Capacity Development Evaluation

Step 1: Contributions to an Analytical Framework

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Contents

Abbreviations

BWI	Bretton Woods institutions
CD	Capacity development
CDIE	Capacity development impact evaluation
CSO	Civil society organisation
CSR	Civil service reforms
HIPC	Highly indebted poor countries
IMF	International Monetary Fund
MTEF	Medium term expenditure framework
NGO	Non-governmental organisation
PRSP	Poverty reduction strategy paper
SPS	Sector programme support
SWAP	Sector wide approaches to planning
TA	Technical assistance

Highlights

This report draws on a "work in progress" version of a longer report that contains a state of the art review of some of the relevant research based literature on capacity development in developing countries.

The purpose

The purpose of this 'short' report is to present an analytical framework for the *evaluation* of the *impact* of (Danish) *capacity development support* to *public sector* organisations in the context of sector programme support. Specifically, it outlines a systematic and operational framework for relevant questions to be asked and investigative avenues to be pursued by designers of capacity development and by evaluators of capacity development impact.   Its purpose is not to provide general answers on these issues.

The analytical framework

The key features of the proposed analytical framework are based on propositions from the open systems approach.   Organisations (or groups of organisations) convert inputs to outputs in an environment where some factors are influencable by the organisation while others are not. There are exchanges between the internal operating system and the external environment.   Outputs and outcomes may, or may not, have an ultimate impact on general development targets.   The table below exemplifies some of the relevant factors and elements to consider.

Inputs	Organisational conversion of inputs	Outputs	Outcomes	Ultimate impact
▪ Staff ▪ Funds ▪ Technology	▪ Purpose and strategies ▪ Structures and procedures ▪ Relationships and interactions ▪ Incentives and motivation ▪ Leadership and management	▪ Policy making and legislation ▪ Service delivery ▪ Enforcement and supervision	Sector specific outcomes	Poverty reduction, economic growth, etc.
Factors in the environment that are influencable by the organisation (examples) Political and administrative corruption; public sector wages; Budget and aid allocations; sector- and other policies; legislation; etc				
Factors in the environment largely beyond the influence of the organisation (examples) State-society relations; economic changes and country's position in the global system; social conflicts; etc				

Capacity development support

This support can be given in four major ways (table below), depending on its focus (factors internal or external to the organisation(s) in question) and on its approach (are capacity problems regarded as functionally or politically rooted).

	Functional approach	**Political approach**
Push-strategy focus on organisation-internal factors	Support to changes in structures, procedures, training, infrastructure; etc	Selective support to reformers; open measures against rent-seeking ; performance based benefits to key staff , etc
Pull-strategy focus on organisation-external factors	Support to output based budget allocation; changes in mandates, etc	Support to building and maintaining external stakeholders, clients, users, politicians, etc

Key factors for successful capacity development support

- the competitive pressure and performance demands on the (field of) organisation(s), and the options for changing this
- the possible gap between the formal and the informal organisation
- the actual incentive structures functioning in the organisation(s), and the options for modifying these
- the scope of required change: incremental or strategic change
- the commitment of key external and internal stakeholders to the change process
- the availability of sufficient recipient capacity to manage and lead capacity development (or, differently put, requisite ambition levels for CD)
- the balance between push and pull elements in the support for CD
- the options for producing some quick, visible results to deepen commitment.
- the timing and process of interventions and support

When several of these conditions are not met, CD support will be less likely to succeed.

Suggested capacity development impact evaluation approach

The following questions/analyses should be considered, and would probably often benefit from being considered in more or less the order of appearance:

1. How should the *process and participation aspects* of the evaluation influence the involved organisations and stakeholders?

2. What were the perceived deficiencies in the *outputs* of the relevant organisation(s) before the support was decided. Compare with the current situation: what has changed at the output level, quantitatively and qualitatively? Identify possible unintended changes.

3. What was the *analytical basis* for the Danish CD support, the explicit or apparent intervention logic, the relation to other CD activities and/or other relevant processes? etc.

4.   How *efficient was the Danish CD support* and approaches. Were things done right? Were deviations from envisaged approaches appropriate and timely?

5.   What *changes of capacity in the organisation(s)* compared to the base situation have occurred? (If that situation was not described, it may have to be reconstructed).

6.   Which capacity changes can be attributed to Danish and/or other support? Assess, in light of this, the *effectiveness and relevance of Danish support*.

7.   Which *changes in exogenous and "influenceable" factors* respectively may have affected changes in capacity, outputs and outcomes? Assess whether the Danish support and involved organisations responded adequately to these changes.

8.   Assess to which degree changes in outputs can be attributed to Danish support.

9.   Assess, if possible, whether changes in outputs have led to outcomes or had ultimate impact. Abstain, in most cases, from narrow attribution to Danish support.

10. Extract lessons learned for donor(s), organisation(s) and key stakeholders. Ensure feedback and dissemination.

1. Introduction

Capacity development (CD) is an officially declared key objective of international development assistance. As aid has moved from a project to a programmatic approach, the focus on capacity development support has moved from a focus on individuals or individual organisations to support to the development of institutional or organisational capacity at sector level, or at government level through support to various reform endeavours.

This paper presents an analytical framework for the *evaluation* of the *impact* of (Danish) *capacity development support* to *public sector* organisations in this new context of sector programme support. It draws on a "work in progress"-version of a longer report trying to capture the state-of-the-art research literature on capacity development in developing countries.[1] Where the "long report" deals with the complexities of capacity development, the aim of this paper is clarity and (relative) simplicity, in some instances also at the cost of important nuances.

Six core words were put in italics in the preceding paragraph: Evaluation, impact, capacity, development and support. All need clarification and explanation. At this stage, a very general presentation of the analytical framework is offered, which will also explain the structure of the paper.

First of all, *evaluation* of capacity development support is not inherently different from any other evaluation exercise. Basically (and simplified), evaluations intend to identify differences between an ex ante situation and an ex post situation; to identify all the plausible factors (including in this case capacity development support) explaining the differences (or lack of differences between the two situations), and, in that light, to assess success, relevance, quality, efficiency etc. of a given intervention (in this case: Danish capacity development support).

Second, the *impact* (in the sense of effect) of capacity development support can be measured at various levels: One can look at the *capacity inside an organisation* (or inside a system of various organisations, e.g. in a sector). Or one can look at the *outputs* (services, products) of the organisation(s). Two more levels may be added: *outcomes* and *ultimate beneficiary impact.* Outcomes are the immediate effects of changed outputs (for example that more health service supply could result in more sick people using the public health system instead of traditional healers). The ultimate impact could be improved health. This chain of anticipated causes and effects illustrates two key points: i) that a certain "intervention logic" or cause-effect thinking is behind capacity development interventions (though the logic may not be explicit and may have to be reconstructed by evaluators); and ii) that the longer the chain of cause-effect steps (from, say, the building of health clinics to improved health), the more is it likely that other factors than the capacity development support influenced the effects.

This is familiar thinking in development assistance, and not peculiar to capacity development support. There are factors external to intentional capacity development support, which will influence capacity, output, outcomes and impact. Some of these factors are beyond the control and influence of those wanting a certain capacity development process, others are not – and this is a useful distinction when designing, implementing and evaluating capacity development processes (and support to such processes).

Thirdly, *capacity development support* is a contribution to a *change process* in one or more organisations, which somebody has deemed to be desirable or adequate. (Change processes in

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[1] "Evaluation of Capacity Development and Institutional Change within Danish Sector Programme Support" Work in progress, August 2002.   This report provides an extensive list of references, on which this short report also draws.

organisations also happen unintentionally). The change in capacity is not an end in itself: the change will aim at changes in outputs, outcomes, or impact – or in inputs (e.g. resource requirements). The contribution to a change process from e.g. Danish sector programme support (SPS) is normally not the only factor influencing change: several other factors and actors, both "inside" the organisation(s) and in the environment, will make their influence felt. And, unlike the two first observations which hold true for any evaluation and for all development assistance interventions, the issue of change in organisations and institutions underlines the need to understand the nature of organisations and the specific dynamics of organisational change.

Finally, this paper focus on CD support directed to public sector organisations. Many of the basic concepts and issues related to organisations and organisational development are useful also in relation to private sector or civil society, but the paper limits its claim of relevance to the public sector.

The field of institutional and organisational science and analysis comprises approaches drawing on economics, political science, psychology, anthropology, in addition to organisational science proper. It is a field of often widely diverging approaches, none of which can claim supremacy. Though this paper cannot avoid leaning stronger on some approaches than on others, it deliberately seeks a "pluralist" approach, avoiding strong normative or prescriptive conclusions. **It seeks to present a systematic and operational framework for relevant questions to be asked and investigative avenues to be pursued by designers and evaluators, rather than to provide general answers.**

This is consistent with the complexity of CD at organisational, sector or societal level. Recognizing the complexity of any intervention in contexts with multiple stakeholders, conflicting agendas, incomplete information and potentially high stakes, both CD support, CDIE and prescriptions for both should be approached with a significant dose of modesty.

Figure 1: Basic analytical framework: Organisation(s) as open system(s)
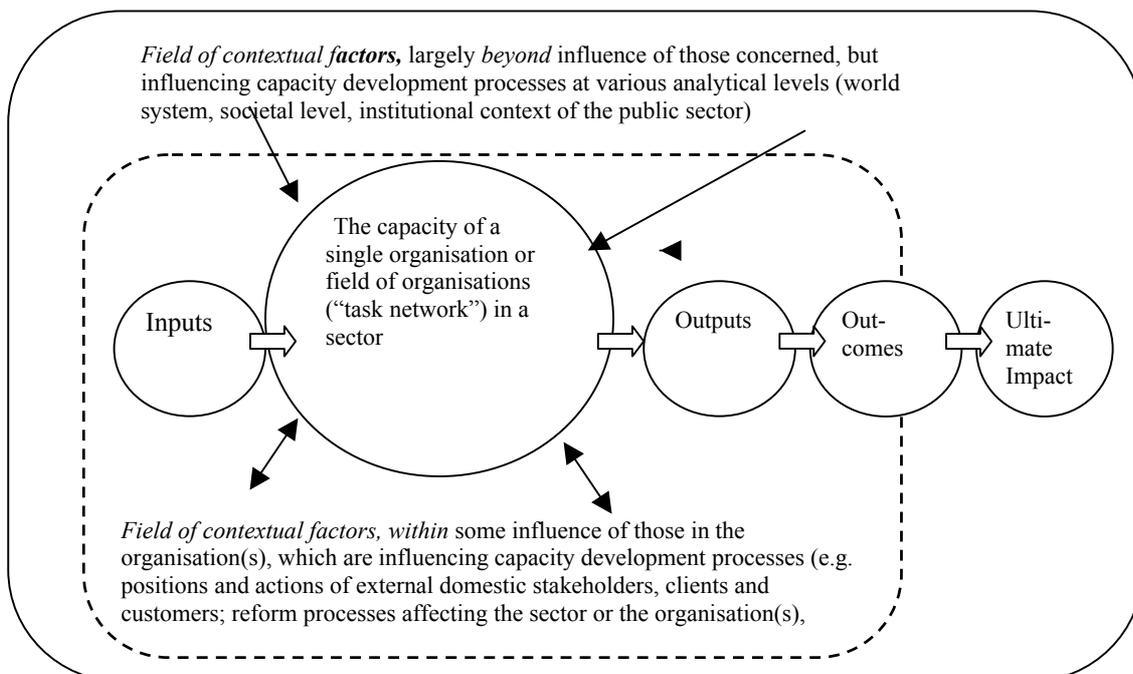
The short remarks above permit the construction of a *basic conceptual framework*, shown in Figure 1. The figure seeks to indicate that organisation(s) can conveniently be analysed as *open*

systems operating in an environment or a context, using their capacity to convert inputs to prescribed outputs. Some factors in the environment are malleable, others are not.

So far, for simplicity, the figure does not illustrate capacity development support. This, as well as other aspects, will be added later in the paper, as well as issues pertaining to evaluation of capacity development support.

Below, in chapter 2, some basic concepts are discussed and the model above is enriched by a summary of two of the most fundamental, though largely complementary, approaches in modern organisational science. Hopefully, this will provide a 'mental map' for the many factors which empirical studies of CD efforts in developing countries have found important.

Next, in Chapter 3, a closer look is taken on the generic relation of public sector systems with their environment. This is followed in Chapter 4 by a look at important factors determining internal capacity of the "machinery" of an organisation.

Chapter 5 offers a summary of the most important contextual factors into which CD efforts are embedded in many developing countries, and which should therefore be analysed both in design and evaluation of CD. Focus is on public sector reforms and the new paradigms for developments assistance (SWAP, PRSP).

In Chapter 6, attention is turned to the dynamics of capacity development and the key issues pertaining to donor interventions to support CD. Finally, implications for CD impact evaluations (CDIE) are drawn in Chapter 7.

2. Basic Concepts

Arguments for a certain view on CD and organisations are presented in this chapter. It also highlights a number of key concepts which are central to this view. The concepts are drawn from mainstream organisational science and institutionalist approaches. This leads to four propositions about CD analyses and support:

- Firstly, as discussed above, organisations can be understood as open systems, distinguishing between the external environment and the internal operations system, and the exchanges between the two. This perspective allows a clear separation of internal and external elements to be analysed, respectively.
- Secondly, it is argued that three pairs of concepts are of special interest relation to CD and CDIE: capacity and power, cooperation and competition, and the distinction between the formal and the informal organization. They are central to the analysis of how organisations, organisational fields (also called "task networks") function and develop. Focus on capacity – and, related to this, on the cooperative and formal aspects inside and around an organisation – lead to sometimes naive harmony assumptions about organisations as means to noble ends. Focus on power – and, related to this, on the competitive and informal aspects inside and around an organisation – lead to sometimes cynical assumptions about organisations as political arenas for the pursuit of selfish goals.
- Thirdly, derived from the three pairs of concepts, it follows that organisations cannot be understood only as systems to achieve certain formal objectives through cooperative, harmonious mechanisms. They are also informal systems of power, loyalties, and interests which may differ significantly from the formal system, and which are essential – but also very difficult - to grasp. This lead to the distinction between two main currents in

organisational science, and two different, but complementary perspectives on how the intervene in organisations: either by "repair" of objective functional dysfunctions, or by intervention in the power politics in and around the organisation. Bringing the open system model's distinction between the internal system and the environment back in the discussion, it is further suggested that CD designers and evaluators should always try to estimate whether CD support working on the internal systems ('push'-strategies) or on the external side ('pull'-strategies) or a combination of both, would be more appropriate.

- Finally, capacity development will be constrained or facilitated by the wider institutional context. While the same institutional and organisational factors may be relevant to consider, their specific configuration and importance will differ in different settings (sectors or countries). History thus matters, and any standard prescriptions of how to develop requisite capacity should therefore be expected to yield different outcomes in different settings.

These propositions are certainly not new or surprising. They are highlighted here because they are, in practice, often overlooked when CD opportunities are analysed, designed and evaluated. More detailed arguments for propositions are presented below.

The Open Systems Approach
The basic concepts of the 'open systems' approach was developed after the second world war and are deceptively simple, as depicted in Figure 1 above.

An organization (or sector) is separated from its surrounding environment by a boundary (or system of boundaries): There is an inside and an outside. A boundary is not an impenetrable wall, but rather a membrane that can regulate what can pass in or out of the system, as well as how much, where, and when. Needless to say, the inner workings of the organization, as well as its surrounding environment, may be divided into sub-systems, each maintaining their own boundaries, exercising boundary control, and maintaining intricate relations and interactions with each other.

Located inside the system are production or conversion facilities that will transform inputs (such as funds, know-how, technology, raw materials, political signals, market and public sector information, etc.) to prescribed outputs (such as commodities, health services, legal instruments, etc.).

Internal management consists of exercising conversion *and* boundary control. Good management of the overall boundary of the system – e.g. relations to competitors, owners, information flows - as well as of the boundaries of its component sub-systems (coordination of material, staff and information flows between units, provision of adequate incentives), should secure that the system is neither over- nor underloaded. Below, the analysis of these internal functions is discussed in chapter 4.

This simple model is especially useful for analysing CD because it allows distinguishing between the relations and exchanges of an organisation (or sub-unit, or group of organisations) with its environment, and the inner 'machinery'. It thus helps to distinguish between the outputs (services, products, regulations, external communication processes) of an organisation, the activities inside the organisation producing these, the inputs needed for this production, the stakeholders and factors in the immediate environment influencing the decisions and workings of the organisation(s) and influenced by it, and the wider factors beyond influence. This is illustrated in figure 1.

Capacity and power

The concept of capacity is of course central in the context of CD and CDIE. It is somewhat elusive, but can be broadly defined as *"the ability to perform appropriate functions or tasks".* Yardsticks for capacity would normally include efficiency (doing things right), and effectiveness (doing the right things). Donors will often see accountability functions towards themselves and/ or towards national stakeholders as especially appropriate. Sustainability – the presence of a capacity for an extended period of time after CD efforts have ended – is also most often an explicit objective, even if it is not included as part of the definition of capacity here.

The definition of 'capacity' quoted above is virtually indistinguishable from the concept of 'power', which in one recent definition is *"the ability to act in ways that will make a difference to the way things turn out."* However, while their core meaning is close, the two words tend to evoke different reactions: 'Capacity' has very positive connotations, while 'power', at least in Northern Europe, is often conceived as something unpleasant or dangerous, since it also smacks of 'coercive power' and indicates inequalities and the dependency of those with less power on those with more.

Defined in this broad and neutral fashion, virtually any human or organizational capability may thus constitute a source of power, because it implies control of resources, the ability to threaten or intimidate others, or the ability to help them – in short, to influence what others can do or cannot do. Power may be exercised for any purpose, good or bad, and powerful people and institutions may not necessarily conceive it as being in their own best interest to use it in ways that might ultimately benefit all, such a s promoting work, or the productivity of work.

Cooperation and competition
The second important pair of concepts is the balance of cooperation and competition between persons, organisations and fields of organisations. People and organizations may use their capacity, or power, selflessly to actively donate resources to others at their own cost, or selfishly to actively appropriate resources for themselves at the cost of others — or to engage in interactions that may benefit all those involved.

When people *cooperate,* they act in concert to achieve a common goal. They may do so out of altruism, or because there are few differences in interest between relevant actors. Cooperation may also occur when interests are quite different, because actors realize that they cannot reach their own interests unless others are also able to reach theirs. Finally, a third party may also force cooperation between conflicting groups, etc.

There are, at the same time, *competition* in groups even if they cooperate. And, of course, organisations may compete – also if they at the same time cooperate. This simply reflects that not all interests converge in a common goal – e.g., groups may strive to get the lions' share of a limited pool of resources, or their interests, values, or goals may be different. Employees may compete for promotions, interesting tasks, or special protection from the manager, etc. Needless to say, cooperation and competition may and do mix in any proportion. In most cases, however, it is possible to determine whether cooperation or competition predominates within a given social relation, or domain.

Competitive and cooperative interaction tends to produce different kinds of social order. If the competitive aspect predominates, the ensuing social order tends to resemble a stock market, or an ecosystem. If the cooperative aspect prevails, the resulting order may be more like the official division of work in a bureaucracy, or the relations between organs in an organism.

Depending on specific circumstances, as well as on the nature of their interplay, competition and cooperation may both either promote or impede productivity and work, and they may imply different transaction costs. Economics have traditionally been focusing on this in relation to market performance, but the perspective has increasingly proved important when analysing public sector performance (this is further discussed in chapter 3), and also when looking at the internal workings of organisations.

Formal and Informal Organization
The third pair of concepts distinguishes between the formal and informal aspects of organisations. Sometimes the most arduous, but also most illuminating task of any organizational analysis — and one on which the success or failure of CD support may largely depend — is to penetrate the facade of the manifest, formal organization, and to excavate the workings of the 'informal' system behind it, in order to measure the gap between the two.

In a trivial sense, the informal organization is simply all those things that have not been put down on an official organigram, or described in a book of procedures. This can be found in any organization, or sector, since it is neither possible, nor helpful, to formalize everything.

Sometimes, however, in a non-trivial sense, the official organization can be weak compared to a more important, but unofficial, 'informal organization,' which more or less is kept a secret to outsiders, and which caters for selfish interests which are to some degree incompatible with the official goals of the organisation. Different fractions may fight each other actively in order to get the lion's share of available benefits, or co-exist or cooperate peacefully in order to get their own negotiated shares. In both cases, however, the official task and functions of the organization are neglected, or paralyzed.

Such gaps can be particularly difficult to detect, since both internal and external stakeholders may treat relevant information as 'trade secrets' not to be given to outsiders (such as donors, or consultants), hide their real interests and values, and strive to bend, distort, or even lie about what they do.

Figure 2: The Gap between the Formal and Informal Organisation
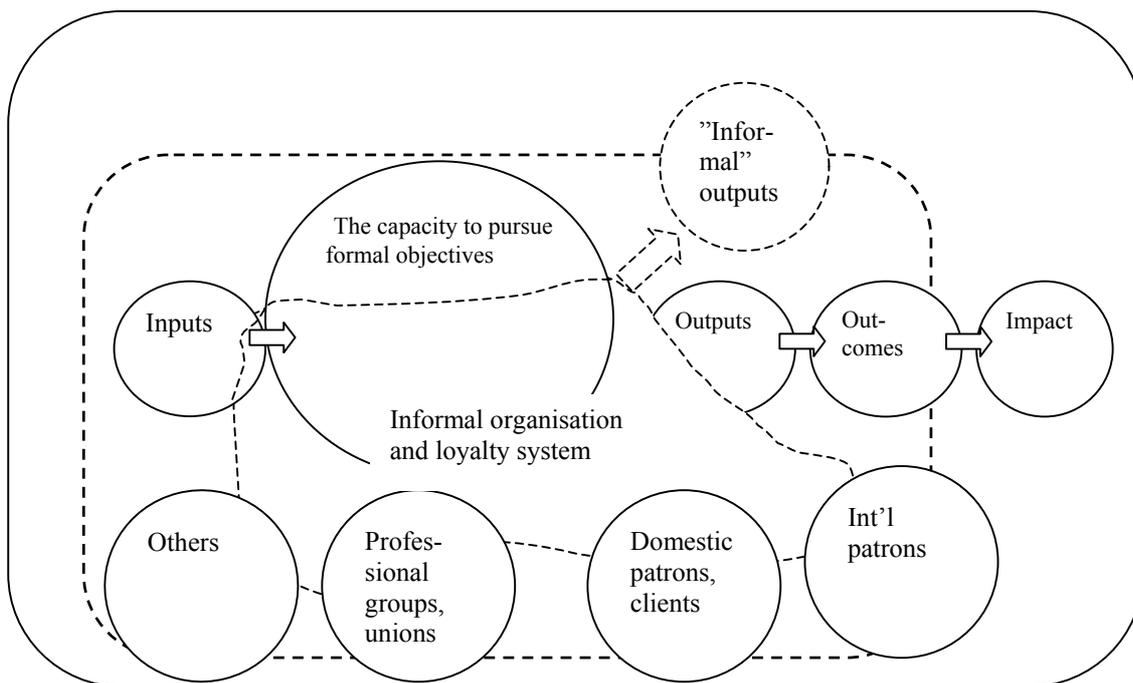
In terms of the capacity/power and cooperation/competition conceptual framework suggested above, a wide gap between formal and informal organization may be a symptom that power actually resides with other social configurations (such as fractions, professions, parties, tribes, kin, families, or castes) than the organisation(s) in question.

If the gap between the formal and informal systems is too wide, the organisation will not be able to function properly — i.e., it will not deliver the products or services that it was supposed to, according to its formal objectives (although it may still serve other, informal purposes, such as providing stakeholders with benefits). Figure 2 illustrates this point.

One way of describing the gap between formal and informal organization is to distinguish between a (more or less secret) *power-and-loyalty* system and an official *task-and-work* system. Both must be considered in an analysis — and in evaluations.

Implications for CD and CDIE
The three pairs of concepts grouped as capacity-cooperation-formal organisation, and power-competition-informal organisation point to two prominent underlying approaches in organizational analysis and to two different conceptions of suboptimal performance — both of which should be kept in mind as two main aspects of CD and CDIE.

The first approach can be labelled a *functional approach*. It was born when organisational science developed as "scientific management" and assumes, perhaps naively, that an organization (or sector) can be understood as a harmonious, functional whole, built of parts that interact (i.e., cooperate) selflessly and appropriately — or at least that this is the way things ought to be. If scrutiny reveals that this is not the case, the condition of the organization could be likened to a machine that has broken down, or a living organism that has caught a disease. Consequently, the adequate intervention may be conceived as a technical repair, or medical cure – i.e., as something non-controversial and apolitical. It would typically (but not necessarily exclusively) look at the internal mechanisms of an organisation (e.g., job descriptions, structures, information systems, staff skills, working environment etc.). In a development aid context, such an approach would be based on the implicit assumption that under-performing organisations should learn to copy the skills and technologies applied by the better performing organisations and adapt these according to local circumstances.

The second approach – which can be labelled a *political approach* - assumes, perhaps somewhat cynically, that any organization is an arena for conflicting interests that compete scrupulously to attain selfish goals. If the result is a dysfunctional organization (or sector), the adequate intervention is *political*, e.g., a question of forming the kind of alliances that would change the power balances and produce enough power to impose whatever is seen as a desirable change, or goal. In a development aid context, such an approach suggests the question: "If the proposed changed is so desirable, who or what has prevented local agents from introducing it already?"

Both of these approaches assume that people will behave more or less rationally. The difference is that if the cooperative aspect prevails, they may have the official 'primary task' of the organization (or sector) in mind, whereas if the competitive aspect is dominant, they will be led by considerations of "what's in it for me/us?"

Four approaches to CD can be identified by combining these two approaches with the distinction made in the open system model between the internal organisational system and its external

environment. First, CD can take place by *directly* promoting change in the inner workings of an organisation (often called 'push-strategies'). Second, CD can also occur by promoting changes in the environment ('pull-strategies'), thereby forcing (or providing incentive for) an organisation to change its internal system. In both cases interventions can predominantly be based on the functional or the political approach as illustrated in table 1 and further discussed in chapter 6.

Table 1: Typology of CD interventions

	Predominantly functional approach	Predominantly political approach
Interventions targeted at internal systems elements (push-strategies)	Seeking to increase capacity, strengthening cooperative aspects and the formal organisation working inside the system	Seeking to change the internal power constellations, changing internal competitive pressures and diminishing un-productive effects of the informal organisation, working inside the system
Interventions targeted at external stakeholders and factors (pull-strategies)	Seeking to increase capacity, strengthening cooperative aspects and the formal organisation from outside, working on "functional" external factors	Seeking to change the internal power constellations, changing internal competitive pressures and diminishing un-productive effects of the informal organisation, working on "political" external factors

The point of these distinctions is not that CD interventions will operate in isolation within "their" area – e.g. that it is possible to change the formal organisation without affecting the informal, or that changes in capacity will not imply changes in power, and vice versa. Whatever the specific nature of the interventions, they must be analysed both for their functional and political implications.

Thus, what may be intended as a functional intervention – changing the functional structure of an organisation – will in most cases also imply a change of power balances in the organisation. Moreover, the intervention may often be introduced exactly for that purpose or to reflect such power changes, even if the formal argument for it is about increased functionality.

As will be further discussed in chapter 6, donor CD support is most often concentrated on internal interventions with a strongly functional approach. Even when more adequate, the other options are often ignored by CD interventions – perhaps because they are also more difficult and sensitive.

Capacity, Organisations, and Institutions
Capacity (or power) can reside with individuals, organisations, or groups of organisations, and the importance of distinguishing these levels should be obvious. To complicate matters further, however, capacity (or power) also depends on *institutions,* which in this context indicates overall social structures that have attained a high degree of resilience, and are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life.

The practical implication of this distinction is that "individual" and "organizational" levels indicate fields that are amenable to CD interventions, because the resources (i.e., the capacity or power) at the disposal of change agents appear to be sufficient to produce the desired change. The

word 'institution' (or 'institutional level'), on the other hand, suggests a wider social context which is more difficult to affect by the limited resources available for change efforts.

3. Generic Public Sector Functions, and the Role of the Public Sector

Generic Public Sector Functions

How are organisations in the public sector interacting with their environment? Following the general framework in figure 1, the organisation (or organisations) as system interacts with the environment in 3 key areas:

  i)   through production of outputs (policy making/legislation, enforcement/supervision and service delivery),
  ii)   through acquisition of inputs or resources (staff, funds, raw materials, capital goods, information etc.), and
  iii) through relations with actors or stakeholders in the environment (customers, politicians, interest groups, private companies etc.).

The outputs of an organisation (or a field of organisations, task network) are of special interest for CDIE: changes in outputs of the formal organisation are the desired result of donor funded capacity development support (normally as part of a hypothesis that these changed outputs will at least contribute to desired wider outcomes and impacts).

These observations do not answer what the public sector should provide to citizens, or what the state should intervene in or not. Nor does it indicate if and how certain publicly regulated goods should be produced by private sector or voluntary organisations. These are of course fundamental questions to address by any actor, including donors. Some overall issues related to this theme are briefly discussed later in this chapter, others – notably public sector reform issues and paradigms - will be dealt with in Chapter 5. A detailed discussion of what "right-sizing the state" should imply in different sectors – and which specific outputs a sector should produce – is clearly beyond the scope of a paper dealing with CD and CDIE.

Table 2: General sector management outputs and interactions with environment

	Examples of specific outputs and interactions with the environment
Outputs: Policy making and legislation	❑ policy analysis & policy making processes ❑ drafting regulations and legislation ❑ dissemination of policy, legislation and regulations
Outputs: Service delivery	❑ operational logistics of implementation ❑ co-ordination of multiple actors ❑ participation of target groups (co-production arrangements) ❑ outsourcing
Outputs: Enforcement and supervision	❑ disciplining-enabling stakeholders (Local govt., civil soc. org., firms) ❑ inspection, auditing ❑ monitoring and evaluation
Input/resource mobilisation	❑ acquisition of national resources/ budget process participation ❑ aid management ❑ procurement ❑ staff recruitment
Handling stakeholder relations	❑ sector advocacy ❑ use of formal sticks/carrots to further sector mandates ❑ negotiation & consultation with strongmen and interest groups ❑ information provision and acquisition

Though done differently in different sectors, it is possible to identify three categories of general public sector outputs. In addition, as already mentioned, public organisations (which typically do not sell a service or a product on a price-per-unit basis) need to ensure resources. Finally, public sector organisations are politically governed, wherefore stakeholder relations take up a special prominence. Table 2 gives examples of generic outputs and functions in these five categories.

Consistent with the distinction between the "formal system" and the "informal system", an analysis of the generic interactions with the environment would have to adopt both the perspective of the relevance and importance of the formal tasks, as well as the relevance and importance in relation to the informal power/loyalty system(s) involved. Further, apparently cooperative moves will normally also have implications for the competitive pattern between actors. Thus, the "sector advocacy" actually carried out cannot be understood only as an "objective" promotion of, say, education versus roads or environmental management, or primary education versus tertiary education. It may also be motivated by the interests of professional groups to strengthen their position, expansion of ministerial turfs, interests of urban middle class groups etc.

The Role of the Public Sector
Most theories about the optimal role of the public sector are normative, prescribing certain structuring, sizing and management of the sector. Noteworthy, these normative paradigms have changed dramatically and very fast during the last 50 years.

Table 3: Paradigmatic Models of Public Sector Management

	Weberian Public administration	*New Public Management*	*Good Governance*
Key issues considered important	❑ Separation between politicians and appointed administrators ❑ Continuous, predictable and rule governed administration ❑ Merit based appointment of trained professionals ❑ Functional division of labour ❑ Hierarchy of tasks and people ❑ Resources belong to the organisation, not to the office holders	❑ Devolving authority, providing flexibility ❑ Ensuring performance, control and accountability ❑ Developing competition and choice - also within government ❑ Providing responsive service, often through non-state agencies ❑ Improving management of human resources ❑ Optimizing information technology ❑ Improving the quality of regulation ❑ Strengthening steering functions at the centre	❑ Rule of law ❑ Freedom of association and participation ❑ Transparency & information access about government affairs ❑ Accountability ❑ Capacity ❑ Public sector ethics ❑ Strengthen public-private relations
Main focus	Inputs	Outputs	Accountability
Major assumption	Administrators and politicians serve public, not private, interests	Administrators and politicians serve private interests unless checked and put under competitive pressure	Relations to civil society in widest sense determine balances between pursuance of public and private interests respectively

First, the emphasis was on the "developmental state", with a strong direct role in the economy (reflected in the history of state-owned enterprises, supported either with socialist arguments or protective economic arguments ("import-substitution strategies")). The state – public sector organisations, politicians and bureaucrats – were essentially assumed to be benefactors of society, seeking the public good for all citizens. The conceptual framework for this assumption was the traditional Weberian public administration.

Second, as this model broke down in practice in the 70'ies, emphasis was put on "rolling back the state", seeing the public sector as a potential parasite on society, with little to offer but to restrain the growth of a market-based economy, and therefore a creature which should be downsized, reduced to a strictly facilitative and regulatory role, and put under as much direct or quasi-competition as possible. The image of politicians and public sector employees behind this thinking was that they were essentially seeking to extract personal benefits (salaries, job-security, illegitimate rents and power) from their engagement (or even "usurpation") of the state. The New Public Management schools have sometimes applied this perspective.

As should be evident, these two paradigmatic understandings of the public sector and its actors closely resemble the distinction made in this paper between capacity and power-based analyses of organisations, or between the formal and informal perspectives. The first perspective naively assumes that any government is serious if it says it wants to promote pro-poor policies, the second perspective cynically never believes that this is the whole story.

A third, middle-of-the-road understanding has developed during the 90'ies, bringing the state back in. Not in the size of the developmental state, but recognizing the importance of both a comprehensive regulatory role, and a role in ensuring broad-based, equity oriented development, which market forces left to their own cannot provide. In this perspective, both the formal and informal perspective on the public sector would have a place. Strong attention is paid to aspects of the "good governance" of the state. In some trends within this perspective, the whole fabric and history of civil and public society is seen as strongly influencing the performance of the state.

Though it is tempting to see the "third way" as a fair compromise between the earlier paradigms, the point here is that the appearance of such different models in 50 years points to the weakness of both theory and empirical evidence in this area. It also points to the highly ideological character of the "role of the state" debates. For sector level or public sector level CD efforts, which will seek to promote a certain role of the public sector and the state, it is thus maybe most important to be cautious and acknowledge that the objectives of CD are based more on unconfirmed hypotheses and politically inspired visions than proven facts.

Implications for CDIE
The discussion of generic tasks of public sector organisations (see table 2) does not provide an exhaustive list of what the public sector is or should be doing. It does, however, indicate that in most sectors some mixture of the three categories of outputs would be relevant to make the sector work.

In a sector-level CDIE context, the output level is particularly important as it is the first area where CD support would be expected to materialise. More precise specification of desired outputs and support to increase demand/incentives for them, as well as sanctions if not delivered, are one way of seeking to develop capacity in the organisations responsible for the delivery of outputs. There are thus both "functional" and "political" intervention options in relation to outputs (see table 1). These will of course vary according to the types of outputs and the specific context.

The input/resource mobilisation work is, so to speak, the marketing and sales department of public organisations, pointing to an area of normally strong competition for marginal increases, relatively visible power games and use of resources of both the formal and informal systems. It is especially interesting for any serious discussion of the relative sustainability of capacity. Influencing the resource envelope for a sector or for certain sector organisations can of course be done both by equipping internal actors to play the game better, and by working directly with the key stakeholders outside the organisation(s).

Finally, table 2 includes the important task of managing external stakeholder relations more broadly, an area where organisational capacity may also need a boost.

This brief discussion of the role of the state has a clear message for CDIE. No CD objectives are self-evidently "right", while others are "wrong", although pre-conceived ideas about the state are very tempting to use. Such conceptions can, in practice, be hard to avoid. It is therefore important to be explicit about the assumptions and ideas on which CD interventions are based..

4. Factors inside the System: Analysing Organisations

The organizational science literature abounds with systems and models for breaking down organizations into component parts. The six-box model presented below draws on several of these and should only be considered as one of several possible and relevant options.

The model can be used for scrutinizing the gap between formal and informal organization (cf. chapter 2 above), and for evaluating the 'fit' between the organization and its external environment, as well as the fit between the organization and its internal individual members. Needless to say, the six areas should not be analysed in isolation, but are closely interrelated. The three areas first mentioned focus on the "harder" aspects of organisations, while the last three focus on the "softer" aspects. The six boxes are:

- Purposes and strategy
- People, technologies and funds
- Structures and procedures
- Relationships and interactions
- Incentives and motivation
- Leadership and management

Below, only some of key analytical themes of relevance to CD and CDIE are listed. Others are discussed in chapter 6, in relation to CD support. For more detailed checklists and discussions, standard textbooks on organisational design and diagnosis can be consulted.

Purposes and strategy
Goal clarity must exist before goal agreement, and goal attainment, is possible. Ill-defined purposes (and, similarly, strategies) create anxiety, 'overload' and confusion. In both SPS- and CD-contexts, goals have often low specificity, and strategies are more declaration of intents than useful guidelines for specific action.
- Are the organization's formal purposes (or 'primary tasks') those that the surrounding society truly values and will and can pay for? E.g. are the goals and tasks found relevant and prioritized by sufficiently powerful external stakeholders?

- Are the formal purposes and tasks reasonably compatible with the resources allocated to the organisation? If not, does this indicate that other purposes and priorities may be driving the organisation?
- Employees will always balance 'what we have to do' with 'what we want to do' (for personal security, benefit, professional growth, etc.) What can be done and has been done to create true commitment to the former, and weaken elements of the informal systems which hinders focus on the formal goals?
- Are daily actions reasonably consistent with declared goals and strategies, or, if not, which alternative, stronger incentives may explain why goals and strategies cannot be pursued?

Core inputs: People, technology and funds
While placing people, technology (i.e., tools) and funds for other costs under the same heading may offend some, from the point of view of an organization (or sector), all of these are basic production factors transforming raw materials (inputs) into products (outputs). Whether these production factors are used appropriately largely depends on the other 'boxes' described in this chapter, but the core capabilities of people, and the capacity of their technologies, and the magnitude of available funds for other purposes (gasoline, paper...) deserve separate attention and evaluation.

Two distinctions that have proved useful for assessing human potential for work discerns voluntary traits from involuntary ditto, and cognitive ('hard' or intellectual) from emotional ('soft' personality) traits.

The properties that can be voluntarily controlled by the individual are also those that are amenable to modification by the employing organization, by means of education and training, as well as by socialization and indoctrination. Professional knowledge and skill is acquired, not inborn, but the kind of knowledge and skills, as well as how much, any given individual is able to learn, is a function of his/her cognitive capability (or 'intelligence'). The latter will also put limits to the complexity of the kind of tasks that the person can solve, and determine what sort of *new* knowledge and skill he/she can contribute. Genuine meritocratic recruitment should include the appointment of staff to key positions on the basis of their cognitive capability for solving complex, cross-disciplinary tasks.

Skill gaps – also at senior levels – may thus indicate that recruitment and promotion are not based only or mainly on merit. Other frequent reasons for a gap are that the combined incentive package offered (see below on incentives) cannot compete with alternative options (migration, work in the private sector, work for donors and NGOs etc.). Training of existing staff will in such circumstances often fail to produce lasting capacity improvement (see also chapter 6).

CD efforts often focus on technology and other material resources. One reason for this that any observer can attach immediate meaning (including finding an apparent solution) to an overcrowded office, to three persons sharing a computer, to a ministry having only a couple of functioning vehicles left. Further, provision of buildings and equipment (and, it can be added, training courses) are uncontroversial, and will be welcomed by any manager[2]. However, while technology, processes and skills are certainly important elements of organisations, the experience is that CD interventions in these areas alone only rarely have the envisaged impact.
- Analysis should investigate the (often multiple) causes explaining the state of affairs of technologies, processes and skills – and their possible use for pursuit of secondary or informal objectives. It is thus important to explain why a certain state of affairs of the formal organisation makes sense, rather to explain why it does not.

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[2] See also chapter 6, where CD support consisting in training and equipment is further discussed.

- "Explanations" in this area often boil down to "lack of.." statements. They nearly always point to "obvious" solutions (e.g. a vehicle is the answer to "lack of transportation"), but do not explain why the "obvious" solution has not been implemented or did not lead to a lasting improvement.
- Changes in formal technology, processes and skills most often occur by imitation (copying). If successful frontrunners exist (and they do in most countries), it may be relevant to analyse why others cannot copy such performance.

In the open system model funding of public sector organisations – or, in a developing country context, lack of funding – is largely considered an external factor, though certainly not beyond influence. "Underfunding" is often strongly emphasized as a core cause for weak capacity.

Undoubtedly, decreasing real value of budgets has affected numerous public sector organisations in developing countries. From the point of view of the open systems model and the other concepts introduced in this paper, the interesting issues in this connection would be:
- which internal or external power related factors have hindered management from adjusting the goals and tasks of the organisation to the level of available resources?
- which internal or external factors (including power related factors, but also other, e.g. institutionalised norms and values) have hindered a reconfiguration of the production factors so that staff, technology and operating costs are in an appropriate balance? In many countries "underfunding" has led to relative "overstaffing" compared to availability of other necessary means – but "underfunding", though it may be the trigger, is certainly not the only nor necessarily the most significant cause for this situation – it is rather the response capacity to changed resource availability which is the interesting point here.

Structures and procedures
The division and coordination of work in organizations may be analyzed and described as a structure, or as a series of 'work flows' or 'procedures'.

Horizontally, organizations can be structured in three ways: By function (i.e., a division into specialist sub-units); or by product, program or project (i.e., a division into multi-skilled teams); or by a mixture of both.
- Managers in functional organizations tend to maximize their own goals, rather than those of the overall organization. Big decisions tend to pile up at the top, and it can be difficult to shift directions rapidly. On the other hand, there is often support for professional competence. Functional organizations tend to be stable and work best where environment and technologies change slowly.
- In contrast, product-line (or program, or project) organizations work better in fast-changing environments. Inter-unit coordination is minimized (and sometimes neglected). The flip side may be that in-depth competence tends to erode.
- Different varieties of division of work create strong or weak needs for coordination. There are two possible dysfunctions: (a) People need to work together but do not do it well, and (b) people do not need to work together but, in the belief that they should, try to enforce more collaboration than is adequate.

Vertically, organizations can be steep or flat, having a large or a small number of hierarchical layers. If the overall organization is huge, a flatter pyramid will create an enlarged 'span of control,' i.e., each manager will be responsible for delegating and supervising tasks to a large number of subordinates, which will reduce direct interaction between them. Narrowing the span

of control will alleviate this, but at the same time produce more hierarchical levels, that might impede vertical communication.

- Research suggests, however, that deciding how steep or flat the pyramid should be to perform its formal tasks appropriately should not be based only on the numbers of subordinates, nor on fashion or ideology. Rather, it should be based on analysis on how many different levels of complexity the tasks of the organisation imply. For each additional level of complexity, a new layer in the hierarchy would be appropriate, because managers, to perform well, must be able to manage tasks which are one level more complex than those their subordinates are able to handle. Thereby they are able to "add value" to their subordinates' work.
- In practice, however, the number of managers and their professional and managerial competence in an organisation may of course depend on various factors related to the informal organisation.
- Organizational analysis, and CDIE, should try to determine whether there is a true 'cascading' (i.e., delegation) of authority and accountability reaching down through all the layers of the organization, or whether, in actuality, everything is controlled from an overloaded top.

Work procedures are the domain of classical 'scientific management' or 'rationalization' (time studies, etc.) and its modern counterparts (Total Quality Management, Business Process Re-engineering, etc.). If scrutiny suggests that these are in fact less than optimal, this is the proper place for a 'technical fix'-approach to CD. Typical symptoms of non-rational work-flows include:

- The division and coordination of tasks is based on system inputs rather than system outputs.
- Single task assignments are shared by more employees than is strictly necessary, and each time the task is changing hands, it rests for a while in the 'IN' tray of the new 'owner.'
- Work is doubled, scrutiny reveals that the same tasks tend to be performed twice.
- There are bottlenecks in the systems where tasks queue up, waiting to be performed by a specialist, or another 'dignitar'. Meanwhile, others are unable to get on with their own work.

Sometimes employees may choose to hide such symptoms, other times they remain unrecognized by all involved, and a specialist 'operations research' study is required to identify them.

Relationships and interactions
While structures and procedures refer to the (hopefully rational) division and coordination of the tasks that the organization is supposed to solve, the terms relationships and interaction refer to people, i.e., the 'human aspect' of the organization.

Any organization may be viewed as built of three kinds of relationships: Vertical relations (between superiors and subordinates), horizontal relationships (between 'peer' colleagues or departments), plus relations between individuals (or groups) and their tasks.

- Research suggests that, basically, subordinates may respect superiors either because the latter are powerful in the sense that they can exercise some sort of coercion through appliance of sanctions or distribution of rewards — a fact that may easily inspire a submissive, passive-aggressive attitude — or because they are professionally capable, dedicated to cooperation (and, perhaps, even have a talent for dealing with human relationships). However, only the latter will inspire and promote work, while the former may at best ensure compliance.
- Research also suggests that horizontal cooperation between equals often work better when the people involved have different professional knowledge and skill (which dampens rivalry), but are equally competent in their chosen fields.

- Organizational analysis and CDIE should investigate how well the organization deals with inevitable conflicts: Do superiors simply use non-informed coercion, or is there a genuine attempt to find good, productive solutions to conflict-producing problems?

Incentives and motivation

Psychological theories of individual motivation traditionally distinguish 'positive' from 'negative' motivation, i.e., reward from punishment, or the carrot from the cane. Punishment (or sanction) can be effective for inhibiting or stopping certain undesirable behaviors, provided it is applied immediately after the misbehavior has occurred, consistently, and in adequate doses. Reversely, rewards, or incentives, can initiate or reinforce a (desired) behavior, provided it is applied along the same lines as punishment. In other words, measures that work well as punishment are generally ineffective for initiating or sustaining desired behaviors — but it should be kept in mind that, strictly speaking, only the individual, not the environment, can determine what constitutes a reward. (This is reflected in the phenomenon that some employees may actually feel punished by measures intended by their managers to be rewards.)

Many theories also distinguish so-called 'intrinsic' from so-called 'extrinsic' motivation. The former refers to the stimulation (reward) or frustration (punishment) inherent in performing certain tasks or solving certain problems (e.g., the satisfaction that a person may derive from applying his/her professional skill successfully), whereas the latter refers to additional 'fringe' benefits or disadvantages, such as pay (or lack of pay), gain or loss status, etc. While extrinsic rewards (such as increased pay, or status) would count as a benefit to most people, what serves as intrinsic motivation may vary a lot more.

Research from both industrialized and developing countries suggests that a positive intrinsic motivation is a lot more reliable and 'sound,' and that it works better in the long run than its extrinsic counterpart. But since the power varies more, it also takes more effort from managers to establish a system that will secure that each employee is optimally intrinsically motivated. Systems of extrinsic motivation can be implemented more readily and produce 'quick-and-dirty' results, but will often create less true dedication to work, and less commitment to the designated goals of the organization or sector (cf. the expression "We're only in it for the money"). Ideally, both aspects should reinforce each other but, needless to say, one may also be used to compensate for the absence of the other.

So-called 'expectancy theory' stresses that the overall positive motivation of the individual is a function of two factors: a) The perceived value of the possible outcome (the goal attainment, or reward) that a specific behavior will yield, and b) the expectation in the doer that he/she will actually be able to achieve the desired outcome.

- When examining an organization's incentive system, one must consider both the explicit system of wages, status, career opportunities etc., and the more implicit rewards of how managers and subordinates respond emotionally to successful task accomplishment. Having a formal reward system does not guarantee that people will feel or act as if they are rewarded.

- If the explicit incentive system (notably, wages) has been eroded as has happened in many developing countries, simply restoring a 'fair' or 'competitive' pay in an organization is not likely to have the desired effect. Other elements of the incentive system will also need to change.

- Another important issue is 'equity' or fairness among members of the organization, or sector. Quite often, reward systems serve the purpose of reinforcing existing social power relations, rather than to get work done. They may thus maintain status quo.

- If an individual or group openly or secretly suspects that the attainability of a prescribed or desired change is low, the perceived value of the prescribed outcome for that particular individual or group must be correspondingly high, in order to secure motivation and commitment — and vice versa. Credibility of goals, and of organisational change, is an important motivational factor.

Leadership
As far as internal functions are concerned, the responsibilities of overall organizational leadership can be defined briefly, as keeping all of the five boxes mentioned above in balance. (Other leadership efforts concern phenomena and relations external to the organization, or sector, also indicated as "boundary management" in chapter 2). Leaders need to scan all six boxes (i.e., a measure of self-scrutiny and evaluation is necessary), look for problems in both the formal and informal organization, and address them appropriately.

As a very general rule, good leadership is probably the single most important internal determinant of how well the overall system (organization or sector) is performing. The leadership may especially influence two interlinked key areas: the *commitment* of staff and stakeholders to the official objectives of the organisation(s), and the *incentives* for staff to perform. While several factors may promote and reward good leadership it should also be recognised that organisational performance thus also depend on availability of and proper selection of individuals. Leadership, commitment and incentives are also key factors for the success or failure of change processes, and will be further discussed in chapter 6.

Implications for CD and CDIE
The analysis of key factors "inside" an organisation can be based on different categorizations of elements. This analysis – whether explicit or implicit - is only one part of the basis on which CD efforts are based. External factors are as important, and there are multiple and often complex relations between internal system elements and the environment. Goals and strategies will depend on key stakeholders or on demand, while employee performance among others can depend on education system capability, labour union affiliations etc.

The internal elements mentioned are never in a stable configuration for long. Both internal and external driving forces will induce bigger or smaller constant changes. And both management and staff in the organisation will make their own – often implicit – analyses of these factors, and these will influence the decisions that they take..

This is important because it does, in reality, imply that organisational change is an ongoing, permanent process. It may, or may not, lead to desired outcomes, and it may, or may not, be an intentional process. Intentional CD support from outside the organisation – whether offered by a donor or a domestic agency must consequently avoid basing itself on a static analysis of organisations, perceiving them as "frozen" until the CD process unfreezes them and helps them along.

Analysis of the elements in the organisation – of its capacity - if performed by outsiders, must therefore also uncover the dynamic elements, or the evolution of the organisation, which influence how internal actors perceive new requirements for development or change. A CDIE

should evaluate to which degree design and implementation of CD support have taken this history into account.

Finally, consistent with the above, the capacity of an organisation to analyse itself, reflect on its history and interpret the consequences for the future, is maybe as important an indicator of organisational capacity as the result of a direct assessments of the apparent functionality – or lack of functionality – of the "building blocks" of the organisation.

5. Contextual Factors Influencing Capacity Development

Three sets of factors are discussed in this chapter: general institutional factors, factors linked to public sector reform processes, and factors linked to the new framework for development assistance (SPS and poverty reduction strategy papers, PRSP).

5.1. General Institutional Factors

State-society relations
Capture of key public sector organs by narrow or oligarchic interests is often seen as a key feature of many political-administrative systems in developing countries. A high degree of capture may seriously undermine attempts at CD in certain cases (when capture is used for patrimonial and rent seeking purposes) but may enable it in others (when capture results in demands for performance in relation to specific interests).

Particularistic interests can be located in a variety of groups: the military, particular ethnic groups, staff and/or politicians in specific public sector organs, mining companies, large scale farmers; etc). Often they have structural roots and may be particularly influenced by the leading export sectors, if these are characterised by both (a) high barriers to entry and exit and a limited ability to cope with international market fluctuations; and (b) domination by a few large firms able to overcome collective action problems (such as mining and plantation companies). Sectors with these features, and their organised labour interests, are often exercising considerable influence on sector issues.

Political and administrative corruption
If private - or political - gains are important for individual or organisational motives, corruption will affect organisational and behavioural norms so that attempts at improving capacity are hampered. CD activities focusing on improving financial and personnel management, or procurement, are likely to be resisted if they aim to diminish corruption.

High-level political corruption seems a feature of almost all societies. Casual evidence suggests that bureaucratic corruption may decline in the course of economic development, and a large part of the corruption problem in poor countries is the high level of bureaucratic corruption. Some contend, however, that administrative corruption in some cases can be reduced even within existing political systems and within relatively short spans of time despite the absence of far-reaching changes in underlying ethical values and political institutions.

Economic factors
Negative economic growth and high inflation affect living standards in general and undermine, for example, the purchasing power of public sector wages. Moreover, such economic conditions have a negative influence on domestic revenue collection. Public finances become strained and

this is likely to diminish the performance of government in general. If economic depression is severe and enduring, its capacity undermining effects can be substantial. Significant reduction of government expenditures, which are not related to a substantial reduction in government functions, may indicate a difficult environment for improving performance.

Social factors
Some degree of political stability over time may be conducive to CD. Social conflicts rooted in ethnic, religious or regional (inter-regional) tensions have a negative impact on government performance, although country specific conditions influence how significant these are. In some cases, conflicts may rage in parts of a country (and impact negatively on any CD activities there), while not seriously affecting government, NGO and private sector operations in the rest of the country. Social conflicts may also result in political instability which can be an impediment for implementing long-term CD activities. If social tensions are combined with special interest capture of public organs, the environment for sustained CD activities are especially threatened.

On the other hand, as will be briefly discussed in chapter 6, crisis – including political crisis – may create the possibility for reform and change. It can thereby create new conditions, where longer term CD efforts become possible.

The overall level of human resource development is often poor in many developing countries. No programme based CD activities can, in the long run, compensate for a poor educational system in a country. Capacity problems may reflect major inadequacies in the educational system, which require long-term, sustained investments in a quality educational system.

Aid dependency
Aid levels can be so substantial in relation to domestic revenues that this leads to political and economic dependence on donors. One of the many manifestations of aid dependences is institutional fragmentation. From a national CD perspective, aid dependency introduces a number of additional powerful stakeholders (various donor agencies in multiple configurations of cooperation and competition) who often formally denies their power and particular interests in organisational performance, and thus creates another layer in the informal system which actors and CD processes must relate to. This layer also exists if donors openly declare their interest in organisational performance

Policy making, legislation and implementation capacity
"Good" policies across all sectors matters for CD – but there are very different views on what good policies are. From a CD perspective, the key issue about policies and legislation is not only whether they are 'right' in substance, but whether they are implementable and binding. The capacity to make policies and legislation should be assessed on the basis of these two factors. Often, the amount of required "good policies" to bring a country in line with current normative prescriptions is far beyond the implementation capacity in the public sector. A disproportionate neglect of implementation is often found in assessments of the policy framework.

Different aspects of the implementability of policies and legislation should be assessed:
- Assignment of sector mandates/functions among relevant public organs in central and local government <u>and</u> between the public sector, civil society and the private sector
- Conflicts about these mandates/functions (and causes of conflicts, if these are serious)
- Major un(der)funded mandates
- Reasonable fit between capacity requirements implied by policies/legislations and existing capacities in the relevant public sector organs (that is, capacity gaps can be effectively addressed during a foreseeable period)

- Availability of relevant policy documents/legislation/rules and regulations for relevant implementers

In general, it must be assumed that implementability will be enhanced - everything else equal - by clearer mandates, smaller conflicts, absence of underfunded mandates and better fit between mandates and capacity.

Implementable policies must also be binding on relevant actors so that mandates, functions and organisational arrangements are not in flux due to ad hoc changes in policies and legislation or due to poor enforcement. Excessive flux often implies frequent shifts in the formal roles/structures of relevant key public sector organisations. Existing or emerging capacities may therefore become irrelevant. Frequent changes also contribute to the undermining of policy/legislative credibility.

The binding character of sector relevant policies/legislation requires an assessment of:
- Credibility of policies/legislation among a (broad) range of stakeholders
- Volatility of sector relevant policies/legislation
- Effective mechanisms to ensure compliance to major elements of existing policies/legislation.

Resource mobilisation and financial management
Government capacity as well as the implementation of CD activities - like all other activities - will obviously suffer without a credible government budget. If the resource envelope is subject to wide variations even *within* a financial year as is often the case, the credibility of the budget is threatened. This is often the situation in poor donor dependent countries because both domestic revenues and aid are fairly unpredictable. At the same time high priority is typically put on limiting budget deficits, especially in countries depending on IMF and World Bank assistance. Cash budgets have therefore been introduced in many countries. This may help to limit budget deficits but it undermines the incentives to do careful planning and budgeting and seriously affect government performance and accountability.

The 'soundness' of and compliance with a country's financial management rules and regulations is widely regarded as a necessary pre-requisite for both improved public sector performance and for investing in substantial capacity development activities. Obviously, it is important to identify if poor financial management for the public sector is due to inadequate rules and regulations or poor compliance (due to corruption, poorly skilled staff, inadequate enforcement mechanisms or unwillingness to apply them). In practice, a mixture of both types of problems may exist. A general assessment of financial management should often be based on assessments prepared by others such as the World Bank's Country Financial Accountability Assessment. The Public Expenditure Review is another important source of information.

Public Sector Wide Incentives to Staff Performance
Adequate general incentives for staff are central to the performance of both individual organisations and of the public sector in general. This includes public sector wide salary levels, career opportunities, bases for promotion decisions, training opportunities, transfer policies, and the degree of meritocratic considerations in the civil service versus considerations of political allegiances or other informal system-features.

Donor practices are often grossly distorting the incentive structure in the public sector in many aid dependent countries. This happens in various well known manners: through poaching of staff for project units, or payment of "topping-ups" of salaries to staff of critical importance to the

donor funded activities. Payment of "sitting allowances" for participation of civil servants in training or workshops, where the accrued payments for civil servants may multiply the formal salary, is another example. Not less distorting is the provision of equipment and transport means under authority of donor related staff.

In highly aid dependent poor countries where the public sector capacity has eroded seriously during the last 20 years, the combination of poor incentives in the public sector and distorting incentives by donors is maybe the most serious constraint to sustainable CD at sector level. Long-term *systemic* changes in the overall incentive structure in the public sector, and in donor behaviour, may seem a precondition for sustainable and effective sector- or organisation-level CD support.

5.2. Contextual Factors related to Public Sector Reforms

Following initial structural adjustment policies aiming at restoring basic macroeconomic and fiscal balances, broader public sector reforms - of which civil service reforms are a part – have been sweeping through many developing countries for more than a decade. They contribute to changes in the organisational and institutional context in which capacity development efforts are carried out.

Civil service reforms (CSR) focus on the civil service proper. Typically, CSRs aim to enhance fiscal discipline; enhance policy making capacity and operational efficiency (building administrative capacity); and promoting good governance (reforming institutions). Often CSRs involve the redefinition of the role of government in service provision; the enhancement of civil service pay; and restructuring of ministries and their management methods.

Public sector reforms encompass a wider range of public organs, including parastatals and local governments. The stated goals of the large majority of public sector reforms in industrialized as well as developing countries are to increase effectiveness, efficiency and accountability.

Public sector and civil service reforms are deeply political. They involve enforcement - against resistance - of systematic changes in power relations between government organisations, between politicians and bureaucrats and between the state and civil society. This may explain that reviews of reforms find them largely ineffective in achieving sustainable results in downsizing, capacity building and institutional reform.

Capacity problems of the public sector in developing countries
The dominating analysis of the capacity problems in the public sector in many developing countries is that public officials and workers pursue their own private interests rather than those of the public good; that government spending and hiring is overextended compared to revenues; that clientelistic practices are frequent, with workers being hired and fired for reasons of kinship and political loyalty rather than merit; and, tying it all together, that badly conceived programs and policies (including donor-funded programs) create myriad opportunities for graft and other forms of "rent-seeking".

The main results of these maladies, from a public administration and management perspective, are:
- *inefficiency* (failing to maximise outputs with given inputs)
- *ineffectiveness* (failing to meet stated objectives)

- *poor accountability* (inadequate mechanisms for citizens to hold administrations and politicians accountable; inadequate accountability mechanisms between administrations and politicians)

Political scientists typically summarise these problems in the concept of government failure with the following typical features:
- *overextension* (of functions in relation to available resources)
- *private interests domination* (informalisation, with no clear separation between the private and the public; or between political and administrative processes)
- *intrusiveness and unresponsiveness* (caused by hierarchy and centralisation combined with excessive or inadequate rules and regulations)

Driving forces: support and resistance to reform
As outlined in chapter 3, paradigms for how the public sector should be organised have changed, and are subject to disputes of both a scientific, ideological and political nature. To make matters worse, more is known about why governments in developing countries perform badly than about what would make them perform better. Existing political science and public administration literature is also better at advising on marginal organisational alterations than on the types of fundamental restructuring of the public sector presently pursued in many developing countries.

Conflicts are generic to reform. While there is widespread agreement about the need to improve the public sector in low income countries as already mentioned, conflicts arise as soon as the agenda becomes specific: What features of the public sector should be changed? How large changes should be aimed at - and how soon? What is the right sequence of reform activities? Beneath such questions is the fundamental issue: Who will gain and who will loose from specific reform initiatives?

A key issue is therefore whether reforms have sufficient and sustained domestic and international backing in the face of often considerable internal resistance against changes. Four interrelated factors are typically important:
- Pressures from major political or economic crises
- Ideas about how to reform and with which objectives
- Pressures from powerful and influential internal and external actors (and 'champions of reform')
- Commitment and leadership (often operationalised as including intellectual conviction, support given in public, and effective alliance building behind reforms) from policy elites.

These drivers for non-incremental reforms at public sector level are the same that many organisational science writers would identify as drivers of wider organisational change and development.

Donors have often significant influence on domestic struggles about reforms through donor demands for reforms, their supply (or withdrawal) of resources, and by their advocacy about the necessity/benefit of reform. Such mixtures of sticks, carrots and sermons influence domestic 'interests' (which are never fixed anywhere). Domestic proponents of reform will argue that donors just support reasonable and home grown policies. Opponents will argue that donors impose reforms in disregard of domestic interests and priorities. In reality, therefore, the donors are often so entangled in the reforms in donor dependent poor countries that it is difficult to state what, exactly, the local reform commitment is independent of donor funds and pressures. Certain patterns of domestic reform support and resistance do, however, emerge:

- *Professional staff in ministries of finance* is often reform proponents. They are central because budgetary considerations drive many initiatives and because the Bretton Woods Institutions (BWI) work through them. Moreover, they are often part of professional networks of economists that tend to be in favour of BWI approaches.
- *Professional staff in line ministries* is, typically, more ambivalent as reforms often imply significant changes in their roles. Resistance against decentralising service delivery functions to executive agencies and local government are especially pronounced.
- *General staff* is often reluctant as retrenchments and changing carrier patterns are often central to reform and pay reform results have been modest (at best).
- *Politicians* are difficult to generalise about. They have rarely given much attention to the redefinition of the roles of government. In some countries, reforms are pushed by the president and his closest advisers. Parliament is rarely a central actor in this area.
- *The private sector* and government (politicians and civil servants) are generally suspicious of each other despite increasing talk about public-private partnerships.
- *Civil society organisations* have typically been inactive in relation to public sector reforms except in relation to decentralisation and privatization.
- *The general public,* and in particular the poor, are not directly influential in setting reform priorities despite various (recent) attempts at involving stakeholders. Removal of subsidies and introduction of user fees, have, however, caused riots in some cases, and these have sometimes caused governments to modify or stop planned reform initiatives.

Reform commitment or resistance are therefore often fluid and often sector and activity specific. Obviously this influence reform outcomes and sustainability. Outcomes also depend on the capacity to implement reform activities. Table 4 categorises four major reform strategies depending on combinations of political-administrative commitment and capacity to implement reforms. Ideally, support for CD activities should be adjusted to fit the combination of capacity and commitment for reform existing on the ground.

Table 4: Commitment, capacity and reform activity

		Commitment	
		High	Low
Capacity	High	Full scale and innovative reforms	Incremental and politically non-controversial reforms
	Low	Incremental but innovative reforms	Only limited reforms possible

Reform types and implied outcomes

First and second generation reforms can be identified. First-generation reforms were driven by quantitative adjustment to contain fiscal deficits and to re-establish macro-economic balances. They could technically be implemented by small teams of capable economist and bankers, provided with sufficient political support and/or donor pressures.

The second generation of reforms of the late 1990s are much broader in scope and ambition, and have proven to be far more difficult to implement than first generation reforms:
- Legal and judicial reform
- Public expenditure and financial management
- Decentralisation
- Regulation of the private sector
- Civil service reform

- Sector reforms (service delivery)
- Public enterprise reform
- Tax policy and administration reform

Some of the major changes that typical reform initiatives in recent years aim at (but may not reach) are identified in table 5 below.

Implications for CD

In broad terms, the reforms - if they succeed as intended – seek to put growing *pressures* on public agencies to perform. A mixture of measures aim to bring such pressures about:
- marketisation (external and internal) in relation to service delivery tasks
- decentralisation and centralisation
- deregulations in some areas and regulation in others
- mechanisms for citizens and private sector voice

New types of internal capacity in government agencies are required if these pressures on the public sector reforms are to result in increased efficiency, effectiveness and accountability. Typically these requirements concern:
- co-ordination of and decision making with multiple actors in the context of economic and political liberalisation
- regulation of public agencies (executive agencies, local governments), NGOs, and the private sector
- performance based management
- contracting out to NGOs and the private sector
- mobilising of funds (user charges, etc)

Table 5: Typical changes implied by current public sector reforms

Organisational level	Organisational field or task network level	Institutional level
▪ Increased management *autonomy* ▪ More *performance orientation* in administration, budgeting, personnel mgt, service provision ▪ Greater use of *contracting out/ outsourcing* ▪ Stronger emphasis on *monitoring & evaluation* ▪ Doing *inspection* and being inspected increasingly important	▪ *More stakeholders* involved with greater autonomy ▪ Enhanced *local government, private sector and NGOs roles* in service provision ▪ less hierarchy in *intergovernmental & private-public relations* ▪ *information* sharing, co-ordination and decision making among multiple stakeholders	▪ *liberalisation* of economy and of political competition ▪ *privatisation & deregulation* ▪ *decentralisation* ▪ enhanced *market-like mechanisms*, also within public sector ▪ new *accountability and regulatory mechanisms* (budgets, user-financing; public organs, information, rules, regulations and legislation; democrat-ization)

Reforms may, therefore, require new capacities on top of the traditional generic capacities which remain central to any public sector organisation: namely capacities to plan, budget, account,

monitor and so on. Consequently, reforms put capacity development even more strongly on the public sector agenda than before.

5.3 Capacity Requirements Implied by the New Framework Development Assistance: PRSP and SWAP

Poverty Reduction Strategy Papers (PRSP) and Sector Wide Approaches to Planning (SWAP) are becoming the main development assistance modalities. They alter the way capacity development interventions are delivered as well as the capacity requirements themselves.

External development agencies are increasingly looking for ways to harmonise the delivery of development assistance in order to reduce transaction costs and improve aid effectiveness. This is a response to the disappointing results with the traditional delivery mechanism (i.e. project aid), particularly in the area of capacity development.

SWAP: Focusing on local ownership and addressing sector wide problems of capacity
One of the defining characteristics of a SWAP is that all significant funding for the sector should support a single sector policy and expenditure programme under government leadership, adopting common and consistent approaches across the sector and progressing towards relying on government procedures to disburse and account for both government and donor funding. A SWAP may also include coordinated support for civil society or private sector development.

Most SWAPs include some elements of capacity development, at central or local level or both. This may target individual organisations or a broader organisational field or task network. One important difference between SWAPs and traditional projects is precisely that the field of intervention – and, consequently, the field of analysis and the array of factors which cannot be dismissed as external – are larger, typically comprising several organisations and actors both in the public and private or civil sphere.

Local ownership under SWAP has proved to be less pronounced than initially expected and hoped for. This is a particular dilemma for CD efforts. Old habits are hard to change both for donors and recipients. Disbursement pressures and political pressure both in donor and recipient countries for delivery of quick results combined with lack of absorptive capacity, have lead donors and recipients to resort to old ways of substituting local weak procedures and organis-ations with parallel structures. Provision of extensive TA (both long- and short-term) is also used. It has proven virtually impossible to combine the short-term perspective on deliveries with a long term focus on sustained CD.

SWAP, the local level and decentralisation
There is a potential conflict between the capacity development efforts under SWAP in countries implementing decentralisation reforms. SWAP often has a strong focus on central ministries and departments, at times at the expense of lower level of government and services providers in the villages, districts and regions. A decentralisation process will obviously entail new capacity requirements at central and decentral level, as the roles, mandates and responsibilities of the line ministry change.

Linking SWAP with the macro-level
Reform measures aiming to improve the overall framework for public sector management may often prove to be a condition for a successful SWAP. Links to civil service reforms and core budgetary management improvements are particularly important in this respect. Recent efforts in

designing and implementing Poverty Reduction Strategy Papers (PRSPs) can in principle provide one mechanism by which to ensure greater consistency between capacity development at sectoral level and at macro level.

PRSP and Capacity Development for Poverty Reduction
PRSPs are intended to describe a country's macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are prepared by governments through a participatory process involving civil society and development partners, including the IMF and World Bank. The preparation and implementation of PRSPs are linked to the granting of debt relief under the Highly Indebted Poor Countries (HIPC) initiative.

Whereas SWAPs try to influence and support policies and institutions at sectoral level, PRSPs seek to provide a national framework for all interventions relating to poverty alleviation. This implies focus on two related aspects of public sector capacity development: 1) development of the general public sector management capacity and coordination with a view to strengthening pro-poor policy making, implementation and governance and 2) development of national capacity to monitor and evaluate the effects of PRSP on key poverty and social impact indicators.

PRSPs often focus on social service delivery sectors (health, education, water and sanitation), but normally also devotes attention to core financial management institutions, and tend to seek to strengthen the power of these vis-à-vis sector ministries. Medium Term Expenditure Frameworks (MTEFs) are often seen as an instrument for implementing PRSPs, allowing expenditures to be driven by policy priorities and disciplined by budget realities, thus aiming to link policy making, planning and budgeting. MTEFs are often encouraged by the Bretton Woods institutions. Together, PRSPs, other national visions and the MTEFs thus form an important part of the norms, rules and enforcement characteristics, which both shape and constitute the overall national institutional framework for capacity development.

However, it has been recognised that the application of MTEF (and probably also of PRSP, though evidence is only now starting to emerge) has focused too narrowly on technical and formal aspects by adopting a rather technocratic approach, in which the informal institutional and political issues highlighted throughout this paper have been neglected.

Monitoring and evaluation are becoming key issues in PRSP, not least to enable the donor community to observe if the country makes the progress which the granting of HIPC debt relief assumes. Most *supply side* initiatives in the field of monitoring and evaluation have so far has aimed at building on existing organisation (i.e. the core ministries and the central statistical bureau). In addition there are also more innovative initiatives aimed at making poverty assessments more participatory. Agencies and institutions outside government (e.g. research institutes, think tanks, universities, the private sector and CSOs) often also participate in the monitoring and evaluation of poverty reduction strategies which in itself may help improve accountability.

On the *demand side* it is now generally acknowledged that strong demand is a precondition for the development of a sustainable national monitoring and development system, and that donor driven demand will not suffice and may actually be counterproductive if not fully integrated into domestic systems.

Monitoring and evaluation must also be made more participatory (and perhaps less technocratic). This involves capacity development of local media, civil society, political parties, parliamentary

watchdog bodies and audit institutions, allowing them to increase transparency, enhance the voice of beneficiaries and hold governments accountable. Thus enhancing public sector capacity will also involve capacity development of institutions outside government.

In many ways, both SWAP and PRSP thus put *greater* (not less) demands on recipient country capacity with respect to policy analysis and monitoring; to implementation with and through multiple private and public organizations; to monitoring and evaluation; and, generally, to participatory forms of governance.

The multiple donor practices which distort incentives and erode capacities are, in this context, an even more significant negative factor. Ironically, the difficulties may be compounded if the introduction of SWAPs and PRSPs are pushed forward (through the link to HIPC and other donor funding), thereby quickly requiring added planning, implementation and monitoring capacities. These capacities – especially delivery capacities reaching the poor - are, in most countries, far from sufficient to deliver the results which PRSPs (and chronically optimistic donors) envisage. Thus, in Highly Aid Dependent Poor Countries, there may be strong incentives for both government and donors to opt for quick-disbursing mechanisms (e.g., the traditional parallel structures with special incentives). The alternative of addressing the fundamental capacity constraints and restoring proper incentives would in many countries be politically sensitive and risky, and take 15-25 years, a horizon well beyond the 10-15 years of PRSPs – not to mention the time perspective of most domestic political actors.

Implications for CD and CDIE
Both SWAPs and PRSPs increase the complexity of defining adequate donor support. In aid dependent countries, new requirements for administration and monitoring of donor resources increase capacity requirements. Furthermore, the adoption of new aid paradigms may make both donors and recipients prioritize short-term results over long-term capacity development. Capacity-destructive effects of current donor practices are still limiting the possibilities for co-ordinated, holistic approaches to capacity development at sector wide or even public sector wide level.

These factors will continue to affect CD. The implication is therefore to ensure that CD efforts to the degree possible address these complexities and the constraints through careful analysis, and through gradual implementation steps aim at influencing the constraining factors. CDIE will have to assess to what degree this has been done, and whether that has resulted in changed outcomes and/or lessons learned.

6. Capacity Development Processes and Interventions

Some of the contextual factors and concepts discussed in the preceding chapters have direct relevance for CD processes and interventions. In this chapter, the focus is on (Danish) support to CD processes. It will review experience with donor funded CD support, and summarize central issues which CD support must deal with.

Figure 3: Intervention Areas for Danish Capacity Development Support
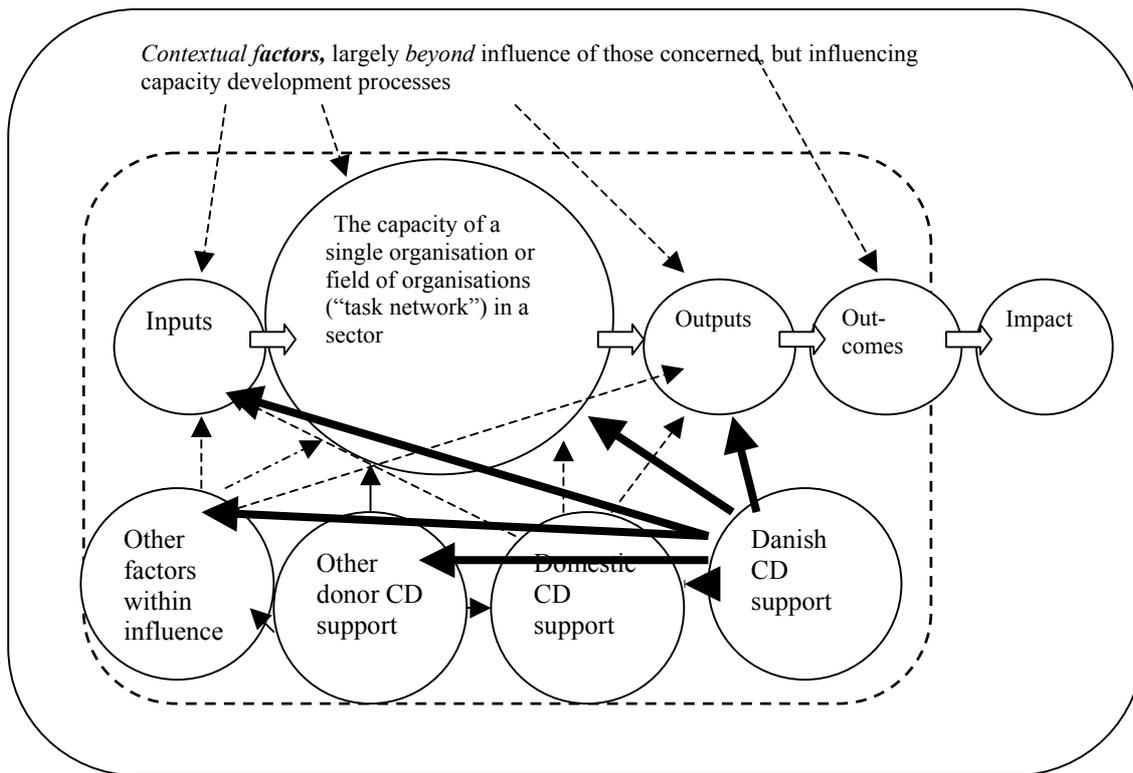
It would be relevant, in this context, to discuss possible differences between domestically initiated CD efforts and those supported by donors. In principle, both efforts must address the same organisational and political issues. In the SWAP context, the role of donors should in principle be to support domestically "owned" CD processes. When this is not the case, CD support will be donor driven, and experience has shown that in such cases it will be difficult – though not necessarily impossible – to achieve sustainable results. This said, it is beyond the scope of this paper to analyse whether experiences with entirely domestic CD efforts have proven more successful or whether they have different characteristics than donor supported CD.

The framework for Danish (or other) support is illustrated in figure 3. The figure shows that Danish support will only be one part of a larger number of processes which, intentionally or unintentionally, shape change processes in organisations. Some of these change processes may lead to desired results (eg. CD), while others may counteract such effects. The numerous factors influencing CD have been discussed above.

In addition, the figure illustrates that CD support can work through support to various elements in the conceptual framework: It can work through *pull-strategies* on external factors, thereby seeking to change the incentives for the organisation or the resources (inputs) at its disposal. Or, it can work with *"push-strategies"* within the organisation(s), on changes in the elements in the internal model of organisations presented in chapter 4.

Table 6 was, in a less elaborated version, already introduced in table 1. It presents a typology of CD interventions and indicates examples of interventions which would predominantly (though not exclusively) fall into one category.

Table 6: Typology of and examples of CD interventions

	Predominantly functional approach	*Predominantly political approach*
Interventions targeted at internal systems elements (*push-strategies*)	Change of systems, structures, procedures, technology; skills training; general management training, technical assistance in these areas	Promotions, firing, targeted support to "groups of reformers", support to sanctions against rent seeking, in-house management development, performance-based benefits to key staff
Interventions targeted at external stakeholders and factors (*pull-strategies*)	Output- or performance-based budget allocations, change of resource envelope, change in education system, change in formal/legal mandate, introduction of supervisory agencies etc.	Building and maintaining coalitions of external stakeholders strong enough to impose change. Building up client/user pressure for accountability, support to advocacy and lobby groups, training of politicians, journalist.

The different options are not mutually exclusive. Nor can specific interventions – such as firing for example – exclusively be regarded as either political or functional. *The important point is that although the immediate objective of a CD support may be to enhance the formal organisational capacity or efficiency (e.g. alter the inner workings of the organisations) – this does not automatically imply that the best way of doing so is by supporting the organisation directly or working only on functional aspects* . Only a careful analysis of the prevailing constraining and enabling factors inside and around the organisation(s) can lead to a decision of the right blend of push- and pull-strategies, and functional and political approaches, respectively.

Experience with donor supported CD
When development assistance took off, development agencies tried to fill the capacity gap in developing countries by providing intensive support for human resource development. Staff from both core and line ministries were given in-country and overseas training. In addition, expatriate advisers were often placed in key positions in ministries and agencies to transfer their knowledge and skills to the recipient organisations, often through a local counterpart Most agencies were also provided with physical infrastructure. Typically this included vehicles, office equipment and the construction/rehabilitation of office buildings.

Predominantly functional push-strategies
This initial focus – in-service or pre-service training, infrastructure, and expatriate advisers – is probably still the dominating paradigm for donor supported CD. It clearly falls within "push-strategies", and it clearly addresses the "harder" boxes of the six-box model from chapter 4. For the donor agencies, the key advantages of this approach was the focus on easily observable inputs (e.g. number of training session, advisers and vehicles delivered) and a fairly tight control of the process and the procedures, often dictated by the donor agency.

However, the results in terms of improved delivery of outputs by the recipient institutions has proven not to be consistently linked to the amount of inputs delivered for capacity development. This has led to an increased focus on other organisational and institutional issues, as discussed in previous chapters. However, this focus has been much harder to operationalize in practical prescriptions. As will be argued below, this is not because broader approaches are still in their infancy – but rather because the complexity of the matter has increased exponentially compared to the excessive simplifications applied in the "project days".

Training and Education

Training of staff have been perhaps the most widely used instruments for capacity development. This includes workshops, on-the-job training, study tours, inland and overseas training, and overseas higher education. Training addressing "soft elements" of organisations, notably management training, are increasingly included. All main donors still use training and to a lesser extent higher education as an instrument in developing capacity.

A number of basic issues and questions have to be analysed when assessing apparent training needs (see also chapter 4). The answer to these will often diminish expectations regarding the effectiveness of training programmes:

- The degree to which the existing organisational environment allows staff to utilise already acquired competencies and qualifications
- How well the proposed training or education fits into the overall institutional context and in particular if the training is institutionally demand driven.
- Are the skills available and applied in other sectors or organisations, or in the private sector – and does this point to non-training constraints (e.g. poor incentives to apply skills, low importance of doing so?). Which specific capacity improvements and changes in outputs have previous training led to?
- Is training (and allowances in connection with training and workshops) functioning as a benefit to staff (and maybe even an important one) as much as it is seen as critical by management in relation to organisational performance?
- Has the content of training been defined by the organisation itself, and reviewed and approved by management with specific reference to existing or upcoming tasks?
- Are the skills to be acquired specific and can they be directly linked to tasks?
- Are those selected for training critical to the formal functioning of the organisation and for CD in the organisation? Evidence may suggest that potential "champions of reform" may benefit from exposure to innovative approaches in other countries, through study tours, conferences etc.
- Will those trained stay in the organisation for a reasonable period, or are they leaving and/or poached by others, including donors?
- Are others offering parallel training in related fields, and is this an indication that proposed training is supply-driven?
- Is training an integrated part of a coherent, sequenced package of reform and CD measures, or is it largely one-off events?

Technical Assistance (TA)

External development agencies have a long record of supplying technical assistance for capacity development in the form of short- and long-term advisers and experts. However, the record hitherto in terms of developing public sector capacity has been mixed.

As a response, several donors have begun to change their approaches to long term TA typically including a scaling down in the number of long-term advisers and making their costs transparent in aid budgets, accompanied by untying (or pooling) the procurement of TA. In SWAPs, where various donors pool their support, tied TA will most likely disappear as it is not consistent with the principles of SWAPs.

Key factors of importance to avoid these well -known shortcomings and failures of long term TA include:

- TA must not be supply driven. Management of the change and of TA must be geared towards the needs of the process and the participants, not the reporting and accountability requirements of the donor.
- The demand for TA must be coming from the organisation or unit at which capacity is to be developed. This may change current identification and recruitment practices by some donors, such as untying and beneficiary involvement
- TA should focus on institutional processes and changes, not only on implementation progress and disbursement.
- Segregate functions of TA which are not relevant to capacity development from those that are. Likewise, the organisational arrangements (where to place TA, lines of command and reporting) should be clear from the onset of TA support and should ideally be defined by the recipient organisation
- Specify to the largest extent possible the scope of work and required qualifications of the TA. Experiences suggest that specificity enhances impact.
- Consider, before TA is applied, how to phase-out TA support, depending on the capacity development objectives achieved.

Summarizing, TA must be strongly demand driven to be effective as input in push-strategies. Unless truly welcomed or empowered by lasting and sufficiently powerful domestic champions, no organisational development consultant or TA can expect to contribute to lasting CD, a fact well known from the thriving consulting business in industrialised countries.

Twinning
Twinning is usually referred to as an arrangement, which pairs an organisation in a developing country with an organisation with roughly similar remits in a developed country, typically that of a donor. Twinning is an often-used instrument for attempts to develop capacity in the recipient organisation and in some cases the increased use of twinning for capacity development can be seen as a response to the disappointing results of TA.

Typically a twinning arrangement aimed at capacity development includes one or several of the following aspects: exchange of staff, formal off-job training courses, on-job training, study tours, support for equipment, long- and short-term experts. Thus, twinning often contains elements of training and TA.

The potential advantages of twinning as a method for capacity development over other capacity development interventions include its ability to provide a broad range of relevant services; similarities of corporate and professional identity and institutional mandates facilitating learning and exchange of technical information as well as enhancing credibility; long-term professional commitment and finally (and perhaps less tangibly) the possible psychological and political advantages of twinning giving at least the appearance of an equal two way exchange.

Twinning may thus be well suited to enhance skills, create professional and international networks and to foster what was labelled "intrinsic incentives". Most twinning has, unsurprisingly, been less successful in supporting systemic changes aimed at improving lasting capacity, and in fostering leadership and accountability in the recipient organisation. Twinning arrangements may, as other donor support, risk being driven by supply of the donor-country institution rather than by demand from the recipient country institution.

The key issue to consider in relation to twinning is thus if the twinning arrangement is used for what it is good for – e.g professional/human resource/network related capacity development.

Twin partners in developed countries will only rarely if ever be proficient in organisational change consultancy, and should not be expected to deliver such services.

Funding of investment costs
CD support is rarely limited to funding of training, consultancy assistance and/or twinning arrangements. Usually, donors include funding of "hardware", which can include everything from buildings to laboratories, furniture, computers, photocopiers – and, of course, vehicles.

At least five critical issues must be considered in relation to this type of assistance from a CD perspective (see also chapter 4):

- It is a strong signal of low importance if an organisation is relatively under-funded and under-equipped compared to standards in the public sector. CD efforts in such organisations will most likely meet little external support and possible advances would rarely be sustainable.
- Computers and vehicles, and even buildings, are recurrent investment objects, and they imply considerable recurrent costs. If neither investment nor recurrent costs have been provided in public budgets hitherto, it may also be unlikely in the future. Sustainability is thus at risk.
- Access to "easy" donor funded equipment may provide a disincentive for proper maintenance and may diminish pressure on the budget process to provide an adequate balance of investment and operational funds.
- Recipients may often show considerable interest in hardware components and even accept TA and "soft" CD elements as part of a tit-for-tat deal. This is often a strong indication that the equipment will serve to cater for already existing needs (both of a formal and informal nature), rather than for developing additional capacity, and that the commitment to CD is ambiguous or even non-existent.
- Control over equipment is a source of organisational power, and will affect the configuration of power and influence.

The elements discussed above are all part of traditional donor support to CD processes. With the possible exception of TA, they all share the same two limitations: They are essentially push-strategies working on the inner elements of organisations, and they are essentially addressing the formal task-system, leaving the informal system of other interests, loyalties and incentives untouched. As such, they may support CD when other factors are conducive. The key problem is that often these other factors are not conducive.

This poses the challenge of influencing these non-conducive factors. Although possible, it is unfortunately also much more complex, difficult, risky, and unpredictable in requirements for inputs as well as in securing desired outputs. And donors' and others' experience in this field is much less systematised in literature.

Predominantly functional pull-strategies
Interventions mainly seeking to change "functional" factors in the environment with important implications for an organisation (or a field of organisations or task network) will nearly always require that political processes are influenced. Donors have, however, in many cases pursued formal or functional changes without ensuring the political backing of those.

Firstly, many efforts have been dedicated to support changes in *legal mandates and regulatory frameworks*, thereby changing the composition of tasks in a sector or for specific organisations. International conventions, as well as laws from other countries, have often been major sources of inspiration in such support, combined with timely study tours.

These legal changes have often sought to "protect" public institutions against what has been considered an abusive political system. It is thus addressing the informal system through formal means: anti-corruption laws, establishment of independent boards, superintendencies etc. However, these mechanisms often fail to deliver the expected results if they are not accompanied by other means which alter the power balance between informal and formal systems. Informal systems have thus proven to have an amazing capacity to circumvent formal barriers.

Secondly, donors may try to *change the resource envelope* for an organisation or sector, both because it will enable organisations to function, and because promises to increase sector funding are taken as signs of commitment from government to enhanced sector performance. Donor, under advanced SWAPs, will often accept to provide part of the operational budget for a sector as part of a deal promising increased budgets.

However, issues related to overall fiscal policy, fungibility and the willingness of donors to apply conditionalities if increasing government funding is not forthcoming have often made attempts to change the resource availability to a sector less successful. But SWAPs with close donor-coordination and a clear national budget framework should increasingly allow some of these difficulties to be overcome.

Thirdly, *output- or performance-based budget allocations* expressed in contracts between typically the ministry of finance and the sector institutions, have become a frequent manner of trying to increase performance pressure on public organisations. There are, however, many challenges to this approach. One is that the key performance indicators which have been agreed upon may provide strong but wrong incentives to the organisation to focus on some narrow quantitative results: for example, an agricultural extension service may have agreed to conduct a certain number of extension visits to poor farmers. In one Asian country, this led extension workers to conduct very hasty, and rather useless visits to farmers, to comply with the targets.

Another difficulty is that the ability of a sector organisation to perform may depend on other branches of government, not least the same ministry of finance with which a sector organisation may have a contract. If approved budgets are not disbursed as promised – which often may happen for fiscal policy reasons – then the sector organisation can rightfully claim that it had no chance to reach targets.

Fourthly, donors may support *upgrading of the educational system* which provides entrants to public sector jobs. This may further have merits on its own, but it is obviously a long-term effort, and for many reasons graduates may seek greener pastures, or may not, if publicly employed, be able to use their skills. The impression from dynamic private sector branches like telecommunications which have had a strong demand (backed by attractive salaries) for new skills, indicates that the educational system (including overseas training) is able to respond fairly quickly to effective demand from the labour market.

Predominantly political push-strategies
Donors can seek to support internal processes aiming at changing internal relationships, motivation and incentives, and leadership and management, thereby seeking to influence the power-configuration giving more power to the task-oriented part of the organisation. However, push from within for changes affecting important power relations cannot normally be managed by external consultants or TA, unless they have a very strong and direct backing from external stakeholders. At best, they can strengthen the coalition of one party in a conflict. Consultants and TA easily become independent targets in the struggle, or end up running processes of a symbolic nature. The leadership of the push for more important changes of power structures needs to come

from a force inside the organisation (a person, or a group). Consultants may conduct processes ("process consultancy") and be what fashion has labelled "change agents" – but they are normally most successful if they are brought in to clean the deck *after* important power struggles have been settled. They are not themselves normally able to change important domination and influence patterns.

In some cases, TA or consultants may function as messengers, carrying information through or around internal boundaries, thereby e.g. informing top management about "reality on the ground" which it never hears about or sees because the hierarchy effectively filters information and "give the boss what the boss wants". This can, of course, lead to positive change, but it may also explain why consultants and TA are often received with suspicion, and why information to consultants is also filtered.

Most donors are reluctant to admit that they seek to change staff which is found to be incompetent or corrupt. They do, however, discretely work along this line of CD support. Less discretely, they may also choose to support certain parts of an organisation only, expecting that a better resource endowment for a particular group will enable it to conquer institutional power and eventually change the entire institution. Again, this may rarely succeed unless external stakeholders are, at some point in time, willing to promote such a group.

Predominantly political pull-strategies
Finally, in the typology proposed here, pull-strategies could be emphasised so that changes in the configuration of external factors provide changed performance incentives for an organisation or a group of organisations.

This would often be done by building and maintaining coalitions of external stakeholders strong enough to impose change. To define the scope for and viability of such approaches, it is thus important to analyse such stakeholder options.

Interestingly, such approaches seem to have gained increased prominence, maybe reflecting the mixed experience with traditional CD support. The classical diplomatic approach – seeking to influence senior ministers and other power players in endless series of receptions and meetings – is certainly still at work. But it has been supplemented by broader initiatives which seek a more systemic or "institutional" approach through support (including, needless to say, CD support) to
- client/user groups – e.g. parents' associations in schools
- interest groups (farmers' associations, labour unions, employers' organisations, professional associatons)
- advocacy and lobby groups
- media (including training of journalists)
- politicians (including training of these)

Such strategies may be long-term, but they essentially seek to ensure increased and sustainable pressure for accountability, efficiency and effectiveness of public institutions. As such, they may hold a promise beyond what many other CD support modalities can offer.

The political approaches discussed under the heading of "push-" and "pull"-strategies respectively often merge, and they share a common basic characteristic: They are "political" in nature, in the sense that such interventions very directly enter dynamic fields of multiple actors reacting to each others actions. Concepts used to describe interventions of these kinds are often taken from the areas of competition, games and war: arena, scenario, players, coalitions,

champions, strategy – and winners and losers. This does not imply that technical considerations do not matter – but they typically matter far less than in other potential intervention areas.

External stakeholder coalitions support different internal coalitions - e.g. family members supporting a labour union's attempts to increase influence and increase benefits, powerful politicians supporting a protégé. In this environment of dynamic, ever changing, loosely coupled coalitions, donors can, with their support, seek to foster coalitions for change, strengthen existing coalitions or weaken adversaries of desired change. They are thus acting as other stakeholders are.

The activities discussed include networking and policy dialogue, or, in more plain language, manoeuvring to seek influence. It can also entail more traditional CD support to those national stakeholders that are seen as proponents of reform or which may hold government accountable, since this may strengthen their power.

Activities of this kind share a number of characteristics which do not easily fit into prevailing aid management modalities:
- they require presence, patience and political flair. The knowledge of local waters is indispensable for fruitful navigation, and will normally require indigenous expertise.
- they require flexibility, enabling adaptation of support (which may often be small in monetary terms) to rapidly changing circumstances. "Seizing the moment" is often crucial, and this requires decentralised decision making authority
- support is rarely needed on a permanent basis, rather, permanent stand-by of support which can be rapidly mobilised is required.
- risk of failure – and even of becoming the enemy, if identified with a loosing party – is high.

The specific operational mechanisms for this kind of CD support are not well described in the literature, and it is even sometimes denied that donors would or should do this, since it can easily be interpreted as inadmissible intervention in the internal affairs of others.

The adoption of SWAP and PRSPs, as well as the history of development aid, clearly demonstrates, however, that donors are intervening. The key issue is therefore how this is done, e.g. when it is admissible and when it is not.

The various option for CD support – internal support to "instrumental" elements of the organisation, internal support to coalitions for change, support to external stakeholders, and support aiming at changing external factors – are not exclusive. In the best of cases, they reinforce and complement each other. Needless to say, it may not be one donor, nor donors' combined, who deliver all kinds of support. Some options may clearly be more suited for local actors. The point for CD and CDIE is that all options – and possible actors pursuing some of these – should be considered.

The Environment of Change: Commitment, Crises and Timing
There is widespread agreement that the absence of true commitment is a 'killer factor' in CD (and other development) efforts, but no agreed definition of what 'true commitment' is — let alone a method for determining or measuring its presence.

In fact, the term could appear to be defined retrospectively: If a person, or group, despite dire odds and no certain prospects for a personal gain, keeps up his/her/its struggle for what he/she/they truly believe in — and, in particular, if they are willing to take calculated personal risks (such as that of losing career opportunities, or being removed from office, or perhaps even

imprisoned), which most of us, as observers, probably would not be willing to share — then we tend to speak of the person, or group, as being 'truly committed.'

In other words, a possible definition of commitment to change could be, that the person, or group, in question has somehow linked his/her/its own personal fate to that of the change program, so that the success or failure of the latter will be a personal/group success or failure. Sufficiently powerful stakeholders have to risk loosing something valuable if the change does not succeed. Actors must be clearly tied to the action, they must have made a public "investment" and are thus becoming dependent on its success (note that motivation and expectations, although desirable, are not sufficient to drive a change process).

Obviously, commitment is not a one time declaration, but a constant requirement. The configuration and intensity of the required commitment may (and will) vary. In many developing countries, the constant requirement for some degree of commitment has been seriously undermined by the overwhelming number of reforms induced. In many countries, it is quite accurate to talk of comprehensive reform and change as the constant, normal state of affairs.

Lack of commitment can be difficult to detect. It can range from formal compliance or lip service, to apathy. And commitment can vanish rapidly.

Crisis – which implies losses or risk of losses – is significantly influencing the chance of success of change in organisations. The more profound the change process required, the more deeply felt must the crisis or the threat be. Crises push change (this is often call the "burning platform" approach to change). This is true in macro politics as well as in organisations.

But although crises may be necessary to put change on the agenda, it is not enough to carry change through. Organisations, sectors and even countries have been in crisis with the sad outcome that they have disintegrated. Though everybody has felt the crisis as a deadly threat, they have not been able to deal with it. In addition to crisis, comprehensive change thus needs sustained commitment and leadership.

This points to the importance of *timing* in relation to CD support. A static analysis of "objective" deficiencies in an organisation or in a field of organisations will not capture this aspect, which again is much closer to the art of politics and war (and love, incidentally) than to engineering. Successful CD support must seize the moments or windows of opportunity where the configuration of crisis, commitment and incentives to change are prosperous.

There are no prescriptions available on how to do this. However, if CD support is defined in rigid terms, with inappropriate details which cannot easily be modified, by short term incoming teams of donor staff or consultants, and if the support due to approval procedures only really takes off a year later – then the ability to seize the moment is clearly strongly limited. Such limitations in the set-up of CD support may on their own indicate limited success probability from the beginning.

The condition for assisting comprehensive CD-processes in a timely, flexible and adaptable manner seems instead to require local presence, delegation of authority to the local representatives, and strong attention to process aspects.

Key factors for successful CD support
The bulk of this paper has listed a considerable number of factors and variables which, in various manners, determine capacity and frame the options for capacity development. Adding the element

of *supporting* capacity development, and venturing to identify the most important factors or issues to analyse in relation to CD support, the following stands out:

- the competitive pressure and performance demands on the (field of) organisation(s), and the options for changing this
- the possible gap between the formal and the informal organisation
- the actual incentive structures functioning in the organisation(s), and the options for modifying these
- the scope of required change: incremental or strategic change
- the commitment of key external and internal stakeholders to the change process
- the availability of sufficient recipient capacity to manage and lead capacity development (or, differently put, requisite ambition levels for CD)
- the balance between push and pull elements in the support for CD
- the options for producing some quick, visible results to deepen commitment.
- the timing and process of interventions and support

In some situations, evidence seems to indicate that a careful analysis of these factors will lead to the conclusion that sustainable capacity development is unlikely to be attained. Support to capacity development *can* work, but it will not always do so.

7. Evaluation of Capacity Development Interventions

Evaluation of CD can have three different but overlapping purposes: (i) to help participants *learn* about CD, about how various activities may influence capacity, and about how objectives are better met; (ii) to provide decision makers with information to change the *allocation of resources* (from less to more effective activities); and (iii) to help *account* for the use of resources to donors and recipient organs.

Specifically, Danish evaluations shall "contribute to the improvement of aid...Evaluations shall seek the causes and explanations as to why activities succeed or fail to succeed and produce information that helps to make future activities more relevant and effective" (Danida's Guidelines for Evaluation, 1999)

Attribution problems
Attribution problems in aid evaluation are well known. The wider the ambition level – as in SPS – the more factors beyond the immediate control of any actors will influence outcomes.

Sector-wide capacity development efforts involving a number of organisations thus cannot *in principle* be attributed to, say, Danish CD support. Any action in the organisational field by any actor will in principle (and in practice) prompt other actors to adjust their behaviour: if a department suddenly has more resources (and, consequently, power) in the form of say, cars, gasoline and computers – then neighbouring departments or superiors will most likely adjust their cooperative and/or competitive behaviour to get increased access to the resources, or to get access to additional resources of their own not to become marginalised internally and/or vis-à-vis external stakeholders. The sum of outcomes of what is in reality constant strategic responses by actors to strategic moves by other actors cannot be attributed to one actor's specific moves.

This "game"-view of the causes of the outcome of more complex, multi-organisational CD efforts will thus look for systemic relations, adaptability of strategic responses of multiple actors, and

change processes in institutional patterns and mental models, rather than wider attributable impact of , say, Danish supported CD interventions.

But closer to such interventions, attribution is of course increasingly possible. Especially in relation to the desire to improve aid as quoted above, it is indeed possible to establish causes and frame explanations as to why activities fail or succeed.

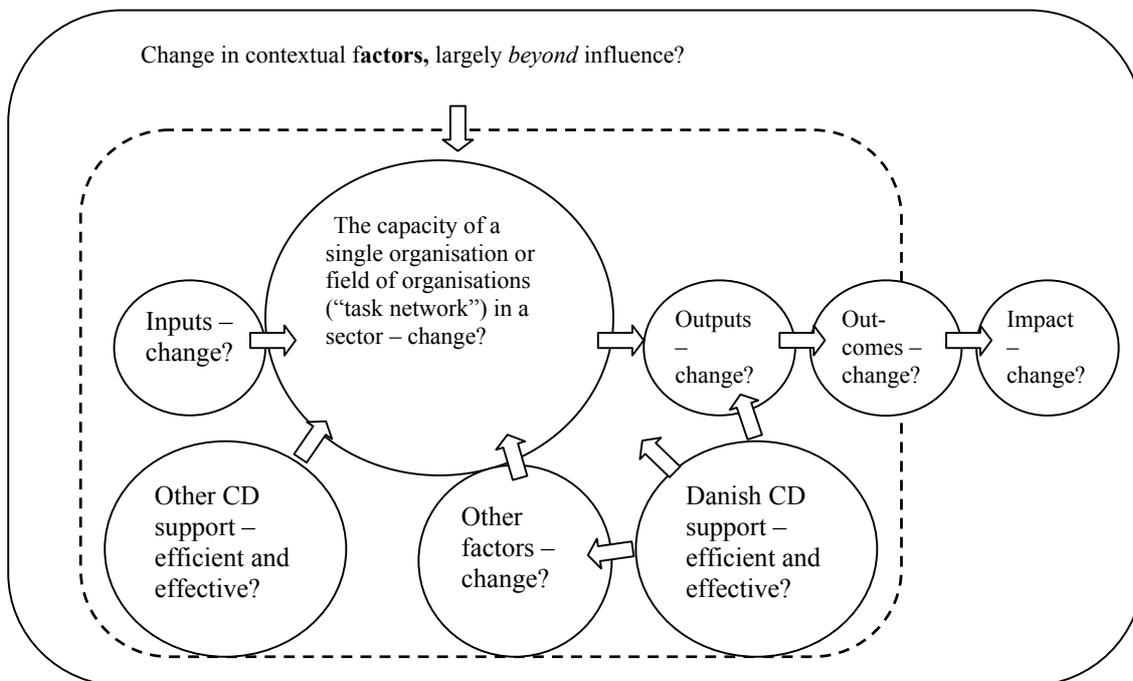**Figure 4: Evaluation of Danish Capacity Development Support**

Figure 4 illustrates the formal attribution problems in CDIE. The evaluation can in principle identify and verify changes in any element – inputs, external factors, outputs, capacity etc. -, thus showing the change occurred from the ex ante to the ex post situation. The problem of attribution is to establish causality between the changes in various elements. The arrows illustrate the multiple causality hypotheses – and thereby also the immense difficulty in isolating the effects of one single factor/actor, e.g. Danish CD support.

The attribution difficulty increases exponentially the broader the organisational field, and the larger the time frame. Both are constitutive elements of SWAPs. Recognising this, a complete evaluation process should thus aim at the key elements highlighted in table 7.

The framework outlined in the table would allow evaluators to establish what happened, and to which degree casual attributions are likely. This should then be compared to the original objectives of the CD support.

Normally, this standard approach is not as straightforward as it may appear, and it may be even more difficult in the field of CD:
- The ex-ante situation is often not described in any detailed manner (the chronic absence of relevant analyses and baseline measurements of indicator values)
- The hypothesis behind the interventions, and the assumptions on which it is based, is not clear
- Both on donor and recipient side, those responsible for design and participating in implementation may have been transferred to other positions.

- The desired end situation is not described in measurable terms – and it often changes over time
- Part of CD-relevant information should be expected to be withheld from or manipulated before being given to those designing, executing and evaluating CD-interventions.
- The evaluation is in itself influencing the evaluated organisation. Asking questions to customers, users or clients about the performance of a public sector body can be considered sensitive and inappropriate.

Therefore, a number of pragmatic alternatives will most often have to be devised, as discussed below. The discussion centres on evaluation process and focus issues. It does not repeat the substance issues already discussed in previous chapters – these are obviously the elements and factors that the evaluation would look for and assess.

Involvement, Participation and the Power of Evaluations
Any external assessment or analysis of the inner working of an organisation – whether a analysis to define CD support, or an evaluation – is in itself a significant intervention which will influence the organisation positively, negatively, or both. Timing, modality, demand for and ownership to the assessment or evaluation is therefore crucial – both for the effects on the organisation and for the analytical results of the assessment. The challenge is to manage the participation according to both the objectives of the evaluation, and the level of desired "disturbance" of the organisation(s) under study.

The launch of the evaluation process – how and by whom Terms of Reference are elaborated, how timing, scope, methodologies etc. are defined in dialogue with the objects of evaluation – or, in other words, how the objects of evaluation are made subjects in the process – will be of key importance for the outcome, both process-wise and results-wise.

Table 7: The evaluation process

Elements to be evaluated	Yardsticks	Causality attribution to specific Danish supported interventions	Involvement/ information sources
Ex-ante situation and analytical base for decision to support CD	Comprehensiveness in analysis of capacity/power, competition/cooperation and formal/informal organisation issues, and of commitment to and incentives for change, national leadership.	High causality assumptions	Donor agency staff, staff & management, boards, key external stakehold-ers
Danish and other intended capacity development support	Efficiency and effectiveness of support and approaches, timing, quality, adaptability to changing requirements. Relations to recipient organisation(s), contributions to maintenance of commitment & leadership	High causality assumptions	Staff & mgmt., boards, key external stakehold-ers, change agents
Change in external factors beyond control	Could/should changes have been anticipated, was support robust and adaptable vis-à-vis changes	No causality	Broader set of informants, society-wide statistical data
Change in external factors within influence	Should the design of CD have addressed certain factors; were important opportunities to influence along the road exploited. If commitment and leadership weakened, was support scaled down/ redesigned.	Mostly counterfactual ("why did you not.."), since actual attempts to influence would become part of CD support	Staff & mgmt., boards, key external stakehold-ers, change agents, broader set of stakeholders
Change in Organisational Capacity	Sustainable efficiency of the organisation(s); increase in power of formal organisation.	Causality assumptions depend on relative size and scope of Danish support	Staff & mgmt., boards, key external stakeholders
Outputs (products, services, regulations)	Relevance of supply, quality, timeliness	Moderate causality assumptions, decreasing with increased organisational field of intervention	Direct users of products and services, stakehold-ers which depend on products and services
Outcomes	Satisfaction of demand (access, utilisation) and of key stakeholders	Weak causality assumptions	Wider target group and end beneficiaries
Ultimate impact	Poverty alleviation, growth, strengthen power of ruling coalition	No causality assumptions	Should not be included in CD evaluations (but maybe in wider SWAP evaluations)

All organisations go through changing periods of more or less tension and stress, both in relation to their environment and in relation to their internal relationships. The timing of an evaluation in relation to these cycles will influence the result.

Linked to the above, evaluations obviously have both formal and informal aspects. Both in donor and recipient organisations, the evaluation can and will be used as an instrument in the constant positioning and repositioning of actors. Rather than overlooking this fact and pretend that CDIE can be "objective", it is suggested to be keenly aware of this aspect. If strong conflicts are emerging in or between involved organisations, an untimely evaluation naively blind to its own role may do nothing but harm.

Outputs as Proxy Indicators for Capacity
A good starting point for CDIE is to look at anticipated and real changes in the outputs of an organisation or a field of organisations. Though the causal relation to CD support (and, as a subset hereof, Danish CD support) may not be strong, focus on the output level allows to ascertain immediate change which then may or may not be attributed to and reflect changes in the internal capacity.

Depending at the scope of the CD ambition, the evaluation could have to address all generic areas of outputs in a sector or sub-sector (cf. chapter 3), or, if the scope is more limited, then the relevant subset of these outputs.

As outlined above, the evaluation would establish the factual changes in the composition of outputs, and whether these correspond to the envisaged and desired changes. Often, these desired changes may not have been described in specific terms, or standards of what is considered "good" outputs may have changed. In different sectors, there are a particular body of experience and norms about qualities and quantities, which should be drawn upon in the evaluation.

A key issue is assessment of the *relevance* of the changed outputs. This would both assess the original hypothesis of relevance (was it a relevant priority to seek to achieve the changes in output), and the continued relevance (since other factors may have changed, rendering the originally envisaged changes in outputs irrelevant).

The concept of relevance is, however, somewhat elusive. Relevance may be understood as focusing on the *demand* side of public goods: Is there effective demand for the changed outputs, and are they put to good use in relation to the intended outcomes (e.g. a housing subsidy scheme may be in high demand, but may effectively be capitalized by the constructing sector and thus in reality not benefit the poorer segments it was intended for). Outputs may, however, be relevant from an abstract point of view (e.g., environmental legislation) but with little actual impact, because other elements (e.g. enforcement) are missing. Finally, relevance may also consider if the outputs could and should be produced by other sources (including non-public sector sources). Relevance assessment may thus easily encompass criteria based on normative conceptions of the role of the public sector.

Assessing changes in outputs as a proxy for capacity development will mostly require data collection outside the organisation (except for records of production etc.). Surveys of "consumer satisfaction", focus groups for quality assessments, interviews with possible competitors would be part of the methodological battery.

Concentrating on external information sources may have the advantage of not interfering so strongly in the organisation(s), but the organisation(s) may consider it a serious threat that consumers are given a serious chance to voice their opinion about the products or services. Such perceptions of threats are not unique to public sector institutions in developing countries.

Organisational Capacity
Assessment of changes inside organisation(s) draws primarily on information sources located in the organisation, and in its possible board. Key external stakeholders may in addition provide relevant insights.

Basically, two types of information can be accessible: information regarding efficiency (unit production costs, processing times, error margins etc.) – or, alternatively phrased, hard data showing changes in the instrumental rationality of production processes. The more the organisation (possibly as part of CD support) is geared towards results-based management, and the higher the specificity and standardization of production processes and products, the easier is it to produce such data (e.g. in health and education delivery service). At top ministerial level, where products and services are combinations of legislation, policy advice and other non-standardized processes, it is much more difficult to quantify and measure efficiency.

The other data source is the self-assessment by staff, managers and key external stakeholders.

In some cases, an initial capacity assessment may form part of a CD support, helping the CD process by inviting staff and managers to assess their present capacity and identify the areas where improvements are required. Hard production data can be combined with "climate surveys" constructed in more or less participatory fashion, and can be a regular feature of organisational self-evaluation. If management assessment is regular part of internal practices, such assessments also provide valuable information.

If such assessments do not exist, evaluators may have to – in focus groups or through broader surveys – ask staff and managers to assess if CD has taken place on a number of relevant dimensions. They may of course also be asked to attribute these changes to causes. In both cases, there is a considerable risk of biased answers. Even so, the self-assessment may prove valid – also because the very ability to and interest in making a self-assessment is in itself an indicator of capacity. Reflective sessions, where a smaller number of key staff discusses how an organisation has developed over a period are thus not interesting only through the answers given, but also through the capacity to self-analysis displayed.

Capacity Development Support
Coming to the CD support proper, three interlinked aspects deserve special attention:

- the process perspective. How was relations in the build-up and deepening of the intervention managed, how did the intervention adapt to changing circumstances, how did it exploit emerging opportunities, and how did it ensure that additional knowledge generated through the intervention was fed back as modifications of the intervention?
- the analytical perspective. How well did the chosen intervention strategy (combination of push and pull, work on formal and informal elements, respectively) fit to the multiple important contextual factors, and was this a result of careful consideration and gradual build up of knowledge?
- the quality perspective. Given the chosen modalities of support, were the inputs – whether supplied by the donor or acquired by the recipient – of good quality?

CDIE in SPS and PRSP Contexts

As discussed at length in this paper, complexity of development assistance – including CD support has increased dramatically with the adoption of sector wide approaches. PRSP-processes add to the complexity. The real complexity of development is now becoming mainstreamed in development assistance.

Bold beliefs that CD support will easily work and have impact well beyond organisations and outputs should therefore be considered with scepticism. If programme support documents states such aspirations, evaluations will in most cases be disappointing – as they have indeed been.

Support to capacity development can work, but it will not always do so. It requires a combination of efforts and conducive elements, and considerable capacity of development agencies to adapt to and manoeuvre in local realities, to be patient and not overextend expectations. CD evaluations may, by considering the many decisive factors in a systematic manner, contribute to enhance this capacity.

Summary of Suggested CDIE Approach

Summarizing this chapter does not result in a firm recommendation of a step-by-step approach. However, the following major elements should be considered, and would probably often benefit from being considered in more or less the order of appearance:

11. Consider and clarify *process and participation aspects* of the evaluation process and how it will or shall influence involved organisations and stakeholders.

12. Identify and assess the perceived deficiencies in the *outputs* of the relevant organisation(s) prior to the support. Compare with the current situation: what has changed at the output level, quantitatively and qualitatively? Identify possible unintended changes.

13. Identify and assess the *analytical basis* for the Danish CD support, the explicit or apparent intervention logic, the relation to other CD activities and/or other relevant processes etc.

14. Analyse the *efficiency of the Danish support* and approaches. Were things done right? Were deviations from envisaged approaches appropriate and timely?

15. Identify and assess *changes of capacity in the organisation(s)* compared to the base situation. If the latter was not described, it may have to be reconstructed.

16. Assess the degree to which the capacity changes can be attributed to Danish and/or other support, and assess, in light of this, the *effectiveness and relevance of Danish support*.

17. Identify *changes in exogenous and "influenceable" factors* respectively which may have affected changes in capacity, outputs and outcomes, and assess whether the Danish support and involved organisations responded adequately to these changes.

18. Assess to which degree changes in outputs can be attributed to Danish support.

19. Assess, if possible, whether changes in outputs have led to outcomes or had ultimate impact. Abstain, in most cases, from narrow attribution to Danish support.

20. Extract lessons learned for donor(s), organisation(s) and key stakeholders. Ensure feedback and dissemination.