



# Capacity Assessment

## PRACTICE NOTE

September 2007

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## ACRONYMS AND ABBREVIATIONS

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<b>CA</b>	<b>Capacity Assessment</b>
<b>CSO</b>	<b>Civil Society Organisation</b>
<b>CCA</b>	<b>Common Country Assessment</b>
<b>CD</b>	<b>Capacity Development</b>
<b>CIDA</b>	<b>Canadian International Development Agency</b>
<b>DAC</b>	<b>Development Assistance Committee</b>
<b>DFID</b>	<b>UK Department for International Development</b>
<b>FAQ</b>	<b>Frequently Asked Question</b>
<b>GEF</b>	<b>Global Environment Facility</b>
<b>MDG</b>	<b>Millennium Development Goal</b>
<b>NGO</b>	<b>Non-Governmental Organisation</b>
<b>OECD</b>	<b>Organisation for Economic Co-operation and Development</b>
<b>PRS</b>	<b>Poverty Reduction Strategy</b>
<b>PRSP</b>	<b>Poverty Reduction Strategy Paper</b>
<b>RMG</b>	<b>Results Management Guide</b>
<b>SWAp</b>	<b>Sector-Wide Approach</b>
<b>SWOT</b>	<b>Strengths, Weaknesses, Opportunities, Threats</b>
<b>TC</b>	<b>Technical Cooperation</b>
<b>UN</b>	<b>United Nations</b>
<b>UNDAF</b>	<b>United Nations Development Assistance Framework</b>
<b>UNDG</b>	<b>United Nations Development Group</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>

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## EXECUTIVE SUMMARY

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### The Purpose of this Practice Note

This Practice Note provides UNDP and other development practitioners with UNDP's Capacity Assessment (CA) Framework, intended to serve as a starting point for capacity assessment exercises. The framework is intended to provide a comprehensive view of the issues that could be addressed in a capacity assessment, yet be flexible enough for adaptation to the needs of any given capacity assessment situation.

The Note includes a detailed discussion of the key dimensions of the Framework, and provides guidelines for managing an assessment, from mobilizing an assessment team, designing the assessment approach, conducting the assessment, interpreting its results and eliciting lessons learned during the process.

### The Premise

UNDP defines capacity as “the ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner.”<sup>1</sup> A capacity assessment is an analysis of desired future capacities against current capacities; this generates an understanding of capacity assets and needs, which in turn leads to the formulation of capacity development (CD) strategies.

### A Systematic Approach to Capacity Assessment

A capacity assessment is integral to the planning and programming process. The insights into capacity assets and needs serve as key inputs into the formulation of capacity development response strategies, and the indicators used to measure capacity assets serve as a foundation for the subsequent monitoring and evaluation of capacity development. Capacity assessments can be integrated into the planning and programming process at the level of MDG-based strategies, poverty reduction strategies as well as UN Common Country Assessments and UNDAFs.<sup>2</sup>

The Capacity Assessment Framework is composed of three dimensions:

- **Points of Entry:** UNDP recognises that a country's capacity resides on different levels – enabling environment, organisation and individual – and thus needs to be addressed across these levels.
- **Core Issues:** These represent issues which UNDP is most often called upon to address. Not all of these issues will necessarily be analysed in any given assessment, but they provide a comprehensive set of issues a capacity assessment team may consider as it defines its scope: 1) institutional development; 2) leadership; 3) knowledge; and 4) mutual accountability.
- **Functional Capacities:** Specific functional capacities are necessary for the successful creation and management of policies, legislations, strategies and programmes. UNDP has chosen to prioritise the following functional capacities, which can be applied to all three points of entry and for all core issues: 1) engage with stakeholders; 2) assess a situation and define vision and mandate; 3) formulate policies and strategies; 4) budget, manage and implement; and 5) monitor and evaluate.

Section I of this Practice Note introduces key concepts in capacity assessment. Section II provides a detailed description of the dimensions of the Capacity Assessment Framework. Section III presents guidelines for the application of the framework, and Section IV offers pointers for successful implementation of capacity assessments. The Annex includes a guide to additional resources.

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<sup>1</sup> This reflects an update to UNDP's definition of “capacity” in that it refers to “organisations” rather than “institutions.” See the UNDP Practice Note on Capacity Development for further detail on the definition.

<sup>2</sup> See UNDG's Position Statement on Enhancing the UN's Contribution to National Capacity Development, United Nations Development Group, October 2006.

## I. INTRODUCTION

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Capacity assessments are essential to the successful implementation of the Millennium Development Goals (MDGs). Conducted during the initial stages of development planning and resource allocation, they can create a solid foundation for long-term planning and sustainable results.

In recent years, technical and financial assistance has focused on planning for development results within the context of short-term macro-economic stability. This short-term focus often disregards how constraints (such as absorptive capacity and resource availability) could negatively affect the sustainability of the desired results in the longer term. Capacity assessments provide the long-term perspective on capacities critical to the achievement of the MDGs, for example, country-level policy-making, planning and resource management capacities, as well as leadership and mutual accountability.

At the heart of capacity development initiatives is a state's ability to deliver basic services to the poor. Identifying pathways within the enabling environment and at the organisational level for scaling up effective service delivery involves many steps, the first of which is a capacity assessment to identify existing capacity assets and needs. This type of assessment offers a systematic way of gathering critical knowledge and information, including the functionality of decentralised public institutions, the availability of non-government response mechanisms, and challenges in implementation capacities.

The capacity assessment serves as input to defining capacity development response strategies that address those areas where national and/or local capacities could be strengthened or that optimize existing capacities that are strong and well placed. Once a capacity development response strategy is determined, a costing plan can be developed, which would include, for instance, the costing of public services and capacity upgrades to ensure more effective coverage of marginalized populations in basic education, health, energy and water and sanitation services. The capacity assessment also sets the baseline for ongoing monitoring and evaluation of progress against relevant indicators.

In addition to the Capacity Assessment Framework presented in this Practice Note, UNDP has developed sector- and theme-specific initiatives and tools to help countries better address national and local capacity needs.<sup>3</sup> Such support also contributes to positioning the wider UN development system as a major substantive partner in the national articulation of MDG-framed poverty reduction strategies. Investing in development cooperation that promotes the systemic application of capacity assessments and capacity development indicators, as an integral part of national development strategies and programmes, is crucial to achievement of the MDGs.

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<sup>3</sup> See Section II.7 of this Practice Note for further detail on sector-specific applications of the UNDP Capacity Assessment Framework.

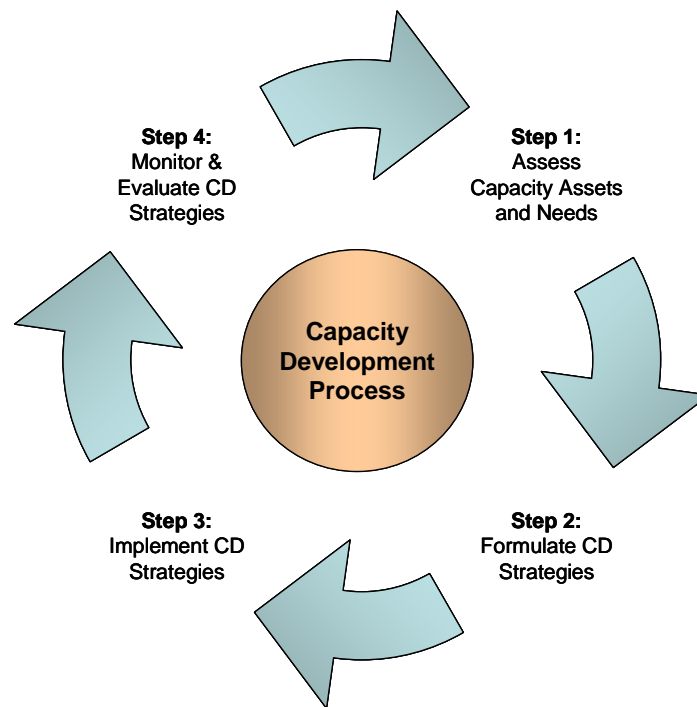
## II. THE ISSUE AND ITS DIMENSIONS

### 1. Definition and Role of Capacity Assessment

Capacity is defined as “the ability of individuals, organizations, and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner.” Capacity development is thereby the process through which the abilities to do so are obtained, strengthened, adapted and maintained over time. A capacity assessment is an analysis of desired future capacities against current capacities; this assessment generates an understanding of capacity assets and needs, which in turn leads to the formulation of capacity development response strategies.

The diagram below illustrates the capacity development process and the key role that assessing capacity assets and needs plays within it.

**Figure 1: UNDP Capacity Development Process<sup>4</sup>**



Capacity assessments provide a systematic analysis of what key capacities exist, and a point of dialogue and negotiation on what additional capacities may be required to reach a desired development outcome. However, it is understood that fulfilling such capacity needs as identified provides necessary but often not sufficient conditions for the achievement of the development outcome.

Capacity assessments can serve other purposes as well. They can be of a scoping nature to get a sense of strengths and weaknesses brought about by capacity constraints for specific issues. They

<sup>4</sup> The process is prescriptive for UNDP practitioners as it is embedded in UNDP’s Results Management Guide (RMG), and is evaluated through Programme Audits, Partnership Surveys and Independent Evaluations (e.g., Assessment of Development Results).

can enhance monitoring and evaluation by generating baseline information on capacity indicators<sup>5</sup> against which progress can be tracked. Assessments can also be used to build a constituency for change among stakeholders; in this sense it is highly desirable that capacity assessments are conducted as an ongoing practice integrated into the regular workflow, as opposed to a one-off exercise.

The benefits of comprehensive and well executed capacity assessments are significant; they help:

- bring rigour and a systematic method for assessing capacity needs, establishing priorities and sequencing of interventions (as opposed to wishful shopping lists)
- identify the more profound systemic challenges, shifting the capacity development question from one of technical cooperation (TC) to a more holistic human development framework
- establish capacity baselines against which to measure, monitor and evaluate progress and performance in capacity development
- make sense of complex development situations, when it is not always obvious where best to intervene to promote capacity development

Capacity assessments can take many forms. They can be used to examine capacity issues within the enabling environment, for instance in the context of poverty reduction strategies or for specific sectors, such as health or education. They can also be conducted for a group of inter-connected organisations or at the level of an individual organisation. In UNDP's experience with application of the capacity assessment framework, it has been most often applied in the public sector; however, it can be readily applied to private, non-profit and civil society organizations just as well.

It is important to note that capacity assessment is a tool, not a solution. It requires a prior understanding of the political context within which capacity is deployed and a clear rationale for why certain capacities are desired in the future. The inputs into a capacity assessment will determine the assets and needs identified. Equally the "desired" capacities do not emerge from the capacity assessment but must be defined during the first phase of an assessment. Inappropriate inputs and identification of desired capacities will limit the value of the framework for solution design.

It is also important to understand that often capacity assessments do not necessarily generate "surprises" regarding an entity's capacity strengths and weaknesses. Because of this, it is important to be very clear from the outset regarding the purpose and expectations of an assessment exercise.

## **2. Linkages between Capacity Assessment and Development Planning**

As a tool for understanding capacity assets and needs and building consensus regarding capacity development priorities, capacity assessment provides valuable input into policy and strategy formulation work at the level of MDG-based development strategies and poverty reduction strategies. It also provides a basis for defining the UN's role to support capacity development within these national processes.

### ***2.1 Millennium Development Goal-Based Development Strategies***

To develop an MDG-based development strategy, a country conducts a needs assessment<sup>6</sup> to map the quantitative and qualitative interventions required to achieve the country-adapted MDG targets and indicators, including the necessary human resources, infrastructure and financial resources. In

<sup>5</sup> See "UNDP Capacity Assessment Methodology User's Guide," UNDP, August 2007, and "Measuring Capacities: An Illustrative Catalogue to Benchmarks and Indicators," Capacity Development Group, Bureau for Development Policy, UNDP, September 2005.

<sup>6</sup> The UN Millennium Project has developed and tested a methodology for undertaking such long-term needs assessments for the achievement of MDGs 2-7 by 2015.

post-crisis countries, context-specific needs assessments and transitional results matrices need to be applied.<sup>7</sup>

Capacity assessment, as presented here, is complementary to most needs assessment methodologies. The latter tend to focus primarily on “interventions,” i.e., **what** needs to improve, and the financial requirements to fund the interventions. Capacity assessment focuses on the current and desired levels of capacity in a given enabling environment or organisation, the gap between them, and most important, the resulting capacity development response strategies – **how** the improvements will occur and how much such will cost to undertake. Capacity assessments therefore can be worked on simultaneous to and as part of an MDG needs assessment, in analysing and presenting a more comprehensive and integrated programme and resource response.

#### Linkage between Capacity Assessment and Development Planning

To strengthen capacities of key stakeholders within the government and civil society to formulate, implement and monitor economic and social policies and programmes that contribute to the achievement of the Millennium Development Goals, an assessment of national capacities was conducted by the government of Jordan. The project had three main steps:

1. Capacity assessments of the Ministry of Planning and International Cooperation (MoPIC) and the Ministry of Social Development (MoSD) in coordination, implementation and monitoring of programmes and policies. The assessment determined capacity development measures needed to further strengthen the roles of the ministries in working towards achieving the MDGs and other national development priorities.
2. Capacity development of key ministries directly involved in the implementation of MDG-related programmes and projects, all of which were critical to the implementation and success of the reform agenda in Jordan.
3. National Capacity Development Strategy for planning/policy formulation implementation and monitoring institutionalized. This strategy captured outcomes of the capacity needs assessment and the Capacity Development training and workshops.

Improved capacities led to enhanced delivery of services to the public. Moreover, the adoption of a coordinated approach to planning, management, and monitoring supported governmental entities' progress with the implementation of the reform agenda and helped ensure that it achieved the desired results.

*For further information, see “Preparatory Assistance Project Document: Assessing and Strengthening National Capacities for the Implementing and Monitoring the MDGs and Gender Equality.”*

## 2.2 Poverty Reduction Strategies

A capacity assessment can also be applied in developing a medium-term poverty reduction strategy (PRS). The assessment process and tool can be adapted to a shorter timeframe than the MDG-based development strategy: capacity assets and needs are assessed over a shorter time horizon, and strategic initiatives and quick impact activities are similarly developed over a shorter time horizon.

In embedding capacity assessments into the work on PRSs, it must be kept in mind that it is not possible to create a one-to-one map between a capacity gap and a desired poverty reduction outcome. This is because capacity development is not solely about relaxing supply-side constraints. For example, creating a tax forecasting unit in a Ministry of Finance will not in itself improve revenue predictability in the same way that hiring more doctors, providing more treatment facilities and subsidizing access to health care facilities can be expected to result in better health coverage. The tax forecasting unit will result in better predictability if it is nested in an overall package of fiscal reform, all of whose elements must work for revenue predictability to improve. However, revenue predictability will *not* improve without enhanced forecasting capacity. In this sense spending on capacity development is a bit like advertising expenditure: we know goods need to be advertised to be sold but we cannot map a dollar of increased advertising on to a dollar of increased sales.

<sup>7</sup> See “An Operational Note on Transitional Results Matrices: Using Results-Based Frameworks in Fragile States,” United Nations Development Group, World Bank, January 2005.

### **Linkage between Capacity Assessment and Poverty Reduction Strategy**

As it made the transition from post-conflict recovery to longer-term economic and social development, Sierra Leone was at a crucial turning point. In an effort to strengthen the ability of state institutions to formulate and coordinate policies and deliver services on a sustained basis – an issue central to the implementation of the PRS – it initiated a comprehensive Capacity Development Enhancement Framework for the PRSP. The effort began with a capacity assessment, including the following key tasks:

- Review of ongoing work on civil service and public sector institutional reform;
- Institutional mapping exercise and stakeholder inventory to better identify actors involved in the PRSP implementation;
- Inventory of ongoing and planned capacity building initiatives;
- Assessment of capacity gaps within key ministries, departments and agencies, as well as among other stakeholders;
- Formulation of strategies to address these gaps; and
- Development of a comprehensive programme document.

The end results were:

- Targets of PRS met in a timely manner;
- Better skilled and oriented cadres and individuals;
- Responsive and effective institutions: public service that is effective and efficient for longer-term sustainability and national ownership.

*For further information, see “Towards a Comprehensive Capacity Building-Enhancement Framework to Implement The SL-PRSP: A Preliminary Assessment of Capacity Gaps and Proposed Strategies,” September 2005.*

### **2.3 UN CCA and UNDAF**

Country Common Assessments (CCAs) provide a good starting point for an enabling environment capacity assessment which can help define a more rigorous and systematic UN response to capacity development at the country level. Capacity assessments can also then provide a second level of diagnosis at the level of programme and project response.

A common UN assessment framework can therefore be used to underpin the analysis in priority areas of engagement for the UN in a country.<sup>8</sup> Such would be embedded in a CCA process, and the results vis a vis relevant capacity development response strategies would be reflected in the UNDAF, and UN common programmes or agency-specific programmes and projects that follow.<sup>9</sup>

## **3. UNDP Capacity Assessment Framework**

UNDP’s Capacity Assessment Framework is composed of three dimensions: 1) points of entry; 2) core issues; and 3) functional capacities. The point of entry, or level at which an assessment occurs, the core issues selected and the level of detail required for functional capacities are determined by the objectives and scope of an assessment as defined by the sponsors/stakeholders of an assessment and/or the assessment team. For example, for an organisational point of entry, it is expected that the assessment team may narrow the focus by selecting a handful of core issues, but may require additional granularity across the functional capacities.

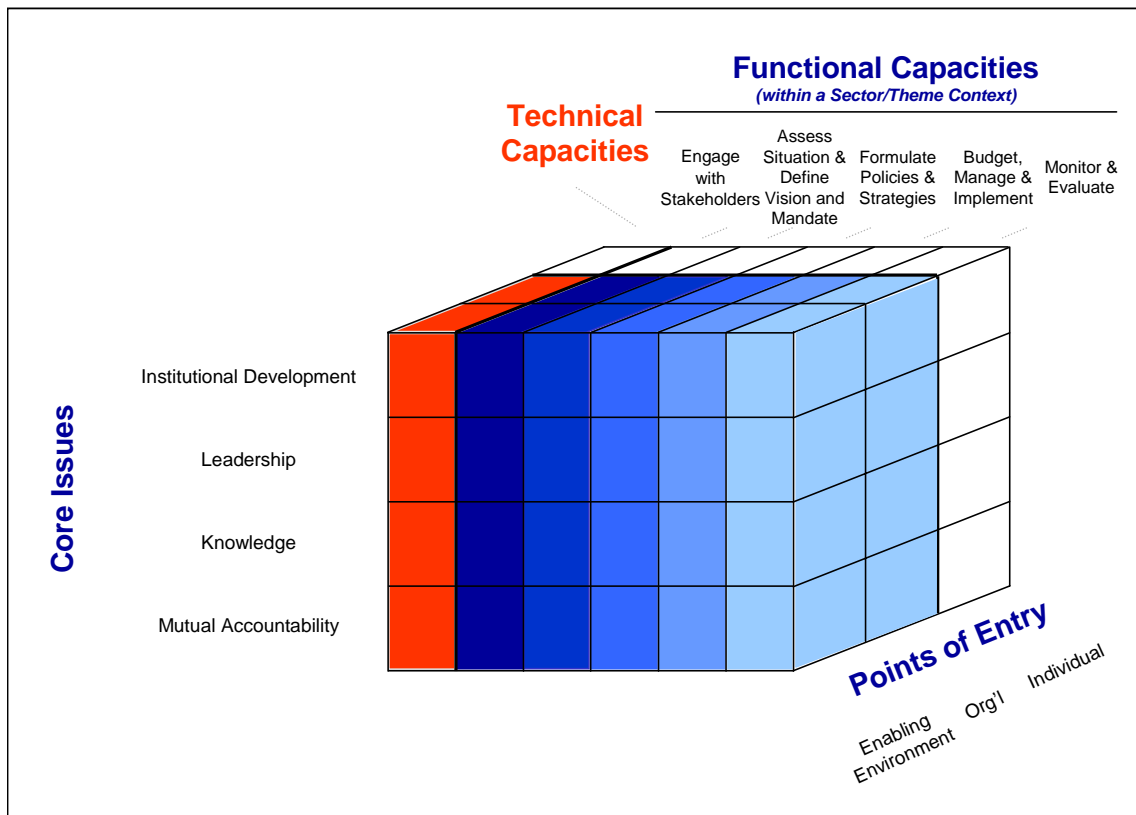
For each of the cross-sections of point of entry, core issue and functional capacity, questions and indicators have been formulated. Given the contextual demands of any assessment, it is expected that these questions and indicators will be adapted, added to and/or deleted, to address context-specific needs.<sup>10</sup>

<sup>8</sup> See UNDG Capacity Assessment Methodology User Guide for additional detail.

<sup>9</sup> The UNDP capacity assessment framework can be applied to the UNDP or UNCT internal context as well. UNDP’s Bureau of Management (via the Management Consulting Team) is responsible for capacity development services for UNDP Country Offices.

<sup>10</sup> See UNDP Capacity Assessment Methodology User’s Guide for questions and indicators.

**Figure 2: UNDP Capacity Assessment Framework**



#### 4. **Points of Entry**

Capacity resides on different levels – enabling environment, organisation and individual – and thus needs to be assessed and addressed across these levels.

Starting with a clearly articulated purpose for a capacity assessment helps define the point of entry. A capacity assessment may be used to conduct an assessment of the enabling environment of a national or sub-national entity, for example. Or it may be applied to organisations in the public sector, such as a ministry, a department or a special office such as the Auditor General's. Or it may be conducted with private, non-profit or civil society organisations. The specific assessment questions vary according to the purpose and the point of entry selected.

Capacity assessments at the individual level are generally conducted within the context of an organisational assessment; for example, they may be used to identify programme champions or change agents. Wide-scale individual performance appraisals, on the other hand, are generally carried out through performance management systems and are the responsibility of the countries or organisations concerned. As such, this Practice Note does not address individual capacity assessments in detail, but focuses on the enabling environment and organisational levels.

##### 4.1 **Enabling Environment as a Point of Entry**

The enabling environment is alternatively known as the societal or institutional level; it is not necessarily synonymous with the national level. It comprises a variety of elements that can facilitate or constrain the development of capacity. These include overall policies, rules and norms, values governing the mandates, priorities, modes of operation, etc. within and across sectors. Such

elements create incentives or constraints that determine the “rules of the game” for interaction between them and can affect the performance of individual and sector organisations.

The broadest enabling environment assessments that are becoming more and more important are those that can be incorporated into the development of poverty reduction strategies, as they tend to integrate more adequately and explicitly the objectives, the values and urgency of capacity development. The Paris Declaration, for instance, stipulates explicitly that developing countries “integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.”<sup>11</sup>

More targeted enabling environment assessments can be conducted to address development challenges that are sector-specific yet transcend organisational boundaries. Rather than focusing on the performance and related capacity of a single organisation, sector-specific assessments focus on the performance of broader development challenges that depend on the participation of multiple organisations / stakeholders. Most development challenges, in fact, fall within this category. Examples include sectors such as education and health where the official Ministry is but one (albeit significant) of several players involved in the delivery of the service. Other examples include cross-sectoral development challenges such as environment, HIV/AIDS or gender, and themes like decentralisation or poverty reduction.

To take an example, if the purpose is to strengthen a country’s education system, it will be appropriate to begin by analyzing the relevant policy, legal and regulatory framework, salient socio-economic and political questions and key resource endowment issues. Such an analysis would also want to examine the role and functioning of different organisational stakeholders within the system. Emphasis might be placed on issues of mandates, roles and interrelationships of the different stakeholders; information regarding factors impacting individual performance might also be important and require follow-up organisational capacity assessments.

Moreover, the introduction of Sector-wide Approaches (SWAPs) to sector programmes has generated renewed interest in capacity assessment at the sector level. Capacity assessments can help determine the kinds of capacities required to both formulate and implement policy, programmes and projects, and to manage different types and sources of financing at the sector level.

## **4.2 Organisation as Point of Entry**

A capacity assessment at the organisational level may be motivated by the need to establish or improve specific capacities, and generally focuses on the internal workings of an organisation. Nevertheless, it is rarely, if ever, sufficient to explore capacity issues at this level; inevitably, there is a need to “zoom out” to examine factors in the enabling environment that can facilitate or constrain an organisation’s performance. In this regard, findings of any general assessment of the enabling environment will be an important source of information, and oftentimes a more targeted, sector-specific assessment of the enabling environment is also necessary. There may also be a need to “zoom in” to address aspects that concern the individual level.<sup>12</sup>

A simplified example illustrates the importance of the relationship between organisational and enabling environment levels: Suppose that the immediate interest is to build the capacity of the National Statistics Office to gather and analyze data in a timely manner. A typical *organisational assessment* would focus on problems related to the internal efficiency of the organisation and the skills of staff members. However, analysis of the enabling environment has identified the fact that the average wage for civil servants is \$50 per month while the cost of living is close to \$200. Furthermore, the widespread practice in donor-funded projects is to “pay for performance” by topping

<sup>11</sup> High Level Forum, Paris Declaration on Aid Effectiveness, March 2005, para. 23.

<sup>12</sup> There are many tools available that can assess an organization, for example, its capacity assets and needs, its functions, or its organizational structure, and specifically show the interaction among the organisational level, the enabling environment and the individual level. For example, the McKinsey Capacity Assessment Grid focuses on organizational structure and design and illustrates the interaction among various levels.

up government salaries often to \$400-500 per month. If these were the current conditions in the enabling environment, would it be reasonable to expect that sustainable capacity to gather and analyze data in a timely manner can be created at the statistics office? Donor subsidies can motivate civil servants to work and produce results, but this is not sustainable capacity.

**Organisation as Point of Entry**

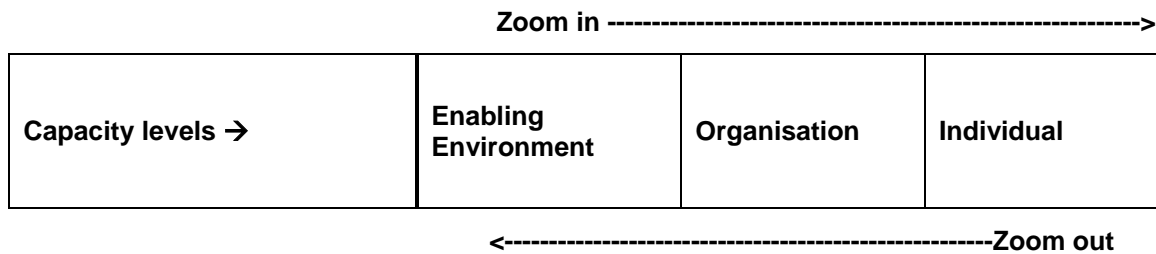
The Government of Georgia undertook a project to assess the capacities of its Ministry of Economy to enable it to assume redesigned strategic functions and responsibilities. Specific functional competency assessment guidelines were developed; an assessment was conducted; and areas of strength and weakness were identified. This analysis generated key input for a capacity development plan of action; it also led to clearly defined competencies and responsibilities of the staff and management of the Ministry.

For further information, see “Capacity 2015 Project Status Report,” February 2005.

**4.3 Where to Begin**

It is important to note that “these layers of capacity are interdependent. If one or the other is pursued on its own, development becomes skewed and inefficient.”<sup>13</sup> This means that any assessment will be inadequate if it does not take into account conditions and dynamics that reside across all levels of capacity. It is therefore prudent, regardless of the point of entry, to expand the assessment to the other levels by “zooming in” and “zooming out.”

**Figure 3: The “Zooming In and Zooming Out” Principle**



Capacity assessments often begin at the enabling environment level. A major enabling environment initiative might be to improve the role and functioning of the legal system as part of governance reform. After looking at the broader dimensions of capacity at the systems level, one would then “zoom in” to look at the capacity needs of specific entities within the legal system, such as the judiciary, police services and so on. Further, zooming in would allow a closer look at the processes, human resources and other dimensions of these entities and the capacity dimensions of individuals within such entities.

More commonly, though, capacity assessments occur, or are demanded, at the organisational level. For example, there may be a need to reform financial management and budgeting systems within a Ministry of Finance. This initial, rather narrow examination would then be expanded (“zoom out”) to look at the broader system of financial management, linkages to budgeting and the integration of policy setting, planning and expenditure management. This would ensure that any capacity development with respect to ministry-level financial management takes into account the needs, issues and impacts within the broader government “system.” So, regardless of the starting point, embedding the organisation within the enabling environment provides a useful and necessary perspective and analysis.

<sup>13</sup> UNDP’s Capacity for Development: New Solutions to Old Problems, p.10

## 5. Core Issues

Along the points of entry, several core issues can be explored in a capacity assessment. The core issues in the UNDP Capacity Assessment Framework are: 1) institutional development; 2) leadership; 3) knowledge; and 4) mutual accountability. These issues have been selected as they represent the development challenges UNDP sees most commonly encountered within a variety of sectors: public, private, non-profit, civil society, etc. They also link closely to UNDP's capacity development response strategies outlined in the UNDP Practice Note on Capacity Development. The methodology also facilitates the integration of UNDP core principles such as human rights-based approach and gender equality.

Not all of these issues will necessarily be analyzed in any given assessment, but they are intended to provide a comprehensive set of issues from which a capacity assessment team may choose as it defines its scope, and which drive the formulation of capacity development response strategies.

Once a point of entry has been determined, one or more core issues can serve as the primary driver of a capacity assessment.

### 5.1 *Institutional Development*

Well functioning national and local institutions are key to ongoing societal, economic and human development. By developing capacities on this scale, countries create a strong foundation for achieving key goals, such as reducing poverty, promoting effective and democratic governance, and fostering inclusive growth. It is this domestic capacity that is a precursor to sustainable growth.

The scope of institutional development, in the context of a capacity assessment, focuses on four key elements: 1) mission and strategy; 2) business processes; 3) human resource management; and 4) information and communications technology. This scope applies to the enabling environment (with a focus on policy and regulatory frameworks, multi-institutional mandates and strategies, and coordination and partnering processes) as well as the organizational level (with a focus on discrete entities).

#### **Core Issue: Institutional Development**

As Timor Leste aspired to achieve stability and sustainability, one of its most difficult challenges has been the rebuilding of its public administration. Under the auspices of the Prime Minister's Office, a Capacity Development Coordination Unit has undertaken a Sector Investment Plan for Public Sector Management (among many other sectoral investment plans). The goal of the programme is to support the development of systemic, organisational and human capacities needed to execute core public management functions required to sustain the building of a national public service, within an environment of open, structured, reliable and accountable government.

The program has begun with a rigorous capacity assessment; to ensure that capacity assessments are conducted in a systematic manner and that capacity gaps are adequately detected, an Institutional Development Facilitation Team (IDFT) – a small team of process facilitators, capacity needs assessment specialists and organisational development advisors – has been deployed.

The results of this assessment were expected to greatly assist in the preparation of Ministerial Capacity Development Action Plans (MCDAPs), planning documents that speak to capacity needs on an annual basis, and ultimately reduce the dependence on external advisory services.

*For further information, see "Timor Leste Developing National Capacity for Public Service Management Program Document," October 2005.*

### 5.2 *Leadership*

The relationship between capacity development and leadership is a fundamental one: fostering good leadership maximizes and protects investments in capacities within the enabling environment, as well as at the organisational and individual levels. Poor leaders can set efforts back by decades, and twist

ownership to suit their own agendas, gearing it toward a culture of entitlement or excessive nationalism that is detrimental to capacity development.

Successful leadership results in enhanced understanding, improved relationships, and greater collective effectiveness among working teams and their partners. Since people with overlapping goals have a better sense of how parts of the system fit together, good leaders build upon relationships and trust, mobilizing energy in a way that is sustainable, fosters ownership and generates commitment. Leadership development is thus an important response to capacity challenges.

Among capacities assessed in this category are the abilities to foster ownership; manage relationships with key external stakeholders, including the ability to negotiate; develop, communicate and give direction on vision, mission and values; develop and implement a system for overall management; and create an environment that motivates and supports individuals.

### **5.3 Knowledge**

Capacity development is underpinned by knowledge, or literally, what people know. Knowledge can be developed at a variety of levels (national vs. local, secondary vs. tertiary) and through a variety of means (traditional vs. formal, vocational vs secondary).

Traditionally, knowledge has been fostered at the level of the individual through training. However, the dissemination of knowledge can also occur at the level of the organization (through professional training and education, for example) and at the level of the enabling environment (through the development of education systems and educational policy reform).

#### **Core Issue: Knowledge**

Cuba undertook the Sabana-Camagüey programme to secure the protection of the biodiversity of the Sabana-Camagüey Ecosystem (SCE). One project within this programme was the consolidation of a Knowledge Development Network (KDN) for the documentation, dissemination and transfer of knowledge products and best practices in integrated coastal management within the SCE. The project began with an assessment of learning and capacity development needs for different stakeholders with integrated coastal management responsibilities within the Sabana-Camagüey ecosystem; specific assessment steps included:

- Analyze barriers and strategic options for the mainstreaming of environmental conservation practices within the fisheries, tourism and agricultural sectors;
- Undertake Environmental Perception Studies among selected target groups (NGOs, women, school teachers, children, workers engaged in the tourism, fishing and agricultural sectors) and interested community stakeholders, to evaluate learning and information needs regarding the importance of biodiversity conservation in the SCE;
- Implement three consultative workshops with the fisheries, tourism and agriculture sectors, and one workshop with members of the Integrated Coastal Management Authority (AMIC), to assess learning and information needs linked to integrated coastal management; and
- Determine requirements for the revision/expansion of Sustainable Development learning modules for municipal and provincial decision-makers.

As a result of the Knowledge Development Network project, environmental conservation, sustainability and ecosystem considerations are understood and increasingly applied by productive sectors, local governments and coastal communities in the SCE; and the integrated coastal management model developed for the Sabana-Camagüey ecosystem has been documented and is being disseminated to other coastal regions in Cuba and the Caribbean.

*For further information, see "Mainstreaming and Sustaining Biodiversity Conservation in Three Productive Sectors of the Sabana-Camagüey Ecosystem (3rd Phase): Proposal for the Creation of a Knowledge Development Network," March 2005.*

### **5.4 Mutual Accountability**

An efficient, responsive, transparent and accountable public administration is not only of paramount importance for the proper functioning of a nation; it is also the basic means through which government strategies to achieve the MDGs can be implemented. Public administration is also the main vehicle through which the relationship between the state and civil society and the private sector is realized. Assessing capacities to manage and support an accountable public administration and

ensure the reforms required, often on a long-term and sustained basis, is essential to effective governance and to providing a sound basis for equitable development.<sup>14</sup>

This category pertains to the capacity to ensure accountability through prevention and enforcement; strengthen national integrity institutions; increase public participation and build coalitions; increase mobilization, access to and use of information; and work with the international community.

## **6. Functional Capacities**

Within any capacity level (enabling environment, organisation, individual) and across all core issues (see previous section) are functional capacities that are necessary for successful creation and management of policies, legislations, strategies and programmes. As such, these capacities can be assessed for any combination of point of entry and core issue(s) selected. The functional capacities are the following: 1) engage with stakeholders; 2) assess a situation and define a vision and mandate; 3) formulate policies and strategies; 4) budget, manage and implement; and 5) monitor and evaluate.

Functional capacities may be more or less associated with certain core issues, e.g., leadership may be more closely linked to the capacity to assess a situation and define a vision and mandate than with the other four capacities. Regardless, the assessment team should determine at the outset which functional capacities are to be included in the scope of the assessment, e.g., capacity of leaders to engage with stakeholders as they develop their vision for the future. Once a point of entry has been determined, one or more functional capacities can serve as the primary driver of a capacity assessment.

### **6.1 Capacity to Engage with Stakeholders**

This category relates to capacity to engage and build consensus among all stakeholders. It pertains to all relevant public and societal agents, as well as external partners. It includes the skills to perform the following: identify, motivate and mobilize stakeholders; create partnerships and networks; raise awareness; develop an enabling environment that engages civil society and the private sector; manage large group processes and open dialogue; mediate divergent interests; and establish collaborative mechanisms.

### **6.2 Capacity to Assess a Situation and Define a Vision and Mandate**

This category pertains to the abilities to effectively access, gather, analyze and synthesize data and information, and translate it into a vision for the future and a mandate for action. Specifically, it includes the ability to define desired future capacities against current capacities, thus articulating the capacity needs that can lead to a capacity development vision and mandate.

### **6.3 Capacity to Formulate Policies and Strategies**

Conceptualizing and formulating policies, legislations, strategies, and programmes require exploring different perspectives; long-term strategizing; and setting objectives. At the level of the enabling environment, it may also include conceptualizing sectoral and cross-sectoral policies, legislative and regulatory frameworks, inter-ministerial/inter-sectoral coordination mechanisms, participatory planning and budgeting and other arrangements for prioritization, planning and formulation of programmes and projects.

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<sup>14</sup> The UNDP Public Administration Reform Practice Note and Anti-Corruption Practice Note (2004) provide a comprehensive reference point for further details in this area.

**Functional Capacity: Capacity to Formulate Policies**

In 2007, the Government of Vietnam initiated a project to strengthen the capacities of the Committee on Ethnic Minority Affairs (CEMA). The assessment team, consisting of international and national experts, including a representative of the Committee, initiated the project by holding discussions with a variety of stakeholders to confirm objectives and define the assessment scope and methodology.

One of the key priorities identified was the capacity to formulate policies for ethnic minorities. The assessment team developed a mechanism to assess this capacity along a number of core issues: leadership; mutual accountability; public engagement and access to information; human resources; financial resources; and physical resources.

The team conducted four workshops with staff at the central and provincial levels (one workshop at the central level and three at the provincial level) to facilitate a self-assessment. The team complemented this effort with interviews with partner ministries, beneficiaries and donors to get their perspectives on CEMA's capacity for policy formulation.

The assessment led to the formulation of several capacity development response strategies to build the capacity of the Committee to formulate policy that was meaningful and relevant to its target audience: ethnic minorities.

*For further information, see "Capacity Assessment of the Committee on Ethnic Minority Affairs," April-June 2007.*

**6.4 Capacity to Budget, Manage and Implement**

Implementation, including those operational and administrative functions required to execute policy, strategies, programmes and projects, is a critical element in successfully delivering results. This category includes budget formulation; execution aspects of programme and project implementation; mobilization and management of human, material and financial resources; selection of technologies; procurement of works, goods and services; and learning, adaptation and change management. Core management functions, such as public financial management and procurement are the main focus, as well as other conditions that facilitate the implementation of policies, strategies and programmes and effective service delivery.

**Functional Capacity: Capacity to Implement Programmes**

The Government of Malawi (GoM) has recognized that only with an effective public service can the goals of its Malawi Growth and Development Strategy be achieved. Successful implementation of programmes and service delivery rely on efficient execution of cross-cutting functions such as programme and project management; procurement; human resource management; financial management; audit; and information technology. In this light, the GoM has commenced a programme to review and improve the implementation rate of development projects and improve service delivery in four key sectors.

The first stage of the programme has focused on assessments, analysis and preparatory activities in order to design a capacity development strategy. An analysis has been initiated of existing and target programme and project management policies, standards and systems as defined by the Ministry of Economic Planning and Development (MoEP&D); the adaptation and use of such in the four target sectors; and approaches to ensure effective programme and project management capacity development.

The first stage is expected to produce a capacity development strategy to improve the implementation rate of development project and service delivery, and specifically a report recommending suggested improvements in programme and project management standards, policies and procedures to be managed by the MoEP&D, including a recommended process-based method for GoM programme and project management.

*For further information, see "Capacity Development for Implementation and Management," June 2007.*

**6.5 Capacity to Monitor and Evaluate**

This pertains to the monitoring of progress, measuring of results and codification of lessons, for learning and feedback to ensure accountability to stakeholders, including the ultimate beneficiaries of development. It also covers results-based management and monitoring and evaluation systems, as a means of reporting to donors. It naturally links back to policy dialogue, planning and improved management of implementation through drawing lessons from experience.

## 6.6 *Specific Technical Capacities*

A capacity assessment may focus on a technical or sector-specific area, in which case, various **technical capacities** would be assessed more deeply. For example, an assessment may examine skills and systems related to public financial management, or review specific disciplines related to education, health, agriculture, water management, etc. As such, the mix of technical capacities to include in an assessment depends very much on the specific context. These cannot be pre-determined, and should be left to the specificity of need expressed and stakeholders concerned. The UNDP Capacity Assessment Framework can therefore be expanded to include various technical capacities as required.

For technical specializations, there is a wider range of well developed assessment materials available that can be drawn on to tailor assessment questions that are technically well informed. This Practice Note and supporting materials do not include technical capacity assessment questions or indicators.

The UNDP GEF CD Resource Kit illustrates how this framework can be applied to very specific technical contexts, as implied in the following titles: “Assessing Country Capacity to Establish, Manage, and Sustain Effective Protected Area Systems” and “Assessing Market Transformation for Energy Efficient Products and Processes.” The Resource Kit also provides a good illustration of how the assessment can effectively lead into programming in a strategic results framework.<sup>15</sup>

## 7. Capacity Assessment Applications

The UNDP Capacity Assessment Framework is sector-neutral. Several sector- or theme-specific applications, however, have been developed, such as in the areas of procurement and aid effectiveness.<sup>16</sup> For these applications, there are customized capacity assessment frameworks and detailed User’s Guides, Supporting Tools, worksheets, etc. for practitioners to use.

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<sup>15</sup> UNDP/GEF Resource Kit (No. 4): Capacity Development Indicators.

<sup>16</sup> For further information on these applications, see “Supporting Capacity Development: The UNDP Approach,” Capacity Development Group, Bureau for Development Policy, UNDP, June 2007. Customized applications for additional sectors are expected by end of year 2007 and will be made available on [www.capacity.undp.org](http://www.capacity.undp.org).

### **III. CAPACITY ASSESSMENT GUIDELINES**

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Assessing capacity assets and needs and defining capacity development response strategies are key components of the overall capacity development process (as outlined on page 6). The steps detailed below guide the technical process and are recommended in undertaking an exercise to assess capacity and formulate capacity development response strategies.<sup>17</sup> These steps are also intended both to deepen local engagement and dialogue around process, strategies and intended results, and to build consensus around them.

See the accompanying [Capacity Assessment Methodology User's Guide](#) and [Supporting Tool](#) for help in framing and conducting a capacity assessment exercise. The User's Guide also includes a section on Frequently Asked Questions (FAQs).

#### **Assess Capacity Assets and Needs**

##### **1. Mobilize and Design**

- 1.1 Clarify objectives and expectations with primary clients
- 1.2 Identify and engage stakeholders throughout the process to ensure ongoing success
- 1.3 Adapt Capacity Assessment Framework to local needs
- 1.4 Determine how the assessment will be conducted (team, location)
- 1.5 Cost the capacity assessment exercise (based on team composition, duration and depth)

##### **2. Conduct the Capacity Assessment**

- 2.1 Define desired future capacities
- 2.2 Define level of desired future capacity
- 2.3 Assess existing capacity level

##### **3 Summarize and Interpret Results**

#### **Formulate Capacity Development Response Strategies**

##### **4. Formulate Capacity Development Response Strategies**

- 4.1 Define capacity development strategies
- 4.2 Define progress indicators for capacity development strategies
- 4.3 Cost capacity development strategies

#### **Dialogue on Findings and Ongoing Learning**

- 5.1 Ensure feedback loop with stakeholders at key steps
- 5.2 Ensure ongoing learning

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<sup>17</sup> The capacity assessment guidelines should be used in conjunction with the UNDP Capacity Development Practice Note as it provide explanations of terms and concepts referenced herein.

### **Characteristics of the UNDP Capacity Assessment Approach**

- It is **interactive and self-applicable**. Staff in ministries (Ministry of Finance or Planning for an assessment of the enabling environment; individual ministries for an organisational assessment) can apply this to their own environments / organisations with only a slight degree of external facilitation.
- It is **scaleable**. It can be applied to a system, a group of ministries/organisations, individual organisations at the national, regional or local level.
- It is **based on self-perception**. Staff members convene and conduct the assessment exercise. It is not intrusive in the sense that “assessors” go into ministries/departments to find and report. The latter approach often jeopardises capacity assessments since staff tend to see these as assessments of performance.
- It serves as input **into a capacity development plan**. It helps prioritise capacity needs at two levels: a) strategic initiatives and b) quick impact initiatives. The latter category is important to demonstrate results to political constituencies and often, to win fast-track approval.
- It leads to the generation of a comprehensive **work plan with costs and monitorable indicators**.

## **Assess Capacity Assets and Needs**

### **1. Mobilize and Design**

It is important for local participants to gain ownership of the exercise and for other stakeholders to be identified and engaged appropriately, providing political and administrative oversight, assisting in the design and implementation, and ensuring thorough analysis and follow-up. Thus, suggestions are offered to encourage engagement and participation of key stakeholders.

#### ***1.1. Clarify Objectives and Expectations with Primary Clients***

It is important to start the capacity assessment process with clear and open dialogue with the primary clients of the assessment in order to articulate the goals of the exercise and priorities for capacity assessment and development. This dialogue becomes particularly important when multiple, and potentially conflicting, objectives may be under consideration; or when assessment areas exceed the realm of available expertise.

This is also an appropriate time to set expectations regarding the output of an assessment. As stated in a previous section, it is rare that “surprises” are uncovered during the exercise; it is more common that consensus is reaching regarding capacity development priorities and a way forward.

#### ***1.2. Identify and Engage Stakeholders throughout the Process***

While capacity assessments should generate information for evaluators, capacity development specialists and planners, it should also engage local participants in a process that is grounded in local ownership and a commitment to change. Those responsible for managing a capacity assessment need to be sensitive to this issue, and must avoid an assessment process being perceived as intrusive, or even punitive, or which risks undermining the confidence of the leadership among local partners.

Capacity assessments must adapt to the pace of change and emerging priorities, and avoid being onerous or bureaucratic. Capacity assessment initiatives should take advantage of the “windows of opportunity” created by emerging policy events that capture the attention of major players and decision makers, as this may do more to secure commitment to the process than sticking to a process that may be methodologically sound, but politically irrelevant.

Various stakeholders can be expected to participate in a capacity assessment exercise, including beneficiaries, civil society representatives, private sector partners, political, economic and social

leaders, employees, development partners, academicians, the media, as well as various public interest groups. Stakeholders can play a variety of roles. These include:

- Providing political and administrative oversight to the entire process
- Assisting in the design of the assessment
- Participating in implementation as researchers or informants
- Analyzing and disseminating results and setting priorities for follow-up action

### ***1.2.1 Providing Political and Administrative Oversight to the Entire Process***

In the context of enabling environment assessments intended to support national development strategies and reform programmes, it is especially important to engage the relevant parts of the political and administrative leadership of the country from the outset. This helps to ensure that the results of the assessment can be fed into established national planning and budgeting processes and/or the policy dialogue and programming cycles of development cooperation partners.

The entire process needs to be directed by a sufficiently senior group of political and administrative leaders that can rally broader support for the initiative and ensure that the programme receives the level of attention it deserves leading to actionable results. Other external partners may be brought into the process at this stage.

Providing political and administrative oversight may require setting up a senior-level reference group to oversee the entire process, a technical group to attend to operational issues and a secretariat to supervise day-to-day management. It may also be desirable to recruit process consultants to facilitate the entire process.

### ***1.2.2 Assisting in the Design of the Assessment***

There are many advantages to engaging stakeholders in the design phase of an assessment exercise. Stakeholder participation can help ensure that a realistic design is achieved. It can help:

- generate commitment and ownership for the exercise, as well as an appreciation of what it takes to carry out an assessment
- identify potential sources of support, as well as of resistance to change—these can have a profound impact on the conduct of the assessment and on the way in which results are used<sup>18</sup>
- achieve a common understanding of concepts and terms, and thus avoid possible misunderstandings arising at a later stage
- ensure a better design by identifying local sources of information and insights on what works and what does not
- identify opportunities for building synergies with related initiatives

### ***1.2.3 Participating in Implementation as Researchers or Informants***

Stakeholders can be involved as data/information collectors working, for instance, as multi-disciplinary task teams responsible for researching information on a particular aspect of the assessment.

Organisational stakeholders can be asked to carry out a self-assessment of their own capacity and performance. Self-assessment is an increasingly common element of capacity assessment exercises, especially at the organisational level as the process is seen as an integral part of organisational change processes. Self-assessment may not be appropriate in all situations and must be validated with complementary independent observation and results analysis where possible.

### ***1.2.4 Analyzing and Disseminating Results and Setting Priorities for Follow-Up Action***

There are important roles for stakeholders to play in this phase of the assessment exercise. Those conducting the assessment are responsible for the analysis and presentation of findings. If self-assessment is included, then stakeholders can be expected to contribute to this process.

Decision-makers have a role to play in giving formal approval to the findings and in contributing to the selection of priorities. They also have the responsibility of disseminating the findings to other stakeholders. They should also be given the opportunity to review, and validate if need be, the findings and to comment on the recommended plan of action.

Making the results open to public discussion will increase the trust from stakeholders in general, and increase the credibility of the exercise. At this stage it is important to build a consensus among stakeholders on the main capacity assessment issues and priorities for the subsequent capacity development programme.

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<sup>18</sup> Various documents warn of the risks of “ceremonial” or “symbolic” assessments carried out precisely to avoid anything happening.

### **1.3. Adapt Capacity Assessment Framework to Local Needs<sup>19</sup>**

Successful execution of and follow-up to a capacity assessment depend in a large part on the quality of the capacity assessment design and the quality and availability of data. The design of the capacity assessment is driven by answering two key questions: “capacity for whom?” and “capacity for what?”

Key steps in this process are:

- Defining the scale and scope of the capacity assessment by selecting point of entry; core issue(s) and functional capacity(ies)
- Determining data collection and analysis approach
- Reviewing existing sources and knowledge

#### **1.3.1 Defining the Scale and Scope of the Capacity Assessment**

At a high level, the assessment objectives are determined during initial conversations with the primary client (see Step 1.1). More detailed definition of assessment scope and scale is required in order to avoid confusion, frustration and dissatisfaction. In thinking about the purpose, attention should be given to the way in which the results of the assessment are going to be used and the kind of follow-up actions that are envisaged.

There is a tendency of assessment teams to want to include all of the possible components of the Capacity Assessment Framework (as all could be relevant). However, by asking the questions “capacity for whom?” and “capacity for what?” an assessment team can narrow the focus of the assessment to meaningful and actionable topics, and design an assessment that can be completed using a reasonable amount of time and human resources. Conversely, taking resource constraints into account, the assessment team can define the focus to be based on what is possible to complete given the constraints.

The point of entry will serve as the point of departure for the assessment. It is important not to lose sight of the interrelationship among the three capacity levels. It could be that in the course of an assessment one discovers that the roots of the problems are in a different area than was initially expected, and the focus of the assessment has to shift. Thus, while the assessment might begin by looking at broad processes and dimensions of capacity, such as the policy framework or human resource endowment, eventually it may need to focus on more specific issues, perhaps linked to the performance of a single government department.

There are a number of core issues that can be addressed so it is important to identify the most relevant ones to help answer the questions – what should we be looking at and why? Is a comprehensive analysis desirable, or will a selective analysis suffice? Are there certain issue areas which have already been well researched and which need not be looked at again?

Finally, there are the five functional capacities that can be addressed at the intersection of any point of entry and core issue. Again, it is important to select those capacities of which an assessment will provide meaningful and actionable insights. It is also important to determine at the outset whether the core issue(s) or the functional capacity(ies) will be the primary “lead-in” or driver of the capacity assessment.

#### **1.3.2 Determining Data Collection and Analysis Approach**

Decisions have to be taken about the kinds of information to collect, and about the kinds of data collection techniques to use. In general, it is better to collect the smallest amount of information needed to answer the assessment questions. Formulating precise questions is essential to cutting down the volume of information to be collected. In so doing, it is useful to reflect back on the purpose of the assessment and to take into account the following considerations:

- How important is it to collect hard quantitative evidence, as opposed to softer qualitative information?
- What kind of balance needs to be struck between external assessment and self-assessment?
- How important is it that the process of data collection is participatory and encourages learning?
- To what extent is it necessary to collect data sets that can be compared over time as a measure of change?
- What is the value of data collection? Is it to emphasize strengths and opportunities that can be built upon? Or is it to focus on gaps and constraints?

A key design consideration is how the collected data is going to be analysed, reported and utilized. In practice, much of the information gathered is usually of a qualitative nature and is subject to interpretation. Those responsible for comparing the information will have to make professional judgments about the relative importance of the findings. It will be necessary to ensure that persons with appropriate expertise are available, although where self-assessment is a key element, it may be expected that stakeholders themselves participate in drawing the conclusions. In some situations, the assessment may only yield a set of basic findings or indicators, requiring more in-depth analysis by professional assessors with specific expertise in a particular discipline.

<sup>19</sup> In doing so, it is incumbent upon UNDP development practitioners to know and apply prescriptive processes and content (the “non-negotiables” of a UNDP engagement).

In practice, a variety of different information sources will need to be tapped and a variety of data collection techniques will have to be used. A case study approach that relies on multiple sources of information and data collection techniques can be a useful way to organise the collection of information. Stakeholders can provide facts and figures, as well as opinions and insights. Politicians, researchers and other opinion leaders at all levels of society can be the source of valuable information pertaining to broader socio-cultural, political and economic trends. Managers and employees of an institution are best placed to say what works in their institution and where difficulties lie. They can also distinguish the formal institutional set-up, rules and procedures from the way things are practiced on a day to day basis. Meanwhile, customers or the public at large, as end users of services, can indicate their level of satisfaction with service delivery.

A variety of social science data collection techniques can be used to obtain such information, including: semi-structured, one-on-one interviews; sample questionnaires; focus group discussions; surveys of end users, e.g., client satisfaction surveys or scorecards<sup>20</sup>; workshops; and self-assessment instruments.<sup>21</sup>

#### **Determining Data Collection Approach: Participatory and Consultative Processes**

Started in June 1999 in two districts of Tanzania, the Tanzakesho programme was designed to build local-level capacity for participatory planning and provide experiences to influence the planning process and guidelines at the national level. Given the objective of the Tanzakesho programme, it was logical that initial capacity assessments were conducted using participatory approaches. The major part of the assessments was carried out in the “natural setting” of the entity being assessed, i.e., discussing issues with people in the field. This was complemented with study and critical analysis of the relevant policy, research and academic documents. Then a sharply focused but flexible plan of action was prepared.

The next step was to engage in a participatory and consultative dialogue regarding the plan of action with a carefully identified group of purposeful sampling, including Regional Administrators in the two target districts, Coordinators, members of the District Core Teams, Facilitators, Councilors, village Chairpersons and the beneficiaries – women, men, youth, disabled -- NGOs, CSOs, opinion leaders, religious leaders, and extension staff residing in local communities. Interviews and focus group discussions were used with the relevant respondents. Before leaving each village, district and region, evaluators provided a de-briefing in which learnings were shared with the hosts and some of the controversial issues verified. Finally, a stakeholder workshop was held in Dar es Salaam.

Tanzakesho's methodology was based on a bottom-up planning process, operated within the structures of local government authority and in line with national policies. It enabled people to formulate their plans using locally available resources and helped them translate goals of Tanzania Development Vision 2025 and decentralization by devolution. Tanzakesho's methodology encouraged people to adopt multi-sectoral approach in planning and implementation.

*For further information, see “Final Report, Terminal Evaluation for CAP. 21 [Tanzakesho]” July 2005.*

#### **1.3.3 Reviewing Existing Sources and Knowledge**

A considerable amount of data required for an assessment at the system level can be obtained from documentary sources. Examples include policy and legal documents, project files, organisational charts, statistics, procedure manuals, as well as previous analytical, evaluative and survey work. It is likely that much of the information required already exists in documentation prepared by government, donors or the research/academic communities. Therefore, one of the first steps is to find out if similar assessments have been conducted in the past or are ongoing, and how relevant the information is to the current exercise. This will help minimise the amount of new research to be carried out.

Much of the background information on the general country situation will be relevant to a variety of situations and will not necessarily have to be collected each time that an assessment is carried out. This kind of work is best done as part of a desk study, either by an individual researcher/consultant, or by task teams/working groups comprised of different stakeholders.

### **1.4 Determine How the Assessment Will Be Conducted**

Depending on the scope and scale of the assessment, an appropriate and tailored methodology should be devised that takes into account the following considerations: Who should be a part of the

<sup>20</sup> The client scorecards used in Bangalore to record customer satisfaction with services in Bangalore, India are a case in point but there are many other such examples.

<sup>21</sup> Workshops provide opportunities for groups to reflect on issues in a more analytical way. At times, the most revealing information can be obtained through facilitated brainstorming and active listening. Larger multi-stakeholder forums, employing such techniques as future search, may be less suited to detailed diagnostic work but can serve to garner the insights and opinions of a wider section of the community on broader issues. It is useful to record, for instance, the levels of public satisfaction with services and government performance in general, as well as people's vision toward the future.

assessment management team? Who should participate in the assessment? Where will the assessment be conducted?

Ideally, the assessment management team should include a combination of expertise, specifically those familiar with 1) the national/local context; 2) the specific content or sector under assessment; and 3) the capacity assessment methodology. The team could also be complemented with experts in cross-cutting issues, i.e., human rights based approach and gender equality. Regardless of approach, an assessment “owner” should be assigned; this is a person who manages the overall process, facilitates dialogue around assessment findings and serves as liaison between the assessment team and primary stakeholders. In addition, a facilitator should be assigned to manage discussions regarding assessment scope and scale; adaptation of the Capacity Assessment Framework; execution of the assessment, including quantitative and qualitative data collection; and interpretation of assessment results as they lead to the formulation of capacity development response strategies.

The methodology selected, e.g., self-assessment, interviews (see Section 1.3.2 above), determines who participates in the assessment exercise. Generally, a variety of perspectives should be gathered, which may suggest collecting input from people at various levels of an organization, e.g., director level and staff, central level and field, line and staff professionals.

The methodology also determines where the exercise will be conducted, e.g., in the field, in a conference room, and by whom, e.g., with a full-scale team or a one-person “pencil and paper” surveyor. If there are representatives from varying levels of an organization, the assessment facilitator may want to separate the levels to foster a more open and candid dialogue.

### **1.5 Cost the Capacity Assessment Exercise**

Also based on the scope and scale of the capacity assessment exercise, it is possible to estimate the cost for conducting the exercise. This may evolve into an iterative process, as the scope and scale may have to be adjusted given budgetary constraints.

## **2. Conduct the Capacity Assessment**

The fundamental principle of a capacity assessment is to understand the difference between desired future capacities and current capacities. An assessment could start by looking at either desired future capacities or current capacities. UNDP’s capacity assessment approach starts with a definition of desired future capacities, so that an assessment team is not biased or constrained by the universe of existing capacities. Having said this, UNDP recognizes that it is important to approach an assessment with the perspective of building upon capacity assets that already exist (as opposed to a starting point on no capacity); with this perspective, it is easier to create viable capacity development response strategies that nurture and reinforce existing capacities to grow from within. In the course of this process, perceived capacity needs are naturally pointed to as well.

### **2.1. Define Desired Future Capacities**

Once the scope and scale of the capacity assessment have been defined through selection of one or more cross-sections of the Capacity Assessment Framework, the assessment team should define the desired capacities for each cross-section. Definition of desired capacities is captured through the articulation of key questions to be addressed (in Step 2.3). See the Capacity Assessment User’s Guide for potential capacity questions for each cross-section of the Framework.

## **2.2. Define Level of Desired Future Capacities**

Some capacities may need to be further developed than others; however, not all capacities necessarily need to be fully developed for achievement of the country's development objectives. The desired level of capacity will be used as the basis of comparison against existing capacity determined during the assessment, which will in turn determine the level of effort required to bridge the gap.

Capacity level can be determined quantitatively and/or qualitatively, depending on the preference of the assessment team and the broader set of stakeholders. Ideally, the assessment team will generate both a quantitative ranking and qualitative information to support the ranking. If the team decides to use a quantitative ranking, then the ranking system for desired capacity should be the same as that used for assessing existing capacity (see Step 2.3).

To determine level of desired future capacity, an assessment team can look to international standards and norms as available and relevant for selected capacities. For example, international standards for monitoring and measuring progress on programme and project management and procurement are readily available.<sup>22</sup> Alternatively, a team can define its own standards against which to measure.

## **2.3. Assess Existing Capacity Level**

An assessment is made for each question in each cross-section. For a quantitative assessment, numerical ratings are given reflecting the level of current capacity. For a qualitative assessment, a short narrative is given to provide evidence to support the rating.

### Level of Existing Capacity

- |   |   |
|---|---|
| 1 | No evidence of relevant capacity                        |
| 2 | Anecdotal evidence of capacity                          |
| 3 | Partially developed capacity                            |
| 4 | Widespread, but not comprehensive, evidence of capacity |
| 5 | Fully developed capacity                                |

It is important that the assessment team discuss the capacity levels prior to conducting an assessment to ensure a common understanding regarding the interpretation of each level. The team should adjust the level definitions as it sees fit. The team should also determine prior to conducting an assessment what will be done with the results, e.g., will they be used to compare across entities (e.g., institutions, districts), and if necessary, ensure consensus on definitions across assessment teams.

## **3. Summarize and Interpret Results**

Once the assessment has been completed for selected cross-sections, the assessment team analyzes the assessment results (desired vs current levels of capacity). In many cases, the information gathered from a variety of sources (self-assessment, beneficiaries, development partners, etc.) may provide conflicting insights. The assessment team may consider further exploration of those areas in question, either formally through continued assessment or informal discussions with key stakeholders.

The comparison of desired vs. current levels of capacity helps the assessment team determine the level of improvement required, which in turn provides direction in terms of which areas to focus capacity development response strategies.

<sup>22</sup> The [Organizational Project Management Maturity Model \(OPM3\)](#) and the [Portfolio, Programme & Project Management Maturity Model \(P3M3\)](#) offer standards for programme and project management. The [OECD](#) provides standards for procurement in its [Methodology for Assessment of National Procurement Systems](#).

## **Formulate Capacity Development Response Strategies**

### **4. Formulate Capacity Development Response Strategies**

#### **4.1. *Define Capacity Development Strategies***

The assessment of capacity assets and needs drives the creation of capacity development response strategies and related action plans. The four core issues in the Capacity Assessment Framework are closely linked to UNDP's four capacity development response strategies. Therefore, for each functional capacity within a core issue, an assessment team could use the related capacity development response strategy to think through specific responses. The capacity development plan should consist of high-priority, short- to medium-term (one year or longer) initiatives and immediate (less than one year) quick-impact activities that build the foundation for ongoing capacity development as well as build momentum for the process.

In general, an approach that emphasizes strengths (rather than weaknesses) is less threatening to many stakeholders and may be better suited to constructive dialogue. See the Capacity Development Practice Note for more detail on UNDP's capacity development response strategies.

#### **Define Capacity Development Strategies: Leveraging Capacity Assessment Results**

The Government of Afghanistan undertook a comprehensive review of its systemic and institutional capacity within ministries, departments and agencies (both at the national and sub-national levels), in which 20 senior civil servants representing 11 ministries, together with senior Afghan government advisers, participated. The dual purposes of the assessment were 1) to derive "areas for improvement" across all areas of operations and 2) to identify a small number of vital priorities for initial systemic capacity development that could enable the achievement of a credible platform or base on which further enabling environment, organisational or individual performance improvement could be built.

The assessment produced an initial "baseline" score reflecting the workshop team's consensus concerning current standards of performance and achievement as seen against international good practice criteria. More tactically, it also produced several strategic initiatives and potential quick impact actions. Finally, it produced areas for improvement which were translated into high-potential priorities and consolidated into a capacity development programme for short- and medium-term implementation. The team then moved to define resource implications of the selected priorities.

*For a more detailed practical application, please refer to the UNDP Afghanistan Country Office ([www.undp.org.af](http://www.undp.org.af)) for systemic and institutional tools used as well as the resulting reports from 2005.*

#### **4.2. *Define Progress Indicators for Capacity Development Strategies***

Indicators are needed to measure progress of capacity development response strategies, and for each indicator, a baseline and target are established as well. The baseline data are used as the starting point against which to monitor progress; the targets may be either short- or long-term with interim milestones. The process of monitoring progress should allow for refinement of capacity development response strategies and potentially the design of new initiatives to address evolving needs. See the Capacity Assessment Methodology User's Guide for potential indicators for each cross-section of the Capacity Assessment Framework. As an assessment team defines its indicators, it should strive to focus on those that are more outcome-oriented yet still within the strategy's or programme's sphere of "plausible influence," rather than purely output-oriented

The process itself of defining progress indicators is useful as it supports activities throughout the capacity development lifecycle – specifically, it serves to:

- Support policy dialogue and strategy formulation: as a part of analytical work that precedes capacity development investments
- Contribute to the detailed design of capacity development response strategies: by being integrated into diagnostic work used to design capacity development programmes and projects

- Enhance monitoring and evaluation: by tracking process and progress with iterated assessments over time, thus improving capacity development programme design and effectiveness
- Promote organisational learning and empowerment: as an internal learning exercise
- Advocate for reform and transformation: by creating interest and desire for change for the better.

The design of measurement indicators adheres to general principles similar to those of the design of capacity assessment.

- Clarity of purpose: what, why and for whom? This will improve the connection of this information to strategies and issues in focus and facilitate the choice of an appropriate point of entry: enabling environment, organisation or individual.
- Nature of information required and choice of data collection method. Well conceived and targeted indicators reduce information overload.
- Overall management of the assessment process. It is important for the relevance and sustainability of the exercise to facilitate buy-in by key participants and/or stakeholders. Tools and indicators are meant for use in combination with information from other sources and good judgment.

Generally speaking, indicators can be used to measure two forms of value: a stock or a flow. Capacity indicators, thus, are also of a dual nature and purpose: we use them to describe the specific actions and steps of a capacity development process or to gauge the resulting state of increased capacity.

#### **4.3 Cost Capacity Development Strategies**

The best developed policies and programmes will go nowhere without appropriate funding. It is critical that the capacity development response strategies and related action plans are accurately costed in order for the team to realistically determine the extent of funding required for implementation.

An input-based budgeting process is used for shorter-term capacity development actions and strategies; this is based on known, quantifiable inputs, e.g., number of consultant-days, number of consultation sessions, translation costs. Less straight-forward is the process for determining or projecting costs required for longer-term capacity development. If an assessment team feels that these costs cannot be accurately projected, it is suggested that this costing exercise be limited to an actual costing of inputs in order to avoid any issues of credibility or legitimacy.

### **5. Dialogue on Findings and Ongoing Learning**

#### **5.1. *Ensure Feedback Loop with Stakeholders at Key Steps***

Presentation of findings may be made to various stakeholders at several points during the overall process. It is important that findings are presented in a way that stakeholders are expecting (based on their input during the assessment design phase). Specifically, it will be necessary to present the findings in an intelligible form for most readers/stakeholders, and in a way that allows for the consideration of comments, validations and other forms of feedback. There may indeed be different audiences to address – decision-makers and representatives of interest groups who may be concerned with the broad thrust around which policy decisions are made; and technical persons and managers, who may be more interested in the details of operationalising the strategies and actions.

Once an initial assessment is made, the assessment team may present interim findings to a supervising group such as a cabinet or directly to donors. It is expected that an outcome of

presentations at this stage will be a government and donors either validating or redirecting the priorities the assessment team has generated.

In creating capacity development response strategies, the assessment team may have stakeholder discussions with a variety of audiences, as a way to solicit input but also as a way to build consensus and buy-in along the way. These discussions may take the form of workshops on specific topic areas, focus groups and one-on-one sessions.

Finally, the assessment team presents the full picture of the capacity development plan, including the assessment of capacities, capacity development response strategies, indicators and associated cost. Again, the final presentation should be preceded by working sessions on various initiatives and actions, so that there is broad involvement and buy-in built during the process. This involvement should minimize surprises when the final findings are presented to the overall stakeholder group.

Prioritization of strategies should be addressed after the assessment and strategy formulation effort is completed. It is expected that the stakeholder/sponsor group, not the assessment team, will determine prioritization.

## **5.2. *Ensure Ongoing Learning***

Throughout the capacity development process, there are opportunities for stakeholders and other participants to increase their capacity for planning and programming. Ideally, the process is conducted endogenously and on an ongoing basis as an integral part of the planning process, and participants have an opportunity to learn from each other and from the process.

In addition, it is important to maintain this process as a dynamic activity, not a one-off exercise. An assessment team and peer review group may repeat the assessment and strategy formulation steps in six to nine months' time and record progress and readjust the team's course as appropriate.

## **IV. OPERATIONAL IMPLICATIONS**

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This section presents some thoughts on the operational implications of mobilising, designing and conducting capacity assessments.

### **1. Good Practices**

While each assessment must be designed to suit local circumstances, the following are suggestions for good practices:

- Consider capacity assessments as a normal part of good management that can assist stakeholders in enhancing capacity and improving performance and that can add value to the processes of needs identification, planning, implementation, monitoring and evaluation, rather than treating them as stand-alone activities
- Ensure that any assessment is nationally and/or locally led, although external facilitation is the most effective way to make the assessment as objective as possible
- Engage stakeholders from the outset to ensure appropriate design and buy-in, and where appropriate, to encourage self-assessment
- Budget for capacity assessments as an ongoing part of institutional reform and change management
- Use capacity assessments to galvanize interest for change and to promote organisational learning and empowerment
- Incorporate lessons learned on an ongoing basis into a capacity assessment by taking an iterative approach to the overall process
- Remain flexible, ensuring optimal use of existing information sources while taking opportunities to build synergies with other ongoing initiatives/processes
- Encourage an open and honest assessment process to ensure fairness and acceptance of the assessment's procedures and results
- Introduce benchmarks and progress indicators into capacity assessments where possible, to more systematically record and understand capacity changes

Some tactical considerations to keep in mind include the following:

- Ensure an assessment team leader is in place, and other required resources (e.g., assessment sponsor, those participating in workshops, focus groups, etc.) are available during the duration of the assessment
- Plan for sufficient time for review and translation of materials, as required, and particularly so for sub-national level exercises
- Incorporate an orientation to capacity assessment methodology for key stakeholders before conducting the actual assessment
- Ensure assessment sponsors (government or other primary host) fully own the results prior to any presentation or dissemination

See the UNDP Capacity Assessment Methodology User's Guide for additional information, including a discussion of Frequently Asked Questions (FAQs).

### **2. What to Look Out for When Conducting Capacity Assessments**

While elsewhere in this Practice Note it has been pointed out that capacity assessments are desirable and fulfill a key need, there are certain operational and attitudinal constraints that may emerge in the

course of administering them, which may cause assessment findings to be rejected and the process to lead to undesired results.

Some common attitudinal issues to deal with are: assessment fatigue; skepticism about what will emerge from what is perceived as a short or one-off exercise; skepticism about results emerging from a capacity assessment; and a suspicion that capacity assessments are being used by senior management for re-profiling or retrenchment.

A more entrenched issue to contend with is that programme managers will frequently bypass capacity assessments in the interests of time and launch programmes based on conventional “guesstimates” of capacity gaps. It is therefore important to set aside both time and resources for capacity assessments.

The role of the facilitator is very important in the administering of a capacity assessment tool. While the facilitator is the overall guide of the technicalities of the assessment, s/he is also person that by definition, decides the utility of the assessment. Overly dominant facilitation may lead to “coached” outcomes. On the other hand, *laissez faire* facilitation will generate wishful lists of capacity development response strategies, thereby defeating the purpose.

As far as practicable, capacity assessments should focus on immediate, specific results. Caution must be exercised to ensure that capacity assessments do not lead to sweeping generalisations and pronouncements. The facilitator should seek to ensure that answers and ratings are evidence-based.

Finally, though capacity assessment conducted as one-off, stand-alone exercises serve an intrinsic purpose of identifying capacity assets and needs, in order to ensure optimal utility, running the tools in regular intervals allows for tracking and monitoring capacity development against an established baseline. It also provides systematic feedback to those assessed.

### 3. Other Types of Assessment

The context and objectives of an assessment determine what type of analysis should be conducted. The UNDP Capacity Assessment Framework should be considered when the focus is, understandably enough, capacity. Other types of analysis may be more appropriate when the focus is on understanding stakeholder positions; redefining organizational structure; reviewing operational functions; improving business processes; etc.

Many of these analytical tools can be used in conjunction with a capacity assessment, either before, during or after depending on the context and need.

Following is a brief mapping of a few other types of assessment, that can be used to complement a capacity assessment as needed.

Approach	Brief Description
Stakeholder analysis	Mapping of key stakeholders and their positions viz entity’s objectives (degree of support, power, etc.)
Business process improvement	Analysis of process flow to identify key steps, decision points, and bottlenecks, and redesign of process to improve efficiency and effectiveness
Functional review	A review of functional activities either across a number of entities or within one to determine where best the function should occur
Organizational assessment	An assessment of an organization’s vision, formal structure, roles and responsibilities, culture
SWOT	Originally designed as a tool to understand an entity’s positioning viz competitors (has been adapted for use in capacity context)
Risk assessment	Review of a system or organization to define operational and financial risks; primarily for implementing partners

## **ANNEX: ADDITIONAL RESOURCES**

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## **Other**

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