

Proposed Evaluation of Innovative Capacity Development in Low Income African Countries.

A Literature Study

Main points

- A successful escalation of aid to Africa and implementation of the Paris Declaration will not be possible without improved capacity in partner countries
- Traditional forms of technical assistance have to a large extent been a failure. Still, such co-operation dominates capacity development
- No area in development co-operation is less harmonized than technical co-operation
- Recent evaluations point at the need for more knowledge in the search for good practices in capacity development
- Some innovative models for capacity development are being introduced
- Norway will carry out a literature study focusing on types of innovative capacity development interventions
- The scope of the literature study will be limited to public service delivery and, further, to lessons learned from approaches that are sensible to the nature, role, and importance of institutions, understood in terms of rules, norms, values and power relations.
- This literature study may form the base for an in-depth evaluation which other donors will be invited to join. One purpose of such an evaluation will be to inform the on-going process of harmonization and improved efficiency at country level.

Background

Country capacity is a critical factor in development co-operation. In the present efforts to reach the millennium goals it may be argued - as the DAC Governance Group does - that it is a missing factor¹. 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.

¹ DAC Network on Governance: DCD/DAC/GOVNET(2005)5REV1 The Challenge of Capacity Development: Working towards a good practice

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.

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.² 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 1993³ 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."

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.⁴

² IMF working paper: Are Donor Countries Giving More or Less Aid? January 2006

³ Elliot Berg: Rethinking Technical Cooperation, Reforms for Capacity Building in Africa, UNDP 1993

⁴ Robert Picciotto: Development Effectiveness at the Country Level, German Development Institute, Discussion Paper 8/2006.

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 behavior of people), are not integrated parts of most programmes 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.

Evaluation of Capacity Development

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.⁵

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 Maastricht⁶. 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.

⁵ David Watson: Monitoring and evaluation of capacity and capacity development, Discussion Paper No 58B. 2006

⁶ 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.

A multidonor evaluation of innovative types of capacity development, 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.

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.⁷

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.

Innovative Capacity Development

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.

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.⁸ 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.

⁷ Kjell Havnevik og Mats Hårsmar: *The Diversified Future. An institutional Approach to Rural Development in Tanzania*. EGDI 1999

⁸ Ministry of Foreign Affairs, Danida: *A Results-Oriented Approach to Capacity Change*, February 2005

The Literature Study

An evaluation of various forms of innovative capacity building interventions should be a multi-donor undertaking, including multilateral organizations, in order to capture some of the variety of interventions and different forms of technical co-operation and training. It should also be seen to feed into the DAC efforts to extend harmonization and aid effectiveness into the area of capacity development.

The European Commission Paper on institutional assessment and capacity development⁹ 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 sector.

The issue was raised at the Nordic + group meeting in September, and it was suggested that a literature study was carried out to determine the knowledge gaps and the need for a more in-depth evaluation. The Norwegian Evaluation Department will commission such a study.

Rather than being descriptive, the literature 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 literature study.

It may be a difficult task to organize innovative modes of assistance according to strict categories. One possible way of conceptualizing capacity development is in terms of *systems*, *levels* and *approaches*.

First, capacity development efforts can be directed towards different *systems*:

- political systems (parliaments, public institutions etc.),
- administrative systems (public services etc.) or
- private sector (commercial and industrial life, civil society etc.).

Second, capacity development can work on different *levels*:

- on the macro level (institutional norms and organization),
- on meson level (organizations or groups of organizations) or
- on micro level (individuals).

Third, we can distinguish several *approaches* or methods that can be used in capacity development, some are:

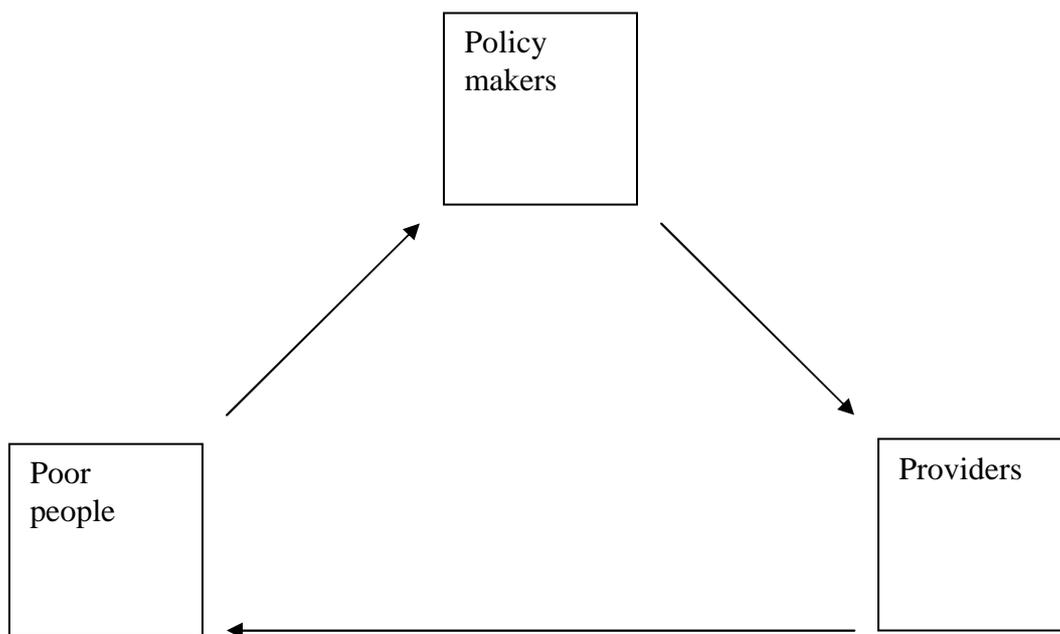
- long term expert assistance with “counterparts”
- short term assistance by trainers or consultants
- learning programs and scholarships
- network building
- program support (sector or budget)
- institutional cooperation

⁹ European Commission, Institutional Assessment and Capacity Development. Why, what and how, September 2005

- south-south cooperation
- funds for pooling of expertise / competence
- large scale funding of sector personnel

The main characteristic of innovative practices is that they *differ* from conventional approaches or that they combine traditional methods in a new way. Nevertheless, these classifications can form an analytical framework for analyzing how innovative practices reproduce, rearrange or change more conventional forms for capacity development.

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 literature 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 literature study will consider innovative methods to strengthen the capacity of all these three agents.

In line with the overall argument of this paper, the literature study will search for new aid modalities that have succeeded in overcoming the lack of sufficient recipient ownership of

many TA interventions. The literature 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 literature study will mainly focus on innovative methods which, in one way or another, incorporate institutional perspectives on capacity development for service delivery.

The Literature Study will:

- draw lessons from existing evaluation reports and other studies focusing on 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 distil lessons for better practices.
- develop a conceptual framework that will form the basis for the in-depth evaluation.