This article examines the available evidence about training as an instrument of capacity development and asks whether it works and under which conditions it is most optimally pursued. The first part of the paper considers evidence from the World Bank and other international donors, which spend considerable sums on training in developing countries. The second part of the paper looks at the record of private sector firms to see what can be learned from company training programs, which have tended to be better documented and followed from a cost-effectiveness standpoint. The article then considers what conclusions from the private sector can help us toward a better understanding of the optimal conditions for training in a development context.

One of the key ways that developing countries and international donors have invested in capacity development in the past several decades has been through training and skills-building programs. The cost-effectiveness of these investments, however, has been a matter of debate. Although it is clear that some individuals have benefited personally from training and some organizations in developing countries have reported that training helped them develop new competencies and efficiencies, the dominant finding of most evaluations of training in a development context is that it has proved less effective than expected. Donors have often supported training programs as a way of addressing a variety of institutional, organizational, and individual skills weaknesses that they assume that the training of key individuals can correct or improve. These expectations are seldom met, leading to the conclusion that training is rarely the optimal tool for capacity development.

A closer look at the evidence, however, may produce a more nuanced analysis. When is training a cost-effective solution to capacity problems in developing countries? Would it be more effective to concentrate on organizations, rather than individuals? Would the money invested in individual, short-term training be more efficiently spent on tertiary education or on creating an improved policy or enabling environment? What kind of evidence exists?

Concrete data on training for development are sparse, and cost-benefit and impact analysis of these programs is hindered by numerous methodological and data problems. An effective analysis would look at objectives, inputs such as costs, the approaches used, as well as outputs—how well the objectives were met, how much change was effected, and the value of those changes at the organizational or country level. As detailed below, private sector firms have reported output gains in the thousands of percentage points from highly targeted training programs. Similarly, if a $1 million training program in a weak developing country resulted in measurable efficiency gains in the budgetary and revenue management system—saving millions in previously mismanaged funds—no one would question its cost-effectiveness. Unfortunately, neither donors nor developing countries have systematically gathered data at the critical links of the production chain to make such detailed analysis of cost-effectiveness possible.

Yet, coming to a better understanding of how training compares with other instruments aimed at capacity development is critical to improving the results of international development assistance programs. More
Technical Cooperation Spending: the Data Puzzle

Bilateral donors currently spend roughly $20 billion annually on a category of assistance known as technical cooperation, defined by the Development Assistance Committee (DAC) as "the provision of know-how in the form of personnel, training, research, and associated costs." For many years, this category of spending has been considered by donor agencies as the closest approximation of spending—at the input level, at least—on capacity development.

Closer scrutiny of this spending, however, suggests that it is not a good proxy for spending on capacity development. Indeed, a number of studies suggest that technical cooperation—also known as technical assistance—is not always associated with capacity development objectives. And even those components of technical cooperation that are clearly capacity related are only a part of the overall effort aimed at capacity development.

A number of donors have looked in detail at their own technical cooperation spending. Most of these analyses have concluded that the impact of technical cooperation is mixed and at times has been associated with some of the negative outcomes of donor assistance. No major study has found that increasing spending on technical cooperation has been associated with better outcomes on capacity development.

Most donors have found that a majority of their technical cooperation spending goes to experts who may or may not be working to develop capacity in countries. Many technical assistance experts substitute for, rather than developing, local expertise. And much of the training that takes place using these funds is poorly integrated with the broader development agenda of the partner countries. Until donors have better data on their spending, however, getting a clear idea of how to remedy these problems will be difficult.

DAC has suggested that the data could eventually be sorted into categories such as (a) support to students and trainees, (b) supply of technical experts, teachers, and volunteers, (c) development research, and (d) institutional capacity development projects, which could incorporate elements of the first two categories, but are separately identifiable as specific technical cooperation projects. In addition, DAC has suggested that donors undertake a more consistent flagging of free-standing technical cooperation and investment-related technical cooperation, which is linked to projects or programs.

* A 2001 internal study by the Canadian International Development Agency revealed that between 65 and 75 percent of its technical cooperation budgets was funding "experts." See also Gareth Williams, Stephen Jones, Val Imber, and Astrid Cox (2003), "A Vision for the Future of Technical Assistance in the International Development System." Oxford Policy Management (July).

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1 This widely quoted estimate for the size of the global market comes from Michael T. Moe, Merrill Lynch Equity Research (1999). Many analysts say the market has grown considerably since this estimate was made. Economists have estimated that developing countries spend on average about 4.1 percent of GNP on education. See Paul Glewwe (2002), “Schools and Skills in Developing Countries: Education Policies and Socioeconomic Outcomes” in Journal of Economic Literature, vol. XL (June), p. 437.


Trying to measure whether training and skills building for adults is the most efficient way to invest in capacity in developing countries is also plagued with myriad problems. Nevertheless, evidence from donor evaluations and private sector training programs gives some information on these questions and suggests more effective approaches.

Evidence from Development Projects and the World Bank

Donor and World Bank assessments suggest that individual participants often appreciate training and skills-building programs. A certain amount of evidence, moreover, suggests that the programs can be effective when done under favorable conditions and when country demand, motivation, and ownership are high. Countries across the world have used training to implement major procedural changes and policy reforms, ranging from the introduction of new technologies in post offices to major customs and judicial reforms. Precocious reformers, such as China, have used training to extract lessons from small-scale poverty reduction projects and roll them out on a national level. Clearly delineated objectives and country ownership characterize most of these successful training programs.

Attempts by donors to influence a less positive policy environment through training have been less successful. These projects, which are often delivered as isolated, one-off training events, suffer a variety of shortcomings. These supply-driven approaches are often focused on correcting what donors see as weaknesses in the way developing countries do their work and manage donor funding. Although such training may temporarily fix a short-term problem, such as developing skills for managing a donor program, they rarely result in sustainable capacity with a broader impact. Bringing marginally relevant, developed country approaches into environments where such skills cannot be effectively used often weakens these programs. Such training programs are also criticized for training isolated individuals, especially when those individuals are not in a position to effect change in their organizations.

Perhaps even more important for evaluating the cost-effectiveness of training programs is the lack of data on how much donors and countries spend on training and what instruments are used. OECD/DAC data on technical assistance do not break down donor investments into their composite parts, and even World Bank projects do not systematically specify training as a separate category of spending. Lacking such data means that the programs are poorly monitored by the organizations that pay for them.

Lessons learned about capacity development through long-term training

USAID’s African Graduate Fellowship (AFGRAD) and African Training for Leadership and Advanced Skills (ATLAS) programs were evaluated over the period 1962-2003. The following are some of the lessons drawn:

- It is better to aim at changes in key organizations than to focus on improving the capacity of individuals. Not only does this lead to improvements in organizational performance, but the impact on the individuals is more beneficial.
- The gains to individuals of long-term overseas training abroad include changes in work attitudes, critical thinking, and other “non-technical” attributes (such as self-confidence). These qualities may be less easily instilled by short-term training, yet they may be among the most important for making a measurable difference in trainees’ home countries.
- Having a critical mass of staff in a particular organization that have been trained abroad in the same country may be a factor in making changes more possible, more sustainable and more effective. If so, this is an additional factor in favor of a long-term and selective approach targeted at key organizations.
- The costs of different training options should be assessed in relation to the desired impact. Of critical importance is the cost of obtaining the desired impact, not the cost of providing the training.
- Follow-up support in organizations where trainees are employed should be factored into programs. Maintaining contact with returned trainees can help those who encounter difficulties in introducing changes in their workplaces, a situation reported particularly by women. This, too, calls for a long-term commitment by the donor.

From the donor perspective, training programs often get mixed up with politics, foreign affairs objectives, and the vexed issue of tied aid. Investments in training have traditionally been favored by donors as a way to support donor-country training institutes, universities, consultants, or even airlines. Foreign ministries have seen training as a way of identifying future leaders or having influence on current ones.

The 2005 World Bank OED report on Africa found that capacity development projects, including training, were fragmented and insufficiently integrated into country development strategies. World Bank Institute evaluations of its training programs have found similar problems, but show improving trends in practices in the past few years. Evidence of the low impact of stand-alone instruments, such as Technical Assistance Loans aimed at addressing capacity problems, led the Bank to press for stronger integration of capacity work within broader sectorwide approaches and programmatic lending. Such approaches are at the heart of the 2005 Paris Declaration on aid effectiveness, which, in an attempt to address problems in past donor approaches to capacity development, calls for a major overhaul in donor behavior. Capacity development should be integrated into a country-led development strategy, the declaration says, and donors should focus on programmatic approaches and improved data on how money is spent.

To be sure, for many developing country professionals, training can bring real value, linking professionals to practitioners in other countries, introducing new ways of doing things and opening up new professional horizons. A recent USAID evaluation, covering four decades of investment in training in Africa, suggests important gains from well-planned and executed programs. But donor-supported training programs are also a highly desirable temporary escape from low salaries and the poorly functioning organizations where they work. In addition to the genuine intellectual value and exposure that such programs provide, they also typically include incentives that have little to do with building knowledge in the target countries. Some involve foreign travel. Local training programs carried out by donors often pay per diem fees, which greatly add to low salaries.

Another problem with donor-driven training programs is that they are rarely owned, managed, or paid for by the organizations for which the individuals work. This lack of ownership reduces the incentives for the organization to allocate its most precious resources—people, time, and money—to the success of training programs. Many organizations send not their most valued players, but their most expendable ones, to training programs. Moreover, the lack of ownership and leadership means that new skills and better-trained people are not systematically integrated into the workings of their organizations.

Such outcomes indicate that donor training programs should be more carefully planned to understand and fit within the organizational environment. They should involve high-level managers in design and implementation of training programs and avoid incentives, such as per diem payments and foreign travel, that distort the market and give false signals about demand.

During the late 1990s and early 2000s, the World Bank Institute was involved in numerous training programs for journalists in Central and Eastern Europe. Evaluations of those programs showed that training was effective in countries where news organizations operated in a free press environment, news organizations themselves were well managed, and commitment to change was high. These conditions prevailed, for example, in such countries as Poland, the Czech Republic, and Hungary. Where the press was constrained and news organizations poorly managed, such as in Russia and other parts of the Commonwealth of Independent States, training journalists was not only less effective, but may have contributed to weakening the media sector. Journalists reported that they were not able to use the lessons that they learned in the courses and often left the profession in frustration.

1 USAID (2004), Generations of Quiet Progress: The Development Impact of U.S. Long-Term University Training on Africa from 1963 to 2003, Washington, D.C.

2 The conclusions in this paragraph come from unpublished World Bank documents prepared for an organization-level capacity development program for Russian media organizations financed by the Canadian International Development Agency, 2001–03, which was designed to overcome shortcomings of journalist training programs. The World Bank Institute and Project Syndicate, which collaborated for several years in journalism training programs, carried out the evaluations of early media training programs in Central Europe and did follow-up interviews with around 60 program participants about six months after the close of the training.
Evidence from Training in Private Sector Firms

Some of the shortcomings of donor-assisted training programs could be addressed by adopting some of the methods used in the private sector. The literature on the impact of training within private firms is considerably more developed than that dealing with training in developing countries, and data are more readily available. In general, this literature suggests that training within firms has been shown to have positive impacts. It is clear that training has been seen to contribute to an individual's value to the firm and has helped firms manage change processes and adapt to new technologies.

Studies on return on investment of firm-level training programs have yielded widely varying results, and it is safe to say that no general consensus exists on the rate of return that employers can expect. Nevertheless, data collected from a variety of studies and company evaluations suggest that the return is usually positive and, at times, dramatically so, reaching close to 6,000 percent in one study. Many of the highest performing training programs were associated with specific, employer-defined performance measures and expectations from both individuals and teams, with benchmarks defined before the training program and measurement of performance at intervals after the training was completed. Such diligence in measuring results, even in private-sector firms, however, is rare. The existing evidence nevertheless strongly suggests that firms underinvest in employee training.6

But how do these examples from developed country firm-level contexts compare with the circumstances of developing countries? Training within a private-sector firm in a competitive market environment may have little in common with training of public sector employees in a developing country, especially when these training programs are offered cost free or with per diem payments to the participants. Moreover, if managers of organizations are not involved in planning and implementation of the lessons learned in training programs, they may not support changes or innovations that emanate from newly trained employees.

Conclusion

Looking at firm-level data suggests that training can have a positive impact and produce significant returns on investment. Extrapolating an analogous level of impact from donor-financed training programs from this firm-level data presents numerous problems, however. Not only do donor-financed training programs typically operate in a less favorable and less results-based incentives environment, but practices such as per diem payments may actually undermine individual or organizational accountability for the funds spent on training.

The evidence suggests, however, that efforts to replicate the conditions under which firms conduct training may contain lessons for training for development. Better outcomes should come from replicating the incentives for change through the following approaches:

- Training that is designed and financed by the employer—that is, the organization, ministry, or other unit—that is seeking to improve outcomes through training and accountable for the funds that are spent on training
- Training that is focused on specific organizational outputs and outcomes that are being sought as part of an efficiency drive, change management process, or other articulated goal
- Training that takes place within a results-based organizational environment, with benchmarks defined before the training program and regular measurement of performance after the training
- Training within clearly defined organizational structures so that an identifiable group of individuals are collectively responsible for demonstrating results on organizational outcomes
- Training for organizations that operate within a favorable institutional, legal, economic, and political environment with demonstrable demand for the organization’s outputs.

Donors and developing countries that invest in individual training should consider these conditions in

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the design and implementation of training programs. This implies detailed political and environmental analysis of the initial conditions under which training is proposed, efforts to benchmark starting points and define desired outputs, and ongoing efforts to measure performance at intervals after completion of the training. Outside such a framework, money spent on training could perhaps be better invested in other instruments, such as policy reform, technical assistance, or diagnostic work, that are focused on helping establish a more favorable environment for individual training efforts.

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