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# Capacity Development Evaluation: The Challenge of the Results Agenda and Measuring Return on Investment in the Global South

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**Summary.** — This study reviews the evaluation of capacity development, identifying capacity development (CD) modalities and the schools of evaluation currently in place. The research joins the results agenda debate, arguing that in dealing with CD interventions, pre-defined indicators fail to represent the process and the key elements that take CD recipients toward patterns of change. The study highlights the fact that CD deals with projects that, by their nature (consisting of change processes designed to initiate change in people, organizations, and/or their enabling environment), rely more on non-planned changes than on the pre-defined indicators and results to contribute to livelihood improvements and social transformation. The study recognizes the difficulty of evaluating CD under straight-forward mechanisms. It concludes that the existing approaches are not adequate to truly capture or measure impact, as CD projects, restricted by previously agreed budgets, resources, and time frames, are usually not designed to evaluate the sustainability of change and its impact over the medium or long term. As resources are scarce, donor agencies and policy-makers need to know the value of CD in order to best prioritize their investments. However, due to the nature of these projects, measuring the return rate between the project cost and its impact remains a difficult task. There is a need for new, multi-path approaches to capturing changes in capacity in order to serve as a basis for decision-making regarding CD investments.


*Key words* — capacity development, learning, evaluation, Sustainable Development Goals, value for money, results agenda

## 1. INTRODUCTION

The role and nature of development cooperation was the topic of various High Level Fora (HLF) on Aid Effectiveness in Rome (2003), Paris (2005), Accra (2008), and Busan (2011) that resulted in global commitments and development practice principles. The latest High Level Forum in Busan in 2011 led to *The Global Partnership for Effective Development Co-operation* (OECD, 2011). Throughout this ongoing debate, capacity development (CD) has been the key priority of development cooperation (Pearson, 2011). Moreover, CD is now an explicit and integral part of the Sustainable Development Goals (SDGs), with their focus on implementation aspects; compared to the Millennium Development Goals (MDGs) (Joshi, Hughes, & Sisk, 2015), this represents a paradigmatic shift in the emphasis placed on capacity development, now considered as a vehicle for meeting the SDGs and for sustaining these achievements in the long term (Wehn, 2014a).

CD has high financial relevance, not only for the recipient country—where in many cases it is the most important component of the developmental efforts—but also for the donors and implementing agencies, as it is a core function of international development organizations (e.g., UN, OECD, DFID, USAID). In 1996, the United Nations, through its UN General Assembly Resolution A/RES/50/120 Article 22, declared capacity development as an essential path through which development occurs (and as an essential part of the operational activities of the United Nations system at the country level), and not only as a strategy for development.

The need for CD financial inflows varies among the recipient countries. While middle-income or emerging economies are able to self-finance most of it, the poorest or low-income countries rely in about 25% of their development investments on these money flows, in the form of grants or highly concessional loans (Guicquero, 2015). Although development assistance financing increased considerably during the last decade (European Commission, JRC-IPTS, & Joanneum Research, 2002; Morgan, 1999; OECD, 2007–2012; Raynard, 2000; Smillie, 1995) and will continue increasing in overall terms, the share of aid going to the poorest countries in the post-2015 agenda is not yet defined (Gunzburg, 2015).

As money has become a scarcer input and taxpayers are demanding clearer value for money explanations, it is not surprising that debate among development actors is increasingly focusing on project results and rates of return on the amounts invested. A clear example of this value for money or results focus is the recent Independent Commission for Aid Impact (ICAI)'s report on UK Official Development Assistance (ODA)'s expenses (Hencke, 2015; Valters, 2015). Simultaneously, there is also an increasing debate over the performance of development agencies and NGOs in achieving long-term socio-economic transformation goals (Banks, Hulme, & Edwards, 2015; Green, 2015; Jozwiak, 2015). In this context, the quantifiable outcomes of infrastructure investments and predetermined quantified results are typically more easily measured and more highly valued by development agencies than the more intangible or "soft" outputs of capacity development interventions (Roberts, 2013). Yet the main difficulty in quantitatively measuring the return rate for the money invested in CD

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interventions is precisely the nature of these types of projects, as they are developmental and concerned with organizational, social, and individual changes (Blume, Ford, Baldwin, & Huang, 2010; Preskill & Boyle, 2008) aimed at livelihood improvements and social transformation. Due to the nature of these changes, it is difficult to appreciate in the short run what knowledge and skills are adopted by participants of CD interventions once the external partner support and money have left.

Studies exploring the sustainability patterns after the completion and withdrawal of CD interventions, resources, and expertise are almost nonexistent (Themistocleous & Wearne, 2000). This is not surprising, as in practice, the budget allocated to a specific project does not include monitoring once the project has been completed. Experience shows that once the donor and implementers complete the project and leave the country or organization in which the project was implemented, the achieved results are rarely sustained in the medium and long run (Clark, Hall, Sulaiman, & Naik, 2003; Godfrey *et al.*, 2002; Pascual Sanz, Veenstra, Wehn de Montalvo, van Tulder, & Alaerts, 2013). In practice (in many cases), not only do the external partners move out, but also the local counterparts move on to other local projects (as participation in CD projects is an important budget component for both local participants and the local organizations). Therefore, without a budget allocated to follow-up and without proper ownership and integration of the learning goals by the local counterpart, there are no resources to be allocated to continuity.

The evaluation of CD interventions and their modalities is a very complex task, as the intangible effects (i.e., social and individual transformations) are not easily grasped by commonly adopted evaluation methods (Blume *et al.*, 2010; Preskill & Boyle, 2008). In seeking to fulfill the requirements of the donors, not only has the focus of CD projects or implementations evolved over time, but so have the modalities adopted by the implementers in each intervention, as well as the monitoring and evaluation techniques used in their assessment (UNDP, 2013). However, "knowing" and "doing" diverge many times, as changes in habits and practices take time (Argyris & Schön, 1978; Kolb, 1984; Senge, 1990).

This paper aims to contribute to the ongoing "results agenda" and "value for money" debate by emphasizing the importance of understanding the complexity of CD, the relevance of non-planned results, and the fact that CD is not a simple transfer mechanism of know-how but rather a process, which in partnership with the recipients develops the learning behind social transformation through the improvement of livelihoods and the capacity to adapt this learning (or know-how) to different, and specific, contexts, cultures, and realities. It is a process that enables the recipient to do things differently and to modify habits and practices. Therefore, the focus is on the doing, rather than on the knowing how.

The research presents a review of the literature on the main elements behind the most common evaluation methods of CD interventions. It identifies and highlights commonly adopted capacity development interventions and modalities as well as the schools of evaluation currently in place, along with their main elements and characteristics. The study concludes with an assessment of evaluation practices commonly adopted in CD projects and the recognition of the difficulty of evaluating CD interventions under straightforward mechanisms due to the nature of both capacity and capacity development projects.

The paper is organized as follows: Section 2 presents a description of capacity development terminology and its evolution over time. Section 3 presents a description of capacity development interventions and the most commonly adopted modalities. Section 4 discusses the evaluation of capacity development. Section 5 presents evaluation methods used to evaluate capacity development efforts. Section 6 concludes the paper with a discussion of the findings.

## 2. CAPACITY DEVELOPMENT IN PERSPECTIVE

The common goal of development projects through the years has been poverty alleviation and livelihood improvement for the local people (WRI, 2008). The paradigms followed by development agencies in achieving these objectives have evolved over time, shifting from supply-driven technical assistance based on inputs toward demand-driven capacity development based on outcomes, and they have been strongly influenced by the Millennium Development Goals (UNDP, 2009).

In the 1950s and 1960s, developmental aid targeted institutional capacity building through technical assistance, which aimed at providing local public institutions with the finances and physical infrastructure required to manage programs of public investment (Lusthaus, Adrien, & Perstinger, 1999; Sastre Merino & de los Rios Carmenado, 2012). In the 1960s and 1970s, the focus shifted to institutional development and strengthening (Lusthaus *et al.*, 1999; Sastre Merino & de los Rios Carmenado, 2012). In the 1970s and 1980s, the focus of development shifted toward the people, stressing the importance of intangible aspects, such as education, health, and population through the development of human resources including knowledge, skills, and attitudes (Enemark & Ahene, 2002). The emerging discourse on knowledge societies facilitated by the rapid and wide diffusion of information and communication technologies (Mansell & Wehn, 1998) brought the importance of knowledge for development to the fore.

Institutional economists resurged in the 1980s and 1990s, with an emphasis on the major stakeholders: government, non-governmental organizations (NGOs), and private organizations, as well as their networks and external environment (Lusthaus *et al.*, 1999). The focus of this approach is on economic behavior and sustainability.

In the late 1980s, the concept of capacity development emerged in the literature, evolving from years of development interventions between North and South countries (Lusthaus *et al.*, 1999) and embedded in the systems perspective framed by the fundamentals of evolutionary economics (Edquist, 1997; Nelson & Winter, 1982).

Table 1 presents a review of the four main interrelated approaches to CD identified by the literature: organizational, institutional, systems, and participatory.

This study understands capacity development as the process through which individuals, groups, organizations, institutions, and societies increase their abilities to: (i) perform core functions, solve problems, define and achieve objectives; and (ii) understand and deal with their development needs in a broad context and in a sustainable manner (UNDP, 1997; UNESCO, 2006, Chapter 3). Under this approach, CD is an umbrella concept connecting elements from other developmental approaches with a long-term, demand-driven perspective, seeking social change through sustainable social and economic development (Alley & Negretto, 1999; Lusthaus *et al.*, 1999; Morgan, 1998).

The CD approach, as understood in this research, suggests enhancing and strengthening existing capacities, not building them from scratch (Dia, 1996; Ohlbaum, 2015a) as had arguably been implied by the term "capacity building" used in previous decades. It understands development as an endogenous transformation process undertaken by LDCs and developing countries and supported, not steered, by external interventions (Kaplan, 2000; Kuhl, 2009).