SUPPORT TO CAPACITY DEVELOPMENT
- Identifying Good Practice in
Swedish Development Cooperation

Capacity development is a basic objective of aid and an essential element for its sustainability. A thorough understanding of context, priorities and capacity needs at all levels is necessary for successful programmes. Specific attention to capacity development in all project phases is necessary for development results. Capacity development should be integrated into all types of aid programmes.

These are some of the highlights of an evaluation of donor support to capacity development conducted jointly by Sida, Danida and Norad. Three separate reports were produced based on the portfolio of each agency, later summarised in a joint synthesis report delivered in the fall of 2015. The aims of this evaluation were to assess the capacity results of donor-supported interventions and to inform the design of future capacity development programmes. The Sida evaluation included the analysis of documentation from 29 projects, followed by country-studies in Bosnia and Herzegovina, Cambodia and Kenya, and focused on capacity development in public sector organisations.

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

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

Developing the capacity of partners is a fundamental aim of development cooperation
In different forms and with varying emphasis, fostering capacities in the partner countries has been a recurrent objective of development cooperation since its beginning. The initial focus on the transfer of technical capacities from donors to partners has progressively been replaced by the notion that capacity needs to be developed within the specific contexts and with the active contribution of partners.

> *Capacity development is a process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacities over time. These include generic capacities to plan and manage changes in organisations, and specific capacities to deliver improved services or products. (OECD-DAC)*

Sida

The aid effectiveness agenda developed throughout the last decade highlights this change in focus, emphasising partner country ownership of aid, the strengthening of local capacity as a foundation for development and recognising capacity weaknesses as a major constraint to sustainable development. This points to the need of recognising capacity development as both a means for and an end of development aid.

An important input to the building of different capacities in different contexts

The country-studies showed that the Swedish support gave a very important contribution to the development of the capacities of partner organisations. This support targets different types of capacities necessary for partners to deliver a variety of products and services, in a manner that is generally efficient. All country-study projects comprised the strengthening of individual knowledge and skills, as well as of methods, procedures and routines at the partner organisations. The least common were measures dealing with the work environment and factors external to the partner organisations. The Swedish support has catalysed numerous positive developments in the partner organisations. However, uneven results at the different levels in some projects point to the importance of carefully adapting the support to the needs and priorities of partners at all levels.

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

Support that is adequate to the complexity of the capacities yields better results

Providing the necessary technical expertise, being capable of engaging with multiple partners and stakeholders, and adapting to different contexts are important factors for donor-supported project to attain the intended capacity development results. The country studies also illustrated the importance of the donor support aligning with the interests of individuals or groups capable of influencing organisational change processes, as well as with the timing of other related projects or reforms. Adopting a stepwise, incremental approach to capacity development is necessary when the initial capacity of the partner is low. The rhythm of change needs to be adjusted to the capacity of the partner to incorporate and make use of the new capacities. A clear vision of the objectives shared by the donor and partners facilitates their efforts towards achieving capacity development results.

Legitimacy, built on responsiveness to context, is crucial

A comprehensive analysis of existing and needed capacities, of the priorities of all relevant partners and, more broadly, of the organisational and societal context is critical for the relevance and acceptance of capacity development efforts. Such an analysis should be participatory, involving all relevant levels of the institutions involved in a given change process. In the projects studied, Sida was regarded as a welcome and trusted partner, capable of supporting change processes with adequate technical and managerial capacity. The Sida approach of working through its cooperation partners enhances their ownership and engagement. Other important factors for the legitimacy of the donor are the balance between donor- and partner-steering, mutual trust, the relevance of the donor support and the duration of the donor-partner relationship.

Employing external actors needs to be considered case-by-case

The evaluation assessed the effect of engaging end-users, oversight institutions or other external actors on the capacity development results at the organisations targeted by the projects – a "pull" rather than a "push" approach. Very few of the studied projects engaged directly with such external actors, Sida mostly supported processes from within the target organisations. Engaging external actors is no magic bullet and should be carefully assessed against the capacity development objectives, the characteristics of the target organisation and the products and services it delivers, the capacity of the external actors and the broader societal context.

Sound results-based management enhances results

The quality of the results frameworks in the studied projects varied considerably, as did the extent to which they were effectively used for day-to-day management of the capacity development processes. It is important that donor and partners share a good understanding of the results and logic of capacity development projects, in order to channel and coordinate efforts in the most effective way. The specification of activities, outputs and outcomes, with corresponding targets, indicators and means of verification for each type of capacity is important for an adequate follow-up of capacity development processes and results. Communicating and learning from results is necessary for donor and partners to elaborate adequate corrective actions.

Good practice in the support to capacity development

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

Figure - A generic theory of donor support to capacity development
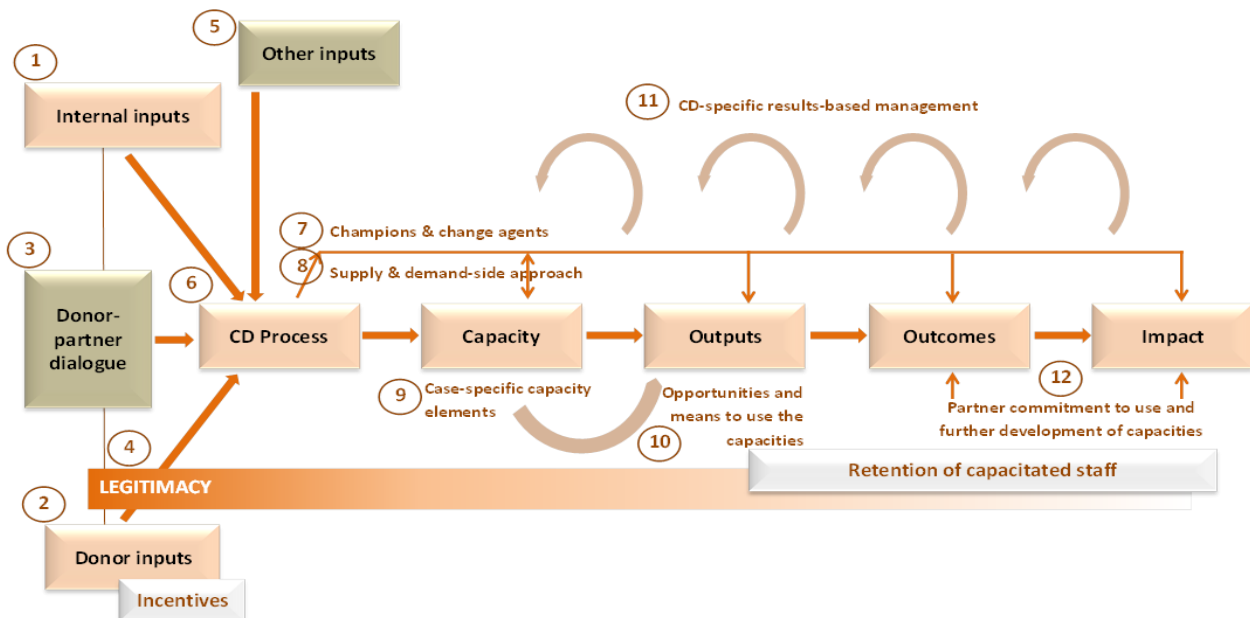
(1)   *The policies, strategies, priorities and needs of the partner country and organisation(s) are identified, to ensure the understanding, satisfaction and support of all partners. The ability of partners to provide and manage their contribution must be ensured.*

(2)   *The capacity of the donor to manage the capacity development process and to finance technical assistance is assessed prior to committing to providing support and is of sufficient standard.*

(3)   *In view of informing project design, donor-partner dialogue in the preparatory phase encompasses i) softer, sensitive issues such as staff incentives, power relations, management traditions and elite interests; ii) a joint and participatory capacity needs assessment; iii) an agreement on objectives and expected results; and iv) an assessment of the required effort by all partners vis-à-vis the complexity of the targeted capacities.*

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(4) *Legitimacy is built up through the initial interactions between donor and partners, and is further strengthened in the course of the process through good donor-partner relations.*

(5) *Inputs from individuals or organisations other than the partner organisations are appraised and, if possible, included in the project. Such inputs constitute a further opportunity for developing capacity in the partner country and can help sustain change process beyond the donor support.*

(6) *Capacity development processes is designed case-by-case. They are i) informed by a comprehensive needs and context analysis; ii) adaptable to changes; iii) aligned with internal processes at the target organisation; iv) incorporated into the routines of the target organisation; and v) include the strengthening of partner organisations' capacity to manage change processes.*

(7) *Actors within and outside the target organisation (change agents and champions, respectively) capable of supporting change processes and overcoming resistance to change may be used throughout or during parts of the project. The benefits of their use are appraised case by case.*

(8) *The benefits and requirements of an approach involving the target organisation and external actors (supply- and demand-side, respectively) are considered case by case. (as the legitimacy of the donor and the relations between cooperation partners may be negatively affected by the engagement of external actors).*

(9) *The decision on which capacities to develop is informed by the assessment of existing and needed capacities. Interdependencies between different capacities are considered in view of elaborating a holistic capacity development process.*

(10) *Opportunities and means for the new capacities to be used at the partner organisation are ensured, notably through integration with existing processes.*

(11) *Monitoring, reporting and evaluation of progress and results foster a shared understanding of the degree of achievement, and enable adjustments of effort and focus towards the agreed capacity development results.*

(12) *Partners commit to continuing the capacity development process after the end of the donor support. Exit strategies are devised jointly by donor and partners, eventually including post-project obligations.*

Strengthening Sida's work with capacity development

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

- Sida should promote the explicit inclusion of capacity development as both a means and an end goal of the Swedish development cooperation policy currently undergoing revision.

- Capacity development should be promoted within Sida to the level of a fifth focus area or a comparable thematic hierarchy, to expand its scope and give it greater priority within Swedish development cooperation and Sida.

- A dedicated function should be established within Sida to develop methods and guidelines for capacity development, and to promote the integration and follow-up of capacity development in all of Sida's work.

- A strategy for reinforcing awareness and knowledge of capacity development among Sida staff at headquarters and abroad should be developed.

- Analysis of institutional capacity development needs and definition of objectives and overall strategies for institutional capacity development should be included in Sida's contributions to National Cooperation Strategies. This should be done for focus areas (sectors), key cooperation partners and national and regional programmes.

- The assessment of existing and necessary capacities of partner organisations should be made compulsory for all Sida-supported interventions. This should be conducted in the proposal appraisal phase and its results translated into capacity development objectives included in the results framework of the intervention.

- The appraisal of project proposals by Sida should include an analysis of the capacity assessments made, the capacity development objectives in the results framework, and the consistency and adequacy of proposed actions to achieve the intended capacity development goals.

- Capacity development should be assessed specifically as part of the regular monitoring and evaluation of Sida projects, and reported accordingly.

- The 2011 Sida Guidance on Capacity Development should be updated in line with the findings of this evaluation. The revised Guidance should contain much more detail and practical instructions on how to incorporate capacity development into all steps of the project cycle, from the initial situation analysis to the final evaluation of capacity development results.

- Finally, Sida should assess jointly with the Swedish government the need for additional resources to enable the broadening and deepening of the work on capacity development.