



2016:1

Joint Evaluation

Svend Erik Sørensen  
Gonçalo Carneiro  
under a contract with  
NIRAS Indevelop

# Joint Scandinavian Evaluation of Support to Capacity Development

Synthesis Report

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## **Joint Evaluation 2016:1**

**Authors:** Svend Erik Sørensen and Gonçalo Carneiro, under a contract with NIRAS Indevelop.

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**May 2016**

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# Contents

<b>List of Abbreviations</b>	<b>6</b>
<b>Acknowledgements</b>	<b>6</b>
<b>Executive Summary</b>	<b>7</b>
<b>1 Background</b>	<b>14</b>
1.1 Introduction	14
1.2 Approach and limitations	16
1.3 The concept of capacity development	17
1.4 Successful support to CD: a hypothesis to test	19
<b>2 Findings of the Scandinavian capacity development evaluations</b>	<b>22</b>
2.1 The results of the Scandinavian support to CD	22
2.1.1 Effectiveness of the CD support	22
2.1.2 Effects on poverty	24
2.1.3 Sustainability	25
2.1.4 Cost-effectiveness	27
2.1.5 Unintended effects	27
2.2 Best fit: The adequacy of the support to CD	27
2.3 Best fit: The responsiveness of the donor to the CD support	30
2.3.1 Understanding of the setting	30
2.3.2 Legitimacy and ownership	32
2.3.3 Capacity of the donor and incentives for donor and partner staff	34
2.4 Balancing pull- and push-approaches in support to CD	35
2.5 Results orientation	38
<b>3 Lessons learned about successful support to CD</b>	<b>41</b>
<b>4 Bibliography</b>	<b>45</b>
4.1 General references	45
4.2 Documents from the joint evaluation	47
<b>Annex 1 – Terms of Reference</b>	<b>50</b>
<b>Annex 2 – Timeline of the joint Scandinavian evaluation</b>	<b>59</b>
<b>Annex 3 – Executive summaries of the Danida, Norad and Sida evaluation reports</b>	<b>60</b>
<b>Annex 4 – Approach paper with the hypothesis about donor support to capacity development</b>	<b>79</b>

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## List of Abbreviations

CD	Capacity Development
Danida	Ministry of Foreign Affairs of Denmark, Development cooperation area of activity
Joint evaluation	The Danida-Norad-Sida Joint Scandinavian evaluation of support to capacity development
Norad	Norwegian Agency for Development Cooperation
OECD/DAC	Organisation for Economic Co-operation and Development/ Development Assistance Committee
RBM	Results-based Management
Sida	Swedish International Development Cooperation Agency
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference

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# Executive Summary

## Introduction

Over the past two years the three Scandinavian development cooperation agencies Danida, Norad and Sida have conducted a joint thematic evaluation of their support to capacity development (CD) in partner countries. In the previous two phases, the 'Joint Scandinavian Evaluation of Support to Capacity Development' produced a series of background studies and three parallel evaluations of the agencies' portfolios of CD in public sector organisations. The parallel evaluations followed an approach grounded in a generic theory of change for support to CD developed in one of the background studies.

The objectives of the joint evaluation were to (i) generate knowledge for a more evidence-based design of strategies for CD; and (ii) produce evidence of the relevance, effectiveness, efficiency, sustainability and impact of the agencies' support to CD.

This report is the main output of the last phase of the joint evaluation, and presents a synthesis of the findings and conclusions of the Danida, Norad and Sida evaluation reports. In the light of other knowledge and experience, the synthesis also aimed at extracting learnings of relevance to the development community more widely.

A method of content analysis of the documentation from the three parallel evaluations, the background studies and other relevant literature was used to produce the synthesis. A process of reduction and categorisation of information to identify important and common themes followed this. The synthesis focuses on the common findings and conclusions that were backed by sufficient evidence in the three evaluations, but also refers to certain singularities of individual donors' support that are particularly illustrative or instructive.

## Limitations

The elaboration of this synthesis faced two main limitations:

1. In spite of common terms of reference and the use of a common methodology for the desk study phases, the three evaluations adopted different approaches to the collection of field study data and, more importantly to the analysis and presentation of findings. Different themes were therefore given different degrees of attention in the evaluations, and the conclusions and key findings of the evaluations did not always emphasise the same issues. Adopting a consistent terminology and mapping of the reports, and engaging the team leaders of the evaluations to minimise the oversight of relevant themes were strategies employed to minimise this limitation.
2. More importantly, lack of or insufficiently disaggregated data from the interventions sampled constrained the ability of the three evaluations to draw robust conclusions on a number of aspects, including the validity of the generic theory of change for support to CD. Moreover, weaknesses in the evidence base were not consistent across the three evaluations. Also, inconsistencies were observed within and between the findings and conclusions of the evaluations. These aspects limited the confidence with which the synthesis team could elaborate conclusions that were backed by evidence provided by the evaluations. This limitation was addressed by

focusing on findings and conclusions from the evaluations for which there was convincing evidence. Where the evidence was weak or the findings and conclusions contradictory, this was mentioned explicitly.

### **Findings from the joint evaluation about the Scandinavian support to CD**

1. *Some interventions included in the evaluations achieved the planned results in terms of capacity improvements, organisational performance and broader sector improvements.* Based partly on the contested assumption that improvements in organisational performance (e.g. public service delivery) result from improvements in capacity, the three evaluations concluded that the Scandinavian support led to capacity improvements in several cases. Despite uncertainties related to weaknesses in the evidence base, the three evaluations found that when changes in organisational performance and capacity were observed they could largely be attributed to the donor-funded intervention.
2. *The Scandinavian donors prioritised individual knowledge and skills over support to the development of organisational and institutional capacities.* While programme objectives generally referred to outcomes at the institutional level, individual capacity development was the main element of CD in the interventions studied. Greater emphasis was placed on technical capacities than on capacities for outreach, networking or inter-personal relations. Sizeable investments in infrastructure and equipment were observed in the Norwegian support showing positive impacts on organisational performance and capacity. Such sizable investments were rare in the Danida and Sida samples.
3. *The weak evidence base across the three evaluations did not allow general conclusions about the poverty effects of the Scandinavian CD support to be drawn.* Yet, positive effects on poverty reduction were observed in a few cases as a result of the Scandinavian support to CD. Positive contributions to poverty reduction were seen in different sectors and at different levels, but in particular when the support led to the improvement of services used by people living in poverty. One of the evaluations suggests that the CD support is more effective in reducing poverty if it explicitly addresses the different levels of CD, i.e. the individual, organisational and institutional levels.
4. *Financial instability and the inability to retain qualified human resources were the main threats to sustaining the capacity gains at the partner organisations.* The paucity of financial resources to continue the CD process after the end of the donor support was a particularly acute problem in low-income countries, where donor financing is the norm, and in non-revenue-generating sectors. In commercial sectors, such as oil and gas, the prospects of public sector partner organisations being able to mobilise financial resources appeared more likely. In some of the interventions studied the difficulty in retaining technically skilled staff was a major challenge to the sustainability of the CD process, given the greater attractiveness of such staff to other employers. Positive incentives such as supplementary income-earning possibilities and negative ones such as non-transferrable certifications were strategies attempted in some of the interventions studied to retain qualified staff.

In a small number of interventions it was found that organisations capable of reaching out to and networking with others were better at forming partnerships and achieving shared results that helped secure funding. Interventions that targeted

these capacities could report positive improvements in the performance of the partner organisations.

5. *None of the interventions underwent a systematic and detailed cost-effectiveness assessment.* This was in part the result of insufficient disaggregation in the financial reporting of the interventions and the lack of priority given to this aspect during project preparation.
6. *No evidence was found of significant positive or negative unintended effects that could be ascribed to the generic way in which the Scandinavian donors support CD.* A small number of unintended effects were found in the Danida and Sida evaluations though, which could be related to the specific type of CD support provided.
7. *The Scandinavian CD support was not constrained by the complexity of the capacities or the change processes.* All three Scandinavian agencies provided support to CD interventions within a substantive variation of thematic, geographic and institutional complexity. Yet, no correlation was found between this complexity and the effectiveness of the support. Instead, it was concluded that the degree to which the joint effort by donor and partner matched that complexity is one of the key determinants of success of any intervention. Related to this, the evaluations concluded that the level of joint effort and the type of input and support modality are highly context-specific, and what works in one situation might not work in another. However, it was found more difficult to foster shared ownership and commitment to the CD process when a larger number of stakeholders were involved.
8. *Combining a long-term commitment by the donor with an approach to generate short-term achievements helped motivate partners and keep the momentum of change processes.* This enabled donor and partners to adopt modalities that recognised the different pace of achievements at the individual, organisational and institutional levels. Typically the greater the change, the more stakeholders it involved and the longer it took. Yet, the slow pace of results is often at odds with the desire of donors and beneficiaries for quick and visible progress. It is therefore important to generate 'quick wins' along the CD process with smaller and immediate returns to help keep the motivation and support for the long-term effort. Related to this, the evaluations found that sequencing the CD process in line with the partners' capacity to absorb changes is an important determinant of success.
9. *A good understanding of the context is necessary for aligning the CD support to the needs, interests, priorities and capacities of the partners.* In the interventions studied, the level of contextual understanding was rated between medium and high, a rating that owed much to the long duration of most of the interventions. However, contextual or capacity needs assessments were seldom performed in a structured and comprehensive manner, and the design of the interventions relied more on informally conducted assessments than on formal ones. All three evaluations concluded that such informal assessments were insufficient for a thorough understanding of needs and context, especially in more complex interventions. In some cases this was seen to result in the choice of inappropriate and supply-driven CD modalities without clear links to the expectations and needs of partner organisations. The choice of CD strategy was seldom justified explicitly in the interventions studied. This was also observed with respect to twinning; while this type of support provides highly specialized technical advice and support in niche

areas where donors have extensive expertise, its potential was limited in some cases by an insufficient understanding of and adjustment to context.

10. *The Scandinavian support is considered credible and is welcomed by its partners.* Important aspects in this regard are (i) the alignment of the support with the partner country's strategies and in-country systems, and (ii) the consistent efforts to promote government ownership at relevant levels. In most cases the latter involved direct engagement of partner organisations in the design and implementation of the intervention. The generally high ownership observed among key stakeholders was seen to correlate with the degree of partner steering of the intervention, the duration of the donor commitment, the degree of flexibility exercised by the donor towards partners, other stakeholders and the technical advisors, and the degree of direct donor engagement in the CD process (as opposed to only through external technical advisors).
11. *There are important variations in the capacity of the staff at the Scandinavian embassies and donor agency headquarters and among technical advisory providers to effectively manage CD processes.* The need to oversee large portfolios was seen to limit the capacity of staff to oversee CD interventions and to engage regularly and directly with partners. This limited the insight and knowledge of the CD interventions, the amount of learning and the ability to do meaningful follow-up. Despite the availability of considerable guidance on CD support produced by the Scandinavian donors, donor, partner and technical advisory staff seldom used this guidance material. Particular criticism was directed at the alleged lack of clarity and practical applicability of existing guidance material produced by the agencies. Several embassy staff noted that they were not sufficiently acquainted with the existing CD guidance and that they had not been sufficiently capacitated to manage CD processes. The evaluations also found that little or no attention was given to the effect that incentives for donor and partner staff could have on the CD results.
12. *No generic effect of combining the supply- and demand-side for CD support could be discerned in the CD interventions studied.* In particular in the cases of Norad and Sida the support has been channelled primarily to the supply-side of public sector provision, i.e. the partner organisation. Despite recognising the importance of support to the demand-side (e.g. civil society organisations and private sector) for strengthening the institutional environment for CD, none of the interventions studied conducted a thorough assessment of how these organisations could be supported or used. In some instances the support to the demand-side was beneficial for the effectiveness of the intervention – including indirect benefits from other programmes providing support this kind of support – but in others there was no discernible effect. The evaluations could therefore not conclude on the generic relevance of combining the supply- and demand-sides for the effectiveness of the CD support, suggesting instead that the balance between supply- and demand-side support needs to be determined case-by-case.
13. *Despite the widespread use of results frameworks in Scandinavian-supported interventions, they were rarely focused specifically on CD aspects.* Results frameworks geared specifically towards capacity outputs and outcomes were seldom used in the interventions studied, including in several interventions with sizeable CD components. CD-specific monitoring, evaluation and reporting were therefore not possible in the vast majority of cases.

In those cases where results frameworks were developed, the following weaknesses were identified: (i) lack of clarity on how outputs led to outcomes and impact; (ii) lack of clarity on how capacity gains could lead to performance and broader development outcomes; (iii) inadequately developed indicators; (iv) lack of specification of the means of verification of the indicators; and (v) failure to identify key assumptions or hypotheses affecting the intervention logic. The evaluations found that only a small number of interventions elaborated an explicit logic (theory of change) despite a broad recognition of its value.

The diffuseness of the concept of CD and particularly the limited capacity of the key stakeholders were considered the two main constraints to the elaboration of adequate CD-specific results frameworks.

### **Lessons learned about successful support to CD**

**(1) A sound understanding of the context in which an intervention takes place is necessary for the provision of CD that is relevant and for which there is adequate partner support.** This should be based on a contextual assessment to enable (i) the understanding of the policy drivers supporting or hindering the CD process; (ii) the identification and assessment of the actors capable of affecting the process, political and others, and their readiness to embark on or otherwise support the change process; and (iii) the identification of the most pressing capacity priorities and gaps, including those related to the capacity of partners to implement or absorb different modalities of support. There is no single prescribed form or timing for the realisation of capacity needs or contextual assessments. While there is agreement among the three evaluations on the need to understand the setting, the evaluations did not identify any preferred manner in which capacity needs and contextual assessments should be conducted.

**(2) Successful CD requires strong ownership and commitment by all stakeholders – in particular the cooperation partners – throughout the entire CD process.** Ownership and commitment are largely a function of the perceived relevance and urgency of the CD process, and correlate with the degree to which cooperation partners are involved in its design and implementation. All three evaluations concluded that this contributed to improving organisational performance. Uncritical reliance on the cooperation partners' steering of CD processes nevertheless carries the risk of them choosing to pursue strategies and priorities that may not be effective or aligned with the purpose of the intervention. Commitment by political and senior management actors is particularly important for ensuring leadership and space for change. In its absence donors might consider not engaging in support to CD at all. Not unlike other factors, ownership and commitment are dynamic, and mechanisms to ensure that they remain high in the course of the intervention are important for the effectiveness of the CD support.

**(3) CD support is more likely to be successful when the cooperation partners have some degree of capacity to manage CD process and put the new capacities to use.** The likelihood of attaining positive results is higher when partners have the capacity to invest the necessary time and resources in the CD process. Donors should assess the degree to which the cooperation partners possess the capacity to manage complex CD processes and should not transfer such responsibility to them without adequate support. The evaluations found that organisations with the capacities to network, reach out and retain staff achieved better and more sustained capacity results. A sound CD support

strategy might therefore be to support organisations develop such capacities along with the development of other capacities.

**(4) It is necessary to understand the interdependencies between the individual, organisational and institutional levels of CD and to select the modalities for support accordingly.** These interdependencies are specific to the context in the partner country and organisations, and to the capacities being developed, and should therefore be part of the initial contextual assessment. Despite the recognition that the balance between individual, organisational or institutional capacities is very context-dependent, support appears more effective when the goals in terms of organisational capacity and performance are given priority and used to guide capacity development at the individual and institutional levels. At the same time evidence from the interventions also shows that strong institutional support is required to ensure effective performance of the partner organisation. The choice of support modalities in itself does not have a discernible effect on the effectiveness of the donor support, the evaluations showed. Rather than the modality itself, it is the specific relevance vis-à-vis the CD goals and the capacity of partners to manage and absorb the new capacities that seems to dictate their effectiveness.

**(5) Donor-supported CD interventions that are flexible and adaptable yield better results.** In some instance this aspect was seen to depend on the degree of rigidity of the organisation's management structures and the formality of authority: excessively rigid and formal hierarchies resulted in low delegation of management decisions to lower operational levels, rendered communication between different authority levels more difficult and delayed corrective action. The ability to adjust course based on the experiences of implementation is linked to the quality of the follow-up of CD progress and results.

**(6) Specific results-based management skills are necessary for CD-specific monitoring and evaluation of the effectiveness of the CD support.** Most interventions studied employed rather poor result-based management procedures due mainly to an incomplete understanding among key stakeholders of how to design and make use of the results framework. An important limitation in the joint Scandinavian evaluation was the paucity of CD-specific results frameworks and monitoring data – notably on capacity outputs and outcomes. This constrained the ability of the evaluations to assess the contribution of the donor support to capacity changes in the partner organisations. A clear vision of the results to be achieved may help the donor and partners develop a common understanding of purpose and channel resources towards attaining it. However, the important link between the quality and use of results framework and the need for measuring effectiveness is critical for determining the success or the failure of support to CD.

**(7) Support to CD that combines a long-term commitment with 'quick wins' is more likely to be efficient and lead to sustainable results.** Long-term engagement allows sufficient time for trusting relationships to develop and for new capacities to be absorbed and put to use in the partner organisation. Recognising the distinct dynamics of the changes in the different levels of CD enables donors and partners to combine a long-term engagement with short-term 'quick wins', which is important for maintaining the motivation for and the momentum of CD processes. Sustained capacity gains were observed when the donor support extended for longer periods.

**(8) The relevance of combining the supply- and demand-side in donor-supported CD, and the modalities for engaging supply- and demand-side actors needs to be assessed case-by-case.** Adopting a case-by-case approach in which supply- and demand-

side actors in donor-supported CD interventions may be combined must be based on an assessment of the likely dynamics of such combinations and what effectiveness they may have on the CD intervention. Such an assessment can guide on the priorities of support and the types of modalities that may be most effective for supporting the CD intervention.

Based on the findings of the evaluations the following elements should be integrated in such an assessment for effective CD support: (i) the nature of the capacities to be developed, (ii) the existence of sufficiently interested and capacitated demand-side stakeholders, (iii) the preparedness and capacity of the supply-side to absorb the demand-side input and (iv) the acceptance by supply-side elites of the interference by demand-side stakeholders.

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# 1 Background

## 1.1 Introduction

Capacity development (CD) has occupied an increasingly prominent position in the development cooperation discourse over the last two decades. It was explicitly recognised as a priority of development aid in the 2005-2011 Aid Effectiveness series of forums and has been regarded as a key vehicle for attaining the recently endorsed Sustainable Development Goals.<sup>1</sup>

For most of the international development agencies CD constitutes today a very substantial part of the support provided to low-income countries. It is in these countries that CD needs are perceived to be the highest, while their governments have the least capacities to support domestic CD efforts. More intense public scrutiny of development aid budgets has led to greater attention being paid to the results and sustainability of the substantial portfolio of CD programmes.<sup>2</sup>

The greatest difficulty in evaluating the results of support to CD lies in the very nature of the changes that it aspires to bring about, such as those in behaviours, interactions between organisations and individuals, incentives, norms, accountability and power. Such changes can be difficult to discern, and often take a long time to develop. Seldom is funding provided for evaluating a programme long after it has finished, and hence most of those changes remain unaccounted for. The evaluation of CD is further compounded by the fact that the capacity of individuals, organisations and institutions is influenced by factors external to the specific donor-funded intervention. Another aspect that comes out in all evaluations is that CD is very seldom defined as a result in itself, which constitutes a significant obstacle to evaluating CD.

It is against this background that the three Scandinavian development cooperation agencies – the Danish Danida, Norwegian Norad and Swedish Sida – agreed to conduct a joint evaluation of the respective support to CD in partner countries. The ‘Joint Scandinavian Evaluation of Support to Capacity Development’ (hereinafter “joint evaluation”) was launched by the evaluation departments of the three agencies with the objectives of (i) generating knowledge for a more evidence-based design of strategies for CD; and (ii) producing evidence of the relevance, effectiveness, efficiency, sustainability and impact of the agencies’ support to CD.<sup>3</sup>

The joint evaluation was carried out in three phases over a period of approximately 28 months:

- The *preparatory phase* (December 2013-August 2014), mainly for conducting the background studies;

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1 Vallejo & When (2016).

2 Vallejo & When (2016); Venner (2015).

3 The assessment of impact was purposely excluded from the joint evaluation.

- The *evaluation phase* (September 2014-October 2015), covered (i) sampling, portfolio screening and desk based reviews; (ii) country studies and (iii) final evaluation reporting;
- The *synthesis phase* (November 2015-April 2016), involving (i) the synthesising of the joint evaluation by compiling and assessing the results, conclusions and recommendations of the three evaluation reports, (ii) the holding a global webinar, and (iii) dissemination of the synthesis report.

The Terms of Reference (ToR) for the synthesis are given in Annex 1. The timeline of the joint evaluation is represented in Annex 2. Annex 3 includes the executive summaries of the Danida, Norad and Sida evaluation reports.

The joint evaluation adopted the definition of CD of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC):<sup>4</sup>

*“Capacity is understood as the ability of people, organisations and society as a whole to manage their affairs successfully. ... ‘Capacity development’ is understood as the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.”*

Because of the need to limit the scope of the evaluation, it focused on support to public sector organisations. Support to non-public institutions was only considered if directly relevant to interventions in the public sector. The interventions were sampled from the portfolios of the three Scandinavian agencies, and included projects and programmes in which CD was either a primary objective or a subsidiary component of programmes with other primary objectives.

The joint evaluation adopted a hypothesis of how donor support might lead to better CD results. Developed in one of the background studies, this hypothesis postulated that donor support (i) is more effective when it is adapted to context; (ii) is accepted as legitimate and adequate; (iii) combines supply- and demand-side approaches; and (iv) is geared towards attaining results (cf. Section 1.4). It was the aim of the evaluations to validate the four postulates.<sup>5</sup>

The main purpose of the synthesis – the last step of the joint evaluation – was to compile and synthesise the results and conclusions of the Danida, Norad and Sida evaluations. In the light of other knowledge and experiences, the synthesis aimed to extract learnings that could be applied by the development cooperation community more generally.

The primary intended audience of the synthesis report is the management and operations staff of the three Scandinavian agencies. The extended audience includes staff from other development cooperation organisations, governments and other organisations in partner countries, as well as the broader public interested in CD in the context of development cooperation. The report has therefore been conceived and structured in a way such as to

<sup>4</sup> OECD/DAC (2006), p.12.

<sup>5</sup> Cf. Boesen (2014), which is also included in Annex 4 to this report.

be easily accessible to a varied readership. The three reports from the joint Scandinavian evaluation can be downloaded from the websites of the respective agency.<sup>6</sup>

### 1.2 Approach and limitations

This synthesis report has been produced by Svend Erik Sørensen and Gonçalo Carneiro, as lead and support authors, respectively. It employed a method of content analysis of the documentation from the three evaluations, the background studies and other relevant literature, with subsequent reduction and categorisation of the information to identify important and common themes across the documentation.

The elaboration of this synthesis faced the following limitations:<sup>7</sup>

- In spite of a common ToR and the use of a common methodology for the desk study phases, the three evaluations adopted different approaches to the collection of field study data and, more importantly to the analysis and presentation of findings.<sup>8</sup> Different themes were therefore given different degrees of attention in the evaluations, and the conclusions and key findings did not always emphasise the same issues. A related issue was that terminology was not entirely consistent between the three reports. These limitations were dealt with by agreeing on a consistent terminology and mapping of the three reports according to it, engaging the team leaders of the three evaluations in the mapping and content analysis in order to minimise any oversights of relevant themes by the synthesis team and, wherever relevant, making explicit for the reader the differences in focus and emphasis between the three evaluations.
- Lack of or insufficiently disaggregated data from the interventions sampled constrained the ability of the three evaluations to draw robust conclusions on a number of aspects, including the validity of the hypothesis. Moreover, weaknesses in the evidence base were not consistent across the three evaluations. Also, inconsistencies were observed within and between the findings and conclusions of the evaluations. These aspects limited the confidence with which the synthesis team could elaborate conclusions that were backed by evidence provided by the evaluations. To address this limitation, the synthesis focused on findings and conclusions from the evaluations for which there was convincing evidence, according to the respective reports. Where the evidence was weak or the findings contradictory, this was mentioned explicitly.

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6 **Danida:** [http://um.dk/en/danida-en/results/eval/Eval\\_reports/](http://um.dk/en/danida-en/results/eval/Eval_reports/)

**Norad:** <https://www.norad.no/en/toolspublications/publications/evaluationreports/>

**Sida:** [www.sida.se/publications](http://www.sida.se/publications)

7 For a description of the limitations encountered in each of the evaluations, please refer to the respective report.

8 The main analytical part of Danida report is organised according to evaluation questions, grouped under the OECD/DAC criteria; that of the Norad report according to themes not explicitly related to the hypothesis or the focus areas; and that of the Sida report by the four hypothesis focus areas.

- A key conclusion of the three evaluations was that CD needs to be context-specific. This was partly found to be at odds with the aim of identifying aspects of the Scandinavian CD support that could be applied more broadly. The synthesis team therefore focused on those findings and conclusions that found support in all three evaluations. This was particularly the case in the synthesis of lessons learned (Chapter 3). In the other parts of the report, the differences between the three evaluations were made explicit.

### 1.3 The concept of capacity development

Over the last two decades, the international development cooperation community has increasingly endorsed CD as a necessary element of sustainable development. Overall, the broad trend in development cooperation has been a transition from donor-driven technical assistance (TA) based on inputs, to demand-driven CD based on outcomes. CD is today at the core of the programmes of most development cooperation agencies.

Capacity building efforts by international aid agencies in the 1950s provided mostly foreign TA for improving the finances and physical infrastructure for managing public investment programmes. The two following decades saw increasing efforts towards institutional strengthening and reform, progressively replaced in the 1970s and 1980s with an emphasis on individual knowledge, skills and attitudes. In the late 1980s and early 1990s capacity building was highlighted as the 'missing link' in development in poorer nations. The term 'capacity building' was gradually replaced with 'capacity development' to emphasise its multi-dimensionality and the principle of supporting existing capacities in recipient countries.<sup>9</sup>

There are different definitions of CD. Most of them include the capacities of individuals, organisations and society as a whole to perform assigned tasks and achieve agreed goals that are relevant for development. The difficulty in clearly delimiting CD starts with the variable nature of the concept of 'capacity'.

As defined by OECD/DAC, capacity is "*the ability of people, organisations and society as a whole to manage their affairs successfully*",<sup>10</sup> which suggests that the definition may apply to any undertaking that these agents engage in. Alternative conceptualisations of capacity also include a temporal dimension such as "*the capabilities to set and achieve [...] development objectives over time*" and "*the ability to carry out [...] functions and achieve desired results over time*".<sup>11</sup>

It is generally accepted that effective CD needs to address individual, organisational and institutional levels. CD has been characterised as a learning process for changing ways of thinking and doing across these levels.<sup>12</sup> In order to be effective CD requires interventions that target three distinct but interrelated levels:

9 Venner (2015); Vallejo & Wehn (2016); OECD/DAC (2006); Kühl (2009)

10 OECD/DAC (2006), p.12.

11 UNDP (2009a), p.5; Morgan (1997) in Horton (2002), p.2.

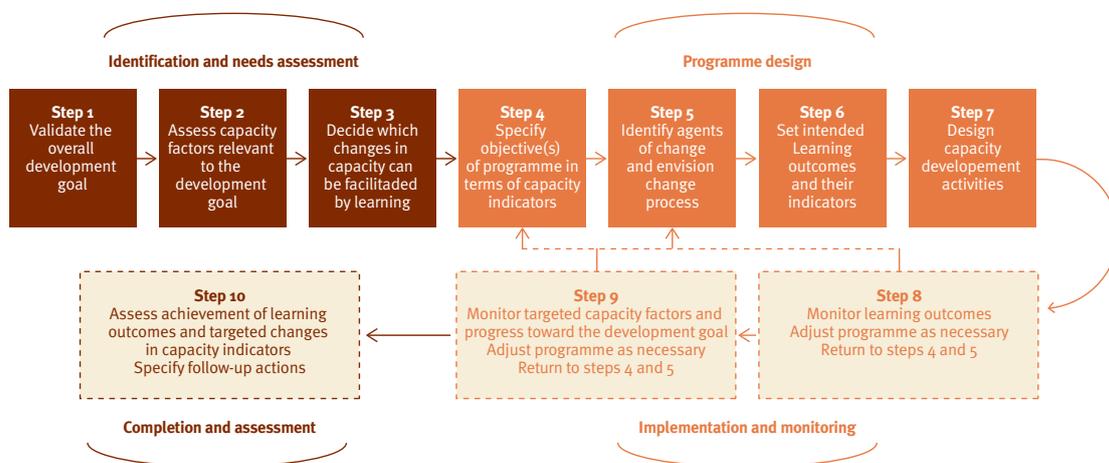
12 Vallejo & Wehn (2016).

- the individual – knowledge, skills, behaviour and productivity;
- the organisation – internal systems, communications, working practices and routines, hierarchies and structures;
- the institutions/enabling environment – the factors external to the organisation, such as networks and linkages, rules and laws, and values and norms.

Embracing this multi-dimensionality has frequently been presented as a key distinctive feature of CD vis-à-vis earlier development approaches based on the strengthening of individual skills. Compared to these, CD is “defined much more broadly to encompass the development of institutions, the reform of political and legal systems, and the achievement of far-reaching change in the recipient country’s social organisation.”<sup>13</sup> By addressing incentives, norms, inter-personal and inter-organisational relations and especially by influencing power structures, CD is not a value-neutral concept. It aims at reshaping the organisational and institutional context in a country in a way that is acceptable to both donor and recipient.

Different models have been created to suggest how CD may or should operate. These models nearly all adopt common programme cycle or linear approaches, where steps feed into each other sequentially and logically (cf. one example in Figure 1).<sup>14</sup>

**Figure 1: Embedding capacity development in the cycle of a development intervention (Otoo et al., 2009)**



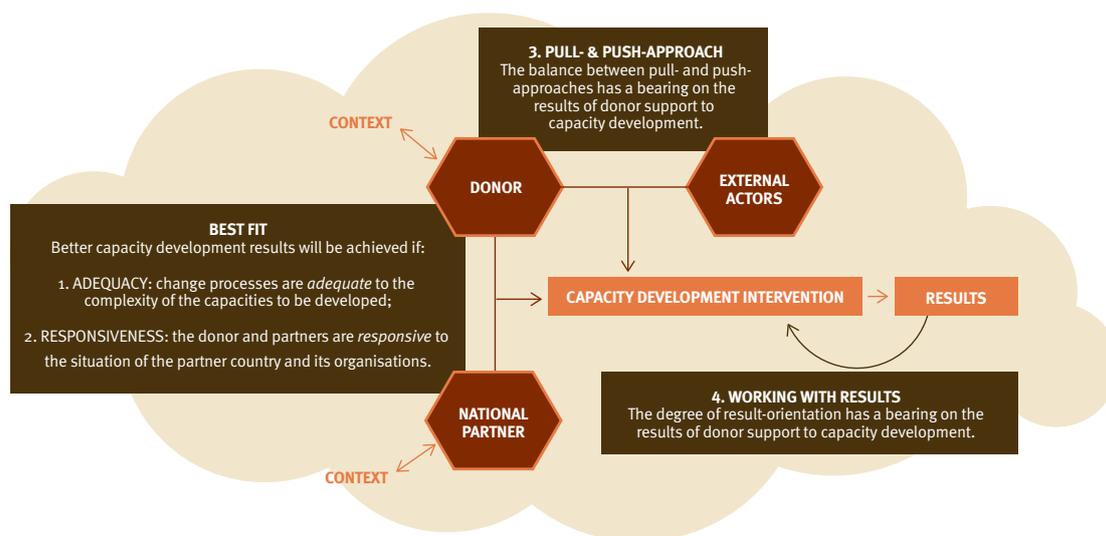
<sup>13</sup> Venner (2015), p.89; see also Kühl (2009).

<sup>14</sup> Refer to Kruse & Forss (2014) for a review of models used for describing and evaluating organisational capacity.

## 1.4 Successful support to CD: a hypothesis to test

A hypothesis to examine the building blocks of best practice in donor support to CD was developed for the joint evaluation (cf. Figure 2). The question of what does or does not work in the Scandinavian CD support was the primary concern of the joint evaluation, which the hypothesis served to address.<sup>15</sup>

**Figure 2: The hypothesis about donor support to CD used in the joint evaluation.**



The hypothesis also served to organise the evaluation around the following four focus areas:

- Focus area 1: The relevance and opportunity of a ‘best fit’ approach for CD support well adapted to specific intra- and inter-institutional dynamics and the wider context.
- Focus area 2: Within the ‘best fit’ dimension, the appropriateness and legitimacy of external (donor) involvement in different dimensions of CD, and whether some processes may be so complex and demanding that the ability of donors to add value is limited.
- Focus area 3: The merits of looking beyond the supply side of public-sector institutions to foster broader accountability relations or other types of collaboration with, for example, civil society, the private sector, the media or oversight institutions.
- Focus area 4: How a results-focused approach to aid for CD can serve to improve learning and accountability among aid agencies in the future.

**The ‘best fit’ approach (Focus areas 1 and 2):** A fundamental question is whether a generic *best practice model* of support to CD – a blueprint – can be applied or if instead a

<sup>15</sup> The hypothesis was presented in Boesen (2014), which forms the basis for this section. See also Annex 4.

*context-specific 'best fit' approach* should be sought. While the dominant discourse on CD favours the 'best fit' approach – through the notions of ownership, endogeneity,<sup>16</sup> and adjustment to context – there is little consensus about what exactly makes the 'best fit'. A key dimension is the *adequacy* of the effort by the donor and partners to the difficulty or *complexity* of the capacities to be developed. This joint effort needs to be adjusted to the complexity in order for the support to yield results. According to the hypothesis, the complexity comprises the following aspects:

- the specificity of the services or products that the capacities will need to deliver;
- the scope of the capacities in terms of geographical spread and number of organisations and individuals involved;
- the support by powerful individuals or organisations (the elites) to the CD process; and
- the degree to which the capacities and the associated products or services align with the dominant social values and norms.

Given these dimensions a complex capacity to develop is one of low specificity and broad scope, for which there are few incentives, that does not have the support of elites and that goes against the dominant social norms and values. In such cases, the donor and partners would be required to develop greater efforts in order to achieve results.

In addition to the planned level of effort, the adequacy of the CD process is believed to be a function of (i) the availability of external champions and internal change agents – individuals or networks of individuals capable of overcoming resistance to and driving change processes; (ii) the timing and the sequencing of implementation, considering other reform processes and the ability of individuals and the organisation to absorb the new capacities; and (iii) a clear vision of the intended results of the CD process that is shared by the donor and partners.

The 'best fit' of the donor support is also determined by how *responsive* it is to the context in general and the situation of the partner organisations in particular. At the basis of responsiveness are the following elements:

- the degree of understanding of the local setting, which is necessary for donor and partners to adequately identify and address the issues that are relevant for the partner country and its organisations;
- the balance between donor- and partner-steering of the CD process, which is a manifestation of the level of local ownership, and a determinant of the acceptance of the donor by the local and cooperation partners;<sup>17</sup>

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16 In a variety of contexts endogeneity is the property of being influenced from within a system. (Wikipedia)

17 Across the interventions studied, the cooperation partners ranged from ministries in national governments, regional authorities, municipal utilities, NGOs and CSOs. Collectively, these were the organisations which the donors engaged with in the planning and delivery of the CD support interventions.

- the specific attention to CD in different stages of the support, which provides an indication of the shared aspirations by donor and partners;
- the incentives for donor staff, which affect how responsive they are to the context of the intervention and how they work towards achieving the CD results.

**The pull- and push-approach (Focus area 3):** Although CD support has traditionally been channelled through public sector organisations, there is a growing interest in the effects of support granted to external stakeholders. The engagement of ‘demand-side’ stakeholders arose from the perception that ‘supply-side’ CD support was insufficient to achieve accountability and good governance objectives. As the internal machinery of public organisations proved insufficient to ensure adequate service delivery, civil society and oversight organisations were called upon to hold public service providers to account. The positive effects of donor support to such organisations have been questioned by recent studies,<sup>18</sup> and the interest of the evaluations lay in determining the adequate balance between the support to internal and external actors.

**Working with results (Focus area 4):** Despite the recognised usefulness of a clear orientation towards results, there are doubts about the benefits of formal instruments for measuring results. As with most other forms of development cooperation, there are specific concerns related to such instruments fuelling a ‘tick box culture’ and encouraging the achievement of short-term measurable results over that of more diffuse and long-term ones. What is more, there are uncertainties as to the degree to which monitoring and evaluation results are communicated and used by donor and partners to steer interventions and to promote learning more broadly. The paucity of evidence of the results of donor support to CD might be an indication of this.

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18 Booth & Cammack (2013); cf. Annex 4.

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## 2 Findings of the Scandinavian capacity development evaluations

This chapter synthesises the findings from the three evaluations of the support to CD by Danida, Norad and Sida. Where relevant, the findings are complemented by some of the prevailing views in other literature on factors for effective support to CD in the context of development cooperation. This includes the background studies of the joint evaluation and other relevant literature. The chapter is structured in five sections, the first (Section 2.1) on the results of the support to CD and the four sections after that on each of the four components of the CD support hypothesis: adequacy (2.2), responsiveness (2.3), pull-push approach (2.4) and results-orientation (2.5).

### 2.1 The results of the Scandinavian support to CD

This section focuses on the results of the Scandinavian support to CD. The effectiveness of the CD strategies as assessed by the three evaluations is reviewed first (Subsection 2.1.1), followed by a synthesis of CD results related to poverty (2.1.2), sustainability (2.1.3), cost-effectiveness (2.1.4) and unintended effects (2.1.5).

#### 2.1.1 Effectiveness of the CD support

All three evaluations assessed the extent to which the CD support by the Scandinavian donors had achieved the intended results and contributed to capacity improvements. These are the issues summarised in this subsection.

**While most interventions achieved the intended sector programme outcomes, it was often not possible to assess how the support to CD contributed to these achievements.** The three evaluations found little evidence of the achievement of planned CD outputs and outcomes. In most cases specific CD outcomes at organisational level were not defined, and hence not reported upon. Consequently it was not possible to discern the contribution of the CD support to the broader achievements in terms of organisational performance or improvements in a sector.<sup>19</sup>

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19 This report adopts the following terminology, in line with the OECD/DAC glossary (OECD, 2002): **Output:** The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes; **Outcome:** The likely or achieved short-term and medium-term effects of an intervention's outputs; **Impact:** Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended; **Results:** The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. For example, in an intervention to strengthen the provision of health services, an **output** might be *'new patient booking and follow-up system in place'*, the corresponding **outcome** *'shorter waiting time for first and follow-up patient visits'* and a possible **impact** *'reduced morbidity due to timely detection of early disease symptoms'*.

In spite of this, the evaluations concluded that the Scandinavian support had led to capacity improvements in several cases. This conclusion appeared to have been drawn based on the assumption that (observed) improvements in organisational performance would in part have been the result of (unobserved) improvements in capacity. Some authors have contested this assumption on the basis that performance improvements may be generated through mechanism other than capacity improvements.<sup>20</sup>

The contribution of CD to improved project and sector achievements is at the core of the donors' CD support. Approaches are found in the literature that support this direction and provide guidance on how to measure the impact of comprehensive CD interventions on organisational performance and programme results. While the generic model suggested in the Concept Paper (Annex 4) may be one approach, another useful and tangible methodology for comprehensive CD impact assessment is the 'Return on Investment' approach.<sup>21</sup>

**According to the three evaluations, the contribution of the Scandinavian support to performance and capacity improvements was found to be significant.** All three evaluations concluded that where changes in performance and capacity were observed they could for the most part be attributed to the donor-funded interventions. This was found to be true irrespective of the overall and CD-specific effectiveness of the interventions. This conclusion was reached despite uncertainties about whether capacity changes had resulted from the specific support to CD or from internal processes in response to other types of support. Based on the relatively weak evidence base, capacity improvements may have occurred, yet their 'significance' is generally questionable.

**The largest share of the donors' CD support was channelled to developing individual knowledge and skills.** Although examples were found of donor support being directed to the organisational and institutional levels, all of the interventions studied had individual capacity development as the main element of their CD component. Within the individual capacities, it was found that technical capacities were prioritised, with less emphasis put on outreach, networking and inter-personal capacities.

Support to equipment and infrastructures varied considerably between the donors; it was relatively sizeable in the case of Norwegian support, but much less so in the cases of the Danish and Swedish support. One case was reported of important improvements in organisational capacity and performance as a result of donor funding of waste management equipment.

Comparatively the Swedish and Norwegian agencies put less effort into addressing the enabling environment for capacity development. The Norad report observed in this regard that where the enabling environment has not dealt with, "contextual factors have presented barriers to long-term sustainable capacity gains at individual and organisational levels", a conclusion that is largely supported by the findings of the Sida and Danida evaluations. In the case of the Danish support, organisational capacities were found to be the ones receiving less attention in the interventions studied, which the evaluation argues was contrary to the stated aim of fostering sustainable organisations.

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20 Cf. Mizrahi (2004); also Boesen & Therkildsen (2004); Baser & Morgan (2008).

21 See Sørensen (2015) for an example of the application of the Return on Investment approach within a local government context.

### 2.1.2 Effects on poverty

**Positive effects on poverty reduction were observed as a result of the Scandinavian agencies' support to CD.** Examples of positive indirect effects included increased government spending on poverty reduction, which was linked to the CD support to the oil and gas sector; improved delivery of public services specifically targeting the poor (e.g. health, education, rural extension) and improved policy making for equitable service distribution resulting from better statistical data from capacity improvements of statistics offices. Negative effects were not detected in the interventions studied.

When sector-outcomes resulted in the provision of better and tangible services used by people living in poverty, these had a positive contribution to reducing poverty. In such cases a positive impact on the poorer segment of the population was observed, even if the CD intervention operated in an organisational context that otherwise performed less well (cf. Box 1). The evidence base was generally insufficient to enable robust conclusions about the effects of CD support on poverty to be drawn.

#### **Box 1 - The poverty reduction effects in the Danish-funded Bangladesh Agriculture Sector Programme Support, Phase II.<sup>22</sup>**

The results framework of the Bangladesh Agriculture Sector Programme Support Phase II, was mainly concerned with quantitative aspects at the local level, and did not include actions addressing the apparent capacity gaps at the national level. The interventions were not designed in accordance with the executing agencies' low level of capacity, as documented in review and progress reports. The programme did, however, reach its intended target groups – poor and vulnerable rural households relying primarily on agriculture – through Farmer Field Schools and Farmer Clubs in which training and extension services were provided in cooperation with local governments by trainers and facilitators that were mobilised through community-based organisations. The continued involvement of such organisations would to some extent depend on the financial and technical support provided through the programme. The case is an example on how the local government level continues to carry out the programme tasks, despite the lack of ownership and support from the national level, and in this process impacted poverty reduction positively.

**CD support is more effective in contribution to poverty reduction if it explicitly targets the three levels of CD and recognises the different time horizons of each of these.** The argument advanced in the Danida evaluation was that the three levels of CD are mutually supportive and need to be addressed in tandem for effective poverty reduction.<sup>23</sup> The recognition that each level has its own time requirements was seen to be an important factor for the effectiveness, which has implications for the design and the duration of the donor support, the evaluation argues:

- **The long-term: the enabling environment.** The poor may benefit from new policies and legislation if political willingness, ownership, readiness for change,

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22 NCG, IRDC, DEGE Consult & Overseas Development Institute (2015)

23 Cf. NCG, IRDC, DEGE Consult & Overseas Development Institute (2015), Section 4.4.

accountability, rule of law and the necessary financial and human resources are made available. In countries and sectors with a conducive environment, a long-term and poverty-oriented approach will be effective in reaching the poor. This effectiveness can be increased with well-articulated and well-implemented CD strategies. Where an enabling environment is not present, targeted short-term CD approaches may prove more effective in an early phase, and may be replaced by a longer-term engagement by the donor if positive changes in the enabling environment are observed;

- **The medium-term: organisational capacity and performance.** Changes in organisational performance can have quicker effects on the lives of people living in poverty. Yet this depends on the complexity of the organisational setting, notably on the number and levels of the organisations undergoing change (national, local and community). The poverty reduction effects are also strongly dependent on the predictability of the goods and services provided by the organisation and on the degree of transparency and accountability of public financial management systems;
- **The short-term: staff competence.** It is through individuals that organisations acquire new capacities, and it is also through them that improved organisational performance materialises. They enable the organisation to adjust and make use of the increased competence to better serve the people living in poverty. Individual capacity gains can, in principle, occur relatively fast and translate into quick tangible benefits for poor and vulnerable people.

### 2.1.3 Sustainability<sup>24</sup>

While the Scandinavian support has led to a wide range of capacity improvements among its partners, sustaining these improvements over time was considered less probable. The evaluations identified a number of issues, which if not addressed adequately could undermine the long-term sustainability of the capacity gains. The most notable were the financial sustainability of cooperation partners and the sustainability of their human resources.

**The evaluations found no simple solution to the issue of financial sustainability in the partner organisations.** Several examples were found where partner organisations struggled to develop resource models that would enable them to sustain capacity after the end of the donor support (cf. Box 2). In low-income countries, such as Malawi, donor financing is the norm and there were real questions as to whether organisations that are not in revenue-generating sectors can be financially sustainable in the foreseeable future, irrespective of capacity gains. The situation was seen to be different in middle-income countries, such as China and Vietnam, where prospects for sustained domestic support for CD interventions are greater. Based on the interventions studied, it seemed easier to mobilise resources for financial sustainability where the intervention operated in a commercial sector, such as the oil and gas sector.

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24 While all three evaluations discussed sustainability and ownership the main contribution to this section comes from the Norwegian report (Lloyd et al, 2015).

**Box 2 - Developing resource models for improved financial sustainability in partner organisations.<sup>25</sup>**

In Malawi and Uganda, the absence of sustainable resource models was identified as a major barrier. For example, in the case of the Agricultural University in Malawi, while attempts have been made to address financial sustainability by setting up a commercial farm, these have been largely unsuccessful. If financial support from donors such as Norway is withdrawn, it is unlikely that capacity gains will be sustained. The evaluation also considered that the university had failed to put in place realistic reforms that were needed for greater financial sustainability. These reforms included some of the most difficult measures to implement, such as reducing support staff and outsourcing, and persuading staff to accept the transfer of a proportion of individual consultancy fees and research grants to the university.

**Sustaining human resources was a key challenge that most interventions did not adequately address.** There are two dimensions to sustaining human resources: (i) retaining staff and (ii) maintaining and developing staff capacity. While not equally addressed across the three evaluations, it was evident that the difficulties in retaining technically skilled staff was a major challenge to sustainability, as such staff became more employable and attractive to the private sector. Providing continuous education and other personal development opportunities was a strategy to retain technical staff adopted in CD interventions with a large component of technical skills development. Strategies to retain skilled staff included making continued employment attractive through for example supplementary-income-earning opportunities, as well as creating negative incentives, such as qualifications not being immediately transferable elsewhere. For example, an intervention targeting post-graduate medical training was adjusted to make employment outside the country both less desirable and less possible.

**Outreach and networking received little attention in the interventions studied despite their potential benefits for sustaining gains in organisational performance.** Organisations that are outward looking and well networked are usually better able to collaborate with others, to form new partnerships and achieve shared results that can help secure funding. They are also more engaged with and responsive to users and stakeholders, which improves relevance and effectiveness. It was observed in a small number of interventions that where these skills were prioritised in the CD interventions, partner organisations experienced a broad range of positive improvements in performance.

**The evaluations did not find any explicit exit strategies in the interventions that outlined how the CD process could be continued and the capacity gains maintained.** Exit strategies are included as a key element in the programming and CD guidelines of the three agencies. The absence of such strategies, the evaluations argue, may therefore suggest insufficient institutionalisation and ownership of the CD process by the cooperation partner and/or inadequate state recognition of the citizens' demand for quality services and its willingness to act accordingly.

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25 Lloyd *et al.* (2015).

#### 2.1.4 Cost-effectiveness<sup>26</sup>

**None of the CD interventions studied in the three evaluations underwent a systematic and detailed assessment of cost-effectiveness.** This was due in part to insufficient disaggregation of the financial reporting, but also to the lack of priority given to this aspect during project preparation. The Sida evaluation did conclude that the cost-effectiveness in a few selected CD interventions was generally high. Yet, across the three evaluations some conclusions were drawn relative to the cost-effectiveness of the donor support to CD. This included, among others, a mismatch between the partners' needs and the management and allocation of resources, which affected cost-effectiveness negatively. Also, most of the CD interventions did not apply cost-effective approaches or modalities, such as train-the-trainer, which is often more efficient than individual training. Cases were also reported of learners not being in a position to share the inputs gained with others, for example through networking, supervision or peer-to-peer knowledge transfer. In such cases it was concluded that the cost-effectiveness of investments in CD would have been greater if results had been disseminated more widely and better absorbed in the organisation without significant additional costs.

#### 2.1.5 Unintended effects

**The evaluations did not find evidence of significant unintended effects – positive or negative – that could be ascribed to the agencies' generic way of supporting CD.** One reason for this was the absence of a specific 'CD lens' in project reports, reviews and evaluations. Also, and more important, it was not clear to which extent the effects observed were intended or not (according to project or programme documents), as this did not come out in the evaluations reports. For example, in the Sida evaluation report an unintended positive effect is described as follows: "enhanced transparency of processes due, for example, to new or improved data and communications, which in turn was seen to foster greater accountability." It is difficult to see this as an unintended positive effect in any project context as transparency and accountability are necessary and obvious built-in features of any project description.

The evaluations did report cases of unintended effects, as suggested by interviewees and observations made by the evaluation teams. One such negative unintended effect mentioned in the Sida study was that higher costs resulting from the expansion of the donor-supported services were not matched by an increase in revenues, leading to a deterioration of the financial situation of the service provider.

## 2.2 Best fit: The adequacy of the support to CD

The central element of 'adequacy' is the proportionality of the effort developed by the donor and partners in relation to the complexity of the capacities to be developed. This aspect was given greater attention in the evaluations than other aspects of the 'adequacy'

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26 Cost-effectiveness is defined as the extent to which an intervention has achieved or is expected to achieve its result at a lower cost compared with alternatives (Cf. OECD (2002), and the evaluation criteria of the World Bank Independent Evaluation Group, <<http://ieg.worldbankgroup.org>>). An equivalent term is efficiency.

concept, such as specificity, scope and distribution of capacities and elite interest, for which there was limited data available. It was therefore not possible to draw reliable conclusions about these latter aspects that were generally applicable.

**The ability of the Scandinavian donors to deliver CD support and results was not constrained by the complexity of the capacities or the change processes.** All three donors support CD interventions in a wide variety of contexts and with varying degrees of complexity. In the samples studied, these ranged from ‘small’ projects (three to four years) in one single partner organisation, to multi-decadal, sector-wide programmes engaging multiple state and non-state actors. No correlation was found between the degree of complexity and the success of the interventions and to the common conclusion from the evaluations was that the ability to deliver the support and attain CD results was not a function of the complexity of CD supported and the change processes. Rather it was the degree of match between the effort and the complexity that was seen to determine the success of the interventions.

**None of the evaluations could draw any general conclusions about the appropriate level of effort or the preferred type of input or support modality for successful CD interventions based on the sampled data.** The common conclusion in this regard was that such aspects were highly context-specific, and what worked in one situation might not work in another. This is confirmed in various other studies.<sup>27</sup> While not fully supported by the Scandinavian evaluations there is a shared belief in the development cooperation community about a number of factors that ‘make or break’ donor-supported CD (cf. Box 3).

**Box 3 - Conditions favouring CD in organisations.<sup>28</sup>**

- Strong demand-side pressure for improvements by clients, political leaders, partners, etc.
- Top management provides visible leadership, promotes a clear sense of mission, encourages participation, establishes explicit expectations about performance and rewards well-performing staff.
- Change management is approached in an integrated manner, considering all dimensions and factors affecting the organisation’s performance.
- A critical mass of staff members is involved, including front-line staff. Innovations are tried, tested, adapted and ultimately adopted.
- ‘Quick wins’ are stressed and become visible throughout the process, to deepen commitment for change.
- Top management and change agents manage the change process strategically and proactively, taking into consideration both internal and external aspects of the process (communication, sequencing, timing, feedback loops, celebration of victories and recognition of problems).

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27 Cf. Christoplos *et al.* (2014); Boesen (2014).

28 Adapted from OECD/DAC (2006).

**The evaluations found evidence of greater difficulty to foster shared ownership and commitment to CD in interventions involving several stakeholders as against one or fewer stakeholders.** CD interventions involving several stakeholders typically resulted in lesser efforts by partners and an overall lower degree of achievements. Therefore, although one may reason that achievements could be improved by simply increasing the level of effort, the fact that all evaluations found similar patterns may suggest that interventions involving many actors at different levels may require specific approaches in order to be effective.<sup>29</sup>

**There was no evidence of an organised use of change agents or champions by any of the Scandinavian donors.** The paucity of such evidence is the main reason why this aspect is given only scant attention in the Danida and Norad evaluations. In particular there are no references in any of the reports to an explicit acknowledgement of the role of change agents and champions in the CD interventions studied. Consequently no specific consideration was given to capacity needs of such actors and how the donor or partners could support them in order to strengthen the CD process in the partner organisation.

**The evaluations found that the distinct dynamics of the three generic levels of CD enabled donors and partners to combine a long-term engagement with short-term 'quick wins'.** The evaluations found the understanding of this dynamic to be a critical factor for maintaining the motivation and the momentum of CD processes. Long-term engagement allowed for sufficient time for developing trusting relationships and for new capacities to be absorbed and put to use in the partner organisation. Other authors have suggested that investments are needed in institutions and processes for lasting social changes, while seeking short-term visible improvements.<sup>30</sup> Typically the broader and deeper the change, the more stakeholders it involves and the longer it takes, but the slow pace of results is often at odds with the desire of donors and beneficiaries for quick and visible progress. Hence the importance of generating 'quick wins' along the CD process with smaller and immediate returns to help keep the motivation and support for the long-term effort, something that was observed in the evaluations.

**The sequencing of the CD support was an important element in the adaptation of the intervention to context with a marked effect on its results.** Most interventions studied in the three evaluations adopted a staged approach covering different phases. In most cases the approach was incremental, starting with a reduced number of more basic capacities and progressively introducing more complex ones. The Norad evaluation found examples of projects starting with a wide range of themes and then narrowing the scope and increasing the complexity. Which sequencing pattern to adopt was seen to be highly context-specific, depending on the capacity available at the target organisation, the rhythm of capacity improvements and the CD goals. Whichever the case, the adoption of a staged approach enabled the interventions to adjust to changes to the needs of the partners and to the wider context.

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29 Some of these approaches could include strong stakeholder participation in the governance and planning of monitoring and evaluation, policy development and the provision of affordable services to the poor. These were tangible impacts of the multi-stakeholder Fast Track Initiative on Education for All in Mozambique carried out over several years in the 2000s. Cf. Sørensen & Thulstrup (2012).

30 Cf. Boesen & Therkildsen (2004); OECD/DAC (2006); UNDP (2009a).

## 2.3 Best fit: The responsiveness of the donor to the CD support

The responsiveness of the donor support comprised three main aspects: (i) the degree of *understanding* of and adaptation to context by donor and partners; (ii) the *legitimacy* of the donor and the degree of *ownership* by the partner; and (iii) the *incentives for* and *capacity of* donor and partner staff to work towards achieving CD results in the partner organisation.

### 2.3.1 Understanding of the setting

**A common understanding by donor and partners of the context in which the CD intervention takes place was seen to be necessary for aligning CD strategies and approaches with the partners' interests, priorities, capacities and needs.** The evaluations rated the level of contextual understanding of the CD interventions to be overall 'above medium', in some cases 'high'. This included the donors and partners understanding of main contextual factors, such as political and policy factors, social and cultural factors, legal framework and the needs and capacity of recipient partner organisation.

According to the evaluations, this overall positive rating owed much to the long duration of most of the CD interventions studied, many of which lasted more than one decade. Box 4 presents examples of the understanding of the CD complexity relative to the context in the Scandinavian support to CD. The examples particularly emphasise the necessity to address the wider context and the enabling environment for successful CD results.

#### **Box 4 – Examples of understanding CD complexity relative to the context in the Scandinavian support to CD**

**Overall the evaluations found that in spite of the goals of the Scandinavian support emphasising the strengthening of organisational capacity and performance, in practice the CD interventions concentrated predominantly on individual and organisational competences.** At the individual level capacity enhancements included among others skills in economic modelling and advanced statistical analysis, the ability to produce and communicate policy-relevant research, and knowledge of health, safety and environmental standards. At the organisational level CD support involved, for example, the development of financial and administrative systems, improved equipment and infrastructure, and the development of new organisational policies, standards and guidelines. As observed above (cf. Subsection 2.1.1), in several cases the improvement of individual and organisational capacities could not be unequivocally correlated to improvements in service delivery.

**Changes in the wider context can either support or undermine capacity gains at different levels.** For example, in the Norwegian-supported National Statistics Moldova intervention, reform of the legal framework for statistics helped push for the approval of the Law on Official Statistics that sets the overall framework for the use of statistics in government. In another example, Petrovietnam's efforts to institutionalise health, safety and environment standards and practices in the petroleum sector focused not only on capacity enhancement but also provided a basis for changing the wider legal and regulatory framework for these standards in Vietnam.

**Where the enabling environment was not addressed, contextual factors often became barriers to sustained capacity gains at the individual and organisational level.** For example, in the case of Children's Rights in Nicaragua, while Save the Children had put significant efforts into building the capacity of partners, such as local government and civil society organisations to integrate child rights into planning and practice, the government abandoned its two main policy frameworks for protecting children's rights, which meant those gains were likely to be eroded.

**Hardly any of the CD interventions studied conducted capacity baseline studies and/or capacity needs assessments and where these were done they were done inadequately.** Consequently the capacity gaps, underlying organisational culture and the institutional context were not satisfactorily analysed in the majority of the interventions. Yet, informally conducted assessments were often performed early in the interventions and were frequently used by the donor and partners to formulate the CD support. However, the evaluations did not consider these informal efforts sufficiently robust and analytical to enable a thorough understanding of needs and context, in particular in more complex interventions. Other studies have suggested that capacity needs and readiness assessments are beneficial for tailoring CD support to the local context and may render CD interventions more effective.<sup>31</sup>

**Absent or inadequately performed capacity assessments led to inappropriate use of CD modalities.** Generally, the CD modalities chosen were not based on analysed needs, but rather on what was available with the TA provider. The CD support modalities

31 Cf. Christoplos *et al.* (2014), p.20: "Contextual analysis is recognised as a precondition for design of more effective support to institutional change processes". See also Lusthaus *et al.* (1995); OECD/DAC (2006); and Sørensen & Thulstrup (2012).

adopted seemed therefore mainly traditional in nature – mostly training courses for individual skills development and study tours for observation and exchange on solutions implemented by other organisations. These were often selected without a direct link to the performance expectations of the partner organisation. In one illustrative case, the TA provider had not taken adequate account of the actual and potential capacities of alternative support of national institutions and introduced excessively sophisticated CD interventions, too fast and too broadly. Also, in the same case the donor, the TA provider and the partner did not follow up on the recommendations proposed in project reviews to conduct a capacity assessment.

The importance of adequately understanding the context also applies to the particular case of ‘twinning’ arrangements – i.e. CD support provided by external public organisations (often of the donor country) operating in the same sector as the partner organisation, which is a frequent form of support provided by Norway. While it was found that the highly-specialised advice and support that it enables was frequently valued, it was also observed that its effectiveness and relevance could be hampered by an inadequate adjustment to context, in particular the needs and the capacity of the partner organisation.

In only a few cases was a CD strategy prepared early in the intervention, and generally the follow-up and adjustment of the CD support was underemphasised. When this was not the case, focus was put on managing inputs and not on reflecting how the selected CD modalities were contributing – or not – to achieving capacity outcomes. In part this was due to expectations that cooperation partners would be able to manage complex CD processes on their own – acquiring, applying and replicating the new capacities. This was frequently found not to be the case as they at the same time were to carry out their standard public administration functions.

### 2.3.2 Legitimacy and ownership

Legitimacy is understood in the context of the joint evaluation in terms of the acceptance by cooperation partners of the donor support to a given change process. It combines aspects of ownership and steering of the CD process, and how these are shared between cooperation partners and donor. It is also a function of the relevance of donor engagement as perceived by its partners, and of the suitability and correctness of the donor’s way of working — for example, in relation to prevailing procedures or values in the country and at the organisation.

**The evaluations concluded that the Scandinavian support was regarded as credible and welcomed by the cooperation partners.** On the whole, the CD interventions included in the evaluations aligned well with the partner countries’ development and poverty eradication strategies. Efforts were made to align with in-country systems and to promote government ownership at central as well as at local levels. Most interventions included engagement with local government authorities, which in many cases were the direct service providers, something that contributed positively to the acceptance of the donor support. As such, the CD interventions delivered support that was considered to be relevant and in line with donor policies and country needs and priorities.

**Generally, ownership of the CD interventions was high among key stakeholders.** The evaluations found that several factors were instrumental in developing and maintaining ownership with the national stakeholders and partner organisations:

- **The degree of partner steering of the CD intervention was an important contributing factor to ownership.** The evaluations observed a high degree of flexibility on the part of the donor and its staff in most CD interventions. This included the support for incremental transition of management responsibilities to the partner organisation creating opportunities for, for example, merging with local processes and systems. This was observed in several interventions and reflected the perception that this approach is “unleashing the potential that is already available within countries rather than simply resource transfer from abroad.”<sup>32</sup>
- **Ownership was often higher at the level of the management of the partner organisations than at the political level of government.** In most CD interventions, the technical and/or administrative management of cooperation partner organisations had a formative role in deciding the priorities for the CD support. Only few examples were found where the interests of the TA provider had an undue influence in the design of the intervention, skewing the focus away from partners’ capacity or service delivery needs. The degree of central government ownership – especially at the political level – varied across the evaluations, despite the recognition of its importance for the success of the CD support (cf. Box 5).
- Other factors seen to strengthen the partners’ ownership of the CD interventions included: (i) a strong involvement of partners early in the process of formulating the intervention; (ii) the long-term donor commitment mainly through funding multiple consecutive phases over a long time for institutionalisation of the support provided; (iii) a high degree of flexibility exercised towards the partners, other local stakeholders and the TA providers by the donor agencies; and (iv) direct engagement by the donor in the CD process (as opposed to only through external TA providers).

#### **Box 5 - The importance of political ownership in selected Norwegian-supported CD interventions** <sup>33</sup>

The intervention in the oil and gas sector in Mozambique was not able to achieve significant results on environmental regulation because of the lack of political support. This issue has been raised in previous Norad evaluations. In the evaluation of the Oil for Development Programme, for example, it was found that twinning with environmental institutions has been the least successful part of the programme due to limited political backing for this in programme countries. Similarly, the Evaluation of Norway’s International Climate and Forest Initiative found reform most successful in countries where there had been significant political support.

32 World Bank Institute (2009), p.1.

33 Disch, Rasmussen *et al.* (2013), p.100; LTS International, Indufor Oy, Ecometrica & Chr. Michelsen Inst. (2014), p. 76.

### 2.3.3 Capacity of the donor and incentives for donor and partner staff

**The capacity of the staff at the Scandinavian embassies and headquarters to effectively manage the CD support varied across the interventions studied.** The evaluations found that embassy staff was often tasked with overseeing a large portfolio of projects. This included overseeing appraisals, attending annual project meetings, reviewing progress reports, and commissioning mid-term reviews and evaluations. Combined with often time-consuming reporting practices these management functions were carried out, in some instances, at the expense of site visits and more frequent dialogue with project stakeholders. This limited the insight and knowledge of the CD interventions, the amount of learning and the ability to do meaningful follow-up.

At the same time the embassy staff seemed to be motivated by a considerable degree of autonomy to manage the CD interventions and appeared capable of conducting high-level dialogue with the partner institutions and higher government levels. In several cases officers at the embassies were also instrumental in solving specific problems, and often liaised well with the partner and the TA providers.

**Neither donor nor partner staff used guidance material on CD prepared by the three Scandinavian agencies consistently.** Stakeholders claimed that the management guidance was not always as clear as practitioners would like it to be, particularly on CD and its contribution to organisational performance. It was found that existing guidelines appeared abstract and that more explicit implementation guidance was desired, including access to 'good cases' and provision of expert advice. Embassy staff noted that they were not sufficiently acquainted with CD guidelines and that they had not been well equipped (through training or systems support) to manage CD or to oversee the degree of organisational performance progress. Overall, key stakeholders, including TA staff, were either not aware of the guidelines or made no systematic use of them.

**The evaluations concluded that TA worked best when complementing the national counterparts' abilities and when closing gaps that constrained the achievements of organisational goals.** Where problems were detected related to the provision of external TA, these had to do with the facts that it mostly appeared uncoordinated, provided on an ad-hoc basis, and was often supply-led. As such the TA role and responsibilities in the partner organisation became confusing and ill defined. The TA mainly being supply-led indicated that the TA provider selected for support to the CD intervention might not always have been the appropriate choice for meeting the needs of the partner organisation. This situation was observed in some CD interventions having negative impact on the effectiveness of the CD support. Other examples included TA experts frequently being underutilised, not assigned CD responsibilities and poorly positioned to be able to influence policy decisions generally and organisational strategies specifically.

**With few exceptions, Scandinavian-supported interventions did not pay attention to the potential effect of incentives for donor or partner staff on CD results.** All of the interventions but one were silent about incentives for embassy and headquarters' staff, and in no case was there any clear evidence of this aspect affecting the results of the CD support. With respect to the incentives for the partners' staff, one of the evaluations referred only to negative incentives. This included strict hierarchical structures that constrained the flow of capacities to lower levels, and the refusal to pay daily allowances to partner staff, which contributed to reluctance to attend training events.

## 2.4 Balancing pull- and push-approaches in support to CD

This section analyses the findings from the three evaluations relative to how the Scandinavian donors balanced the support to public sector organisations responsible for ‘supplying’ products or services (push-approach), and the support to organisations capable of ‘demanding’ the delivery of such products and services (pull-approach). The latter organisations typically comprised community-based and civil society organisations and the private sector. The evaluations were concerned with the relevance of combining these two approaches for the CD results of the Scandinavia support.<sup>34</sup>

**In the sample studied, the support from the three Scandinavian donors was channelled primarily to supply-side public sector organisations.** This is particularly evident in the cases of Norad and Sida, and less so in the case of Danida, where the sample studied contained several interventions with a comparatively larger demand-side component. Even in the cases of demand-side support, this was much smaller than the support to the supply-side organisations. However, all three agencies explicitly acknowledged the importance of providing adequate support to demand-side stakeholders as part of the investment in creating a favourable institutional environment for CD in the target organisation.

**Even when not supporting the demand-side directly, several interventions benefitted from other programmes providing this kind of support.** Holding the supply-side public sector organisations to account is an important element of the context in which the Scandinavian support takes place. This accountability was affected by numerous factors and was explicitly targeted by other interventions supported by the Scandinavian and other donors. Examples were found in all three evaluations of supply-side interventions that engaged in parallel with demand-side organisations, usually for strengthening transparency, accountability and the rule of law (cf. Box 6). Other studies have argued that external stakeholders can be a powerful force demanding change in public organisations, but evidence of this effect is scant.<sup>35</sup>

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34 ‘Pull-’ and ‘push-approaches’ were also termed ‘demand-’ and ‘supply-side approaches’, respectively in the hypothesis and evaluations.

35 Cf. Boesen (2014).

### Box 6 - Taking advantage of a parallel demand-side intervention in the Swedish co-funded Education Capacity Development Partnership Fund in Cambodia<sup>36</sup>

In the Swedish-supported Educational Capacity Development Partnership Fund in Cambodia the training in relation to school development plans included both school directors and the School Support Committees. The Committees, which are part of the Cambodian education structure, are made up by community members and have the role to supervise and support schools. The training of school leadership and School Support Committees should result in a school development plan. Funds are provided to the schools through the School Improvement Grant Programme, another Sida intervention in the education sector. The School Support Committees should oversee the utilisation of the funds. Almost all stakeholders interviewed, including donors and non-donors and Ministry of Education staff at both national and local levels, consider that the School Support Committees have an important role to play in overseeing schools and ‘pressuring’ for better education, and transparency in implementing the plans and in the use of funds. The training of School Support Committees through the programme equipped them with more capacities to supervise the schools.

**As with the other types of baseline assessments, the studied interventions generally lacked an analysis of how to support the demand-side.** The lack of documented diagnostic assessments of demand-side organisations was observed even in interventions with a comparatively larger pull component. The absence of documented assessments did not necessarily mean that diagnostics were not made or that knowledge about those organisations had not been implicitly used to design the interventions. However, it did raise questions about the function and the capacity of demand-side stakeholders to support CD objectives, and the manner in which they could be supported and used strategically.

**The effect of combining push- and pull-approaches on CD results was not evident.** Lack of evidence was due to the relatively small proportion of demand-side support in the sample studied and the difficulty of assessing the effects of support to demand-side organisations on the capacity and performance of supply-side organisations. The evaluations did not find any robust evidence of the effects of support to the demand-side on the capacity or performance of supply-side organisations.<sup>37</sup> In spite of this limitation, the following CD benefits from supporting demand-side stakeholders have been reported in the evaluations:

- Improved systems and procedures for downward accountability of public organisations – e.g. procurement rules, fund disbursements, contract management, monitoring of plan implementation – resulting from increased demands for accountability and transparency.
- Greater effectiveness in public service delivery resulting from partnerships with the private sector and civil society.

<sup>36</sup> Carneiro *et al.* (2015).

<sup>37</sup> The conclusion of the Danida report that there was “little direct evidence to show a causal link between [the agencies’] support to a specific ‘demand’, and the magnitude of any ‘supply’ change” applies generally across the three evaluations. Cf. NCG, IRDC, DEGE Consult & Overseas Development Institute (2015), p.52.

- More effective targeting of poor and disadvantaged groups as a result of greater accountability and transparency demanded of public sector organisations working in poverty reduction.
- Development and strengthening of participatory governance and planning processes through the establishment of community-based institutions, in particular for traditionally disengaged groups.
- Prioritisation and higher rate of implementation of measures in domains demanded by civil society or oversight organisations, such as the fight against corruption.

**Combining pull- and push-approaches is highly context-specific for the relevance of CD results.** The evaluations found that the effect on CD results depended on at least four aspects: (i) the nature of the capacities to be developed, (ii) the existence of sufficiently interested and capacitated supply-side stakeholders, (iii) the preparedness and capacity of the supply-side to absorb the demand-side input and (iv) the acceptance by supply-side elites of the interference by demand-side stakeholders (cf. Box 7).

**Box 7 – Two examples of combined pull- and push-approaches in Norwegian- and Swedish-supported interventions.<sup>38</sup>**

Implemented in 44 municipalities in six regions of Bosnia and Herzegovina between 2010 and 2015, the Swedish-funded **Municipal Programme on Solid Waste Management** supported improvements in infrastructure, equipment and systems for solid waste management at local and regional levels. At its core was a CD programme to strengthen the planning, technical and financial management capacities of municipal, entity- and state-level authorities. The experience with engaging external actors – primarily the general public – was mixed. The two entity-wide awareness raising campaigns conducted in Republika Srpska and the Federation of Bosnia and Herzegovina failed to have the desired impact due to inadequate objectives, planning and duration. Some of the municipalities with more developed solid waste management systems applied parts of their in-kind contribution to public campaigns to increase the citizens' willingness to contribute to the system. In municipalities without a functioning solid waste system, the programme did not include any pull-component and instead focused on supporting the local authorities in laying the foundation for the system. Working with the demand-side in these cases was not considered relevant, as the supply-side would not have had the capacity to respond to its demands before such foundation was laid.

The **Norwegian support to the Mozambican petroleum sector** started in the 1980s, initially involving specialised TA in domains related to prospecting. After 2004 support shifted towards institutional strengthening of the two state agencies, having concentrated exclusively on the regulatory agency National Petroleum Institute after 2011. Since 2009 Norway has also provided support to oversight institutions, civil society and parliamentarians to strengthen demands for accountability in the sector. The aspiration was that improved organisational capacity combined with greater accountability would lead to better management of the country's petroleum resources. Oversight institutions receiving CD support included the Ministry of Environment in the area of environmental impact assessments, and the Mozambican Revenue Authority in the area of petroleum taxation. Civil society has been strengthened through the establishment of a civil society platform, support to the Extractive Industries Transparency Initiative process and channelling funds to local civil society organisations at the subnational level. The intervention has also built the capacity of media and parliamentarians to demand capacity and accountability in the sector. The CD support to civil society could have been improved through a more strategic approach and better coordination between the different organisations, as well as through better cooperation with other donors.

## 2.5 Results orientation

**Most of the Scandinavian-supported interventions did not include results frameworks oriented specifically toward the different dimensions of CD.** Only in very few of the interventions studied did results frameworks define CD-specific outputs and outcomes, or enabled effective monitoring of CD progress and results. Generally, the three evaluations supported the conclusions from earlier studies that results frameworks

<sup>38</sup> Carneiro *et al.* (2015); Lloyd *et al.* (2015).

have shown limited applicability as management tools, if developed at all,<sup>39</sup> despite their endorsement by the three Scandinavian agencies. As a consequence, consistent monitoring and reporting of capacity achievements were not possible in the majority of interventions. This again limited the amount of learning from results because programme reporting was seldom based on monitoring data or earlier reports on CD achievements. Furthermore, the communication of CD results among the stakeholders was considered weak in most instances.

In cases where results frameworks for CD interventions were prepared, a number of weaknesses in the design and use were common to the three donors. These included:

- outputs did not clearly relate to outcomes and impact, i.e. the absence of bridging outcomes;
- lack of clarity about how to strengthen the capacity of partner organisations and how this could contribute to long-term performance and development outcomes;
- indicators that were either absent, too complex or unclear, making them impractical or making data collection and validation excessively resource-intensive;
- means of verification not being identified, meaning that the partners could not decide how, when and where to collect data; and
- failed articulation of the assumptions supporting the intervention logic.

**The diffuseness of the CD concept and the limited capacity of key stakeholders are the key factors explaining the weaknesses in the results orientation of the CD interventions studied.** CD was considered by most stakeholders as a too diffuse, difficult and abstract concept to handle in practice. This explains the omission of CD-specific elements in some of the frameworks and that in some interventions the elaboration of the results framework was postponed until later in the project, in the hope of achieving greater clarity about CD objectives.

Key stakeholders, such as staff at the embassies, partner organisations and TA providers were seen to have limited capacity to understand and design effective results frameworks. At the same time most stakeholders acknowledged the need for a strong results matrix, but did not know how best to develop it and use it effectively. This problem was further accentuated by the choice of the Scandinavian agencies to give partner organisations increasing responsibility for the design and operation of the results frameworks. These and related explanatory factors are summarised in Box 8.

**A Theory of Change (ToC) was only elaborated for a few of the sampled CD interventions, and those that did, did it inadequately.** Difficulties in developing useful and applicable ToCs included several aspects, including the grasping of the often vaguely and broadly defined concept itself. The evaluations acknowledge the need for adopting a ToC approach to the CD support, recognising that it has gained significant international

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39 See for example NCG, IRDC, DEGE Consult & Overseas Development Institute (2015), footnote 24. A comprehensive meta-evaluation of 41 Finnish evaluations confirmed this limited applicability, cf. Sørensen & Thulstrup (2012). Cf. also Christoplos *et al.* (2014) and Kruse & Forss (2014).

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recognition in recent years as an important tool for improving processes towards the achievement of predefined goals.

**Box 8 – Weaknesses in the design and use of results frameworks of the sampled CD interventions, as reported in the three evaluation reports**

1. Capacity is a *diffuse concept* and that CD is, therefore, difficult to clearly discern, set targets for and subsequently monitor and evaluate.
2. The CD interventions were designed in *different periods* and, therefore, under slightly different sets of requirements relative to the management of results.
3. The results frameworks are generally developed by the partner organisations, whose capacity to design *such frameworks varies considerably*.
4. The capacity of programme officers to appraise the results frameworks of project proposals varies across embassies, which is an important aspect when the agency increasingly *leaves intervention design and implementation to its partners or letting them dominate the process*.
5. The priority given to the *quality of the results framework in decisions to grant support* varies across embassies and agency offices, and across time.
6. Decisions to grant support may be prompted by factors not exclusively related to the quality of CD interventions, such as *disbursement schedules*.
7. *Guidelines* on CD were only *superficially used* by agency and partner staff in designing and applying the results framework.
8. A basic CD results-based system was adopted largely because the *private sector and the financial institutions* that participated or supported this programme worked on that basis.
9. While it is a rather straightforward affair to manage the “sector-outcomes” on the basis of results, it was more *complicated* to use results-based approaches for capacity development, as *CD results were not clearly specified*.
10. Respondents noted that they would have difficulty identifying what should be CD results for their sectors, but that it would seem possible to *develop them over time* and eventually arrive at manageable results.
11. Despite having done capacity gap analysis and defined expected results, it was *impossible to follow-up* on the analysis.
12. Results-based management was *not a policy requirement* for programming at the time when the majority of the interventions that the evaluation examined were formulated.

### 3 Lessons learned about successful support to CD

The three evaluations assessed the extent to which the different elements and characteristics of the respective donor support had an effect on the observed capacity changes of cooperation partners. This chapter synthesises these assessments, highlighting the features common to all three evaluations and which appear to be valid more generally. While we do not wish to advocate for a blueprint of donor support to CD in developing countries, it is expected that these lessons can inform the design and implementation of CD interventions more widely.

**(1) A sound understanding of the context in which an intervention takes place is necessary for the provision of CD that is relevant and for which there is adequate partner support.** Such understanding requires some form of contextual assessment to be made, with the aims of (i) understanding the policy drivers supporting or hindering the CD process; (ii) identifying and assessing the actors capable of affecting the process, political and others, and their readiness to embark on or otherwise support the change process; (iii) identifying the most pressing capacity priorities and gaps, including those related to the capacity of partners to implement or absorb different modalities of support. This information is necessary for the elaboration of interventions with objectives that are relevant for the partner country and organisations, and which employ modalities that are effective, efficient and aligned with the capacity of the partners.

There is no single prescribed form or timing for the realisation of capacity needs or contextual assessments. While there is agreement among the three evaluations on the need to understand the setting, the manner in which capacity needs and contextual assessments should be done is less consensual. It was found that formal and in-depth contextual analyses were seldom conducted in the interventions studied. When analyses were conducted, these were often ad-hoc and rarely prior to intervention design. While arguments were presented in all three evaluations for the merits of conducting formal analysis early in the planning phase, the evidence of such merits was generally weak. On the whole, the conclusion from the Norad report that “absence of a formal capacity assessment or study does not mean that an intervention has not taken into account contextual and organisational factors”<sup>40</sup> appears to be valid for the interventions studied. This finding corroborates that of earlier studies,<sup>41</sup> but fails to shed new light on the generalised view in the literature that contextual analysis is a precondition for effective CD support,<sup>42</sup> in particular in what concerns the manner in which such analyses are conducted.

**(2) Successful CD requires strong ownership and commitment by all stakeholders – in particular the cooperation partners – throughout the entire CD process.** Echoing the other two evaluations, the Danida study concluded that in the absence of these factors, CD was unlikely to become successful or likely to remain a ‘process’ without

40 Lloyd *et al.* (2015), p.49.

41 Cf. Kruse & Forss (2014), p.31.

42 Cf. Christoplos *et al.* (2014).

clear results.<sup>43</sup> Ownership and commitment were largely a function of the perceived relevance and urgency of the CD process, and correlated with the degree to which cooperation partners were involved in its design and implementation. As noted in one of the background studies,<sup>44</sup> empowering cooperation partners to lead donor-supported programmes is a hallmark of effective aid. However, a note of caution is made against uncritically relying on cooperation partners to steer CD processes, as they might choose to pursue strategies and priorities that may not be effective or aligned with the purpose of the intervention.

Commitment by political and senior management actors is particularly important for ensuring leadership and space for change. In its absence donors might consider not engaging in support to CD at all. Not unlike other factors, ownership and commitment are dynamic aspects, and mechanisms for securing them in the course of the intervention were found to be important for the effectiveness of the CD support.

**(3) CD support is more likely to be successful when the cooperation partners have some degree of capacity to manage CD process and put the new capacities to use.**

The likelihood of attaining positive results is higher when partners have the capacity to invest the necessary time and resources in the CD process. The importance of this factor is such that the Norad evaluation identified the lack of partner capacity as one of the conditions for not engaging in CD support.<sup>45</sup> Similarly, donors should assess the degree to which cooperation partners possess the capacity to manage complex CD processes and should not transfer such responsibility to them without adequate support. This again highlights the importance of conducting capacity assessments prior to engagement, so that strategies for developing the partners' capacities to manage CD processes can be elaborated. In particular, the evaluations found that organisations with the capacities to network, reach out and retain staff achieved better and more sustained capacity results. A sound CD support strategy might therefore be to support organisations develop such capacities along the development of other capacities.

**(4) It is necessary to understand the interdependencies between the individual, organisational and institutional levels of CD and to select the modalities for support accordingly.** These interdependencies are specific to the context in the partner country and organisations, and to the capacities being developed, and should therefore be part of the initial contextual assessment. Generally the evaluations found support for the widely accepted view that focusing on the enabling environment for CD yielded better and more sustained results. At the same time, the Danida study in particular found that an insufficient consideration of the requirements for improving organisational performance led to inadequately developed outputs and outcomes at the organisational level. A consequence of this was that the modalities for strengthening individual capacity were not always aligned with the goals for the organisation, which limited their effectiveness. While the balance between the focus on individual, organisational or institutional capacities is very context-dependent, support is more effective when the goals in terms of

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43 NCG, IRDC, DEGE Consult & Overseas Development Institute (2015), p.61.

44 Christoplos *et al.* (2014), p.27.

45 Lloyd *et al.* (2015), p.72.

organisational capacity and performance are given priority and used to guide interventions affecting the capacity of individuals and the enabling environment.<sup>46</sup>

The choice of support modalities in itself does not have a discernible effect on the effectiveness of the donor support, the evaluations showed. To different extents all three Scandinavian donors employ a variety of modalities; rather than the modality itself, it is the specific relevance vis-à-vis the CD goals and the capacity of partners to manage and absorb the new capacities that seems to dictate their effectiveness.

**(5) Donor-supported CD interventions that are flexible and adaptable yield better results.** In some instance this aspect was seen to depend on the degree of rigidity of the organisation's management structures and the formality of authority: excessively rigid and formal hierarchies resulted in low delegation of management decisions to lower operational levels and rendered communication between different authority levels more difficult. Corrective action was consequently delayed and implementation affected negatively.

The ability to adjust course based on the experiences of implementation also impacts on the quality of the follow-up of progress and results. In this regard, the Sida evaluation observed that the positive correlation between the quality of monitoring and reporting, and the effectiveness of the support resulted from regular and timely adjustment of implementation towards CD goals, which was made possible by better follow-up of implementation.<sup>47</sup>

**(6) Specific results based management skills are necessary for CD-specific monitoring and evaluation of the effectiveness of the CD support.** Most interventions studied defined rather poor result-based management procedures due mainly to an incomplete understanding among key stakeholders of how to design and make use of the results framework among key stakeholders. A clear vision of the results may help the donor and partners develop a common understanding of purpose and channel resources towards attaining it.<sup>48</sup> However, the important link between the quality and use of results framework and the need for measuring effectiveness is critical for determining the success or the failure of support to CD.

The Norad report states that “articulating the underlying logic [...] helps build common understanding of the purpose of an intervention, and the pathway for change.”<sup>49</sup> Again, the evidence base in support of this statement is insufficient, and it therefore remains largely untested. Echoing the frustration in the literature,<sup>50</sup> an important limitation in the joint evaluation was the paucity of CD designed results frameworks and CD-specific monitoring data – notably on capacity outputs and outcomes. This constrained the

46 This conclusion cannot be detached from the fact that the joint evaluation concentrated explicitly on support to the capacity of public sector organisations. The conclusion might be different for other types of interventions.

47 Carneiro *et al.* (2015), p.75.

48 Cf. Boesen (2014), Section 8: “Explicit ideas of cause-effect relationships [...] would help focus minds and actions on the important things that will have the desired effects [...]”

49 Lloyd *et al.* (2015), p.51.

50 Cf. Christoplos *et al.* (2014), p.22; see also Boesen (2014), Kruse & Forss (2014); Vallejo & When (2016) and Sørensen & Thulstrup (2012).

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ability of the evaluations to assess the contribution of the donor support to changes in the partner organisations.

**(7) Support to CD that combines a long-term commitment with ‘quick wins’ is more likely to be efficient and lead to sustainable results.** Long-term engagement allows sufficient time for trusting relationships to develop and for new capacities to be absorbed and put to use in the partner organisation. Whereas improvements in individual and organisational capacity can be achieved relatively fast – maybe over a period of one to two years, changes in the institutional environment usually require much longer efforts. Recognising the distinct dynamics of the changes in the different levels of CD enables donors and partners to combine a long-term engagement with short-term ‘quick wins’, which is important for maintaining the motivation for and the momentum of CD processes. Sustained capacity gains were observed when donor support extended for longer periods.

**(8) The relevance of combining pull- and push-approaches in donor-support CD, and the modalities for engaging demand- and supply-side actors needs to be assessed case-by-case.** Adopting a case-by-case approach in which supply- and demand-side actors in donor-supported CD interventions may be combined must be based on an assessment of the likely dynamics of such combinations and what effectiveness they may have on the CD intervention. Such an assessment can guide on the priorities of support and the types of modalities that may be most effective for supporting the CD intervention.

Based on the findings of the evaluations the following elements should be integrated in such an assessment for effective CD support: (i) the nature of the capacities to be developed, (ii) the existence of sufficiently interested and capacitated supply-side stakeholders, (iii) the preparedness and capacity of the supply-side to absorb the demand-side input and (iv) the acceptance by supply-side elites of the interference by demand-side stakeholders.

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# Annex 1 – Terms of Reference

## 1. Background

During the course of two years, Danida, Norad and Sida have jointly initiated a thematic and large-scale joint evaluation of capacity development (CD), as a result of an identified need to understand and learn more on whether, or in which circumstances, capacity development works. The Joint Evaluation consists of a series of coordinated activities; including a number of preparatory studies, three parallel evaluations, a synthesis report, dissemination activities, and coordination in all phases. These terms of reference describe the tasks of preparing a joint synthesis report of the Joint Scandinavian Evaluation of Capacity Development including a number of dissemination activities.

In spring 2014, Danida, Norad and Sida commissioned three pre-studies<sup>51</sup> that laid the foundation for a joint evaluation terms of reference (ToR), including 11 identical evaluation questions<sup>52</sup> (EQ), and two guiding annexes, namely; (i) approach paper, explaining the evaluation hypothesis; and (ii) specification of the methodology. In early autumn 2014, the three agencies signed contracts with three separate consultancy firms<sup>53</sup> for the implementation of three parallel evaluations. The three teams were contracted to respond to the same 11 evaluation questions, as well as Annex I and Annex II. However, each agency had the freedom to add additional EQs to the agency specific ToR as well as other requirements tailored to the donor's needs (for examples details in the deliverables and time frame).

The three teams are working parallel to respond to the evaluation questions using a coordinated – but not always identical – method and process. They will deliver three separate evaluation reports by mid-June. The teams meet regularly with the steering group, consisting of representatives from the three agencies, to discuss results and the way forward.

Briefly the coordinated evaluation methodology consists of three main steps, as follows:

- The first step of the main evaluation phase was to conduct a portfolio screening (PS) using a jointly designed score-card. For the portfolio screening, Danida used a sample of 30 interventions, Norad a sample of 41 interventions and Sida a sample of 29 interventions (in total 100 interventions).
- The second step was to select suitable interventions from the portfolio screening to undergo an in-depth desk-based review (DBR). The DBR method was jointly developed with inputs from the PS score-card. Out of the 100 interventions, 46

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51 The pre-studies commissioned were; (i) Literature Review for the Joint Evaluation on Capacity Development; (ii) Methodological approaches to evaluate support to capacity development; and (iii) Annex I: Approach Paper. All reports are available at: [www.sida.se/joint-cd-evaluation](http://www.sida.se/joint-cd-evaluation)

52 See ToR Danida/Norad/Sida main evaluation.

53 The three consultancy firms are: Danida: NCG; Norad: ITAD/NCG; and Sida: Niras Natura AB.

were selected to undergo the desk-based review (Danida: 15, Norad: 17 and Sida: 14).

- The third step was three country studies per team (in total nine countries<sup>54</sup>) to be visited during two-four weeks evaluation missions. In each country two to three interventions were evaluated. The PS and DBR formed the selection criteria for the country visits.

## 2. Definition of Capacity Development

The three parallel evaluations have used OECD/DAC's definition of Capacity Development (2006), namely: "Capacity is understood as the ability of people, organisations and society as a whole to manage their affairs successfully. ... 'Capacity development' is understood as the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time." Moreover, the evaluations have focused on capacity development for organisations with a specific focus on public sector institutions – acknowledging that both individual and system capacities may be part of what is required to make an organisation (or a group of organisations) perform better.

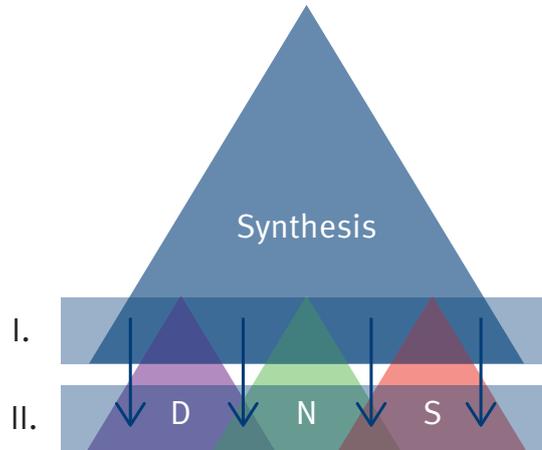
## 3. Purpose

The purpose of the Synthesis Report for the Joint Scandinavian Evaluation of Capacity Development is to synthesise and share the results from the three agency specific evaluation reports to a wide audience of practitioners and decision makers, focusing on those aspects of the three evaluations that are assumed most useful for practical application. It is expected that the synthesis shall go beyond summarising the conclusions from the three reports. This involves lifting the analysis to a level that extends its relevance and potential for learning to a broader part of the development community. Moreover, the analysis should draw on sources other than the three reports (e.g. research, evaluations, reports, including the pre-studies conducted as part of this evaluation). More specifically, the synthesis report will deliver joint findings, conclusions and forward looking recommendations on the 11 EQs, Annex I (i.e. the focus areas).

Figure I below illustrate a possible relationship between the synthesis report and the three agency specific evaluation reports. It demonstrate the need to synthesis the cited findings from the agency specific evaluation reports (see Figure 1, box I.), however, in order to extend the learning from the evaluations conducted by the three teams it is also important to dig deeper into the individual teams' work (see Figure 1, box II). For example, findings that were only reported in a few cases in the agency specific reports may be reassessed in the synthesis report if the same findings are also found in one or two other agency specific reports, and together may form additional results.

54 The nine countries are: Danida: Uganda, Tanzania and Nepal; Norad: Malawi, Mozambique, Vietnam; Sida: Kenya, Cambodia, Bosnia-Herzegovina.

Figure 1: Possible relationship synthesis report and the three agency specific evaluation reports (Danida, Norad and Sida)



More specifically, the primary intended users and audience for the synthesis report are management and staff within the aid administration in Denmark, Norway and Sweden. Intended secondary users are other aid agencies, ministries of foreign affairs, and other practitioners involved in development cooperation including multilateral institutions, governments and institutions in partner countries. Outcomes of the synthesis report will also be communicated to the general public and other audiences for accountability purposes.

#### 4. Organisation

The production of the synthesis report shall be managed jointly by Danida, Norad and Sida. However, the contract will be signed between Sida and the consultant and all administration in relation to the synthesis report will be managed by Sida. The publication of the report will be managed through a different contract.

The mechanism for consultation and quality control will be the following:

- (i) The evaluation Steering Group consisting of representatives from the evaluation offices of Danida, Norad and Sida is the decision making body in regards to all aspects of the content, drafting and finalisation of the synthesis report and its dissemination.
- (ii) An Advisory Group composed of representatives from the donor's operative departments will provide guidance and feedback to the draft synthesis report.
- (iii) The three evaluation team leaders responsible for the parallel evaluations are contracted (approximately five working days each) to provide inputs and feedback throughout the work with the synthesis report.

The synthesis report consultant will meet regularly via video link with the Steering Group and the team leaders. However, most communication will likely be via email.

If any doubt about how to interpret inputs given through these mechanisms, Sida will make a decision and the consultant is contractually accountable to Sida only.

The consultant, within the management framework defined by Sida, will be responsible for the production of the synthesis report in line with the principles of independence and impartiality.

## **5. Approach and methodology**

The consultant shall propose a suitable approach and methodology for the drafting and finalisation of the synthesis report which will be approved by the Steering Group.

## **6. Deliverables and time schedule**

Unless otherwise agreed after signing of the contract, the work stipulated by this ToR will involve the following deliverables, including written products as well as presentations and participation in relevant meetings. All reports shall be written in English and adhere to the OECD/DAC quality standards for evaluation. All deliverables must be edited and proofread by the consultant's quality assurance mechanisms before submitted to the steering group.

The consultant shall respond to the specific purpose of the synthesis report. The final report shall be clear, well structured, well formulated, relevant and easy to read for non-experts in the field of support to capacity development. As stated in the purpose, the target group of the synthesis report stretch outside the three donor agencies funding the evaluation and the synthesis report must therefore be communicated in such way that it targets a broader audience. Danida, Norad and Sida welcome innovative approaches to structuring and presenting the report.

### *a) Synopsis*

- The consultant shall deliver a synopsis of the Synthesis Report (five pages), outlining the proposed structure of the report including tentative content.
- A brief explanation (four pages) of the approach, methodology and proposed structure of the report. The brief shall also include a section on limitations, and shall elaborate on how joint findings, conclusions and recommendations are intended to be synthesised from the three parallel evaluation reports (see the agency specific inception reports for joint as well as agency specific limitations).

### *b) Synthesis report*

- The synthesis report shall synthesise results from the three parallel evaluations by Danida, Norad and Sida.
- The report shall not exceed 50 pages excluding graphics and annexes, but including a draft forward, draft acknowledgments, executive summary, as well as a draft back cover text.

*c) Other deliverables*

In addition, the consultant shall deliver:

- An evaluation brief (three to five pages) summarising the synthesis report in a format agreed with the Steering Group.
- A PowerPoint presentation summarising the synthesis report in a format agreed with the Steering Group.

*d) Dissemination of results*

The consultants are requested to provide the technical facilities and to organise a global webinar for the dissemination of the final report from Sida Stockholm. During the visit to Stockholm the consultant shall be prepared to present the report at a seminar organised by Sida.

The synthesis report is expected to be presented by the consultants at an international seminar at a date and venue to be decided by the Steering Group. However, the event will be part of a separate contract and shall not be budgeted for as part of the proposal responding to these ToR.

**Table 1: Tentative time plan**

<b>Date (2015)</b>	<b>Activity</b>
End May	Signing of contract
June	Contact with Steering group and Danida, Norad and Sida's team leaders
15 June	Final Evaluation Reports Danida, Norad and Sida
14 August	Synopsis for the synthesis report
Early autumn	1st draft synthesis report
1 October	Final synthesis report
Autumn	Webinar and seminar in Stockholm
Autumn	International event

**7. Resources**

The consultant must indicate a ceiling amount for the total fee, and the total reimbursable costs supported by a proposed work plan. The budget ceiling for the synthesis report is 290 000 SEK, and shall cover the finalisation of the synthesis report as well as the participation (including travel and per diem) in one outreaching seminar in Stockholm (specified by this ToR), as well as the organisation of a webinar (see 6.d).

However, the cost for traveling and per diem for the international workshop organised by the steering group as well as the publication of the report (including layout and printing) will be managed by different contracts and shall therefore not be included in the tender price.

## **8. Requirements of the service provider**

The consultant will prepare the Synthesis Report, with inputs from the three team leaders. The consultant's proposed team, shall at a minimum, include a main author. The consultant shall be backed-up by internal or external capacities to (i) provide quality assurance; (ii) provide professional communication support for all written, oral, visual and digital deliverables; and (iii) arrange a webinar.

The team leaders of the three separate evaluation reports (Danida, Norad and Sida) may be part in the team proposed by the consultant, however, they should not be the main author.

For the specific requirements of the service please see the attached call-off inquiry.

## **9. Evaluation of call of responses**

The call-off response shall include the following (see below for specifications):

- Understanding of the assignment
- Organisation of the assignment
- Work- and time plan
- Qualifications and competences

The call-off response shall not exceed eight pages, excluding annexes such as CVs and cost proposal.

### **1. Understanding of the assignment and proposed approach**

The call of response, based on the requirements in the terms of reference (ToR), must describe how the assignment has been understood and the method intended to be used, with a special description of how this will ensure that the purpose of the assignment is satisfied.

In evaluation the following criteria will be assessed:

- Whether an appropriate and workable strategy and method for performing the synthesis has been proposed.
- Whether the tender shows an understanding of the assignment, including the relevant subject areas and the purpose of the assignment.

### **2. Organisation of assignment**

The call of response must describe the organisation that will be used to perform the assignment.

In evaluation the following criteria will be assessed:

- Whether the organisation facilitates a good dialogue with the steering group (including Sida), the three agency specific team leaders, and other concerned parties throughout the assignment.
- Whether the organisation facilitates adequate systems for technical quality assurance for the delivery of the deliverables stated in the ToR.
- Whether the consultant can provide professional communication capacities to support all written, oral, visual and digital deliverables, including providing the technical facilities to organise a webinar for the dissemination of the final synthesis report.

### **3. Work- and time plan**

The call of response must contain a tentative work- and time plan for the completion of the synthesis, specifying the tasks assigned, and the time allocated for every member of the team.

In evaluation the following criteria will be assessed:

- That the work- and time plan is clear, appropriate, and realistic.
- That the project can be started in line with the tentative time plan in the ToR.

### **4.a. Qualifications and competences**

The call of response must contain information regarding the qualifications and competence of the team proposed.

*The call of response must:*

- a) Enclose a short description about the proposed person/s' suitability for the assignment, including details of the qualifications in the form of Curriculum Vitae (CV). The CV must comprise complete details of academic and theoretical competences, as well as background and professional experience.
- b) *For the main author of the synthesis only:* Enclose one to two final reports or articles written by the proposed main author, to demonstrate his/hers communication skills.
- c) *For the professional communication capacity only:* Enclose two to three dissemination products (briefs, PowerPoints presentations used in seminars, final reports etc.) to demonstrate the capacity's communication skills.
- d) *Language skills:* All team members must have very good knowledge in writing, reading and spoken English (minimum level 2 according to Sida language level definitions, see references).

#### 4.b. Competence of the main author

The call of response must describe the main author's capacities to carry out the assignment.

In evaluation the *main author* will be assessed based on the following criteria:

- Experience and knowledge of capacity development and institutional strengthening in the field of development.
- Experience, knowledge and skills in evaluation, including documented experience from synthesising findings from complex evaluations.
- Proven communication skills both verbally and in writing (English) including ability to synthesis in clear, plain and convincing language.

#### Evaluation criteria for this call-off are:

Criteria		Max point/criteria
1.	Understanding of the assignment	15
2.	Organisation of assignment	15
3.	Work- and time plan	10
4.	Competence of the main author	50
<b>Total max point technical criteria</b>		<b>90</b>

The scale of grades that will be used when assessing the criteria (except price evaluation) are:

<p>The number of points that can be awarded under each of the technical evaluation criteria. For example, if a maximum of 20 points can be awarded for a given criterion, "Good" will mean <math>0.8 \times 20 = 16</math> points.</p> <p>(In the evaluation, the levels (in %) will have fixed values, which means that there will be no intermediate values).</p>	Poor <sup>55</sup>	0 %
	Not entirely satisfactory <sup>56</sup>	40 %
	Satisfactory <sup>57</sup>	60 %
	Good <sup>58</sup>	80 %
	Very Good <sup>59</sup>	100 %
Minimum score to proceed to price-evaluation	The call-off response must achieve a minimum of 54 points as a condition for further price evaluation	

55 Not addressed or not sufficient.

56 Sufficient in some aspects but not as a whole.

57 Sufficient but lacks substantial advantages or has uneven quality.

58 Adequate and well suited to the purpose.

59 Gives added value and shows high quality on the whole.

Price will be assessed according to the following model:

The call-off response that submitted the lowest call-off price achieves maximal price points. The other call-off responses achieve points according to percentage difference between the individual call-off price and call-off with the lowest price.

Price point = (Lowest call-off price / Individual call-off price) \* Max point price criterion

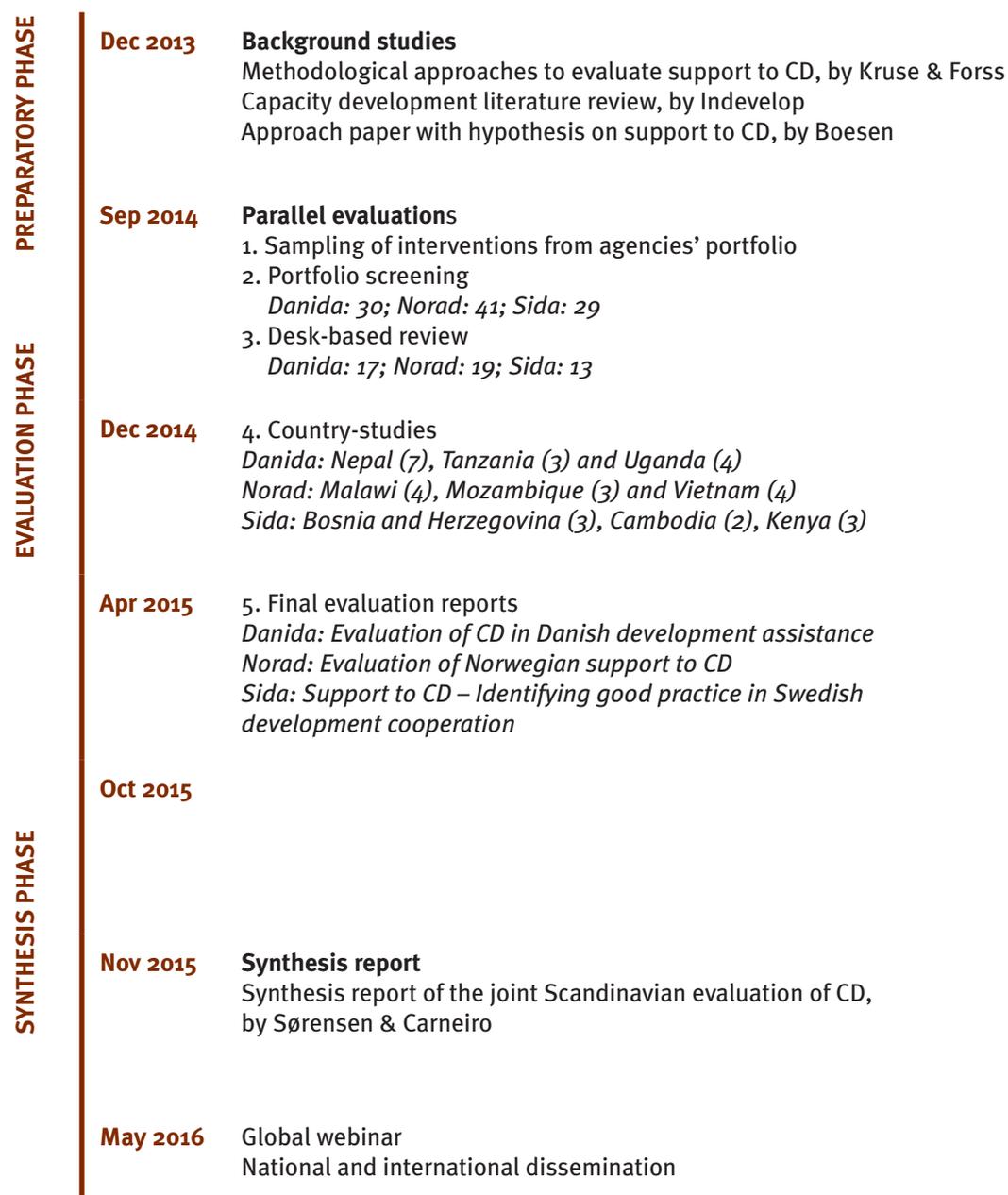
Criterion		Max point/criterion
6.	Cost of the assignment	10
<b>Total max point price criterion</b>		<b>10</b>

## 10. References

- ToR Danida's main evaluation
- ToR Norad's main evaluation
- ToR Sida's main evaluation
- Annex I: Approach paper (main evaluation)
- Annex II: Specification of methodology (main evaluation)
- Inception report, Danida
- Inception report, Norad
- Inception report, Sida
- Sida language level definitions

## Annex 2 – Timeline of the joint Scandinavian evaluation

Figure 3 - Timeline of the Joint Scandinavian Evaluation of Support to Capacity Development. *Note: The figures indicate the number of interventions*



## Annex 3 – Executive summaries of the Danida, Norad and Sida evaluation reports

### Danida

#### Background

This report is concerned with the “**Evaluation of Capacity Development in Danish Development Assistance**”. The Evaluation forms part of the “**Joint Scandinavian evaluation of support to capacity development**” involving three Scandinavian development agencies: Sida, Norad and Danida. Capacity development has been an important theme in most donor supported development interventions over the last couple of decades – with the aim that supported organisations had acquired a sufficient level of capacity to execute their mandated functions at the time of the donors’ exit.

This Evaluation serves both learning and accountability purposes: 1) “With regard to learning, the Evaluation will aim to produce knowledge that enables policy, strategy and decision makers to design good strategies for support to capacity development and to review, adjust or discard planned and ongoing interventions based on previous experience with support to capacity development; and 2) With regard to accountability, the Evaluation will aim at assessing results of support to capacity development and to what degree it represents value for money in terms of relevance, effectiveness and efficiency”. While also contributing to the Joint Evaluation, the Danida part deals specifically with Danida supported interventions.

#### Scope of the Danida capacity development Evaluation

A total of 21 Danida-supported interventions – in which capacity development (CD) was an explicit intention – are included in the evaluation sample. The focus of the Evaluation has been on public sector organisations’ performance as regards relevance, coverage and quality of services and regulations. The Danida interventions included in the evaluation sample were launched and implemented between 2006 and 2015 (one programme will be completed in 2018) and cover seven countries. Field studies were conducted in Nepal, Uganda and Tanzania. The sectors included in the sample were: government and civil society, education, health, agriculture, business, energy, transport, water, environment and climate. The Danida-supported interventions have been implemented in joint programmes with other donors (bilateral and multilateral) in highly complex environments. The thrust of Danida’s engagements has been at the sector level – generally with interventions at all administrative levels (national, regional, local) involving interactions with line and sector ministries, local governments, civil society and the private sector. National poverty reduction strategies and sector legislation, policies and plans provided the directions for the support.

#### Evaluation approach and methodology

The Danida supported interventions have been assessed in relation to the OECD/DAC CD guidelines (2006) and the Danida CD guidelines (2006 and 2011). The OECD/DAC Guidelines summed up what had been learned about CD over the past decades and what was seen as the state-of-art at the time, and represented a “Capacity Development Results Framework”. The international CD praxis involved three interdependent levels

of intervention: the *enabling environment* (national/sector framework), the *organisational level*, and the *individual level*. Appreciating the interactions between the three levels of CD means recognising the important role of systemic factors in enabling or blocking change. Alternative CD approaches have since then emerged, some of which are based on an experimental and learning oriented approach and implemented gradually over time.

### **Findings**

*What worked well in the achievement of CD results:* Danida's adherence to its programme management guidelines – as regards sector-wide approaches, ownership and partner-led implementation – has contributed to creating conducive environments for endogenous CD processes that in most cases increased organisational performance. The majority of the sector programmes in the evaluation sample have performed well and have experienced a significant increase in sector-outcomes in terms of coverage and quality, which is well documented in progress and other reports, see the two cases in the box below. Danida-supported interventions were to a large extent designed to reflect external and internal contextual factors in the overall programme design, which implicitly also included CD interventions. Danida has consistently demonstrated a commitment and a willingness to respond to the stated priorities and strategies of the priority countries and partner organisations – and is recognised as a trusted partner, largely because of its relative flexibility to adapt to changing contexts and its long-term commitment.

### Attention to CD can make a difference for achieving sector-outcomes

The Nepalese **Alternative Energy Promotion Centre (AEPC)** succeeded in providing alternative energy solutions (solar, biomass and hydro energy, and improved cooking stoves) to more than 1 million households. The organisational set-up for disseminating energy services comprised district and village development committees mandated to improve energy services; NGOs involved with promotional and management activities; private companies engaged in supplying, installing and maintaining rural energy solutions; and financial institutions managed financial affairs and insurance. Subsidies for energy installations were provided through the Rural Energy Fund. The Danida support was provided through the Energy Sector Assistance Programme, Phase II 2007-2012. The capacity development activities included among others: review of policies and preparation of a national rural energy plan; improvement of the recipient organisations' management practices; capacity development of partner institutions, energy cooperatives, and the financial sector; training of trainers for local partner institutions; facilitation of credit line availability; and awareness creation for media, key local players and health personnel.

The **Tanzania Commission for AIDS (TACAIDS)** succeeded in establishing a non-medical prevention and care system for prevention of HIV and AIDS that contributed to reducing the national HIV prevalence from 7% in 2003/2004 to 5.3% in 2011/2012 among the population between 15 and 49 years. A national funding mechanism was established to fund district and civil society stakeholders' engagement in the prevention activities. The support to TACAIDS was part of Danida's Health Sector Programme, Phase IV 2009-2014. The capacity development activities included among others: operationalisation of the National Multi-sectoral Strategic Framework (NMSF) for combat of HIV and AIDS; institutional and capacity development of TACAIDS for effective coordination of the NMSF implementation; a new organisational structure for TACAIDS; capacity development of TACAIDS at central, regional and local levels; non-government sector supported to implement the NMSF at community level; and multimedia production and dissemination of prevention material directed at the youth.

**Lessons learned:** By addressing all three levels of the CD results framework (enabling environment, the organisational and the individual level) as appropriate for the development intervention, the chances for achieving sector-outcomes will be higher – more so if the CD tasks are well interlinked at the three levels and between the levels.

The Danida-supported programmes generally had few technical advisers and donor funding for CD was mainly used for training, equipment, and systems development. A major part of the work that led to increased organisational performance – in terms of generating sector-outcomes – has been undertaken by the organisations' own staff. In some cases, the domestic revenue base for financing the sector's recurrent expenditures was expanded by introducing user charges. An important feature in some programmes was the engagement of the private sector and civil society organisations (CSOs) acting in complementary roles to public service providers and thus contributing to the expansion of public service delivery capacity. In conclusion, it is reasonable to assume that the organisations' internal capacity has grown by some measure through endogenous processes whether planned or unplanned.

*What worked less well in the achievement of CD results:* Changes in CD outcomes have not been tied to predefined results frameworks. While results-based management (RBM) has generally been applied and emphasised in Danish assistance for sector-outcomes, results-based CD in Danida programmes – as introduced in 2005 and building on the “Logical

Framework Approach” (1996) – has to a large extent not been applied. Assuming that capacity grew simultaneously with the generation of sector-outcomes, it is essentially not possible to judge the actual extent to which the supported organisations’ capacity increases have been directly or indirectly influenced by Danida’s support. It is thus not possible to establish a direct link between sector-outcomes and CD outcomes. In the absence of direct evidence on CD results, the achievement of sector-outcomes is regarded as circumstantial evidence for CD results.

Although CD interventions have been included in programme documents and have been subject to progress monitoring and reviews, it is evident that a consistent and comprehensive approach to CD has generally not been applied. The Danida-supported programmes were not able to overcome many CD related organisational and enabling environment constraints – as opposed to what was the stated ambition in programme documents. An appropriate risk analysis of the CD context could have helped to highlight challenges so that these could be counteracted. Danida has always aligned itself to the strategies of the recipients, even if the expected results were not optimal and has in a few cases continued to support organisations that were not committed to change. The main thrust of CD interventions has been on the individual level and to some extent on policies and strategies related to the sectors’ enabling environment. The organisational level has only received limited attention, while arguable this should have been at the centre for enhancement of the partners’ performance – and for creating sustainable organisations.

It appears that Danida staff, technical advisers and consultants alike have not focussed on the strategic role that CD can play in bringing about developmental effects. Technical advisers posted in the partner organisations were often underutilised and were not adequately involved in facilitating organisational changes. This is in contrast to Danida’s TA guidelines as well as the preference as expressed by some partner organisations that Danida’s TA/CD support should support the organisations’ staff in playing a key role in programme implementation. The reduction of human resources in the Danish embassies and the increasing complexity of programme planning and implementation, also raise the question regarding the division of work between embassy staff and TA advisers and how this could be organised differently.

Danida’s capabilities to manage CD processes are in need of improvement. CD practices have not been as effective as they could have been, largely because of: a) under-specificity of results; b) inadequate CD management practices; c) ineffective oversight, project management and supervision; and d) inadequate systems to support CD. Danida needs to develop not only the capacity of target organisations, but also the capability of recipient country managers and Danida personnel (including TA advisers). Despite the renewed emphasis on CD, as expressed in the Paris Declaration (2005) and the Accra Agenda for Action (2008), Danida’s management has not been able to lift the CD ambitions into practical implementation. The Evaluation’s findings are in line with many published reports from leading development organisations such as the WB, ADB, EU and DFID.

*A changing global development agenda:* The global development agenda will undergo significant changes in the coming years. From a CD point of view, there will be a need to keep track of significant development trends and how these generally and for CD specifically will influence Danida’s future development assistance. The outcome document of the Addis Ababa Action Agenda (July 2015) for “Financing of Development” presents an ambitious financing framework that includes concrete policy commitments. The adoption of the post 2015 development agenda in New York in September 2015 and

the new universal climate change agreement in Paris in December 2015 are two other essential events that will shape the future development agenda. The Danish Ministry of Foreign Affairs published “More Denmark in the World” in December 2014 presenting Denmark’s visions and foreign policy interests. The new Government that was sworn in in June 2015 may further elaborate the visions for Denmark’s development assistance.

A recent OECD survey (2015) provides insights into what partner countries anticipate will be their main development challenges within five to ten years, and how they expect their relations with donors to evolve to meet these challenges. The survey finds that the demand for development cooperation will remain strong given the economic and environmental challenges that lie ahead. The 40 partner countries surveyed expect donors to shift to a more enabling role in coming years: providing vital finance in support of government-led sector programmes; delivering more and better technical assistance and policy support; and leveraging more private finance. Resources for development cooperation can be expected to be under heavy pressure from other priorities. There is therefore a need to focus on development effectiveness and on the sustainability of development interventions. Appropriate attention to CD could provide feasible options for addressing development challenges.

## **Conclusions and recommendations**

### ***Overall conclusions***

The findings above lead to the following conclusions:

- Danida has, through its adherence to the programme management guidelines facilitated the creation of conducive environments for endogenous CD processes that have contributed to increased organisational performance in most of the Danida-supported interventions;
- Support for CD was most successful when:
  - Internal and external contextual factors were taken into consideration;
  - There was strong ownership and commitment on the part of the organisations involved;
  - All three levels – the enabling environment, the organisational level and the individual level – were addressed simultaneously with specific attention to the organisational level in order to enhance organisational performance;
  - Wherever relevant, the private sector and the CSO were drawn into the implementation in a complementary way to enhance service delivery and coverage;
  - The demand side was addressed, e.g. through support for civil society calling for transparency and accountability in the provision of services;
- While results-based management was emphasised as a Danida policy, most CD interventions were not results-based or were not managed as such;

- Systematic attention to CD and organisational development could have promoted recipient organisations' performance and productivity further and thus contributed to more effective development;
- While CD and TA guidelines of good quality were available – and the intent of CD was well expressed in Danida documents generally – they have rarely been applied effectively during planning and implementation of development interventions;
- Management at Danida headquarters and embassies could have engaged more effectively in CD during programme design and implementation.

### ***Addressing capacity development in future***

It is evident that CD requires increased attention in order to bring about development effects more effectively.

The Evaluation recommends that:

1. *Danida should recognise the significance of CD and its potential contribution to development effects – consistently with its policy statements and guidelines. In that regard Danida should emphasise CD more prominently in its programmes and their management. Danida should – in priority countries – continue its practice of long-term engagement in line with national priorities and partner driven interventions, with a view to achieving sustainable public sector organisations and supportive enabling frameworks.*
2. *Danida should consider if the Danida Fellowship Centre (DFC) could become the focal point for CD – with due reference to the 2014 CD Policy – keeping track on CD trends and strategies. For this to be effective, DFC should interact more closely with the Department for Technical Advisory Services.*

### ***Programming and integration of CD***

A new paradigm for programme management “*Guidelines for Country Programmes*” (GCP) was introduced in 2013 and updated in 2015 for Denmark's priority countries. While the GCP makes frequent references to CD, they could provide more overall direction and guidance on the design, planning and implementation of CD initiatives with due reference to the specific CD and TA guidelines. In short, whereas the GCP provides a sense of policy direction, it does not really provide practical support to those faced with the management of the CD “programme cycle”. The CD and TA guidelines are from 2011 and 2009 respectively and could benefit from being updated to correspond with the new paradigm for programme management.

The Evaluation recommends that:

3. *The Guidelines for Country Programmes should – in connection with the next revision – emphasise CD more strongly as the cornerstone for development, and make due references to planning and operational issues as stated in the CD and TA guidelines. Danida should apply its change model (Theory of Change) in a way that integrates CD outcomes, which should be dynamic to reflect how the **enabling environment** must be managed as the intervention proceeds, and how **organisational outcomes***

*are achieved in a planned and systematic way. Danida should ensure that its interventions are clearly designed to reflect: the specific contexts and other realities of the planned intervention; as well as the conceived risks and how these could be mitigated. An experimental and learning approach should be applied for high-risk situations or where local contexts do not enable a full results-based approach. Danida should continue to support the demand side with a view to strengthen public organisations accountability.*

4. *The CD and TA guidelines should be updated with an emphasis on their practical use during planning and implementation of programmes with an emphasis on CD outcomes and impact in public organisations and their potential cooperation with the private sector and CSOs. The TA guidelines should be updated to elaborate the role of technical advisers in capacity and capability development in the partner organisations and how TA advisers should interact with embassy staff. CD and TA guidelines could be combined in order to emphasise the interrelation between CD and TA.*

#### ***Management of CD interventions***

Management of CD interventions will require increased awareness and attention by Danida programme officers and national partners' programme managers.

The Evaluation recommends that:

5. *Danida should assess what competences are required among its staff (including Danida advisers) at headquarters and embassies to address CD comprehensively in programme planning and implementation, and how CD is integrated in the overall programme design to ensure that CD receives adequate attention. Furthermore, Danida should consider what means could be applied to raise knowledge and competence among its staff, ex. through short courses, E-learning, etc. More generally, Danida needs to improve its knowledge management systems to the point where they are actually used as references by personnel.*
6. *Danida should assess – consistently with its 2011 CD guidelines – what basic requirements and competences should exist in partner organisations to enable supervisors and programme officers to lead the CD process and manage the maintenance and further development of capacity and capabilities over the long-term – and what would be the means of developing such competences.*
7. *Danida should develop a rapid assessment framework for CD that could be applied for appraisals, reviews and progress monitoring to ensure that CD is properly integrated in the programme design and adjusted to changing circumstances. The use of such framework could also be a significant source of learning as well as demonstrating Danida's corporate accountability and assurance frameworks.*

## Norad

### Introduction

Capacity development is a core cross-cutting issue for Norway. It is estimated that projects and programmes with significant capacity development objectives account for a minimum of 20% of bilateral expenditure.

The purpose of this evaluation is to help Norway improve its decision making and strategy on capacity development in developing countries, particularly in public sector institutions. It aims to provide accountability for Norway's aid spending and generate learning on why and how capacity development has been successful (or not). The evaluation forms part of a coordinated set of evaluations commissioned by the Evaluation Departments of Danida, Norad and Sida.

The overall approach of the evaluation is theory-based. It is grounded in a general theory of change for capacity development that was developed jointly by Norad, Sida and Danida. The evaluation draws on evidence from 19 Norwegian capacity development interventions across nine countries. Eleven interventions are based on in-country work in Malawi, Mozambique and Vietnam, the other 8 are based on desk reviews. All of the interventions that have been included for review have an explicit intention to support the development of public sector capacity.

### Norwegian Capacity Development Architecture

Norway's institutional architecture for capacity support is complex and there are a number of different ways it is implemented. Twinning is the dominant model of capacity support. Twinning involves the use of Norwegian government departments, parastatal organisations, public sector companies and its universities and research institutions to provide technical input and long term capacity support to national partners. Other modalities include: providing support through NGOs and multilateral organisations and providing support directly to national partners who manage the funds to strengthen their own capacity.

### Results of Norwegian Support to Capacity Development

Overall the evaluation found that Norway's contribution to strengthening the capacity of public sector institutions has been both positive and substantial. Across the majority of interventions that were reviewed there was strong evidence to indicate that Norway's support had contributed to national partners improving the technical competencies of their staff, and strengthening wider systems and structures. As a result organisations have become stronger, more credible and better equipped to deliver on their missions. In a number of interventions changes in capacity have enabled organisations to make clear improvements in their performance and contributions to development objectives. Table 1 provides an overview of the success of each of the 19 reviewed interventions in building partner capacity. For each intervention there are two scores: the first (Red-Amber-Green) indicates the extent of capacity change that has taken place within the national partner; the second (+++, ++, +) indicates the extent to which Norwegian support contributed to this change.

**Table 1. Assessment of extent of capacity change and Norway's contribution, by intervention**

Interventions	Extent of capacity change	Extent of Norway's contribution to change	Interventions	Extent of capacity change	Extent of Norway's contribution to change
College of Medicine Malawi	Green	+++	Geo-hazard management Vietnam	Yellow	++
Aquaculture Vietnam	Green	+++	National Statistics Office Malawi	Yellow	++
Oil and Gas sector Mozambique	Green	+++	Rule of Law Moldova	Yellow	++
Petrovietnam	Green	+++	Childrens' Rights Nicaragua	Yellow	N/A
Agricultural University Malawi	Green	+++	Diplomate Nurses Training Malawi	Yellow	++
Integrated Pest Management Nepal	Green	++	Makarere University, Uganda	Red	++
National Statistics Moldova	Green	N/A	Electricity Tanzania	Red	+
Electricity (Large Projects Contracting) Mozambique	Green	+++	Electricity (twinning) – Mozambique	Red	+
Nha Trang University (fisheries) Vietnam	Yellow	+++	Mercury pollution China	N/A	N/A
Cement Kiln Environmental Management China	Yellow	+++			
<p><b>Explanation of scoring:</b>  <b>Capacity change:</b>  <i>Green: significant change</i> across a range of capacities, both at the individual and organisational level; <i>Orange: moderate change</i> in capacity at either organisation or individual level; <i>Red: limited change</i> in capacity; N/A Not possible to score because of inadequate data</p> <p><b>Norway's contribution:</b>            +++ Norwegian-supported intervention played a <b>crucial contribution</b> to the observed capacity changes; ++ Norwegian-supported intervention had <b>some contribution</b> to the observed capacity changes, but not crucial; + Norwegian support made limited or no contribution; N/A not possible to score because of inadequate data</p>					

### Sustainability of Norwegian Support to Capacity Development

While Norwegian support has, in general, led to a wide range of capacity improvements among national partners, the likelihood of sustainability of these improvements is mixed. The evaluation identified a number of issues which if not addressed could undermine the long-term sustainability of the capacity gains. The most notable are the financial sustainability of national partners and the sustainability of their human resources. Across the interventions the evaluation found examples of organisations struggling to develop

resource models which would enable them to sustain capacity after Norway and other donors leave. In addition, there were a number of interventions where insufficient consideration had been given to both keeping staff within the organisation and maintaining and growing their technical skills.

### **The Relevance of Norwegian Capacity Support**

Generally, the relevance of Norwegian support to capacity development is good. Interventions are focused on issues that are clearly aligned with the priorities and needs of national partners and in most cases would indirectly benefit poor and marginalised groups. The evaluation also found that support aligns well with Norwegian priorities and expertise. Norway has a unique set of technical skills that it can bring to bear on key development challenges particularly through its twinning partners. This includes skills in areas such as Oil for Development, statistics and fisheries.

Despite this largely positive picture, the match between capacity development strategies and partner's capacity needs, could be stronger. In nearly half the interventions the types of capacity support didn't completely align with needs. This led to situations where too much focus was put on training, to the neglect of wider organisational issues, or where long-term capacity development strategies were pursued when what was needed, was gap-filling technical assistance.

### **Design of Norwegian Supported Capacity Development Interventions**

The processes for how Norwegian capacity development intervention are designed is characterised by a high degree of informality and flexibility. While this has its benefits, in that it can enable quick start up of interventions and allows approaches to be adapted, it also poses challenges. The relatively informal approach to assessing the capacity needs of partners is particularly problematic. In the case of twinning capacity needs often emerge and strategies develop, through a series of informal discussions and meetings between the national partner and implementing agencies. The challenge with this approach is that it can lead to a partial diagnosis of capacity needs and a mismatch between capacity strategies and capacity needs. There were a number of cases where a more structured capacity assessment process could potentially have helped clarify the focus and design of the project, helping to avoid mistakes and improve overall effectiveness.

While all projects, including those focused on capacity development, are required to have a formal written programme logic. The evaluation found that the quality of these was frequently inadequate. While the 'implicit logic' was often clear it was not well documented. This meant there often wasn't a fully shared understanding among stakeholders (partners, donor and implementers) of the capacity development constraints to be addressed and the anticipated pathway for change between strengthened capacity, improved performance and longer term results. This sometimes led to ambiguity in the purpose of the project and a misalignment between the mandates of the national partners and the twinning partner and the anticipated outputs and outcomes that were sought and how these related to longer term development results.

### **Implementation of Norwegian Supported Capacity Development Interventions**

Norwegian supported capacity development interventions are characterised by long-term commitment and a high degree of adaptation and adjustment. The long duration of support allows strong trusting relationships to form with partners, which allows ongoing and collaborative conversations to be had about evolving and emerging capacity needs.

The evaluation found strong evidence of Norway willingness to change plans, scale up efforts and fund discreet activities as needs arise.

Norway's approach to implementation also encourages partner ownership of the capacity development process. In the majority of instances, national partners shaped the overall objectives of the interventions and led implementation. In a number of cases ownership increased over time with national partners taking on more control of the intervention and implementing partners taking more of back-seat, advisory role.

While there is good evidence of adaptation and learning during the implementation of capacity support, the use of evidence in the process is mixed. While there was plenty of examples of output data being used for day to day management, reviews and evaluations being commissioned at the end of project phases to inform the next phase and project implementation being adapted based on experience, the collection of robust outcome data on how partner's capacity and performance is changing was limited. This limits the ability of national partners to manage capacity development processes according to what is working and what is not.

### **Norway's Capacity to Oversee Capacity Development Processes**

Despite at least 20% of Norwegian development expenditure contributing to projects with major capacity development objectives, the capacity of Embassies, Norad staff and implementation and twinning partners to effectively engage with capacity development interventions is limited. Embassy staff manage substantial portfolios of grants, and can only play a light touch oversight role. National staff of embassies provide continuity and much of the front-line oversight and support. At the same time they have less access to training opportunities and international experience than their Norwegian colleagues. Norad advisers can provide advice on the design of an intervention, but they normally do this only on the request of the Embassy and in practice this often tends to be restricted to the design phase. Capacity is further weakened by the lack of training available to staff on capacity development, and the weaknesses in current guidance material and the lack of a specific focal point within Norad dealing with capacity development issues.

Given the constraints faced by Norad and Embassies, in practice, the responsibility for designing and implementing capacity development sits largely with implementing and twinning partners. Arguably, they are the ones that need to be most skilled and experienced in providing capacity support. However, again there are questions about capacity. No evidence was found of advisers being provided specific training and support on capacity development, or having access to established approaches or methodologies.

### **The Use of Twinning in Capacity Development**

Twinning is the main capacity development modality for Norway. Twinning provides national partners with highly specialized technical advice and support in niche areas such as Oil for Development where Norway has extensive expertise. As such, Norwegian twinning agencies provide a valuable resource for national partners. Twinning also forms an essential component of Norway's own institutional capacity which Embassies and Norad can draw on.

While twinning has clear strengths, how it is currently implemented can limit its full potential. Two issues are notable: First, twinning is frequently used as the de facto modality for capacity support, when in some cases there may be better alternatives, be it through multilateral, NGO, academic or private sector providers. The absence of a

systematic analysis of alternative modalities means that possibly more effective, relevant and, in some cases less costly, options are not considered. Second, twinning partners are often not sufficiently open to using expertise and training opportunities from other institutions to ensure the highest quality and most relevant support is provided to national partners. The evaluation found a number of cases where national partners were locked into receiving all their capacity support from the twinning partner even when local or international actors were better qualified in certain areas, and in some instances could deliver support at lower cost.

### **Factors Influencing the Success of Norwegian Capacity Support**

The evaluation has identified four main factors that help explain Norway's largely successful support to capacity development.

1. Norway's flexibility as a funder, specifically its willingness to change plans, scale up efforts and fund discreet activities as needs arise. This has been central to enabling national partners to implement capacity development activities in a way that is adaptive and responsive to the local context.
2. Norway's commitment to a partner-led approach. This helps build partner's ownership of capacity development process and creates the space for partners to play a formative role in deciding the priorities for support and take a lead role in implementation, in line with their growing capacities.
3. The long-term commitment that Norway makes to capacity development. The long duration of support allows strong trusting relationships to form with partners, which allows ongoing and collaborative conversations to be had about evolving and emerging capacity needs and for success to be built upon.
4. Focusing capacity support in areas where Norway has a well-developed expertise. In areas such as Oil for Development and statistics where it has comparative strengths, Norway, through its twinning agencies, are able to provide national partners with high quality, highly technical, and oftentimes difficult to find, skills and expertise.

Other factors which are not necessarily in the control of Norway, but which were found to be key to understanding when and how capacity development has been successful include: the ability of partners to invest sufficient time and resources to a capacity development process, and the use of quick wins to build momentum, support and commitment for a process.

### **Recommendations for Future Use of Capacity Support to the Public Sector**

Given Norway's relatively positive track record in capacity support to the public sector, recommendations are directed towards building on its strengths while addressing some of its limitations. In the light of this and the findings and conclusions of the evaluation it is recommended to:

1. Continue the current practice of investing in organisations for capacity development over a long period of time.
2. Continue to emphasise capacity development in areas where Norway has a strong track record and unique experience.

3. Further strengthen the relevance and effectiveness of capacity development interventions through improving the design of capacity development interventions. This should include: conducting structured capacity needs assessments early in the project cycle and updating this in programmes of significant duration; conducting an options analysis and context analysis as part of the design process; ensuring the programme logic of capacity development interventions clearly map out the pathway of change between capacity, performance and results; and collecting evidence of what is working and what is not through better monitoring data and more reviews / evaluations.
4. Support the sharing of experience and the application of improved processes and methods in capacity development through the development of new guidance materials and training and designation of a focal point for capacity development in Norad.
5. Enhance the use of twinning through an assessment of the capacities of twinning agencies and the development of working standards which define clear standards of practice for how twinning agencies should operate to ensure the best long-term capacity support is being provided to national partners.

## **Sida**

### **About the evaluation**

This report presents the findings and conclusions of an evaluation of Sida support to capacity development. It is one of three parallel evaluations commissioned by Sida, Danida and Norad on this topic, the results of which will be synthesised in a separate report.

The aims of this evaluation were to assess the capacity results of Sida-supported interventions and to inform the design of future capacity development programmes by this agency. The evaluation focused on the Swedish contribution to capacity development in public-sector organisations.

The evaluation was conducted between September 2014 and June 2015 in three steps: a portfolio screening involving the analysis of the project design document of 29 interventions; a more in-depth desk-based review of a shortlist of 13 interventions; and country studies in Bosnia and Herzegovina, Cambodia and Kenya conducted between January and March 2015.

It was structured around a hypothesis of how donor support might lead to better capacity development results. This hypothesis postulates that donor support is more effective when it is adapted to context; is accepted as legitimate and adequate; combines supply- and demand-side approaches; and is geared towards attaining results. Testing the validity of this hypothesis involved:

- i. assessing the capacity development results of the selected projects;
- ii. characterising each project in terms of the elements of the hypothesis; and
- iii. analysing the relevance of each of these elements for the observed results.

Based on the conclusions from these three steps, a generic theory of change of donor support to capacity development has been elaborated. A set of recommendations has been proposed for how Swedish development cooperation can move ahead in its work on capacity development.

### **Developing the capacity of partners is a fundamental aim of development cooperation**

In different forms and with varying emphasis, fostering capacities in partner countries has been a recurrent objective of development cooperation in general and Swedish aid in particular. The initial focus on the transfer of technical capacities from donors to partners has progressively been replaced by the notion that capacity needs to be developed within the specific contexts and with the active contribution of partners. The aid effectiveness agenda highlights this change in focus, emphasising partner-country ownership of aid, the strengthening of local capacity as a foundation for development and recognising capacity weaknesses as a major constraint to sustainable development. This has underscored the need to recognise capacity development as both a means and an end of development aid.

Despite Sida's adherence to this principle, in the last decade capacity development has lost part of the centrality it previously had in the organisation's work. Sida does not have a function in the organisation dedicated to integrating capacity development into its diverse fields of work. Also, the current procedural rules emphasise capacities to manage the aid process over the capacities of partners to deliver improved products or services. Nevertheless, capacity development as a means or an end goal is still present in several thematic, bilateral and multilateral Swedish cooperation strategies, and is a salient feature of most Swedish-funded interventions worldwide.

### **Sida-supported interventions have contributed to capacity development results in partner organisations**

The country studies showed that the Swedish support made a very important contribution to the development of the capacities of the partner organisations studied. This support targets different types of capacities necessary for partners to deliver a variety of products and services in a manner that is generally efficient. All country-study interventions comprised the strengthening of individual knowledge and skills, as well as of methods, procedures and routines at the partner organisations. To a lesser extent, interventions addressed the administrative structures or infrastructure and equipment of partner organisations. The least common types of measures were those dealing with the work environment and factors external to the partner organisations.

In addition to the planned results, the Swedish support has catalysed numerous positive developments in the partner organisations. These resulted from increased awareness about a problem or means of dealing with it, greater willingness to seek new collaborations and enhanced transparency of organisational processes.

Uneven results at the different levels of some projects point to the importance of carefully adapting the support to the needs and priorities of partners at all levels.

To better contribute to poverty reduction, capacity development projects should explicitly target people living in poverty, either directly or indirectly; include specific poverty reduction objectives; and target sectors, institutions or geographical areas used by people living in poverty.

**The Swedish support was generally adequate for the requirements of the capacity development processes**

Sida operates in a diversity of contexts and supports capacity development interventions of different thematic, geographical and organisational complexity. Given that complexity, providing the necessary technical expertise, being capable of engaging with multiple partners and stakeholders and adapting to different contexts have been important factors for the Sida-supported interventions studied to attain the intended capacity development results.

Most Sida-supported interventions used individuals at the partner organisations to support change processes, but their role as change agents was seldom clarified and prepared for. The use of external individuals or groups able to overcome resistance to change was considered in only a few cases. Its relevance varied depending on context and capacity development objectives.

The country studies also showed that better results were achieved when the Sida support aligned with the interests of individuals or groups capable of influencing organisational change processes, as well as with the timing of other related projects or reforms. Adopting a stepwise, incremental approach to capacity development was seen to be necessary when the initial capacity of the partner is low. Adjusting the rhythm of change processes to the capacity of the partner to incorporate and make use of the new capacities was identified as an important aspect. Similarly, a clear vision of the objectives shared by the donor and partners was seen to facilitate their efforts towards achieving capacity development results.

**Sida is a legitimate partner in capacity development, and Sida-supported interventions were generally adapted to context**

A comprehensive analysis of existing and needed capacities, of the priorities of all relevant partners and, more broadly, of the organisational and societal context was seen to be critical for the relevance and acceptance of Sida-supported capacity development efforts. An important point was that such an analysis should be participatory and engage all relevant levels of the institutions involved in a given change process. This includes the political level if deemed relevant for the intervention. Assessing and using locally available capacity was seen to facilitate engagement with partner organisations and support the sustainability of interventions.

In the interventions studied, Sida was regarded as a welcome and trusted partner, capable of supporting change processes with adequate technical and managerial capacity. The Sida approach of working through its cooperation partners enhances their ownership and engagement. Other important factors for the legitimacy of Sida in the interventions studied were the balance between Sida and partner steering, mutual trust, the relevance of the Sida support and the duration of the relationship between Sida and the partner. In this regard, longer cooperation was seen to enhance trust and legitimacy, besides giving more time for capacities to be developed and incorporated at the partner organisations.

**Sida engaged predominantly with actors in the target organisations and relatively little with external actors**

The evaluation assessed the effect on capacity development results of engaging end-users, oversight institutions or other actors external to the organisations targeted by the interventions. Very few of the interventions studied engaged directly with such external actors, and Sida mostly supported processes from within the target organisations.

Engaging external actors is no magic bullet and should be carefully assessed against the capacity development objectives, the characteristics of the target organisation and the products and services it delivers, the capacity of the external actors and the broader societal context.

### The quality and use of results management frameworks is important for capacity development results, but varied between interventions

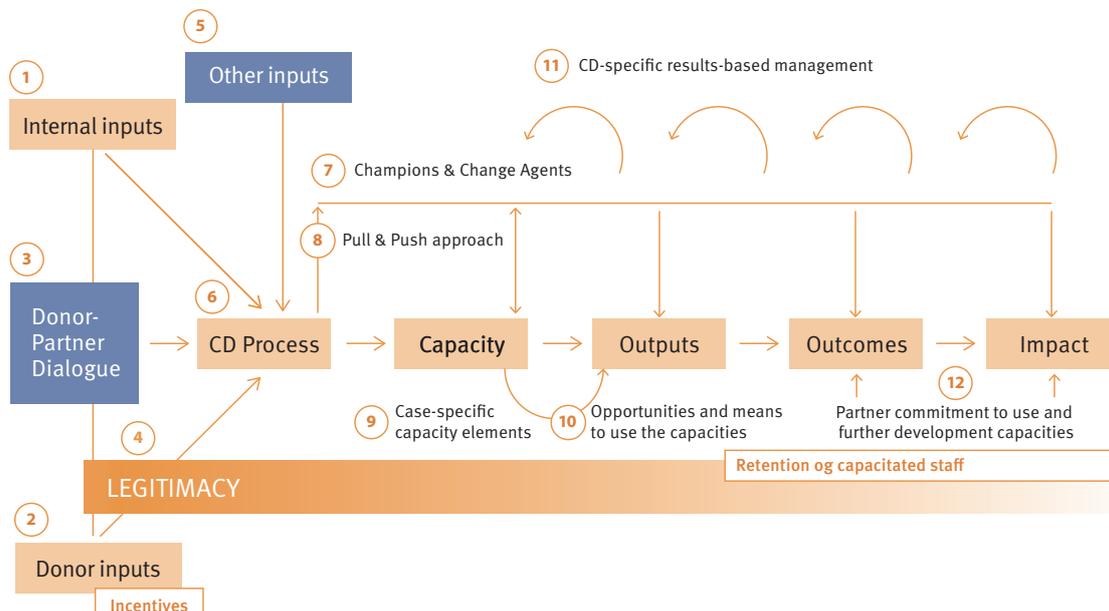
In line with the explicit results orientation of Swedish development cooperation, all the interventions studied included results frameworks developed during the design or the initial implementation phases. The quality of these results frameworks varied considerably though, as did the extent to which they were effectively used for day-to-day management of the capacity development processes.

The country studies demonstrated the importance of the donor and partners sharing a good understanding of the results and logic of capacity development projects, to channel and coordinate efforts in the most effective way. The specification of activities, outputs and outcomes, with corresponding targets, indicators and means of verification for each type of capacity was generally lacking in the studied interventions. These elements were important for an adequate follow-up of capacity development processes and results. Communicating and learning from results was seen to be necessary for donor and partners to develop adequate corrective actions. In this regard, it was observed that Sida-supported interventions generally used results from previous evaluations in the design of new interventions or new phases of the same intervention; and that Sida made systematic use of the information produced in the interventions for managing them, but that the communication of results between Sida and partners was sometimes insufficient.

### Identifying good practice in the Swedish support to capacity development

A set of good practices relative to donor support to capacity development in partner organisations has been identified based on the Sida-supported interventions studied. These good practices have been illustrated in the form of a theory of change with the following steps (Fig. 4).

**Figure 4. A generic theory of change of donor support to capacity development**



1. The policies, strategies, priorities and needs of the partner country and organisation(s) need to be identified to ensure the understanding, satisfaction and support of all partners. The ability of partners to provide and manage their contribution must be ensured.
2. The capacity of the donor to manage the capacity development process and to finance technical assistance of sufficient standard needs to be assessed prior to committing to providing support.
3. In view of informing project design, donor–partner dialogue in the preparatory phase should encompass: i) softer, sensitive issues such as staff incentives, power relations, management traditions and elite interests; ii) a joint and participatory capacity needs assessment; iii) an agreement on objectives and expected results; and iv) an assessment of the required effort by all partners vis-à-vis the complexity of the targeted capacities.
4. Legitimacy is built up through the initial interactions between the donor and partners, and is strengthened or weakened in the course of the process depending on the donor–partner relations.
5. Inputs from individuals or organisations other than the partner organisations should be appraised and, if possible, included in the project. Such inputs constitute a further opportunity for developing capacity in the partner country and can help sustain change processes beyond the donor support.
6. Capacity development processes must be designed case by case. They should: i) be informed by a comprehensive needs and context analysis; ii) be adaptable to changes; iii) align with internal processes at the target organisation; iv) be incorporated into the routines of the target organisation; and v) include the strengthening of partner organisations' capacity to manage change processes.
7. Actors within and outside the target organisation (*change agents* and *champions*, respectively) capable of supporting change processes and overcoming resistance to change may be used throughout or during parts of the project. The benefits of their use need to be appraised case by case.
8. The benefits and requirements of an approach involving the target organisation and external actors (*push* and *pull approaches*, respectively) should be considered case by case. The legitimacy of the donor and the relations between cooperation partners may be affected by the engagement of external actors.
9. The decision on which capacities to develop is informed by the assessment of existing and needed capacities. The choice must consider the interdependencies between different capacities in view of elaborating a holistic capacity development process.
10. Opportunities and means for the new capacities to be used at the partner organisation need to be ensured, notably by integrating them with existing processes.

11. It is necessary to monitor, evaluate and report on progress and results to foster a shared understanding of the degree of achievement, and to enable adjustments of effort and focus towards the agreed capacity development results.
12. Partners need to commit to continuing the capacity development process after the end of the donor support. Exit strategies should be devised jointly by the donor and partners, eventually including post-project obligations.

### **Strengthening Sida's work with capacity development**

The evaluation proposes a set of recommendations for Sida to strengthen its work with capacity development in partner countries and organisations. These recommendations hinge on the assumption that partners' capacity is necessary for the sustainability of any development effort and on the premise that capacity development remains a cornerstone of Swedish aid.

- Sida should promote the explicit inclusion of capacity development as both a means and an end goal of the Swedish development cooperation policy currently undergoing revision.
- Capacity development should be promoted within Sida to the level of a fifth focus area or a comparable thematic hierarchy, to expand its scope and give it greater priority within Swedish development cooperation and Sida.
- A dedicated function should be established within Sida to develop methods and guidelines for capacity development, and to promote the integration and follow-up of capacity development in all of Sida's work.
- A strategy for reinforcing awareness and knowledge of capacity development among Sida staff at headquarters and abroad should be developed.
- Analysis of institutional capacity development needs and definition of objectives and overall strategies for institutional capacity development should be included in Sida's contributions to National Cooperation Strategies. This should be done for focus areas (sectors), key cooperation partners and national and regional programmes.
- The assessment of existing and necessary capacities of partner organisations should be made compulsory for all Sida-supported interventions. This should be conducted in the proposal appraisal phase and its results translated into capacity development objectives included in the results framework of the intervention.
- The appraisal of project proposals by Sida should include an analysis of the capacity assessments made, the capacity development objectives in the results framework, and the consistency and adequacy of proposed actions to achieve the intended capacity development goals.
- Capacity development should be assessed specifically as part of the regular monitoring and evaluation of Sida projects, and reported accordingly.

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- The 2011 Sida Guidance on Capacity Development should be updated in line with the findings of this evaluation. The revised Guidance should contain much more detail and practical instructions on how to incorporate capacity development into all steps of the project cycle, from the initial situation analysis to the final evaluation of capacity development results.
  - Finally, Sida should assess jointly with the Swedish government the need for additional resources to enable the broadening and deepening of the work on capacity development.

## Annex 4 – Approach paper with the hypothesis about donor support to capacity development

*Developed by Nils Boesen for the Joint Scandinavian Evaluation of Support to Capacity Development*

### 1. Purpose and scope of the approach paper

This paper outlines key parameters of the joint approach to the evaluations of support to capacity development organised as parallel evaluations commissioned by Danida, Norad and Sida. The purpose of the paper is to guide the evaluation teams in their preparation of the on the overall approach; and to enable a constructive dialogue between the evaluators and the contracting agencies during the evaluation based on a shared general framework.

While the approach paper should guide the evaluations, it is expected and welcomed that evaluation teams suggest modifications and additions, which would add to the insights and robustness of the evaluations.

The Terms of Reference prepared by Danida, Norad and Sida, respectively, define the evaluation object, the scope and delimitations, specific deliverables and timelines, process and contractual aspects. The ToR take precedence over this paper.

After a short summary overview the approach paper outlines:

- A brief overview of the development of thinking of and approaches to capacity development (CD) among donors over the last decades;
- A basic analytical model and conceptualization of capacity, capacity development (CD) and support to CD;
- The key elements of a theory of change about CD that the evaluations will test;
- Elaboration of the four main focus areas of the evaluation(s);
- A brief conclusion.

The approach paper is based on ‘mainstream’ literature on aid to support capacity development, guidance material, recent evaluations and meta-syntheses, including the literature review (Christoplos, Hedquist et al. 2014) made for this evaluation. Particular reference is made to the series of perspective notes published by OECD in 2011 ahead of the Busan meeting.<sup>60</sup>

<sup>60</sup> <http://www.oecd.org/dac/governance-development/capacitydevelopmentourkeypublicationsand-documents.htm>.

## 2. Summary overview

The Scandinavian Evaluation of Capacity Development consists of three separate, parallel evaluations commissioned by Danida, Norad and Sida, respectively. It is the desire to be able to draw conclusions across the evaluations of each agency, while each agency will also prioritise particular high-interest areas. A shared overall objective is to enable findings across the three evaluations, hence the joint overall approach outlined in this paper.

The evaluation will focus on interventions that have an *explicit* intention to support CD. It does not matter whether this intention is pursued with targeted inputs provided by the agencies (such as technical advisers, twinning, training etc.) or whether it is expected to happen by efforts of the partners or as an effect of the way support is given (e.g. (sector) budget support justified with its potential to support capacity development).

The evaluation will focus on a variety of modalities deemed significant by the respective agencies, from country/sector based support to regional/global programmes; as well as on a variety of instruments, e.g. twinning/peer based approaches, training, technical assistance and combinations of these and other possible means.

The focus of the evaluation is on capacity of the public sector, but that would include any interventions addressing factors and institutions outside the relevant institutions, if relevant for capacity development in public sector.

As specified in the Terms of Reference (ToR) the evaluation has both an accountability and a learning focus. Within the overall key attention to *relevance* and *effectiveness* of the CD support from the agencies the evaluation will consider four issues:

- i. The relevance and opportunity of a “best fit” approach for CD support well adapted to specific intra- and inter-institutional dynamics and the wider context.
- ii. Within the “best fit” dimension, the appropriateness and legitimacy of external (donor) involvement in different dimensions of capacity development, and whether some processes may be so complex and demanding that the ability of donors to add value is limited.
- iii. The merits of looking beyond the supply side of public sector institutions to foster broader accountability relations or other types of collaboration with e.g. civil society, private sector, media or oversight institutions.
- iv. How a results-focused approach to aid for capacity development can serve to improve learning and accountability among aid agencies in future.

In the language of theories of change, the evaluation would thus start from the hypothesis that CD support from donors is (more) effective when it i) fits the drivers for and constraints to change (“builds on what is there”), ii) donor support is accepted as legitimate and appropriate; iii) uses results sensibly to measure progress, correct course and learn; and iv) looks beyond “supply-side” or “push” approaches that only work from the inside in public organisations. The evaluation will investigate if and how CD interventions adhere to this theory, and if and how the outcomes and impact of the CD and CD support confirms the theory of change.

### 3. Brief overview of past and current trends in CD thinking

From the 50'ies, development assistance had the ambition of delivering sustainable results (socially, institutionally, economically, technically, politically), and, by implication, foster endogenous capacities. The basic assumption was that capital investments plus transfer of knowledge/skills would suffice. Investment projects and technical assistance (TA) quickly became the dominant cooperation mode. The focus was squarely on the supply side provided by donor agencies – training and experts were the typical “soft” components added to the hardware. Implementation was in donor hands, assuming that learning/skills acquisition/institutional development would happen more or less by itself as a result.

Early reviews did not support that hypothesis – already in 68, the Pearson Commission found that “technical assistance often develops a life of its own, little related in either donor or recipient countries, to national or global development objectives” (Hradsky 2011), and later evaluations (Forss, Carlsen et al. 1988, Berg 1993, Land 2007, JICA 2008) have not found solid evidence of the broader effect of TA on sustainable capacity development. Attention also began to focus on the potential negative effects of TA (cost, distortions in local labour markets, disruptions in formal hierarchies, weak and twisted accountability mechanisms, distorted incentives through e.g. all kinds of salary supplements, and the proliferation of high-cost lifestyles among expats creating tensions with locals).

Despite the many negative reviews and evaluations of TA, the practice continued (and continues), often for reasons unrelated to capacity development purposes: TA served as implementation agents and safeguards for donor concerns – put bluntly, they were good at spending money and keep some degree of control over how funds were spent (Boesen 2001). Assuming double roles – both acting as implementation agent and as capacity development support adviser – often proved difficult. Despite the introduction of the Logical Framework Approach in the mid-80'ies, with its insistence of starting from objectives and working backwards through outputs to activities and inputs, the focus for “institutional development” continued to be on the input or supply side. Demand was largely reduced to assumptions about political will and absorptive capacity which were rarely properly analysed, or for which systematic evidence were not sought. In the mid-nineties, the disappointments with project-focused development assistance (“islands of success in seas of failure”) and TA led to two, in principle complementary, changes in approach among key multilateral and bilateral donors:

Firstly, programme-based approaches became in vogue (culminating with the Comprehensive Development Frameworks, and later the PRSPs) (Harrold 1995). Simply put, it was assumed that development efforts had to be nationally led and comprehensive, within somewhat consistent (sector) policy frameworks, and with a focus on a broad set of capacities, not least focusing on public financial management capacities, but also on service delivery and regulatory capacities. Results based management approaches came to the fore, as a belated reflection of the wave of New Public Management that had gained prominence in OECD countries. Capacity was assumed to grow out of such programme approaches, which put the partners in “the driver’s seat”, as it was often phrased.

Secondly, as a complementary trend, capacity development became increasingly seen as a methodological discipline on its own, leaning heavily on mainstream approaches from organisational development, human resource development and management disciplines, increasingly tilting towards change management informed approaches. Some of the

literature focused on what donors could and should do, but increasingly the mainstream view has been that CD is first and foremost an endogenous process, where outsiders can at best contribute – but never claim attribution (DAC 2006). However, in practice – when programme based approaches was at its height and the pressures for parallel comprehensive reform efforts that would justify e.g. budget support were most intensive – there were rarely if ever room for the kind of CD support that the methodologies prescribed (e.g. ownership, incrementalism, flexibility, and attention to context, incentives, power, politics and interests). Technocratic, linear blueprint approaches continued to dominate in practice, exacerbated by sometimes very rigid focus on results-matrixes and indicators.

Despite the increasing awareness – also translated into methodologies and guidelines (Boesen 2005, DFID 2007, Boesen 2011, Danida 2011) – that drivers and constraints to change, politics, power and interests matter for development and CD, the practice has seemingly only changed slowly and to a limited degree. The focus on the demand side is well established as theory, but it is difficult to discern it is a constituting element in the actual practice of development agencies. Summing up, for the purposes of the evaluation approach: there has been a two pronged development: one displaying an ever more sophisticated understanding of change/development and the options and limitations of what outsiders can do to support change/reform. Buzz-words here for what outsiders can do are “facilitation”, “brokering”, “leveraging”, “complexity”, “flexibility” and, to some degree “emergence”(Morgan 2004, Andrews, Pritchett et al. 2012). And, on the other hand, an expectation that the broader approach to development assistance – programmes instead of projects, budget support instead of earmarked support – would by itself create space for endogenous CD processes – not so much by what donors would do, but maybe more what they would not do (e.g. distorting incentives in institutions, field TA, micromanage their assistance). The translation of these two trends to actual practice – expressed in the Paris- and Accra-declarations – has at best been uneven, and the trends, in particular regarding programmatic approaches, may well have reversed. Fragile states may be the exception where at least in theory, harmonization and alignment is still in vogue. Unaligned to the changes in declared approaches, methodologies and guidance described above, donors have on the other hand seemingly continued to pay special attention to those aspects of capacity that were deemed to be of particular importance to the effectiveness of their aid. Policy making, financial management, results based management, monitoring and evaluation as well as anti-corruption and transparency capabilities have ranked high (Independent Evaluation Office and Operations Evaluation Department 2004, Operations Evaluation Department 2004, Boesen and Dietvorst 2007), while broader downstream service delivery capacities (e.g. development effectiveness capacities which are more comprehensive than aid effectiveness capacities) may not always have received the same attention.

#### **4. Concepts and definitions**

The CD field uses broadly defined concepts, and there has never been a shared, precisely defined vocabulary. This is, however, not very different from the situation in the

academic fields of organisations, institutions and systems where a variety of concepts are used without sharp delimitation of meaning.<sup>61</sup>

OECD/DAC's definition from 2006 (DAC 2006) is the accepted common definition: *Capacity is understood as the ability of people, organisations and society as a whole to manage their affairs successfully. ... 'Capacity development' is understood as the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.*"

Evidently, defining "capacity" as "ability" is on the edge of being tautological. More important is the mentioning of "people, organisations and society as a whole", often translated into a request that CD must focus on individuals, organisations and (broader societal) systems or institutions to be effective. On "capacity development", the important point of the definition is the focus on CD as a *process*, and the focus on people, organisations and societies as at same time actors and beneficiaries of CD. That is, the definition of CD allures to CD as (largely) an endogenous process – like learning, it can be supported (e.g. by teaching), but the teacher cannot "learn" the student anything – the learning (or change) takes place inside the individual (or organisation, or society), and so does CD eventually, because the resulting capacity resides in people, organisations and societies. Attempts to provide alternative definitions often run into problems because they include normative or prescriptive elements or a whole theory of change about how CD happens. This evaluation will therefore stick to the reasonable and intuitively shared idea about "capacity" as the ability to perform ("perform" and "performance" are other terms which have no agreed precise definition). A basic understanding of CD as a process eventually resulting in changed capacity in individuals, organisations or systems/societies is on the other hand critically important because it moves the focus from the teacher (or CD supporter) to the learner (the person or organisation or system developing capacities).

Moving beyond the definitions, the next crucial matter is to identify what the desirable *elements or factors* of capacity could be (for different persons, organisations, systems, and for different contexts). A presidential office presumably needs a different set of capacities to perform well than do a primary school, though factors or elements as management, structure, systems etc. are present in both types of organisations. In addition to the capacity factors, a theory of change about capacity development have to identify the *attributes of capacity development processes* are when these are successful – or, reversely, when they are not. That is, a top-down and unconsultative approach to change may work better in the presidential office than in a school. These are the fields where hypotheses and evidence speak, rather than in battles of terminology. This paper will return to these to critical issues after outlining a generic analytical model for CD.

61 There has been numerous calls for getting to sharper, and shared, concepts. That has for obvious reasons not been successful, but much time has been spent on battles over more or less subtle definitional tweaks. E.g. the difference between capacity and capability, between latent and actual capacity, between organisations and institutions, and, maybe most frequently, between capacity development and capacity building. Opponents of using the latter – often Europeans – argue that a building metaphor is irrelevant because capacity develops much more organically, and not by engineered design. North Americans often prefer capacity building.

### 5. The analytical model – the generic cause/effect chain

This section presents an analytical model of organisations and change that is descriptive and thus does not provide answers to which capacity factors to strive for or how to design change processes – but which allows a structured discussion about this in a simple cause-effect chain. The analytical model builds on one of the most frequently (but not always consistently) applied perspective on capacity development and organisational development: *an open systems approach* which sees organisations (and people, and systems) as open in the sense that they have permeable boundaries and constantly interact with their environment, influencing it and being influenced by it (Harrison 1994, Harrison and Shirom 1999, Boesen and Therkildsen 2004). The generic logic is as follows, at this stage for how capacity leads to impact, without considering the context or environment:

3. Capacity -> 4. Performance/Outputs -> 5. Outcomes -> 6. Impact

Note that this is not a project logic, but a generic logic for how people, organisations or systems use their capacity (e.g. a rural health clinic) to perform/deliver services (attend pregnant women) with an outcome (more women give birth in clinics) with an impact (lower maternal death incidence). In this logic, the outputs of capacity is a (continuous, adaptable) *supply* of services (or products, or enforcement of regulations). The outcome is the *use* of these services/products/compliance with regulations (or the *demand* side), leading to an ulterior impact.

Adding the environment or context, the above logical chain underlines that capacity is used (and changed) in a context which it is influenced by and which it – to a certain degree – can influence. Staff paid according to government rules may for example have such a meagre salary that they only pretend to work (“the state pretend to pay us, we pretend to work”) – or really only perform when they have other incentives to do so. The same relation to the environment goes for outputs, outcomes and impact – they are delivered and used in a context, and both outcome and impact depend on context factors (e.g. if women have no means of getting to the health clinic they cannot use the service).

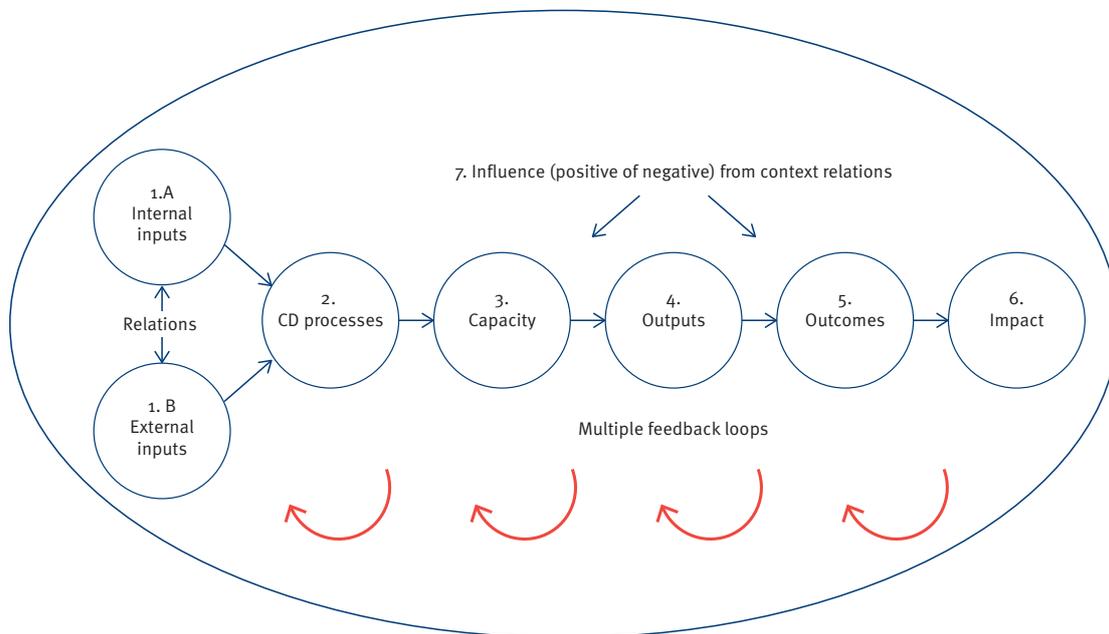
To add the CD perspective, the logical chain expands as follows:

1. Inputs to CD -> 2. CD processes -> 3. Enhanced Capacity -> -> 4. Enhanced Performance/Outputs -> 5. Enhanced Outcomes -> 6. Enhanced Impact, all in 7. Context within and beyond influence.

Figure 5 illustrates the analytical model, distinguishing between inputs to CD from internal actors and external actors, respectively. This allows a separate look at donor support to CD, and at the relations between the donor(s) and those whose capacities are to be developed. Note that this logical chain is purely conceptual, and therefore referred to as an analytical model rather than a Theory of Change. It does not yet specify a thesis about which inputs to CD (internal or external) that will work, what good or less good CD processes are. It does not detail the factors/element of capacity that are important: it may be “functional capacities” and systems (e.g. a new IT system and the skills to operate it), or more value-based elements (management style, transparency, participation) – and it may well be contested which elements that are important or most important. Better performance is not prescribed either, it can be quantitative and/or qualitative enhanced services/products/ regulations. The analytical model does not specify which context factors that are important for success or failure, and if or how they may be influenced by change agents or other stakeholders. It simply offers a frame for this discussion, arguing

that the logic behind CD and CD support goes from inputs to CD processes to ulterior impact.

**Figure 5 - Generic search model for cause-effect relationships in capacity development**



The analytical model thus focuses on enhanced capacity, which is the intended result of deliberate CD processes. But even that is not at all a given –capacity enhancement may come around “by itself”, without any deliberate or identifiable processes or actors, or with only very limited interventions that claim to be driven by a CD ambition. Using biological metaphors, a plant may grow simply because the environment provides rain and fertile soil, it does not need an expert to tell it how to develop. In the CD literature, this possibility has often been described as “emergence”. Some have even claimed that it is the dominant way in which capacity develops. This is in clear opposition to those with a more engineering approach who claim that a clear, meticulously planned, measurable, results- and analytically based approach can develop capacities. In this evaluation, both elements of emergent and planned capacity enhancement should be identified – but only in the context of CD support that had the intention to develop capacity. To make the model appropriate for the special case of development cooperation, it is furthermore useful to distinguish between organisation-internal investments in CD, and external support, respectively. This allows looking separately at the contributions of different actors, as well as the relations between them, thereby allowing disentangling the issue of ownership of change processes. In specific terms, this would raise questions about who are doing what, who are deciding what, and in terms of the quality of relations: are the parties seeing each other assuming appropriate and legitimate roles, are they effectively agreeing on objectives of the CD processes, and how should this process be conducted; etc.

The resulting picture, as illustrated above, is the proposed analytical model for the Theory/ies of Change that the evaluation will research.

As underlined, the model is (largely) “empty” except for some fundamental assumptions about organisations (open systems). What the requisite capacity for a given organisa-

tion or system would consist of, is not detailed. The model on the next page is largely identical with the model behind the Results-Oriented Approach to Capacity Change (ROACH) approach developed by Danida in 2003-2005 (Boesen and Therkildsen 2004). It allows investigating changes in each of the circles, as well as on processes and relations. This is not only relations between possible internal and external inputs to CD processes, but also the relations between the organisation (or system of organisations) and the context, from the formal governance structure to relations to suppliers, to users/consumers and to other relevant stakeholders. Further, as recommended in the ROACH, it allows the description of changes over time – and then afterwards to consider whether the changes in one element can be ascribed causally (partially) to change in another element, both in the linear flow and in relation to other explanatory factors in the context (Boesen, Christensen et al. 2002). Indicators and means of verification of inputs, changes in capacity, outputs, outcomes etc. are technically readily available, though in practice hard to collect *ex post* as they are rarely collected at the beginning of capacity development support. However, any evaluation of CD faces a paucity of available data, no matter which model is applied, as will be further discussed later in this paper.

## 6. A Theory of Change for Capacity Development

What are, then, the *elements of capacity* that are most relevant to a given organisation in a given context? What are the *characteristics of the CD processes* actually supported by or imposed by donor agencies? What were they supposed to be (according to methodologies, or an idea of good practice)? What is the balance between internal and external investments in change, what are the relations between those involved (ownership, leadership, resource control etc.)?

In the capacity development literature referred to above there is no consensus on which capacity elements that are most crucial for the performance of an organisation. As briefly discussed above, some donors may tend to focus excessively on the formal capacities that ensure that aid is efficiently used (funds spent on time for the agreed budget items) and has an immediate effect (the envisaged direct outputs have been produced – a bridge constructed, x number of teachers can teach a new math curriculum). This is a narrower set of capacities than what is required to achieve effective development or impact (e.g. ensuring that pupils learn math relevantly when they are in school requires many other things than good financial management and teachers being able to teach the curriculum: parent support, textbooks, incentives for teachers to show up, reasonable student/teacher ratios etc.).

In practice, donors may also consider that they have little to offer regarding the softer, informal and more ‘political’ capacities that their partners need to perform in the context, such as good management, capacity to reach out to stakeholders, and capacity to stay on good terms with the most powerful among the stakeholders. The dialogue between donors and partners may skip such items, which can be sensitive, leading to agreements about the need for “functional” capacities only, even if both parties are aware that they are not sufficient.

There is broader consensus about the parameters that influence effectiveness and efficiency of deliberate CD *processes*. That is, there is implicitly, a Theory of Change about Capacity Development as it can be read out of recent guidance from the European scene (Boesen 2005) and the United Nations system (UNDP 2007), as well as evaluations. This Theory of Change can be summarized as follows:

- Capacity development is largely an endogenous process, strongly conditioned by the structural, social and institutional drivers of and constraints to change which changes over time. CD and external CD support is more likely to be successful when it builds on what is there, and is driven, managed and owned by local stakeholders in and around the relevant organisations.
- Successful CD processes tend to be adaptive and flexible, even in terms of moving goalposts, as CD nearly invariably takes place in a context of messiness and complexity, where a mix of formal and informal governance and accountability mechanisms (including loyalty based and patrimonial mechanisms) shape incentives. Successful CD processes tend to work on a mix of both internal and external factors, and on both formal and informal, and functional and political aspects of the organisation(s) and their immediate context.
- Results can meaningfully be measured both at the level of changes in capacity (better systems, more efficient structures, better performing individuals, better communications, better adaptation and resilience etc.) and at the level of organisational performance (changes in outputs, whether quality, quantity, cost or relevance or a combination of these).
- External support can, consistently with the above, expectedly only *contribute* to capacity and performance enhancements because so many other factors are in play to make CD success. They could still make the critical difference, but other forces have to push in the same direction. relational issues between development agencies and partners in relation to CD support is therefore of critical importance, including the perceived legitimacy of each partner's actions or inactions in the eyes of the other partner.
- A clear focus on achieving measurable changes in organisational performance is useful. This aspect, which is one of the four focus areas of the evaluation, is further discussed in section 8 below.
- External inputs like training, TA and “knowledge transfer” need intrinsic qualities to be effective, but their effectiveness depends most of all of the strength of demand from the partners.<sup>62</sup>

This Theory of Change for Capacity Development is a hypothesis only. The evaluation will focus on specific sub-sets of questions to test whether practice aligns to this theory, and whether or not there is a correlation between interventions that align to this theory and the effectiveness of the capacity development support provided by donors.

### **7. Unfolding the “best fit” and legitimacy focus areas: complexity of capacity, adequacy of CD processes and donor responsiveness**

What does it mean to hypothesize that a “best fit” support from donors to CD is likely to be more effective than a “blueprint approach” where a purportedly “best practice” is sought introduced as a blanket replacement of the existing capacities? While the idea

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<sup>62</sup> Peer learning approaches, and some ‘South-South’ approaches, are arguably more effective because they fit demand better and are thus in this way of higher relevance and quality – but the presence of demand is the key issue for making any supply effective.

may sound intuitively right, it is helpful to break it down into key dimensions that can be identified and measured during the evaluation. This also helps avoid stereotyped discussion - there may be many ways to skin a cat, but applying some international standards, e.g. measuring if a science laboratory is performing acceptably, is done in one, standardized way, according to what can rightly be called a blueprint – or best practice standard. On the other hand, there is no blueprint for a “best” political system – nor for how a political system is developed or changed. The same go for CD processes – there is no “best practice” for how to conduct reform processes or major organisational change processes.

A key dimension of relevance for the “best fit” in relation to capacity is the level of *difficulty or complexity* of the capacity itself. Thus, the capacities required to produce simple iron rods are less sophisticated and simpler than capacities required to produce computer processors. A number of factors related to the “nature” of the capacity itself influence the difficulty or complexity:

- The *specificity* of the products/services that the capacity will be used to produce/deliver (Israel 1987). Higher specificity eases CD (e.g. the capacity to deliver a school lunch is easier achieved than the capacity to produce internationally approved PhD graduates). “Capacity for good policymaking” is on the other hand not a set of easily specified skills and business processes, while e.g. simpler surgery is performed according to very specific, standardised processes.
- The *scope or distribution* of the capacities. A complex task like getting monetary policies right can be successfully performed by a small group of highly qualified economists, provided they have the support of the government leadership. Such capacity can rather easily be developed (or outright bought) – there are several examples of countries “fixing” their monetary (and also fiscal) policy by recruiting small teams of economist from the diaspora. On the other hand, getting quality education in most classrooms in a country – a very complex and widely distributed task - is an enormous capacity development challenge, depending on various systems governed by widely different governance mechanisms (from teachers to textbooks and buildings, to budget allocations and parent involvement – etc.). Conversely, producing school meals at all schools or conducting a vaccination campaign demands much “simpler” capacities and CD processes, even if it is across a country, because it does not depend much on other organisations or systems.
- The *incentives to performance*. At the level of staff this is often about a combination of remuneration, status and recognition, perceived risks and gains in relation to these factors, and intrinsic motivation. Typically, in many developing countries, the combined incentives can be weak at a systemic level (salary conditions in the public sector, perceptions of risks and opportunities) – making CD efforts targeted at individual organisations susceptible to failure because the general context conditions for successful CD are not conducive.
- The *interests of elites*. New capacities to e.g. tax the wealthy, or make land markets transparent and competitive, threatens interests of powerful elites. The capacities in question may be simple or complex, but the fact that they may not be in the interest of elites will make them much harder to develop. Both CD and reforms are generating winners and losers. The more CD and reform threatens the power and interests of elites (inside and around an organisation, in a community, in a

sector or at national level), the more resistance will change be met with and the more difficult will it be to develop capacities and transform it into performance (Robinson 2006).

- The *affinity* of the capacities (and products/services) with the dominant social and cultural norms and values. Going against the deeper grain of a society is simply more difficult than going with it. Examples abound around e.g. gender equality objectives which, despite declared intentions, often move much slower ahead than wished for.

In summary: Capacity development is easier the more specific the capacities, the less the systemic dependencies, the stronger the incentives, the less against powerful elite interests and the more in tune with the grain of society. A prime example: the capacity to use cell phones far beyond their initial focus has grown largely by itself, quickly and easily. On the other hand, despite massive donor support over 25-30 years, public financial management in many African countries still displays serious weaknesses.

The complexity and difficulty of developing certain capacities has often led donors to pursue “paths of least resistance”. They seldom if ever meet opposition to support that will increase budgets and staff, or provide new buildings, infrastructure, computers and vehicles. Training and various forms of study and knowledge acquisition options are also most often welcomed, and even sought for. The problem with these forms of “simple” support – which have been the backbone of donor approaches to CD since the 60ies – is that they have generally not proven effective, because there were also other capacities needed – those harder to develop.

Thus, when it comes to changing priorities, incentives, management or organisational culture this will most often meet stronger resistance, posing much bigger demands to the capacity development or change *processes*. To put it simple: if a certain new stage of capacity is complex and/or difficult to reach, it demands more power (effort, time, resources, allies...) of the capacity development process to get there.

The change (and reform) *processes* (with or without the participation of a donor) can be assessed on their *adequacy* to the task in hand – that is, the adequacy to the complexity of the capacities to be developed:

- *Level of effort*: Depending on the complexity of the capacity to be developed, and the process required to achieve it, the combined efforts of the partners and the donors may be grossly underestimated, relatively balanced or apparently too much and/or too costly. Most often, evaluations report that change and reform processes underestimated the time and effort required to push through resistance, upgrade capacities and transform it into performance.
- *Availability of champions*: Champions are often identified as external leaders with the power to get support for the change and overcome (or, as things go, adapt to...) the resistance. While there is often a focus on individuals, it may be wiser to look for stakeholder coalitions and groups of champions whose combined power and engagement is bigger than the power of those resisting change.
- *Change agents*: Credible change processes need credible and legitimate change agents, with access to bosses, networks, technical, managerial, political, com-

municative and financial resources. Donors often come in here, supplying technical and financial resources – but it may be in a poor match with the other resources needed, and e.g. donor-contracted technical assistants acting as de facto heads of programme management units often lack the legitimacy and ability to act on the informal lines.

- *Time-horizons and rhythms of change processes:* Time-horizons can be overtly short, or far too long – and the rhythms would usually give room for victories, highlights, pauses and adaptations to a changing context.
- *Big bang or incremental approaches:* Linked to the previous bullet, CD and reforms can adopt all-in-one-go approaches or sequence and scope reforms in stages. Most literature would say that successful reforms most often follow the latter approach.<sup>63</sup>
- *Clarity of vision and results.* There is little evidence in literature that CD and reform normally follow the proclaimed intentions, and little advice that this should be the recommended course of action. But there is some evidence that a level of obsession with progress and results by the key change agents and sponsors helps (Collins 2001). This should not be confused with formal results-matrixes.

Finally, the donor support should be assessed by its *responsiveness* to the situation, including the following:

- *The degree of legitimacy of the donor intervention, and ‘donor-steering’:* This sensitive, but crucially important issue is often phrased in terms of the level of ownership by the partners, and often left aside without a more refined analysis or attention. A more detailed analysis would look at to what degree the donor has been invited as a legitimate partner, and to what degree the donor adapts to the rules of the house, and what the incentives for the partner are to invite the donor into the CD process.<sup>64</sup> This is maybe one of the most important classifiers of donor support to CD, catching the degree to which donors steer. In the extreme, donors can attempt to singlehanded drive reform through project documents they have written themselves, a Project Implementation Unit, donor-recruited TA etc. At the other extreme they can offer passive accompaniment to a pot of money put at the disposal of the partner to achieve (or for achieving) pre-defined CD results specified by the partner. In between, but towards the less intrusive, catalytic and leveraging approaches (e.g. bringing stakeholders together, arranging (South-South) exchanges; making knowledge/experiences available, supporting local CD institutions) have gained prominence in recent years.
- *Grasping the setting:* Often linked to the bullet above, donors may put few or many resources into understanding the setting (all the parameters outlined above in

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63 The incremental approach was tested in a PFM reform in Bangladesh some years ago, where a number of successive “platforms” of reform achievements was defined ex ante, with the idea that the reformers and their donors would only proceed to the next platform once the previous one had been reached. In PFM support to at least Mozambique it was at some point around 2000 argued that reform should start with “simple” processes before addressing the more “difficult” ones.

64 An African minister was once quoted for saying that “capacity development was like having donors in the bedroom”.

relation to change and change processes). Getting to a “best fit” approach evidently requires a good understanding also of what is going on “behind the façade”.<sup>65</sup>

- *Clarity of vision and results:* Earlier evaluations and portfolio screenings have quite consistently found that CD has been under-specified to a degree where it has been difficult to assign any real accountability for results afterwards.
- *Level of attention:* While the initial specification of CD is often low, the follow-up on CD support and results (evidenced in reports, changes to approaches/activity plans, budgets etc.) may often be conspicuously absent – for reasons that may reflect the initial lack of shared aspirations and clarity of roles, processes and main results.
- *Incentives:* Donor staff and representatives face multiple incentives in their relations to their own organisations and to the partners. Incentives can put disbursement higher than CD support; compliance higher than real results; risk aversion higher than risk taking; and short term ease of doing business over getting things right for the long term.

While there is no simple typology with distinct “species” of CD and CD support coming out of the lists of significant factors above, there are three important dimensions of CD processes and donor support, respectively, that will shape if and how the donor support is a good fit to the situation:

- the *complexity* of the capacity or performance strived for;
- the *adequacy of the CD process; and*
- the *responsiveness of donor support.*

The theory would be that the higher the complexity of the capacity to be developed, the more sophisticated should the approach to change be, and the higher the required responsiveness of the donor support. These dimensions (and the underlying factors) thus serve as a framework for assessing the “best fit” question which is a core theme of the evaluation.

By looking at these dimensions the evaluation may cast light on whether some CD ambitions are so complex that the ability of donors to respond is simply not available. The tools at hand (externally acquired resources, dialogue, presence, money) and the position of donors (outsiders, operating in a mix of own domestic politics, diplomacy, politics in the partner country, and international development fashions and fads) may simply not be adequate to contribute effectively to complex, path dependent and messy development processes whose time perspective is several decades rather than short term donor cycles (Booth and Cammack 2013).

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<sup>65</sup> The Dutch Ministry of Foreign Affairs coined this term for their efforts to understand the political economy in their partner countries (Harth and Waltmans 2007).

In the evaluation language, the above discussion touches in particular on *relevance* and *effectiveness* of Nordic CD support. Relevance is thus not about the need – any organisation can in principle get better, anytime, everywhere – but how the donor support fitted to the situation and whether that led to the intended results.

## **8. Unfolding “looking beyond internal capacity” and “working with results” focus areas**

### ***Looking beyond internal capacity***

Traditionally, donor support to CD has targeted the “internal machinery” of public sector institutions. New skills, systems, organisational infrastructure, strategies etc. etc. were assumed to address the “capacity deficit” and thereby lead to enhanced performance. It was, implicitly or explicitly, assumed that the governance arrangements around public sector organisations that shaped incentives were either grossly adequate, or, if inadequate, then beyond the reach and influence of the organisation itself and the donors supporting it. Attempts to address public sector wide incentive problems (through salary decompressions; merit-based recruitments and promotions; financial management improvements and anti-corruption initiatives etc.) were sought addressed through national public sector reforms.

This basic perception that “supply-side” CD support to the internal workings of individual organisations would be effective was increasingly questioned through the 90’ies. The 2004-World Development Report (World Bank 2004) summarized this new look introducing a strong focus on the accountabilities and governance mechanisms of public sector organisations, in particular those charged with delivering basic services. The main argument was that the formal, top-down “principal-agent” mechanisms where politicians and ministers were supposed to hold front-line service providers accountable were not effective. This “long route accountability” should be complemented by “short route accountability” where the services users would also act as principals holding providers to account. Water Users Committees, Teacher-Parent Associations, citizen scorecards and publishing of budgets, accounts and results were the key ingredients in a wave of attempts to “work from the outside-in” – or “pull-approaches”, as complementary alternatives to “push-approaches” working from the inside. These approaches also found their way into CD guidance of e.g. Danida, the European Commission, ADB and others (Boesen and Therkildsen 2004, Boesen 2005, ADB 2006).

The present evaluation will look at if and how CD support from the Nordic countries has sought to support CD processes not only from the inside, but also through such “pull-approaches” that would strengthen oversight, accountability and transparency. This could be through capacity development support to external stakeholders that should and could oversee and hold public sector organisations to account, thereby providing incentives for these organisations to perform better. Apart from direct users of services it could be oversight institutions such as General Auditors, elected councils and anti-corruption bodies.

It should of course not be assumed *ex ante* that such support would have the desired effects – recent research (Booth and Cammack 2013) has been questioning the effectiveness of such measures, in particular if they are seen as an alternative, rather than a complement to other CD measures. The focus in this evaluation is thus not at all to see “pull-approaches” as a possible “magic bullet” for CD, but to ascertain if and how CD

support has departed from a comprehensive analysis and understanding of the multiple internal and external factors that shape capacity and performance.

### *Working with results*

The fourth focus area of the evaluation approach is how CD support from the Nordic donors has worked with results and indicators – how were these formulated up front during design or inception phases; were baselines identified; and how was the follow up in reporting and in terms of adjustments of plans and future results-planning?

This focus area touches a much larger and sometimes very heated debate about the merits of RBM as this came to the fore as an essential part of the New Public Management (NPM) wave that started in OECD countries in the 80'ies. RBM was seen as a means to displace old-fashioned rules-and-regulation based public administration with a system that would give managers concrete targets to achieve – and more freedom to choose how to achieve them. Academic reviews have clearly demonstrated that this is much easier said than done – RBM has advantages but also disadvantages (Hood 1991, Pollitt and Bouckaert 2004), and NPM-type reforms may be particularly difficult to pursue in developing countries (Schick 1998, Schick 2004).

The focus here is, within this broader RBM perspective, more narrowly on how CD support has actually used results and indicators – or not done so. All Nordic agencies have had and has a focus on results and evidence – but particularly in relation to CD it has been a frequent finding that results are not used consistently, and not in accordance with the stipulations of e.g. the standard Logical Framework Approach prescriptions which Norad spearheaded in the 80'ies and both Danida and Sida have subscribed to (Norad 1990, Danida 1996, Boesen, Christensen et al. 2002, Norad 2008, Kruse and Forss 2014).

The frequently observed paucity of evidence when it comes to the effectiveness of CD support is part of the rationale for this focus area of the evaluation. Looking at how results have been planned, and how evidence has been collected is expected to cast further light on whether this paucity can be confirmed, and why results and evidence are used – or not used – the way they are in CD support.

Results orientation is indeed useful for CD. Specific capacity and performance results serves clarify directions for those involved. Explicit ideas of cause-effect relations – that is, results at different levels as per the analytical model in this paper or a similar model – would help focus minds and actions of the important things that will have the desired effects, rather than unimportant (but maybe uncontroversial) activities that do not add value to the capacity or performance of an organisation. Monitoring the progress would be essential for meaningful learning to take place, enabling managers to modify processes and align expectations to current realities.

It has been pointed out that results-orientation as a formal system only may not have effects except reinforcing a “tick-the-box” culture. If a donor intervention is not perceived as legitimate by a partner, and if the partner and/or the donor does not have an organisational culture and a management that is results-focused, then formal requirements (often posed by the donors) should not be expected to work. Literature on the other hand indicates that impatient leaders with a personal drive for achieving daily results are better at transforming organisations (Collins 2001). The evaluation should look at results-orientation around CD support also in this broader perspective, looking at the

availability or lack of formal instruments of RBM and evidence in the wider context of whether and how results matters to leaders and organisations.

### **9. Conclusion**

The approach paper has identified broad definitions of CD taken from OECD/DAC and widely accepted among DAC members. It has outlined an analytical model that requires the evaluation teams to distinguish between inputs to CD, CD or change processes, the intended resulting capacity, and the performance and wider outcomes that this capacity would contribute to. Within this analytical model the approach paper has hypothesized a Theory of Change that reflects mainstream views about capacity development: that it is more relevant and effective when it seeks an optimal fit to the context; when the role donors play is legitimate; when the CD process looks beyond the internal factors in public sector organisations; and when there is a sensible results-orientation. The core evaluation questions outlined in the ToR also points beyond the four focus areas outlined in this paper, and it is expected and welcomed that the evaluation will identify other key attributes of successful CD support or key attributes of unsuccessful support. The approach paper sets a basic analytical frame for looking at and analyzing the evidence, and for addressing some of the key tenets of contemporary thinking about capacity development.

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## Joint Scandinavian Evaluation of Support to Capacity Development

Sida, Danida and Norad have conducted a joint evaluation of our support to capacity development in partner countries. The joint evaluation produced a series of background studies and three parallel evaluations of the agencies' portfolios of capacity development in public sector organisations. The parallel evaluations followed an approach grounded in a generic theory of change for support to capacity development as developed in one of the background studies. The objectives of the joint evaluation were to (i) generate knowledge for a more evidence-based design of strategies for capacity development; and (ii) produce evidence of the relevance, effectiveness, efficiency, sustainability and impact of the agencies' support to capacity development. This report is the main output of the last phase of the joint evaluation, and presents a synthesis of the findings and conclusions of the Sida, Danida and Norad evaluation reports. In the light of other knowledge and experience, the synthesis also aimed at extracting learnings of relevance to the development community more widely.

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