

Synthesis Study on Best Practices and Innovative Approaches to Capacity Development in Low-Income African Countries

Synthesis Report 1/2008



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Synthesis Study on Best Practices and Innovative Approaches to Capacity Development in Low-Income African Countries

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Acronyms and Abbreviations

ACBF	African Capacity Building Foundation
AG	Auditor-General
AICAD	African Institute for Capacity Development
ALNAP	Active Learning Network for Accountability and Performance in Humanitarian Action
BP	Best Practice
BP&I	Best Practice and Innovative
BPDWS	Building Partnerships for Development in Water and Sanitation
CBO	Community-Based Organisation
CD	Capacity Development
CSO	Civil Society Organisation
DAC	Development Assistance Committee (OECD)
ECB	Emergency Capacity Building Project
ECDPM	European Centre for Development Policy Management
ESAMI	Eastern and Southern African Management Institute
FP	Facilitating Partner (Afghanistan NSP)
GB	Grameen Bank
GBS	General Budget Support
Govnet	Governance Network of the DAC
INGO	International Non-governmental Organisation
INTRAC	International NGO Training and Research Centre
IRC	International Water and Sanitation Centre
LFA	Logical Framework Approach
MDTF	Multi-donor Trust Fund
NGO	Non-governmental Organisation
NIE	New Institutional Economics
Norad	Norwegian Agency for Development Cooperation
NSP	National Solidarity Program (Afghanistan)
OECD	Organisation for Economic Cooperation and Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PIU	Project Implementation Unit
RBM	Results-based Management
TA	Technical Assistance
TOR	Terms of Reference
UNDP	United Nations Development Programme
WBI	World Bank Institute
WSP	Water and Sanitation Program (World Bank)

Contents

1	Executive summary	9
2	Background and Introduction	15
	2.1 Purpose of the Study	15
	2.2 Timeline and Process	15
	2.3 Structure of Report	16
	2.4 Acknowledgements and Disclaimer	16
3	Sources of Information	17
	3.1 Document Review	17
	3.2 The Knowledge Networks	18
	3.2.1 Gateways to Knowledge Network Members	18
	3.2.2 Bibliographic Material	18
	3.2.3 Network Informants	19
	3.3 The Web-based Survey	19
	3.3.1 Respondent Biases in the Survey	19
	3.3.2 Advantages of the Web-based Survey	20
	3.3.3 Preparing the Web-based Questionnaire	20
	3.3.4 Survey Response	21
	3.4 Informant Interviews	21
	3.5 Findings and Conclusions	21
4	Analytical Challenges	22
	4.1 Unit of Analysis	22
	4.1.1 Levels of Capacity Development	22
	4.1.2 Delimitation of the Capacity Development Process	22
	4.2 Defining/Explaining Key Terms	23
	4.2.1 “Capacity Development”	23
	4.2.2 “Best Practice”	23
	4.2.3 “Best/Good Practice” versus “Best Fit”	26
	4.2.4 “Innovative”	27
	4.3 Findings and Conclusions	28
5	Empirical Findings	30
	5.1 Structure of the Literature Reviewed	30
	5.1.1 Sector Distribution	30
	5.1.2 Modalities	30
	5.1.3 Levels	31
	5.2 Results	32
	5.2.1 Lessons Learned and Recommendations	33
	5.3 Web-survey Findings	35
	5.3.1 Most Interesting Results	35
	5.3.2 What was Best Practice and Innovative?	36
	5.3.3 What made this a Successful CD Activity?	37
	5.4 Benchmarking the Findings	37
	5.4.1 Understanding the Country Contexts	38
	5.4.2 Identifying and Supporting Sources of Country-Owned Change	40
	5.4.3 Delivering Support	41
	5.4.4 Learning from Experience and Sharing Lessons	41
	5.5 Knowledge Gaps	42
	5.6 Findings and Conclusions	44
6	Conceptual Frameworks	46
	6.1 Poverty Driven Capacity Development	46
	6.1.1 Accountability versus Resource Flows	47
	6.1.2 Mutual Accountability	48
	6.1.3 Disaggregating the Actors	48

6.1.4	Understanding the Accountability Pressures	49
6.1.5	Findings and Conclusions	49
6.2	Capacity Development: An Analytical Framework	50
6.2.1	Can Capacity be Planned for and Measured?	50
6.2.2	Management and Leadership	51
6.2.3	Capacity Development, Ownership and Empowerment	51
6.2.4	Findings and Conclusions	52
6.3	The Structure of CD Relations and Transaction Costs	53
6.3.1	Findings and Conclusions	56
6.4	Modes of Capacity Development	56
6.4.1	“Software” Support: Promoting Knowledge and Organisational Know-how	56
6.4.2	“Hardware” Support: Infrastructure and Equipment	64
6.4.3	Financial Support	65
6.4.4	Pooled Funding	65
6.4.5	Findings and Conclusions	68
6.5	Fragile States	69
6.5.1	Findings and Conclusions	70
6.6	Monitoring Capacity Development Performance	70
6.6.1	Tracking Civil Society CD	71
6.6.2	Empirical Work	72
6.6.3	Timeline	73
6.6.4	Capacity Development and other Social Development Frameworks	74
6.6.5	Findings and Conclusions	74
7	Summing Up and Looking Ahead	76
7.1	Documents	77
7.1.1	Funding Agency Documents	77
7.1.2	Research-based Documents	77
7.1.3	Civil Society Documents	77
7.1.4	Revised Document Review	78
7.2	Informant Interviews	78
7.2.1	Knowledge Networks	78
7.2.2	Funding Agency Officials and Research/Consultancy Staff	79
7.2.3	INGO and CSO Staff	79
7.2.4	Interview Structure	79
7.3	Surveys	79
7.4	Analytical and Conceptual Frameworks	80
7.5	Recommendations	81
	Annex A: Terms of Reference	83
	Annex B: Bibliography – Documents in Searchable Databases	89
	Annex C: Bibliography – Documents from Knowledge Networks	105
	Annex D: Knowledge Networks Contacted	108
	Annex E: Analysis of Intermediary Agencies for CSO Support	111
	Annex F: Annotated Review, Selected Documents	114
Box 5.1:	Twinning as Capacity Development Modality	31
Box 5.2:	Organisational Development and Poverty Reduction	34
Box 5.3:	Afghanistan’s National Solidarity Programme	38
Box 5.4:	Conditions favouring capacity development in organisations	40
Box 5.5:	Capacity Development and the Labour Market	41
Box 5.6:	Proposed Principles for “Good Donorship” in Tanzania	44
Box 6.1:	INGOs as “Partner-CSOs” or Intermediary Agents	55
Box 6.2:	How MFIs Minimise and Transfer Transaction Costs	56
Box 6.3:	Evaluating the World Bank’s Support for Training	60
Box 6.4:	Trends in Donor Funding for Civil Society Development	66
Box 6.5:	Capacity Development, Social Capital and Public Goods	75

1 Executive summary

This synthesis study on „best practice“ and innovative approaches to capacity development (CD) found an extensive literature but little that was relevant to the key development challenge: CD for poverty reduction in low-income African countries. While there is little about poverty-relevant or poverty-driven demand for CD, there is even less about *sustainable community-relevant* CD. We thus do not *know* as much as is sometimes claimed, and we seem to *understand* even less.

The main Recommendation for the suggested Evaluation is to do this as a structured process: (i) get Conceptual Frameworks for poverty-relevant, poverty-driven CD in place; (ii) do a Document Review that captures NGO/CSO insights; (iii) do careful interviews of informants also from INGOs/CSOs; (iv) carry out a broad-based web-survey of CD stakeholders in several languages; (v) based on this, compile a more comprehensive synthesis study, and only then try to identify information gaps and hence the additional information that a field-based Evaluation can provide; (vi) ensure that the Evaluation becomes a truly joint learning exercise involving partner governments, civil society actors and knowledge networks.

Norad’s Evaluation Department contracted Scanteam, in collaboration with Gharthey Associates of Ghana, to produce a “Synthesis Study on Best Practices and Innovative Approaches to Capacity Development in Low Income African Countries”. This Report presents the general findings and conclusions from this study.

Sources of Information

The team used four sources of information: (i) a comprehensive document review based on searchable document collections; (ii) a review of knowledge networks’ documents; (iii) a web-based survey of CD practitioners in Africa; and (iv) interviews with key informants.

The documentation identified through the formal bibliographic search had a bias towards donor-funded (“supply side”) and “top down” studies. Many were “big picture” studies that covered a number of countries or sectors, or were general on CD as an issue. Few of the studies provided in-depth case studies, often because the studies were commissioned to draw out lessons from a larger body of experience.

The studies from the knowledge networks tend to look at the “demand side” of the CD equation, detailing challenges and lessons for successful and sustainable CD at the level of communities or organisations. The studies are often better embedded in local political, social and cultural dimensions, and more critical about the roles and values of CD providers, challenging a sometimes implicit assumption that CD is politically “neutral” or primarily a technical-organisational challenge.

The access to informants for the web-survey through knowledge networks yielded only 20 responses but still seems the best way to reach such a heterogeneous informant group.

Despite the short-comings, the team believes that the approach used, given the resource constraints of a minor synthesis study, provided a wider range of stakeholders and opinion than expected. The NGO perspective on CD in particular is interesting. While the TOR call for a focus on CD in the public sector, the NGO experiences – both specific ones like in the water and sanitation sector but also with regards to building sustainable capacity – seem to provide high value-added content, and should be pursued further.

Methodological Challenges

One task was to find a meaningful unit of analysis for CD: “whose capacity is being developed?” in terms of the three levels that CD usually addresses: individual, organisation, society/institutional. Most of the literature focuses on the *organisation*, which is also the one highlighted in the TOR, and which the team also sees as the most useful.

The second issue was to delimit the CD *process*. While thinking in project or activity cycle terms is criticised as being too limiting, it has been chosen as the starting point, partly because much of the literature uses this approach, but also because much of non-LFA based activities can still be captured by the dimensions and concepts used in project studies. This, however, is an area that requires more work.

The team tried to identify useful definitions of the key concepts for this task. Merging UNDP and DAC definitions leads to what appears a useful definition of capacity: “*Capacity is the ability of people, organisations and society as a whole to perform assigned tasks well, solve problems, and set and achieve objectives*”. Capacity Development is then: “*Processes/ activities designed to improve desired ability*”.

“Best Practice” can be a planning-based (*ex ante*) concept or a results-based (*ex post*) one. The latter has more immediate appeal because it is linked to measurable results and not just good (planning) intentions, and furthermore is aligned with the Paris Agenda for Aid Effectiveness principle of results-orientation. However, results based BP are inherently later to appear, the criteria for identifying them unclear, and since they do not necessarily link to the process of producing the results, the utility in terms of transferability is poor. Conceptually it may therefore be easier to have a planning- or process-based definition of BP: “*Those approaches to Capacity Development promoted by internationally accepted actors*”. That is, “Best Practice” is what at any given time is publicly promoted as such by key international institutions that have a particular legitimacy and credibility in this area: the World Bank, the UNDP, OECD/DAC, and ACBF in Africa.

In *practice*, the *ex ante* and *ex post* usages are linked since BP standards or processes promoted by bodies like the DAC are based on the identification of “best results achieved”, so *ex post* experiences feed into continuously updated *ex ante* planning recommendations.

The concept of “Best Practice” itself is being replaced more and more by “Good Practice” in recognition of the importance of the specificity of CD environments and the differing weights various stakeholders may attach to the different components of CD.

Furthermore, “Best/Good Practice” is seen as less appropriate in the context of organisational and institutional/societal CD. The concept of “Best Fit” captures better the importance of the external environment in understanding the dynamics of CD at this level.

The concept of “Innovative” is both a *relational* and a *subjective* one: something is “innovative” in comparison to what exists or is known. Because of the highly relative nature of this concept, it is not meaningful to look for a general definition or standard that can be used in a “lessons learned” or “transferable knowledge” context. There were furthermore no such definitions or usage found in the literature surveyed.

Empirical Findings

The studies say little about CD consequences from choosing different *modalities*. One exception is the claim that *pooled funding* tends to centralise resources and thus makes less available for directly poverty-relevant CD. There is also surprisingly little on CD according to *social level*. Those results mentioned are largely at Outputs level. The recent International Initiative on Impact Evaluations is being set up exactly to systematically identify higher-level results, including in the field of CD. What is said about BP&I approaches is in terms of general principles: the importance of ownership, and having long-term perspectives.

The web-survey provided more specific results since most respondents were involved with particular projects, though objectivity and sustainability of results reported on is unclear. When respondents stated the activities were BP&I, it was clear that there was no baseline or a

good understanding of the concepts behind the claims. However, almost all claimed that local *ownership* and *participation* were critical for the alleged success of the projects.

The results from the literature review and survey were compared with the OECD/DAC's 2006 study, "The Challenge of Capacity Development", along the four dimensions provided there: understanding context; national ownership; delivering support; and learning. The general finding is that the DAC study is too general and does not draw the kinds of concrete recommendations that in fact are possible:

- This study finds that exactly because *context* is so important, considerably more resources are required for planning and performance monitoring than donors normally use;
- Regarding *national ownership*, there is no disagreement regarding the principle, but what the NGO literature in particular notes is the lack of willingness on the donor side to hand over real resources and control;
- Furthermore, NGO application of participatory techniques shows much better *how* to support and develop national ownership, which is the real challenge;
- Concerning delivering support, the DAC study criticises donor-driven vehicles like Project Implementation Units, but is very weak on how to actually build indigenous delivery capacity - which is exactly what CD is to address!
- On how to better structure learning, the document makes sensible suggestions, but has little to say about CD for poverty reduction and how this learning can become better.

Concerning *knowledge gaps*, the surprising finding is that the literature says very little about poverty-relevant and poverty-driven CD. There is not much modelling of causal chains, little about what the poor see as most important, and what forms of CD support has provided sustainable results. Rural versus urban settings make for different CD needs and responses, but most of the attention is still on rural poverty. The growing body of studies on the CD needs of the urban poor note the very different needs, challenges and opportunities from rural settings. Some studies on peri-urban water and sanitation provide some careful analyses of the complexities facing peri-urban CD activities.

Principles for "good donorship" for more successful CD are emerging very slowly. Measuring and operationalizing CD still requires a lot of improvement, and the time use and transaction costs involved in implementing successful CD are poorly understood.

Conceptual Frameworks

1. Poverty-driven Capacity Development?

A key challenge for making CD more poverty-driven derives from the large and diverse number of actors that may intervene in a CD "supply chain" and the different accountability pressures each actor faces.

- The actor list may include funding agents, administrative intermediaries, service providers, CD providers, beneficiary organisations, and the beneficiaries themselves;
- Each of the above groups can be sub-divided into actors that *structurally* may be quite different (bilateral donors, NGOs, multilateral institutions on the funding side; private, public and civil society actors on the service provision side). As a result, the full set of actor-agendas can be quite heterogeneous. The resultant CD delivery-chain can therefore be complex and vary considerably from one case to another;
- The accountability pressures vary depending on the nature of the actor, as seen above, but are also determined by whether the actor is international or national; or is in the public or private sector.

The Paris Agenda objective of Mutual Accountability is therefore likely to be particularly difficult to attain in the case of accountability to the poor – poverty-driven CD – because the delivery chain is the longest and hence most vulnerable to fracturing and "capture" by the different agendas and accountability pressures faced by actors along the chain.

2. Capacity Development: An Analytical Framework

It is possible to operationalise the definition of Capacity Development along the two dimensions of (i) Social level, and (ii) Task complexity, to arrive at a matrix of CD *needs*.

As task complexity increases, the CD skills required move from skills transfer to facilitating and process management. There is disagreement regarding the degree to which the more complex tasks can be planned for, where NGOs typically argue that context and process make this unrealistic, though examples show it may be feasible. However, there is little in the way of Best Practice examples with measurable indicators for this.

Setting New Objectives may be less of a planning challenge than a political one: new objectives often imply shifting power relations, which generates resistance. On the other hand, once new objectives have been decided, they simply become the new Assigned Tasks.

While the CD definition includes the three social levels it leaves out *management/ leadership*, which is increasingly recognised as a critical component of CD and requires more attention.

Finally, the analytical scheme can be used to link forms of *participation* – a concept that is central to much of the discussion surrounding CD – to the degree of task complexity. This in turn can relate the concepts of Ownership and Empowerment as successful outcomes from efforts at improving Problem Solving and Setting and Achieving New Objectives capacities.

3. Structure of Capacity Development Relations and Transaction Costs

The transaction costs to the parties for ensuring poverty-relevant CD are related to bridging two gaps: a socio-cultural distance represented by differences in mode of communication, and the costs of providing the resources and ensuring the two-way flow of accountability. This can largely be measured in terms of direct costs and time use through the delivery chain. This is complicated, however, by each additional link in the chain since interests, incentives and accountability pressures are not fully aligned between the actors.

Minimizing the number of actors in the chain is not necessarily the best way of reducing transaction costs because some actors are not good at bridging such gaps (direct donor-CSO links, for example). Using “smart intermediaries” is instead increasing.

4. Modes of Capacity Development

Four modes of CD are (i) “software” support by promoting knowledge and organisational know-how, (ii) “hardware” support with infrastructure and equipment, (iii) financial support, and (iv) pooled funding.

(i) Regarding *CD Software*:

- *Technical Assistance (TA)* remains a major CD expenditure item. “Best practice” TA requires good job descriptions with clear performance criteria including poverty impact; the contracts needs to be “owned” by local partners; and must be embedded in longer-term locally owned CD plans. The latter often entails that the local partner itself receives capacity upgrading to manage TA, since this is management intensive;
- *Twinning* is not living up to expectations but seems “best practice” when the parties have similar incentives and thus share the benefits from the cooperation. There seem to be few examples of this as even among NGOs the partnership is more uneven than often thought. This problem may increase as donors demand greater accountability forcing NGOs to look “up” the chain rather than downwards to the beneficiary groups;
- *Training* covers a wide variety of activities that can be distinguished as to (i) short versus long-term, (ii) in country or abroad; (iii) in a training institute or on-the-job, and (iv) trainer is from donor country or region/own country (“peer”). The major mistake seems to be over-spending on specific training rather than strengthening the larger education sector; lack of link-in to the labour-market; and short-term output focus rather than tracking medium-term impact. Peer learning in various forms appears “best practice”, largely due to *trust* and relevance factors. Lack of quality at entry – good planning and relevant pedagogical skills – also hampers much of the training efforts, though NGOs seem better at this than formal donor-funded training for the public sector;
- *Salary Support* is almost always “worst practice”, not sustainable, undermines long-term local CD in a variety of ways, and should be abandoned in favour of more transparent and merit-based incentive schemes;
- *Knowledge and Information Sharing*, on the other hand, may be one of the best ways of promoting broad-based CD since much of this is provision of public goods. Rapid

technological change is broadening and easing access, with examples of relevance also to the poorer social strata.

(ii) *CD hardware* is becoming more important again as donors recognise the need for work-place incentives though much change is market-driven: falling prices and increasing range of technologies for CD that are also beginning to spread to rural areas. While the fear of a “technological divide” is justified, the overall change is towards cheaper and broader access to information, where CSOs act as important gateways also for the poor, though donor support for providing the physical infrastructure remains important.

(iii) *Financial Support* for CD development is becoming more strategic with increasing shares of resources going through intermediaries contracted to improve targeting and results (though contracts are often not good enough), more to programs instead of projects, and more is joint rather than single-donor funding. These changes often lead to less direct dialogue between CSO and funders, which leaves CSOs uneasy about long-term effects.

(iv) *Pooled Funding* is a more structured form of financial support that is seen to have a comparative advantage in funding CD because it organises many donors around common objectives, using national implementation systems and thus allowing national partners to take the “driver’s seat”. It can improve quality and monitoring of CD, though pooled funds in post-conflict situations are claimed to concentrate resources in the public sector, for the executive, at national level, thus weakening local voice, relevant services outside the capital, and CSOs. Finally, pooled funding also means that risk may *increase*, since “all eggs are in one basket”, which particularly in volatile situations may be problematic.

5. *Fragile States*

Donor funding of CD in Fragile States focuses on the state, often with a centralising effect. CD support for strengthening civil society and democratic accountability would seem equally important but has so far received less attention. This discussion is heating up now with concerns that post-conflict situations may be deteriorating – central African states and Afghanistan – and that lack of attention to building civil society capacity may be one reason.

6. *Monitoring Capacity Development Performance*

The best CD tracking system generally in use is probably the PEFA system for public finance management. This is possible because PFM structures are quite similar around the world: PFM is a fairly “closed” system. An Open System approach to organisational CD is more appropriate for poverty-relevant, and community-based CD in particular. However, this has a more indeterminate results framework, both because it is often unclear what the overall objectives are, but also to find good indicators to measure. M&E for small-scale community-driven CD is furthermore very costly in relative terms. CSOs instead are trying to make learning from CD activities an integral part of CD itself.

There is, however, need for more and better empirical work, and this is beginning to emerge with larger-scale CD, primarily in the form of national programs like the NSP, but potentially also by looking at activities across countries that are networked through the international knowledge networks. This includes more attention to higher-level results, including more focus on Impact Evaluations as a means of better insight into longer-term results to serve as a guide for policy development, including CD efforts.

The time required for successful CD depends in part on the starting point and the “CD gap” that is to be covered: gender equity in conservative male-dominated regions will take much longer than in more open societies. But there is also a need for realism in understanding how long societal transformations take, and much of the CD literature seems to ignore relevant work from other social science discussions: Public Goods, Social Capital formation, and New Institutional Economics, among others. Utilizing the advances made in these other fields may provide analytical tools, empirical work and historical-societal insights that may enrich and make the CD discussions more realistic and evidence-based.

Summing Up and Looking Ahead

The main objective of this study was to show how a more broad-based joint evaluation of Capacity Development should be structured in terms of issues and conceptual frameworks.

The main Recommendation is to structure the Evaluation as a process involving several sequential steps. The team believes that conceptual frameworks should be assessed and a careful information review carried out before a final synthesizing-analytical report is prepared. This should then form the basis for designing the actual field-based Evaluation:

- The Conceptual Frameworks should be reviewed to identify those that capture the key aspects of poverty-relevant and poverty-driven CD, while at the same time allowing for systematic data collection and structuring;
- Based on the above, the Document Review requires a process that (i) identifies the most relevant body of literature; (ii) ensures that relevant NGO/CSO information is identified and included; and (iii) carefully designs the Reading Guide to include the most useful documents. Additionally, special efforts need to be made to capture the discussions and empirical work that has been produced in countries with active civil society stakeholders;
- The Informant Interviews need to run through a similar process: (i) identify the informant universe, (ii) in particular ensure that knowledge networks, INGOs and key national CSOs are represented, (iii) design the Conversation Guides for the informant groups;
- A web-based survey is recommended, but it should be designed in light of the first round of information from the Document Review and the Informant Interviews, so that it is clear what the limited number of questions should address. The survey instrument needs to be run through several tests, and ensure there are good translations of the survey instrument into the relevant languages. The survey process should be provided with adequate resources to ensure that the gateway-networks being used can be supported and assisted in sending reminders and following up if the process gets bogged down;
- The three information collection exercises should be iterative: issues caught in the interviews should enrich the document search, and vice-versa. The survey should therefore not be done till the first round of information analysis has been carried out, since it should provide both quantitative responses to key issues, while also opening up for new insights that can be used for the last round of interviews;
- Once a synthesis volume of the findings has been compiled, a more directive Joint Evaluation can be designed. While the implications of the current TOR is that this will be joint among the donors, the suggestion here would be to ensure that this involves local partners/governments, civil society actors and the key knowledge networks in a more broad-based joint learning exercise.

The bottom line regarding poverty-relevant CD is that we do not *know* as much as we sometimes think, and we seem to *understand* even less. There are no quick fixes to overcoming these two major impediments to more evidence-based insights. The international community should therefore take the time required to do the job right first time around by ensuring Quality at Entry – the basic lesson for all Capacity Development processes!

2 Background and Introduction

Norad's Evaluation Department put out to tender the task of producing a "Synthesis Study on Best Practices and Innovative Approaches to Capacity Development in Low Income African Countries". The task was won by Scanteam in association with Ghartey Associates of Ghana.

The study is to focus on the delivery of public goods and services in five sectors: health, education, water, sanitation, and electricity. This report presents the main findings and conclusions from the study.

2.1 Purpose of the Study

The main purposes of the synthesis study, as given in the TOR, are to:

- Draw lessons from existing evaluation reports and other studies focusing on good and innovative modes of assistance to capacity development in low-income countries;
- Indicate knowledge gaps regarding the effectiveness of these interventions;
- Propose a framework for how the impact of these innovative modes of capacity development intervention could be assessed with a view to distilling lessons for better practices;
- Develop a conceptual framework that will form the basis for a possible in-depth evaluation.
- The planned evaluation should be seen to feed into the DAC efforts to extend harmonization and aid effectiveness into the area of capacity development (CD).

2.2 Timeline and Process

The invitation to tender was issued in mid-May 2007, Scanteam presented its proposal one month later and was awarded the contract on 19 June 2007.

One reason Scanteam was awarded the contract was its contention that the task could be better addressed if the intended beneficiaries in low-income African countries could be heard in terms of what they considered to be "best practice" and innovative CD. This was suggested done through a web-based survey of relevant stakeholders, a task which has taken considerable time and resources within the constraints of this task (see chapter 3).

An Inception Report was presented at the end of August 2007. It discussed a number of methodological, issues particularly in relation to the web-based survey (see chapter 4). The Report was distributed among a number of external resource persons, providing the team with useful comments. A key part of the Report was the proposed questionnaire for the web-based survey.

A Progress Report was then produced early October, right before the web-based survey was launched. This Report gave an update on the information sources: an overview of the knowledge networks contacted; the bibliography that had been generated through a search across publicly available document services; and a second bibliography that was based on searching web-based documentation available from the 20 knowledge networks and other known "good practice" organisations such as the UNDP and World Bank.

On 1 November 2007 a Status and Follow-up Report was produced, summarising some of the results from the web-based survey, and pointing to the follow-up interviews that the team intended to do.

A first complete Draft Report was submitted to Norad mid-March 2008.

2.3 Structure of Report

This report contains five substantive chapters and six annexes:

- Chapter 3 describes and discusses the sources of information for the study;
- Chapter 4 discusses methodological and definitional problems;
- Chapter 5 presents the main findings from the review, covering the web-based survey, the document review and the informant interviews;
- Chapter 6 presents some explanatory and conceptual frameworks that the team has used to interpret the information and that may be of assistance for future CD studies;
- Chapter 7 brings the various components together, with some ideas for the future.

The annexes are:

- Annex A: Terms of Reference for the task
- Annex B: Bibliography of Documents from publicly available document collections;
- Annex C: Bibliography of Documents from knowledge networks;
- Annex D: List of Knowledge Networks Contacted;
- Annex E: Analysis of CSO Intermediaries;
- Annex F: Key Documents – Annotated Review.

2.4 Acknowledgements and Disclaimer

This review was carried out by a team consisting of Mr. Arne Disch (team leader) and Mr. Karstein Haarberg from Scanteam and Mr. Adom Baisie Ghartey of Ghartey Associates. Mr. Bjørn Lunøe, Scanteam, was the Quality Assuror.

The study team would like first of all to thank the Evaluation Department which has provided constructive feed-back to the various reports produced. We would also like to thank the focal persons we have been in touch with in the various knowledge networks – without their support this task would have been impossible. The informants interviewed in connection with the study have likewise been extremely helpful, for which we are grateful.

This Draft Final Report is the sole responsibility of the consultants, and does not necessarily reflect the views of Norad, the knowledge networks listed, or other informants referred to.

3 Sources of Information

The TOR calls for the review to focus on the written material available. Evaluation studies and other methodology-based reviews of capacity building experiences can provide a rigorous and systematic assessment of whether an activity was in fact “Best Practice” or Innovative. It is thus important to capture what existing studies have identified that is relevant to this study. The document review thus remains the basic pillar for this report.

But one consequence of the donor intensive involvement in CD in Africa is that much of the conceptual and empirical work that is done is funded and often carried out by donors or for the donors. This may lead to systematic biases in the empirical basis for understanding CD. Scanteam, in its bid, therefore pointed out that this was likely to provide a donor-focused bias in the information universe.

There was furthermore the problem that relevant experiences might not have been registered in the available documentation but perhaps could be captured through other sources.

In order to expand, supplement and potentially correct the data found in the traditional bibliographic documentation, additional sources of information were therefore included:

- A web-based survey was carried out of relevant informants in Africa;
- Knowledge networks that focused on CD were contacted as entry points to informants for the web-survey, for documentation, and as informants for interviews; and
- Members of the DAC Evaluation Network were interviewed.

3.1 Document Review

The document review was based on two main sources:

- The first was a formal literature search. The starting point was the semi-annotated bibliography prepared for the European Centre for Development Policy Management (ECDPM) by Peter Morgan (Morgan 2007). A search was done across all formal document holdings that are open to bibliographic search, using keywords that Scanteam had defined for this task. This generated a list that was quite different from and considerably wider in scope than the ECDPM bibliography. In order to limit the search, only studies produced after 2000 were included. This was partly because it was assumed that key conclusions in important studies previous to this date would be included in later work. But the interest in CD has also really accelerated over the last years, and the methodology used to assess it likewise improved, so that more recent literature could be expected to be both more comprehensive and methodologically more rigorous. This generated a bibliography of nearly 290 titles (see Annex B).
- While the bibliographic search covered registered documents, many less formal studies and papers are produced by NGOs and other organisations that do not necessarily deposit their documents with libraries or other document centres. A direct search across key knowledge networks document holdings was therefore carried out, where only the more interesting documents were downloaded. This led to a second bibliography with about 50 titles (see Annex C).

The team had hoped that the web-based survey might generate additional documentation in connection with examples of successful CD. This, however, by and large did not happen.

In order to be able to carry out a systematic review of the documents, a Reading Guide was developed that was similar to the structure of Part A of the questionnaire used for the web-based survey (see Annex E). The team members then recorded their findings from each

document according to this Guide categories onto the web, generating an annotated bibliography in terms of the key questions for this study (see Annex F).

3.2 The Knowledge Networks

There are a number of knowledge networks either dedicated to CD or have CD as an important part of their remit, and that work largely as electronic communities. The team identified what are hoped to be the most relevant networks, mapped out what their focus and likely reach was, and then approached about 20 of these (see Annex D). These networks provided three different sources of information:

- Gateways to the informants for the web-based survey;
- Own-generated and/or own-collected written documentation, often from their member organisations; and
- Key network staffers as informants for interviews.

3.2.1 Gateways to Knowledge Network Members

The original objective for contacting the knowledge networks was to use them as gateways to relevant individuals for the web-based survey.

These networks are not a homogeneous group, however. Some are “networks of networks”, such as Impact Alliance and to some extent Action Aid. In this capacity they function as information and experience disseminators and discussion fora for NGOs and individuals.

Others are directly engaged in supporting CD activities, such as the African Capacity Building Foundation, ACBF, and the World Bank Institute. They must themselves therefore acquire “best practice” knowledge and disseminate this, both through their web-sites but even more so in their own activities.

Some of the networks are directed to the NGO community, such as INTRAC and ActionAid, while others focus on the public sector, such as AICAD and the Commonwealth Secretariat. Others again are open to all interested parties, whether individuals or organisations. ECDPM has a broad network including academics and other individuals interested in CD, as does the Capacity Development Network and the Development Gateway Foundation.

Others focus on particular sectors. The water and sanitation sector dominates, with five networks concentrating on this, including the GAS network which is a country-specific CD network working in Mozambique. Another sector-focused network is the Partnership for Higher Education in Africa. Interestingly enough, no such networks were found for energy, health or general education, though this may be because the team was not able to identify them (further search may be warranted).

The ability of these networks to reach relevant stakeholders engaged in or with good knowledge of successful CD in Africa therefore varied, with some networks working exclusively in Africa while most had a broader geographic remit. Some networks simply posted the information about this survey on their web-sites or sent out an E-mail to their membership, providing the link to the survey.

The team spoke with individuals in almost all of the networks directly, to engage them and get the necessary commitment to forward the web-survey information. In most cases this worked, though the deadline for the survey was too short in some cases: some organisations send out information on specific dates – for example once a month newsletters – so the information on this survey may have come considerable after the organisation itself was informed by Scanteam.

3.2.2 Bibliographic Material

The material downloaded from the knowledge network web-sites turns out to be different from the documentation generated by the formal document search. First of all it was largely NGO-related and/or more practical implementation oriented. It therefore tended to discuss the problems of CD much more from the perspective of an international NGO working with local partners, or from the point of view of a local community addressing a particular problem, a local organisation or the direct beneficiary group.

The documentation tended to discuss concrete yet critical problems, such as culture, gender, the specific local circumstances, that a given project or initiative had to face. Much of the documentation was hence quite practical and hands-on, some of it being written as “how to” or “lessons learned” notes.

The analysis tended therefore also to have a different slant than the documents from the formal bibliography search. It was careful to document the views heard from the local organisations and beneficiaries, and was thus less concerned with theoretical constructs and analytical frameworks. It focused a lot more on “what works, and why”, but accepting that this often would be fairly specific to the case being looked at.

At the same time, when making cross-case analyses, this literature again tended to be quite concrete and empirical, giving examples and being careful to detail the perspective of the “voices from the South”, as it were. In general, the impression is that a high percentage of the authors themselves are from developing countries and thus have a more direct experience-base for their writings than what is the impression in the formal bibliography materials. In those cases where the authors are from industrial countries or international NGOs, they appear to have long field experience, intimate local knowledge and a long-standing relationship and hence trust and understanding of the views and concerns of local partners and beneficiaries.

All in all, these documents tend to provide a more down-to-earth and implementation-focus than that found in the more formal bibliography material. But there is furthermore often a more explicit recognition that CD in its various forms cannot be analysed or understood as a “value-free” or technical issue, but is integral to the larger social and political context in which the capacity development is taking place. In this sense, an important part of this literature can in fact be considered *more* analytical in its approach than the more mainstream “donor literature” because it considers more critically the larger framework contexts for CD support (discussed more in chapter 6).

Because the issues raised by this literature seem to be somewhat different than the material generated through the search of public document collections, it has been kept as a separate bibliography in Annex C.

3.2.3 Network Informants

Finally, the network staff that the team spoke with provided valuable views and information based on their roles as “spiders in the CD webs”. The conversations have been both informal when setting up the connections for the web-survey, and more formal interviews based on the conversation guide that has been used.

3.3 The Web-based Survey

For the reasons given above, the study developed a web-based survey to identify the views of CD practitioners and intended beneficiaries on the ground in Africa – what good CD looks like seen from “the demand side” rather than from “the supply side”. The challenge was to reach this universe of potential informants.

The approach chosen was to rely on and use the selected knowledge networks as access points to the potential informants. The team then engaged the managers or focal points in the networks and discussed how to make this survey relevant and interesting to their members. This was done in three ways: (i) pointing out that the information provided would be recorded directly so that their experiences – which are often otherwise overlooked – would be captured, (ii) the Draft Report would be sent to the same networks for comments among their members so that they will have a chance to comment on how the information is being used; and (iii) the Final Report will be available to all interested parties.

3.3.1 Respondent Biases in the Survey

While the knowledge networks might be able to reach a large number of potential African respondents with the information about the survey, why did the team expect potential informants to be willing to fill in the survey?

The hypothesis was that those who are aware of or have been involved in interesting CD activities have an inherent interest in making them publicly known. The team therefore believed that relevant informants would be motivated to provide information, and that this self-selection process in fact would ensure that the overall response would be reasonably good: informants will be explicitly asked to provide the exceptional, not answer regarding “normal” or general situations.

This web-based survey was intended to not take much more than 15 minutes, to avoid the time factor being a “barrier to entry”. A more serious access problem was of course the assumption that all interesting informants had access to the Internet and were sufficiently familiar with it to be able to fill in a form directly on the Internet. While this would not have worked in many African countries a couple of years ago, the communications revolution in many countries makes this much more feasible today. The fact that the knowledge networks selected were all Internet-dependent also meant that those who were reached already were linked in with the net.

The bias in the universe of potential respondents is still severe: it would largely be higher officials, urban-based and better-off Africans who have this kind of access to the Internet. Given the resource constraints of this exercise – no field work was for example foreseen – the choice was largely to carry out such a web-based survey or forego this option totally. Since the survey was not attempting to map out a “representative” sample or response, but simply try to identify interesting cases, it was felt that the approach was acceptable.

3.3.2 Advantages of the Web-based Survey

Using a web-based survey rather than for example faxing in answers or having focal points carry out local interviews, meant that Scanteam got the answers directly. This provided three immediate gains to the study: (i) there was no need for an intermediary to either provide the study or collect the information, which also meant the study avoided the danger of possible “contamination” of the data by the intermediary; (ii) the data became available as soon as the respondent had finished the survey; and (iii) the data were dumped into a database that could be accessed and analysed immediately.

3.3.3 Preparing the Web-based Questionnaire

The survey consisted of two parts. Part A, “Description of Successful Capacity Development Activity” first requested some data about the project/activity: title of the project, country, time period, sector, and the role of the respondent. The key sections were to provide a description of the activity, listing of the most interesting results, what the respondent believed was Best Practice or innovative about it, and what were the main reasons for success. The respondent was asked to provide information on any available documentation.

While Part A required written answers, Part B was a straight questionnaire along ten dimensions of a typical CD activity. For each Dimension, four to 13 Factors that are often said to be important for successful CD were listed. Respondents were asked to first rate the Dimension, and then each of the Factors, as “Very Important”, “Somewhat Important”, “Not Important” or “Not Sure” (see Annex E for the full questionnaire). Respondents were told that Part B was not compulsory, because it was feared that some respondents might not consider their experience to be well captured through the somewhat rigid structure of Part B. Most respondents filled in both parts, however.

The first version of the questionnaire was in the Inception Report, which several readers commented on. Based on this, the survey instrument was changed considerably. Then a pilot test was done, both to ensure that the web-instrument itself functioned, but also to verify that the questions and the structure of the instrument were perceived as intended.

The pilot test was sent to ten known informants around 20 September, with the request that responses be sent within one week. Based on the comments that these informants provided, further improvements were made.

During the first days of October, the 20 knowledge networks were informed that the survey was now “live” on the web, with a request that the survey be concluded by Sunday 28 October. The survey had been translated into French and Portuguese so links were provided to

the three language versions. Scanteam also posted the survey on its web-site, where all three language versions could be accessed.

3.3.4 Survey Response

After all the work that had gone into the survey, the actual number of responses was quite disappointing: a total of 20, of which one was in French and one in Portuguese¹.

Of the 20 responses, three were from Mozambique, three from Tanzania, two from Lesotho and two from Namibia. Two responses reported on global programs/activities, while there was one answer each from Cote d'Ivoire, Ethiopia, Ghana, Senegal, Sierra Leone, Somaliland, and Zimbabwe. One was from outside Africa (Jordan), but is included because it provides interesting information.

3.4 Informant Interviews

Two sets of informants were interviewed: members of the DAC Evaluation network, and informants from the knowledge networks. In addition, two consultants who are central in this field and have produced a number of key studies on CD issues were also interviewed.

The interviews were carried out towards the end of the process, in order to challenge some of the findings from the web-based survey and document review, but also to get some “out of the box” thinking from individuals who have devoted considerable time to thinking about capacity development in the context set for this study.

3.5 Findings and Conclusions

The team ended up with four sources of information: (i) a comprehensive document review based on searchable document collections; (ii) a review of knowledge networks' documents, largely available from the web; (iii) a web-based survey of CD practitioners in Africa; and (iv) interviews with key informants, covering (a) knowledge networks, (b) DAC Evaluation Network persons, and (c) key consultants in the CD field.

- The documentation identified through the formal bibliographic search had a bias towards donor-funded (“supply side”) and “top down” studies. Many were “big picture” studies that covered a number of countries or sectors, or were general on CD as an issue. Few of the studies provided in-depth case studies. This may have been due to how the search was carried out, but may also be a function of the fact that most of the studies seem to have been commissioned to draw out lessons from a larger body of experience.
- The studies from the knowledge networks tend to look at the “demand side” of the CD equation, detailing challenges and lessons for successful and sustainable CD at the level of communities or organisations. The studies are often better embedded in local political, social and cultural dimensions, and more critical about the roles and values of CD providers, challenging a sometimes implicit assumption that CD is politically „neutral“ or primarily a technical-organisational challenge.
- The access to informants for the web-survey through knowledge networks yielded only 20 responses but still seems the best way to reach such a heterogeneous informant group.

Overall, however, the approach followed here, given the resource constraints of a minor synthesis study, provided a wider range of stakeholders and opinion than expected. The NGO perspective on CD in particular is interesting. While the TOR call for a focus on CD in the public sector, the NGO experiences – both specific ones like in the water and sanitation sector but also with regards to building sustainable capacity – seem to provide high value-added content, and should be pursued further.

1 The Portuguese-language response can serve as an example and partial explanation for the low response rate. This answer was a result of an E-mail sent out to the Water and Sanitation Working Group (GAS, *Grupo de Água e Saneamento*) in Mozambique, which has a mailing list of 140 persons from the public, private, NGO, donor and multilateral agency communities. The information provided and the support received by the group was clearly as expected, but the feedback is that people felt a little uncertain, and in a pressured work day preferred not to spend too much time on an activity that they hoped others would respond to sort of on their behalf (a form of “free rider” problem if we can assume that some of those who did not respond at the same time might be interested in the results of the survey).

4 Analytical Challenges

The key objective of this survey is to identify cases of “best practice” and/or “innovative approaches” (BP/I) to CD. This raised two sets of analytical questions for the team. The first was the issue of the unit of analysis – what are “the cases” to be looked at? The second was definitional – what is meant by “best practice” and “innovative”?

4.1 Unit of Analysis

The international community wants to identify what may be *replicable experiences* of successful capacity development. To do so, it must be possible to identify what are the defining characteristics of the cases that are considered Best Practice or Innovative. This covers two dimensions. One is “what is the unit whose capacity is being developed”? The other is “how do we isolate the process of capacity development” – what is a meaningful way of identifying and isolating the useful characteristics of successful capacity processes?

4.1.1 Levels of Capacity Development

The first dimension is a well-known one, where it is common to talk of three *levels* of capacity development, or – in other words – three different kinds of actors or systems whose capacity is being addressed.

The first level or unit of analysis is the individual, who is to acquire new or additional skills and knowledge. The second level is the organisation, producing new organisational structures, instruments and processes. The third is institutional or the societal level: changes to framework laws, formal and informal rules of behaviour etc.

These three levels of capacity development are of course inter-linked. But there is a discussion of whether one level or unit is more important than others. Much of the literature focuses now on the *organisation* as the key unit of analysis, because most of the skills upgrading that is being done is usually linked to how an organisation – whether a private firm, an NGO or other civic organisation, or public institution – can improve its performance. The TOR for this task also concentrates at this level since it asks this study to have a focus on CD in five fields in the public sector – that is, to look at how public institutions or organisations in these five fields can improve their capacity.

This dimension will be looked at in this study to see if there are particular issues that ought to be included in any future evaluation on CD.

4.1.2 Delimitation of the Capacity Development Process

The second dimension has to do with how capacity development takes place – how can one recognize a successful capacity development *process*? The initial idea was that *a project* should be the fundamental “process unit of analysis”. That is, CD has been provided in a structured and planned way for particular purposes that were pre-defined. The CD process should therefore end up with measurably better results as seen by the key stakeholders, whether the CD was skills upgrading, organisation building or improvements to institutions/societal level frameworks.

From the literature, however, it is clear that limiting BP/I analysis to what can be termed “projects” would exclude interesting cases. Particularly organisational development is often not based on pre-defined processes. Many NGOs see CD as a more continuous process *internal* to an organisation, while projects are more linked with the production of services to *external* stakeholders. Many organisations have developed innovative approaches to how they train staff, restructured their organisation through critical reflection around how they function, or how they have to adapt to or get “ahead of the game” in a rapidly changing environment. The project concept with a formal results framework logic may not capture the process, the

results or the thinking behind such changes and transformations since the activities and results were not the outcome of any particular project or based on a pre-defined strategy or use of funds.

The team thus considered discarding the project approach as too rigid. But in so doing, it became difficult to find a simple analytical approach that would help identify the key success criteria for BP/I CD. When the web-survey asked informants to identify the key factors that could explain the successful CD cases in Part B of the survey (see Annex E), many of the questions asked “proof” of successful CD in the form of identifiable Outputs and Outcomes. Other questions also had a LogFrame logic behind them.

While the team was aware of this problem, the justification for forcing quite different experiences into this set of questions was that if it is going to be possible to reproduce positive experiences, these need to be broken down into standardised units of activities or knowledge that others also can apply.

The team thus kept this dimension in mind as well when going through the literature, to see if there were other ways of handling the capacity building process that was both more open but could also be useful in identifying the critical dimensions for Best Practice CD.

4.2 Defining/Explaining Key Terms

A second challenge was agreeing on operational definitions for the key concepts of this study: “Capacity Development”, “Best Practice” and “Innovative”, since these terms are used fairly widely by the international community. Furthermore, if and when useful definitions are in place, what is the actual importance of them has been looked into.

4.2.1 “Capacity Development”

In one of the earlier and most used definitions of *capacity*, UNDP defined this to be “The ability to perform assigned functions efficiently and effectively”. In its more recent major study on CD, UNDP has changed this to “The ability to perform functions, solve problems, and set and achieve objectives” (UNDP 2002, p. 8).

The first definition uses the concept of “assigned functions”. This is important because it allows tracking of performance against agreed-upon core functions – hence the inclusion of the concepts of *efficiency and effectiveness*, which are important for results-tracking. The more recent definition, however, recognises that it is not simply carrying out assigned functions that is required, but also to systematically go beyond this and set and achieve new objectives and solve problems.

The Governance Network (GOVNET) established within the DAC uses “The ability of people, organisations and society as a whole to manage their affairs successfully” (OECD-DAC 2006, p. 12). The DAC definition is unclear about what “their affairs” contains. It can be used narrowly as “assigned tasks” or be more expansive and thus include the “setting and achieving of objectives”. What is new, however, is that it brings in the three *levels* that are normally used when discussing CD, namely individuals, organisations, and institutional/ societal.

A hybrid definition that combines the important elements of these three definitions would then be: “*Capacity is the ability of people, organisations and society as a whole to perform assigned tasks well, solve problems, and set and achieve objectives*”. The operational utility of this definition will be more apparent in chapter 6.

From this follows that “*Capacity Development is processes or activities designed to improve desired ability*”.

4.2.2 “Best Practice”

The team has tried to identify what are currently considered “best practice” definitions of “Best Practice”. The following are the ones that have received the greatest number of “hits” on the Internet, and thus represent the most commonly used ones:

- A technique or methodology that, through experience and research, has proven to reliably lead to desired results;
- The winning strategies, approaches, and processes that produce superior performance in an organisation. A best practice is a by-product of a successful end-result;
- An activity or procedure that has produced outstanding results in another situation and could be adapted to improve effectiveness, efficiency, ecology, and/or innovativeness in another situation;
- Recommendations regarding processes or techniques for the use or implementation of products or services;
- In medicine, treatment that experts agree is appropriate, accepted, and widely used. Health care providers are obligated to provide patients with the best practice;
- A way or method of accomplishing a business function or process that is considered to be superior to all other known methods;
- State-of-industry performance or application;
- The methods and achievements of the recognised leader/s in a particular field;
- Is identifying and matching the best performance of others;
- The term „best practice“ generally refers to the best possible way of doing something; it is commonly used in the fields of business management, software engineering, and medicine, and increasingly in government.

These usages of BP can largely be classified into two groups. The first one relates to the application of best-known methods when planning to achieve an objective, while the others are defined to be BP if they in fact produce a superior result – „results-based BP“. That is, in the first case it is the „current wisdom“ that is to be applied *ex ante*, while in the second case one can only discover *ex post facto* that an activity was BP because it led to a better result.

Planning-Defined “Best Practice”

A “planning based” definition of BP CD requires that there is some accepted BP standards in place, or at least that there is reasonable clarity regarding what ought to be understood as “the collective wisdom” at the time choices are being taken. This would normally require that there are written norms or standards or guidelines that can be referred to. If a project has in fact applied these, it should be considered BP in its attempt.

The advantage of the “planning defined” BP may also be its weakness: it is clear that not all successful CD projects relied on or used or was even aware of the “best practice” CD literature at the time of project inception. In fact, for older CD activities, there may not have been much of a common approach in place.

However, there were important debates on technical assistance in the early 1990s that were widely disseminated, discussed and known. Berg’s 1993 study for the UNDP on “Rethinking Technical Cooperation: Reforms for Capacity Building in Africa” and the statement by the World Bank’s Vice-President for Africa, Mr. Jaycox, at about the same time that much of donor support for CD was in fact undermining local capacity, were constantly referred to. It therefore is not such an unrealistic assumption that much of the CD efforts had these kinds of seminal thinking as their point of departure.

The problem that arises is that if BP was applied, and results in fact were not as expected (which seems often to be the case!), how meaningful is the BP concept in that case, since it did not lead to desired or good results?

Using the definition related to medical practices may provide an answer: “treatment that experts agree is appropriate, accepted, and widely used. Health care providers are obligated to provide patients with the best practice”. That is, there is a body of known practices that should be used *because* it has been accepted as BP – the BP comes in at the “input” or planning stage. At the same time, however, it is based on empirical experience: it yields better results (i.e., the rigorous testing of new medicines for approval). Applying BP in the medical field does of course not always yield the desired result. But it is more likely to do so than if one did *not* apply BP.

The question in the case of CD is if this is a valid comparison. One line of argument is that in the medical field, the medical personnel have the possibilities (in a hospital setting, for

example), to control many of the external variables, so that it is predominantly the medical intervention that determines the Outcome. In the field of CD, planned inputs and activities make up a much smaller share of the factors that determine the Outcome. Does this mean that applying or requiring BP when planning CD is not appropriate or even not worthwhile?

Results-based “Best Practice”

The second usage of BP is preferred by many since it links the BP to achievement of actual results. This is in line with Results-Based Management approaches, including the key issue of “Managing for Results” in the Paris Agenda for Aid Effectiveness. But there are some serious problems with this usage of BP:

- One cannot know if an approach is BP until measurable results are in place. That is, only at the end of a process is it possible to ascertain if an approach can be considered Best Practice;
- This is a particular weakness when applied to CD, because CD activities often require long periods of time before results can be identified and attributed to particular inputs or activities. If a demand for identifying BP was contingent on identifiable results, many CD activities, on-going or recently finished, could not be included in this study;
- There is a danger of the definition being circular: best practices lead to best results! One thing is that “best results” in themselves are not necessarily well defined or clear, but it seems to mean that if a particular result at a given time is considered “best result”, then by this definition it must be because “best practice” methods were applied – whatever those methods were! This means that we end up with a totally *ad hoc* and non-predictable and hence non-operational explanation of BP.

Best Practice Approach as Function of Analytical Level

Some of the literature claims that applying BP thinking to organisational development in the context of rapidly changing environments such as in low-income developing countries is not meaningful. It is more important to carry out careful studies of the specific circumstances under which the particular organisation is functioning to see what might be viable improvements. Even more important is to ensure that the key stakeholders both have contributed to and want to implement the proposed change/CD agenda.

Linked to this line of analysis is the observation that our understanding regarding what influences organisational change and performance is still quite poor, but in any case depends on a lot more complex conceptual understanding than linear logical framework models can capture. That is, models may in principle be useful since they distil many factors into a reduced number of key and more manageable dimensions. But in the case of organisational capacity development, if they are realistic, they will have to be complex with interactive and not just linearly causal relations (see section 4.2.3).

In such situations, organisational change is so context-sensitive and situation dependent that the notion of distilling characteristics from the individual case to something that can be a transferable “best practice” to other situations becomes problematic at best.

In the case of human resource capacity development the concept of BP is more meaningful. The framework conditions are largely known and predictable, and there would normally be some expected skills upgrading results. In cases where human resource development is a *planned* activity, applying known BP is both possible and most likely appropriate, and it would be applied at the planning/*ex ante* phase.

“Best Practice” versus “Good Practice”

The literature is moving away from the “Best Practice” usage to “Good Practice” instead (the OECD-DAC Reference Document from 2006 is titled “The Challenge of Capacity Development: Working Towards Good Practice”, for example). This is important in the sense that it recognizes the significance of the specificity of each case, and that application of experiences in new situations require an adaptation to these different circumstances.

“Best Practice” first of all assumes that it is possible, based on empirical facts and agreed-upon criteria, to reach consensus on what represents “best practice”. This is doubtful for a

number of reasons, not least of which is that different stakeholders may value aspects of CD differently (do the poor agree with the authorities on what constitutes “best practice” CD for health personnel in rural areas?). For this and other reasons, the claim that a particular CD process is “Best” is problematic at best. There are, however, some general principles that a wide range of actors agree are important, particularly those laid out in the argumentation for country-led CD in the Paris Agenda document. Applying these, adapted to the specific situation, is thus seen to represent “Good Practice”.

For the purposes of this paper, however, these concepts will be used synonymously, since it is the BP concept that has been specified in the TOR. In future work, however, it would undoubtedly be preferable to speak of “Good Practice” instead.

Possible Definition of “Best Practice”

One proposal for the definition of Best Practice Capacity Development could therefore be: “*Those approaches to Capacity Development promoted by internationally accepted actors*”. That is, “Best Practice” is what at any given time is formally and publicly promoted as such by the key international institutions that are seen to have a particular legitimacy and credibility in the field, notably *the UN, the World Bank, and the OECD-DAC* in the context of international actors, and the *ACBF* in the African context.

The definition is thus dynamic, since it will change as the different organisations modify their own perceptions of what constitutes “best practice” over time. And this is not only appropriate but fundamental to any BP definition: it is necessarily a temporal consensus concept and cannot be an absolute or immutable prescription-like “recipe”. The definition must therefore have built in this transformational dynamic.

The main argument for the definition above – which clearly runs the danger of not being uniform since so many different organisations may promote different usages – is that it refers to internationally recognised “best practice” institutions as the validating body for the Best Practices! The underlying assumption is that these organisations would only provide and commit to a recommendation for a CD approach because it was seen to represent what was at that time considered best practice. There had been discussions, peer reviews – an entire vetting process lay behind the publication of whatever guidelines or proposals were made. There was therefore a “coming together of the minds” that results-based definitions would seldom or never be able to achieve, because each results-created “best practice” is unique and tied to a particular project – the results-based Best Practice is thus dependent both on the individual (project) results as such, but also on the eyes that see.

Conceptually there is an important difference between the two approaches to defining Best Practice – whether *ex ante* or *ex post*. *In practice*, the two of them would normally be linked as used in the medical definition: medical staff should apply up front what is considered to be BP, which in turn is based on the empirical results produced by earlier applications of this and other approaches (where the alternatives presumably yielded poorer results). Current BP is thus the outcome of earlier experiences. Over time, other ways of addressing the same problem may yield better results (see section 4.2.4), in which case the definition of BP should be expected to change.

The BP concept is clearly linked to the linear thinking of the Logical Framework approach (LFA): “if you apply these inputs in this way (“Best Practice” manner), it is expected to yield or in fact resulted in this BP Outcome”. The value of this definition of BP thus hinges on whether or not an LFA approach is seen as valid in the particular case. One important discussion in this context is the one on “best practice” versus “best fit” (see section below).

4.2.3 “Best/Good Practice” versus “Best Fit”

A key debate in the CD literature concerns the appropriateness of the LFA thinking in the context of CD. Particularly when moving away from training of individuals and looking at organisational development and even more when discussing societal or institutional frameworks and change does the LFA thinking come across as being too linear and limiting. The work done by Boesen and Therkildsen (2002-2005) for the Danish Ministry of Foreign Affairs uses a very different model by seeing organisations as “open systems” where the

contextual situation in which an organisation finds itself is critical to understanding its functioning and changes. Boesen and Therkildsen note that this model makes an important distinction between the external environment and the internal operations system. The LFA, which in principle can capture and relate to external forces, is primarily a tool for analysing the internal factors that can be managed by an organisation.

Since the contextual factors are both highly complex and specific to a particular situation, trying to identify “best practice” approaches to organisational development is problematic. If no two contextual situations are similar, the ability to apply “lessons learned” in one situation to a different context in line with “best practice” thinking may be highly inappropriate and thus counter-productive. Instead of trying to understand what is “best practice” and apply this, there is a need to understand the contextual situation, and then see what is the “best fit” to that situation. That is, the dominant “drivers” for organisational development are not the internal ones – where a “best practice” logic would make sense – but the external environment, where a “best fit” approach is the better.

This discussion can be generalised to one of whether it is in fact internal or external factors that should be considered the critical ones. While it is easy to discard “best practice” thinking as naïve and mechanistic “blueprint copying”, it is also the case that many factors are either stable or predictable, so that transfer of knowledge and experience makes sense. But making the distinction between external and internal factors for understanding what are the dominant “drivers of change” seems to be very useful, and something that should be included in a more comprehensive thinking around CD analysis.

4.2.4 “Innovative”

The concept of “Innovative” is necessarily a relational one: something is “innovative” in comparison to something else. The online version of Encyclopaedia Britannica has only one entry that offers a direct definition or explanation that is relevant here: “*Innovation: In technology, an improvement to something already existing*”. This is a very succinct “results-based” definition: if the result is better than whatever existed, it is Innovative!

In the context of CD, the logical comparator ought to be “Best Practice” and not simply “something already existing” since this is so vague that it is not possible to use.

The team spent some frustrating hours trying to operationalise the innovative concept in a way that would allow for empirical verification, and largely had to give up. As with the BP concept itself, there was an attempt at identifying *ex ante* and *ex post* usage of “Innovative”.

In a planned/*ex ante* understanding of the concept, conscious and deliberate choices were made to do things differently – to test, to break out of the mould, be bold, push the frontiers. Whatever the BP at that time recommended was not seen as satisfactory, or at least somebody felt better results could be attained by doing things differently. “Innovative” is thus those decisions that went beyond the known Best Practice.

The results-based/*ex post* usage of the “Innovative” would be where positive results were achieved and the actors, when looking back on the causes, see that it was (at least in part) because some things were done differently than previously. This new or different activity may not have been a conscious “let’s be innovative” decision but rather an adaptation to new circumstances, or somebody brought in a new practice that others also agreed to apply, or there simply was no awareness of any BP standards and tasks were done based on what was agreed to by the stakeholders.

One possible understanding of the *ex ante* concept could therefore be “*Innovative refers to decisions or actions to do things differently than what was considered Best Practice, with the expectation that this would produce better results*”. “Innovative” here thus remains in the realm of expectations at the time of the decision, though not necessarily at the beginning of the process – it can be an adaptation or change once participants believe that the current course is not the best one. But since it was in the sphere of expectations, there is no guarantee that the result in fact would be superior.

Using the *ex post* approach, such as the results-linked one in the Encyclopaedia Britannica above, has the weakness that the comparator is so amorphous as to be impractical. While the DAC is working on identifying “Best Practice” *processes*, it is much more difficult to agree on what a “Best Practice” *result* or *standard* would be, and the criteria for this. Having a definition of Innovative that is based on a comparison to this (non-existent?) BP result universe will therefore not be very helpful in terms of empirical testing.

This becomes even more difficult when one takes into account the “Best Practice” versus “Best Fit” discussion. If many of the CD results are only seen as interesting and valid under the particular and limiting circumstances of that particular CD experience, the concept of “Innovative” becomes less interesting than in the technology universe of the Encyclopaedia Britannica definition where changes in technology are manifested in the form of identifiably new products, services or processes.

This leads to a final observation which concerns the *subjectivity* of the concept. What is innovative to one observer may not be to another, depending in part on their experience and knowledge (the perception of innovation can as much be a reflection of ignorance), and in part on whether they find the new practice actually was more useful or not. This latter dimension is largely situational, so what is innovative in one setting may not be in another simply because it does in fact not yield superior results.

Innovative as a concept may thus be useful in a specific situation. It seems, however, difficult if not impossible to find a general definition or standard that can be used in a “lessons learned” or “transferable knowledge” context, and there was certainly no such definitions or usage found in the literature surveyed.

4.3 Findings and Conclusions

One task was to find a meaningful unit of analysis for CD: “whose capacity is being developed?” in terms of the three levels that CD usually addresses: individual, organisation, society/institutional. Most of the literature focuses on the *organisation*, which is also the one highlighted in the TOR, and which the team also sees as the most useful.

The second issue was to delimit the CD *process*. While thinking in project or activity cycle terms is criticised as being too limiting – many CD actions are not so directive and deliberate – it has been chosen as the starting point, partly because much of the literature uses this approach, but also because much of non-LFA based activities can still be captured by the dimensions and concepts used in project studies. This, however, is an area that requires more work.

The team then tried to identify useful definitions of the key concepts for this task. Merging UNDP and DAC definitions leads to what appears a useful definition of capacity: “*Capacity is the ability of people, organisations and society as a whole to perform assigned tasks well, solve problems, and set and achieve objectives*”. Capacity Development is then: “*Processes/ activities designed to improve desired ability*”.

The concept of “Best Practice” is more complex, in part because there is disagreement about whether a planning-based (*ex ante*) concept or a results-based (*ex post*) one is most appropriate. The latter has more immediate appeal because it is linked to measurable results and not just good (planning) intentions; and it is aligned with the Paris Agenda for Aid Effectiveness principles of results-orientation. However, results based BP are inherently much later to appear, the criteria for identifying them unclear, and since they do not necessarily link to the process of producing the results, the utility in terms of transferability of these BP results is poor. Conceptually it may therefore be easier to have a planning- or process-based definition of BP: “*Those approaches to Capacity Development promoted by internationally accepted actors*”. That is, “Best Practice” is what at any given time is publicly promoted as such by key international institutions that have a particular legitimacy and credibility in this area: the World Bank, the UNDP, OECD/DAC, and ACBF in Africa.

In *practice*, the *ex ante* and *ex post* usages are linked since BP standards or processes promoted by bodies like the DAC are based on the identification of “best results achieved”, so *ex post* experiences feed into continuously updated *ex ante* planning recommendations.

The concept of “Best Practice” itself is being replaced more and more by “Good Practice” in recognition of the importance of the specificity of CD environments and the differing weights various stakeholders may attach to the different components of CD.

Furthermore, “Best/Good Practice” is seen as less appropriate in the context of organisational and institutional/societal CD. The concept of “Best Fit” captures better the importance of the external environment in understanding the dynamics of CD at this level.

The concept of “Innovative” is both a *relational* and a *subjective* one: something is “innovative” in comparison to what exists or is known. Because of the highly relative nature of this concept, it is not meaningful to look for a general definition or standard that can be used in a “lessons learned” or “transferable knowledge” context. There were furthermore no such definitions or usage found in the literature surveyed.

5 Empirical Findings

This chapter looks at some of the key findings of the empirical material that was collected: the document review and the web-based survey results in particular.

5.1 Structure of the Literature Reviewed

Of the nearly 340 documents in the bibliographies, about 70 were selected for review, and are included in the annotated bibliography (Annex F) [*about 20 documents have not been entered in the database yet but will be before finalisation*]. Very few of these refer to Best Practice or Innovative approaches to CD in a focused manner. Most documents are descriptive and/or theoretical in nature. This finding is in line other studies in the same area (ECDPM/Watson 2006, Danida 2007).

A number of the references are compilations and presentations of already existing material rather than original empirical material. The number of original and systematic *empirical* investigations into CD practices is therefore limited. The exception is the NGO literature, where a high percentage of the documents are descriptive case studies.

Although most of the documents did not focus on providing Best Practices and Innovative approaches to CD in relation to specific projects, programs and issues and the environment within which they functioned, they do provide useful insights and lessons in terms of how to improve CD practices.

5.1.1 Sector Distribution

About a third of the literature had clear sector information. But of the five sectors this study was to look at, only three studies looked at water and sanitation, three at health, and one education. Other sectors that were discussed were environment, telecommunications, public finance management, and general fields like civil service reform and NGO support.

There is therefore no real basis upon which to draw lessons regarding differences between or similarities across sectors. A key reason for this may be the methodological approach to the literature search. Suggestions for how this can be addressed are presented in chapter 7.

5.1.2 Modalities

A number of studies focused on technical assistance or technical cooperation, but the number is very reduced compared with the importance this topic had during the 1980s when technical assistance and the use of external experts was a key concern.

Four studies looked at twinning arrangements, which is relatively many compared to what seems to be the actual importance of twinning as a CD modality. The reason is that several funding agencies (Norad, Sida, the Netherlands, the World Bank) commissioned studies to assess the lessons learned from their twinning arrangements - which were not much different from those identified a decade earlier (see Box 5.1)

One “quasi-modality” that has not been discussed much in terms of CD but which deserves more attention, is pooled funding mechanisms: sector program support, general budget support and multi-donor trust funds (see sections 6.4.4 and 6.5).

Box 5.1: Twinning as Capacity Development Modality

Twinning arrangements for CD were seen as successful when based on (i) clear partnership based on shared objectives and values; (ii) focus on sustainable capacity building; (iii) there was potential for long-term cooperation that could continue after the project ends, (iv) the use of activities and inputs was highly flexible, adjusted to changing needs, reached different areas of the organization; (v) learning took place at both individual and organizational levels.

The advantages were that twinning offers better possibilities for organizational learning and sustainable capacity since it can combine training with technical assistance; offers flexible work plans and long-term cooperation; encourages immediate acceptance of the supplier by the recipient; spreads positive impact extensively throughout the recipient institution; and provides positive effects to both parties. The success is dependent on serious commitment by management in both parties.

Disadvantages include potential conflict between the parties; lack of incentives; high costs; and the danger of “lock-in” when the external partner no longer is the most appropriate. Donor-funded twinning also limits the range of partners, increasing the danger of supply-driven twinning (Jones and Blunt 1999; Proctor 2000; Olowu 2002; Ouchi 2004).

But the results obtained through twinning arrangements are often below what was expected. Experience points to a number of “do’s” for successful twinning (Disch 1993):

- Invest sufficient time up-front to identify the ‘right’ institution. The partnership is close to a marriage: not only technical skills but also organizational culture and structure should be compatible or desired. Mutual study visits to clarify issues and fully understand reciprocal expectations are critical.
- The supplying institution should consider the arrangement a long-term and in-depth commitment – it will take more resources and involve more areas than originally considered, so this disruption and “expanding agenda” should be expected;
- Twinning arrangements must be long-term to provide any pay-off. Funding must be guaranteed for considerable time, perhaps five years to begin with, for the supplying institution to be able to plan ahead, make the necessary internal organizational adjustments, put in place training schemes, etc.
- Most supplying institutions will themselves need considerable TA to successfully play their role (most institutions are set up to *do* their tasks, not to *train* partners), and need to plan carefully the resources and activities required to deliver successfully what is expected.
- Perhaps more so than in other forms of CD it is critical to have well defined and realistic objectives. Both organizations will be accountable, but for the supplying organization the “deliverables” need to be part of own total plan, not something that is seen as “additional” and not really planned for.

While twinning has therefore not been as important and successful as sometimes hoped for in the public and private sectors, it seems to work well in research and NGO sectors. For research organizations, the similarity in structure, corporate culture and goals are often clear and hence the mutual benefits from the collaboration apparent. For NGOs, collaboration is set up as a form of twinning but where the “supplying partner” is (in theory) responding to demand from the local partner, and the twinning itself part of the NGO core program – it is not an afterthought or a secondary objective (though see Box 6.1 on this).

The vast majority of the studies did not have a specific modality focus and thus had little to say in terms of what works under which circumstances.

5.1.3 Levels

When looking at the three societal levels – individual, organizational and institutional/ societal – most studies have an organizational focus. That is, the literature has clearly moved

towards looking at how public and other organisations can function better, and see the capacity development of individuals in light of the organisation's needs. But while many studies talk about organisational development, there were not many rigorous studies in the context of CD. This has been changing over the last several years, where one of the largest efforts is the series commissioned by the Danish Ministry of Foreign Affairs with Boesen as a main author (see the five volumes by Boesen et. al. 2002-2005).

About ten percent included discussions of changes at institutional/societal level. The World Bank in particular tends to include analyses of the overarching framework conditions under which CD is taking place.

UNDP has a number of "how to" manuals that explain how analyses can be carried out at different levels, differentiating the tools necessary to do analyses at the level of individual skills versus overall framework conditions, which seem to represent the Best Practice tools at the moment.

One of the key differences with CD literature ten years ago is how training (individual level) is now defined in terms of the needs of organisations. This is seen as key both for ensuring performance-driven and meritocratic organisations but also sustainability of training efforts.

5.2 Results

Relatively few of the documents from the general literature survey identify clear or tangible results, since most of them are more analytical and of a more general nature. Many of the NGO documents discuss cases, however, and provide more specific results from the activities looked at.

The results presented are largely at the Outputs level, however. A few put the results into a wider context so that the achievements can be better appreciated: "With 474 beds, Lacor is the second largest medical centre in Uganda. The study argues that it is an extraordinary example of capacity development, adaptation and performance in a region characterized by an 18-year civil war, extreme poverty and outbreaks of virulent epidemics" (Hauck 2004). But there are few studies that assess results at Outcome, much less at Impact levels.

A key reason for this is that there are very few studies that provide a causal model that traces expected results through the different levels of the results hierarchy. One exception is the recent study done on Norway's energy sector support, where the evaluation was able to look at Norwegian assistance to the energy sector in two countries over 30 and 40 years, respectively, and where it therefore was possible to actually see the longer-term effects of continued assistance (Scanteam 2007c).

This lack of careful empirical work that can document results at the Outcome and Impact levels have become a large enough issue that a so-called "International Initiative on Impact Evaluation" ("3IE") has been set up in Washington DC as of January 2008. 3IE is to contract studies on Impact and policy implications, where the initial studies are to focus on the social sectors. The more complex field of CD will not be the immediate focus of 3IE, though presumably one of the key dimensions of health and education programs that will have to be looked into is exactly institutional, organisational and individual capacities to deliver on the promises that the donors and large global health funds are to fulfil.

The literature by and large did not provide any explicit claims to BP&I approaches. There is instead considerable material on what does not work. In the case of one paper, this is formulated in such a way that proposed "Best practices" can be discerned, and the negative formulations are presumably for pedagogical reasons. "Seven Deadly Sins: Reflections on Donor Failings" provides the following list of what is wrong with donor funding including in the field of CD: (i) Impatience (with institution building); (ii) Pride (failure to exit); (iii) Ignorance (failure to evaluate); (iv) Sloth (pretending participation is sufficient for ownership); (v) Envy (collusion and coordination failure); (vi) Greed (stingy and unreliable transfers); and (vii) Foolishness (under-funding of regional public goods) (Birdsall 2004). However well formulated, there is no empirical foundation for this, and hence no clear guidance as to why the opposite values or behaviours would necessarily be "Best Practice".

5.2.1 Lessons Learned and Recommendations

While there is little in terms of BP&I in the literature, there are a lot of “Lessons Learned” and recommendations provided. Once again much of the NGO literature is case-specific though some of the network organisations such as Impact Alliance and INTRAC focus on summarising lessons from different cases, to disseminate widely among their members.

Most of the donor studies contain general conclusions at the higher levels of the objectives hierarchy but without much in terms of verifiable case results – again because there is a paucity of clear causal modelling. The Lessons cited and recommendations made are therefore often at the level of general principles: the need for Local Ownership, careful Needs Assessments, and a Long-Term Perspective.

With regards to Local Ownership, the principles that will ensure this are said to be good stakeholder dialogue and to give beneficiaries or local partners real decision making power.

Concerning good Needs Assessments, the general rule is said to be that there should be a good fit between what is offered, the needs of the target group, and the objectives of the intervention. Furthermore, the local context and environment are noted as key external factors that need to be taken into consideration, as well as what capacity there is to build on in the first place.

The Long-term Perspective is mentioned as particularly important for CD in a number of studies, and it is linked to the ownership argument. Capacity development, more so than other forms of development cooperation, is so embedded in the local partner that one cannot conceive of sustainable CD that is not thoroughly owned. But this is a process-intensive evolution that cannot be pushed by donors and thus must be allowed to follow its own timeline.

When assessing why the Bank’s massive support to CD in Sub-Saharan Africa had yielded such disappointing results, a key reason identified was that CD too often was seen as simply a component of a larger investment operations, and where the CD was meant to primarily address the capacity required to implement the investment. It was therefore on the one hand limited to a purely secondary instrumental concern, derived from what was considered the primary objective, namely that of the investment operation.

But it also meant that the CD timeline was driven by the larger project, whereas the evaluation found that CD needed to be separated out and have own objectives linked to the more permanent capacity that the organisation or society required, rather than just short-term project purpose, and thus have sufficient time to evolve in a sustainable manner (World Bank 2006c).

Box 5.2: Organisational Development and Poverty Reduction

The shift in the CD literature has been away from the discussions on the role of experts and technical assistance towards organisational development. But the focus has been on the public sector, and in Sub-Saharan Africa often linked to disappointing results of Public Sector Reform (PSR) over the last decade. The World Bank summarised the “state of knowledge” in its “Building State Capacity in Africa” (Levy and Kpundeh 2004). The book’s final reflections support the need for a more meritocratic public sector but notes the long time it took to establish this in the industrialised countries. The politics and economics of reform is seen to be missing from a debate that has been too technical and organisation-centred rather than appreciating the larger context (the “open system”-perspective of Boesen et al), which also weakens the important discussions on control and oversight by democratically elected bodies. The decentralisation sub-debate is also seen to be too narrow and not open to the linkages to civil society and existing forms of social organisation already in place.

This is in line with “New Institutional Economics” that talks about different levels of institutional capital. Formal institutional arrangements such as new forms of law (land rights), changes in roles among institutions, and establishment of new institutions like political parties may take 10-100 years, while organisational changes typically take 1-10 years. Changes in resources allocations, individual choices driven by market logic are continuous and instantaneous. The PSR is trying to address two levels simultaneously – both “the rules of the game” and “the actors of the game” in Douglass North’ formulation – which is too broad and tries to tackle deep-seated forces at the same time (Box 6.5).

While some studies have looked at individual learning as a function of organisational development (Lusthaus, Adrien et al 1999), only a few have reviewed the problems of organisational learning in the development context (Pearson 2006; Johnson and Thomas 2007). The ECDPM has taken a “system thinking” approach, which is a relatively influential part of organisational development and learning in industrialised countries but not much applied in the development context (Morgan 2005).

Two studies used Appreciative Inquiry, which is considered by some a more appropriate approach for studying learning in complex socio-cultural contexts (Watson 2005; Datta 2007). A recent survey among “change management” practitioners globally showed that this is particularly well known and used in the Southern Africa region (“Change Management Toolbook 2005”). A more specific “African” version of this is the “Ubuntu” approach that is used by NEPAD in its work (Khoza 2005).

But this work is still focused on formal organisations, largely in the public sector. And there is little that connects the studies to impact on poverty. Where this is discussed is largely in connection with social sector development and decentralisation, and largely in theoretical terms with little empirical data.

There is little analytical work in the NGO literature on organisational change and experiences with what the poor want, and how best to achieve this. There is a lot about the practical problems encountered when doing community-based CD, but apart from general “lessons learned” about the importance of ownership and context, little seems to be known about how to identify and ensure sustainable local organisations. A key example of this is the massive work that has been done across Africa on rural-based water supply and sanitation systems for several decades, and where basic issues of inputs supply chains (spares, technical expertise) and financial and organisational sustainability still seems to elude clear conclusions.

There is also surprisingly little if anything on *gender*, poverty and community based organisational development. Given all that has been written and said about gender and poverty in rural Africa, one would have thought that more work would have been done on “returns to efforts of gender-relevant CD”, but this study did not identify anything that was interesting in this regard.

At the same time both the NGO literature and the web-survey point to the importance the poor attach to organising themselves and the considerable time they are willing to invest in discussing and coming together. There seems therefore to be a felt need for more and better organisational development – but we still do not seem to know much about what the organisational structures should look like, what the focus and objectives should be, and how best to assist the emergence of more demand-driven organisational development by and for the poor.

One interesting aspect of the time discussion is that in some of the NGO literature in particular it is clear that much of the time is in fact for the CD supplier to learn and adjust. While there is considerable discussion about the time it takes to mobilize and organise local communities, it is also clear that the CD providers themselves often have to go through a learning cycle to ensure that the approach and instruments used are appropriate. While both time use dimensions are noted in some of the studies, it is not clear what the relative importance may be, though this presumably is case specific. The knowledge brokers in the NGO community are clearly trying to reduce the learning time on the side of the NGOs providing CD through identifying practical “lessons learned”, such as the importance of culture-sensitivity, how to address the gender dimension, the sustainability of CD efforts etc.

The general recommendations above are largely considered to be “Best Practice” in terms of principles, and are repeated throughout much of the literature and are now considered non-controversial. But while these general principles are now accepted as appropriate, they remain at such a high level of abstraction that they do not provide much assistance in making CD resources in practice more poverty focused. This will be looked at more in chapter 6, where different ways of conceptualising the distance between funding actors and intended beneficiaries are discussed.

5.3 Web-survey Findings

Most of the web-survey respondents had a connection to the project they reported on. They were typically program (project) staff or in some role as manager or responsible or promoter of the project/activity.

Concerning the sectors of the activities that the respondents reported on, it turned out that most activities were either multi-sectoral or not sector-specific, despite the survey requesting only respondents from relevant sectors to reply. The most commonly noted sectors or areas were given as poverty eradication, public services, or governance. Three reported projects/activities covered all or almost all the sectors in question. Only five of the respondents reported activities in only one sector.

15 of the 20 projects were ongoing projects/activities. Eight of these were long term projects with more than five years’ duration. Seven of the projects were expected to last between three and five years while the remaining five projects were to run for two years or less.

The spread across time profiles shows that it seems possible that short-term as well as long-term CD activities can be successful. But the short-term projects were ones that provided specific training or workshops and where the objectives were very clear and measurable, which allowed for monitoring of results at least at Outputs level. The longer-term projects had more broad-based objectives, but again tended to have fairly practical and easily understandable objectives: “Strengthening the capacities of management staff in public and private sector...” with a description of what kinds of management activities they were now expected to be able to fulfil.

A common denominator among these projects was a well-defined objective that permitted the informant to state that results had successfully been achieved.

5.3.1 Most Interesting Results

Many of the projects mention clear and measurable results. Examples of clearly measurable results that were linked to the CD activity are “The service coverage increased to 97% of the population”, “The willingness to pay for the service improved by ...”, “211 staff received

their diplomas in....”. One very clear and measurable verifiable result was that “They got the water pumps working”! – clearly a successful capacity improvement in that village!

Less quantifiable result but that were fully possible to verify were also reported: “The community developed the capacity to plan and build the project...”; “Many patients remain involved in the program after completing their treatment either as Treatment Supporters, Activity Trainers,....”.

A number of the reported projects/activities mentioned awareness rising as a key result: “The participants understood that better garbage collection practice is a matter that concerns every individual and the community as a whole in general”; “So far the communities know that abuse is not acceptable, be it child or on grownups and report it immediately”. What is unclear with these statements, however, is how in fact this awareness raising was measured. One experience from having project promoters report on the results of activities is that they tend to exaggerate the degree of learning and understanding that has been attained. The means used for measuring and tracking performance is often end-of-training surveys. These can be rather cursory and tend not to really challenge subjective impressions of own or others’ achievements. It would be much more useful to see if the new skills were in fact applied – doing the measurements at the Outcome rather than the immediate Outputs levels, and through on-site verification rather than simple information pass-through, which is often distorted compared to actual results.

5.3.2 What was Best Practice and Innovative?

The responses present lots of enthusiasm about the projects being reported on. However, the arguments for why the projects/activities are BP and Innovative are vague and are normally not substantiated in the CD part. Some seem to understand the BP and Innovative concepts in terms of the issue they are raising itself, rather than to the CD activities or CD results produced. It was also clear that many were uncertain about how to interpret the BP concept.

Most respondents pointed to the process that the project/activity used, like “The involvement and empowerment of former TB patients who understand the stigma and discrimination associated with TB and the difficulties of remaining on treatment for an extended period of time”; “That women were involved”; “...has set up a gender balanced local monitoring group...”; “The main success factor I think was the strong emphasis on consensus building with all stakeholders...”. That is, they note what was the best practice aspect of that particular activity, rather than extracting any new or superior activities or results compared to other similar activities they were familiar with.

In this vein, a few pointed to the *results* achieved and outputs produced such as the quantities of whatever the project or activity produced, and noted that this was considered a very good achievement, though there were no comparators mentioned, benchmarking or similar that could validate the results as of particular interest/value.

But one project clearly was pointing to what was considered Best Practice achievements in that area in the region of Western Africa when noting that “This program is transforming economists in the administration into managers of economic policy. The training enables them to take on new responsibilities...” and provides an analysis of how the new form of training is building a new skills and experiences that is critical for the further development of management in the public as well as the private sectors.

Some also noted what they believed were the best pre-conditions for success – that is, “Best Practice starting point”: “A relatively high level of education among a wider group of employees was vital.” While this may seem a little contradictory – “the best starting point for a successful capacity development process is to have a lot of good capacity in place” – this is in fact rather obvious and yet easily overlooked when looking at reasons for success².

None of the respondents interpreted BP as something built on a particular set of guidelines, whether from the OECD, ACBF or elsewhere, whereas this understanding is common in the

2 One important reason for a good baseline when tracing progress in CD is as much to understand the *level* and *dynamics* that were already present when the new capacity building process started, since few activities start from zero or a totally static platform. The OECD/DAC “Best Practice” handbook in fact assumes as much when it talks about pre-conditions for successful CD – see Box 5.4 below.

bilateral and multilateral development practitioners' arena. None of the respondents seemed to have any predefined definition or guidelines in mind when responding.

5.3.3 What made this a Successful CD Activity?

There were two qualities that respondents consistently referred to as characteristic of successful CD: (i) strong local ownership, both to the process and to the product – the activity as well as the end results – had been established within the target group; and (ii) the collaborative interactions: people were brought together, communications were established or strengthened, there was increased involvement – in short, participants appreciated the opportunities for getting together to address joint concerns, and almost independent of whatever results were achieved, this in itself was seen as valuable.

The ownership was mentioned in clear terms like “Key word is Ownership”; “The project was owned by the needy people...”.

On the collaboration, statements were of the kind that “project structure enabled formation of a patchwork of powerful economies cooperating with each other”; “Ensure meetings, workshops and training sessions are taking place regularly over time”; “...coordination of group meeting to the final stage..”; “The overall trust that was present among all participants about being able to participate and contribute”; “Communication and information flows between stakeholders made the project successful”.

These observations from the field are thus quite different from the general statements in the literature which are much more abstract in their concerns. While a number of the respondents were not referring to projects directly linked with the poor, they none the less confirm what is also noted in parts of the NGO literature: for the resource-poor, one of the great “voids” is the opportunity and resources for meeting, discussing and organising around common concerns. When the more general CD literature therefore talks about local ownership and how CD activities need to be demand driven, this often becomes too abstract and far removed from the kinds of common-sense nuts-and-bolts activities that the resource-poor actually need: time and resources for building relations, trust, common understandings which *then* can enable them to formulate prioritised needs and design longer-term capacity building processes. One program that seems to have succeeded in this more general design is the Afghanistan National Solidarity Programme (NSP) presented in Box 5.3.

5.4 Benchmarking the Findings

Key purposes of the synthesis study are to draw lessons from existing evaluation reports and other studies focusing on good and innovative modes of assistance to CD in low-income countries, and indicate knowledge gaps regarding the effectiveness of these interventions.

An attempt was therefore made to “benchmark” the findings in this study against a recognised baseline source, where the most logical one would be the OECD DAC/Govnet’s “The Challenge of Capacity Development: Working towards Good Practice” from 2006. This is probably the single best known document at this point in time that is relevant. It is considered a framework document by the DAC member states as it has been extensively discussed and subsequently approved by the technical bodies concerned with CD. This document was furthermore a central part of the preparations for the TOR for this study.

The document is based on a review of studies from 2001 to 2005, looking at positive and negative lessons learned. The main conclusion is that there is no simple message on “how to do” capacity development. In line with what has been said before, the document notes that one first has to define the objective for the capacity building – “capacity for what?” – and then identify the specific capacities needed to fulfil clearly defined goals. Then an active search for “best fit” is suggested, giving due attention to the particular circumstances.

The DAC/Govnet framework is structured around two dimensions. First is the “analytical level” dimension, covering the three levels “The enabling environment”, “The organizational level” and “The individual level”. The second dimension is four “steps” that represent a systematic approach to a flexible, best fit way of thinking and program design for capacity development. These steps are:

- Understanding the international and country contexts;
- Identifying and supporting sources of country-owned change;
- Delivering support;
- Learning from experience and sharing lessons

5.4.1 Understanding the Country Contexts

The DAC/Govnet document notes that a good understanding of country context is fundamental, and in particular the degree of political commitment. Donors are carrying out such studies under the rubrics of “Institutional Analysis”, “Power Analysis”, “Drivers of Change Analysis”. These studies need to address formal and informal, functional and political as well as hidden aspects of an organization. A particular point is made of the private sector as an agent for change. Donors need at the same time to assess critically their own roles and behaviour to “consider whether their own governments’ policies are part of the problem”.

In the web-survey here the analysis and contextual understanding was rated as important, but of particular importance was “Specific local situation”. This is undoubtedly because the survey respondents were involved with specific projects, so on the one hand they could see the importance of the particular circumstances, while on the other they were already embedded in the larger national context. The DAC principle of “context matters” can therefore be seen as a “cascading” principle, since individual activities may take place several layers down in a national socio-political hierarchy.

Box 5.3: Afghanistan’s National Solidarity Programme

An interesting case of broad-based community-driven development and empowerment is Afghanistan’s National Solidarity Program (NSP). It was established mid-2003, and by the end of 2007 it covered about 20,000 villages in 353 of the country’s 364 districts in all the 34 provinces. The target population are the 80% of the country’s 32 million that live in rural areas.

The Objective is to lay the foundation for community-level good governance and support community-managed projects that improve rural communities’ access to social and productive infrastructures and services. This is done through the development of elected Community Development Councils (CDC) that in turn direct and manage community decisions for preparing Community Development Plans (CDP), select the most important for implementation, prepare the projects and apply for block grants which average about USD 27,000, keep the accounts and report on results.

The NSP budget till the end of Phase II mid-2010 is about USD 930 million. By the end of 2007, the NSP had committed USD 430 million to over 30,000 projects for over 16,000 communities, disbursing just over USD 400 million. 25% has been for water and sanitation, 22% for transport, 17% for irrigation, 16% for power generation, and 12% for education.

The ability to reach so many communities in such a short time relies on the use of 28 Facilitating Partners: national and international NGOs and UN agencies that take on the mobilization, support, oversight and quality assurance tasks. The FPs have around 7,000 staff on the ground providing the day-to-day support. This has meant that FP costs are high – about 25% of total resources – and questions are raised whether tasks could be done more efficiently. At the same time, external reviews point to important achievements: for the first time communities are given resources for allocation to their own priority needs, with accountable local bodies overseeing the task, following a standard process of 15 steps across five phases. This includes contacting the community, facilitating agreement on and electing a CDC, preparing a CDP, selecting priorities, designing projects, implementing and reporting on them, evaluate and reflect on learning experience and review the CDP.

The four major Outcomes of the NSP seem to be (i) improvement in social cohesion by enhancing collective decision-making and action, (ii) improvement of the socio-economic welfare of the population, (iii) empowerment of the population, including inclusion of women in the decision making process, and (iv) improvement in the communities' trust towards the Government, where the Government has to win its legitimacy by delivering tangible results in a timely manner.

The program design is clearly a top-down structure, but was based on extensive consultations with national stakeholders and reviewing relevant experiences in other countries, in particular Indonesia's community-development program KDP. A major National Public Consultation process took place in all districts and provinces at the end of 2007, ending with a National Conference mid-November with 450 CDC delegates, of which more than a third were women. The conference adopted a number of proposals, in particular to ensure links to the public sector, and CDC sustainability.

While Afghanistan is obviously not an African country, its status as a low-income Fragile State beset by major security problems provides a context that can be relevant when assessing its CD achievements. And the organisational, community development and empowerment results are impressive given the limited time that the program has been running. The challenge is clearly the sustainability and ability to continue its including and democratic functioning.

The other important aspect of this principle is the centrality of the organisation as the unit of analysis. From the NGO literature it is apparent that the DAC's concern with issues like informal and hidden aspects of the organisations increase in importance as activities become closer to the beneficiary group, where traditional forms of social organisation have dimensions and interactions embedded that outsiders may have difficulties seeing or understanding, but that may be important for the success of the CD activities.

On the other hand, the NSP example also shows that under certain circumstances it may be possible – or perhaps only *appears* as possible? – to impose a coherent structure throughout an area if this is seen as required to ensure that the intended CD benefits in fact are produced and flow to intended groups (such as the gender dimension in the program).

Overall, however, the principle is recognised as being central to successful support to CD. What is of importance in this context is the recognition that this principle requires additional resources for planning: the kinds of studies that are being asked for are complex and costly. The NGO literature, which addresses the issues faced in the actual context of the poor, shows two (often complementary) approaches to this issue. On the one hand NGOs use participatory planning techniques that in part are to help reveal how decisions are arrived at (what is the nature of local organisations and decision making at local level) while on the other it is also clear that incorrect assumptions are uncovered over time as part of the continuous learning that comes from the constant interaction with local partners. The task of understanding local context and thus find appropriate approaches can hence be quite a costly undertaking. If one further wants to adhere to the “best practice” principle of “Quality at entry” – “get it right first time around” – this can be prohibitively costly.

At the same time one of the continuous findings in project evaluations is that the planning was insufficient due to lack of time and/or resources. Whether this is more of a problem in CD than in other forms of development cooperation the literature does not address, but it is a reasonable hypothesis: CD activities are often relatively low-budget and already management intensive. Putting even more resources into “non productive” planning is not a popular proposition. On the other hand, given the general finding that CD activities tend to perform worse than other forms of assistance, the old adage should be kept in mind: “If you think success is expensive, you should try failure!”

5.4.2 Identifying and Supporting Sources of Country-Owned Change

The DAC/Govnet document highlights the fact that capacity development is the primary responsibility of partner countries, with donors playing a supportive role. While the document talks about “country-owned”, the same principle of ownership clearly is meant to hold with any local partner.

At the enabling environment level the document notes that country ownership needs to be treated as *process* and not as a static *situation*. It hypothesizes that the interactions between donors and domestic actors can generate either vicious or virtuous circles of change in respect of the ownership of capacity development efforts, largely in function of how the donors interact with the partner.

If anything the NGO literature and the survey respondents make these points even stronger and are much more concrete about the nature of the processes that can promote and support local ownership. Genuine participation and collaboration, interaction based on mutual respect, involvement and open communication are terms that are used in the survey to describe how local ownership and leadership can be strengthened. The NGO documents mention good stakeholder dialogue and to give local partners “real” decision power as important factors, donors/external agents should step back and play a role as facilitator and not take over the “doing”. It is these last issues of handing over real control and power that seem to be a challenge for some of the donor actor, according to the literature.

At the same time, parts of the OECD/DAC document appear somewhat disingenuous. Box 3 called “Conditions favouring CD in organisations” (reproduced below as Box 5.4) provides a list of conditions that few organisations in OECD countries could satisfy! If these conditions actually were in place, it is not clear why that organisation would need any further CD!

Box 5.4: Conditions favouring capacity development in organisations

- Strong demand-side pressures for improvements are exerted from outside (from clients, political leaders, etc);
- Top management provides visible leadership for change, promotes a clear sense of mission, encourages participation, establishes explicit expectations about performance, and rewards well-performing staff (recognition, pay, and promotions based on merit);
- Change management is approached in an integrated manner;
- A critical mass of staff members, including front-line staff, are ultimately involved;
- Organisational innovations are tried, tested and adapted;
- Quick wins that deepen commitment for change become visible early in the process;
- Top management and change agents manage the change process strategically and proactively, including both internal and external aspects of the process (communication, sequencing, timing, feedback loops, celebration of victories, and recognition of problems). OECD/DAC 2006

The document thus once again provides principles at such a general level that it is not clear how this might be useful when discussing poverty-driven CD, where the main problem is exactly that the starting point itself is so weak. The process-intensive participatory approaches used and advocated by NGOs thus have a much more operational and realistic starting point: CD efforts must begin from whatever situation is found on the ground, and whatever levels or entry points are available, and then slowly have the dialogue on the one hand and CD activities on the other create the joint synergies that will grow the local capacity over time. But the key dimension, from most of the NGO literature, is time and patience to ensure that whatever changes are being promoted is compatible with political will and ability to move ahead. *Impatience* is thus clearly a critical enemy of successful CD. The donor focus on results-based management thus becomes an issue, because it makes donors push for monitorable results within given time frames instead of as a function of the build-up of ownership and real capacity to deliver. The error becomes that *efficiency* concerns – production of short-term Outputs – undermines *effectiveness* results – expected Outcomes at the actual capacity level.

5.4.3 Delivering Support

The Govnet paper notes the need to keep the operational work within a realistic perspective, given the context the organizations are working in. It further points out that technical cooperation is particularly effective when pooled and coordinated, and warns against the use of donor-driven delivery vehicles such as Project Implementation Units (PIUs).

At the individual level, the paper states that “there may be a case for large new investments in training capacity ... The Commission for Africa has recently made a strong general argument for renewed efforts to support higher education and science and technology”.

This seems to be an understatement of an issue that has been discussed for a long time: that donor actions have for many years badly distorted the most sensitive and strategic market in many low-income African countries, namely that for skilled labour (see Box 5.5).

While the GovNet paper provides good and sensible analyses and sums up current consensus on key issues, it seems once again some distance away from the “knowledge frontier”. It appears more “common-sense and politically accepted practice” rather than “best practice”, as far as the basis for future evaluations of CD are concerned.

Box 5.5: Capacity Development and the Labour Market

Mozambique has for over two decades received massive technical assistance support from the donor community. Much of this funding has, however, undermined the country’s own capacity development. A paper presented to Mozambique’s Consultative Group meeting in December 1993, “Technical Assistance and the Labour Market in Mozambique”, showed how donors were distorting both supply and demand for skilled labour through their bloated and uncoordinated interventions, and that the country would only be able to correct this through increasing local supply of skills dramatically.

15 years later, the situation is better but still serious, as Mozambique has been able to reduce the distortionary effects of donor action due to the increase in its tertiary education. This has been possible because of early support from the World Bank’s education program, which in turn was a function of a broad-based Mozambique-led consultation process in 1991-92 that (correctly) noted that the country could not develop through primary and secondary education alone. The Bank accepted the analysis and Mozambique became one of a few African countries that was able to continuously develop also its tertiary education system, and thus slowly expand the supply of national skills.

But many donors continue what are labour-market distorting policies of hiring away scarce skills, or funding own-country NGOs that hire local skills. They continue funding many training activities but largely through fragmented niche-focused training (linked to the immediate needs of particular ministries or organisations) rather than based on a longer-term national human resources development strategy – 15 years after concrete proposals were made by Government, UNDP and the CG meeting on how to better address the issues.

5.4.4 Learning from Experience and Sharing Lessons

The DAC/Govnet study emphasises the need to more systematically share and accumulate learning, and recommends more monitoring and evaluation as well as better dissemination of capacity development experiences. At the enabling environment level it recommends more focus on identifying what works and what does not in terms of changing the enabling environment. Donor support should be scrutinized, while at the organizational level more attention should be paid to measurable achievements including collecting views from clients and end-users. It also notes that success is not about skill enhancements *per se* but about the degree to which and how the improved skills are actually applied.

Much of the literature is of course exactly analysing and learning from CD experiences. This learning is becoming more systematic since there is an emerging consensus on a number of issues. There is almost unanimous agreement about looking at the three *levels* of CD (the DAC/GovNet paper is very good in this respect as it systematically reviews the three levels for all the four dimensions it looks at). There is considerable acceptance about having the

organisation as the focal point for understanding CD efforts also at individual and institutional/societal levels. There is also a felt need for more and better indicators of capacity development at all three levels, though particularly at organisational level, and better ways of measuring and tracking progress. The *qualitative* dimensions of CD are highlighted as important and particularly difficult to measure, and the NGO literature in particular points to the specificity of situations as making quantitative monitoring less meaningful. Whether this is valid argument or not is an important point for future analysis.

What is missing is a more rigorous discussion of the role of CD in addressing poverty – whether this is through building the capacities of the poor themselves (for what – how?), or through improved service delivery on public goods and other services and goods judged to be of importance to the poor. The literature surveyed does not provide any modelling of causal chains from CD efforts to monitorable indicators of poverty reduction or improvements in the life situation of the poor. Fig 6.1 in the next chapter shows some of the different (complementary?) CD delivery chains which should make it possible to track expected results at each step in the chain. So far this kind of monitorable or testable results chains do not seem to have been produced, particularly as seen from the poor.

5.5 Knowledge Gaps

The literature for the most part looks at Capacity Development from the supply side – both when it comes to *funding* and when it comes to provision of *capacity building* services.

The literature on the demand for capacity development is different. There is considerable work on the poverty impact of increasing investments in health and education, for example, and there are also studies that break down the likely distributional effects across income groups from investments in primary versus secondary versus tertiary education. But these studies look at the effects at aggregate level of general shifts in social investment profiles. This study has not come across studies that have been able to distinguish the effects from investing in alternative forms of capacity – for example the quality of teachers versus the presence of teachers (how many hours a teacher actually works as a function of different forms of incentives, for example) versus improvements to teaching environment or teaching materials, though these kinds of studies are evidently now beginning to be produced.

There seems to be little knowledge about what the poor themselves would think about these alternative ways of investing in additional capacity. The different satisfaction surveys that show how different groups rate public services tend to be at a more aggregate level, looking at changes in satisfaction levels with education services, for example, and not decomposing this picture much (though it should be admitted that this study has not done a careful search to see if such studies exist – they may, and would be a useful information source).

This study has not found any analysis of how the poor themselves view direct support to their own organisation and development versus capacity building among those actors – public, private and CSOs – that provide them with key goods and services. This latter question is difficult to address since it requires that the alternative CD activities are made explicit and costed in ways that make estimates comparable and choices realistic. Methodologically this would pose a number of challenges.

Another thing is that discussions on what are the best forms of CD for community-based development *for* and *by* the poor are immediately caught up in the realisation that the answers to this are intimately linked to the characteristics of the particular communities.

When it comes to capacity development in and with local communities, it is also clear that the general process of generating ownership itself can be quite supply-driven. This is a general dilemma in some of the CD work: how can an actor be an active demander for a capacity of which s/he is largely unaware or has no experience? So the initial dialogue process consists to a large extent of a “sell-in” of the need for this new capacity³.

3 One of the NGO studies looked at the experiences with training across continents. In some Asian countries the notion of “learning” was seen as uninteresting – till the NGO changed the language to “acquiring wisdom”, which changed attitudes dramatically because now CD was linked with a highly respected concept. Though a small detail, it shows the context-sensitivity that CD has to adjust to, but also that the challenge was to find the appropriate way of “selling in” the idea that acquiring new skills and knowledge was useful.

The rapid growth in urban poverty is generating more work on CD in this setting. Since urban areas are more compact, one of the main problems with CD for the rural poor – their geographic dispersion – should make the costs of reaching the urban poor lower. A study on urban water and sanitation in slum areas notes that this is not necessarily the case. The poor come from different parts of the country, some areas suffer from high turn-over of residents, or high numbers of recent arrivals all make for little community feeling. The age- and gender-balance may be skewed (high influx of young males from rural areas). In terms of housing – critical to the water and sanitation issue – some rent, others own and others again are squatters making their interest in infrastructure investments very different. Crime, disinterested or corrupt officials, conflicts over land and housing make the general environment unstable and weaken interest in joint action and capacity building. What this points to is once again how complex the environment for CD may be, and thus how context-sensitive and adaptable CD initiatives among the poor need to be. Another conclusion from this particular study was that the CD support had to be a composite process of building capacity and ownership among the beneficiaries, the public sector agencies responsible for water and sanitation services and policies, and the private and other implementing bodies engaged in the actual infrastructure investments and maintenance activities, because it was only the joint partnership among these actors that could ensure sustainability – another complicating factor when trying to identify poverty-relevant CD priorities.

When looking at donors and their support for CD to the poor, much of this is in fact support *through* civil society rather than support *to* civil society. That is, CSOs and other organisations that may in principle represent certain beneficiary groups' interests, may be contracted (usually through a project) to deliver services to the poor rather than having their own demand-driven programs funded. The donors thus turn CSOs into local contractors, so what was initially more a demand-driven channel *from* the poor becomes a commercial delivery chain back down *to* the poor. This donor-funded dilemma of wanting to ensure that short-term services are provided to the poor versus supporting longer-term capacity development is an important trade-off that merits more and better work.

One attempt at addressing this is work that the donors in Tanzania have commissioned and which has resulted in a proposal for principles of “good donorship” (see box 5.6). While one can always argue about the specific points, the important aspect is that it is based on a careful joint dialogue between civil society organisations and the donors. For the CSOs, one of the key issues is the creation of dialogue space and arenas, where a key topic is civil society capacity development based on longer-term commitments and predictable funding to core programs.

Another area where there is still much to be done, is the empirical and operational dimensions of CD. Considerable progress has been made in a number of fields regarding indicators for capacity development, where the most successful to date is perhaps the Public Expenditure and Financial Accountability (PEFA) system. Developed by the donors providing budget support as a means for tracking progress in partner countries overall Public Finance Management (PFM) system, it specifies six objectives for a good PFM system and then tracks performance along 28 indicators, with a rating scheme from “A” to “D” based on specified verifiable data. This allows for fully transparent assessments that can be carried out by partner governments, and where it is possible to track progress along the different indicators over time, and benchmark performance against pre-set targets, for example.

Box 5.6: Proposed Principles for “Good Donorship” in Tanzania

1. Adopting a changed mindset with ambition to enhance ownership and align to the systems and procedures of the CSOs and not vice versa;
2. Encourage diversity of funding strategies;
3. Mainstream civil society support;
4. Apply a rights-based approach;
5. Prioritize strategic partnerships for direct funding;
6. Engage in long-term commitment;
7. Move towards core funding;
8. Recognize the strategic plan, budget and a joint report as the main steering documents;
9. Support institutional capacity building;
10. Encourage innovation, result orientation and learning;
11. Take care of the relations;
12. Make support through INGOs visible; and
13. Respect the roles of different actors. Source: Acumenta (2007a)

The time and resources required to develop the PEFA system were considerable, but by now about 80 countries have carried out at least one PEFA assessment. While it is not possible to conceive a similar structured and coherent indicator system for CD for poverty reduction, a first step of linking CD to the achievement of the Millennium Development Goals should be possible, and other looser systems like the one used to track improvements to the NSP should be feasible.

NGOs as intermediaries is discussed a lot, but little has been found regarding how the NGOs themselves experience this role, and in particular the costs they have in taking this on. The FPs in Afghanistan, as noted, get about 25% of the funds made available to local communities for covering their costs. This is high, but reflects the difficult circumstances (both the logistics of a country with poor infrastructure as well as the considerable security problems in some areas), and the quite extensive results-chain that they are to deliver on, from first contact, awareness raising, training, designs, supervision, and final evaluation, plus all the backwards reporting and “translation” of local information into the categories required in the NSP monitoring system. The more detailed breakdown of the cost components by different tasks would be useful to understand how much time is involved in different tasks, as a first step in estimating CD costs.

5.6 Findings and Conclusions

The studies say little about CD consequences from choosing different *modalities*. One exception is the claim that *pooled funding* tends to centralise resources and thus makes less available for directly poverty-relevant CD. There is also surprisingly little on CD according to *social level*. Those results mentioned are largely at Outputs level. The recent International Initiative on Impact Evaluations is being set up exactly to systematically identify higher-level results, including in the field of CD. What is said about BP&I approaches is in terms of general principles: the importance of ownership, and having long-term perspectives.

The web-survey provided more specific results since most respondents were involved with particular projects, though objectivity and sustainability of results reported on is unclear. When respondents stated the activities were BP&I, it was clear that there was no baseline or a good understanding of the concepts behind the claims. However, almost all claimed that local *ownership* and *participation* were critical for the alleged success of the projects.

The results from the literature review and survey were compared with the OECD/DAC’s 2006 study, “The Challenge of Capacity Development”, along the four dimensions provided there: understanding context; national ownership; delivering support; and learning. The general finding is that the DAC study is too general and does not draw the kinds of concrete recommendations that in fact are possible:

- This study finds that exactly because *context* is so important, considerably more resources are required for planning and performance monitoring than donors normally use;

- Regarding *national ownership*, there is no disagreement regarding the principle, but what the NGO literature in particular notes is the lack of willingness on the donor side to hand over real resources and control;
- Furthermore, NGO application of participatory techniques shows much better *how* to support and develop national ownership, which is the real challenge;
- Concerning delivering support, the DAC study criticises donor-driven vehicles like Project Implementation Units, but is very weak on how to actually build indigenous delivery capacity - which is exactly what CD is to address!
- On how to better structure learning, the document makes sensible suggestions, but has little to say about CD for poverty reduction and how this learning can become better.

Concerning *knowledge gaps*, the surprising finding is that the literature says very little about poverty-relevant and poverty-driven CD. There is not much modelling of causal chains, little about what the poor see as most important, and what forms of CD support has provided sustainable results. Rural versus urban settings make for different CD needs and responses, but most of the attention is still on rural poverty. The growing body of studies on the CD needs of the urban poor note the very different needs, challenges and opportunities from rural settings. Some studies on peri-urban water and sanitation provide some careful analyses of the complexities facing peri-urban CD activities.

Principles for “good donorship” for more successful CD are emerging very slowly. Measuring and operationalizing CD still requires a lot of improvement, and the time use and transaction costs involved in implementing successful CD are poorly understood.

6 Conceptual Frameworks

The TOR asks the team to (a) propose a framework for how to assess the impact of CD activities and (b) develop a conceptual framework for a possible in-depth evaluation. These two tasks are essentially the same: to identify one or more analytical schemes that can be used to identify and measure the results of CD activities.

Owing to the complexity of CD, numerous frameworks and approaches have been used in the literature. At the same time there are some key parameters for this task that should be considered and against which the material reviewed should be tested:

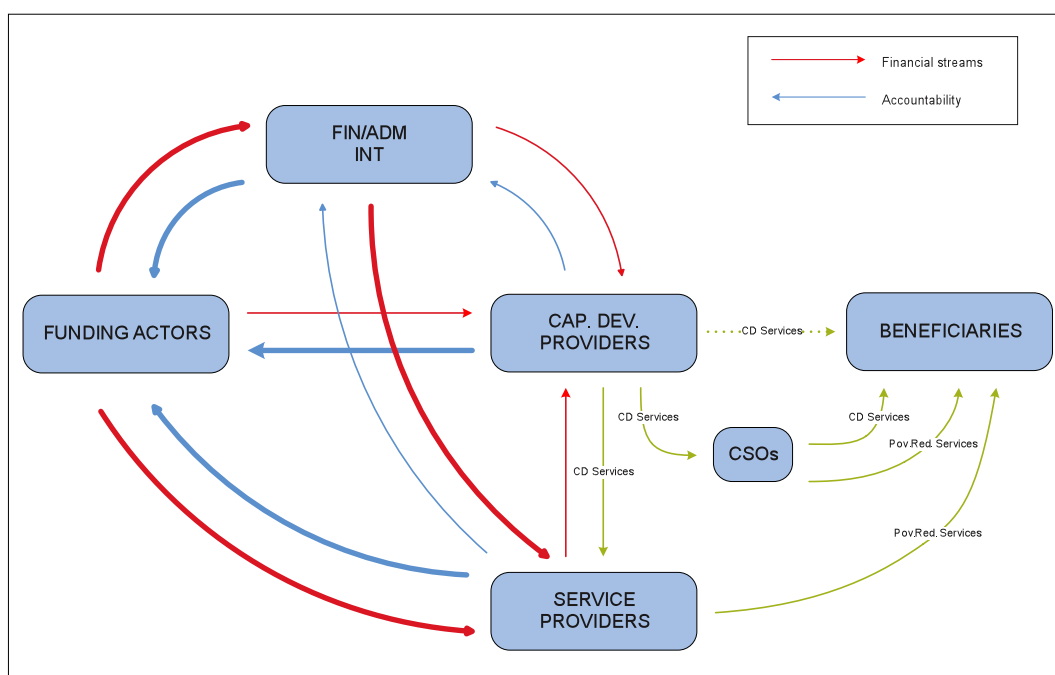
- The main challenge is to ensure that CD addresses poverty alleviation. There is a need to understand the extent to which CD activities in fact are poverty focused/demand driven;
- The definition of CD developed in chapter 4 identifies three potential levels of CD, and three kinds of tasks that a comprehensive CD activity may contribute to. This definition should be tested as to its usefulness for tracking CD performance;
- The TOR makes reference to Modes of CD. As a result, there is a need for a typology of such modes in order to verify to what extent these are useful categories, and if any of them in fact appear to be more Best Practice and Innovative than others;
- The literature reviewed notes the importance of the specific framework conditions under which CD is taking place. The most important and relevant example of this in this study is in the context of Fragile States and how this influences the success of CD programs;
- There is a standard evaluation approach that the international community has agreed for assessing results based on the concepts of Efficiency, Effectiveness, Impact, Relevance and Sustainability. This approach needs to be tested in the case of poverty-relevant CD.

6.1 Poverty Driven Capacity Development

The first issue to address is the extent to which the provision of funding for CD has as its point of departure an explicit and operational poverty focus. There needs to be a clear answer to the question of “Capacity for What?” that is poverty-driven.

The findings in this study suggest that in order to measure the degree to which the priorities of the poor are being reflected in the policies, programs and allocations of funding agencies, it is necessary to examine the interactions between potentially six actors in the CD project chain: (i) the funding source; (ii) local intermediary managing the funds; (iii) the CD provider; (iv) the service provider/implementer; (v) the beneficiary group/the poor and; (vi) organisations that represent them in one way or another (Civil Society/Community Based organisations—CSOs/CBOs). An incomplete understanding of the varying (and possibly competing) agendas of each actor, as well as the different *accountability pressures* faced by each, can be a major obstacle to ensuring that CD resources are used effectively and maintain their poverty focus.

Figure 6.1: Basic Resource and Accountability Flows



6.1.1 Accountability versus Resource Flows

Resource and accountability flows are an integral part of the overall CD “delivery chain”, where resources flow in one direction and various forms of accountability such as financial and performance reporting, flow in the opposite. The graph above shows schematically the way in which these two flow in the context of a typical CD project chain.

Financial and services flows

Financial resources flow primarily to a financial/administrative intermediary – often the national government – or to a service provider, with somewhat smaller streams directly to agencies that provide capacity building services. CD services are then provided either directly to the poor by assisting them to develop their own CSOs or CBOs; or indirectly by strengthening those organisations that provide relevant services to the poor. This can be a public agency like a ministry of education, or a CSO that provides training and extension services.

Accountability flows

The strongest accountability streams are those back to the funding source. These flows are often in the form of formal agreements/contracts that require written reporting on the use of funds and results achieved, as well as external audits of accounts, performance evaluations, and similar. If one looks at the accountability streams in the graph, however, there are two aspects that the literature refers to. The first is that the *form* of accountability is very often quite different in the two halves of the graph above. On the left-hand side, the relations between funding actors and primary recipients of funds are generally regulated by formal instruments, and information is provided in writing and according to standard formats. On the right-hand side of the graph, however, the relationships between the providers (whether of direct services or capacity building services) to the intended beneficiaries (often through CSOs) are quite different or even absent.

The NGO-literature notes that these links tend to be direct and less formal. The accountability streams are thus largely based on personal interactions and follow-up rather than formal reporting. As a result, reporting from the intended beneficiaries back to the funding source is often transformed from the informal, personal, and unstructured (but often context-rich and nuanced), into formalised reporting prepared by one of the intermediary bodies into language and formats that have largely been determined or at least agreed to with the funding agent.

Exceptions to this picture are large programs that require more precise performance reporting that can also be aggregated along the entire relational chain. The Afghanistan NSP (Box 5.3)

is developing a strengthened monitoring and evaluation (M&E) system based on an improved results framework. This will form the basis for more coherent and consistent reporting by all the Facilitating Partners (FPs) on the progress in the 20,000-plus communities based on a set of standard indicators.

6.1.2 Mutual Accountability

As graph 6.1 illustrates, accountability flows are only moving in one direction: back towards the funding source. In an effort to create a more equitable balance of power between donors and beneficiaries, the Paris Agenda introduced the principle of *mutual accountability* whereby funding actors should be held accountable to their local partners for decisions and funding allocations including for CD programs. The literature has little to say about how this mutual accountability of the Paris Agenda is playing out in practice, except to point out that it is largely limited to formal meetings between funders and funds recipients, such as annual meetings or project/program meetings. Here recipients have an opportunity to present their priorities and views. However, the literature does highlight several important issues:

- The inequality in the relations between the parties remains clear: „he who pays the piper calls the tune“. While some donors take the partnership principles seriously and listen to beneficiaries, others do not. Additionally, donors are sometimes compelled to respond to forces they face at home: public opinion, and political and interest group pressures. But there is little in terms of actual *power and influence* that the beneficiaries can bring to the table – they are hostage to the benevolence of the donor;
- This asymmetry is particularly strong when it comes to technical assistance and some other forms of providing CD (see section 6.4.1). These forms of development cooperation have always been seen as donor-driven, where local voices tend to be especially weak;
- Donor funding for civil society is seen by CSOs as less structured and predictable than state-to-state funding and prone to quick changes according to popular trends. These trend shifts are not driven by local needs or CSOs, so the CSOs are generally left to simply respond and accommodate these changes—though lately there have been some improvements as reflected in the attempt to agree to “good donorship” principles (Box 5.6) and increased use of more strategic forms of CSO support (Box 6.3 below).

Looking at what might be termed “Best Practice” in this context would therefore have to be instances where the capacity development choices were derived from the needs of the intended beneficiaries, and the response from the CD “supply chain” was driven by this.

The most convincing stories from this perspective are those found in the NGO studies. There is an entire body of literature showing how NGOs have developed better approaches to establishing dialogue and trust with local actors, and from this have improved their understanding not only of what were the priorities of the local communities, but also which CD processes worked best when assisting local actors to mobilize, articulate needs, assume new roles and responsibilities, and ultimately challenge the service providers or authorities.

6.1.3 Disaggregating the Actors

The general statements above need to be further modified once the different actor groups above are disaggregated:

1. *Funding Actors*: There are typically three actors that fund CD: bilateral donors; multilateral agencies (while UN agencies have always funded CD, the development banks are now also increasing their grants and soft loans for CD); and the larger international NGOs (INGOs) that mobilize considerable own resources for CD activities. The INGOs are seen as the most CSO-friendly and accountability-aware, while the multilateral agencies are perceived as the most rules-bound. Bilateral donors vary considerably in terms of flexibility, areas of support, and modes of support;
2. *Financial/Administrative Intermediaries*: Resources to finance CD for the poor through public sector service providers go through the host government. When it comes to funding civil society development, the recent trend is to use intermediaries: INGOs, local umbrella NGOs, private companies, UN agencies, and some government offices. The roles vary from limited administrative and financial intermediation to selection, quality assurance and direct CD support to funds recipients. The range, number and sophistication in intermediary

set-ups is increasing, in part to address the problems of reaching out and addressing differentiated needs in weak and developing civil society settings – the typical situation in low-income African countries;

3. *Service Providers*: The service providers in this context can be public institutions, private firms or civil society organisations, typically NGOs. There is a wide variety of actors in this category, which means their roles and proximity to the poor vary considerably;
4. *Capacity Development Providers*: The relevant actors here are those that either help service providers build their capacity to deliver poverty-relevant services, or help the poor build their own capacity. The CD providers for building the capacities of the poor are typically NGOs/CSOs, while those supporting service delivery agents include private firms and public or semi-public institutions like civil service training institutes;
5. *Intended Beneficiaries*: The major group of intended beneficiaries in low-income African countries are the rural poor, though the number of urban poor is growing rapidly. The organisational density is generally much lower in rural than in urban areas, and much of rural organisation and structures are based on traditional power structures. The ability of “the poor” to voice opinion and demand their rights are weak, in particular for more marginalised groups like women, the elderly, children and the disabled. Many CD efforts are thus directed at building organisational “voice” – often in the form of CSOs – that in some way represent poor groups. These can be advocacy groups, membership based or local community-based organisations, faith-based organisations etc.

The NGO literature reflects a growing critical assessment of the degree to which various bodies truly are legitimate representatives of various beneficiary groups. But the studies also seem to show that there is greater proximity to the real target groups and their problems than previously, and that NGOs/CSOs spend considerable resources to identify stakeholder priorities, supporting their organisational efforts, and using participatory techniques to ensure representativity and consensus on needs and tasks.

6.1.4 Understanding the Accountability Pressures

When looking at Figure 6.1, there are several other dimensions that should be considered when assessing the accountability pressures at work on the different actors:

- The first is the division between international and national actors. The funding actors are all international, the CSOs and beneficiaries all national/local. The service providers and financial/administrative intermediaries tend to be national, while CD providers can be either: foreign or local firms, INGOs or NGOs. The „loyalty“/accountability pressures are different along this dimension, as international actors tend to be more responsive to the funding actor’s accountability concerns.
- There is also a need to understand the accountability pressures that exist within a country, and perhaps particularly in the public sector. The extreme situation is one of „state capture“ where the state is dominated or controlled by a particular group or party. Accountability pressures are towards the agenda of this group rather than the stated objectives of poverty reduction. This can clearly influence how „demands“ from the intended beneficiaries are transmitted along the resources- and information chains.
- While the graph distinguishes different *functions* in terms of the CD “delivery chain”, this is not the same as distinguishing different *actors*. INGOs in particular may play a number of different roles, since they can be an intermediary but also a capacity provider both to service providers – in particular local CSOs – and to beneficiary CSOs that are to provide voice to the poor (see figure 6.2 below). They may therefore face a series of different pressures and potential conflicts of interest that may create accountability dilemmas.

6.1.5 Findings and Conclusions

A key challenge for making CD more poverty-driven derives from the large and diverse number of actors that may intervene in a CD “supply chain” and the different accountability pressures each actor faces.

- The actor list may include funding agents, administrative intermediaries, service providers, CD providers, beneficiary organisations, and the beneficiaries themselves;
- Each of the above groups can be sub-divided into actors that *structurally* may be quite different (bilateral donors, NGOs, multilateral institutions on the funding side; private, public and civil society actors on the service provision side). As a result, the full set of

actor-agendas can be quite heterogeneous. The resultant CD delivery-chain can therefore be complex and vary considerably from one case to another;

- The accountability pressures vary depending on the nature of the actor, as seen above, but are also determined by whether the actor is international or national; or is in the public or private sector.

The Paris Agenda objective of Mutual Accountability is therefore likely to be particularly difficult to attain in the case of accountability to the poor – poverty-driven CD – because the delivery chain is the longest and hence most vulnerable to fracturing and “capture” by the different agendas and accountability pressures faced by actors along the chain.

6.2 Capacity Development: An Analytical Framework

The CD definition developed in section 4.2.1 is disaggregated in the following table:

Table 6.1: Capacity Development Dimensions/Needs

Social level	Task Complexity		
	Assigned tasks	Problem solving	Setting/achieving new objectives
Individual			
Organisational			
Institutional/Societal			

6.2.1 Can Capacity be Planned for and Measured?

Much of the capacity development that is taking place is in the two first cells of the “Assigned tasks” category: training individuals and strengthening organisations to address their core responsibilities better.

A key discussion in the CD literature is the extent to which “assigned tasks” means that it is clear what the CD objectives are or should be. The criticism of the “blueprint” approach to CD is that just because the core responsibility of an entity is reasonably clear – for example delivering preventative health care services to the poor – it is not necessarily obvious what specific capacities are required, nor how they should be developed. The latter dimension can be particularly contentious, where an agreement on the “what” to achieve can be reached but not the “how”.

However, when tasks are considered to be largely pre-determined, the capacity building that is required can be planned for. Capacity activities can be monitored against target values. Achievements can be benchmarked. The rigorous logic of objectives-oriented planning and results-based management, using tools like the logical framework approach (LFA), are thus seen to be valid.

Once the CD shifts towards building skills in solving problems and setting and achieving new objectives, the planning logic of the LFA approach is claimed to lose its value because there is less predictability in terms of the results that will be produced. Furthermore, as one moves from improving competencies for pre-determined tasks – which can be done through formal training, on-the-job learning or other standard knowledge transfer techniques – the skills required are more facilitation and process management. These are considered more complex and costly CD activities because they focus on building critical reflection and systems development. These processes must be client-driven and managed: it is not possible for an external agent to “transfer” critical reflection.

Another issue that is raised in various ways in some studies is that “setting new objectives” essentially means the transformation of existing “assigned tasks”. This may just introduce new activities – expanding the scope of options available to a society – but it will typically also mean changing relations, which means changing existing power balances. This will often generate resistance. The transformational nature of “setting new objectives” thus is often much more complex and contentious than at first perceived by outside actors.

These points would seem to support the critique that NGOs often level against pre-planned donor programs when it comes to moving into the “right-hand” areas in the table above: such

processes must be considered as almost unique in each case, and difficult to plan in terms of expected measurable results. The NSP program may be an important counter-factual example. The program clearly covers the full range of capacities, from learning basic book-keeping and planning (assigned tasks) to solving problems and setting and achieving new objectives – the latter in fact is the key to the program. The term for the capacity providing agents – Facilitating Partners – also reflects the focus of the work that is being done. The program is currently developing a careful baseline and is then to be systematically monitored along a range of dimensions, including governance.

Furthermore, once New Objectives have been agreed to, they in fact become Assigned Tasks – and thus should in principle be as amenable to measurement as any other task. The strict differentiation between Assigned Tasks and Setting new Objectives is thus partly an analytical one, and partly one about time and *when* in the process one is looking.

But it is also the case that actors are struggling to specify appropriate criteria for measuring capacity building in these more process-intensive categories. Considerable effort is now being exerted by a range of actors to address this, but in the literature surveyed there is little if any mention of “best practice” Outputs, Outcomes and Indicators for these dimensions.

6.2.2 Management and Leadership

Management is becoming an increasingly important component in CD discussions. While the LFA approach focuses on the “deliverables” of an organisation (the Outputs it is to produce) and organisational development work concentrates on structure, core functions, key instruments and processes, there was less on *management* which is supposed to ensure that skills, structure and systems deliver the desired outputs⁴.

There is, however, a growing number of programs and literature about *leadership* (which seems to be a less problematic term than management), supported by a range of donors, NGOs, foundations and international agencies⁵. The World Bank Institute, building on a UNDP „CD Resources“ document (UNDP 2006b), notes three key leadership skills: capacity to develop and mobilize stakeholders around a shared vision; ability to ensure effective translation of that vision into concrete outcomes; and commitment to integrity and ethics and the practice of accountability (World Bank 2007). These skills largely encompass the more comprehensive management concept.

Management as a *function* ought therefore to be a fourth and separate level or dimension in the above CD definition. Both the UNDP and WBI documents stress the need for verifying and measuring leadership results, developing indicators and evaluating how well leaders and organisations perform. This is an area that should be able to produce more empirical material in the years to come.

6.2.3 Capacity Development, Ownership and Empowerment

An interesting extension of table 6.1 is linking the categories of Assigned Tasks, Solving Problems, and Setting New Objectives, with the concepts of Ownership and Empowerment.

The starting point for this is a criticism in the social science literature of the vague and often inaccurate statements by development actors when they claim that they employ participatory techniques. More careful studies have shown that what is called “participation” covers a wide range of interactions, where the degree of symmetry and genuine voice of the parties can be highly uneven. One useful typology classifies participation in four classes (see Cornwall and Jewkes (1996), “What is Participatory Research?” *Social Science and Medicine*):

- *Contractual*: Largely a remunerative arrangement for ensuring engagement by the partner (“Here is my report. As the national counterpart I expect you to comment on it”);
- *Consultative*: The partners’ opinions are asked for (ranging from “This is my report, what are your comments?” to “This is the question, what do you believe are the answers?”);

⁴ Part of this was undoubtedly due to the large number of studies on the public sector that noted that many of the top leaders were members of the ruling political-economic elite. Their positions therefore owed more to their political connections than their management skills, and their interest in the jobs were not based on delivering against job-specified results but on various forms of political patronage and rent-seeking.

⁵ Of the 20 knowledge networks listed in Annex D, at least eight provide forms of leadership or management training: ACFB, AICAD, BPDWS, Cap-Net, Commonwealth Secretariat, Kellogg SAL, LEAP/Africa, WBI.

- *Collaborative*: The parties work together on design, implementation and management (“This is the question – how can we find the answers?”); and
- *Collegiate*: Full sharing of responsibilities and decisions – power and influence is deliberately equated as much as possible with both parties intent on learning from the other (“What do you believe are the key questions, and how should we address them?”).

The key claim is that much of what passes as “participation” actually fits into the first two categories above. Here the premises are fully provided by one party, so the other has little if any real influence on either the definition of the issue or how to approach the answers.

The more interesting issue is the link that can be made between degrees of participation and generic results in terms of process and product when discussing capacity development.

The argument is that Contractual and Consultative forms for collaboration leave little in terms of new capacity with the local partner, except some purely technical skills (better ability to implement Assigned Tasks). The Collaborative approach, however, asks the partner to find new answers – Solving Problems. The answer is not obvious, and because it is being developed by the partner as much as the external actor, there is a stronger degree of Ownership to it. The general consensus is that with greater local Ownership comes increased Sustainability of the solution. Finally, the Collegiate approach requires the local partner to analyze the problems being faced and select those that are most important and work out the best solutions – Setting and Achieving new Objectives. This is in fact a process of real Empowerment because the local partner has to take responsibility for setting the agenda and the course of action. This in turn means that there is a real transformation in relations between the two: the external actor becomes a resource to the local partner and programme objectives are truly demand-driven. This change in power relations is what many development actors claim they are pursuing but which is often elusive and difficult to achieve.

Table 6.2: Capacity Development Outcomes as function of Degree of Participation

	Assigned tasks	Problem solving	Setting and achieving new objectives
Degrees of Participation and CD Outcomes	Contractual, Consultative: Better skills in carrying out assigned tasks	Collaborative: leads to Ownership , which improves Sustainability	Collegiate: leads to Empowerment , which Transforms Relations

Table 6.2 illustrates that if one wants to support the empowerment of local partners, they must be given the responsibility for setting and achieving a program’s objectives. This can only be done through a collegiate process in which facilitation and process support are key, not technical and management skills. But also conversely: if a CD program remains focused on just upgrading knowledge of how to address assigned tasks, one should not expect significant progress in terms of ownership and empowerment or local innovation.

6.2.4 Findings and Conclusions

It is possible to operationalise the definition of Capacity Development along the two dimensions of (i) Social level, and (ii) Task complexity, to arrive at a matrix of CD *needs*.

As task complexity increases, the CD skills required move from skills transfer to facilitating and process management. There is disagreement regarding the degree to which the more complex tasks can be planned for, where NGOs typically argue that context and process make this unrealistic, though examples show it may be feasible. However, there is little in the way of Best Practice examples with measurable indicators for this.

Setting New Objectives may be less of a planning challenge than a political one: new objectives often imply shifting power relations, which generates resistance. On the other hand, once new objectives have been decided, they simply become the new Assigned Tasks.

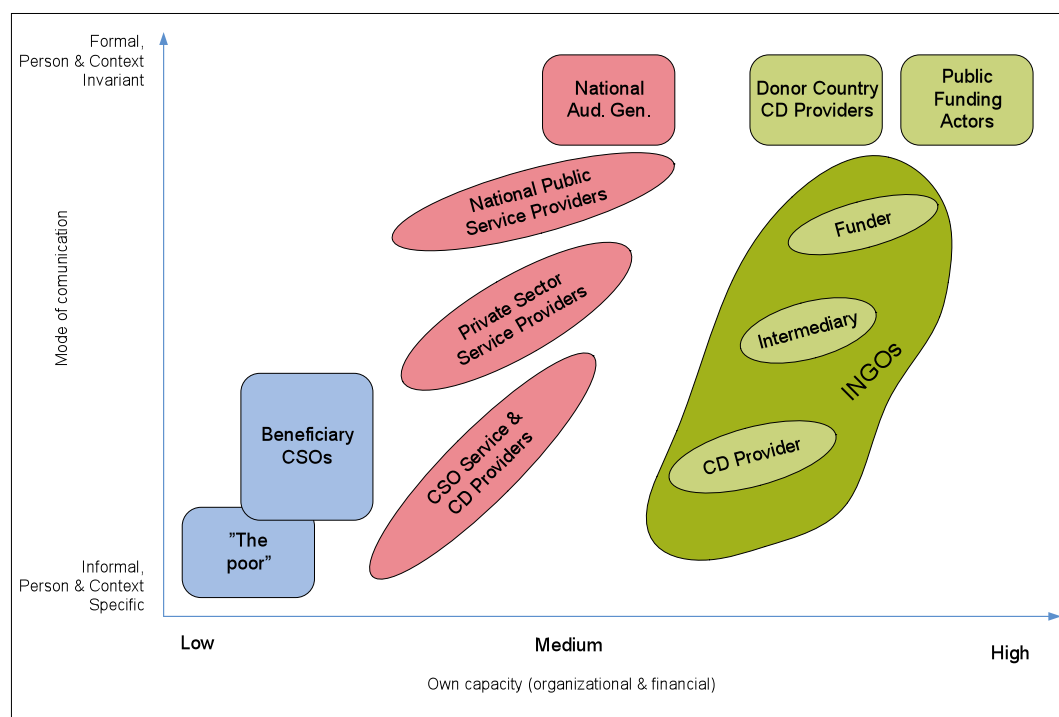
While the CD definition includes the three social levels it leaves out *management/ leadership*, which is increasingly recognised as a critical component of CD and requires more attention.

Finally, the analytical scheme can be used to link forms of *participation* – a concept that is central to much of the discussion surrounding CD – to the degree of task complexity. This in turn can relate the concepts of Ownership and Empowerment as successful outcomes from efforts at improving Problem Solving and Setting and Achieving New Objectives capacities.

6.3 The Structure of CD Relations and Transaction Costs

Another approach to analysing how to improve efficiency and effectiveness of CD efforts is to look at the transaction costs involved. Figure 6.2 shows where key actors typically are located across a transactional “capacity-communications” space.

Figure 6.2: Key Actors in Capacity ↔ Communications Transactional Space



The capacity dimension reflects a composite assessment of an actor’s own organisational and financial capacity. The funding agencies score the highest since they have the most financial resources for CD, and also typically are well resourced in terms of staff and organisational capacity. At the other end of the scale are the intended beneficiaries, “the poor”.

The other dimension is the communications dimension, since one of the greatest challenges in the donor-beneficiary relationship, according to much of the literature, is the “communications gap” between them. This is represented here in terms of *how* the two sets of actors typically communicate, as described above. Donors rely heavily on formal and contractual systems that among other things can permit easy information aggregation across many actors and situations. Norway, for example, funds development activities in over 100 countries, much of this through Norwegian NGOs, and has a need for aggregating data when presenting results achieved with Norwegian funding. CBOs and beneficiaries, on the other hand, convey their concerns in the particular context in which they live. This “communication dimension” is thus a proxy for a more complex socio-cultural distance between the actors.

The transaction costs can therefore be broken down along the two dimensions in this scheme. The first is the access costs of the resources necessary to provide the capacity to deliver resources from the funding source down to the intended beneficiary. The other is the communications costs of ensuring acceptable accountability. This should in principle be flowing both ways and thus contain the costs to all parties along the delivery chain.

In principle it should be possible to measure these transaction costs since the delivery chains are transparent where one would look at direct costs and time-use by the different actors. In the case of the NSP, total transaction costs are about 25% of the resources delivered: this is what the FPs charge.

The simplest cases are when the parties are quite close in this transaction space: a donor country Auditor-General's (AG) office may be providing support for the development of a partner country AG. The "transactional distance" between the two would be minimal: the responsibilities of the two AG offices are usually quite similar, the work should largely adhere to the same international standards, the ways of operating and the reporting chains might be quite alike, etc. AG offices thus largely operate within the realm of "assigned tasks", and though the partner AG may require organisational and management strengthening, the short- and longer-term objectives, Outcomes and Outputs can be defined. This case is shown as the two actors more or less side by side in the top part of the graph – the gap between them is along the capacity dimension.

Reaching the intended beneficiaries is more complex. In theory, INGOs can play an important role because they may cover a fairly large area in this transactional space, particularly if they themselves are the funding source, intermediary and the provider of capacity development – normally through or to CSOs/CBOs.

In reality the relational distance between INGOs and local organisations tends to be greater than the INGOs themselves imagine. Several studies from African countries show that INGOs are often not perceived as positively by local CSOs as they think. The integration of functions within an INGO in fact may make the relations more contentious as CSOs often resent the INGOs acting both as information gateway (intermediary), source of financing, and "partner"⁶ (see Box 6.1).

In a similar vein one can look at how "typical" national actors can approximate beneficiaries. Public service providers are often seen to be fairly formalistic and client-insensitive. Local CSOs tend to be more flexible and closer to beneficiary groups, while private sector providers are often somewhere in between since they in principle are to be client-oriented though the actual picture varies considerably.

⁶ The statements above are of course gross generalizations. In many instances such relations are very good and have been developed over a long period of time. The point is more analytical: that the mappings of actors are meant to be "archetypical" and subject to verification in each case, but can serve as a general starting point for understanding particular relations, or kinds of relations.

Box 6.1: INGOs as “Partner-CSOs” or Intermediary Agents

A recent review of Norwegian CSO support in Tanzania found that local CSOs had very different perspectives on the partnership and power relations between an INGO and national CSOs than did their Northern partners. Local CSOs would often refer to the Norwegian partner NGO as “donor”. Tanzanian organisations did in general not feel that they had enough ownership of the programs, and that the relationship was fundamentally unequal (.

“The fear of being identified in this report shown by the vast majority of our informants in Tanzania is one illustration of this. Other examples include Tanzanian partners being more accountable to their Norwegian partners than vice versa and only the Norwegian party to any agreement being in a position to take action if the other party broke its terms. [...] Nearly all were anxious that their Norwegian partner might decide to end the partnership unexpectedly or without consultation. [...] This means Norwegian CSOs have enormous influence over agendas, who gets money, and who has the final say in whether a report gets accepted. These dynamics not only affect the relationships between the Norwegian and Tanzanian partners, but also their relationships with communities in Tanzania.”

In response to the question of what the added-value of the Norwegian CSO as partner was, the Tanzanian CSOs were very clear that the most important factor was the funding. “[...] informants in both Norway and Tanzania suggested that insufficient attention was often paid by Norwegian CSOs as to what the exact nature of this added-value was. There were also concerns expressed as to whether the Norwegian CSOs always had the necessary capacity themselves to ensure this potential was met. In particular blanket uses of terms such as ‘strengthening civil society’, ‘empowerment’ of partners and ‘capacity building’ were sometimes seen by Tanzanian informants as containing an assumption that the Norwegian CSO had abilities and capacities purely as a result of being based in a developed country.” (Chapman and Wendoh 2007).

How to understand the actual transaction costs involved can be analysed by means of a standard stakeholder analysis: map out the key actors with their roles, interests, incentives, and the accountability pressures they face in the CD delivery chain (see table 6.3). Based on this, one can assess to what extent interests (own agenda) and incentives are sufficiently balanced to ensure the delivery of services down the project chain and the maintenance of accountability in both directions.

Table 6.3: Stakeholder Analysis Framework for CD Transaction Costs

	Roles	Interests	Incentives	Accountability pressures
Funding actors				
Intermediary				
Service provider				
CD provider				
Beneficiary agency/CSO				
Beneficiary groups				

When carrying out such an analysis it is important to specify the nature of the particular actor. It can make a big difference if the intermediary is an umbrella NGO or a more professional management NGO or a UN agency or a private company. Their interests, roles, incentives and accountability pressures can vary considerably. In particular their incentives for ensuring the two-way accountability can be highly skewed towards the upwards accountability for resources-use, rather than the downwards accountability for CD allocation decisions. The classic finding when a several actors are involved is that there are a number of contradictory forces/incentives at play, since each actor has its own set of objectives that are not fully aligned with those of the other actors in the CD delivery chain. Annex E provides an example of such an overview of Strengths, Weaknesses and Opportunities of different intermediary

actors for CSO support, where diverse forms of conflicts of interest pose dilemmas and hence costs to the actors.

One way to address the problem is to make the links between the actors as few and tight as possible: the Demand-Supply chain should be minimised so that transaction costs of Demanders being heard by Suppliers are minimised. One “Best Practice” minimization of CD transaction costs to households is provided by Microfinance Institutions (see Box 6.2). Another approach is to use professional intermediaries whose contracts are structured to ensure that they reduce transaction costs to the other actors and instead are paid to internalise these costs themselves (see Box 6.4).

6.3.1 Findings and Conclusions

The transaction costs to the parties for ensuring poverty-relevant CD are related to bridging two gaps: a socio-cultural distance represented by differences in mode of communication, and the costs of providing the resources and ensuring the two-way flow of accountability. This can largely be measured in terms of direct costs and time use through the delivery chain. This is complicated, however, by each additional link in the chain since interests, incentives and accountability pressures are not fully aligned between the actors.

Minimizing the number of actors in the chain is not necessarily the best way of reducing transaction costs because some actors are not good at bridging such gaps (direct donor-CSO links, for example). Using “smart intermediaries” is instead increasing.

6.4 Modes of Capacity Development

When the TOR refers to “modes of CD”, this is taken to mean *how* funding actors ensure that CD is supported. It is useful to distinguish three or four “modes”: (i) providing or promoting knowledge and organisational know-how (“CD software”), which is the most common form; (ii) infrastructure and equipment (“CD hardware”); (iii) financial support; and (iv) pooled funding, though the latter is primarily a more complex version of financial support.

When discussing modes, one needs to look both at the supply and demand sides of the equation, and also to define who the actors are to whom the CD “mode” is directed. In the case of financial support, for example, this is largely to organisations while the other two sets of modes can address both individual and organisational levels.

6.4.1 “Software” Support: Promoting Knowledge and Organisational Know-how

Most attention is normally given to the different forms of CD “software”: technical assistance; twinning/partnerships; training including mentoring and learning by doing; salary support; and access to knowledge and information including research and studies funding.

The main concern about CD “software” is that this has traditionally been highly donor-driven. Donors often provide this form of assistance “in-kind” through consultancy firms from the home country, scholarships for studies in the donor country, training provided by experts from the donor country or in connection with projects funded by the donor country.

Box 6.2: How MFIs Minimise and Transfer Transaction Costs

Microfinance Institutions (MFIs) provide funding all the way down to local households, and thus should have the most complicated and costly set of transaction costs. However, through a set of tightly structured procedures, total transaction costs are minimised. The best-known and most successful MFI, Grameen Bank (GB), in Bangladesh, developed an approach that is copied by many other MFIs, where most transaction costs and almost all the lending risks are in fact borne by the borrower.

The borrowers are organised into self-selected groups of five, where the members guarantee for each other’s loans. This joint liability means that group-pressures will enforce compliance with Bank repayment rules – GB does not have to spend many resources on what is normally the most costly oversight function. Each loan is, however, individual and based on a proven savings record of at least six months. The loans are thus not so much against the expected return on the investment project – though that is important – but

against the household's savings record. In many ways micro-finance lending is a smart form of forced savings, since repayments are weekly while the project itself may have a one-off pay-out a year later (pig raising, cattle fattening etc).

While the MFI provides small-scale capital for income generating activities, an important value-added for many women joining is the inclusion in a network of other women, which gives them access to information they otherwise would have been excluded from. It provides training in a range of organisational issues – not least of all implicit learning from being part of an organisation that they themselves own: all GM members buy a share in GB and thus become owners and get “voice” in decision making. As part of this, in the 1980s GB organised a mass mobilisation to discuss its long-term values and vision, leading to “The 16 Decisions”: promises that all members make to themselves, their families and their groups about how they are going to improve their lives, contribute to local society, and provide a better future for the children. The result has been an amazing capacity development at individual, household, local community and at the organisational and societal level. Because of the principles of transparency and accountability that GB developed, the MFI sector in Bangladesh produced a repayment record in the 95-98% range, in a country that ranks among the worst on corruption and where the formal banking sector faced major problems due to corruption and poor management.

Another Outcome of microfinance lending is a reduction in vulnerability at household level. Perhaps even more important is that as GB has grown at the community level, it has facilitated a substantial increase in “social capital”: networks, formal organisations and increased trust.

The time-cost (transaction costs) of membership is substantial. Yet women in particular queue to become members since benefits are seen to out-weigh costs by a wide margin. GB is thus providing a service for which the poor are willing to pay a high price, because it succeeds in fostering capacity building at the individual, household and community level. As a result of its success and profitability, GB has been able to expand its capital base and membership to over 7.4 million members.

MFIs are unique organisations since they have to mobilise the financial, organisational and skills capital required while at the same time reaching all the way down to the household level with their services. They cover the entire capacity-communications gap in figure 6.2, yet the full costs of doing so are paid for by their borrowers – a feat no other kind of organisation has been able to replicate.

It should also be noted that there are substantial public goods-aspects to the CD work of GB and other MFIs, namely group mobilization and organisational support. In the last evaluation done for the donors on GB, one of the most important findings was the inter-generational values-transfer that is taking place: women members of GB were transmitting new values and aspirations to their daughters. A further aspect that tends to be underestimated is the more systematic access to information that the GB network provides, leading to women actively querying and requesting additional information rather than being passive recipients of whatever information comes their way (Econ 1999).

This trend has been reinforced through the development of GrameenPhone and the nearly 330,000 village phones that GB has helped set up. This has greatly reduced the transaction costs to the poor of getting information. This is changing rural communications – structure, contents and density – at an amazing pace. GB has set up over 500 rural community information centres with computers, modems, web-camera and high-speed internet access, which in addition to normal cybernet café services has special business-relevant information access. Through its wireless internet technology it has 3 million internet subscribers, making Grameenphone also Bangladesh's largest internet service provider – and a major contributor to reducing “the technological divide”.

Technical Assistance (TA)

TA can be provided short-term or long-term. Short-term tends to be for specific training or consultancy services, while long-term can be for (i) advisory roles (policy and technical levels); (ii) mentoring and other on-the-job training tasks, (iii) as a formal trainer, (iv) as gap-filler when the partner does not have the requisite skills or is away due to training to take over the task, (v) management and implementation responsibilities, often as member of project implementation units (PIUs) or through consultancy contracts.

TA can be project based or free-standing (independent advisors). It is usually directly supplied (and thus tied) by the funding agency, though sometimes procured by the local partner. When it is provided as tied aid by the funder, studies show that TA efficiency is significantly reduced. Furthermore, donor-supplied TA often is linked with other donor concerns than just CD (for example information access or resource control). TA is expensive on the funding side but may appear as a “free good” to the partner (they do not have to pay for the TA) and is thus often used inefficiently and with no sustainable impact.

TA personnel often feel uncomfortable in their roles because all parties know that the foreigners are earning a lot more than the local staff and thus have a very different incentive structure. TA personnel may feel compelled to go beyond their assigned tasks. As a result, they can overstep their job responsibilities in an effort to deliver as many Outputs as possible rather than acting as a support and resource to facilitate local capacity development. The impatience that has been noted as a problem for locally-managed and sustainable CD is very obvious in the case of TA.

A common debate surrounding TA is that local staff feel foreigners are over-paid for tasks they themselves may in many respects be better qualified to do owing to their knowledge of the local context. This acts as a major dis-incentive and source of resentment since it is perceived as “not fair and not right”. The answer that this is because the labour-markets of the donor and partner countries are suddenly meeting though really are separate and should not be compared, does not reduce the feeling of unequal treatment. As a result, although the two very different remuneration levels for similar tasks are “right” they are not experienced as “fair”. There is no simple solution to the problem, but it is an issue that donors should be aware of when providing TA, among other things because it contributes to unrealistic expectations in the local labour market (see Box 5.5).

TA in the form of PIUs generally get poor marks when it comes to CD as they tend to perform as “parallel” management structures outside the control and pay scales of the public sector. They have been justified in situations of extremely weak public sectors when critical services need to be delivered (health and education, for example), but the overall conclusion is that PIUs must have a hand-over and exit strategy that is realistic in order for them to perform any useful CD function.

TA is also the form of development cooperation that is least coordinated and aligned. This often has a lot to do with lack of credible national capacity programs. However, an additional problem is often that donors provide CD without a clear long-term vision for what is to be achieved. This lack of clearly articulated objectives and realistic timelines was seen as a major weakness in the World Bank’s CD funding in Africa report (World Bank 2005c). The lack of coordination comes largely from the short-term project nature of much of CD: with a number of different short-term project TA activities with different time horizons, it is difficult to coordinate, and as long as TA is largely donor-supplied, harmonization becomes almost impossible.

There are emerging experiences of alignment of TA around Sector Wide Approaches (SWAPs) and GBS. But even when there is the necessary political will to put together joint efforts, practical problems often hamper progress: TA is very management intensive--dollar for dollar disbursed it is costly, whether in own administrative time or through the overheads paid to consulting firms; and the coordination costs of fragmented TA efforts become very high, and usually absorbed by the local donor administration. This becomes a major burden to agency administrations that tend to be over-stretched to begin with. At the same time, the pressures on donor agencies by the home-country TA industry can be considerable since this is one of the

few forms of development cooperation – in an era of untying more and more aid – where commercial interests can still hope to gain some contracts directly.

The attempts at having partner countries take over and manage TA programs do not seem to have been successful, largely again due to the management and skills intensity of this function: it requires a capacity that the partner countries do not have. One solution is to strengthen the government bodies responsible for human resources (HR) policies and management, such as Civil Service Commissions or ministry-level HR departments. However, this is a long-term effort and would not solve the problem in the short- to medium term.

TA is largely provided to the public sector. The relevance to poverty-reduction and the poor is principally when used to improve services for the poor. But TA personnel usually have their job descriptions agreed to between government officials and donor staff. The influence of the intended beneficiaries thus is usually minimal.

“Best practice” forms of TA include:

- TA with job descriptions that contain clear performance criteria, preferably including poverty-relevant indicators. It is important that Outcome and Impact criteria are defined so that long-run expectations are clear and roles have been defined;
- It is important that the local partner “owns” the TA contract. If the experts are funded directly by a donor agency, their primary loyalty and performance concerns are to the donor and not the host government, undermining trust and CD impact;
- Finally, if TA is to succeed in building sustainable local capacity, it needs to be embedded in coherent CD plans managed by local entities that have both the mandate and the resources necessary for implementation and can be held accountable for results. This often means specific CD programs for these entities themselves for some time, which must have clear exit and hand-over strategies if they are to be sustainable.

Twinning

As noted in Box 5.1, twinning has generally not lived up to expectations when it comes to CD in the public and private sectors. It can be expensive and rigid as the supplying partner remains limited to its own skills and experiences as the source of know-how and training. The basic problem often arises from the inequity in incentives between the two partners. In twinning there is a clear supplier and a recipient institution. If the supplying institution is funded directly by the donor – often the case – then once again the accountability is largely to the donor and not the recipient institution in terms of results. Because twinning also tends to cover a range of issues, including some that are considered “soft”, the results that are to be delivered are not always well specified, and tend to be immediate Outputs rather than medium-term Outcome.

There have been suggestions that such contracts should be structured so that the recipient institution provides the performance reports and thus rates the utility of what has been delivered. Furthermore, the last payment should be a bonus paid out if real Outcome-level results have been achieved. No examples of this kind of performance-driven twinning have been encountered in the literature reviewed, however.

In the research and NGO communities, twinning is a form of CD that appears to be fairly standard, but where incentives are more equitable between the parties and the relationships thus more of a partnership. But it is unclear how many success stories there really are. In the research community, these partnerships may work better among institutions that have a shared concern for the partner-country’s own agenda, such as development research institutes. In other fields the skills gap and the actual contents of the issues to be looked at between industrialised and developing country institutions are often such that the relationship remains imbalanced.

Regarding NGO partnerships, recent evaluations of Norwegian NGOs seem to show both an interest in maintaining their traditional role in the relationships rather than handing over more responsibilities, and in shifting accountability towards the funding agency rather than to the local partners. These two phenomena may be linked, since the increased donor demands regarding accountability mean that donor country NGOs are feeling pressure to ensure performance, and thus want to maintain a higher degree of control.

While there does not appear to be a lot critical and rigorous empirical material available, the main conclusions seem to be that the incentives structure, and in particular *who* owns the contract, is of key importance. As long as the partner country entity on the receiving end of a twinning arrangement included in performance, priorities and payments, the arrangement is more likely to succeed.

Training and Education

Donors have for decades provided substantial funding for training in low-income African countries. Most reviews point to disappointing results for a number of reasons. There is usually a lack of an overarching needs assessment, and often only a poor strategy to guide individual training efforts. Training is often poorly planned, and donors have generally developed the training programs they fund in isolation from each other, resulting in considerable duplication and inefficiency in overall resource use. This is especially a problem in relation to activities such as study tours and courses abroad, where the incentives to participate have been as much rent seeking (per diems and other allowances) as training. Much of the training has been for civil servants, but many of these leave once their new skills make them attractive outside the public sector, leaving the public administration with the same skills gaps that the training was to address.

Donors have tended to provide inputs and activities reporting. There are few studies tracing results through to the level of organizational performance and service delivery. Similarly there are few tracking studies that identify what happens over the years to those who are given new skills. In line with what was said above, it has been found that training programs have tended to look at own outputs rather than at the broader class of skills that society will need over time, so training has at times been too narrow and instrumental.

None of the documents reviewed look at training from a labour-market perspective: how to ensure sustainable skills improvements that are compatible with market forces and over time move towards better equilibrium between supply and demand of higher-level skills. This review has not come across any studies that look at all the donor resources in a country that have gone into technical and managerial training, and analysed alternative (least-cost) paths for country-led training. Countries have an educational strategy and development plan that often concentrates on academic schooling and may not include crafts, trades and professional training at the various levels.

This is changing, and there are more donors that are funding training provided by local training institutions – public and private – though it is disappointing to see that there are not clearer guidelines and coordination for joint donor training support.

The World Bank has just released an evaluation of its world-wide training efforts (see Box 6.3). But even this most recent and wide-ranging study ends up with rather pedestrian findings and recommendations, not discussing the larger labour-market issues, broad-based training versus within-organisation training, coordination with other donors – though it does discuss the lack of national frameworks for World Bank Institute training.

Box 6.3: Evaluating the World Bank's Support for Training

The World Bank's Independent Evaluation Group just released its report on the results of the Bank's USD 720 million annual expenditures on training (World Bank 2008). Over 90% of this went to funding projects, while the remainder went to training provided by the World Bank Institute (WBI). WBI trains about 80,000 individuals per year in 700 courses, 40% of whom are civil servants and 30% academics (35% are women). It was noted that 31% of this training focussed on poverty reduction and economic management activities. The project-funded training reaches a much larger number, covering virtually all sectors and all levels of the skills ladder.

The findings and conclusions are unsurprising. Most participants found the courses useful and improved their technical skills, though a significant share felt the courses did not provide enough targeted and relevant training for their organizational setting. Half the trainees felt courses were too short. There was a lack of follow up of the trainees, and the

courses did not have enough practical and relevant exercises. The higher-level results resulting from the application of new skills depends on incentives and resources in the work place, so moving from individual learning to workplace performance depends on several factors that should be understood before training begins.

The quality of training was uneven due to a lack of defined standards for designing training courses. Additionally, WBI training often failed to be properly integrated into larger CD frameworks and lacked proper monitoring and evaluation mechanisms.

The three main recommendations are: to develop guidance and quality criteria for design and implementation of training; use training expertise for this task; and ensure that WBI training is based on better needs assessments and embedded in a medium-term CD program.

The range of activities covered by the training label is considerable, but the literature distinguishes four dimensions as particularly important:

- *Time line*: Short term versus long-term (including degree programs);
- *Geographic location*: Whether the training takes place in-country or abroad;
- *Place of training*: Whether in a formal training institution or on-the-job (within the organisation) setting;
- *Source of trainer skills*: Whether trainers come from a donor country or are nationals or from the region/a peer country.

Table 6.4 below shows the various possible permutations. The impression from the literature is that training is increasingly supplied by nationals or trainers from the region/peers; that more is in-country; and moving from on-the-job settings to more formal training institutions. But this is not grounded on strong empirical data, and may vary from one partner country to another (some countries may have stronger policies on this than others), and from one donor to another (some donors clearly use training resources as a way of “buying” contacts and entry points into organisations).

It is also not clear if these trends are based on good reviews of what is most efficient and effective, though those trends above presumably are moving in the right direction. More importantly, there is little discussion of training modality against training objectives. Formal training is presumably efficient and effective for the public sector, which in principle should consist of more rules-based institutions. Long-term training abroad, such as for graduate degrees, is largely seen as not effective for the public sector (though there were senior civil servants still arguing for this during the World Bank 2005 evaluation), though this approach has worked well in a number of cases for the development of universities.

Table 6.4: Forms of Training by Key Dimension

Trainers supplied from:	Training provided in:	Short-term		Long-term	
		In-country	Abroad	In-country	Abroad
Donor country	Formal training inst'ion				
	On-the-job setting		n/a		n/a
National, peer country	Formal training inst'ion				
	On-the-job setting		n/a		n/a

For direct CD for the poor and poor communities, the cells that should be considered are probably quite different than for public sector CD. What NGOs say they provide is largely in-country, short-term on-the-job training with national or regional trainers, which is the most tailored and demand-driven approach. The question is if this is sufficient when more systematic organisational development is required, such as when the NSP wants to ensure that the CDCs in 20,000 communities adhere to similar standards of performance.

In terms of Best Practice or Innovative forms of training, “peer learning” is touted by many as the single most useful approach. However, who exactly the appropriate “peer” is needs to be

clarified. The most common usage is geographic – that the source of training is from a neighbouring country. But some training schemes have run into trouble by not verifying carefully who is considered an acceptable peer in a given context: political relations are especially important when considering suitability. Another important factor should be the function the trainer has in his/her home country. When discussing issues like sector reforms, for example, local politicians are often more interested in meeting fellow politicians from like-minded countries rather than senior technical experts⁷. This is why NEPAD is emulating the OECD-DAC “peer review” process when assessing African country performance. But “peers” can also be own nationals, something that CSOs in particular are good at exploiting: joint learning exercises often involve looking at what the next-door community is doing as well as benchmarking against neighbouring countries.

When appropriately utilised, the peer relationship can often address the necessary Trust dimension that is important for effective learning – that the trainee feels comfortable that the mentor both understands the trainee’s starting point in terms of real-job challenges including the socio-political context, but also is genuinely interested in supporting the trainee in their learning process.

Once a positive peer relationship has been established, the other issues for efficient and effective training need to be addressed: relevance of the training, appropriate incentives, etc.

The bottom line seems to be that host countries and donors still have a considerable way to go before there is rational allocation of the vast resources available for training. A longer-term and market-aware approach should push actors towards more joint and sustainable investments in local capacity-development institutions, with a better understanding of which skills organisations need most and where the largest skills gaps exist in the market.

As with other forms of development cooperation, quality assurance – at entry (training design) and performance tracking – should be systematised to ensure better knowledge and improved responsiveness to training needs.

Salary Support

The most controversial form of capacity development is presumably the various kinds of salary support that donors have financed over the years. This ranges from *ad hoc* (and sometimes under-the-table) payments to particular civil servants--for contributing or participation in certain projects or project activities--to generalised civil-servant salary supplements that are done through the public sector. The latter has usually been argued for in the context of attracting and retaining senior technical and management skills in the public sector in the face of higher salaries elsewhere in the economy (often fuelled by donor funded projects or NGOs...).

In terms of their ability to enhance sustainable CD, a number of problems have been identified with the various salary support schemes:

- They are largely donor driven and often fail to acknowledge the negative impact they can have at the organisational level;
- Different donors provide different forms of top-ups, both in monetary terms and regarding other benefits such as access to vehicles, computers etc;
- They have tended to be ring-fenced to particular projects or activities and with a limited time-horizon – they are seldom linked to any longer-term capacity development or exit strategy that would ensure sustainability of results;
- Management of the funding is with the donors and thus non-transparent to the public sector;
- Loyalties of civil servants therefore becomes divided between own management and donor agendas;
- They create jealousies between those who do and those who do not get topping-up;
- They can create a class of „job hoppers“ who become expert at securing topping-up for themselves and thus move with donor flows rather than with performing tasks;

⁷ In the energy sector, for example, Norway is seen as a relevant “peer” by many developing countries because Norway’s hydropower and hydrocarbon policies and experiences are considered relevant to partner country concerns, despite the geographic distance and substantial socio-cultural differences.

- The lack of transparency in topping-up leaves the donors vulnerable to rent-seeking by the nationals who are able to push up local salaries and salary expectations;
- It is doubtful if even the direct Outputs expected from the salary supplements are delivered since contracts tend to be vague; and
- The salary incentives can undermine a functional public sector since the salary system becomes distorted and non-transparent;

As a result of these numerous problems, it is likely that resources spent on the topping-up schemes could have been spent more rationally through a well-coordinated CD program. However, although these weaknesses are well known and understood, donors still fund civil servant incentives. A major reason is that donors do not see viable alternatives when faced with poor performance on what are considered strategic projects.

It is known that there have been attempts at mapping the salary schemes funded by donors, but usually these exercises falter because donors do not wish to reveal the costs and the extent of the practice, and neither do the civil servants. The total values involved are thus not known. Presumably the only way to do away with this fragmented and distortionary donor practice is by providing a better, more coherent and transparent mode of providing incentives that can lead to improved public sector performance.

A Best Practice proposal is performance-based pay through a transparent public sector merit-system, but most low-income African countries are not in a position to institute one. General budget support (GBS) is in practice used to finance civil service pay increases, addressing some of the incentive complaints but not being able to link up with necessary reforms. Public sector reform (PSR) efforts, as noted earlier, have largely failed at the general level, though some institutions like central banks typically are able to carry through improvements largely because they are capable of offering competitive salaries.

Knowledge and Information Sharing

Access to information and research results has increased in importance over time as local partners have improved their own capacity to take better advantage of this form of capacity development. In general the transaction costs related to information collection have fallen considerably. Programs like the World Bank's support for linking universities to the internet and supporting the development of intra-net and internet communications for public sector institutions has functioned as a major boost to internal communication and learning.

CSOs act as information gateways for local communities, ensuring that knowledge on a wide range of issues is disseminated, thus linking even fairly remote areas. CSOs themselves are linking up with peer organisations in other countries, either directly or through the knowledge networks. Knowledge about international standards, work in areas like good governance and rights-based development is being disseminated quickly through formal and informal networks, with a lot more horizontal communication and directed search for answers being possible compared with only a few years ago.

The rapid advances in technological development and the concurrent fall in real costs is happening all around the world, but the relative transaction cost reductions may perhaps be the greatest in the developing countries where information was very fragmented and access costs high. While hardware and communication costs are falling, perhaps the software developments are even more important, where there is an entire universe of software developed in countries like India, China, the Philippines, Brazil etc which is relevant for and largely only used in the developing countries. This is providing low-cost and targeted applications for the situation and problems of the poor that is opening up access and opportunities that simply were not available before.

The fears of a "technological divide" are justified, which points to the importance of continued support for knowledge and information sharing that is directed towards boosting the capacities of the poor. While most of the advances are now market-based and thus will be driven by a private-sector dynamic, there are important public-goods aspects of information access that the donor community should still support. The literature surveyed did not cover this issue, but ought to be on the agenda of the larger CD debate (see below).

6.4.2 “Hardware” Support: Infrastructure and Equipment

“Hardware” as part of CD earned a bad reputation particularly during the 1980s as being endless requests for “the three Cs”: Cars, Computers and Copiers. As a reaction, donors for a long period shunned this, focusing almost exclusively on “human capital formation”.

It is now recognised that the physical work environment – buildings, furniture, equipment – are important for the efficient functioning of an organisation, but also as incentives for staff. Computers, mobile technology, access to intra-net and internet-based information systems have dramatically changed the working structure and habits of public, private and not-for-profit organisations. In some African countries, mobile technology has allowed organisations to “jump” a technological generation by skipping the fixed-line dependence and go straight to cell-phone transmission. A much higher share of information is transmitted with smart cell-phone software in Africa than in “old technology” dependent Europe and North America. Small-scale financial transactions and cost-effective ways of sharing airtime is cutting information and other transaction costs for the poor, making investments in IT one of the most effective ways of boosting capacity while reducing poverty. As with the “phone ladies” revolution in rural Bangladesh (see box 6.2), handheld low-cost PC and mobile technology is providing cheap access to information and two-way communication that would have been unthinkable just a few years ago. There is a concern that the “technology divide” may increase and leave the poor further behind. However, there are ample examples of how the costs associated with boosting new technology infrastructure are lower than those associated with old technologies—infrastructure for mobile telephony is much less capital intensive than that for fixed-line telephony.

In Africa, it is largely market-driven development that has reduced the prices of both hardware and airtime, driving rapid technology dissemination. In the most un-regulated market of all, Somalia, international phone rates are supposedly the lowest on the continent, and cell-phone based *hawala* (traditional financial transactions) can reach virtually all rural areas within a day at a much lower cost than classic banking services. Additionally, mobile technology is increasingly being used for microfinance transactions in rural areas, while health centres are able to transmit real-time data on needs for medicines, etc.

The provision of ICT hardware is leading to a *general* fall in the level of transaction costs, and to new and innovative ways of addressing particular bottlenecks relevant to the poor. This is a very fluid field, and it is difficult to generalise about whose transaction costs or what kinds of transaction costs seem to be falling the fastest. What does seem clear, however, is that investments in ICT are having an important impact on the poor: low-cost internet access points, web-based information sources directed towards the poor, NGOs/CSOs acting as intermediaries/gateways to web-based services, and CSOs/CBOs using the web to mobilize people, spread information and access the knowledge networks referenced in this study.

One aspect of hardware CD is that it can be “un-bundled” into small units that only make sense at the level of the individual (cell-phones in particular). At the same time there is a conscious effort at ensuring that CD hardware is provided to and owned by the organisation and not individuals, so that the hardware incentive is not “movable” in case individuals decide to leave the organisation: upgrading of office facilities, office equipment and vehicles. There is more willingness to consider more individual-related issues such as housing in rural areas for critical staff like health personnel and teachers, as the labour market becomes more competitive and it becomes increasingly difficult to recruit to those areas that primarily serve the poor.

But this study did not find examples of civil service or civil society surveys that probe the importance of hardware incentives, such as the extent to which things like rural housing would be considered sufficient to attract the necessary skills for rural service delivery, or if there are trade-offs between this hardware set of incentives to others, like salary levels, career incentives, job responsibility etc. There seems to be little data on the concrete effects of the ICT-revolution distinguished by groups of the poor: urban versus rural, youth versus adults, gender disaggregated. These areas would benefit from more studies since the resources being committed are considerable and growing.

6.4.3 Financial Support

When donors provide financial support, it is to a legal entity that can answer for the allocation and use of resources. For poverty-relevant CD, the end-user would typically be a CSO – either an organisation that works *on behalf* of, or *for* (advocacy), or is a *representative* (membership-based) body of a community. All such organisations would come under the headline of “support to civil society development”, which is what donors claim they fund.

The financing is either project based or so-called core or program funding. *Project funding* is for defined activities with specified targets and monitoring and performance reporting. *Core or program funding* is for larger and often more medium- or longer-term objectives where the CSO in question normally has a track record and thus is considered to have the capacity to implement a wider variety of activities while maintaining acceptable fiduciary standards⁸.

A recent review done for six major donors revealed that they do not have a clear idea of what they mean by support to the development of a “pluralistic, vibrant, democratic civil society”, a commonly mentioned objective. CSOs instead feel that donors use the Paris Agenda’s call for harmonisation and alignment as a way to push CSOs towards becoming project contractors rather than partners in formulating appropriate development objectives.

CSO aid dependency in this context is important, and in particular in low-income African countries. This makes CSOs vulnerable to shifts in donor priorities, and was seen to push them to opportunistically seek funding where donors are making funds available. This weakens longer-term planning and constituency accountability, and reduces CSO credibility and legitimacy by creating an environment where getting funding is more important than achieving CD project objectives.

Donor efforts to cut costs are leading to new ways of “doing business”, more contracting of intermediary services; but also more standardisation of planning and reporting instruments, which tends to push quality demands up but also leads to greater predictability and hence longer-term gains to all parties. These changes are, however, driven by donor needs and not civil society demands (see Box 6.4 below).

6.4.4 Pooled Funding

Pooled funding is now considered a separate modality by many actors because it opens up “new ways of doing business”. Various forms of pooling is now being used, from supporting CSOs, to Sector Budget Support that is usually linked with Sector-wide Approaches (SWAPs), to General Budget Support (GBS), and direct pooling of TA.

In some countries there have been attempts at pooling TA activities directly and not through linking with sector programs or other funding mechanisms. This has in some cases been argued for as easier and at the same time more cost-efficient than trying to pool the larger programming and financing while reducing all the costs of many different donor TA programs. One study that compared experiences across six African countries concluded, while recognising that there are different degrees of pooling taking place, that it does contribute to increased transparency but not necessarily reduction in total TA or even the costs of TA. The lesson was that formal pooling does not generate many benefits unless the partner country is both able to program and manage the TA resources better, but that pooling provides a *potential* for savings once leadership and capacity to manage are in place (Baser and Morgan 2001, ECDPM 2007).

One of the reasons pooled mechanisms are seen to represent a new modality is that the aggregation of funds represents a risk-management approach, but also allows more resources to be used for various kinds of quality enhancing activities.

⁸ While the terms “core” and “program” funding should refer to two slightly different situations, the donors in fact use the terms interchangeably since the “core” area of responsibility for an NGO often is structured in the form of its main “program”, which then received un-tied funding towards the larger objectives of the “core program”.

Box 6.4: Trends in Donor Funding for Civil Society Development

Project versus Program/Core Support

The overall *trend* is that more resources are going towards core/program funding. Project funding permits better targeting by donors, provides direct donor-CSO relations, can provide more resources to particular problems and donor protection if needed, but CSOs generally prefer core funding as it ensures better ownership, more strategic dialogue with donors, more comprehensive programming and greater flexibility, and seems particularly appropriate for advocacy and rights-based CSOs.

Program funding favours CSOs that have a strong organisation and are trusted by the donors – that is, CSOs with capacity in place will attract further funds that are less tied to specific projects and thus can be used for further internal capacity building. However, as a result funding tends to congregate around a few well-known high-profile urban-based national organisations.

It was also the case that countries that had a strong indigenous civil society – Guatemala and Bangladesh in this particular study – also had successful CD programs run by and defined by local actors. In the African countries, the agenda was clearly set more by the donors, though the *trend* was in the direction of stronger local voices – though they often felt dominated by donor agendas.

Direct versus Indirect Support

The most important trend in donor support seems to be the move towards more use of intermediary agents (indirect support modality). This increases the potential for outreach, diversity, disbursement, mutual accountability and managing for results as well as donor harmonisation and alignment, because relations can be based on contracts with clear performance/success criteria and management structures that address conflict of interest/“principal-agent” issues. Indirect support further transfers most transaction costs to the intermediary (this is essentially what they are paid for), which reduces the burdens on both donors and CSOs.

There is considerable diversity of intermediary agents used, which in theory allows for tailoring of solution sets to the particular issues at hand. In reality donor-country INGOs make up the largest number of intermediary agents, and local CSOs felt that these were not necessarily the best agents for strengthening local civil society. Selection of intermediaries that are credible to the CSOs rather than address donor concerns is thus an emerging issue.

Unilateral versus Joint Support

Another trend is that donors come together and jointly fund activities. This is both a cost-saving measure and also strengthens harmonisation and alignment aspects of donor support. CSOs see the advantages in terms of reduced transaction costs from the joint modalities but there are concerns that the streamlining of the financing may also limit the range and kind of activities and organisations that can access the funds. At the same time, since joint funds tend to be much larger, there is an incentive to donors to ensure that objectives are clear and agreed to. The formal contractual arrangements that joint funding requires can be a source of bureaucratic delays and costs, but also provide instruments that can be constructive and clear in laying out the longer-term mutual rights, obligations and aspirations of the parties involved.

General

The trend is clearly towards more shared and strategic modalities. This requires more and better structured dialogue between the parties, and in particular greater clarity on strategic objectives and better management instruments that can support these. The NSP is an example of how this can be handled with the hiring-in of professional intermediaries to strengthen financial and results reporting while building longer-term local capacity.

With the pooled funds, it is then also possible to allocate resources across a wider range of activities and actors, so one can get a “portfolio risk management” effect from a more

strategic funds allocations approach. In the case of pooled funds for CSOs, there are examples of contracts with intermediary agencies where key performance criteria are outreach and diversity: the funds administrator has to increase the number and diversity of CSOs, or the regional coverage, or improve regional balance, or sector balance between CSO activities.

With larger amounts of funds available, the percentage of the funds for administrative and other overhead activities means that the absolute amounts of funds available for things like developing reporting schemes, organising discussion fora, setting up web-sites and so on, are considerable. The pooled funds can therefore take advantage of economies of scale regarding a number of administrative and quality assurance tasks that may produce better programming, monitoring and results focus. Additionally, through pooling funds the risks associated with larger programmes are spread across multiple donors. The overhead costs of the NSP in Afghanistan are clearly higher than normal but through cost-sharing the risk to individual donors is greatly reduced. It is doubtful if any individual donor would have been willing to take on the costs and potential criticism of such an expensive and time-intensive program on their own.

It has been argued that pooled funding has a comparative advantage in funding CD because the pooling mechanism can help minimize total transaction costs – to donors and to local partners. On the one hand there are formal contractual relations between each donor and the funds administrator, so that there is explicit accountability by the donor to the pooled fund mechanism that otherwise is difficult to get in place. This would typically include issues like predictability and disbursement procedures, agreements on untying of funds and joint agreements on funds use, so that the “donor driven” aspects are reduced or eliminated. At the same time the pooling means that programming of funds can be done from a more holistic perspective, the funders to the pooling can engage the national counterparts in more structured and policy-based programming, uniform performance criteria and monitoring can cover a wider share of total CD activities, and issues of financial and technical sustainability can be addressed at the systemic level.

There is emerging experience on the extent to which this actually happens when it comes to GBS and SWAPs. But more needs to be done regarding the specific linkages and results on CD. One issue is that most CD funded by these mechanisms is for public sector development, and the claim is that CD linked with these mechanisms has centralizing effects: funds go more to the national level than the lower levels, more to the executive than to other parts of the government, and more to coordinating bodies like ministries of finance.

There are several questions in this regard. The first is if this empirically is true. Another is if this is a problem since donors fund CD through other mechanisms as well, and the pooled funding CD needs to be seen in light of overall CD funding and trends. The third is that even if it is true, is this a function of the pooled mechanisms per se, or poor use of the mechanism, or a conscious strategy? – The question from the perspective of this study is what the consequences are for poverty-relevant and poverty-driven CD if pooled funding leads to a relative greater concentration of CD efforts at the apex of the public sector. One argument for providing GBS and strengthening the public finance management (PFM) system at the same time through CD support is that this will lead to better programming and implementation of public expenditures for poverty reduction⁹. Even if this argument were true, there is the counter-argument that poverty-relevant CD is more likely to address the real needs of the poor the closer and more interactive with the poor the capacity building activities actually are. That is, proximity to the poor is itself important for CD impact. This is supported by the impressionistic evidence in the NGO literature, but this review has not seen any documentation providing this kind of comparative analysis. But it remains a plausible hypothesis and an issue donors need to bear in mind when designing pooled funding mechanisms.

In the case of pooled funding for civil society development, there is limited empirical material available. The potential for using pooled funding for addressing the needs of the poor is acknowledged, and HIV/Aids programs with pooled funds have addressed broad issues

⁹ The single largest evaluation of GBS, looking at seven countries, concluded that the results chain from GBS to PFM improvements is plausible, but that the higher-level results including impact on poverty reduction is more speculative. The study did not look at the CD dimension specifically, however, and thus does not shed light on this issue (University of Birmingham and Mokoro 2005).

including coverage, outreach, complementarity between CD at different levels and actual service delivery. These programs may represent important sources of empirical data.

The downside risk of pooled funding, which also needs to be addressed more aggressively, is that not only the funding and its rules are harmonised, but also the risks. One thing the pooling is to do is ensure consistent and coherent behaviour and responses by donors. If the CD program has flaws, these flaws are then standardized throughout the program. The claim on the centralising effects of pooled funding is an example of this risk.

6.4.5 Findings and Conclusions

Four modes of CD are (i) “software” support by promoting knowledge and organisational know-how, (ii) “hardware” support with infrastructure and equipment, (iii) financial support, and (iv) pooled funding.

(i) Regarding *CD Software*:

- *Technical Assistance (TA)* remains a major CD expenditure item. “Best practice” TA requires good job descriptions with clear performance criteria including poverty impact; contracts need to be “owned” by local partners; and must be embedded in longer-term locally owned CD plans. The latter often entails that the local partner itself receives capacity upgrading to manage TA, since this is management intensive;
- *Twinning* is not living up to expectations but seems “best practice” when the parties have similar incentives and thus share the benefits from the cooperation. There seem to be few examples of this as even among NGOs the partnership is more uneven than often thought. This problem may increase as donors demand greater accountability forcing NGOs to look “up” the chain rather than downwards to the beneficiary groups;
- *Training* covers a wide variety of activities that can be distinguished as to (i) short versus long-term, (ii) in country or abroad; (iii) in a training institute or on-the-job, and (iv) trainer is from donor country or region/own country (“peer”). The major mistake seems to be over-spending on specific training rather than strengthening the larger education sector; lack of link-in to the labour-market; and short-term output focus rather than tracking medium-term impact. Peer learning in various forms appears “best practice”, largely due to *trust* and relevance factors. Lack of quality at entry – good planning and relevant pedagogical skills – also hampers much of the training efforts, though NGOs seem better at this than formal donor-funded training for the public sector;
- *Salary Support* is almost always “worst practice”, not sustainable, undermines long-term local CD in a variety of ways, and should be abandoned in favour of more transparent and merit-based incentive schemes;
- *Knowledge and Information Sharing*, on the other hand, may be one of the best ways of promoting broad-based CD since much of this is provision of public goods. Rapid technological change is broadening and easing access, with examples of relevance also to the poorer social strata.

(ii) *CD hardware* is becoming more important again as donors recognise the need for workplace incentives as well as recognizing that people simply need to be given the necessary tools to do their job. Much of the improvement regarding infrastructure has been market-driven, as increased competition lowers prices, increases the range of technologies available, and drives competitors into rural areas in search of untapped markets. While the fear of a “technological divide” is justified, the overall change is towards cheaper and broader access to information, where CSOs can act as gateways for the poor. As a result, donor support for providing physical infrastructure to public service organisations remains important to ensure they can take advantage of the improvements being generated by market forces.

(iii) *Financial Support* for CD development is becoming more strategic with increasing shares of resources going through intermediaries contracted to improve targeting and results (though contracts are often not good enough), more to programs instead of projects, and more is joint rather than single-donor funding. These changes often lead to less direct dialogue between CSOs and funders, however, which leaves many CSOs uneasy about long-term effects.

(iv) *Pooled Funding* is a more structured form of financial support that is seen to have a comparative advantage in funding CD because it organises many donors around common objectives, using national implementation systems and thus allowing national partners to take

the “driver’s seat”. It can improve quality and monitoring of CD, though pooled funds in post-conflict situations are claimed to concentrate resources in the public sector, for the executive, at national level, thus weakening local voice, relevant services outside the capital, and CSOs. Finally, pooled funding also means that risk may *increase*, since “all eggs are in one basket”, which particularly in volatile situations may be problematic.

6.5 Fragile States

One particular concern when it comes to CD and poverty reduction is the case of so-called Fragile States. This concept covers a wide range of situations and dynamics, including states that are seen to be heading towards conflict and those successfully emerging from one (post-conflict). Post-conflict states are of particular concern, as the international community recognizes the need for assisting countries coming out of armed conflict to reduce the chances them returning to conflict. The OECD/DAC has produced a set of “principles for good international engagement in fragile states and situations” (OECD/DAC 2006b) where Principle Three is to “Focus on state-building as the central objective”.

Brinkerhoff (2007) provides an overview of the CD issues faced in these circumstances, including the trade-off between immediate service delivery versus building capacity to deliver these services. He notes that the question of “CD for whom and for what” is particularly pertinent, focusing on the interaction between the state and its citizens with three key governance dimensions: (i) safety and security, (ii) effective provision of public goods and services, and (iii) legitimacy, including political representation and distribution of power and authority.

This analysis is largely seen from the point of view of state building, however. One of his stated assumptions is that civil society itself is weak in a fragile state situation, though some studies show that this is not necessarily true¹⁰. In this context, CSOs note the danger of strengthening a state that to begin with may be the result of a negotiated “dividing of the spoils” among the previously warring (and thus conflict-originating) parties without at the same time having a strong and clear strategy for strengthening civil society that can demand accountability and transparency from this government. The question of “CD for whom and for what” is seen to have a particular urgency in the fragile state situation, and one that is not well addressed in the literature. The DAC principle is, from this perspective, problematic, as it can undermine the longer-term predictability of CSO support in a situation where CSOs require long-term strategic support more than ever¹¹ (Scanteam 2007d).

One of the key challenges in Fragile States is rebuilding the legitimacy and credibility of the state. Conflict often exacerbates existing cleavages within the nation along various fault lines – ethnic, religious, tribal, class/social group—posing serious challenges for effective donor intervention. The *legitimacy* can be rebuilt based on fair and open representation, while the *credibility* will come as a result of the state delivering tangible improvements in the lives of the people. Civil society is often critical to achieving both.

One of the key achievements of the NSP in Afghanistan, according to several informants, is that where local CDCs are functioning well, the insurgency is not succeeding in establishing itself. Locally elected bodies that are largely civil society-linked and supported by NGOs are succeeding in providing local stability where the central state is not (yet) able to do so. This example indicates how NGOs can be effective in supporting , bodies that have been able to respond to local societies’ demand needs, both in terms of service delivery and longer-term CD. Although the NSP program belongs to the Ministry of Rural Rehabilitation and Development (MRRD), the MRRD itself does not have the capacity to implement such a large and complex program, and so uses the 28 Facilitating Partners. This provides a good example of how by boosting the capacity of CSOs, important public sector-civil society partnerships can be formed to improve service delivery where the state will generally not have the legitimacy to do.

10 Many would argue that Afghanistan, Southern Sudan, the Palestinian Territories among others had quite credible and active CSOs that were critical for both service delivery and advocacy at the time that new post-conflict states were evolving, and that Zimbabwe had strong CSOs at least during the early phase of the country’s downward slide.

11 This is a key part of the CSO criticism of the “Paris Aid Effectiveness Agenda” and has led to a large CSO mobilization and engagement ahead of the mid-term review of the Paris Agenda in Accra in September 2008.

In this Fragile State situation, the bodies that have been able to respond to local societies' demand needs have been NGOs, both in terms of service delivery but also CD. The NSP program belongs to the Ministry of Rural Rehabilitation and Development (MRRD), but the MRRD itself does not have the capacity to implement such a large and complex program. Instead it has hired in the 28 Facilitating Partners. So the NSP is both a good example of public sector-civil society partnership, but also points to the need for CSO capacity to be strengthened, both as a partner for delivering services the state cannot, but also to provide CD services that the state will generally not have the legitimacy to do.

A key concept in this context is *Trust*. The quality, quantity and veracity of information that is exchanged seem singularly dependent on the parties believing that the other shares their priorities and concerns. Once this is in place, a more balanced partnership can be created where CD providers respond to the priorities and needs of the local actors and local actors strengthen their accountability by improving their performance and progress monitoring.

In a Fragile States situation, where Trust is exactly what often is most lacking, a donor focus exclusively on state-building may be potentially destabilizing. One reason is that there is a need to strengthen civil society as a partner in service delivery, builder of local society CD, and also to ensure voice and accountability by the new state being built. Another is that donor resources will always be limited compared to the huge needs a conflict creates. Yet one tendency has been for funding to go to the executive rather than a more broad-based approach that seeks to facilitate greater accountability through supporting the development of the legislature, judiciary, local and provincial governments or government oversight agencies such as the auditor-general's office.

The key funding model in Fragile States situations, and in particular in post-conflict states, is pooled funding in the form of multi-donor trust funds (MDTFs) that are administered either by the UN or the World Bank. There are currently about 20 such MDTFs that have mobilised more than USD 6 billion, much of this for CD activities. The administrators of the MDTFs assume fiduciary responsibilities and various other quality assurance tasks that are specified by the parties, and are selected exactly because they have mandates and the organisational capacity and presence to provide clear leadership and oversight functions regarding funds use and results. But one of the lessons has been that these MDTFs are not good vehicles for channelling resources to CSOs – they tend to focus on state administration. This pooled funding mechanism is thus structurally not helpful for addressing the CD needs of civil society, unless the public sector hires in CSOs as in the case of the NSP in Afghanistan.

6.5.1 Findings and Conclusions

Donor funding of CD in Fragile States focuses on the state, often with a centralising effect. CD support for strengthening civil society and democratic accountability would seem equally important but has so far received less attention. This issue is beginning to garner more attention now with concerns that post-conflict situations may be deteriorating – central African states and Afghanistan – and that lack of attention to building civil society capacity may be one reason.

6.6 Monitoring Capacity Development Performance

In the summary report of a major review looking at monitoring and evaluation (M&E) of capacity and CD, the European Centre for Development Policy Management (ECDPM) has as its first conclusion that “There are very few examples in the literature of monitoring of ‘capacity’ itself. However, monitoring of performance is being adopted as one way of formulating conclusions as to the capacities that are being developed, and which need further development” (Watson 2006 p. vi).

The lack of systematic M&E of CD is a recurrent theme in the literature both on the public sector (donor funded) and civil society (NGO/CSO supported) sides. But there are differences in how M&E is treated in the two sectors. When it comes to the public sector, there is a debate regarding the role of more rigorous quantitative M&E, while in the civil society discussion the more qualitative and context-specific approach is the most common.

While there is increasing agreement concerning the need for more careful monitoring in the public sector, the underlying model for doing so is still debated. Boesen & Therkildsen (2003) use the “open system” organisational development model as the starting point. The organisation is subject to internal and external forces, and the LFA logic of input-activity-output-outcome results chain can be used to analyse the effects of external forces on the internal CD dynamics of an organisation. To track changes in capacity, the paper lays out a four stage methodology: (i) organise the performance tracking as a participatory exercise so that key stakeholders are involved and supportive, (ii) collect the *facts*: what has changed during the relevant time period, (iii) analyse *how* changes occurred, the importance of the various internal and external factors, (iv) reach conclusions regarding *why* changes occurred and thus what can be learned. This simple methodology is broken down into 15 steps with practical guidance in terms of how each step should be carried out.

However, the problem of selecting and understanding the influence of external forces remains. The Open System approach remains indeterminate since the selection and weighting of the factors – internal and external – must necessarily remain subjective and hence open to questioning. The Open System approach requires the actors involved to find the solution set they are most comfortable with, given the information at hand.

The classic LFA approach makes a clearer distinction between external and internal factors since it does not have the interactive dynamic: external factors are assumed to simply impact on the organisation. The Results Matrix that is derived from the LFA logic model hence looks at CD performance more from a closed organisation perspective. Particularly at the Output level it assumes (by definition) that the results can be explained by the factors at play inside the organisation itself. The advantage with this approach is that it makes it possible to apply a rigorous causal chain and not only measure change but also potentially attribute it to identifiable factors.

The most stringent such model at the level of public sector development is presumably the one developed for public finance management (PFM), the PEFA model described in section 5.5. It not only has an indicator set for the key PFM dimensions, but also a ratings scheme for each indicator. The utility of this is reflected in the World Bank’s draft evaluation report of its support for public sector reform (PSR) programs--the Bank’s Independent Evaluation Group expects to release this report during the spring of 2008. It notes that about one-sixth of the Bank’s resources are now used for PSR, and evaluated four core areas of PSR: PFM; administrative and civil service; revenue administration; and anticorruption and transparency. It notes that “analytic work, including the development of monitorable indicators, was especially useful in financial management, but such analysis was usually absent in the civil service and administrative area, which contributed to the differences in outcome” (World Bank 2008b, Management letter). The PEFA secretariat, in an update of 14 March 2008, notes that PEFA reviews have been carried out or are about to be finalised in 29 African countries, with another 15 to be initiated or even completed during 2008, which further attests to its acceptance by governments and donors alike.

6.6.1 Tracking Civil Society CD

When it comes to *poverty-relevant* CD in the public sector, the Open System seems more appropriate than LFA, however, since key “external factors” would be the accountability to the beneficiary group, and presumably also to the funding agencies since the donors fund such a large share of social services to the poor in sub-Saharan Africa. This becomes particularly important when attempting to measure CD in the civil society sector, as CD among the poor is not a closed system and thus needs to be understood and tracked in the context of the local environment. This is further strengthened by the fact that the current understanding of poverty reduction is related to issues of empowerment and the ability of individuals to realise their own potential: the subjective perception of change in one’s own situation is as important as measurable changes to income or consumption levels.

There are other challenges that need to be overcome when it comes to tracking civil society CD. The first has to do with the lack of clarity regarding what the immediate and longer-term objectives for community-based CD actually are. Techniques such as “Most Significant Change” and “Appreciative Inquiry” capture important aspects of CD such as empowerment, changes in gender relations, different dimensions of social inclusion that are particularly

relevant for ensuring that concerns of the poor also are included, and thus are good tools for recording “the facts” (the second phase in the Boesen-Therkildsen methodology). But this remains *ad hoc* in terms of identifying more systematic results from community CD. There is thus a need to pull together a common framework such as was done for the PEFA system: what are typical Outputs and Outcomes that can be expected or are desired from supporting community-level capacity development? Once this is better defined, it should be possible to also find better community-based and participatory CD tracking systems. One important lesson from the PEFA experience is that it is often possible to measure a lot more than is initially thought. At the same time, the PEFA development process took several years and involved considerable resources and a wide variety of actors to arrive at a measurement system that received both technical and political approval. If the international community wants to track and learn more from CD efforts with and for the poor, there will be a need for considerably more resources to develop these.

Another issue is the cost-efficiency of CD M&E. No matter which technique is used, M&E requires additional resources. For small community-based CD, the share of total resources that a CD assessment will require is often seen as disproportionate and in fact takes time away from the organisation’s primary mission. While a full-scale PEFA exercise is quite costly it is easily justifiable in the context of donors providing several hundred million dollars per year in public sector funding. Among CSOs, however, performance monitoring has often been seen as excessively costly, particularly because it is not always clear what is actually *learned* from what are often a donor-imposed measuring/accountability exercises. While there is increasing concern about the need to structure the learning from community-based and poverty-relevant CD, so far the NGO literature is short on quantitative studies on the results from community-based CD. The tendency is more to build learning from CD work into the implementation of CD, so as to both make the CD tracking more cost-effective, but also to ensure that learning is taking place within the organisation in a way that can translate into better decision-making to make CD tracking practically useful.

6.6.2 Empirical Work

There does seem to be an increasing willingness to invest what it takes to develop both monitoring frameworks (operational CD objectives, indicator systems) and generate the empirical data. This is easiest to achieve with larger programs, whether through networking similar programs in several countries, or with large-scale efforts in one country. The NSP program in Afghanistan is now developing a carefully designed baseline study with help from Harvard University. It includes a number of governance indicators. The indicator set will allow tracking of changes at the individual community level but also permit aggregation up to higher levels of impact.

The parallel micro-finance program in Afghanistan, MISFA, is the fastest growing micro-finance program in the world and is now beginning to do more rigorous monitoring, looking at various socio-economic indicators and where it should be possible to measure and verify causal links¹².

At the more general level, the new “3IE” institution mentioned in section 5.2 that is being set up is a result of the Evaluation Gap Working Group report “When Will We ever Learn?” that was initiated by the Center for Global Development (see CGD 2006). It will focus on Impact Evaluations as a means of producing more rigorous knowledge about the longer-term results of donor funding in fields such as primary education and health care. As noted above, these kinds of evaluations will necessarily touch on CD in various forms.

While an Open System approach will leave the measurement system less rigorous, there are an increasing number of studies and reports that point to various external factors for understanding why CD efforts succeed or fail. Devising such “check lists” of the critical external factors is useful because if the analysis of the starting point is poor then the formal LFA logic of the “internal” organisational factors will provide faulty results frameworks.

¹² Microfinance institutions are often leading the way regarding databases and the possibility to study the impact of micro-finance at household but also societal level. Grameen Bank tracks longer-term effects in terms of empowerment, reduced vulnerability, increased school and health indicators, etc., but does not yet track organisational behaviour and results. These kinds of community-level CD dimensions undoubtedly exist but are not yet being measured but provide a fertile field for research.

6.6.3 Timeline

One issue that is constantly posed is what the time required for successful CD should be. There are very few studies that provide any good indication – except that most studies point to lack of time as an important reason why expected results were not attained. Whether it really is simply a question of more time or whether this is a convenient excuse for not reaching targets is not obvious.

In the NSP, the Facilitating Partners claim that the typical three-year cycle for the full 15- step process is appropriate – that trying to shorten this timeline will weaken the sustainability of the organisational results achieved. NSP’s senior evaluation officer believes it is possible to cut the timeline to two years, and that the FPs insist on the three-year cycle because of the financial incentives (the contract does not pay based so much on results as it compensates for time used). But this discussion points to a classic dilemma in CD: what exactly is to be achieved? Is it simply to organise a Community Development Committee, establish a plan, select the priority project, and implement it – or is the political organisation and mobilisation supposed to go deeper – for example with respect to gender participation? If the challenge is to deliver a project as quickly as possible, a two-year cycle may be sufficient. If the governance is to be better embedded in local structure, three years may be a minimum. Yet the differences in expected results are not always easy to define *ex ante* or measure *ex post*.

In the so-called New Institutional Economics (NIE) literature the distinctions between the different levels of institutions is structurally quite similar to the organisational levels used in discussing CD: individual, organisation, and institution or society (see Box 6.5 below).

In NIE the first level is often linked to market and resource allocation actions where the sum-total of the actions of individual buyers and sellers produces the equilibrium. The governance level is based on contractual rules where changes to these are determined by transaction cost analyses and more time is required to get new contractual relations agreed to and in place. These changes are typically assumed to take one to ten years before they actually have replaced the previous governance arrangements. Then comes what is often termed “the institutional environment”, which addresses formal rules and institutions, such as the introduction of private property rights, the development of a modern state administration, etc. Changes at this level are popularly claimed to take 10 to 100 years for complete societal acceptance and thus part of the framework conditions that are referred to when taking decisions. Finally come what are considered to be “fundamental foundations” – the informal rules, traditions, culture, religion that are considered the bedrock of a society’s self-understanding, values, cosmology. These are considered “the glue” that holds societies together, and are amazingly resilient and stable though are of course also always adapting, on the margin, to the changing circumstances.

For many NIE theoreticians, the key to understanding and changing societal development is the Institutional Environment. And in the development context, this is often what is attempted through CD programs such as Public Sector Reform (PSR). What NIE may add is the historical understanding of what reasonable time expectations should be. But it also adds analytical depth to understanding CD that is often lacking from the development discourse. Trying to address gender equity through the NSP CDCs will require different time horizons depending on the objective. Having formal female representation on a CDC in the local community could be achieved fairly quickly, while getting the formal role of women in local society to become embedded in the traditions and cultures of the various ethnic groups throughout Afghanistan could take generations.

Two aspects of the NIE debate are worth considering. The first is that with the knowledge regarding societal transformations and timelines that NIE has thrown up, these in some sense can now be shortened: we know and can see how some of the change processes can be accelerated, primarily through the mobilisation of those social groups that are interested in faster change. The other is a more acute awareness of the role of power and politics in social transformations. These changes are often not peaceful or harmonious processes, but based on conflicts due to demands for changing voice and influence. Simply stating that more gender equity is an objective may lead to stronger reactions and blockage of the initiatives (as is happening with the Taliban targeting girls’ education and female teachers in regions of Afghanistan).

6.6.4 Capacity Development and other Social Development Frameworks

NIE is a potential source for better understanding CD dynamics and CD timelines. But there are also other social science discussions that might enrich CD analysis.

One such debate is the “Social Capital” literature that emerged in the 1990s. This emphasized the value of various forms of network building – forms of CD – and among other things showed how this contributed to reducing transaction costs due to increased transparency and accountability. Since transaction costs such as information and uncertainty costs tend to be relatively higher for poor people – a structural feature of their societal marginalisation and fragmentation/lack of organisational density – the reduction in transaction costs yields particularly high returns for the poor. The concept of Social Capital was operationalized and quantitatively analysed as an explanatory factor for socio-economic development, and its proponents claimed that the returns to investments in social capital were very high (see Box 6.5). Some observers challenged these findings, but the methodological rigour that was applied might be one way forward for establishing the importance of CD, and to verify what kinds of CD formation actually provide the greatest benefits to and for the poor.

Other issues that should be explored for understanding how poverty-reduction focused CD can be better structured and yield better results would be the large body of literature on public goods – both because the consumption of public goods often is a larger share and more important in relative terms to the poor, but also because some of what is termed CD for the poor in fact constitutes public goods or has strong public goods dimensions to them.

6.6.5 Findings and Conclusions

The best CD tracking system generally in use is probably the PEFA system for public finance management. This is possible because PFM structures are quite similar around the world: PFM is a fairly “closed” system. An Open System approach to organisational CD is more appropriate for poverty-relevant, and community-based CD in particular. However, this has a more indeterminate results framework, both because it is often unclear what the overall objectives are, but also to find good indicators to measure. M&E for small-scale community-driven CD is furthermore very costly in relative terms. CSOs instead are trying to make learning from CD activities an integral part of CD itself.

There is, however, need for more and better empirical work, and this is beginning to emerge with larger-scale CD, primarily in the form of national programs like the NSP, but potentially also by looking at activities across countries that are networked through the international knowledge networks. This includes more attention to higher-level results, including more focus on Impact Evaluations as a means of better insight into longer-term results to serve as a guide for policy development, including CD efforts.

The time required for successful CD depends in part on the starting point and the “CD gap” that is to be covered: gender equity in conservative male-dominated regions will take much longer than in more open societies. But there is also a need for realism in understanding how long societal transformations take, and much of the CD literature seems to ignore relevant work from other social science discussions: Public Goods, Social Capital formation, and New Institutional Economics, among others. Utilizing the advances made in these other fields may provide analytical tools, empirical work and historical-societal insights that may enrich and make the CD discussions more realistic and evidence-based.

Box 6.5: Capacity Development, Social Capital and Public Goods

CD for the poor can range from individual skills upgrading to almost pure public goods: the organisation of a community to defend rights and hold duty-bearers accountable. This latter is often accused of being “political” though is in accordance with the UN’s rights-based approach to development. For Scandinavian actors this is also in line with our historical experience of the growth of farmers’ and later the workers’ movements, leading to “the capture of the state” by the labour parties/social democratic movements.

CD for the poor can be viewed and analysed from a variety of angles. Seeing CD as contributing to Social Capital provides one way of understanding the importance of it (Putnam, Fukuyama) and how it can be measured (World Bank 1999-2002 with Baron et al providing a critique). It can also be studied from the more classical economic and political perspective of public goods creation (Olsen), including seeing the growth of the organisational capital of poor in a historical-institutional perspective of NIE (North, Williamson, Rutherford). The UNDP studies on global public goods address the issues at macro rather than community level but provide a framework for understanding the equity dimension of these, and hence the need for strengthening the voice of the poor.

It would be useful to link the CD discussions to these larger institutional and economic bodies of thought that have a longer history and have produced empirical and theoretical literature that may integrate the capacity development as a component into these discussions. The weakness remains that they tend to be addressing issues at macro levels – and thus not providing much in the way of guidance to poverty-relevant and poverty-driven development.

Mancur Olson (1965): *The Logic of Collective Action. Public Goods and the Theory of Groups*. Harvard University Press (UP)

Douglass C North (1981): *Structure and Change in Economic History*. W. W. Norton Publishers

Oliver E Williamson (1985): *The Economic Institutions of Capitalism*. The Free Press

Arturo Israel (1987): *Institutional Development. Incentives to Performance*. Johns Hopkins UP

Malcolm Rutherford (1994): *Institutions in Economics. The Old and New Institutionalism*. Cambridge UP

Robert D. Putnam (1993): *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton UP

Francis Fukuyama (1995): *Trust: The Social Virtues and the Creation of Prosperity*. Free Press Paperbacks

World Bank (1999-2002), series of studies on *Local Level Institutions and Social Capital*, some of this in collaboration with the Christian Michelsen Institute

Stephen Baron, John Field and Tom Schuller (2000): *Social Capital. Critical Perspectives*. Oxford UP

UNDP (1999): *Global Public Goods: International Cooperation in the 21st Century*. Oxford UP

UNDP (2003): *Providing Global Public Goods: Managing Globalization*. Oxford UP

7 Summing Up and Looking Ahead

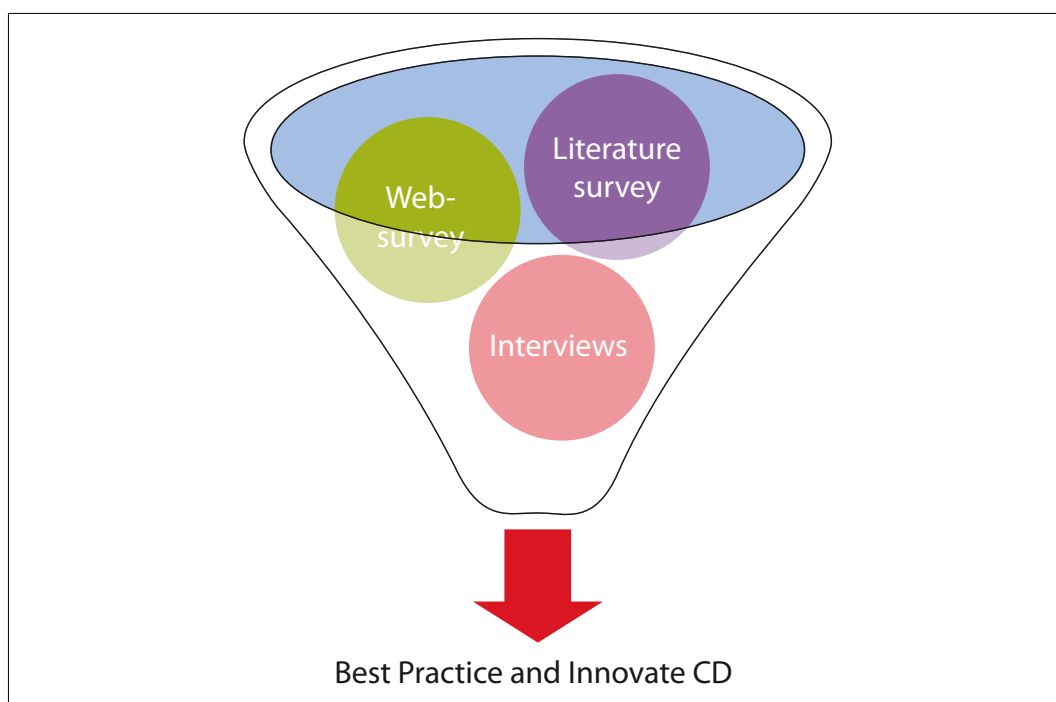
The TOR for this task noted that “the main purposes of this synthesis study are to: (i) draw lessons from existing evaluation reports and other studies focusing on good and innovative modes of assistance...”. That is, the intention was that the synthesis study should limit itself to a document review.

In its tender, Scanteam suggested that a web-based survey be added. The idea was to reach key stakeholders in Africa so that both intended beneficiaries and those with practical CD experience on the ground could define what they considered Best Practice and Innovative.

During the task of setting up the web-survey, the team had to enter into contact with a number of knowledge networks. These turned out to be a key gateway to the complementary information universe represented by civil society experience, covering documents, individual informants, and larger networks of international, national and local organisations that represent different actors and intermediaries in the CD “delivery chain”.

A key finding of this study is that this information universe is seriously underrepresented in the standard literature, and that this means that in particular the poverty-relevant dimension of capacity development is not well captured.

This study thus ended up using three information sources: (i) existing studies, (ii) informant interviews, and (iii) a web-based survey. These sources all proved to be of great value. For the proposed evaluation of donor support to capacity development, however, the study would strongly suggest that the use of these three sources be developed further, and in particular that greater weight needs to be given to those sources that speak directly to the poverty-relevant aspects of CD.



7.1 Documents

Three sets of documents should be looked at as part of a comprehensive evaluation: (i) funding agency documents; (ii) research-based documents; and (iii) civil society documents.

7.1.1 Funding Agency Documents

The formal document search based on relevant key-words that was carried out did not capture important parts of the literature regarding capacity development. Two different groups of funding agency officials should be approached to provide a more directed search.

The first are key staff in the general field of capacity development and ask them what they believe are the most interesting and useful studies. This group would consist of senior officials in bilateral and multilateral agencies who work on CD, either from the evaluation side or in capacity building sectors.

A second group are sector specialists who are aware of the CD work that has been done in their sector. Much of the CD analysis is done as part of larger sector studies, and being able to access “best practice CD studies” in the key sectors can best be done based on the insights that senior sector officials have. In this group one might also include “cross-cutting” specialists, and in particular gender specialists, since this is a critical dimension that appears strangely absent from current CD knowledge.

This would provide a quality-assured selection of documents that should make the literature review itself much more useful.

7.1.2 Research-based Documents

Another important informant group are researchers and consultants working in this field. These can largely be identified through the organisations where they are working: key research and university institutes and the better-known consultancy milieus.

These groups of informants are largely to be found in the donor countries, but have a considerable overview of what has been produced and is available both from the funding agencies (overlapping somewhat with the groups above) but also complementary work being done in partner countries themselves.

The real value-added from this group is knowledge about the more theoretical and research-based work that may not be well known to the development practitioners. This would include larger comparative studies, more in-depth research on community development, gender, organisational development models, CD and poverty etc. While some of this literature may turn out to be too theoretical to be of use for a more practice-oriented CD evaluation, it should be fairly easy to separate out this part of the proposed literature list.

7.1.3 Civil Society Documents

The document search that was done looking at what the international NGO/CSO community has produced in many ways yielded a more interesting set of documentation. But this search was also incomplete, and should be complemented in three ways.

The first is to go back to the knowledge networks and do a more systematic search of the document bases they have. Some of the larger networks clearly have more material than the documents they have published on the internet, yet these were the only ones Scanteam was able to access and identify under the level of effort possible for this study.

The second step would be contact the knowledge networks and ask them to identify the most interesting member organisations they have that have produced own studies. Some of the networks are “clearing houses” for the real work that is being done at the individual organisation level.

The third step would be to do some country-specific searches in countries where it is known that an active civil society is producing considerable work. This could include countries like Bangladesh, India, South Africa, Brazil, the Philippines and others. This search would have to

be focused, using local consultants, since the quantity of documents is vast and the quality and relevance of reports vary considerably.

7.1.4 Revised Document Review

One of the problems this study came up against was that most of the material did not in fact address the questions that were being asked. This will remain the case, but for the proposed evaluation a systematic Reading Guide should be agreed to, providing a more structured approach to the reading and collection of information. The Reading Guide that was used in this study was too narrowly focused on the TOR questions and should probably focus more on identifiable results, and then try to classify the causal argumentation presented. This would ensure a collection of literature that is in line with a more Results-focused approach.

This assumes that the literature is analytical enough to allow this to be possible. But even in quite descriptive NGO cases there are discussions on what are seen to be the most important explanatory factors. By building up a database from the literature search it should be possible to identify patterns regarding successful CD, though one of the key “lessons learned” is clearly the importance of context when looking at community- and poverty-relevant CD.

The first challenge is thus to agree on what the central questions are that will shape the Reading Guide and hence the structure of the Document Review.

7.2 Informant Interviews

This study was focused on written material, and secondarily tried to elicit information through a web-based survey. Some interviews were carried out, though a larger sample set and more systemic approach would be necessary for a larger evaluation. This study has identified several informant groups that should be included to ensure the broadest set of data and perspectives possible.

7.2.1 Knowledge Networks

The experience of working with the knowledge networks has been very positive notwithstanding the rather disappointing response rate to the web-based survey. Future work should exploit the considerable resources and knowledge that these networks represent, not least of all because they are “live” and thus constantly up-to-date on a number of issues. Annex D provides an annotated list of the 20 networks that were contacted for this study that explains the nature of each network, their role in this study, and a short “lessons for possible future work” in each case.

One conclusion is that knowledge networks should have been exploited a lot more as direct sources of information. This engagement could have taken place in several ways:

- More and longer interviews with the central network staff;
- Follow-up dialogue with them, to discuss specific issues as they emerge, since they often have good insights into what caused results – positive and negative;
- A request for recommendations of the most innovative or interesting organisations or individuals in their network.

Key networks that work with sector issues, such as the global health funds, even though they are not directly focused on CD have considerable knowledge and experience about different aspects of CD. Central staff in these networks should be interviewed.

In some sectors, such as energy, the entry point is probably more from the technology side rather than CD itself: energy efficiency (improved fuel wood stoves), renewable energy, sustainable energy use in rural areas, etc. These networks can be explored for „lessons learned“ regarding dissemination, endogenous technology development etc.

There is also considerable unexploited potential in the multilateral system: UNESCO in the education field; WHO, UNFPA, Unicef in health; UNDP and World Bank on general CD.

A visit to ACBF and pursuing some of their activities in the field would also have been very useful. One particular source of information worth following up is the Second Pan-African

Capacity Building Forum that was held in Maputo, Mozambique 1-3 August 2007. With nearly 600 participants from across the continent as well as resource persons from abroad, this provided an unusually rich set of actors and papers that can be followed up for views and insights.

Tracking the experiences with local networks is another important avenue. Mozambique's GAS network of 140 persons working on water and sanitation across the public, private and civil society sectors, at national, provincial and local levels, exemplifies the considerable knowledge that exists locally. In order to pursue this on-the-ground presence is required, but there is local expertise available to do this in most countries.

7.2.2 Funding Agency Officials and Research/Consultancy Staff

The same groups noted as sources for a structured document list also provide an important set of informants for interviews.

7.2.3 INGO and CSO Staff

One of the striking features of "the CD world" highlighted by this study is how different many civil society actors see the CD world compared to the views in the more formal literature and among donor agency staff.

Those who perhaps see this bifurcation best are the big international NGOs (INGOs) that get most of their funding from the donors yet work primarily with local CSOs. They often have to straddle this conceptual gap, and at times feel caught in the middle. Some clearly feel that the donor pressures are rising, in part as a function of the Paris Agenda and the increased harmonisation among donors, but also owing to their Results-based Management approach that pushes for faster and more visible/easily reportable results. As a result, this group may have particular insights regarding how best to bring the actors closer together.

Additionally, feedback from local CSOs needs to be better incorporated into the discussions surrounding CD. Countries with an active civil society such as Bangladesh and India have well-organised umbrella organisations, discussion forums and dissemination policies, that can be exploited for a more careful review of what is happening on the CD front. There is a large amount of activism taking place in a number of fields relevant to CD, and a wealth of skills locally available that can be used to collect, structure and analyse these insights.

7.2.4 Interview Structure

It is of paramount importance to structure the data collection instruments well. The structured but open-answer Conversation Guides that Scanteam normally uses are presumably the best approach, with questions being formulated according to informant group. Additionally, given the diversity of informant groups and the broad geographic spread of the proposed Evaluation, adequate testing of the Conversation Guides and training of field staff interviewers would be necessary to ensure the exercise is both effective and efficient.

A well structured survey and well-trained interviewer will also reduce the time-cost to the informant and minimise resistance to participation in the exercise. The experience from this study indicates that there are many people who are willing to engage in a dialogue on how to improve CD support and results, as long as the overall process is well structured. Three key issues are: (i) adequate notification of the exercise to allow informants to schedule time for an interview; (ii) transparency regarding the process so that all informants feel their contribution is important; and (iii) structured feedback with an opportunity to comment on the intermediate findings (though few in fact do, the option increases their sense of participation in the exercise).

7.3 Surveys

While the survey carried out in connection with this study yielded disappointingly few responses, the lesson is not to avoid these, but to do them better. Although imperfect, surveys provide the most effective means of gathering the opinions of CD practitioners and beneficiary groups on the ground. Even the limited survey responses received for this study yielded enough interesting information to make this point clear. However, a number of lessons were learned on how the process can be improved:

- The knowledge networks need time and information in order to be able to engage. More detailed discussions with network contact persons about how the individual network would disseminate information to their members would have allowed us to better tailor the information to the particular network to maximize participation. While there were two rounds of testing the survey instrument, weaknesses remained that caused uncertainty and thus lower response rates. In particular, the second part of the survey where respondents are asked to rate or select options needs to be better structured to ensure greater differentiation of opinions and thus clearer answers to what worked and what did not;
- The timeline for implementing the survey should have included possibilities for simple reminders and follow-up, to remind potential informants of the process;
- The survey results feed-back and finalisation process should have been highlighted more, so that the incentives to participate were more obvious; and
- More effort could have gone into reaching non-English speaking respondents.

Doing the survey as a web-based one seems the only feasible approach. The user interface and software used by Scanteam for capturing, structuring and analysing the data appeared adequate. It allows for quantitative analyses using different techniques, as well as generating reports and graphs, where relevant.

7.4 Analytical and Conceptual Frameworks

A number of conceptual frameworks have been outlined in chapter 6 above, and these need to be tested to see if they are of value in understanding CD performance.

The basic one is to visualise CD support as being transmitted through a resources and accountability chain. Here one needs to identify the key actors, disaggregated according to key structural characteristics and understanding their interests, roles and accountability pressures. The preliminary analysis here is that poverty-driven or poverty-relevant CD faces a problem of very weak voice on the side of the poor and a lack of accountability on the side of the donors, and the challenge is to identify how these asymmetries can be addressed.

The analysis of capacity development along the dimensions of social level and task complexity appears useful in understanding the challenges of planning and delivering CD. It clarifies the differences between simple skills transfer (“doing assigned tasks”) and the more complex tasks that require different CD skills and are more open-ended in terms of defining end objectives. It also helps address the question of “whose capacity is being developed”. This is answered in two parts: the *organisation* is the most appropriate analytical level, but CD concerns should also be poverty relevant or demand driven by the poor, showing that *community-based* CD should be a focus of attention.

The costs of getting CD resources to intended beneficiaries are partly related to the actual transactional chain noted above, but also involve the socio-cultural distance between the parties. Effective ways of narrowing this distance involve using various intermediaries. But more needs to be understood about how to structure the contracts between the various actors in the resources and accountability chain to ensure that mutual accountability is actually being strengthened. Minimizing transaction costs may come at the expense of strengthening the voice of the poor and genuine two-way accountability.

The typical CD modes are “software” (knowledge and organisational know-how), “hardware” (infrastructure and equipment), and financial support (including pooled funding). Each of these can be broken down to sub-categories. One thing that should be tested for in the future is the extent to which any of the sub-categories represent particularly interesting or “best practice” modalities for specific kinds of CD. Technical assistance, for example, is most appropriate for training in assigned tasks at individual and to some extent organisational level, but whether TA is better than twinning or formal training presumably depends on a host of factors.

Pooled funding is seen to be very useful for CD financing since it brings a large number of actors together around joint activities for programs that done separately would entail major transaction costs and/or high levels of risk. But particularly in the case of fragile states, pooled CD funding may have a negative effect on CD for the poor because of the tendency to concentrate resources on the state at national level, around the executive. This potentially

weakens the influence of civil society at a moment in time when the emergent state needs to be held responsible and develop a strong sense of accountability as primary duty-bearer.

For tracking CD performance, two frameworks are provided. One is the classical LFA-based results framework with indicator sets, where the PEFA system is seen to represent “best practice” both in terms of the indicator set itself, but also the process that was used to develop it: carefully defining the objectives to be achieved, involving a large number of stakeholders to ensure technical and political acceptability. The other is the Open System approach to understanding organisational change, which leaves the monitoring set and data more indeterminate. The claim is that it should be possible to make even an Open System approach more rigorous and testable. While CSOs are building in more learning as a cost-effective way of identifying key lessons from CD activities, rather than developing costly indicator-based tracking systems, the emergence of large national programs like the NSP in Afghanistan may make it possible to do more rigorous testing within the Open System context, and establish some standards that other activities can benchmark against.

Another avenue that should be pursued is to review other social science discussions that may throw additional light on the CD debate: public goods, social capital formation, and new institutional economics are fields that may provide valuable insights.

The main challenge remains, however, that without greater clarity and agreement on what the longer-term objectives for community-based or community-driven CD are, it becomes difficult to make CD design more evidence-based.

7.5 Recommendations

The main objective of this study was to show how a more broad-based joint evaluation of Capacity Development should be structured in terms of issues and conceptual frameworks.

The main Recommendation is to structure the Evaluation as a process involving several sequential steps, along the lines of the studies on Capacity Development Evaluation that were commissioned by the Danish Ministry of Foreign Affairs (Boesen et. al. 2002-2005).

The team believes that conceptual frameworks should be assessed and a careful information review be carried out before a final synthesizing-analytical report is done. This should then form the basis for designing the actual field-based Evaluation:

- The Conceptual Frameworks should be reviewed to identify those that capture the key aspects of poverty-relevant and poverty-driven CD, while at the same time allowing for systematic data collection and structuring;
- Based on the above, the Document Review requires a process that (i) identifies the most relevant body of literature; (ii) ensures that relevant NGO/CSO information is identified and included; and (iii) carefully designs the Reading Guide to include the most useful documents. Additionally, special efforts need to be made to capture the discussions and empirical work that has been produced in countries with active civil society stakeholders;
- The Informant Interviews need to run through a similar process: (i) identify the informant universe, (ii) in particular ensure that knowledge networks, INGOs and key national CSOs are represented, (iii) design the Conversation Guides for the informant groups;
- A web-based survey is recommended, but it should be designed in light of the first round of information from the Document Review and the Informant Interviews, so that it is clear what the limited number of questions should address. The survey instrument needs to be run through several tests, and ensure there are good translations of the survey instrument into the relevant languages. The survey process should be provided with adequate resources to ensure that the gateway-networks being used can be supported and assisted in sending reminders and following up if the process gets bogged down;
- The three information collection exercises should be iterative: issues caught in the interviews should enrich the document search, and vice-versa. The survey should therefore not be done till the first round of information analysis has been carried out, since it should provide both quantitative responses to key issues, while also opening up for new insights that can be used for the last round of interviews;

- Once a synthesis volume of the findings has been compiled, a more directive Joint Evaluation can be designed. While the implications of the current TOR is that this will be joint among the donors, the suggestion here would be to ensure that this involves local partners/governments, civil society actors and the key knowledge networks in a more broad-based joint learning exercise.

The bottom line regarding poverty-relevant CD is that we do not *know* as much as we sometimes think, and we seem to *understand* even less. There are no quick fixes to overcoming these two major impediments to more evidence-based insights. The international community should therefore take the time required to do the job right first time around by ensuring Quality at Entry – the basic lesson for all Capacity Development processes!

Annex A: Terms of Reference

1 Background .

1.1 *Capacity building in development cooperation*

Country capacity is a critical factor in development cooperation. In the present efforts to reach the millennium development goals it may be argued - as the DAC Governance Group does - that it is a missing factor¹³. Increased aid calls for more government ownership and more responsibilities, while structures in partner countries remain weak.

While reports by the UN Secretary General, the Millennium Commission and the Commission for Africa called for large increases in aid to Africa (the Commission for Africa called for an increase of 50 billion dollars per year), they also pointed to the enormous lack of qualified manpower in SSA.

The World Bank's Global Monitoring Report 2005 states the obvious, that scaling up of development assistance will only be effective if poor countries have adequate capacity to absorb more aid.

The Paris Declaration is designed to lessen the burden on recipient governments, and there are prospects that it will. It must be noted, however, that a process that started as an effort to harmonize donors' contributions to a country's development logically ended up focusing on the need for the recipient government to strengthen its systems in order to take responsibility for the co-ordination and harmonization, i.e. placing an even heavier burden on the structures of those countries. As the DAC/Govnet paper states: "That countries should lead and donors support is more easily said than done". The Paris agenda can only be implemented successfully if partner countries have the capacity to take ownership of and responsibility for the funds placed at its disposal and if the government spends it in a transparent and accountable (democratic) manner. That is what alignment is about. But the prospects for that happening are not very good in many poor countries in Africa. Sector wide approaches do not fully capture this aspect of sector development, and donor technical support remains uncoordinated.

1.2 *The Failure of Technical Assistance*

As the DAC/Govnet paper points out, capacity development is a major challenge. Technical co-operation and other forms of capacity building have absorbed substantial funds for many decades. While a few countries have done well, donor efforts in many countries have produced little to show for in terms of sustainable country capacity, the paper argues. It is difficult not to agree, in particular if the resources used for this purpose is considered. It is thought-provoking that the share of technical co-operation – a component of aid that is viewed as being driven by donors – has risen. In recent years, donors have provided roughly one-fourth of their ODA in the form of technical cooperation (more than \$ 15 billion a year). 40 percent of increased real aid in 2004 was technical co-operation.¹⁴ Looking at key areas for capacity building – like education, makes the picture even more striking: The World Bank Global Monitoring Report 2005 found that about 70 percent of ODA for education is extended as technical assistance – a figure that may be slightly exaggerated – but still.

The effectiveness and efficiency of many forms of technical co-operation is being widely questioned. Already Elliot Berg in his well-known study from 1993¹⁵ found that "almost everyone acknowledges the ineffectiveness of technical cooperation in what is or should be its major objective: achievement of greater self-reliance in the recipient countries."

13 DAC Network on Governance: DCD/DAC/GOVNET(2005)5REV1 The Challenge of Capacity Development: Working towards a good practice

14 IMF working paper: Are Donor Countries Giving More or Less Aid? January 2006

15 Elliot Berg: Rethinking Technical Cooperation, Reforms for Capacity Building in Africa, UNDP 1993

The recent World Bank evaluation of capacity building in Africa found that the Bank's traditional tools – technical assistance and training – have often proved ineffective in helping to build sustained public sector capacity. The Bank, the report states, does not apply the same rigorous business practices to its capacity work that it applies in other areas.

Development country policy makers have been particularly critical of the quality of technical assistance and the high cost of resident expatriates imposed by donors. On the one hand the economic returns of well managed technical cooperation can be very high, on the other hand, much of the technical assistance funded by aid has been provided as a quid pro quo for the assistance and it has not always been effectively used.¹⁶

There may be a variety of explanations why programs aimed at capacity building have shown such limited results. It is not easy to escape the impression that hardly any form of development co-operation is more tied to a donor country's or international organization's own policies and interests than various forms of technical assistance. The donor agencies' willingness to develop and experiment with innovative approaches in technical co-operation is not very impressive. Most technical assistance is delivered in an old-fashioned way, sending experts to partner countries for two or three years, hoping that knowledge and competence will be transferred and that the institutions concerned will be "sustainable" within say 3 – 5 years. Analysis of institutional issues, i.e. their different forms (formal ones such as written constitutions, laws or contracts as well as informal institutions like conduct, conventions and norms) and functions (how they develop and how they guide the behaviour of people), are not integrated parts of most programs and interventions.

Furthermore, capacity building interventions seem to be less harmonized than other forms of development cooperation. This is also the case when capacity development is provided within the more "harmonized" aid modality such as general budget support, ref. the recent joint donor evaluation of General Budget Support. In the Paris Declaration donors commit "to align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonize support for capacity development accordingly". A quick look at the situation in most developing countries will, however, show that there is a long way to go before this becomes a reality. The DAC/Govnet paper is a contribution to a discussion about how to increase harmonization and improve practices in this area.

1.3 The Concept of Capacity Building

The DAC/Govnet paper points out that capacity development is by no means equivalent to the provision of technical assistance. Capacity – understood in terms of the ability of people and organizations to define and achieve their objectives - involves three levels: individual, organizational and the enabling environment. Capacity development – the paper argues – goes well beyond the technical cooperation and training approaches that have been associated with "capacity building" in the past.

Interaction with and influence of institutions are particularly important in this respect. Both individuals, organizations and authorities are embedded in beliefs, values and rules. In order to understand the functioning and ability of people, we have to understand the rules that guide the way they relate to each other.¹⁷

However, there is not a shared definition of what constitutes capacity building support. Support for capacity development may vary from very broad approaches, like using "drivers for change" studies and promoting changes in institutional environment for capacity building on one hand to isolated training or recruitment of individual experts on the other.

Technical co-operation may take various forms (expert recruitment, consultancies, training, institutional co-operation), and there is a broad variety of other interventions aimed at capacity building, from the level of public sector reform to promoting community participation. Most often a program for capacity building consists of a mixture of different interventions.

¹⁶ Robert Picciotto: Development Effectiveness at the Country Level, German Development Institute, Discussion Paper 8/2006.

¹⁷ Kjell Havnevik og Mats Hårsmar: *The Diversified Future. An Institutional Approach to Rural Development in Tanzania*. EGD 1999

There has been some development over the last ten years in finding new ways in technical cooperation. Some donors phased out most of their expert recruitment in the nineties, introducing other forms of technical co-operation, like institutional twinning. Examples of new approaches by DFID and others are mentioned in the DAC paper. Denmark has developed a results-oriented approach to capacity change.¹⁸ Some examples of modes of cooperation that have been tried out more recently include institutional cooperation, south-south exchange and cooperation, pooling of experts, action plans to utilize national or local expertise etc. These forms are not all new, but have in some cases replaced the traditional technical cooperation.

There is also an increasing focus on the role of the state. After a couple of decades where the donor community tended to emphasize market solutions and down-sizing of public administration, we now experience a growing recognition that certain public goods can only be provided by the involvement of the state, especially in low income countries with poorly developed markets. Different approaches are tried out. A parallel development is the increased emphasis on accountability of the government to the population through democratic oversight institutions and civil society organizations.

2 Rationale and Purpose for the Synthesis Study

2.1 Rationale

The DAC/Govnet paper calls for an active search for approaches that achieve a *best fit* with the particular circumstances of the country, sector or organizations that is under consideration.

The World Bank evaluation states that there is little empirical evidence to clarify what part of the problem international capacity building support can best help to solve, in what order capacity needs should be addressed; what can be expected of different kinds of interventions and why; and how knowledge of such processes as organizations change, learning, and incentives should shape capacity building efforts. Ineffectiveness of current monitoring and evaluation methods practiced by development banks and donors in this area may have contributed to this lack of empirical evidence.¹⁹

An important contribution to the discussion of capacity building practices is the Govnet initiated Study on Capacity, Change and Performance undertaken by the European Centre for Development Policy Management (ECDPM) in Maastricht²⁰. The study includes about 20 field cases and examines the factors that encourage capacity development, how the development differs from one context to another, and why efforts to develop capacity have been more successful in some contexts than others. Even if this study provides us with important knowledge on capacity building processes, it mainly focuses on the process of change and performance as such, and less on different forms of development assistance.

A multi-donor evaluation focusing on impact of capacity development initiatives which are sensible to institutional factors and their complexity, may contribute to a better understanding of these issues and informing the on-going process of improving and harmonizing donor contributions in this field. Norad's Evaluation Department has, as an input to a possible multi-donor evaluation, decided to commission a synthesis study on good and innovative practices.

2.2 Purpose

The main purposes of the synthesis study are to:

- draw lessons from existing evaluation reports and other studies focusing on good and innovative modes of assistance to capacity development in low-income countries,
- indicate knowledge gaps regarding the effectiveness of these interventions
- propose a framework for how the impact of these innovative modes of capacity development intervention could be assessed with a view to distilling lessons for better practices.
- develop a conceptual framework that will form the basis for a possible in-depth evaluation.

18 Ministry of Foreign Affairs, Danida: A Results-Oriented Approach to Capacity Change, February 2005

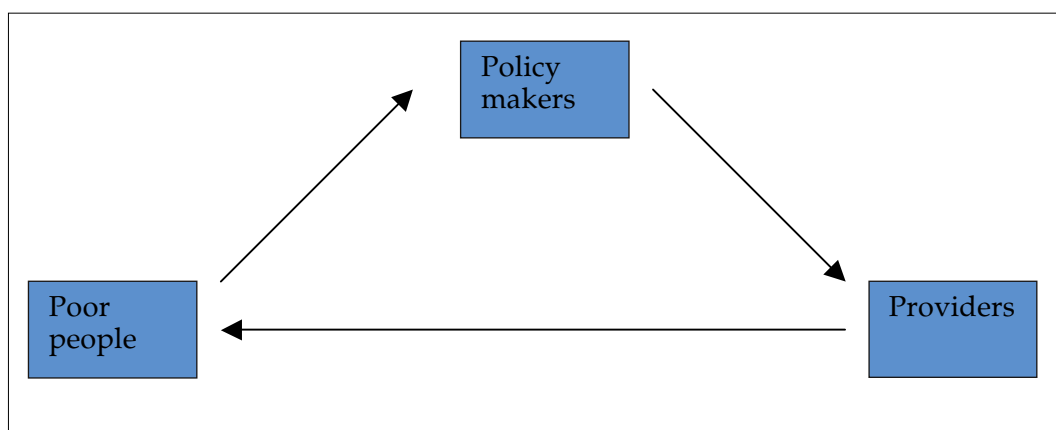
19 David Watson: Monitoring and evaluation of capacity and capacity development, Discussion Paper No 58B, 2006

20 See Peter Morgan (et al.): *Study on Capacity, Change and Performance. Interim Report*, Discussion Paper No 59 A, 2005 for a summary of the project.

The planned evaluation should be seen to feed into the DAC efforts to extend harmonization and aid effectiveness into the area of capacity development.

3 Scope and delimitations of the synthesis study

Given the complexity of the concept and the host of literature available, it will be necessary to limit the object of the study a bit further. This synthesis study will mainly focus on methods to strengthen the capacity to deliver public goods and services. Further, it will concentrate on those services that have the most direct link with human development – education, health, water, sanitation, and electricity. Using the three-part analytical framework outlined in the World Development Report 2004, capacity development of public service delivery can be seen as dependent on three principal relationships: between poor people and policy makers, between the policy makers and the providers of services and between the providers and the clients (i.e. poor people):



Public service delivery depends on the capacity of all these three stakeholders. First, it depends on the ability (skills, resources and systems) of policy makers and bureaucrats to implement policies. Second, it depends on the capacity of the providers in terms of personal resources and technical skills. Third, it relies on the ability of poor people to organize themselves into nongovernmental organizations in order to make pressure on politicians and providers of services. Focusing on service delivery, the synthesis study will consider innovative methods to strengthen the capacity of all these three agents.

In line with the overall argument of this paper, the synthesis study will search for best practices and new aid modalities that have succeeded in overcoming the lack of sufficient recipient ownership of many TA interventions. The study will mainly focus on approaches that are sensible to the nature, role, and importance of institutions, understood in terms of rules, norms, values and power relations, in successful socio-economic transformation.

Institutional perspectives can be incorporated into CD methods in at least two different ways.

1. Analyses of cultural, ethnical, political and institutional factors can be integrated in the preparation or implementation of interventions.
2. The interventions can actively interact with or influence this institutional context.

The study should cover bilateral co-operations, multilateral organizations, and civil society co-operations in order to capture some of the variety of interventions and different forms of technical co-operation and training.

4 Methodology

Rather than being descriptive, the synthesis study should identify useful areas of activity and highlight current initiatives of interest. After having provided an initial overview of existing evaluations and literature, the main part of the study should therefore focus on analyzing a strategic sample of innovative practices. The Bibliography on Study on Capacity, Change and Performance put together in support of the broader program of research carried out by the European Centre for Development Policy Management (ECDPM) will be an important resource for the study.

The European Commission Paper on institutional assessment and capacity development²¹ may be a very useful guide in designing the evaluation project. Results of recent and ongoing evaluation projects should of course be fed into such an evaluation, like a Norwegian report on experience from twinning between ministries in the education sector²².

The assignment could include travel to headquarters of multilateral organizations and bilateral donors in order to identify relevant documentation and practices.

5 Reporting and work plan

The study is estimated to take approximately 20 person weeks.

The tentative time schedule for the study is as follows:

June 2007	Contract consultant
Aug 2007	Submission of inception report
Oct 2007	Submission of draft report
Nov 2007	Submission of final report

The consultants will present an inception report within 5 weeks after the contract is signed giving a more detailed plan for the work tasks. The inception report should include a detailed description of the methodological design, methods of investigation and data collection, and analytical approach. The structure of the final report should highlight good and innovative modes of capacity development. Based on the collected documentation, good and innovative capacity building interventions should – as far as possible - be analyzed and discussed in the report. The final report shall be delivered both in electronic and paper form in accordance with EVAL's guidelines. Norad's Evaluation Department will comment on the inception report and draft report.

The report shall be written in English. The Consultant is responsible for editing and quality control of language. The final report should not exceed 30 pages, excluding necessary appendices and a two-page executive summary.

6 The tender process and choice of consultant(s)

The procurement procedure shall be carried out as a purchase following an open tender competition. The main selection criteria will be the design and methods proposed, the quality of the consultant(s), the availability of consultant(s) and price. The organization of the consultant(s)' work is the responsibility of the consultant and should be specified and explained clearly in the proposal. The consultant(s) should cover the following competencies:

- Higher relevant academic degree.
- Fluent in English.
- Methodological competence
- Evaluation experience
- Advanced knowledge of and experience in the field of capacity building
- Experience from development co-operation

The selection criteria will be defined in the invitation for tender.

7 Principles, management and support

The Consultant is expected to adhere to the DAC Evaluation Quality Standards. Responsibility for the content and presentation of the findings of the study rests with the consultant(s). The views and opinions expressed in the report will not necessarily correspond to the views of the Norwegian Government or the implementing organizations.

Three sets of roles are contained in the process: the Management, the Consultant(s), and the Reference Group.

21 European Commission, Institutional Assessment and Capacity Development. Why, what and how, September 2005

22 "Inter-Ministerial Cooperation – An Effective Model for Capacity Development" (Evaluation Report 1/2006, Norad).

Role of the Management:

The Management will:

- Evaluate the tenders and select the consultant(s);
- Ensure quality throughout the study process;
- Comment on and approve the draft version of Inception and Final report, including choice of methodologies;
- Provide feedback to the Consultant(s) and the Reference Group;
- Ensure that local offices are aware of the study and fully involved and available to contribute to the study;
- Chair meetings of the Reference Group;
- Organize the presentation of the results, and assist with necessary follow-up of the study.

Role of the Consultant(s):

The study is carried out through a contract with a research institution/consulting company.

The consultant(s) will:

- Carry out the study as per TOR;
- Be responsible for the findings and conclusions of the study;
- Report to the Management, be in regular contact, coordinate mission timing and key events with the Management and seek its advice when needed;
- Participate in workshops and Reference Group meetings as required.

Role of the Reference Group:

A reference group composed of individual resource persons, researchers, and representatives of relevant offices will be established. The task of the members of the reference groups are:

- Advise on factual and methodological issues and provide input to the draft approach (Inception Report);
- Provide comments to the draft versions of reports;
- Support the implementation and the follow-up of the study.

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Annex D: Knowledge Networks Contacted

The original annex contains the knowledge networks listed below, with a three-paragraph commentary: what the field of work of the network is (which is provided here); which role it played in this study; and lessons regarding how future actors might wish to interact with them.

Because these are opinions on individually identifiable networks where the information has not been fully discussed with the networks themselves, it was found that it might not be appropriate to publicize this widely. The annex may be of considerable help to any actor that wishes to carry out more work in this field, however, and can therefore be made available upon request, either to Norad's Evaluation Department, or directly to Scanteam.

List of knowledge networks contacted:

ACBF – African Capacity Building Foundation. ACBF, based in Harare, is an independent capacity-building institution established in 1991 by the African Development Bank, the World Bank, and UNDP, African governments and bilateral donors. ACBF is a response to the severity of Africa's capacity problem and the challenge to invest in indigenous human capital and institutions in sub-Saharan Africa. [http:// www.acbf-pact.org](http://www.acbf-pact.org)

ActionAid is an international anti-poverty organisation with strong network dimensions. It moved its head office to South Africa in 2003, has nearly 2,000 staff worldwide, of whom nearly 90% are from developing countries, and with about 2,000 local partner organisations. It is a member of nearly 100 other development networks and alliances. www.actionaid.org.

AICAD – African Institute for Capacity Development: AICAD is an international organisation based on a joint venture between Kenya, Tanzania and Uganda, with support from Japan, that focuses on human capacity development. It is headquartered in Kenya. www.aicad.or.ke

Bistandstorget – Norwegian Development Network is the umbrella organisation for Norwegian civil society organisations, and supports internal capacity development and exchange of information and experiences. It has nearly 70 members, including virtually all the large and medium-sized Norwegian NGOs. www.bistandstorget.no

BPDWS – Building Partnerships for Development in Water and Sanitation: BPDWS is a world-wide network of partners involving government, business, civil society and donors. It is a UK-registered charity. www.bpd-waterandsanitation.org

Capacity Development Network, Capacity-Net is a moderated e-mail network hosted by the UNDP Capacity Development Group. It provides an opportunity to share experiences and collective thinking and actions around what works in CD applications on the ground. Messages sent to the network are first sent to the Network Facilitator, who is responsible for moderating the Network, including reviewing and approving messages to be posted. capacity-net@groups.undp.org.

Capacity.org: This is a web-magazine cum portal intended for practitioners and policy makers who work in or on capacity development in international cooperation in the South. It is jointly published by ECDPM (see below), SNV Netherlands, and UNDP. www.capacity.org

CapNet – Capacity Building for Integrated Water Resources Management (IWRM): International network for capacity building in IWRM, made up of partnership of autonomous international, regional and national institutions and network committed to capacity building in the water sector. www.cap-et.org

Commonwealth Secretariat: Provides capacity development across a broad range of sectors to members of the Commonwealth, though also with outreach to other countries. www.thecommonwealth.org

DAC Network on Development Evaluation: Brings together representatives from 30 bilateral and multilateral development agencies. Key resource: DAC Evaluation Resource Centre, DEReC. www.oecd.org/dac/evaluationnetwork

DGF – Development Gateway Foundation: DGF is an international non-profit organisation that provides web-based platforms that make aid and development efforts more effective, with a focus on three areas: (i) effective government, (ii) knowledge sharing and collaboration, and (iii) local partner programs in nearly 50 countries. www.developmentgateway.org

ECDPM – European Centre for Development Policy Management: ECDPM deals with the policies that govern relations between the EU and partner countries. It has a major capacity development focus, including research and publishing. www.ecdpm.org

GAS Network (Mozambique): This is a network of around 140 public officials, including at province level, donors and NGOs engaged in water and sanitation. They are active and well organised, meeting once a month, hosted by the National Water Department, with secretarial assistance from UNICEF and support from the World Bank WSP (see below).

Impact Alliance: Global action network committed to strengthening capacity of individuals and organisations to generate impact in the communities they serve. Facilitates access to local and international providers of innovative capacity building programmes and services. www.impactalliance.org

INTRAC – International NGO Training and Research Centre: One of INTRAC's four theme areas is Organisational Capacity Development, and they produce and put out a number of studies related to this. INTRAC is based in Oxford, UK. www.intrac.org

IRC – International Water and Sanitation Centre: Based in the Netherlands, IRC is to provide news, information, advice, research and training on low-cost water supply and sanitation in developing countries. www.irc.nl

Kellogg Southern Africa Leadership Program: Finances major leadership training in six southern African countries. www.ksael.aed.org

LEAP/Africa – Leadership, Effectiveness, Accountability, Professionalism: This organisation has as its mission to inspire, empower and equip a new cadre of African leaders, focusing on youth and business leaders. International LEAP is based in Washington while LEAP/Africa works largely in Nigeria. www.leapafrika.org

Partnership for Higher Education in Africa: Established in 2000 by the Ford Foundation, John D and Catherine T MacArthur Foundation, Rockefeller Foundation, Carnegie Corporation of New York, and later joined by William and Flora Hewlett Foundation, Andrew W Mellon Foundation, and Kresge Foundation. Provided USD 150 mill during first period 2000-2005, and has now pledged USD 200 mill for the coming five years. It is active in eight countries: Egypt, Ghana, Kenya, Madagascar, Mozambique, Nigeria, South Africa, Tanzania and Uganda. www.foundation-partnership.org

WBI – World Bank Institute - Capacity Development Resource Centre: The WBI is the CD arm of the World Bank, and helps countries share and apply global and local knowledge to meet development challenges. WBI's CD programs are designed to build skills among groups of individuals, strengthen the organisations in which they work, and the socio-political environment in which they operate. Within the WBI, there is a CD Resource Centre whose web-site provides an overview of literature, case studies, lessons learned and good practices pertaining to CD, and links to international and local CD agencies and other knowledge resources. www.worldbank.org/wbi

WSP – Water and Sanitation Program/World Bank: The WSP is a grants-based technical assistance program funded by donors for promoting better water and sanitation programs throughout Africa, managed by the World Bank.

Annex E: Analysis of Intermediary Agencies for CSO Support

	Strengths.	Weaknesses	Opportunities
International NGO (INGO)	<ul style="list-style-type: none"> • Good knowledge of donor procedures • Its performance is well known to donors • Usually professional admin, accounting, audits, reports • Sees often its role as support to local CSOs 	<ul style="list-style-type: none"> • Not locally anchored or “owned” • May respond more to donors than to CSOs • More concerned with size of contracts • Local presence part of its own international strategy rather than a demand by local CSOs for its support • Donor may have selected it for „lazy“ reasons: it is already known to the embassy, agency HQ • They are often seen as a “donor” rather than a partner, so the “partnership ideal” is not realised • May become another administrative level, leading to more rather than less bureaucracy • Many INGOs themselves do not have good results management – more known for “idealism” and “code of conduct” values. • Another layer not conducive to learning in the local communities (foreign actor in charge) 	<ul style="list-style-type: none"> • If role properly defined, can be professional, equitable in managing outreach and funds allocation issues • If role properly defined, INGOs have the possibility of building their own capacities to provide capacity development support programs to local CSOs
Umbrella CSO (1)	<ul style="list-style-type: none"> • Knows the sector well • Has „mandate“ from the other CSOs to represent them • Can provide „quality assurance“ assessments of individual CSOs • Can extend outreach easily (?) 	<ul style="list-style-type: none"> • May not be a professional manager or administrator • May not be set up to handle distribution and oversight functions regarding funding to others • May have core business that is not compatible with intermediary role • May also be a user of the funds, competing for own managed funds, thus losing legitimacy and neutrality in fund distribution. • May skew power relations in civil society • Frictions and distrust may be created because of the money / power issue • May lead to development of “elite” CSOs and positions – „donor darlings“ 	<ul style="list-style-type: none"> • If high credibility among its sister CSOs, or a membership based umbrella CSO, can play strong dialogue mediation role, can set up systems and procedures that are driven from below/ the CSOs themselves, can strongly present CSO perspective vis-à-vis the donors • Can agree with the CSOs on the criteria for allocating resources, judging performance. • If the Umbrella CSO has legitimacy and is able to ensure CS ownership, support through this intermediary may be the most effective way of strengthening civil society directly

	Strengths.	Weaknesses	Opportunities
Service CSO (2)	<ul style="list-style-type: none"> • Professional managers or administrators • Set up to service CSOs directly, so this is „core business“ • Can be set up directly to serve as funds manager and thus focus on this • Often seen by CSOs as impartial in funding distribution 	<ul style="list-style-type: none"> • May not fully understand the specific issues of the fields CSOs are engaged in • May be too close to donors, not close enough to CSOs – depends on how the service CSO is structured • May be too concerned with rules and formal reports rather than contents and impact 	<ul style="list-style-type: none"> • Since the intermediary task is likely to be core business, it should be easy to find clear performance criteria for contracts payments • Has flexibility and incentives to go out and hire best available skills to do job well.
UN agencies	<ul style="list-style-type: none"> • Have strong admin, organisational presence and capacity • Well known and with high legitimacy (though mixed credibility) among donors • Have specialized agencies in many technical fields (Unicef, WHO etc) • Leverage with national governments as part of UN which local CSOs may not have • Access in principle to international „best practice“ knowledge, can promote south-south including regional learning and cooperation 	<ul style="list-style-type: none"> • Reputation for being bureaucratic, slow, costly • Reputation for being too capital bound, too close to national authorities, with support for civil society often mostly rhetorical • Agency staff focused on formal procedures and compliance, less knowledge of on-the-ground results • International staff rotate too often, not around long enough to pursue longer-term objectives 	<ul style="list-style-type: none"> • In high-conflict situations, can provide “shield” and other forms of support to CSOs • Have legitimacy to define rights-based approaches to funds allocations and results focus – only actor that can credibly challenge a national government on these matters • Have developed more flexible implementation arrangements that allows it to contract management units on performance criteria
Private firms	<ul style="list-style-type: none"> • Highly professional in their field (financial management/ accounts, planning, reporting) • Easy to hold accountable for performance through legal contracts, fear of „reputational risk“ • Large international firms can call upon experience from elsewhere • Have flexibility in implementing, can scale up or down quickly, hire right skills • Can move quickly, decisively if need be, get critical mass of staff fast to move a process • Have particular legitimacy in private sector and related development issues (finance, credits, technology, etc) 	<ul style="list-style-type: none"> • Generally distrusted by CSO community • Has low legitimacy in dialogue, CSO performance areas • Seen as more concerned with own profitability than good results among CSOs • Since „bottom line“ sensitive, is seen to work to minimize costs at expense of quality, relevance • Since can easily be held legally accountable by donors, feared to want to cover its own exposure through exaggerated quality assurance concerns/demands on CSOs. • CSO intermediary role never „core business“ so will not be top concern if alternative business opportunities come along 	<ul style="list-style-type: none"> • Will easily adjust to well-formulated performance contracts that can address perceived particular shortcomings • Can take on ring-fenced managerial tasks with other intermediary responsibilities handled by other bodies (independent boards, technical advisory groups, consultative forums, etc)

	Strengths.	Weaknesses	Opportunities
Regional bodies	<ul style="list-style-type: none"> • Will have broader regional perspective • Has larger international networks for skills, can bring in more „best practice“ experiences • Can promote cross-border and peer learning • Less stake in national inter-CSO conflicts or controversies, can act as „honest and independent broker“ 	<ul style="list-style-type: none"> • Intermediary role typically not “core business” • Less national anchoring means less direct concerns about performance, less knowledge about particular national circumstances • May have limited CSO credibility – often seen as too academic, theoretical, general • Regional bodies tend to have biases (usually towards hosting country) and thus not seen as impartial or truly „regional“ • Often seen as bureaucratic, rules-bound, too concerned with relations to national capitals 	<ul style="list-style-type: none"> • If cross-border learning/ work is important, can build bridges between CSOs from different countries
Government agencies (3)	<ul style="list-style-type: none"> • Strong territorial presence • Strong legitimacy among donors • Line ministries may have strong technical skills, problem understanding • Local admin can be close to issues, relations to all actors on the ground • Particularly in service delivery areas, public sector leadership, funding, standard setting may be critical for CSO contributions, quality assurance 	<ul style="list-style-type: none"> • Tend to be distrusted by CSOs, especially advocacy, rights-based ones • State dominates relations – seen to want resources but not advice/dialogue • Separation of public sector-civil society roles important to some, should not become too blurred 	<ul style="list-style-type: none"> • For genuine national outreach, public sector involvement a strong advantage (ex: HIV/Aids programs, education and health, etc) • If well designed, division of labour and clear accountability can be strength of joint CSO-public sector collaboration. • If well designed, collaboration may lead to better dialogue and less distrust between Government and CSOs, each appreciating better the role and function of the other party.

(1): CSO selected/elected as “primus inter pares” in a sector, or set up as a network manager for member CSOs. Thus a strong CSO in that sector with outreach and organizing responsibilities within that group/ sector of CSOs.

(2): Local CSOs set up specifically to provide services to the CSOs. They are therefore not necessarily linked to the particular sector concerns of the CSOs but rather focus on functions, such as capacity development, management services or similar.

(3): This covers both sectoral ministries at national level (such as for HIV/Aids programs) or local government bodies at provincial or district levels.

Annex F: Annotated Review, Selected Documents

Author and title

Andersson, G. and J. Isaksen (2002). **Best Practice in Capacity Building in Public Finance Management in Africa: Experiences of NORAD and SIDA.** Bergen, CMI.

Description

CD in PFM has developed from filling holes to stand-alone TA to PFM institutions. The document summarises experiences in capacity building for Public Financial Management in Africa. It is a desk study, based on a review of policy documents, reports and project documentation of cases selected for the study.

Relevant results

The materials used do not provide adequate basis for drawing conclusions as to what are best practices in the field. The document notes that the term 'best practices' itself is unclear and depends much on the environment within which PFM projects and programs work.

Identified as Best Practice/Innovative

Document explains Sida and Norad's experiences in PFM support.

Lessons learned and recommendations

The study distils the following lessons:

- It stresses the importance of analysis of the system, focusing the targeted component but also including other components (a systemic view).
- In the implementation stage it stresses the need to consider PFM as a system however intervening in all or several components appears difficult at the implementation stage. It argues for a focus on improvement of routine processes may be advantageous because it needs less managerial capacity and it is easy to monitor.
- Other key issues to note are the need for sequencing of interventions and the importance of the environment within which PFM interventions takes place - the need for political backing, demand for change as well as appropriate incentives for those involved in the change processes and the need for rationalising 'toolbox' for intervention.

Major conclusions include:

- The need to take a long view of PFM interventions in order to yield the desired impact. A period of between 15-25 years is desirable - Take a long view of the intervention.
- Balance the support between different components of PFM - interventions in one component are limited by the state of play in other components. It is therefore important to analyse the entire PFM system at the diagnostic stage and to undertake interventions that are balanced between components
- Support the education and training of economist and accountant
- Improve human resource management systems in order to attain the right calibre of personnel to implement the change
- Institutionalise the dialogue between recipient agencies and the donor agencies to achieve consensus on strategies adopted
- Stick to development perspective - the intervention should direct resources to the priority areas for development
- Put the recipient government in the lead of joint analysis and interventions to achieve ownership, commitment and sustainability
- Support and encourage regional networks in the PFM field to facilitate learning and sharing of information as well as boost the competence and extent of capacity building in Africa
- Consider implementation conditions, they matter - the level of political will to improve PFM, the degree of organisational and institutional blockages, the terms and conditions of key staff, as well as capacity for capacity building are key to success

- Link PRSP poverty reduction approaches, budgetary support and PFM improvement to ensure that policy decisions and agreements with donors actually lead to greater flow of public sector resources to poverty reduction measures. The diagnostic phase take a systemic view, but interventions focus on components or sub-components. Twinning supposed to in theory alleviate problems of organisational nature but does not always do.
- Diagnostic work useful also for donor, but put a heavy burden on able public sector managers, who are a scarce resource.
- The improvement in planning and project formulation has not, however, had an equally favourable effect on implementation. There is often a tendency to over-plan.

Author and title

Bill Sterland (2006): 'Civil Society Capacity Building in Post-Conflict Societies: The Experience of Bosnia and Herzegovina, and Kosovo'. Praxis Paper No 9, INTRAC, June

Description

Summary of Main Points: (focus on Bosnia)

- Most NGOs after the conflict were oriented towards service delivery using large-scale donor funding available for humanitarian relief in the form of short-term projects
- INGOs were critical in setting up basic infrastructure for local NGOs, which then mushroomed from virtually none at end of conflict 1995 to about 1500 two years later. Most were established to address a particular problem, few had any constituency
- The strong focus on service delivery undermined community-based advocacy groups with longer-term developmental perspective – all the funds were for immediate actions
- Authorities also negative since NGOs seen to intervene in public goods areas and taking away visibility and critical functions of public offices (health, education etc), so the politics of CD roles is important
- NGO presence was heavy in urban areas, where the educated middle classes live, thin in rural and Serb regions, thus leaving the 'political field' to traditional and nationalist autocratic forces
- Donor priorities have changed quickly, confounding any CD development: first relief and emergency, then returnee resettlement, then economic activities with micro-credit, in between some help to traumatized youth and women etc, then good governance and human rights and development
- NGOs therefore had to constantly adapt to changing donor funding priorities, resulting in the growth of non-specialized short-term oriented implementing agencies rather than longer-term advocacy and independent locally anchored organizations (real civil society)
- Many informal and formal networks of NGOs, centred on issues/sectors; most NGOs are members of more than one and find this beneficial; but NGOs poorly coordinated with many overlaps, in part due to distrust because of competition for donor funds
- There is now a few very professional, well organized, well-respected NGOs, almost all in Sarajevo and based on middle-class manager types,
- In Kosovo, situation somewhat different since Albanian majority during Serb repression period developed own parallel systems that covered virtually all social areas: social, economic, political etc. However, the donors did not provide much support to these organizations because they were seen as controlled by the Albanian political-military leadership, the closedness of them, questions about the use of funds, etc.
- Consequence was that NGOs in Kosovo supported by donors were without politics or content, but just delivery vehicles, at a time when Serb authority was disappearing

Relevant results

- DemNet: A total of 190 NGOs got training 1999-2004. Of original intake of 28 in 1999, 26 are still running (June 2007) – major accomplishment
- A lot of individuals have been trained, but the organizations tend to remain weak – few have been able to establish legitimacy and financial solidity

Identified as Best Practice/Innovative

USAID DemNet program seen as most successful in BiH:

- Program ran for total of five years, with NGOs typically in 2-3 years, providing generic CD with some small-scale grants;
- Three features stand out:
 - Focus was on CD alone – not operational or focused on service delivery. To be accepted, had to be established with some track record;
 - Offered in-house tailored assistance that reached the whole team, where NGOs contributed to defining contents of training;
 - Grants provided covered significant share of core costs so organization could function and develop with some predictable founding in place.
- Providing longer-term core funding was rare in BiH and Kosovo, yet critical to those cases seen as successful (DemNet, Swedish Kvinna till Kvinna)
- Both local and international NGOs felt that establishing teamwork should lie at the centre of CD, which poses particular challenges for post-conflict situations due to the mistrust and

conflict still existing. But this also requires providing new mind-set for more democratic and accountable organizations – this is what is BP in these settings.

Lessons learned and recommendations

- Relevant focus for CD is the organization, not the individual – staff skills are needed to make the organization professional, efficient, ability to work towards clear goals
- Should be done in sequence: first ‘transfer of knowledge’ to individuals on basics; then technical skills to make rudimentary parts of organization work; then build governance and systems of organization, establishing procedures, and provision of basic equipment and infrastructure important.
- Others felt more important to facilitate relations between groups and organizations, to stimulate creativity, common understandings, agreed-on agendas for action.
- Bosnian Network of Trainers note that its members not willing to set aside the time for training, sharing of experiences etc [there is a critical issue of incentives that needs to be analyzed and discussed more]
- There is a lack of local language materials on CD, in large part due to lack of resources
- Funds for M&E is too limited so there is little structured monitoring and learning, QA
- Many donors do not systematically do M&E, even where there is a Logframe in place, so little learning, and usually only find a couple of indicators for technical skills, not on organizational development
- Almost no participatory M&E done - ‘most significant change’, Outcome mappings etc
- Should have M&E triangulation with interviews, workshops, questionnaires, surveys
- Need to think of CD in stages as post-conflict situation unfolds, but donors tend to heavily drive dynamics, and shift focus very rapidly – very disorienting for local NGOs
- Is there local capacity to build on? Do donors want to create a civil society in their own image the way they do now? Will that succeed?
- Can you build capacity without first building social trust? Need to get the trust in place before the CD makes much sense.

Author and title

Brent Doberstein; EIA models and capacity building in Viet Nam: an Analysis of development aid programme; 2003

Description

The paper traces a conceptual framework of EIA and introduces the concept of 'EIA capacity building'. Using Viet Nam as a case study, the paper outlines the empirical results of the research, focusing on the extent to which aid agency capacity building programs promoted a Technical vs. Planning Model of EIA and on the coherence of capacity building efforts across all aid programs.

Relevant results

Research results are interpreted within the Vietnamese context and implications of research results are identified for main actors.

Identified as Best Practice/Innovative

No specific best practices/innovative are identified. The paper is largely discursive.

Lessons learned and recommendations

- The paper calls on development aid agencies to reconceptualise EIA capacity building as an opportunity to transform developing countries' development planning processes.
- In general, there is a wide variation in how EIA capacity building programs promoted the role of EIA in the Vietnamese development planning process, resulting in a mixed message being delivered to Vietnamese counterparts.
- Most commonly, capacity building programs promoted the assessment of mainly biophysical, rather than social or economic impacts of development proposals.

Final comments

The paper is mainly discursive and theoretical and does not provide much insights on best practice and innovative approaches that might help our study

Author and title

Brian Levy & Sahr Kpundeh; Building State Capacity in Africa: New Approaches, Emerging Lessons; 2004

Description

The document aims to share some of the lessons for the design and implementation of public sector capacity building that are emerging from the new generation of operational practice. It exemplifies an increasingly collaborative way of working within the World Bank Group. It provides insights for learning about what works or does not work and contributes to the learning process by sharing some recent experiences involving insights of practitioners and researchers from the World Bank who have focused their professional lives on the challenge of helping build state capacity in Africa.

Relevant results

The study presents studies done by different writers as lessons for improving capacity development, few clear conclusions relevant to this study.

Identified as Best Practice/Innovative

No clear best practice and innovative approaches are distilled.

Lessons learned and recommendations

The key lessons distilled include:

- The single most important success factor in capacity development is a stable favourable political environment that provides the power base, incentives, and commitment to implement even difficult reforms.
- Implementation arrangements and staffing need to be sufficiently embedded in existing administrative and political structures. People involved in the reform program must be sufficiently trained and the implementation structures must be sufficiently embedded in the existing administrative and political structures.
- Program components must be appropriately tailored to the country context, and its readiness for reform must be technically sound and strategically sequenced.
- A good fit is needed between country characteristics (political and bureaucratic commitment and capacity) and operational design. Comprehensive Public Service Governance require significant degree of political consensus, sustained commitment, and bureaucratic capacity. In the absence of consensus, commitment, and capacity, more focused reform are more likely to perform well and yield immediate results. Operations design must fit into a continuum of country characteristics and not just distinction between good and bad.

Final comments

Lessons provided in the document are useful. However the document does not distil best practice and innovative approaches in the sectors that can inform this study.

Author and title

Camilla Symes, 'Mentoring Leaders of HIV/Aids CBOs', INTRAC PraxisNote 24, February 2006

Description

Notes that CBOs are much weaker than NGOs and thus require different CD approach based more on mentoring. Describes the Barnabas' Trust approach in South Africa. Notes that introducing too many resources too soon is often poisonous, creating conflicts and jealousies - need to balance this against clear objectives, agreed upon plans and ability to manage funds well. Thus have a balance between formal training, mentoring, and limited financial support.

Relevant results

- Process takes time, they usually work with CBOs for two years, then can provide follow up support when requested
- Mentor needs to be mature, respected by CBO members but also experienced enough to sit back and listen, and not get personal objectives involved
- They do work with monitorable indicators, so success has to be measurable and meaningful to CBO.

Identified as Best Practice/Innovative

- Mentor must be good listener and not propose own solutions
- Mentors as group need to meet and discuss their groups' progress, and help each other where problems arise
- Success criterion is replication, where new regions in RSA are using same approach
- Each situation/CBO is unique, and this must be appreciated - but some principles for organisational development and management are universal and need to be applied: transparency, accountability, performance.

Lessons learned and recommendations

- Mentoring is time limited, and this is understood from the beginning so confidence and empowerment grows faster - external mentor will disappear.
- There is a link between emotion and motivation to act: need to support what is priority to CBO
- Discussion is vital - ownership needs to spread
- People are motivated by own search for solutions - need to support this and not bring in external answers
- Ambition, motivation and purpose grows as first goals are achieved
- People learn most from mistakes and conflicts! (don't try to avoid them)
- Must be clear on difference between mentoring and training - the latter largely on technical issues like book-keeping etc.
- Must avoid 'mentor manipulation' where mentor takes over agenda.

Author and title

Capacity Development Group, UNDP; Capacity Development and Aid Effectiveness, A UNDP CD Resource; Conference Paper #9, Working Draft, November 06

Description

- The practice note seeks to address key policy issues and instruments for aid to work for development effectiveness. It looks at
- International commitment to human development through scaling up of resources - the issue of volume and predictability;
- New aid architecture and the role of the UN system and UNDP;
- New Aid modalities - a paradigm shift to the program approach, joint assistance strategies and aid coordination mechanisms, new aid modalities - SWAPs, pooled and basket funds and General Donor Budget Support;
- Aid management for transparency and accountability. It focuses on the key drivers of change in the existing recipient donor partnership paradigm: national leadership and ownership, national capacity and partnerships.

Relevant results

No clear evidence of results. Largely discursive in nature.

Identified as Best Practice/Innovative

Largely discursive without clear indication of best practice/innovative.

Lessons learned and recommendations

- Capacity development being a means to an end in long development process, should be integrated as fully as possible into national development policies, plans and strategies.
- National ownership and leadership are crucial to the success and sustainability of the harmonisation and alignment process;
- Supporting national capacities to expand development financing involves also the ability to effectively negotiate and manage the resources required to finance the MDGs, including fiscal reforms, domestic borrowing, market access, direct budget support, sustainable debt management and effective use of remittances.
- A new form of partnership needs to support national ownership and leadership. This is an opportunity to enhance existing and design new aid coordination mechanisms at country level - resources and results meetings to rest upon a systematic in-country dialogue process.
- Although there is no consensus on any preferable aid modalities for implementing the Paris agenda the change from projects focused development assistance to programmatic approaches like sector-wide approaches (SWAPs) and budgetary aid also meant qualitative move towards emphasis on national ownership.
- Procurement of goods and services account for a significant amount of national expenditure (both domestically generated as well as those received from ODA). In addition, good practices in procurement can result in significant cost saving that frees up resources for other development purposes, and foster local economic development and growth.
- Capacity to manage ODA flows through transparent, web based aid management information system can ensure mutual accountability, promote more predictability and create comfort zones for the donors.
- Capacity assessments are essential for long-term planning development, resources allocation and sustainable results.

Author and title

Carlos Lopes & Thomas Theisohn; Ownership, Leadership and Transformation, Can we do better for Capacity Development? 2005

Description

The document explores the operational implications, from the standpoint of capacity development, for dealing with longstanding development dilemmas. It aims to provide additional impetus to the current drive for harmonisation of donor practices as convergence around country priorities, processes and systems. It also addresses some of the most problematic issues related to incentives, such as compensation schemes, project implementation units, brain drain and corruption. It compiles case histories that support the strong links between ownership, leadership and transformation.

Relevant results

It summarises issues and arguments by presenting 10 default principles that inspire ownership and transfigure leadership, and in the process help to ensure capacity development.

Identified as Best Practice/Innovative

No clear best practice or innovative approach is discernable.

Lessons learned and recommendations

The lessons rest with the ten default principles as follows:

- Don't rush - Capacity development is a long-term process. It eludes delivery pressures, quick fixes and the search for short-term results.
- Respect the value system and foster self-esteem - the imposition of alien values can undermine confidence. Capacity development builds upon respect and self-esteem
- Scan locally and globally, reinvent locally - there are no blueprints. Capacity development draws upon voluntary learning, with genuine commitment and interest. Knowledge cannot be transferred; it needs to be acquired.
- Challenge mindsets and power differentials - Capacity development is not power neutral and challenging mindsets and vested interests is difficult. Frank dialogue and a collective culture of transparency are essential steps
- Think and act in terms of sustainable capacity outcomes - Capacity is at the core of development, any course of action needs to promote this end. Responsible leaders will inspire their institutions and societies to work accordingly.
- Establish positive incentives - Motives and incentives need to be aligned with the objective of capacity development, including through governance systems that respect fundamental rights. Public sector employment is one particular area where distortions throw up major obstacles.
- Integrate external inputs into national priorities, processes and systems - External inputs need to correspond to real demand and be flexible enough to respond to national needs and agenda. Where national systems are not strong enough, they should be reformed and strengthened, not bypassed.
- Build on existing capacities rather than creating new ones - this implies the primary use of national expertise, resuscitation and strengthening of national institutions, as well as protection of social and cultural capital.
- Stay engaged under difficult circumstances - the weaker the capacity, the greater the need. Low capacities are not an argument for withdrawal or for driving external agendas. People should not be held hostage to irresponsible governance
- Remain accountable to ultimate beneficiaries - Any responsible government is answerable to its people and should foster transparency as the foremost instrument of public accountability. Where governance is unsatisfactory it is even more important to anchor development firmly in stakeholder participation and to maintain pressure points for an inclusion accountability system.

Final comments

Although the document does not clearly present best practices and innovative approaches, it provides key insights through the ten default principles that inform ownership, leadership and transformation in capacity development.

Author and title

Carol Graham, 'Strengthening Institutional Capacity in Poor Countries', The Brookings Institution, Policy Brief no 98, April 2002

Description

Proposal regarding focusing institutional development on key functions related to (i) managing the macro economy, (ii) oversee and implement PRSPs, (iii) use ODA better; (iv) and manage key international dimensions (public goods, tax and trade regimes etc) better. This is meant as a follow up to the Monterrey conference, since increased funding volume without increased national management of resources will not yield better results.

Relevant results

There is no concrete discussion of the experiences with institutional development so far. While the list of what are key institutional or societal problems that must be addressed may be useful, it says nothing about how to carry out the actual capacity development better - it simply says that these institutional dimensions need to be more efficient and effective for more ODA to have much effect, which is rather uncontroversial. The one concrete proposal is to establish a Forum to act 'as a clearing house for accumulating and disseminating lessons learned' - but that is largely what DAC is already doing, so that is not new.

Identified as Best Practice/Innovative

(i) It lists key functions that need to be addressed, which is useful; (ii) it wants to be a clearing house and implicitly therefore a structured learning and dissemination function strengthened, (iii) it is international in design - which is both its weakness (too general) and its strength (peer learning and global answers are needed for some of the questions).

Lessons learned and recommendations

International collaboration in identifying 'best practices', with an identifiable Forum or Clearing House. My feeling: DAC is doing this, but should be strengthened and more aggressive, and much more South controlled/managed.

Final comments

Theoretical document - not very useful for this kind of study.

Author and title

Christopher Potter and Richard Brough, Systemic Capacity Building: A Hierarchy of Needs, 2004

Description

The European Commission started the Sector Investment Programme (SIP) in the health sector to assist the Government of India implement a new policy framework for its family welfare sector. The SIP was a grant worth €200. €190 m was given to the GoI over 5 years in tranches dependent on the achievement of various agreed performance indicators. €5m was retained by EC for monitoring and evaluation and similar support activities and €5m for a Technical Assistance team of national and international consultants based in Delhi.

There was considerable demand for SIP to give adequate attention to capacity building. However past experience indicated that not much had been achieved in CB having relied extensively on superficial analysis of the real organisational and systems problems within the health and family welfare sector in India. They noted that providing training courses, buildings and equipment in the name of CB failed to address the real needs. It became clear that more rigorous understanding of the concept of CB was required.

Relevant results

Capacity building was defined within the Indian context to focus on systemic capacity building: a hierarchy of capacity needs. These needs dwell on nine interrelated components namely - performance capacity, personal capacity, workload capacity, supervisory capacity, facility capacity, support services capacity, systems capacity, structural capacity and role capacity. This led to a better diagnosis of capacity needs and for the needs to be addressed in a more holistic manner. As a result of using the approach to systemic capacity building, the EC technical assistance team and the Gov of India identified some particularly disabling problems in the sector, stemming from top down needs assessment rather the assessment at the various levels. As a result the EC technical assistance team and GoI initially introduced new organisational structures in 12 states and 20 districts. The bodies set up were given various degree of authority within different states leading to holistic tackling of wider primary health care needs, up to and including the first referral hospital services. Despite starting with only 20 of India's nearly 600 districts, within a short time several state governments passed orders facilitating setting up of these bodies throughout their states. At the state level sector reform cells were established to provide forum for stakeholders to analyse problems and construct corporate responses, including better coordination of external agencies.

Identified as Best Practice/Innovative

It is best practice/innovative because it reviewed the results of past CB interventions which failed to yield desired impact. It redefined CB in a holistic manner and addressed the CB needs holistically. The rush to build peripheral health care buildings or hospitals without properly assessing why existing buildings are ineffective was a particular focus of the EC. At all levels, the GoI has been encouraged to think through which of the nine CB components are priorities and how this varies from state to state, location to location. In this way, national, state and district plans have increasingly begun to prioritise systems changes and reform. The approach also enabled the EC tech assistance team and GoI to address more systematically the problem of monitoring and evaluation.

Lessons learned and recommendations

Key lessons include:

- Unless systemic capacity building is addressed, training courses and purchased leave the health workers and managers as ineffective as before.
- By demanding to know more precisely how an intervention is going to impact an agreed problem, it is possible to look for process and outcome improvements and not just input-related benchmarks and milestones.

Author and title

Datta, Dipankar (2007): ‘Appreciative Approach to Capacity Building: The Impact of Practice’. PraxisNote No. 28, INTRAC, January

Description

Needed to build community initiatives in one of poorest regions of Haiti, building on existing organization but which was dormant and needed capacity development. Provided the capacity development and then used some of the staff as project implementers for projects like micro-finance etc. Led to confusion of roles in local org, non-transparency since org management was now also project staff so those who wanted to complain about the project had nowhere to go. More important, the organization as such did not see its capacity increase, since external body still there to facilitate, manage, oversee, and those who received training were now working on projects.

Relevant results

They were over time able to get sustainable projects and results in place, as they were able to mobilize both the organization and its members, but also the local communities, in the various efforts. So over time the project has been successful – but there have been a number of mis-steps in the process, largely because the external agency had too dominant a role, and did not separate clearly CD for the organization (which was too weak to begin), from training of particular staff.

Identified as Best Practice/Innovative

- Used Appreciative Approach to analyze the problems of the organization when it became clear that the overall project was not delivering. This helped all organization members to put words to the problems and identify the role conflicts, the lack of rotation and renewal in leadership etc.
- International NGO had to step back and focus on just being facilitative and not taking on management roles.

Lessons learned and recommendations

- Local partners have to be involved not only in project formulation but also in selection of project staff, development of their job descriptions, to ensure transparency and full understanding by all;
- Must recognize and accept that local organizations often have weak and poor organizations and culture, and these need to be addressed systematically – which takes time. Particularly for membership based organizations, change is difficult and slow;
- Must develop M&E systems as part of the CD, since the ‘CD for what’ must be at the forefront of the design of the CD, and performance therefore must be tracked;
- External agency must restrict its role to facilitation and not ‘doing’ – overstepping of boundaries undermines local ownership and CD process;
- External agency staff must understand difference between building capacity of organization and providing technical skills to individual staff;
- It IS important that agreements and understandings are formalized, so that accountability is clear. But need to have everybody on board first before formalizing the agreements.

Author and title

David Ellerman, 'Autonomy-Respecting Assistance: Toward and Alternative Theory of Development Assistance', Review of Social Economy June 2004

Description

Rather pompous article by somebody who has re-discovered some basic truths. BUT has (i) a 'model' for understanding some of the key mechanisms, and (ii) underlines a couple of basic lessons that need to be present together: (a) there must be genuine own learning, not teaching, (b) the incentives for learning must be own and not induced from outside for ex in form of conditionalities.

Relevant results

Purely theoretical though leans on a nice collection of studies.

Identified as Best Practice/Innovative

Need the combination of the two factors of internal learning and internal incentives for genuine capacity development to be sustainable.

Lessons learned and recommendations

The implications of the above are not new, but point to the need for time to let the local partner work through the learning once the incentives to do so are in place (the author does not discuss this time-dimension of the issue - it may be important and something to consider for further work in this field).

Author and title

David Jones, (2003), 'Analysing the potential of multi-stakeholder dialogue in water and sanitation sector reform', Building Partnerships for Development in Water and Sanitation, Occasional Paper Series, January

Description

BPD has been involved in multi-stakeholder dialogue – public sector, private sector, civil society – for several years, and finds this necessary though time-intensive process for sustainable solutions;

- Water sector reform difficult since involves extensive institutional and policy change, tariff restructuring, and improve governance and management of utilities. Particular issue in cities.
- Public sector in particular difficult to change from services provider to policy setter, regulator and enforce the regulations.
- Role of private sector often leads to very strong emotional reactions by public sector, NGOs.
- In order for transformation to be feasible, need to bring larger community in, to improve issues of legitimacy, accountability, equity, acceptability of new situations and agreement on transition processes.
- Often there is a particular 'window of opportunity', but this support/political will usually does not last long – need to grab the opportunity where possible.

Relevant results

Been able to identify results that are workable and acceptable to all in a very challenging environment.

Identified as Best Practice/Innovative

- Multi-stakeholder dialogue provides a way for designers of reform to better understand the needs of the poor;
- Makes decision making over reform more transparent, so can move from typical impasse to solutions acceptable to all main stakeholders;
- With enough time to work through alternatives and find best solution, the long-term transaction costs of implementing reform will be lower
- Need to carry out careful analysis of situation, and paper presents a table that shows issues that need to be addressed regarding different stakeholders. This analytical framework is BP as it provides a summary of how to go about a generic first step for major reforms in the sector;
- Need to recognize particular needs of urban poor – much more intractable problems than in rural areas: insecure land tenure, organized crime, poor relations to authorities, informal or illegal land or housing occupation, cost of time in an urban economy, piped-network technologies and population density, and high mobility of urban poor.

Lessons learned and recommendations

- Key challenge is finding a balance between encouraging innovation (changing roles) and proper accountability for providing the services;
- All change requires some capacity in place to manage both the overall sector change and the internal change/adjustment that follow. This is a challenge!
- NGOs often reluctant to work within a contractual framework. NGOs also said to represent civil society, but need to be clear on when and how this is true, and when not the case how to address needs and voice of urban poor;
- The private sector is becoming more wary of the risks that concession contracts and other investment vehicles pose, so these concerns must be addressed;
- Flexibility needs to be built into both the partnership design and management.
- While often talk about water supply and sanitation together, most projects tend to only address the former, because urban sanitation seemingly more difficult – yet need to link the two, since urban poor bear disproportionate share of costs/problems.
- Need to document what are actual experiences, and discuss positive and negative results. This should in particular include all the formal relations: contracts, charters, regulations etc with communities, service providers, the authorities, management etc: land tenure contracts, registration requirements, license-granting procedures, conditions for connections, water pricing, customer relations (special units);

- Review experiences of ‘scaling up’, since a number of pilots exist but the challenge is to ensure that large numbers of consumers can be serviced on a sustainable basis;
- Utility models were developed, where ideal was direct relations utility-consumer, but where many variations regarding intermediaries exist – each model with weaknesses and strengths – need to be tested in specific environment depending on relative strengths and problems of each set of actors for the tri-partite relations to work.

Author and title

Dele Olowu, 'Capacity building for policy management through twinning: lessons from a Dutch- Namibian case', Public Administration and Development, Vol 22 (2002), pp 275-288

Description

Three previous articles discussed Canadian, Norwegian and Swedish experiences with twinning, pointing to twinning as reliable for building and sustaining capacity. This one notes a Dutch-Namibian twinning for a 4 x 20 month program to build policy management capacity. Point of departure: (i) poor budget situation, (ii) more significant, patrimonial governance that has personalized power and reduced the demand for highly skilled and professional civil servants; (iii) and perhaps fatal: donor assisted programs were supply driven with external TA that drove out local skills from attractive tasks. Furthermore, (iv) collapse and decline in tertiary and management education in Africa.

Relevant results

- Skills upgrading for key individuals
- Skills upgrading of the staff who are to continue to provide the training locally – the sustainability issue

Identified as Best Practice/Innovative

- The longer-term perspective, with a 4 x 20 month time horizon on the linking between two universities
- The step by step taking over of tasks – clear exit strategy and hand-over responsibilities for each stage
- The broad commitment by both institutions and with strong political support from Namibian government.

Lessons learned and recommendations

- CD programs perform better if locally owned and driven;
- CD should not have narrow technical but also wider management perspective, so that not only skills but organizations where they are used improve;
- Not enough to improve skills but also the incentives to retain and attract additional skills
- Thus, CD programs need to look at entire array of institutional resources – human, material, organizational – and contribute to overall corporate culture. Not clear how far they came in addressing this.

Final comments

Basic lesson: training is great, but need to see the larger picture in which the skills will be used – it is not enough to provide the Capacity Development capacity – it must be used for creating skills that will be used and paid for.

Author and title

Desay, U. and K. Snavely (2007). 'Technical Assistance for Institutional Capacity Building: The Transferability of Administrative Structures and Practices ' International Review of Administrative Sciences 73(1): 133-146.

Description

The transferability of structures and practices face constraints fundamental constraints inherent in the framework of cross-national transfers. It identifies two major transferability challenges: (1) feasibility of transfer and (2) appropriateness of transfer.

Identified as Best Practice/Innovative

Synthesises findings and lessons learned from three projects.

Lessons learned and recommendations

The transferability faces the following challenges:

- Constraints on transferability: a) assumptions of (donor) superiority; b) the host country's historical and cultural heritage; c) institutional efficiency and effectiveness are context dependent; the differences in the structures, norms and purposes in the specific policy system in the donor and the host country) Open and conscious recognition of the issues raised by the 'transferability' challenges has been, in our experience, essential for the accomplishment of our project objectives.
- Project management:
 - Project partners have different motives and purpose
 - Presenting US's (donors) experiences
 - Partner leadership and capacity to influence change essential
 - Benefit for partner institutions and individual participants needed
 - Program needs flexibility and good communications
- Outcome measurement face challenges when it comes to long-term outcomes.

Final comments

Experience not related to LDCs in Africa, but rather former soviet.

Author and title**Duncan Holtom, The Challenges of Consensus Building: Tanzania's PRSP 1998-2001****Description**

The paper explores how the potential tensions between the Prep's objective of forging new partnerships and enhancing ownership of reforms, were reconciled with its elevation to become the centrepiece of dialogue between the government, the Bank and the Fund, and the new conditionalities attached to debt relief under HIPC-2. In answering these questions, the paper draws on fieldwork conducted in Tanzania in 2002 and 2003, to offer a rich ethnographic description of the critical period (1998-2000) during which Tanzania's first PRSP template was mediated by the different state and non-state actors who developed Tanzania's PRSP.

The paper explores how the policy network that drafted Tanzania's PRSP evolved, examines the breadth of its membership and assesses its autonomy, and then considers the impact of this on ownership of policy in Tanzania. The account therefore complements and enriches other studies which examine the emerging government-donor-civil society partnership underpinning Tanzania's PRSP which focused on the interpenetration of government and donors in aid-dependent countries such as Tanzania.

Relevant results

As evidence of the failure of policy-based aid mounted in the early 1990's, a new aid agenda developed. The agenda emphasised among, other things, the importance of dialogue and partnership in order to help build ownership of more complex second-generation reforms. PRSP has developed as a key instrument for implementing this partnership in much of Sub-Saharan Africa. Tanzania, at the forefront of attempts to restructure government - donor relations and one of the first countries to prepare a PRSP, illustrates the tensions by the PRSP's complex genealogy and how these are being worked out in practice.

Identified as Best Practice/Innovative

The document does not actually present best practice/innovative approaches, but relates Tanzania's experience to the issues under discussion in order to distil issues and options for improving aid effectiveness.

Lessons learned and recommendations

As in two previous points above.

Author and title**Fumiko Ouchi: Twinning as a Method for Institutional Development: A desk review, World Bank Institute May 2004****Description**

Twinning is one of four modalities by the Bank to deliver TA: short-term advisors, long-term advisors, training and twinning. Looks also at EU, Norwegian and Swedish experiences, and compares.

Relevant results

Distinctive features: (a) institution to institution partnership based on shared objectives and values, (b) focus on sustainable capacity building, (c) long-term cooperation that may continue after project ends, (d) use of mix of activities and inputs - highly flexible, can be adjusted to changing needs, can reach many different areas of organisation, (e) learning at both individual and organisational levels.

Selection of twinning partner: (a) should have similar tasks, functions and structure, (b) technology/system compatibility, (c) pace and direction of reform agreed to, (d) clearly identified needs and priorities by recipient and capacity and willingness by supplier to provide.

Design of arrangements: (a) staff roles of key positions must be well defined and performance actively monitored, (b) arrangement must be demand-driven - ownership, (c) learning strategy

must be spelled out to ensure both individual and organizational learning, and that it is sustainable, (d) managing relations as project evolves and needs change.

Identified as Best Practice/Innovative

Success factors: (a) commitment by management on both sides, (b) multilevel involvement on both sides, (c) supplier must have relevant expertise to address the specific needs, (d) mutual respect and open relationship that allows for adjusting and listening to each other.

Lessons learned and recommendations

- Integrate the training with TA
- Facilitate flexibility - monitor shifts in needs and change inputs
- Provide long-term cooperation
- Hold down costs - twinning can be costly
- If twinning works well, issue of staff attrition etc is reduced since the relationship cuts across the organisation.
- Since twinning is two way dialogue can strengthen trust, respect, own confidence - empowering if done well.
- Clearly define partner expectations and assess these against realism.
- Pace of change must be realistic - too fast and too slow both dangers.
- Often impact is greater at individual than at organisational level (which is sort of counter-intuitive since twinning was to address the weaknesses of training individuals...)

Dangers:

- Twinning as a form of tied aid
- Lack of incentives to perform at best by supplying institution
- Potential for high costs - lack of incentives to keep lid on costs
- Danger of supplier institution taking over and creating dependency.

Author and title

Girgis, M. (2007). 'The Capacity-Building Paradox: Using Friendship to Build Capacity in the South.' *Development in Practice* 17(3): 353-366.

Description

The Capacity-building Paradox, which defines individual relationship work as the basis for capacity development. It explains why capacity building has hereto been largely unsuccessful. It's the 'friendship work' that increases capacity, however contextual elements (most important money) drives practitioners into 'dependent work' (corruption, neo-colonialism, lowering expectations) is the dominant relationship.

Relevant results

The article brings in an analytical model with focus on different relationship types.

Identified as Best Practice/Innovative

'Friendship work' defines as 'the constructive, empowering work that practitioners do in order to build capacity with others', is the preferred relationship type. Dependent work defined as 'work done to gain advantage over other people in order to achieve certain outcomes.

Lessons learned and recommendations**Final comments**

Article not focused at the region in question.

Author and title

Godfrey et al, Technical Assistance and Capacity Development in an Aid-dependent Economy: The experience of Cambodia, 2002

Description

The paper analyses the extent to which technical assistance develop the capacity of counterparts, whether in government or in local non governmental organisations in an aid dependent economy suing the experience of Cambodia.

Relevant results

Cambodia's experience since 1993 suggests that most projects in such a situation are donor-driven in their identification, design and implementation, to the detriment of capacity development. Connected to this is the chronic underfunding of government in such an economy, which hinders implementation of projects and threatens post-project financial sustainability.

Identified as Best Practice/Innovative

The document does not present issues of best practice. Largely discursive in nature and identifying issues and options to pursue in order to enhance technical assistance and capacity development in an aid-dependent economy.

Lessons learned and recommendations

Unless donors develop a coherent strategy (rather competitive, project-related salary supplementation) to deal with this situation, the record of technical assistance in developing capacity will continue to be disappointing, and an escape from aid dependence will be postponed.

Final comments

Document largely theoretical, distilling the issues and options for enhancing aid effectiveness especially in relation to technical assistance and capacity development in aid-dependent economy. May not be that helpful in providing insights for our study.

Author and title

Gumbo, B., L. Forster, et al. (2005). 'Capacity Building in Water Demand Management As a Key Component For Attaining Millennium Development Goals.' *Physics & Chemistry of the Earth* 30(11-16): 984-992

Description

The paper looks at the links between building the capacity of professionals, operational staff and other role players in the municipal water supply chain to implement Water Demand Management (WDM) as part of broader Integrated Water Resource Management (IWRM) strategies, and the subsequent potential for poverty relief resulting from more effective, efficient and equitable use and allocation of water supplies.

Relevant results

Results are linked to lessons and focus on outcomes of training, formulation of water demand management plans that eventually led to improvement in water supply systems

Identified as Best Practice/Innovative

- Issues identified as best practice are not clearly discernable, but they centre around:
- The importance of stakeholder consultation;
- Training modules for building awareness and overcoming obstacles to Water Demand Management;
- Training delivery based on case studies that provided participants with examples of issues and options to pursue in order to improve water demand management
- Formulation of realistic Water Demand Management Plans
- Training and networking strategy as vehicle for enhanced performance

Lessons learned and recommendations

- In order to reach out to the urban water poor, building WDM awareness and overcoming constraints to WDM implementation is important, particularly amongst the middle to top managers of Municipal Water Supply Agencies who are naturally the key decision-makers and implementers of WDM
- Professional in Municipal Water Supply Agencies require training to increase their WDM awareness. Providing them with necessary skills and tools to implement WDM in their areas of jurisdiction, which includes water supply to disadvantaged urban communities. This can have a significant effect on poverty alleviation by facilitating more efficient and equitable allocation of water resources.
- The IUCN WDM Guideline Training Module for Municipal Water Supply agencies is one attempt to bridge the capacity (awareness, information and knowledge) gap for the successful implementation of water demand management and hence improve the livelihoods of the urban poor, by providing affordable, reliable, good quality water to a larger segment of the population, and by freeing water resources from employment and income generation through productive use.
- The IUCN's support of a SADC-region WDM network that links professionals and initiatives in the sphere of WDM is a complementary measure that will help to facilitate the flow of information, strengthen working partnerships between organisations and individuals and prevent duplication of efforts.

Author and title

Hauck, V. (2004). Resilience and high performance amidst conflict, epidemics and extreme poverty - The Lacor Hospital, Northern Uganda. Discussion Paper No. 57A. Maastricht, ECDPM.

Description

This is a case study of a successful capacity and change example from the health sector. The authors highlight the efforts made by the founders of the change and capacity development process. St Mary's Hospital, known locally as the Lacor Hospital, in Gulu district of Northern Uganda, formerly an isolated Catholic missionary hospital, is now fully integrated into the Ugandan health system. The case study describes how the hospital has grown into a centre of excellence, setting an example for the rest of the health system and helping to build health care capacity for the whole country.

Relevant results

With 474 beds, Lacor is the second largest medical centre in Uganda. The study argues that it is an extraordinary example of capacity development, adaptation and performance in a region characterised by an 18-year civil war, extreme poverty and outbreaks of virulent epidemics.

Identified as Best Practice/Innovative

Dr Corti, the head, formulated a clear objective for the hospital: to offer the best possible service to the largest possible number of people at the lowest possible cost. Dr Teasdale (Dr Corti's wife and with a senior position) imprinted on the staff an attitude of care and love for the patients. Their tireless dedication and hard work set an example for the staff and developed into a value system that still guides the hospital. This set of competences has evolved slowly over the years and is tightly linked to the deeply rooted value system.

Lessons learned and recommendations

The case study argues that these key capabilities underpin the hospital's excellent performance. The five most important are the following:

- The ability to transfer the founders' values to others in the organisation. This internalisation process takes place primarily on the job, through the power of example and regular staff meetings. It is supported by an incentive package and a management approach that shares responsibility and involves staff at all levels.
- The ability to reproduce the organisation. A core of 15 to 20 people supervise new staff members and act as the guardians of the hospital's working culture and values. In addition, on the technical side, the hospital makes an enormous investment in training, partly as a means of attracting staff to an otherwise unappealing location. In 2002-03, 11% of the operating budget was devoted to training, both in-house teaching and outside training.
- The ability to adapt. The hospital's guiding principle is to respond to the demands of its key stakeholders. This implies learning processes that enable the hospital to acquire knowledge, to reflect and to apply the lessons of experience. It also means a rejection of dogmas, old habits and outdated procedures.
- The ability to self-regulate. Although Lacor has established formal administrative and professional standards, the management prefers to encourage the staff to take responsibility for their own performance. Control systems play a secondary role.
- The ability to network and collect intelligence. Throughout the life of the hospital, contacts with the outside world have been essential to understand the broader environment and to survive in very different and at times exceedingly difficult political periods. In addition, the hospital has been able to build contacts that have proved valuable in raising funds to subsidise its operations.

Author and title

Johnson, H. and A. Thomas (2007). 'Individual Learning and Building Organizational Capacity for Development.' *Public Administration and Development* 27(1): 39-48.

Description

The article demonstrates and reflects upon some mechanisms by which individual learning can help build organizational capacity for development. The article presents two main ways of conceptualizing training, and through training cases in Uganda, Zimbabwe and South Africa.

Relevant results

Linear learning (not with feedback) only to a limited extent transforms to organisational learning.

Identified as Best Practice/Innovative

See 'lessons learned'.

Lessons learned and recommendations

- There are simple cases, which can be explained by the notion of linear application of knowledge and skills. Individuals may acquire new knowledge, new ways of understanding or new techniques, and apply them in their organisations. The article suggest that in general these are cases where organisational objectives are agreed and tasks are fairly clear, so that both individual and organisational learning is about doing things better and more efficiently. However, the process of embedding is rarely straightforward, so the application of specific techniques becomes organisational learning only through interaction with existing organisational routines.
- In more complex cases, the relationship between individual learning and organisational capacity building is better explained in terms of learning cycles linked through 'key interactions' which may result from, or may give rise to, dissonance and hence catalyse change. These include cases where an organisation's direction is not fully agreed, which is not unusual given that value conflict is endemic to development management and that external constraints may force change. Organisational learning in such cases is a much more diffuse process than the embedding of a particular technique. The kind of individual learning which results in increased confidence through the adoption of reflective practice can promote organisational flexibility, better coping mechanisms and the ability to regain at least partial control in the face of uncertainty.
- It is possible for the learning of single individuals to help build capacity at organisational level, but only where the individual is in a position of considerable influence, as with the examples of directors of small and medium organisations included in the cases above. An exceptional individual might be able to act as a 'change agent' and catalyse organisational learning from a junior position, but we did not uncover any such cases in our research that went beyond getting the organisation, or the individual's immediate work group, to agree to adopt particular techniques or ideas.
- Cases of more far-reaching organisational learning generally required that group learning mechanisms were in play, so that individual learners had access to some form of 'learning community' to complement their interaction with their study program on the one hand and their organisation on the other. In some cases in this study, a group within an organisation formed a 'community of practice'. In other cases, not included in this article, individuals attempted to spread their learning to others in their organisation, and often wanted to enrol colleagues in study programs, arguing that the impact of a group would be proportionately greater than that of a number of individuals.
- Under what conditions do these mechanisms result in organisational learning and hence greater capacity for development? There are some crucial factors which help ensure that individual learning is of a kind that could potentially have an organisational and developmental impact: the relevance of curriculum; and the motivation and 'learning style' of the individual learner (Johnson and Thomas, 2004). In terms of curriculum relevance, case studies that add or relate to the learner's experience and activities that enable learners to draw on and reflect on their experience are key components, as well as engaged forms of tuition support whether built into the materials, face to face or by electronic means. However we suggest two further factors that assist in translating individual into organisational learning: opportunity and support. There must be opportunities for trying out new ideas that will simultaneously reinforce individual learning and have real

organisational impact, whether straightforwardly in terms of demonstrating a technique that can then be adopted more widely or through setting up an organizational dissonance. And there must be support both for the individual in their learning and for the uncomfortable process of organisational change likely to result.

The article found that support from the employer often played an important role in allowing participant learning to contribute to organisational capacity and capability, particularly by enabling 'learning interactions', giving recognition to the importance of study programs, and facilitating contact between course participants.

Many cases, however, are not ideal in this sense. Sometimes the organisational setting supplies opportunities but not a great deal of support, for example in the case of the director of an organisation acting alone, or a junior individual prepared to experiment and try to change things by themselves. In other cases the opportunities are not available.

Author and title

Jones, M. L. and P. Blunt (1999). 'Twinning' As A Method of Sustainable Institutional Capacity Building.' *Public Administration and Development* 19(4): 381-402.

Description

Twinning has been the distinctive method employed by Sida to promote institutional capacity building in development co-operation. This article reports on a study undertaken to provide evidence which would help Sida to make judgments about the efficacy of the twinning model as a basis for sustainable capacity building, and to explore ways of enhancing the method. The study indicates that the twinning model has potential advantages, but that this potential is not being fully exploited.

Relevant results

Like other forms of development co-operation, in the right context at with well-chosen and well-briefed partners, twinning can be the optimal method to employ.

Identified as Best Practice/Innovative

The success identified is potential and not realised in practice.

Lessons learned and recommendations

- The article argue that on the basis of theory, logic, case study data and experience that twinning has tended to be employed uncritically. The following lessons learned is identified:
- Insufficient attention to notions of sustainability and institution building
- Higher level goals of development are not sufficiently 'on the minds' of people
- Establish, not assume, in the beginning of a project mutual learning
- Not sufficient attention to staff selection and management relationship.

Author and title

Jutting, J. (2002). Institutions and Development: A Critical Review, OECD Development Centre Technical Papers #210.

Description

The paper reviews literature on the impact of institutions on development outcomes with a view to setting out an analytical framework for future analysis.

Relevant results

This paper addresses the important question of the impact of institutions on development outcomes. Although a consensus that institutions “matter” has now emerged, the causality of the various links and channels of influence between the institutional set-up and development outcomes is not well understood. This paper reviews the existing literature on the impact of institutions on development outcomes with a view to setting out an analytical framework for future analysis.

The main conclusion of this paper is that although recent years have witnessed a surge in the number of studies measuring the impact of institutions on development outcomes — in particular growth — many questions remain unsettled. In the paper, three important caveats are discussed:

- The literature has not settled on an overall accepted definition of institutions. Some of the reviewed studies did not clearly spell out what they understood by “institution”, making judgement on their impacts rather difficult.
- The reviewed studies often did not base their analysis on an analytical framework that mapped out the hypothesised channels of influence, thereby leading to various methodological problems. Development outcomes are not only influenced by the institutional set-up but also by other variables such as the local setting and the behaviour of human actors. Reverse causalities might therefore operate.
- Policy recommendations are often vague and based on strong assumptions about causalities.

Identified as Best Practice/Innovative

The paper describes the following three factors that makes a difference:

- Pressure on the existing institutional set-up
- The ‘matching’ of informal and formal institutions
- The degree of path dependency and ability to change

Lessons learned and recommendations

- The paper suggested several research areas:
- An interesting area to be looked at in a developing country context could be the possibilities of transforming informal risk sharing arrangements based on reciprocity into more formalised insurance schemes that would facilitate riskier but also more profitable investments.
- Although the question of institutional change is becoming increasingly popular, it is still under researched.
- The persistence of exogenous institutions in a radically changing environment is not clear.
- To learn from “successful examples” requires a bench mark and reference points that guide the application of potential changes in different environments.

Author and title

Kaplan, A. (2000). 'Capacity Building: Shifting the Paradigms of Practice.' *Development in Practice* 10(3-4): 517-526.

Description

The article raises the question whether we in pursuing capacity development need a radical new form of practice, such a radically new form of thinking, that our current approaches are doomed to failure, not because we lack adequate models or 'technologies', but because our very approach to the issue is inadequate? Arguing that conventional capacity-building initiatives have tended to focus on the material and tangible aspects of the capacity of an organisation and its people to be critically self-aware, the author outlines some fundamental shifts which would be both entailed and generated by concentrating on the practice of the development practitioner in relation to organizational development, rather than focusing on external appearances or rushing to the training manuals. The article is based on the authors reflections from experience and not evidence based as such.

Relevant results

The article does not present results as such, but suggest some new abilities that is needed. See 'lessons learned' below.

Lessons learned and recommendations

The following are new abilities that capacity development practitioner need to develop:

- The ability to find the right question which may enable an organisation to take the next step on its path of development, and to hold a question so that it functions as a stimulus to exploration rather than demanding an immediate solution, and to help organisations to do the same.
- The ability to hold the tension generated by ambiguity and uncertainty, rather than seek immediate resolution.
- The ability to observe accurately and objectively, to listen deeply, so that invisible realities of the organisation become manifest.
- The ability to use metaphor and imagination to overcome the resistance to change, to enable an organisation to see itself afresh, and to stimulate creativity.
- The ability to help others to overcome cynicism and despair and to kindle enthusiasm.
- Integrity, and the ability to generate the trust which alone will allow the organisation and its members to really 'speak' and reveal themselves.
- The ability to reflect honestly on one's own interventions, and to enable others to do the same.
- The ability to 'feel' into the 'essence' of a situation.
- The ability to empathise (not sympathise) so that both compassion and confrontation can be used with integrity in helping an organisation to become unstuck.
- The ability to conceptualise, and thus to analyse strategy with intelligence.

The list can go on, but such lists carry in themselves the dangers of new answers which become set routines and received methodologies. The true import of the paradigm shifts mentioned in this paper is that we must remain awake, full of interest and wonder and awe, open and vulnerable, if we are to hope to find the resilience to respond to the diverse array of situations which challenge us as capacity builders.

Final comments

Not focused on the region in question.

Author and title

Keith Mackay, 'How to build M&E systems to support better government', World Bank IEG 2007

Description

This is largely a manual for building general M&E systems - does not address CD as such. But has an interesting chapter on Africa where it notes the need for better data, the considerable support provided by the donors for this, and the rapid improvements in data and quality. It cites the Uganda and Tanzania cases as particularly useful ones.

Relevant results

- Looks at how the 1995 USD 60,000 Public Expenditure Tracking Survey, PETS, in the education sector in Uganda helped re-direct USD 18.5 mill to primary schools
- Notes how standardized in-sector monitoring can be extremely time-intensive and wasteful, with a lot of emphasis on data collection and without critical assessment of validity, reliability and usefulness.

Identified as Best Practice/Innovative

- Carefully define what are the questions, variables, indicators you want info on, and see how best to achieve this.
- Look at Outcome and Output rather than Input and Activity - in particular client satisfaction measures.
- Uganda found multiple M&E systems of variable quality in place - but all costing resources. Established National Integrated M&E System (NIMES) under Prime Minister's office to rationalize and harmonize.

Lessons learned and recommendations

- Look at what is in place - often find overlapping and non-compatible systems in place - meaning resources are already being spent on M&E, but poorly.
- Classic lesson: Be clear on what your objectives and expected results are - only then can you measure - and do it rationally and well.

Author and title

Lisa Chauvet and Paul Collier; Development Effectiveness in Fragile States: Spillovers and Turnarounds; January 2004.

Description

The paper attempts to quantify some neglected effects of aid, thereby improving overall guidance on aid effectiveness. It largely a research on poverty efficient uses of aid. It explores whether aid can assist policies and institutions to improve in situations where they are particularly weak.

Relevant results

- The issue of what form of aid is appropriate at what time is important.
- Technical Assistance has no discernable effect until after a turnaround has clearly begun. Before that it appears to be a waste, it is not a precondition for reform.
- Technical assistance is only really useful when it is provided to governments that want and need to use it.
- Technical assistance can help a government get change right, it cannot make change happen.
- The supply of technical assistance should be organised by donor agencies in such a way as to be highly responsive to changes in development circumstances.
- The evaluation of technical assistance needs to take into account that it is intrinsically a high risk investment, analogous to venture capital. Even when properly allocated in response to opportunities, much of the time it will fail.

Identified as Best Practice/Innovative

Best practice/innovative approaches are not clearly presented. The document is largely theoretical.

Lessons learned and recommendations

Not much could be readily distilled to inform CD apart from those stated in under the results.

Author and title

Mackay, R., D. Horton, et al. (2002). 'Evaluating Organizational Capacity Development.'
Canadian Journal of Program Evaluation 17(2).

Description

This is largely a manual for building general M&E systems - does not address CD as such. But has an interesting chapter on Africa where it notes the need for better data, the considerable support provided by the donors for this, and the rapid improvements in data and quality. It cites the Uganda and Tanzania cases as particularly useful ones. Resources and skills are not usually productive on their own, and so organizational capacity development cannot be reduced to the simple delivery for acquisition of resources. Capacity development may include the acquisition of resources, but it must also include learning how to deploy and integrate these resources to accomplish complex tasks in line with its goals and strategy. It is the complexity of this inevitably social and political process of organizational change, in which both internal and external agencies are usually involved, that presents the challenge to evaluation. Input-output models cannot capture the intricate processes involved in the capacity development of complex systems.

If efforts to evaluate capacity development are to provide useful feedback to donors, beneficiaries, and change agents to guide future practice, they must involve these stakeholders from the beginning. The evaluator can help to enhance the rigor of such participatory evaluations by striving to create clear frames of reference including agreed upon indicators and valid models for analysis drawn from organizational theory that are understood and endorsed by all stakeholders.

Relevant results

Most of the reported impacts on organizational capacity fall into four groups:

- Improvements in PM&E procedures
- Development of strategic plans
- Expansion of professional capabilities in PM&E
- Project development in line with the objectives identified in the strategic plan.

Identified as Best Practice/Innovative

The paper discuss evaluation of CD, as well a being an evaluation itself. The success factors are seen as:

- Environmental factors
- The project philosophy (building ownership and commitment)
- The development of a logic model
- The training-of-trainers (ensured relevance and validity of the instructional content)
- The quality of the reference and training material.

More specifically:

- Carefully define what are the questions, variables, indicators you want info on, and see how best to achieve this.
- Look at Outcome and Output rather than Input and Activity - in particular client satisfaction measures.
- Uganda found multiple M&E systems of variable quality in place - but all costing resources. Established National Integrated M&E System (NIMES) under Prime Minister's office to rationalize and harmonize.

Lessons learned and recommendations

- Look at what is in place - often find overlapping and non-compatible systems in place - meaning resources are already being spent on M&E, but poorly.
- Classic lesson: Be clear on what your objectives and expected results are - only then can you measure - and do it rationally and well.

Understanding Capacity Development Initiatives:

- Start out with an adequate overview of the capacity development initiative within the broader, expanded chain of desired results
- Construct an adequately detailed logical framework for the intervention.
- Explore and acknowledge the existence of factors and events in the environment of the project that affect Performance Evaluation of the Capacity Development Initiative
- Develop and agree upon conceptual frameworks to capture complex concepts and ensure their common understanding.
- Maintain clarity and consistency surrounding the level(s) of analysis (individual, department/program, organization) required to confirm project effects.
- Strive to distinguish means and ends.
- Consider the wisdom of employing terms other than “impact assessment” or “impact evaluation” when describing and evaluating capacity development initiatives.

Final comments

Paper said that ‘Analysts tend to define capacity-related problems using the concepts and terms of their own disciplines.’

Author and title

Mcgregor, Andrew; Development, Foreign Aid and Post-Development in Timor-Leste; 01 February 2007

Description

The paper explores the opportunities that exist for applying post-development ideas within current development apparatus of Timor-Leste. It analyses four types of community-focused programs - sectoral project-based initiatives, institutional capacity building programs, community partnerships and small grants programs.

Relevant results

No results are listed, but the pros and cons of development alternatives adopted are discussed to inform the extent to which perspectives in development approaches could work and the gaps that still needs to be addressed to achieve participation, ownership, commitment and sustainability.

Identified as Best Practice/Innovative

The document does present issues of best practice/Innovative approaches.

Lessons learned and recommendations

The paper notes that while alternative opportunities are clearly shown to be present, it is argued that they are rarely realised because of overwhelming priority to produce better agents of development rather than those able to pursue 'alternative development'. I concludes that development apparatus by itself may not be inherently faulted. Instead this apparatus could be usefully utilised by those inspired by alternative imaginaries to pursue post-development goals.

Author and title

McKechnie, A. J. (2004). Building Capacity in Post-Conflict Countries. World Bank Institute Capacity Enhancement Briefs. Washington, D.C., The World Bank.

Description

Synthesis of World Bank's experience.

Lessons learned and recommendations

This brief looks at the challenge of building capacity in post-conflict countries, reviews options for creating capacity, and identifies trade-offs between a rapid result and longer-term impacts of capacity strategies. Six lessons for more sustainable approaches to capacity building are identified:

- Leadership matters,
- Incentives also matter,
- Build on what exists,
- Arrange learning activities within a country wherever possible,
- Training needs to be defined in its strategic capacity, and
- Training should build on the comparative advantage of international partners.

Final comments

Not specific to LDCs in Africa, but global.

Author and title

Michael Mozina, Capacity Building for Water Projects in the Gash Barka Region of Eritrea, Nov 2004

Description

The Gash Barka region of Eritrea is the principal location for settlement and reintegration by Eritrea returnees from Sudan. Since 2001, UNHCR and Government of the State of Eritrea have assisted with the repatriation of over 110,000 returnees to this region. Over USD21.5 million has been invested by UNHCR to provide basic access to essential social services and sustainable livelihood activities for the returnee population. Over USD5 million has been used to meet water needs. There is however a lot of areas that still require water systems to be rehabilitated/constructed. The increased demand for water systems necessitates the need to initiate and accelerate the development of a ground water resource management strategy, water harvesting and conservation intervention. Most of the villages do not have basic sanitation facilities. Sanitation coverage of sanitation infrastructure nationwide is estimated at 5%. UNHCR has supported water activities during 2003/4, a multi-year program cycle. It has also supported a range of sanitation awareness, education and infrastructure projects targeted mainly at schools that incorporated construction of school Village Improved Personal Latrines. The latrine construction project also included personal hygiene and environmental sanitation training. A village sanitation needs assessment eight villages also completed. Following establishment of water supply, storage and distribution infrastructure, the sustainable operation and water system is dependant on mobilising the community and government to take on ownership and operational maintenance responsibilities.

The need for ongoing capacity building at all levels for water supply projects is crucial.

Relevant results

- Capacity building at the village level was undertaken to address identified shortcomings in capacity . A range of programs to significantly accelerate capacity building at the village/ community level were implemented.
- The village water committee was trained to in turn mobilise and train communities to responsibly manage their water projects. Village water technicians to carry out day to day operation and maintenance activities.
- Groundwater resource management capacity building was also undertaken involving a range of local, regional and national scale groundwater monitoring and management activities as an integral part of the development and implementation of a ground water resource management strategy. Database was also set up.

Identified as Best Practice/Innovative

The capacity developed to enable the local communities, regional and national level stakeholders to take responsibility for the development and maintenance of water supply and sanitation system ensured ownership and sustainability of the interventions provided.

Lessons learned and recommendations

The lessons include: the need to tailor training for your audience - ensuring that the training provided and materials used take into consideration cultural behaviour and literacy levels of beneficiaries; determine implementation capacity and plan accordingly; identify joint programs to share resources. this will bring about cost savings and wider capacity building spin off effects; and regularly assess effectiveness of capacity building activities, modify or adapt accordingly to maximise the effectiveness.

Author and title

Mike Stevens; Capacity Building for the Civil Service; June 2005

Description

The document is one of four cross-cutting papers prepared for the Task Force on Capacity Building in the African region. It looks at the region's experience with civil service capacity

Relevant results

The document is discursive in nature. There are no results per se, but key issues are captured for the attention of the reader:

- The challenge for most African countries is restoring capacity in government, a task more difficult second time around because civil service is now much larger, incentives have become distorted, and informality has become entrenched
- While African civil services have lost many skilled technicians, professionals and managers, the biggest challenge today is not an absence but the misuse of available skills. This is due to distorted incentives, a deteriorated work environment and widespread informality. Capacity building must therefore tackle structural, incentive and value issues as well as expand training for skills development.
- Reversing the brain drain requires tackling its root causes in the public sector, not by offering special inducements to return.
- Civil service reform programs must be country owned, but donors can help create the demand for reform, both directly and indirectly.
- While pay reform alone will change little, implementing more effective pay policies is critical to capacity rebuilding in government.
- Bank staff must gain a better understanding of how existing civil services operate, both the formal and informal rules, perhaps through a new diagnostic instrument. Analytical work, the sharing of comparative experience and dialogue are needed to develop effective reform models
- Actions supported by the Bank at the sector project level must be consistent with the broader capacity building strategy.
- Civil service capacity building must proceed hand-in-hand with public financial management capacity building
- HIV/AIDS has made severe inroads into civil service capacity and worse is to come. Bank support for civil service capacity building must take this into account.

Identified as Best Practice/Innovative

No best practice/innovative approaches identified.

Final comments

Document mainly discursive and does not distil best practice/ innovative approaches. May not be very useful, but some aspects of the results/lessons can inform current trends in capacity building that one needs to take into account in looking at best practice.

Author and title

Mkandawire, T. (2002). 'Incentives, Governance, and Capacity Development in Africa.'
African Issues 30(1): 15-20.

Description

In recent years there has been widespread recognition of what has gone wrong with capacity building and technical assistance to African countries. There is also recognition that instead of the lean and fit continent they sought through reining in the state, reformers have produced emaciated states with demoralized civil services, reduced political legitimacy and capacity, and encouraged the brain drain to the North.

Relevant results

This is a article from 'African Issues' summing up CD in Africa based on experience so far. The article does not provide project/activity results as such.

Lessons learned and recommendations

The article does not present positive (what works) formulate 'lessons learned' instead identifies what has not worked.

Author and title

Nancy Birdsall, Seven Deadly Sins: Reflections on Donor Failings, Dec 2004

Description

The document reviews new calls through the donor community to increased the volume of development aid to address the continuing development challenges in the world's poorest countries. It touches on the need to reform the aid business itself, i.e. the practices, processes, procedures and politics of aid. It analyses research findings on the shortcomings of aid which have not been adequately incorporated into the donor community's reform agenda and captures them as the 'sins' or 'failings' of donors, including impatience with institution

building, collusion and coordination failures, failure to evaluate the results of their support, and financing that is volatile and unpredictable. It suggests possible short-term practical fixes and notes the need for more ambitious and structural changes in the overall aid architecture.

Relevant results

Not quite. The document is discursive in nature and only give examples of the 'seven sins' as it reflects on them. The 'seven sins' are:

- Impatience (with institution building).
- Pride (failure to exit).
- Ignorance (failure to evaluate).
- Sloth (pretending participation is sufficient for ownership).
- Envy (collusion and coordination failure).
- Greed (stingy and unreliable transfers) and
- Foolishness (underfunding of regional public goods).

Identified as Best Practice/Innovative

It does not provide clear evidence of Best Practice/Innovative approaches

Lessons learned and recommendations

It suggests possible short-term practical fixes and notes the need for more ambitious and structural changes in the overall aid architecture.

Author and title

NCG/Denmark, 'Synthesis of Evaluation on Technical Assistance', Danida Evaluation Study 2007/2, October 2007

Description

- Partners' perceptions are the most important when assessing the results of TA;
- Context is the most important explanatory factor for design, employment, management and monitoring of TA;
- The weaker the state, the more donor driven the TA;
- There is very little data on aid effectiveness of TA;
- TA often weak or no link to civil service reform in the public sector;
- TA usually not seen in the context of HR reform or management but rather as a gap-filling modality to address particular bottleneck;
- There is no real demand and supply for TA;

Identified as Best Practice/Innovative

- Regional and national TA personnel used more and more, both because cheaper but also because of more relevant skills sets, including language, cultural understanding etc
- Pooled financing for TA through SWAPs and GBS improves coordination, though donors do not see it this way
- Studies of DFID TA showed that when TA designed jointly, effectiveness improved, including extensive interview process.

Lessons learned and recommendations

- Joint recruitment processes and transparency in this process enhances ownership;
- Does not seem to be any clear link between type of TA versus Effectiveness and Impact.
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- HOWEVER:
- Long-term TA was seen as generally more successful, but its success varied depending both on the context and on the quality of the TA
- Short-term TA has been effective largely when part of a larger program
- Pooled funding led to greater flexibility about the choice between local and international TA, which was an advantage;
- As the labour market matures, the flexibility of being able to contract national and regional TA is positive
- More transparency in the costs and benefits leads to better choices.

Author and title

Paul Balongun; Evaluating Progress Towards Harmonisation; May 2005

Description

The study was undertaken as part of the program of evaluation studies commissioned by the Evaluation Department of the Department for International Development (DFID). It begins by defining harmonisation and identifies what development benefits of harmonization are anticipated. It discusses an approach to developing an evaluation framework for assessing these anticipated benefits. It also examines the current evidence base for development benefits in the context of Tanzania, Mozambique and Bangladesh.

Relevant results

The evaluation is expected to be of interest because it generates improved understanding around the anticipated strategic outputs of harmonisation: more effective aid (including reduced transaction costs) and greater country ownership of aid programs, which ultimately, lead to improved development outcomes.

The work focused on DFID perspective angle initially and argues that it is too premature to attempt to evaluate any outcomes with any degree of confidence. The findings can be used as a theoretical underpinning for future reference and, as the harmonisation agenda progresses, the findings will provide a reference base for joint-evaluation work with partner governments and other donors being taken forward by OECD/DAC.

Identified as Best Practice/Innovative

It is not a best practice/innovative document.

Lessons learned and recommendations

On Harmonisation in Tanzania the studies are clear that donors have made strong efforts to harmonise aspects of their aid management and there have been significant shifts in who bears what transaction costs. While there are strong indications that transaction costs associated with managing PRBS have declined due to harmonisation and it is probable that key Ministry of Finance staff have more time as a result of harmonisation around the unified Performance Assessment Framework, as yet, there is no evidence that this has actually allowed them to markedly improve public expenditure management.. There is evidence that harmonisation under PRBS has contributed to the efficiency of management of PRBS, but none that increased efficiency has led to increased development effectiveness.

In Mozambique there is not evidence available on the impact of harmonisation. Although harmonisation activities have been carried out, in the case of large amount of support managed through PRBS it is too early to expect to be able to identify evidence that harmonization has had an effect. No reviews on the impact of harmonisation has also been carried out. The case of Mozambique illustrates one of the major challenges for assessing harmonisation, which is the debate over the relative merits of alternative aid delivery modalities.

In the case of Bangladesh the rapid increase of program aid has increased the number of new processes linked to the monitoring of the programs, which are not sufficiently harmonised between themselves nor aligned in the budget and financial management systems. Transaction costs for donors participating in eh pool are not seen to have been reduced, with no decrease in frequency of meetings while donor staff time given to operational issues has increased without significant capacity building within the Min Health.

Author and title

Pearson, Jenny (2006): 'Organisational Learning across Cultures'. PraxisNote 20, INTRAC, January

Description

The way learning is viewed varies considerably across cultures, and also during different historical contexts (Cambodia after their traumatic history). Outsiders in particular tend not to understand the value of learning, how learning is done. Some cultures ascribe higher value to formal teaching, others to informal learning; learning through critical reflection is not accepted in some cultures; the concept of learning in some fields can be taken to be a criticism – you are assumed to know if you have gotten a task, so then being invited in to learn is an insult; etc. One NGO discovered that if they talked about 'wisdom' rather than 'learning' in an Asian context, the attitude changed dramatically – the social acceptability was totally different. This shows how, on the margin, changes in details can totally change the picture! Learning in organizations is even more difficult, because it involves group dynamics that are more complex and difficult to manage. The learning culture may also be different in groups than for individuals. Furthermore, the concept of 'ownership' in a learning context can be quite alien to the way some cultures think. The 'insider-outsider' axis can be useful but also a problem: it can help insiders see their situation from a different angle, but can also overwhelm and dominate the dialogue by somebody who does not really understand how learning and what is acceptable in the local context actually is. A key factor is that CD implies that change is necessary. But who says that change is needed? This is often the first reaction from the locals, and one that generates resistance and a negative first approach to CD initiatives, so this potential reaction needs to be understood and anticipated. Furthermore, who defines the changes we are looking for – from what to what? Who is being given or is taking this 'definitional power'? And who says that learning and change are positive, are good? What is this built on??

Relevant results

A Cambodian CD organization, VBNK, spent a lot of time developing an internal culture that has learning at its centre. It required a lot of time, a lot of resources, and a number of different techniques that complemented each other and provided enough space and reflection to allow the participants to absorb, appreciate and then apply more fundamental learning techniques and approaches, and sets aside the time required to continue learning – which is not easy. More difficult was getting donors to fund this, since they are so results focused.

Identified as Best Practice/Innovative

- It is important that real decision making power is given to the organization for making choices about its own learning process – the only way to establish ownership;
- Identify key pre-requisites for successful CD:
 - time,
 - money,
 - ensure the scale is right – in CD, 'small is beautiful' if you want sustainable results,
 - need to identify the blocks, such as fearful, resentful staff,
 - need to identify the factors that make it rewarding to stay the same – often perceived to be greater than the rewards for change;
 - strong leadership that leads by example.

Lessons learned and recommendations

- Must understand how learning is seen and done in the particular cultural context, and that the importance of learning is very different across cultures: we assume that it is always seen as a 'good', which is not necessarily correct;
- Must also realize that learning is not always taking place even if from a Western perspective all the conditions seem to be in place: we are often tricked by 'surface' appearances;
- Learning itself is a skill that has to be learned, and grounded in relevance to the host culture;
- Learning is complex, and often different techniques are used. But then there must be a clear strategy in place that all understand, since otherwise the different approaches come across as being confusing, contradictory – staff feel confused rather than challenged and stimulated, which heightened resistance to taking risks with new ideas;

- There needs to be clear link between the discussions and learning, and the practice and needs of the organization – application should be as direct and obvious as possible;
- The process needs to slow down and have its own time – CD cannot be an add-on on top of existing workload – time use has to be adjusted to include space for CD;
- Individual learning is often seen as positive, but collective learning is more complex and can be construed as negative. Organizational learning is even more difficult again;
- ‘Learning to learn’ is a challenge in itself, among other things because it may require to ‘unlearn’ former ways of how individuals and organizations learn and change;
- Learning takes time and cost resources, but donors usually not willing to fund this – how can this be changed?
- There is also an issue that the formality of organizations are changing – many are now working in coalitions or networks, and organizational learning is thus very different;
- There is often a contradiction between donor support for projects – which requires delivering results as efficiently and effectively as possible – and CD, which essentially has as its point of departure a critique of its own work and results. This can undermine the commitment to what the organization is currently doing, by questioning it all the time, and this can be a real dilemma;

Author and title

Pfeiffer, J. (2003). "International NGOs and Primary Health Care in Mozambique: The Need for a New Model of Collaboration." *Social Science & Medicine* 56(4): 725-738.

Description

This article argues that international aid has been increasingly channelled through non-governmental organizations (NGOs) and their expatriate technical experts to support primary health care (PHC) in the developing world. Relationships between international aid workers and their local counterparts have thus become critical aspects of PHC and its effectiveness. The Mozambique experience reveals that the deluge of NGOs and their expatriate workers over the last decade has fragmented the local health system, undermined local control of health programs, and contributed to growing local social inequality. The article argues that a new model for collaboration between expatriate aid workers and their local counterparts in the developing world is urgently needed that centres on the building of long-term equitable professional relationships in a sustainable adequately funded public sector. The case study illustrates how the NGO model undermines the establishment of these relationships that are so vital to successful development assistance.

Relevant results

Present negative and unfortunate effects and not results.

Lessons learned and recommendations

The Mozambique experience suggests, according to the article, several additional specific directions for change that would hopefully be considered in discussions on a new model of cooperation:

- Technical assistance priorities should be determined by Ministries of Health, and aid should focus on capacity building within a coordinated plan. However, NGOs need to be formally held to that standard and adherence should be made a condition of their continued operation within the host country.
- Project cycles should be longer, at least four years as opposed to the very common two-year project horizon, to provide sufficient time for expatriates to establish trusting relationships with counter parts, adequately transfer skills, routinize project activities, and test for sustainability.
- If projects shift from a focus on short-term results to longer-term professional relationship building and skills' transfer, project evaluations should also have a longer term emphasis.
- Opportunities for personal patronage through financial favours such as per diem payouts, salary augmentation, or home construction should be reduced or eliminated.
- Outside the formal work arena, a new model of NGO collaboration would hopefully sensitize its expatriate workers to the social impact of their presence on very poor communities.

Author and title

Schacter, M. (2000). ‘Capacity Building’: A New Way of Doing Business for Development Assistance Organizations, Institute on Governance Policy Brief 6.

Description

“Capacity building” is as much about a fundamentally new way for development assistance agencies to conceptualize and implement their mandate as it is about new field level techniques. Both are important, but the latter will see little success in the absence of the former. If a “capacity-building” approach is to be taken seriously, it means that development assistance agencies must become better at bending their policies and procedures – their “way of doing business” – to the needs and circumstances of the countries they serve.

Relevant results

N/A This is a conceptual discussion paper.

Lessons learned and recommendations

Shed old habits:

- The Control Question: Stop dominating the project process. More recipient country control should be build into the planning and design of projects and programs.
- Redefining Basic Concepts: Like results, speed and quality
- Rethinking the “Project” The project cycle may not be the appropriate approach.
- Changing the Incentive Environment for Staff: “Moving money” not the major one.
- Recruitment and Training: Shift staff qualifications.

Author and title

Smith, H. (2005). 'Ownership and Capacity: Do Current Donor Approaches Help or Hinder the Achievement of International and National Targets For Education?' *International Journal of Educational Development* 25(4): 445-455

Description

Current donor approaches targeting policy and budget, through SWAPs and DBS, may not adequately build the capacity required to improve quality and create sustainable reform of education systems. Building capacity is likely to be more critical than ownership; ignoring school-level capacity reduces the likelihood that targets will be achieved.

Relevant results

In relation to the three key education reform factors, government policy; infrastructure and school capacity; setting targets and providing DBS clearly influence government policy, but are unlikely to have much direct impact on infrastructure or school capacity. SWAPs, on the other hand, influence policy and infrastructure, but their influence on capacity is most likely to be at the central and possibly regional education management levels rather than in schools.

The Rwandan education SWAP has made a truly remarkable difference in decision-making capacity in the education ministry within just 2–3 years.

Identified as Best Practice/Innovative

The article is a discussion whether present aid architecture (with SWAPs and DBS) does help or hinders the MDGs on education.

Lessons learned and recommendations

- Get the balance right:
- The balance between DBS and support for CD: 'There is no point in saying the government should be in the driving seat if it does not know how to drive. Teach it how to drive first'.
- Where to target CD: There is a need to create a critical mass of change champions across public administration and education system, as change needs to be bottom up as well as top down. SWAPs has not replaced the need for school-level planning.

Final comments

Local capacity, however acquired and delivered, will have more impact than local ownership.

Author and title

Stephen Knack & Aminur Rahman; Donor Fragmentation and Bureaucratic Quality in Aid Recipients; 6 Feb 2006

Description

The document analyses the impact of fragmentation on the quality of government bureaucracy in aid-recipient nations. It dilates on a formal model of a donor's decision to hire government administrators to manage donor-funded projects which predicts that the number of administrators hired declines as the donor's share of other projects in the country increases, and as the donor's concern for the success of other donors' projects increases. It notes that the model's predictions are consistent with results from cross-country empirical tests, using an index of bureaucratic quality available for aid-recipient nations over the 1982-2001 period.

Relevant results

The document is largely discursive and provides a formal analysis and empirical evidence suggesting that competitive donor practices, where there are many small donors and no dominant donor, erode administrative capacity in recipient country governments. In their need to show results, donors each act to maximise performance of their own projects, and shirk on provision of the public sector human and organisational infrastructure essential for the country's overall long-term development.

Identified as Best Practice/Innovative

Does not provide evidence of best practice/innovative.

Author and title

Theisohn, T. (2007). “Using Accountability Relationships to Support Capacity.” Capacity.org 31.

Description

This article argues that improving accountability relationships is an effective strategy for developing capacity. Effective accountability mechanisms induce public sector organisations to remain relevant and responsive to the needs and demands of the groups they serve. The article is discursive and do not present evidence based results or findings.

Identified as Best Practice/Innovative

The article present 8 “practical ways of using accountability entry points as a capacity development strategy”. The focus is on using specific accountability approaches to induce dynamics that are conducive to the development of a system’s capacity. The 8 practical ways are:

- Reliable and legitimate ‘ground rules’
- Transparency, access to information and awareness
- Facts, broadened evidence and increased objectivity
- Regular monitoring and control
- Improved access to recourse and arbitration
- Accountability loops closer to the people
- Opening channels and arenas for participation
- Voice and the ability to articulate

Lessons learned and recommendations

The article also recommend 8 questions summarise dimensions that practitioners may want to consider as options in the context of the specific challenges they face:

- Which ground rules of engagement are conducive to capacity development and are possible at a given point in time?
- Which measures can increase transparency and access to information?
- How can one establish facts and broaden evidence as an impartial basis for collective action?
- Should regular monitoring and accountability mechanisms be institutionalised?
- How can formal and informal access to recourse and arbitration be improved?
- Which accountability loops could be moved closer to local people?
- What communication/participation channels could be opened?
- How can one support the capacity of people and community-based organisations to articulate their needs and claim their rights?

Author and title

Timothy J. Downs; A Systematic Integrated Approach for Crafting Poverty Reduction and Sustainable Development Projects; 2007

Description

The paper dilates on the lack of a systematic, integrated approach that serves to frame issues, simplify complexity and guide action in poverty reduction and sustainable development programs and discusses five common challenges that yield such an approach in response. The 5 challenges include:

- How diverse groups can work together effectively, mitigating power inequalities and corruption;
- How to prioritise problems more objectively;
- How to build sufficient contextual understanding of problems;
- How to compare alternative solutions for relative sustainability; and
- How to build sufficient societal capacity to sustain solutions.

Relevant results

The approach weaves together 5 strands: a) Social learning theory and participatory methods to build collaboration; b) Vulnerability theory to prioritise problems; c) Systems thinking to understand context; d) Sustainability assessment to compare alternative solutions; and e) Integrated capacity building to sustain preferred solutions (SVSSC). Existing projects often fail to recognise several of these strands and synergy is not exploited, undermining progress. Globally, the approach seeks to strengthen Agenda 21 and Millennium Project plans that are prescriptive. The literature foundation is complemented by case study applications: urban industrial poverty and health risks in Massachusetts, USA (design and implementation using SVSSC); Malaria in Lake Victoria Region, East Africa (framing and design); and water shed stress in Central Mexico (framing and design).

Identified as Best Practice/Innovative

Best practice/innovative approaches are not clearly presented. They are discursive in nature and mainly highlight applicability of the model in the case studies. In the Urban Environment justice health, Northeast USA, it was initiated and coordinated by academics, SVSSC was used to frame the project from the start and allowed partners to conceptualise and contribute components to the proposal. With SVSSC lens, partners distilled the complexity of the action research into manageable pieces, assigning roles and responsibilities. In the highlands of western Kenya the SVSSC malarial project sought to build active collaboration among 6 key stakeholder groups - the rural poor, health service providers, NGOs, environmental health scientists, government health policy makers and donors resulting in targeted vector control. A method has also been developed for restoring the swamps.

Lessons learned and recommendations

The SVSSC model can strengthen governance, can be scaled up or down, applied across different sectors, tailored to existing contexts yet remain adaptive to change.

Final comments

Best practice/innovative approaches are not clearly presented. They are discursive in nature and mainly highlight applicability of the model in the case studies.

Author and title

UNDP, Edited by Sakiko Fukuda et al; Capacity for Development - New Solutions to Old Problems; 2002

Description

The document contains a range of views from practitioners, academics and policy makers about what has gone right with technical cooperation in recent years, what has gone wrong, and how to do it better. It focuses on the questions of indigenous capacity, civic engagement and knowledge. It draws from the operational experience, policy analysis and intellectual work of UNDP, brought to bear through three lead authors from the Evaluation Office, the Bureau for Development Policy and the Human Development Report Office.

Relevant results

Document largely discursive in nature and does not focus on specific cases that presents results for consideration.

Identified as Best Practice/Innovative

No specific best practices are identified by the document.

Lessons learned and recommendations

Lessons focus largely on exploring ways of optimising use of local knowledge, institutions and social capital in the process of economic and social development.

Final comments

The document is discursive in nature and somewhat theoretical. It does not directly present useful inputs for our study.

Author and title

UNFPA (2003). UNFPA's Support to National Capacity Development: Achievement and Challenges. Evaluation Report #20.

Description

This is an evaluation of a global thematic evaluation of capacity development (CD) interventions funded by UNFPA in reproductive health and population and development. One quarter of the resources were devoted to training and additional 18% to technical assistance. The evaluation concluded that these investments often did not result in sustainable capacities and better performance of counterpart organizations. A fundamental reason is that while the UNFPA-funded programs studied used most of the strategies for developing the core capacities mentioned above, they did not approach capacity development in a comprehensive and strategic manner.

Relevant results

The evaluation report focuses on what UNFPA has not succeeded in and it is not obvious nor written a presentation on what results UNFPA has made.

Identified as Best Practice/Innovative

The evaluation report does not present the UNFPA as an innovative nor best practice.

Lessons learned and recommendations

The following 5 recommendations were made:

1. Focus on capacity development as a result
2. Promote an integrated approach to capacity development
3. Focus on the vision and commitment of national counterparts
4. Strengthen internal expertise on capacity development
5. Better donor collaboration on capacity development

Final comments

The evaluation was global, and only Côte d'Ivoire was case country from Africa.

Author and title

Vera Wilhelm and Susanne D. Mueller; Capacity Enhancement at the Institutional Level, Three Case Studies in Telecommunications; Dec 2003

Description

The paper how the World Bank and other development agencies can more effectively support capacity enhancement in client countries. It explores a more systematic way to design and track capacity enhancement activities. It dwells on the experience in Mali, Mauritania and Morocco that provides insights into the different opportunities and constraints that different countries face in implementing very similar reforms and use that as basis for proposing a 3-way framework for analysing needs and planning capacity enhancement.

Relevant results

It lists three capacity enhancement ingredients at the institutional and policy level - the country's resources and capabilities; an enabling institutional environment; and motivations and incentives/pressure that promote and help to sustain behavioural change.

Identified as Best Practice/Innovative

Mauritania has no institution with experience in liberalising, privatising, or introducing competition in the telecom or other sectors. However, it introduced genuine competition in telecoms and established a transparent regulatory framework in about 2 years, widely regarded as a record. The investment generated by the new operators amounted to 10% of Mauritania's GDP in the first 2 years and doubled existing telecom services in the first 4 months of the reform program. The Bank's contribution was to codify global knowledge into actionable steps that helped to close institutional gaps, while building up stakeholders' commitment and ownership and supporting an autonomous process of local learning. The support of the country's President and other key decision makers was critical in Mauritania's highly centralised system.

Unlike in Mali and Morocco, incentives were mainly positive including the lure of resources from the HIPC initiative and prospects for the country to attract foreign investment of key decision makers which kept vested interests at bay and very favourable international context for telecom reform at the time.

In Mali, despite the government's expressions of enthusiasm for telecom reform and a good deal of technical work, it did not translate into action and the reform stalled. Two factors eventually turned things around: i) the Government's need to maintain good relations with the donor community, especially in view of HIPC, and an outcry from civil society and labour unions. Within 6 years Mali had generated \$44million to the license of a second national telecom operator, alongside the a privatised state operator. Mali's case illustrates how reforms that have been derailed can be brought back on track through the use of incentives and pressures by civil society and donors. It also illustrates the importance of disseminating information through the media, team consensus building through dialogue and cross-country consultation and high level political commitment.

In Morocco the mobile market grew by over 400%. The success stemmed from having set up a transparent regulatory framework and bidding process, as well as its willingness to offer a license with attractive terms. The key to success were a long and sustained set of continuous actions by King Hassan II and his advisors, demonstrating clear objectives and commitment to reform. The Bank's support in the form of analytical work and knowledge to the champions of reform, using windows of opportunity and the king's identification of the vested interests opposed to reform and the design of a strategy to derail them.

Lessons learned and recommendations

- The need to strengthen resources and capabilities - in Mali, Mauritania and Morocco, making the best use of international knowledge required a process of joint and continuous learning in which the Bank played a facilitating role, making best practices available, while the clients adapted these practices for a good fit to local circumstances.
-

- The need to understand the environment - In sharing knowledge and best practices it is important to:
 - Gather information to understand the political, country and sector risks that are likely to affect the outcomes of reforms;
 - Understand and use incentives and conditionality to influence the behaviour of key actors and organisation;
 - Assess the risks and define the problem - understand the main constraints that affect implementation of a policy and identify the supporters and opponents of reform and the underlying risks;
 - Understand the institutional context - in Mauritania and Mali, a participatory process was used to identify existing capacity, develop options for filling gaps and understand possible implications for stakeholders for a successful capacity enhancement. The Bank teams and management need to allow enough flexibility and time for such an assessment; v) Assess client commitment and ownership; and vi) Support key actors - Bank teams and management, based on their country knowledge and sectoral expertise, should encourage clients to innovate and take responsibility for their own actions.
- Use incentives and pressures - assessment of the institutional environment should provide the basis for developing a strategy to build ownership and reduce risks to successful implementation of reforms. Such a strategy can centre on support from the key champions of reform, as in Morocco and Mauritania and on careful incentives (development assistance, debt relief and international reputation) and pressures (suspension of project, loss of HIPC debt relief, and public opinion) to motivate the supporters and opponents of reform.

Final comments

Although this does not fall into any of the sectors we are reviewing, it provides useful insights for the study.

Author and title

Wubneh, M. (2003). 'Building Capacity in Africa: The impact of institutional, policy and resource factors.' *African Development Review* 15(2-3): 165-198.

Description

This is a paper that analyses capacity building in Africa of the ACBF. This study had two main purposes: a) to provide a framework on the meaning and scope of capacity building and to present the major perspectives on the capacity deficiency in Africa; b) Examine the capacity building process in Africa based on the experiences of ACBF projects in the region.

Relevant results

Empirical analysis shows that there is a relationship between capacity building and institutional factors such as non-receptivity of policy makers towards policy analysis, politization of policy making and lack of capacity prevailing in Africa. The study also indicate that the gestation period, integration of program elements and institutional setting must be carefully considered in designing capacity building projects in Africa.

Author and title

Yemile Mizrahi; Capacity Enhancement Indicators, Review of Literature; 2004

Description

The document is the outcomes of a literature review commissioned by the Evaluation Group of the World Bank Institute to identify indicators used to operationalise and measure capacity in capacity enhancement programs supported by a number of organisations as part of its mandate to evaluate the results of World Bank Institute's programs. The paper identifies indicators of capacity and capacity enhancement in the development-related literature produced over the years; examines the difficulties and challenges of measuring capacity enhancement, and suggests analytical framework format for designing capacity enhancement indicators.

Relevant results

The document notes that despite the importance accorded to the concept of capacity enhancement, little effort has gone into concretely defining what capacity enhancement means. It notes that the difficulty emerges from a vague understanding of the term capacity and even less clarity about the results to be expected from capacity enhancement efforts. It concludes with the following:

- Capacity enhancement involves something more than the strengthening of individual skills and abilities;
- Performance indicators cannot be substituted for capacity enhancement indicators;
- Capacity enhancement is a process and therefore it can be measured in degrees;
- While capacity enhancement can be measured in 3 analytic dimensions, indicators of capacity enhancement cannot be built in abstraction. Indicators only become operational when they are related to a particular development objective and make reference to specific actors towards which capacity enhancement projects are directed;
- Capacity enhancement projects must entail local ownership for them to succeed.

Identified as Best Practice/Innovative

No best practices are identified, but focuses on analytical framework for assessing capacity enhancement measures.

Lessons learned and recommendations

The document suggests that the analytical framework and results orientation of capacity enhancement programs can be strengthened considerably by asking the questions: Capacity for Whom? and Capacity for What? Although a general agreement is emerging regarding levels at which capacity enhancement endeavours can be directed - at the individual, organisation and institutional levels - the capacity related outcomes will be amenable to measurement only if the outcomes expected are concretely defined. Capacity building is therefore seen as a process.

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