ToR, covers the first part of Sida's assignment during the inception phase, i.e. the literature review. The second part of Sida's assignment is a portfolio review of Sida's development cooperation in regards to capacity development (see table 1). Separate ToRs for the portfolio review will be established, including separate budget.

2. Objectives

The **main objectives** of the inception phase are to; (i) based on the parallel pre-studies (see table 1) establish the scope and delimitations of the upcoming main evaluation; and (ii) generate a series of lessons to be communicated to Danida/Norad/Sida management and staff, and to be included in the main evaluation synthesis report.

More specifically, the **objectives** of the literature review are to review and conclude earlier findings on the effectiveness, impact, relevance, sustainability, and efficiency of capacity development.

3. Scope and Delimitations

The literature review should identify and summarise existing literature on the effectiveness, impact, relevance, sustainability, and efficiency of capacity development within international development cooperation. This includes looking across literature sources written by Danida, Norad, Sida, UN agencies, World Bank, OECD/DAC and relevant research institutions. The

literature review should pay special attention to evaluation studies by the above mentioned sources.

The consultancy team shall, as part of the assignment and in dialogue with Sida propose suitable scope and delimitations of the literature review as well as to develop a framework and method for the review. The framework and method shall be shared with and agreed upon by Sida before undertaking the literature review.

4. Organisation, Management and Stakeholders

The evaluation shall be managed by Sida, the Unit for Monitoring & Evaluation (UTV). The role of Sida is to guide the consultancy team, including providing feedback and agree on the framework and method proposed for the literature review, draft and final reports. The mechanism for quality control will be the Evaluation Steering Committee comprising of members from Danida, Norad and Sida.

The consultant will have the full responsibility for the implementation of the literature review. The consultants shall in their proposal also specify how quality assurance will be handled by them.

5. Pre-study Questions

The literature review aims to map previous studies looking at the effectiveness, impact, relevance, sustainability, and efficiency[1] of capacity development in development aid (project, programmes and strategies). It will answer the following questions:

- What are the previous main studies undertaken to assess capacity development in development cooperation?
- What are the main lessons learnt from this literature on the effectiveness, impact, relevance, sustainability, and efficiency of capacity development in development cooperation?

More specifically, and based on the available literature, the review will aim to answer the below questions:

- What are the main lessons learnt and factors (such as design) on the outcomes from successful as well as unsuccessful capacity development interventions[2]?

[1] The evaluation criteria in this ToR should be in line with the practices set out in the OECD/DAC Glossary of Key Terms in Evaluation and Results-Based Management.

[2] Intervention is in this context used as a synonym for project, programmes and strategies.

- What are the main lessons learnt on the role of the overall context (e.g. policy framework, political situation, institutional set-up, economic shocks, civil unrest, etc.) and how it affects the implementation and overall results of capacity development interventions?
- What are the positive and negative impacts from capacity development identified in the reviewed literature?
- What are the main lessons learnt on the relevance of capacity development in development cooperation; are they consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies?
- What are the main lessons learnt on the sustainability, i.e. the likely continuation of benefits from capacity development interventions beyond completion and its resilience to risk?
- Does the reviewed literature identify the costs for capacity development interventions and how these are converted into results?

The consultancy team can in discussion with Sida add additional questions as part of the proposed framework and method for the literature review.

6. Conclusions, and Lessons Learned

The study shall present conclusions and lessons learned on the agreed assignment that are expected to have a bearing on the forthcoming evaluation.

The study shall serve as a basis for reflection and decision making on the upcoming methodology and evaluation questions for the main evaluation phase (see 1. Background).

7. Time Schedule and Reporting

The literature study should be carried out over the period January – April, 2014.

The assignment should begin with a delimitation assessment of the studies/documents to be included in the literature review as well as a framework and method for the literature review. The framework and method shall be shared with and agreed on by Sida by the end of the first week of the assignment. The consultancy team will also be asked to present a time and work plan as part of the initial work.

The assignment will result in one final report. The report shall cover the findings from the literature review. The final literature review report shall not exceed 30 pages, excluding annexes. The report shall be written in English and the methodology used shall be described and explained in the final report. The delimitations shall be explicit in the report and the consequences of these delimitations shall be discussed. The draft final report should be shared with Sida and the Steering Committee in April, 2014 (date to be agreed upon). Final draft report for approval is to be prepared by the consultancy team no later than two weeks after receipt of comments.

When found necessary, the consultancy team is expected to communicate initial findings and the final reports to the Steering Committee as well as the consultancy teams of pre-study 1 and 3.

8. Resources

Total time input is expected not to exceed 6 person weeks. Indicatively, this would allow for approximately 1 week for the planning phase, including agreement on framework and methodology for the literature review. 4 weeks for undertaking the literature review, and finally 1 week for final report writing, dissemination and follow up.

The budget ceiling for the pre-study (literature review) is 250 000 SEK.

9. Consultancy Team Qualification

The consultancy team must consist of a team leader and an optional number of team members/assistants. The consultants must be independent and have no engagement in the activities under review.

All team members must have:

- Proven experience and in-depth knowledge of capacity development in development cooperation.
- Very good knowledge in writing, reading and spoken English (level 2).
- Communication skills.

A.

One team member must have:

- Very good knowledge in writing, reading and spoken Swedish in order to access relevant Sida documentation (level 2).
- Experience of conducting and designing literature reviews.

10. References

- Gantt Chart; Joint Evaluation Capacity Development

Sida; Draft Approach Paper II (kindly note that the draft is not an agreed proposal, however, it comprises of a description of Sida's approach to capacity development, to be used as a reference in the portfolio review).

5 Annex 2 – Inception Report

1. Assessment of Scope of the Evaluation

1.1 THE ASSIGNMENT

In accordance with the Terms of Reference, this literature review should identify and summarise existing literature on the effectiveness, impact, relevance, sustainability, and efficiency of capacity development within international development cooperation. This includes looking across literature sources from relevant research institutes, think tanks and from Danida, Norad, Sida, UN agencies, World Bank and OECD/DAC. The literature review should pay special attention to evaluation studies by the above mentioned sources.

In this inception report, the proposed scope and delimitations for the literature review are presented as well as a draft framework and method for the review. Before the full literature review is undertaken, it is important that the framework and method is agreed upon by Sida.

Our understanding is that the literature review should look both at specific evaluation studies carried out by different agencies and at broader studies. The selection of evaluations should, if possible, focus on broad thematic areas of capacity development in international development cooperation and also include selected narrower evaluations that address a particular aspect of capacity development. Based on these sources the team will synthesise the concepts and approaches through which they frame their analysis, particularly in relation to effectiveness, impact, relevance, sustainability, and efficiency.

Based on an initial scoping study conducted during the inception phase, it appears that there are few large thematic evaluations which explicitly analyse capacity development. This is a finding in itself but is also raises questions in relation to what can be drawn from evaluation reports per se. The issues raised in the ToR's evaluation questions in terms of focussing on overarching findings and lessons learned and suggested ways forward (i.e. new trends) are primarily discussed in strategy papers, discussion notes and various research papers. Considering the intention to gauge from this literature review what lessons have been learned collectively in international development cooperation, it would be useful to pay a somewhat greater proportional level of attention to broader studies rather than the evaluations per se.

1.2 SCOPE OF THE ASSIGNMENT

Capacity development is fundamental to Swedish development cooperation. A recent review of evaluations notes that virtually all Sida evaluations conducted by Indevelop (and perhaps the large majority of evaluation in general) focus, to a significant extent, on capacity development.[3] The approach paper highlights the conceptual confusion that has existed for many years regarding the scope of the concept, with terminology mixing methods, modalities and goals. The literature review team interprets some of these confusions as related to the differences in the prevailing aid discourses (e.g., in relation to aid effectiveness) and different sectoral points of departure. The result has been that, despite growing concerns about how to better anchor all development cooperation in commitments to capacity development, the implications of this agenda remain amorphous. Different sectors perceive the challenge in very different ways.

In light of this it is not surprising that the Approach Paper does not propose a specific definition of capacity development. For the purposes of this review the focus on capacity development encompasses the following dimensions:

1. Human resource development
2. Organisational development
3. Efforts to influence the institutional environment upon which sustainable capacity development must be anchored.

It is also noted that an understanding of the role of development cooperation in relation to capacity development is heavily dependent on the extent to which the broader contextual factors and recognised and responded to in the design and implementation of interventions. The preliminary review of literature notes a strong element of path dependency in capacity development efforts due to a naïve faith in standard modalities.

Within these dimensions the potential scope for this literature review could easily become unmanageable if it is not clearly delineated. Given that a very large proportion of development cooperation internationally, and virtually all Swedish development cooperation, is intended to contribute to capacity development, even if it would be beneficial to undertake a comprehensive overview of how capacity development is conceptualised and addressed in development cooperation evaluations and studies in

[3] Christoplos, Ian, Anna Liljelund Hedqvist, Jessica Rothman, 2013, Swedish Development Cooperation in Transition? Lessons and Reflections from 71 Decentralised Evaluations (April 2012-April 2013), Sida Studies in Evaluation, 2013:1

general, this would not be possible within this limited review. The team suggests a selective focus on the literature which highlights issues of particular relevance to the evaluation questions, but stresses that a strictly representative overview is not possible given the vast and amorphous nature of the topic.

In Annex 2 below an initial selection of literature is presented. The team suggests that the selection of literature continue to be an iterative process with suggestions made from the partners in the joint evaluation and additional reports identified when reviewing the documents already selected. Nonetheless, clear guiding principles are necessary during the research phase. The team thus suggests the following:

- A primary focus will be given to a number of core sources that the team judges to provide a broad conceptual overview of the key thematic (see 4.1.1) issues, and complement this with analyses of additional issues arising in the course of more in-depth review.
- The literature review will not attempt to cover evaluations of individual interventions that have modest components of capacity development, though some selected evaluations may be referred to if they effectively illustrate a particular issue.
- The literature review will only look at documentation from the last 10 years.
- Due to the lack of thematic evaluations, the literature review will provide important 'snapshots' of capacity development efforts, but will not claim to provide a representative portfolio overview.

1.3 KEY TRENDS INFLUENCING THE CAPACITY DEVELOPMENT AGENDA

In considering the scope of the assignment, the literature review team notes the importance of paying particular attention to the following underlying trends:

- *Shift from training to learning*: This involves looking at the extent to which capacity development efforts are focusing on learning within partner organisations (as well as within the approaches in donor agencies), and a move away from training which implies a 'knowledge transfer'. It highlights the extent to which efforts have moved beyond focusing on mere skills transfer.

-*Resilience:* This relates to calls for a more flexible view of capacity development, and accepts that linear assumptions about 'solving' capacity deficits should be tempered with greater attention to capacities to respond to changing circumstances.

- *South-south cooperation, partner country ownership and responsibility*. This is related to the extent to which capacity gaps have been identified within the recipient country/organisation, and also relates to their policies and goals, both of which influence the resulting ownership of the process. The five commitments made in the Paris

Declaration (ownership, alignment, harmonisation, results, accountability) are still very relevant and current in the general debate. The Accra Agenda for Action and the Session on Aid and Development Effectiveness in Busan include further iterations of these commitments.

- *Principles and cross cutting themes:* Important key principles for Sweden's international development efforts include gender equity, the perspectives of the poor, commitments to environmental sustainability and the human rights perspective which stresses the accountability, transparency and non-discrimination of duty bearers and the participation of rights holders. These issues are central to the question of 'capacities for what?', but there appears to be little relevant literature that addresses capacity development within such frames of analysis. The literature review will give special attention to extrapolating relevant findings, albeit at times largely to highlight where they could be addressed better in the future.

2. Relevance and Evaluability of Evaluation Questions

2.1 RELEVANCE AND EVALUABILITY OF EVALUATION QUESTIONS

As noted above, it will not be possible to obtain a sufficiently representative and structured sample that could provide a systematic 'meta-evaluation' style overview of performance. So at the outset it should be stressed that the review will provide a broad and structured overview of the issues of concern in capacity development, but will not be able to address the questions in terms of conclusive findings about what has been achieved in this vast and somewhat amorphous area of work. In some respects, the proposed rephrasing of the questions proposed below is intended to focus the literature review on teasing out the core underlying questions and tentative answers, rather than drawing definitive conclusions about results.

With regards to the evaluation questions as suggested in the ToR, below is a short assessment and suggestion for adjustments of each question.

Main questions	Comments	Proposed reformulation
1. What are the previous main studies undertaken to assess capacity development in development cooperation?	This question is problematic in that there is no clear boundary regarding what studies relate to 'capacity development' given that the term encompasses such a large proportion of development cooperation overall. It is therefore suggested that this mapping question be reformulated to provide a framework for what areas	In the past ten years, what are the areas of development cooperation where capacity development challenges have been critically assessed?

	may be perceived as relevant for understanding capacity development in development cooperation.	
2. What are the main lessons learnt from this literature on the effectiveness, impact, relevance, sustainability, and efficiency of capacity development in development cooperation?	We suggest focusing this question slightly to further emphasise a 'mapping' of relevant issues rather than implying broad conclusions.	What are the aspects of capacity development initiatives that reflect effectiveness, impact, relevance, sustainability, and efficiency?
Specific questions		
3. What are the main lessons learnt and factors (such as design) on the outcomes from successful as well as unsuccessful capacity development interventions?	A clear initial finding is that 'one-size-all' approaches are inappropriate and that, for example, design should reflect context and existing in-country trajectories. Therefore this question will be best addressed in relation to the factors that are perceived to lead to intended outcomes.	What are the main lessons learnt and factors that contribute to outcomes from successful as well as unsuccessful capacity development interventions?
4. What are the main lessons learnt on the role of the overall context (e.g. policy framework, political situation, institutional set-up, economic shocks, civil unrest, etc.) and how it affects the implementation and overall results of capacity development interventions?	From an initial review of the literature it appears that this question may become the most important aspect of the literature review given a long history of fundamental critique of overly standardised approaches.	No change
5. What are the positive and negative impacts from capacity development identified in the reviewed literature?	Given the difficulty of attributing impacts to long-term, low intensity and non-linear capacity development processes, it is suggested that this question focus on outcomes. From an initial review of the literature there appears to be little evidence available regarding impacts per se.	What are the positive and negative outcomes from capacity development identified in the reviewed literature?
6. What are the main lessons learnt on the relevance of capacity development in development cooperation; are they	We expect that the country-level aspects of this question will largely be addressed in conjunction with question 4 above. Regarding the donor/partner aspects of this question,	What are the main lessons learnt on the relevance of capacity development in development cooperation; are they

consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies?	this will likely be addressed through a review of experience in implementation of the Paris Declaration on Aid Effectiveness.	consistent with the requirements of the institutions being supported, country needs and institutional priorities? How relevant are capacity development efforts in relation to partner and donor policies and commitments to harmonisation and alignment?
7. What are the main lessons learnt on the sustainability, i.e. the likely continuation of benefits from capacity development interventions beyond completion and its resilience to risk?	From the initial literature review it appears likely that this question will also highlight the links between sustainability and long-term commitments, as the sustainability of short-term (training) programming appears to be poor. Also, it should be noted that the lack of ex post evaluations assessing the sustainability of outcomes may mean that this aspect of analysis may draw heavily on academic literature.	No change
8. Does the reviewed literature identify the costs for capacity development interventions and how these are converted into results?	This is phrased as a yes/no question, which seems appropriate as it seems probable that this question may need to be addressed in terms of 'mapping the gap' rather than synthesising what is likely to be a sparse and disparate sample of findings. We expect that more useful data related to this question may be collected as part of the portfolio review that is being planned.	No change

3 Proposed Approach and Methodology

3.1 METHODOLOGY

The assignment has been divided into three phases; inception phase, data collection phase and reporting phase.

During the inception phase the methodology for the literature review has been developed.

- The team has conducted a brief review of the structure of analysis applied in key international and Nordic capacity development reviews[4] in order to inform the thematic foci and structure of the actual literature review.
- Based on this the team has developed a draft analytical structure synthesising the key areas for investigation in the review. This exercise has produced (1) a template outlining the themes the literature will focus on, which will be used as a tool for synthesising evidence, and (2) a draft structure for the literature review itself, which will be subject to approval, based on Sida's input.
- The team has begun identifying existing literature (please refer to Annex 2).
- During the main research effort (data collection and synthesis) the team will use the thematic guide (see 3.1.1) to draw out relevant evidence from each piece of literature in a systematic manner. The relevant findings are extracted from the literature according to the thematic areas.
- During the reporting phase the findings will be presented in accordance with the suggested literature review structure in Annex 1. Findings will be analysed in accordance with thematic guide, and the concluding section will seek to answer the evaluation questions, summarise findings according to the OECD/DAC criteria and provide recommendations for the ensuing evaluation process.

When the literature review methodology has been approved by Sida, the team will proceed with a more detailed data collection and review and synthesis. A draft report will be submitted to Sida 7 April. Feedback from Sida on the draft report is expected the 14 April and a final report will be submitted 23 April.

3.1.1 Literature Review thematic guide for synthesising evidence

The team has developed the following thematic guide for reviewing the literature and drawing out relevant information. It draws on consideration of the trends described in section 2.3 above. The thematic guide has been tested during the inception phase, but the time constraints have not allowed the team to fully assess its relevance in regard to the very diverse range of available literature, and therefore expects that it may be necessary to make changes to it during the research phase. The team welcomes input from Sida in this regard. The guide which will be used as a tool for synthesising and analysing evidence and contains the following broad themes:

[4] Riksrevisionen's "Sidas stöd till utveckling av kapacitet i mottagarländernas statsförvaltning" (2009), Danida's "Between Naivety and Cynicism" (2004), the work of the European Centre for Development Policy Management (ECDPM), key documents from the Paris Declaration, Sida's 'Manual for Capacity Development' (2005), Sida's 'Guidance on Capacity Development', (2011), OECD/DAC's 'The Challenge of Capacity Development – Working Towards Good Practice', (2006), '*Background Paper External Assistance to Capacity Development', D. Watson, 2011*

1. **Application of concepts of capacity development focused on human resource development, organisational development, and enabling environments**
2. **Capacity Development and state-building**
    - Fragile states
    - Building on broader civil service and public sector reform efforts
    - Pluralism and New Public Management, including a greater role for civil society and private sector
3. **Critical reflection on theories of change**
    - Extent to which these theories are "naive or cynical"[5]
    - Assessment of contextual factors influencing human resource development, organisational development and the enabling environment
    - Short term demand for results versus recognition of long term process
    - Recognition of need for resilience capacity in volatile contexts
4. **Shifting assumptions regarding ownership, technical cooperation and technical assistance**
    - Extent to which aid effectiveness goals have influenced capacity development practice
    - Extent to which older technical assistance approaches have been replaced by efforts to build on existing local capacities and institutions
    - Leadership by national and regional institutions
    - Changing approaches to decentralisation and local service provision
    - Investments in civil society capacities and oversight institutions to demand accountability from duty bearers
    - Shifts to a focus on IT-based modalities
5. **Normative and cross cutting themes**
    - Human rights based approaches
    - Gender, with particular emphasis on depth of analysis
    - Extent to which sustainable development perspectives (including attention to environmental and climate change) are influencing how capacity development is being conceptualised
    - Capacity development to foster commitments to inclusiveness and equity
    - The role of capacity development within new forms of development partnerships
    - Commitments to context specific, endogenous development
6. **Overarching issues**

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[5] Between Naivety and Cynicism: A Pragmatic Approach to Donor Support for Public Sector Capacity Development, Danish Ministry of Foreign Affairs/Danida, 2004.

- Capacity development to foster the legitimacy of state and civil society
- Capacity development to underpin strengthened social contracts
- Extent to which aid modalities being modified to reflect new perspectives
- Commitments to sustainable organisational and institutional development

3.2 LINKING THE THEMATIC GUIDE TO THE EVALUATION QUESTIONS

In the matrix below, it is illustrated how the revised evaluation questions will be addressed through the selected themes in 3.1.1.

Revised questions	How the questions will be addressed through the selected themes
1. In the past ten years, what are the areas of development cooperation where capacity development challenges have been critically assessed?	The thematic framework is based on initial review of areas of development cooperation where capacity development challenges have been critically assessed (and also some areas where we expect that such critical assessment is missing).
2. What are the aspects of capacity development initiatives that reflect effectiveness, impact, relevance, sustainability, and efficiency?	Relevance: Primary emphasis will be in relation normative and cross cutting themes (see question four) Effectiveness: See question three Impact: See questions three, four and five Sustainability: See question seven Efficiency: See question eight and some aspects of question six regarding modalities
3. What are the main lessons learnt and factors that contribute to outcomes from successful as well as unsuccessful capacity development interventions?	This will be primarily addressed in relation to: (a) critical reflection on theories of change as it is here that fundamental questions about how to attain intended outcomes are being asked; (b) shifting assumptions will look at the successes and failures of the main modalities applied; and (c) normative and cross-cutting themes will pay particular attention to areas of success and failure in relation to policy commitments.
4. What are the main lessons learnt on the role of the overall context (e.g. policy framework, political situation, institutional set-up, economic shocks, civil unrest, etc.) and how it affects the implementation and overall results of capacity development interventions?	Primary attention will be addressed in relation to the thematic area of capacity development and state-building and the critical reflection on theories of change, as well as in the analysis of overarching issues.
5. What are the positive and negative outcomes from capacity development identified in the reviewed literature?	This will be addressed in the discussions of capacity development and state-building; normative and cross cutting themes; and in the analysis of overarching issues.

6. What are the main lessons learnt on the relevance of capacity development in development cooperation; are they consistent with the requirements of the institutions being supported, country needs and institutional priorities? How relevant are capacity development efforts in relation to partner and donor policies and commitments to harmonisation and alignment?	These questions will be addressed in relation to the shifting assumptions regarding ownership, technical cooperation and technical assistance; as well as in relation to normative and cross cutting themes.
7. What are the main lessons learnt on the sustainability, i.e. the likely continuation of benefits from capacity development interventions beyond completion and its resilience to risk?	This question will primarily be addressed in the discussion on critical reflection on theories of change.
8. Does the reviewed literature identify the costs for capacity development interventions and how these are converted into results?	In addition to the areas noted in the thematic framework the literature review team will be attentive to any notation of issues that relate to this question, recognising that efficiency issues may be raised in a variety of ways.

3.3 SOURCES AND DOCUMENTATION

The literature review began by focusing on documentation available from sources requested in the terms of reference, which includes Sida, Danida, Norad, UN agencies and the World Bank. Based on the initial searches, the literature review team suggests also including research commissioned by, for example, OECD, other bilateral donors, such as DFID, as well as literature from other organisations, research institutions or independent researchers. These latter sources may include ECDPM, Capacity Collective, ODI, LenCD and individual researchers or unique publications from e.g. consulting firms and civil society organisations.

Please refer to Annex 2 for a list of documentation that has been collected so far. The team would welcome comments by Sida, Danida and Norad on the relevance of this documentation, with any suggestions for additional literature received by March 25 at the latest (given the massive potential scope of this review and the short timeframe the team cannot guarantee that all suggested literature will be reviewed). These documents, coupled with the team's previous knowledge about key study areas of capacity development, have formed the basis of the themes, structure and scope of the review.

The team has identified some key documents which provide a broad conceptual overview of the key thematic issues outlined above, which will be complemented by a broader literature review looking more at specific examples in order to understand the

range of entry points for understanding capacity development applied in specific sectors and contexts:

- ‘Evaluation of the Implementation of the Paris Declaration Phase One Synthesis Report’, OECD/Danish MoFA, 2008.
- ‘Evaluation of the Paris Declaration Phase 2 Final Report’, OECD/Danish MoFA, 2011.
- ‘The Challenge of Capacity Development – Working Towards Good Practice’, OECD, 2006.
- ‘Training and Beyond: Seeking Better Practices for Capacity Development’, LenCD, 2011.
- ‘Perspectives Note on Capacity Development and Civil Society Organizations’, OECD/DAC, 2011.
- ‘Perspectives Note on Capacity Development and Enabling Environments’, OECD/DAC, 2011.
- ‘Perspectives Note on Capacity Development and Sector Development’, OECD/DAC, 2011.
- ‘Perspectives Note on Capacity Development and Fragile States’, OECD/DAC, 2011.
- ‘Perspectives Note on Capacity Development and Technical Cooperation’, OECD/DAC, 2011.
- ‘Manual for Capacity Development’, Sida 2005.
- ‘Guidance on Capacity Development’, Sida 2011.
- ‘Sidas stöd till utveckling av kapacitet i mottagarländernas statsförvaltning’, Riksrevisionen, 2009.
- ‘Synthesis Study on Best Practices and Innovative Approaches to Capacity Development in Low-Income African Countries’, Norad, 2008.
- ‘Between Naivety and Cynicism: A Pragmatic Approach to Donor Support for Public-Sector Capacity Development’ Danida, 2004.
- ‘Public Sector Reform: What Works and Why? An IEG Evaluation of World Bank Support’, WB IEG, 2008.
- ‘Public Service Reforms: Trends, Challenges and Opportunities- Knowledge, Innovation, Capacity’, UNDP, 2013.
- ‘Evaluation of UNDP Contribution to South South and Triangular Cooperation 2008-2011’, UNDP Evaluation Office, 2013.
- ‘Evaluation of contribution to strengthening national capacities’, UNDP Evaluation Office, 2013.
- ‘Capacity, Change and Performance – Study Report’, ECDPM, 2008.
- ‘Summary Report of the Public Sector Governance Reform Evaluation’, DFID, Sida, IrishAid, 2013.
- ‘Background Paper External Assistance to Capacity Development’ Draft of 2nd May 2011’, D. Watson

ANNEX 1 – INITIAL STRUCTURE FOR LITERATURE REVIEW

Initial structure for Capacity Development Literature Review

1. Introduction
    a. The assignment
    b. Scope and definitions
    c. Methods
    d. Limitations
2. Findings (structure to be based on thematic framework described in 4.1.1)
    a. …
    b. …
    c. …
3. Conclusions
    a. Conclusions in relation to the evaluation questions
    b. Summary findings in relation to relevance, effectiveness, impact, sustainability and efficiency

Recommendations for the continued evaluation process including special attention to existing knowledge gaps

6 Annex 3- Bibliography

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Capacity Development Literature Review

This literature review has looked at the effectiveness, impact, relevance, sustainability and efficiency of capacity development within international development cooperation in the last 10 years. The review takes as its point of departure the three factors of capacity development related to human resource development, organisational development and the institutional factors behind an enabling environment. Overall the review has found that success in capacity development can be attributed to design and implementation processes that reflect a thorough understanding of existing processes and structures. Failure can be correlated with naïve approaches that are not anchored in the local and national context and where insufficient effort has been made to explore incentives that could generate ownership. It has also been observed that insufficient attention has been paid to assessing the outcomes of capacity development efforts.

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