

## Management response to the Evaluation of Capacity Development in Danish Development Assistance

This note summarises the main findings and recommendation from the evaluation of Capacity Development in Danish Development Assistance. It also includes comments (management response) from the Danish Ministry of Foreign Affairs and follow up to the evaluation (inserted in italics after each recommendation).

### **Executive summary**

#### **Background**

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

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

#### **Scope of the Danida capacity development Evaluation**

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

#### **Evaluation approach and methodology**

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

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

## Findings

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

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

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

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

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

The Danida-supported programmes generally had few technical advisers and donor funding for CD was mainly used for training, equipment, and systems development. A major part of the work that led to increased organisational performance – in terms of generating sector-outcomes – has been undertaken by the organisations' own staff. In some cases, the domestic revenue base for financing the sector's recurrent expenditures was expanded by introducing user charges. An important feature in

some programmes was the engagement of the private sector and civil society organisations (CSOs) acting in complementary roles to public service providers and thus contributing to the expansion of public service delivery capacity. In conclusion, it is reasonable to assume that the organisations' internal capacity has grown by some measure through endogenous processes whether planned or unplanned.

What worked less well in the achievement of CD results: Changes in capacity development outcomes have not been tied to predefined results frameworks. While results-based management (RBM) has generally been applied and emphasised in Danish assistance for sector-outcomes, results-based CD in Danida programmes – as introduced in 2005 and building on the “Logical Framework Approach” (1996) – has to a large extent not been applied. Assuming that capacity grew simultaneously with the generation of sector-outcomes, it is essentially not possible to judge the actual extent to which the supported organisations' capacity increases have been directly or indirectly influenced by Danida's support. It is thus not possible to establish a direct link between sector-outcomes and CD outcomes. In the absence of direct evidence on CD results, the achievement of sector-outcomes is regarded as circumstantial evidence for CD results.

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

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

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

A changing global development agenda: The global development agenda will undergo significant changes in the coming years. From a CD point of view, there will be a need to keep track of significant development trends and how these generally and for CD specifically will influence Danida's future development assistance. The outcome document of the Addis Ababa Action Agenda (July 2015) for "Financing of Development" presents an ambitious financing framework that includes concrete policy commitments. The adoption of the post 2015 development agenda in New York in September 2015 and the new universal climate change agreement in Paris in December 2015 are two other essential events that will shape the future development agenda. The Danish Ministry of Foreign Affairs published "More Denmark in the World" in December 2014 presenting Denmark's visions and foreign policy interests. The new Government that was sworn in in June 2015 may further elaborate the visions for Denmark's development assistance.

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

## **Conclusions and recommendations**

### ***Overall conclusions***

The findings above lead to the following conclusions:

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

- While CD and TA guidelines of good quality were available – and the intent of capacity development was well expressed in Danida documents generally – they have rarely been applied effectively during planning and implementation of development interventions;
- Management at Danida Headquarters and embassies could have engaged more effectively in capacity development during programme design and implementation.

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

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

The evaluation team recommends that:

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

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

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

The evaluation team recommends that:

3. *The Guidelines for Country Programmes should – in connection with the next revision – emphasise CD more strongly as the cornerstone for development, and make due references to planning and operational issues as stated in the CD and TA guidelines. Danida should apply its change model (Theory of Change) in a way that integrates CD outcomes, which should be dynamic to reflect how the enabling environment must be managed as the intervention proceeds, and how organisational outcomes are achieved in a planned and systematic way. Danida should ensure that its interventions are clearly designed to reflect: the specific contexts and other realities of the planned intervention; as well as the conceived risks and how these could be mitigated. An experimental and learning approach should be applied for high-risk situations or where local contexts do not enable a full results-based approach. Danida should continue to support the demand side with a view to strengthen public organisations accountability.*
4. *The CD and TA guidelines should be updated with an emphasis on their practical use during planning and implementation of programmes with an emphasis on CD outcomes and impact in public organisations and their potential cooperation with the private sector and CSOs. The TA guidelines should be updated to elaborate the role of technical advisers in capacity and capability development in the partner organisations and how TA advisers should interact with embassy staff. CD and TA guidelines could be combined in order to emphasise the interrelation between CD and TA.*

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

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

The evaluation team recommends that:

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

### General response

The Ministry of Foreign Affairs welcomes the evaluation, and appreciates that the evaluation has aimed at generating conclusions and specific recommendations concerning a complex and challenging evaluation topic. The Ministry agree with most of the recommendations.

Support for capacity development is a cornerstone in development cooperation. The Ministry agrees with the evaluation that Denmark's support to capacity development is an integral part of sector support to priority countries. It is noted that the focus of the evaluation is on support to enhancing the capacity of public sector organisations' performance as regards relevance, coverage and quality of services and regulations.

The Ministry welcomes that the evaluation concludes that Denmark has facilitated capacity development processes that have contributed to increased organisational performance in most of the supported interventions. Further the Ministry welcomes that the evaluation finds that good and comprehensive guidelines for support to capacity development exists. The Ministry further takes notes that the evaluation is of the opinion that had the guidelines been applied more effectively during planning and implementation better results would have been forthcoming.

The Ministry further takes note of the fact that the evaluation points to the lack of a systematic and comprehensive approach to planning and reporting on capacity development.

1. Danida should recognise the significance of CD and its potential contribution to development effects – consistently with its policy statements and guidelines. In that regard Danida should emphasise CD more prominently in its programmes and their management. Danida should – in priority countries – continue its practice of long-term

engagement in line with national priorities and partner driven interventions, with a view to achieving sustainable public sector organisations and supportive enabling frameworks.

*Danida notes the evaluation's appreciation of the integration of capacity development in policy statements and guidelines. Capacity development is indeed a critical and integrated part of development efforts and as such Danida recognises that a more systematic effort to strengthen CD in programmes and their management would provide a positive contribution to development. The relevant guidelines will be revised to this effect, not only with regard to priority countries but relating to all programmes and projects.*

2. Danida should consider if the Danida Fellowship Centre (DFC) could become the focal point for CD – with due reference to the 2014 CD Policy – keeping track on CD trends and strategies. For this to be effective, DFC should interact more closely with the Department for Technical Advisory Services.

*Danida appreciates the proposal to consider an increased role for DFC in future CD work. However, Danida finds it important that the knowledge and capacity in the field of CD is anchored in Danida (TAS) and integrated in the general work of Danida. In addition, as the evaluation team has not carried out an assessment of DFC's capacity to implement the proposed role it would be necessary to carry out a detailed assessment of DFC before taking the proposal further.*

3. The Guidelines for Country Programmes should – in connection with the next revision – emphasise CD more strongly as the cornerstone for development, and make due references to planning and operational issues as stated in the CD and TA guidelines. Danida should apply its change model (Theory of Change) in a way that integrates CD outcomes, which should be dynamic to reflect how the enabling environment must be managed as the intervention proceeds, and how organisational outcomes are achieved in a planned and systematic way. Danida should ensure that its interventions are clearly designed to reflect: the specific contexts and other realities of the planned intervention; as well as the conceived risks and how these could be mitigated. An experimental and learning approach should be applied for high-risk situations or where local contexts do not enable a full results-based approach. Danida should continue to support the demand side with a view to strengthen public organisations accountability.

*Danida agrees with the need to continue to focus on enhancing capacity in partner organisations, taking the full context into consideration, including the use of Theory of Change and risk analysis. The recommendation to emphasise CD more in guidelines will be implemented through future revisions of several Danida guidelines. Since the Guidelines for Country programmes are focussing primarily on the process of developing a country programme and less on the content of the programme, it is important that the CD and TA guidelines are revised as well to ensure that the guidance on operationalisation is enhanced.*

*Danida will maintain a strong results-based approach to development, also in high-risk scenarios. In pursuit of achieving results, Danida finds that experimental and learning approaches are vital in all contexts and that the*

*organisation must learn from those practises that work well. It is being considered how to operationalise these approaches better in Danida's work.*

*Support to the demand side will continue to be a prominent feature in the development approach used by Danida. The Human Rights Based Approach to development, which is enshrined in the development strategy, focuses strongly on ensuring a balance between those who have the responsibility to deliver services and those who have a fundamental right to those services.*

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

*Danida agrees with the recommendation and will include it in a revision of the guidelines.*

5. Danida should assess what competences are required among its staff (including Danida advisers) at headquarters and embassies to address CD comprehensively in programme planning and implementation, and how CD is integrated in the overall programme design to ensure that CD receives adequate attention. Furthermore, Danida should consider what means could be applied to raise knowledge and competence among its staff, ex. through short courses, E-learning, etc. More generally, Danida needs to improve its knowledge management systems to the point where they are actually used as references by personnel.

*Danida recognises that relevant competencies among headquarter and embassy staff are a critical factor in addressing CD in programme planning and implementation. Danida will during the on-going policy, strategy and institutional processes consider how capabilities and capacities of staff with regard to CD can be upgraded and tools for its implementation improved.*

*Further, we agree that knowledge management needs improvement. Work is already ongoing to strengthen Danida's results and information management.*

6. Danida should assess – consistently with its 2011 CD guidelines – what basic requirements and competences should exist in partner organisations to enable supervisors and programme officers to lead the CD process and manage the maintenance and further development of capacity and capabilities over the long-term – and what would be the means of developing such competences.



*Danida agrees that there is need for systematic and realistic assessments of whether the minimum conditions for productive capacity development support are fulfilled in partner organisations. Danida will consider this issue when revisiting the guidelines.*

7. Danida should develop a rapid assessment framework for CD that could be applied for appraisals, reviews and progress monitoring to ensure that CD is properly integrated in the programme design and adjusted to changing circumstances. The use of such framework could also be a significant source of learning as well as demonstrating Danida's corporate accountability and assurance frameworks.

*Danida will include the recommendation in the revision of the TA/CD guidelines. Danida already has frameworks in place to assess capacity in partner organisations but will consider whether these need to be adjusted in order to become more operational and how they can be utilised consistently in both the preparation and implementation of programmes.*