Capacity Assessment
PRACTICE NOTE

October 2008

CONTENTS

ACRONYMS AND ABBREVIATIONS

CCA	**Common Country Assessment**
DAC	**Development Assistance Committee**
GEF	**Global Environment Facility**
MDG	**Millennium Development Goal**
OECD	**Organization for Economic Co-operation and Development**
PRSP	**Poverty Reduction Strategy Paper**
SWAP	**Sector-Wide Approach**
UN	**United Nations**
UNDAF	**United Nations Development Assistance Framework**
UNDG	**United Nations Development Group**
UNDP	**United Nations Development Programme**

EXECUTIVE SUMMARY

The purpose of this practice note

The achievement of the Millennium Development Goals and other international and national development targets hinges on capacities of individuals, organizations and societies to transform, in order to reach their development objectives. While financial resources, including official development assistance, are vital, they are not enough to promote sustainable human development. Without supportive laws, policies, strategies and procedures, well-functioning organizations, and educated and skilled people, countries lack the foundation to plan, implement and review their national and local development strategies. Capacity development helps to strengthen this foundation. It is the 'how' of making development work better.

UNDP defines capacity development as 'the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.'[1] To support this process effectively requires identifying what key capacities already exist and what additional capacities may be needed to reach these objectives. This is the purpose of a capacity assessment. A capacity assessment is an analysis of desired capacities against existing capacities which generates an understanding of capacity assets and needs that informs the formulation of a capacity development response.

UNDP has developed a methodology for conducting capacity assessments that is systematic and rigorous, yet flexible and adaptable to different contexts and needs. It does not offer a blueprint, but serves as a point of departure for a capacity assessment. The UNDP Capacity Assessment Methodology consists of three components – the UNDP Capacity Assessment Framework, a process and supporting tools.

This practice note introduces the first two components. It discusses the dimensions of the UNDP Capacity Assessment Framework and provides process guidelines for managing an assessment, from mobilizing stakeholders to designing the assessment approach to conducting the assessment, and analyzing and interpreting its results. It also discusses how these results lead to the formulation of a capacity development response. Additional guidance on the process and supporting tools can be found in the UNDP Capacity Assessment Methodology User's Guide.

A systematic approach to capacity assessment

The UNDP Capacity Assessment Framework has three dimensions:

- **Points of entry:** UNDP recognizes that capacity resides on three levels – the enabling environment, the organizational, and the individual. Each of these can be the point of entry for a capacity assessment. The UNDP Capacity Assessment Framework is specifically tailored to the enabling environment and the organizational level;

- **Core issues:** These are the four capacity issues that UNDP sees most commonly encountered across sectors and levels of capacity: 1) institutional arrangements; 2) leadership; 3) knowledge; and 4) accountability. Not every assessment needs to cover all four, but a capacity assessment team should at least consider all of them as it defines the scope of an assessment. They can be amended based on the needs of the client and the situation.

- **Functional and technical capacities**: Functional capacities are necessary for creating and managing policies, legislations, strategies and programmes. UNDP has found that the following functional capacities are key: 1) engage stakeholders; 2) assess a situation and define a vision and mandate; 3) formulate policies and strategies; 4) budget, manage and implement; and 5)

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[1] UNDP, Capacity Development Group, 2008a.

evaluate. Various technical capacities may also need to be assessed, depending on the situation; they may be added to the set of functional capacities as needed.

UNDP suggests following a three-step process to conduct a capacity assessment:

- **Mobilize and design:** Engaged stakeholders and a clear design are key to a successful capacity assessment. The design is driven by three guiding questions: 1) 'capacity for why?' 2) 'capacity for whom?' and 3) 'capacity for what?'[2];
- **Conduct the capacity assessment:** During the capacity assessment data & information are collected on desired and existing capacity. This data & information can be gathered by a variety of means, including self-assessment, interviews and focus groups;
- **Summarize and interpret results:** The comparison of desired capacities against existing capacities determines the level of effort required to bridge the gap between them and informs the formulation of a capacity development response.

Capacity assessments can be integrated into the planning and programming process at various levels. These include the level of a national, sector or local development strategy or plan; a United Nations Common Country Assessment, a United Nations Development Assistance Framework, a UNDP Country Programme; or an individual development programme or project.[3] The insights generated by a capacity assessment serve as key inputs for formulating a capacity development response, and the indicators used to measure capacity serve as a foundation for subsequent monitoring and evaluation of capacity development.

Section I of this practice note introduces key concepts in capacity assessment. Section II discusses when to conduct an assessment and why, and provides a detailed description of the dimensions of the UNDP Capacity Assessment Framework. Section III presents a discussion of the capacity assessment process, followed in Section IV by a discussion on how to formulate a capacity development response. Section V offers guidance on how to use and manage capacity assessments successfully. The Annex includes a guide to resources consulted.

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[2] The phrasing of the questions in this way has proved to be appealing and intuitive to people working on capacity development.
[3] See UNDG (2006). The 2007 CCA/UNDAF Guidelines (UNDG, 2007) and the UNDG Capacity Assessment Methodology User Guide (UNDG, 2008) provide detailed guidance on conducting a capacity assessment during the CCA and the formulation of the UNDAF.

SECTION I: INTRODUCTION

The achievement of the Millennium Development Goals and other international and national development targets hinges on capacities of individuals, organizations and societies to transform, in order to reach their development objectives. While financial resources, including official development assistance, are vital, they are not enough to promote sustainable human development. Without supportive laws, policies, strategies and procedures, well-functioning organizations, and educated and skilled people, countries lack the foundation to plan, implement and review their national and local development strategies. Capacity development helps to strengthen this foundation. It is the 'how' of making development work better.

UNDP defines capacity development as 'the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.'[4] Supporting this process requires identifying what key capacities already exist and what additional capacities may be needed to reach these objectives. This is the purpose of a capacity assessment.

A capacity assessment provides a comprehensive perspective on the capacities critical to achieving a country's development objectives. It is an analysis of desired capacities against existing capacities and offers a systematic way of gathering data & information on capacity assets and needs. Conducted during the initial stages of development planning, a capacity assessment serves to provide an input for formulating a capacity development response that addresses those capacities that could be strengthened and that optimizes existing capacities that are already strong and well founded. It can also set the baseline for continuous monitoring and evaluation of progress against relevant indicators and help create a solid foundation for long-term planning, implementation and sustainable results. Figure 1 illustrates the process by which UNDP supports capacity development and the key role that a capacity assessment plays within it. This practice note focuses on steps 2 and 3 of the process.

Figure 1: The UNDP capacity development process[5]

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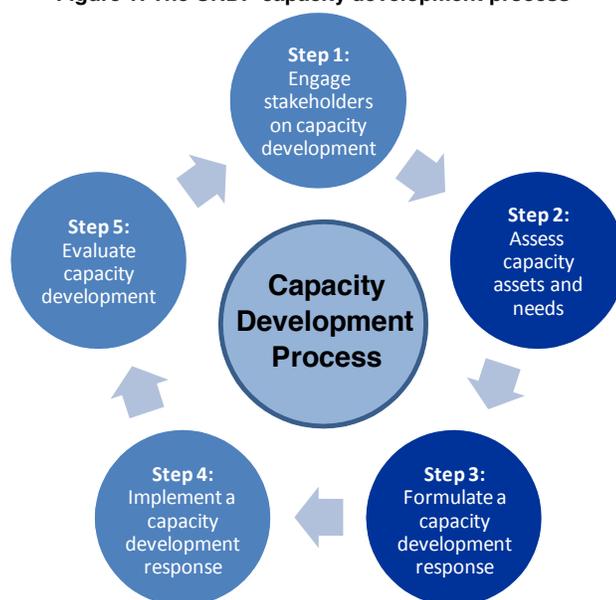
[4]UNDP, Capacity Development Group, 2008a.
[5] The UNDP capacity development process is embedded into a programming process; it is not intended to be a stand-alone or parallel process. The capacity development process is prescriptive for UNDP practitioners, as described in UNDP's Programme and Operations Policies and Procedures, and is evaluated through Programme Audits, Partnership Surveys and Independent Evaluations (e.g., Assessment of Development Results).

UNDP has developed a methodology for conducting capacity assessments that is systematic and rigorous, yet flexible and adaptable. It is based on a review of capacity assessment and diagnostic tools and case studies as well as numerous applications in countries around the world. It has benefited from consultations with colleagues in the field and partner agencies. The UNDP Capacity Assessment Methodology is not a blueprint and can be used in a variety of contexts to suit different purposes. It consists of:

- The UNDP Capacity Assessment Framework;
- A process for conducting a capacity assessment;
- Supporting tools.

Key features of the methodology are:

- A **structure** for discussion about the scale and scope of a capacity assessment and more generally about a capacity development agenda;
- A systematic **process** for assessing capacity assets and needs and formulating a capacity development response;
- **Resources and tools** to support a capacity assessment including **content** for assessing functional capacities along points of entry and core issues.

The methodology is different from many other assessment methodologies in that it:

- Focuses on **capacity** and not, for example, on organizational design, functional roles and responsibilities, or a risk analysis;
- Emphasizes the **link between a capacity assessment and a capacity development response** and thereby sets the stage for moving beyond analysis to action;
- Establishes **indicators** for capacity development and benchmarks for measuring progress on it.

This practice note focuses on two components of the methodology: the UNDP Capacity Assessment Framework and the process for conducting a capacity assessment. The UNDP Capacity Assessment Methodology User's Guide provides additional guidance on the process and supporting tools.

In addition to the UNDP Capacity Assessment Methodology there are resources geared to specific sectors and themes, which can help countries better assess specific national and local capacity assets and needs. These resources include customized capacity assessment frameworks, user's guides, supporting tools, and interview worksheets, for example in the areas of procurement; aid management and coordination; and HIV/AIDS.[6] Such resources help position the UN development system as a substantive partner in the national articulation of development strategies aimed at achieving the Millennium Development Goals (MDGs).

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[6] For further information on these sector- and theme-specific resources, see UNDP, Capacity Development Group, 2008b. For a listing of capacity assessment tools and case studies, see www.capacity.undp.org.   .

SECTION II: THE SCOPE OF CAPACITY ASSESSMENTS

Capacity assessments can be used to address capacity issues across the three levels of capacity. The UNDP Capacity Assessment Methodology is specifically tailored to the enabling environment and the organizational level. These two levels of capacity are discussed under 'points of entry' below. Individual assessments usually take place within the context of an organizational assessment and are not addressed in detail in this note. Though capacity assessments can be conducted by and for a variety of constituents, UNDP's Methodology is most often used in the public sector.

1.   When to conduct a capacity assessment

Capacity assessments can be conducted at different points of a planning or programming cycle, for example when:
1. Preparing national, sector and local development strategies and plans;
2. Conducting the Common Country Assessment (CCA) and preparing the United Nations Development Assistance Framework (UNDAF) and the UNDP Country Programme;
3. Formulating programmes and projects in response to capacity challenges;
4. Managing reviews of the above.

a.   *Preparing National, Sector and Local Development Strategies and Plans*

Capacity assessments provide valuable input into policy and strategy formulation at the level of national, sector and local development strategies and plans for poverty reduction; they can generate an overview of priorities for capacity development within the enabling environment and within particular organizations that operate across sectors, and they can help build consensus on priorities. When linking capacity assessments with development strategies and plans, it is usually not possible to create a one-to-one map between a capacity gap and a desired development outcome.

A country preparing a development strategy or plan based on its MDG targets might conduct a needs assessment to determine where energies need to be focused, such as on infrastructure or financial or human resources. A country emerging from crisis would make use of needs assessments and transitional results matrices that are specific to its complex situation.[7] The UNDP Capacity Assessment Methodology complements most needs assessment methodologies. While the latter focus primarily on 'interventions,' that is, *what* needs to change and the financial requirements to fund the change - capacity assessments focus on *how* the improvements will occur. Conducting a capacity assessment simultaneously with or as part of a needs assessment can thus help analyse and design a more comprehensive and integrated programme and resource response.

Case 1: Linkage between capacity assessment and national development planning

As Sierra Leone was making the transition from post-conflict recovery to longer-term economic and social development, the country was at a l turning point. In an effort to strengthen the ability of government agencies to formulate and coordinate policies and deliver services – an issue central to the implementation of the country's poverty reduction strategy – it initiated the design of a comprehensive framework for capacity development for the poverty reduction strategy (PRS). The effort began with a capacity assessment, which included the following key tasks:
- Review of ongoing work on civil service and public sector institutional reform;
- Institutional mapping exercise and inventory of stakeholders to better identify key players involved in the implementation of the PRS;
- Inventory of ongoing and planned capacity development initiatives;
- Assessment of capacity gaps within key ministries, departments and agencies, as well as among other stakeholders;
- Formulation of a response to address these gaps;
- Development of a comprehensive programme document.

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[7] See UNDG and World Bank (2005) and the Post-Conflict Needs Assessment toolkit; available at http://www.undg.org/?P=147.

The programme that was implemented following the assessment helped public agencies become more responsive and effective and improved the skills and focus of cadres and individuals, allowing them to ensure that the targets of the poverty reduction strategy were met in a timely manner.

Source: UNDP, 2005, 'Towards a Comprehensive Capacity Building-Enhancement Framework to Implement The SL-PRSP: A Preliminary Assessment of Capacity Gaps and Proposed Strategies').

b.   Conducting the CCA and preparing the UNDAF and the UNDP Country Programme

The UN contribution to a national analysis or a CCA provides a good starting point for a capacity assessment of a country's enabling environment. The findings can help define a more systematic and rigorous UN response to supporting capacity development at the country level, to be captured in the UNDAF and the UNDP Country Programme.

The UN Development Group (UNDG) has developed a methodology for conducting capacity assessments, consisting of a capacity assessment framework, a process and supporting tools. It is similar to the UNDP Capacity Assessment Methodology but with slight variations in the core issues and functional capacities of its capacity assessment framework.

Both the UNDP and the UNDG Methodology can be used to support national partners in systematically assessing and addressing capacity gaps in all areas of development. UN Country Teams should use the UNDG Capacity Assessment Methodology when conducting the CCA and preparing the UNDAF. The UNDP Capacity Assessment Methodology should be used by UNDP Country Offices when formulating the UNDP Country Programme.[8]

c.   Formulating programmes and projects in response to capacity challenges

Capacity assessments are often conducted in response to a felt and expressed need for capacity development, for example, at the level of the government as a whole, a specific sector, an administrative unit (district, municipality) or a single organization. Such assessments are conducted to determine or clarify what types of capacity need to be addressed and how. They can be prepared in advance or be made the first phase of a programme or project to establish or confirm its direction. In both cases, the capacity assessment will focus on the capacity needs expressed, as captured by addressing the questions 'capacity for why?', 'capacity for whom?' and 'capacity for what?' These questions will be discussed in more detail below.

d.   Managing reviews of strategies, programmes and projects

The review of a development strategy, UNDAF, UNDP Country Programme, or any other programme or project is an opportunity to evaluate achievements, make strategic adjustments and respond to changes in the development context.

If a capacity assessment was conducted during strategy, programme or project formulation, the review can be used to evaluate progress against the indicators that were set during the capacity assessment and make any adjustments to the implementation approach.

If a capacity assessment did not take place earlier, one can be conducted during the review process. This can be particularly useful in exploring capacity development challenges that have emerged during implementation.

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[8] The 2007 CCA/UNDAF Guidelines (UNDG, 2007) and the UNDG Capacity Assessment Methodology User Guide (UNDG, 2008) provide detailed guidance on conducting a capacity assessment during the CCA and the formulation of the UNDAF.

2. Why conduct a capacity assessment

Asking **'capacity for why?'** can help clarify capacity development priorities and how a capacity assessment can help meet them. In each of the situations discussed above, capacity assessments can serve several important purposes:

1. Provide a starting point for formulating a capacity development response;
2. Act as a catalyst for action;
3. Confirm priorities for action;
4. Build political support for an agenda;
5. Offer a platform for dialogue among stakeholders;
6. Provide insight into operational hurdles in order to unblock a programme or project.

The rationale for conducting an assessment affects its design, duration and cost. For example, if the objective is to get stakeholders on the same page, a full-blown assessment may not be required and a one- or two-day session may suffice. But it may take several months to identify specific capacities that block the implementation of a programme and understand their root causes.

3. UNDP Capacity Assessment Framework

The UNDP Capacity Assessment Framework has three dimensions (figure 2):
- Points of entry;
- Core issues;
- Functional and technical capacities.

Figure 2: UNDP Capacity Assessment Framework
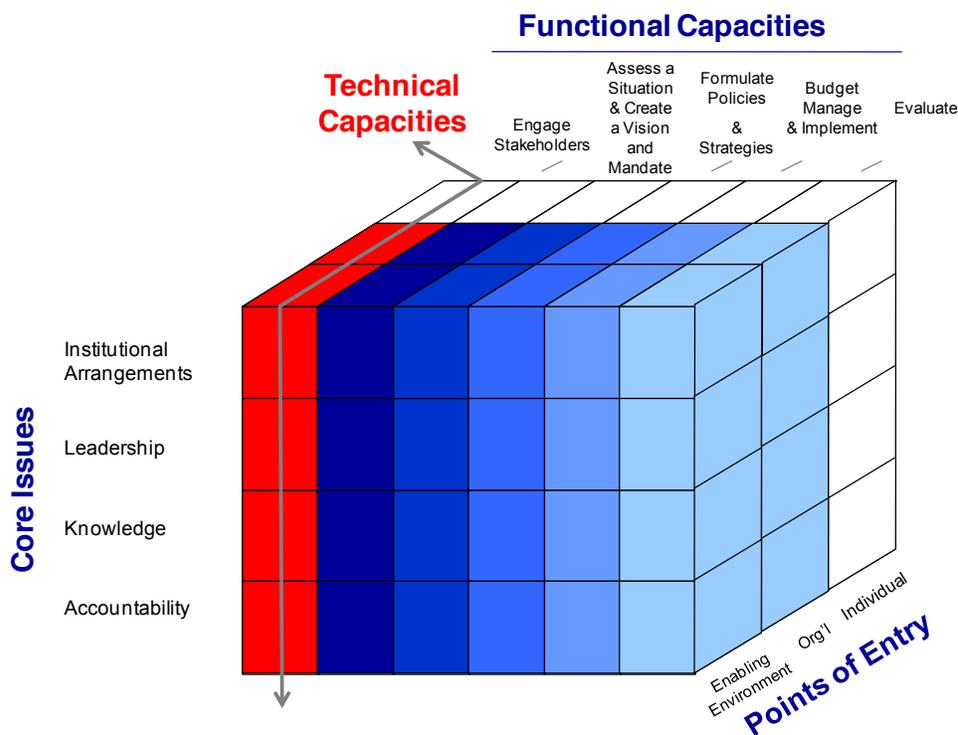
a.   *Points of entry*

Capacity issues must be addressed across all three levels – the enabling environment, the organizational and the individual - any of which can serve as the point of entry for a capacity assessment.

Clearly articulating the purpose of a capacity assessment ('capacity for why?') will help determine the appropriate point of entry, which is important since it provides the initial focus. The purpose might be to assess the enabling environment at the national or sub-national level, or the capacities of an organization in the public sector, such as a ministry, a department or a special office such as that of the auditor general. Or the assessment might be conducted with a private, non-profit or civil society organization. The specific assessment questions vary according to the purpose and point of entry.

As mentioned previously, the UNDP Capacity Assessment Methodology is designed to assess capacity assets and needs within the enabling environment and at the organizational level. Individual assessments usually take place within the context of an organizational assessment, for example to identify programme champions or change agents. Wide-scale individual performance appraisals are generally carried out through performance management systems and are the responsibility of the countries and organizations concerned. This practice note therefore does not address individual capacity assessments in detail.

Enabling environment as a point of entry

Capacity assessments sometimes begin with the enabling environment, which is sometimes called the societal or institutional level. The enabling environment is not necessarily synonymous with the national level, as it also exists at the sub-national and community levels. The enabling environment comprises elements that can facilitate or constrain the development of capacity. These include policies, rules and norms; values governing mandates; priorities; modes of operation; and culture. Such elements exist within and across sectors. They create incentives or constraints that determine the 'rules of the game' for interaction among sectors and can affect the performance of one or more organizations within a sector.

Capacity assessments addressing the enabling environment can be conducted during the preparation of national, sector and local development strategies and plans, the CCA, the UNDAF or the UNDP Country Programme. Such assessments are taking place more frequently given their usefulness in integrating more fully and explicitly the objectives, values and urgency of capacity development into development strategies and plans.

A capacity assessment can also help with development challenges that are sector-specific yet transcend organizational boundaries. The introduction of sector-wide approaches (SWAPs) to sector programmes has generated renewed interest in capacity assessments at this level. Such assessments focus on challenges that depend on the participation and capacities of multiple organizations or stakeholders in a sector, rather than the performance of a single organization. In fact, many development challenges fall within this category; examples include education and health, for which the central ministry is but one (albeit significant) of several players involved in delivery of services. Other examples include cross-sectoral issues such as environment, HIV/AIDS or gender, and themes like decentralization or poverty reduction. Capacity assessments can help determine the capacities required to both formulate and implement policies, programmes and projects and to manage different types and sources of financing at the sector level.

To take an example, if the purpose is to strengthen a country's education system, a capacity assessment could begin with analyzing the policy, legal and regulatory framework and resource issues. The assessment could also look at the role and functioning of different organizations that are part of the education system such as the inspectorate of education or a teacher training college, for example by examining the interrelationships among them. Information regarding factors impacting

performance at the organizational level might also be important, calling for follow-up capacity assessments at that level.

<u>Organizational level as a point of entry</u>

Organizations provide the framework for individuals to work together for a common vision and act on a shared set of goals. Capacity assessments are most commonly conducted at the organizational level. An assessment at this level usually focuses on the organization's internal workings and may be motivated by the need to establish or improve specific capacities.

Case 2: Point of entry – organizational level

In July 2007, the Ministry of Finance of the Government of Turkey set capacity development of the General Directorate of Revenue Policy (the Directorate) as a high priority. It asked UNDP to support an assessment of the Directorate's functional and technical capacity assets and needs. With a staff of 59 people, the Directorate is tasked with key functions including: establishing state revenue and tax policies in line with development plans; carrying out international tax relations and works related to bilateral and multi-lateral tax agreements in coordination with required bodies; and cooperating with the EU, international organizations and other states in the field of taxation.

The UNDP Capacity Assessment Framework was used to structure a discussion with key stakeholders around the scale and scope of the assessment. It was decided to assess the Directorate's capacities to fulfill its mandate (the organizational level) but to cover also the broader enabling environment in which the Directorate operates and other General Directorates within the ministry. Capacities were assessed across the following four core issues: 1) organizational policy and procedures; 2) human resources management; 3) technical capacity development; and 4) information technology infrastructure and systems. (The UNDP Capacity Assessment Framework was modified to include issues of importance to the organization.)

Source: UNDP, 2007, 'Capacity Development Action Plan: Directorate General Revenue Policy' (mission report).

<u>Where to begin</u>

Since the levels of capacity are interdependent and complementary, it is rarely, if ever, sufficient to explore capacity assets and needs at only one level. Regardless of the point of entry, it is prudent to expand to other levels, by 'zooming in' and 'zooming out', as shown in figure 3.

Figure 3: The 'zooming in and zooming out' principle

Zoom in --->

Capacity levels	Enabling Environment	Organization	Individual
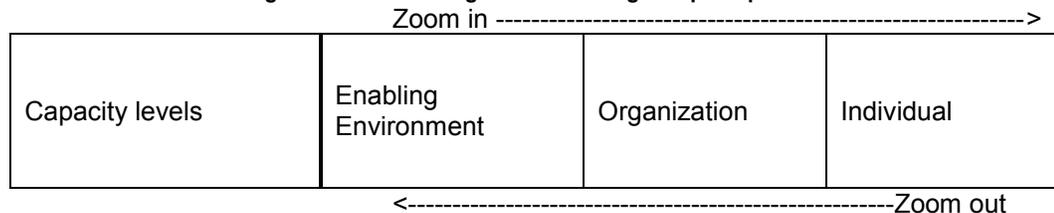
<---Zoom out

For example, if the point of entry is the organizational level, it may be necessary to 'zoom out' to examine issues in the enabling environment that might affect performance. Likewise, an assessment of the enabling environment often shows that one or more organizations need a more targeted assessment. In some cases, this 'zooming in' also needs to extend to the individual level.

b.   Core issues

Core issues make up the second dimension of the UNDP Capacity Assessment Framework. For each point of entry, one or more core issues can be explored. They are:
1. Institutional arrangements;
2. Leadership;
3. Knowledge;
4. Accountability.

These are the capacity issues that UNDP's empirical experience suggests as the most commonly encountered within and across a variety of sectors and themes. They provide a comprehensive set of issues from which a capacity assessment team can choose as it defines the scope of an assessment and against which to check the issues already identified. In other words, these four areas or domains are where capacity change happens most frequently. They can also drive the formulation of a capacity development response. Not all four will necessarily need to be analysed in any given assessment but the assessment team should at least consider all of them as it defines the scope of the assessment. The four core issues are not necessarily distinct as they spill over and reinforce one another. They can be amended based on the needs of the client and the situation.

Two areas that require special attention are the UNDP core principles of human rights-based approach and gender equality. These elements may be incorporated into the combinations of point of entry, core issues and capacities included in the assessment (also called 'cross sections'), or they may be treated as stand-alone issues, depending on needs and priorities.

Institutional arrangements

Institutional arrangements refer to the policies, procedures and processes that countries have in place to legislate, plan and manage the execution of development, rule of law, measure change and such other functions of state. By its nature, the issue of institutional arrangements shows up in every aspect of development and public sector management. Whether these are ministries of finance or planning, or offices of disaster risk reduction, or whole sectors such as justice and health, the imperative of functioning and efficient institutional arrangements remains a strong driver of capacity and therefore, ultimately, performance. Also by its nature, the parameters of change within institutional arrangements often lie in all three capacity levels. Human resources management, for example, is inextricably linked at all levels – at the level of the individual, at the level of the organization/sector, and then at the level of the enabling system such as through their centrality within civil services by-laws etc..

Capacity assessments frequently reveal that there is much inefficiency that arises across all of government because institutional arrangements are set up sub-optimally. For example, intra-government coordination mechanisms are frequently remiss; human resources arrangements are *ad hoc*; or different agencies use different monitoring and evaluation frameworks. And so on.

The UNDP Capacity Assessment Methodology can be used to assess what capacities are available or needed for optimal effectiveness and efficiency within the enabling environment and at the organizational level.

Case 3: Core issue – institutional arrangements

The achievement of the MDGs remains a high priority for the Government of Bangladesh. Despite the country's progress in eliminating poverty, the aggregate poverty remains high and extreme poverty persists. The National Poverty Focal Point is the General Economic Division (GED) of the Ministry of Planning which is responsible for coordinating poverty monitoring within and outside the government; facilitating the effective resolution of debates on indicators and methodologies; undertaking relevant research and studies in collaboration with independent academic/research institutions and civil society groups; collating data and channeling feedback into policy-making.

In 2008, the Government approached UNDP to support a capacity assessment of the GED and develop a strategy to develop its capacity. The assessment also covered the planning and monitoring units of select ministries. Issues that were looked at included policy formulation, inter-ministerial coordination, leadership, human resources, and mutual accountability across four functional capacities (stakeholder engagement, visioning and strategic planning, data analysis and information management, and monitoring, evaluation, and reporting).

In response to the challenges identified, a capacity development response was suggested that would focus on strengthening the GED's approach to internal strategy building and coordination, proactive engagement with other government agencies in coordinating, planning, data analysis & monitoring of MDG and PRS targets.

Source: UNDP, 2008, 'Capacity Assessment of the General Economics Division and Selected Planning Wings of Line Ministries in Bangladesh' (mission report)

Leadership

Leadership is the ability to influence, inspire and motivate people, organizations and societies to achieve - and go beyond - their goals. An important characteristic of good leadership is the ability to anticipate (sometimes catalyse), be responsive to and manage change to foster human development. Leadership is not synonymous with a position of authority; it can also be informal and manifest itself in many ways and at different levels. Although leadership is most commonly associated with an individual leader, from a village elder to a country's prime minister, it can equally reside within a government unit that takes the lead in implementing public administration reform, or in large social movements that bring about society-wide change.

What aspects of leadership are important across these different levels? A key determinant of leadership is whether it is able to rally others around a common goal. Does it have the capacities to create a vision and manage implementation of this vision? Does it set the example for ethical conduct?

The UNDP Capacity Assessment Methodology allows an assessment of leadership capacity assets and needs within the enabling environment and at the organizational level.

Knowledge

Knowledge refers to the creation, absorption and diffusion of information and expertise towards effective development solutions. What people know underpins their capacities and hence capacity development. Knowledge needs can be addressed at different levels (national/local/sector, primary/secondary/tertiary) and through different means (formal education, technical training, knowledge networks and informal learning).

While the growth and sharing of knowledge is primarily fostered at the level of the individual, it can also be stimulated at the level of organizations, for example, through a knowledge management system or an organizational learning strategy. At the level of society, knowledge generation and exchange are supported, for example, through educational policy reform, adult literacy campaigns and legislation on access to information.

Accountability

Accountability exists when two parties adhere to a set of rules and procedures that govern their interactions and that are based on a mutual agreement or understanding of their roles and responsibilities vis-à-vis each other. Put differently, it exists when rights holders and duty bearers both deliver on their obligations. This manifests itself in day-to-day engagements, such as in the relationship between a service provider and a client, between a teacher and a student, between an employer and an employee, between a state and its citizens, between a provider of development aid and its recipients and so on.

Why is accountability important? It allows organizations and systems to monitor, learn, self-regulate and adjust their behaviour in interaction with those to whom they are accountable (clients, citizens, partners). It provides legitimacy to decision-making, increases transparency and helps reduce the influence of vested interests. Accountability is therefore a key driver of development results. It includes the creation and use of space and mechanisms that engage both rights holders and duty

bearers in a dialogue to monitor and steer their actions, such as through peer review mechanisms or public oversight bodies.

c.   *Functional and technical capacities*

Functional and technical capacities make up the third dimension of the UNDP Capacity Assessment Framework. **Functional capacities** are needed to create, manage and review policies, legislations, strategies and programmes across levels of capacity (enabling environment, organizational, individual) and core issues (institutional arrangements, leadership, knowledge, accountability). They are key to 'getting things done' and are not associated with any one particular sector or theme. The five functional capacities are:[9]

- *Capacity to engage stakeholders*
  This category relates to the 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 capacity to:
  o   Identify, motivate and mobilize stakeholders;
  o   Create partnerships and networks;
  o   Promote engagement of civil society and the private sector;
  o   Manage large group processes and open dialogue;
  o   Mediate divergent interests;
  o   Establish collaborative mechanisms.

- *Capacity to assess a situation and define a vision and mandate*
  This category refers to the capacity to fully understand an operating environment and develop and articulate a vision or goal informed by the objectives to be achieved. It includes the capacity to:
  o   Access, gather and disaggregate data and information;
  o   Analyze and synthesize data and information;
  o   Articulate capacity assets and needs;
  o   Translate information into a vision and/or a mandate.

- *Capacity to formulate policies and strategies*
  This category includes the capacity to:
  o   Explore different perspectives;
  o   Set objectives;
  o   Elaborate sectoral and cross-sectoral policies;
  o   Manage priority-setting mechanisms.

- *Capacity to budget, manage and implement*
  This category includes the capacity to:
  o   Formulate, plan and manage projects and programmes, including the capacity to prepare a budget and to estimate capacity development costs;
  o   Manage human and financial resources and procurement;
  o   Set indicators for monitoring and monitor progress.

- *Capacity to evaluate*
  This category pertains to the evaluation of progress to ensure performance, learning and accountability. It includes the capacity to:
  o   Measure results and collect feedback to adjust policies;
  o   Codify lessons and promote learning;
  o   Ensure accountability to all relevant stakeholders.

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[9] The five functional capacities and the five steps of the UNDP capacity development process are closely linked – this is not a coincidence. Representing the management capacities needed to formulate, implement and review any policy, strategy or programme, the functional capacities are important drivers of an effective capacity development process.

Case 4: Functional capacity

In 2005, the Government of Jordan wanted to strengthen the capacities of key stakeholders in 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. The process, which UNDP supported, included a capacity assessment. It had three main steps:

1. Assessments of the capacities of the Ministry of Planning and International Cooperation and the Ministry of Social Development to coordinate, implement and monitor programmes and policies. These revealed measures needed to strengthen the capacities of the ministries to work towards the MDGs and other national development priorities.
2. Capacity development of key ministries directly involved in implementing relevant programmes and projects related to the MDGs, all of which were critical to the country's reform agenda.
3. Institutionalization of the National Capacity Development Strategy for planning, policy formulation, implementation and monitoring. The strategy captured outcomes of the capacity assessment.

The effort led to improved capacities and thereby to enhanced delivery of services to the public. The coordinated approach to planning, management, and monitoring supported implementation of the reform agenda and helped ensure that it achieved the desired results.

Source: UNDP, 2005, 'Preparatory Assistance Project Document: Assessing and Strengthening National Capacities for the Implementing and Monitoring the MDGs and Gender Equality.'

Various **technical capacities** may need to be assessed as well, depending on the situation, the needs expressed and the stakeholders concerned. Technical capacities are those associated with particular areas of expertise and practice in specific sectors or themes, such as climate change, HIV/AIDS, legal empowerment or elections. The UNDP Capacity Assessment Framework can be expanded to include technical capacities as required.

UNDP has developed a wide range of assessment materials for technical areas, as have UN partners and others. These can be drawn on to tailor assessment questions that are focused on technical aspects. They are not included in this practice note.

SECTION III: THE CAPACITY ASSESSMENT PROCESS

Assessing capacity assets and needs is step 2 of the five-step UNDP capacity development process. It builds on the engagement of stakeholders on the capacity development agenda, which is Step 1 of the capacity development process.[10] The results of a capacity assessment lead to the formulation of a capacity development response, which is covered in Section IV.

Box 1: Assess Capacity Assets and Needs

1.   Mobilize and design
a. Engage stakeholders
b. Clarify objectives and expectations with primary clients
c. Adapt the UNDP Capacity Assessment Framework to local needs
d. Determine the data & information collection and analysis approach
e. Determine how to conduct the capacity assessment (team, location)
f. Plan and cost the capacity assessment (based on team composition, design and duration)

2.   Conduct the capacity assessment
a. Determine the level of desired capacity
b. Assess the level of existing capacity

3.   Summarize and interpret results

UNDP proposes following a three-step process for conducting a capacity assessment. The activities in each step (box 1) aim at deepening engagement of national partners and promoting dialogue among key stakeholders around the capacity assessment process. Ongoing engagement and dialogue are key to success because this influences whether stakeholders take ownership of the process and its results. Suggestions for engaging partners and stakeholders are detailed in Boxes 2 – 5 below.

While capacity assessments should be designed to engage stakeholders in a process that they own and are committed to, they should also generate information for planners, programme managers and evaluators. Those responsible for designing and managing a capacity assessment need to be alert to this issue. The process will be difficult if participants feel it is intrusive, punitive, bureaucratic or a waste of time, or that it undermines the confidence of their leaders.
Capacity assessments should also be designed to reflect the pace of change and emerging priorities in a country or organization. In addition they should take advantage of the windows of opportunity created by emerging events that capture the attention of major players and decision-makers. Such windows will probably do more to secure commitment to the capacity development agenda than sticking to a process that may be methodologically sound, but is politically irrelevant.[11]

Figure 4: The three steps of the capacity assessment process

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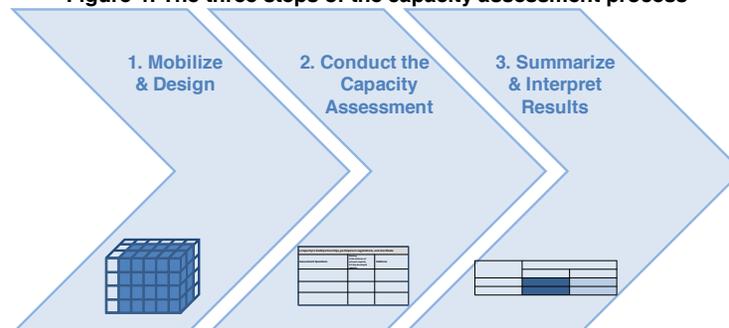
[10] The capacity assessment guidelines should be used in conjunction with the UNDP Capacity Development Practice Note as it provide explanations of terms and concepts referenced herein.
[11] Please refer to the UNDP Capacity Assessment Methodology User's Guide (UNDP, 2007a) for further guidance in framing and conducting a capacity assessment exercise. The User's Guide also provides answers to frequently asked questions.

1. Mobilize and design

a. *Engage stakeholders*

Active stakeholder engagement throughout a capacity assessment process is key to success. An assessment can involve a range of stakeholders that can champion and drive the assessment process - beneficiaries, those initiating the assessment, civil society representatives, private sector partners, political, economic and social leaders, employees, development partners, academics, the media, and various public interest groups. Potential roles for stakeholders include:

- Provide political and administrative oversight;
- Assist in designing the assessment;
- Conduct research and participate in the assessment;
- Analyze and disseminate the results and set priorities for follow-up action;

Involving partners and stakeholders also offers opportunities to develop their capacity for planning and programming. A capacity assessment that is driven from the inside and conducted as an integral part of planning and programming offers participants an opportunity to learn from each other and from the process itself.

Box 2: Stakeholder engagement: providing political and administrative oversight

If a capacity assessment is particularly complex, comprehensive, or contentious, it is helpful to have key stakeholders provide political and administrative oversight. They can serve as sponsors, provide quality assurance and coordination, and give direction and support to the capacity assessment team.

- **Sponsors** are influential leaders who provide overall direction to the assessment. This group can i) rally support for the initiative; ii) ensure that the assessment and the broader capacity development agenda receive adequate attention and lead to actionable results; and iii) ensure that the results feed national planning and budgeting processes, policy dialogues, or programming processes. Sponsor who can mobilize political support are particularly important if the capacity assessment supports a reform agenda or is likely to cause shifts in power dynamics or changes in resource allocations.
- **Quality assurance** is provided by a technical reference group with expertise on the capacities and core issues under review.
- **Coordination** is ensured by a secretariat that supervises the day-to-day management of the assessment and provides operational support to the assessment team.

The three bodies providing political and administrative oversight to the capacity assessment process also provide direction and support to the capacity assessment team. The composition and role of this team will be discussed below.

b. *Clarify objectives and expectations with primary clients*

Capacity for why?

The capacity assessment process should start with an open dialogue with the primary clients of the assessment to answer '**capacity for why?**' Addressing this question can clarify i) priorities for the capacity assessment and capacity development; ii) the goals of the exercise; and iii) expectations regarding its output. (See Section II.2 for a discussion of potential purposes of a capacity assessment.)

The dialogue is also used to identify who the 'owner' of the assessment will be. This is the person or entity responsible for managing the assessment, facilitating dialogue around the findings and serving as a liaison between the assessment team and key stakeholders.

The initial dialogue with primary clients is particularly important when multiple, potentially conflicting objectives are under consideration or when the focus exceeds the realm of available expertise.

Case 5: 'Capacity for why?' – Ministry of Social Development

A Ministry of Social Development in a Latin American country is mandated to improve the self-sufficiency and sustainability of poor and vulnerable families through initiatives that bring them into society and working environments. The ministry had recently been reorganized, giving various departments new responsibilities. One department's new mandate was to manage the negotiation and coordination of relationships among various actors (local level public entities, private sector, community-based organizations and individuals) in planning, implementing and delivering targeted social programmes.

The department decided that a capacity assessment could help build consensus around its new mandate and improve understanding of its new roles and responsibilities.

The effort began with a collective discussion about the new mandate and the capacities it required. Each member participated in determining the most important functional capacities given his/her understanding of the mandate. This resulted in a common understanding of the mandate and agreement on the capacities that needing to be fostered within the department: i) engage stakeholders; ii) assess a situation and define a vision and mandate; and iii) formulate policies & strategies.

These initial consultations not only identified the capacities to be assessed but also laid the groundwork for the high-level approach for conducting the assessment.

c.   Adapt the UNDP Capacity Assessment Framework to local needs[12]

Once the high-level objective of the assessment has been determined ('capacity for why?') the scale and scope of the assessment can be defined in more detail. This starts by asking 'capacity for whom?' and 'capacity for what?'

Capacity for whom?

Addressing **'capacity for whom?'** helps determine whose capacities need to be assessed. Will the assessment focus on one department, or the whole ministry, or several ministries that are related?
For example, in local governance, is the goal to assess the capacity of a ministry of local governance, an association of municipalities, district authorities, municipalities, or all of the above?

Answering **'capacity for what?'** helps determine what capacities and core issues to assess. Continuing with the local governance example above, is the goal to assess the capacity to formulate policy (which may be more important at the national level) or the capacity to implement programmes and deliver services (which may be more important at a local level), or both? When addressing 'capacity for what?' both functional and technical capacities and core issues may need consideration.

Capacity for what?

Capacity assessment teams tend to want to include all cross sections of the UNDP Capacity Assessment Framework in an assessment (as all could be relevant). To ensure that an assessment can be completed using a reasonable amount of money, time and human resources, the focus of the assessment needs to be narrowed to meaningful and actionable topics. Addressing the questions 'capacity for whom?' and 'capacity for what?' helps sharpen this focus.

Once the cross sections have been selected, the assessment team needs to specify which capacities it will look at for each combination of point of entry, core issue and capacity. The capacities needed for the future should be identified before the existing capacities, since some of those required later may not be in place today. (But a capacity assessment should start from the assumption that existing

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[12] In doing so, it is incumbent upon UNDP development practitioners to know and apply prescriptive policies and procedures and content (the 'non-negotiable' of a UNDP engagement), as described in the Programme and Operations Policies and Procedures (http://content.undp.org/go/userguide/;jsessionid=aB9DhGS6zNFd?lang=en#top).

capacities will be built upon. With this perspective it is easier to create a viable capacity development response that nurtures and reinforces existing capacities.)

Illustrative questions have been formulated that can help define desired capacities for each cross section of the framework (included in the UNDP Capacity Assessment User's Guide) These questions can be adapted, added to or left out, depending on the specific needs of the situation.[13]

Box 3: Stakeholder engagement: assisting in designing the assessment

Engaging stakeholders in the design phase of an assessment exercise has many advantages. Stakeholder participation can help ensure that a realistic design is achieved by:
- Generating commitment and ownership for the exercise and its results, as well as an appreciation of what it takes to carry out an assessment;
- Identifying potential sources of support and resistance to change, which can profoundly affect the conduct of the assessment and the use of its results;[14]
- Achieving a common understanding of concepts and terms, thus avoiding possible misunderstandings later;
- Ensuring 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.

d.   Determine the data & information collection and analysis approach

When determining the scale and scope of the assessment, it is decided which capacities need to be included in the assessment. What also needs to be decided is *how* these capacities will be assessed. This includes deciding on the kinds of input to collect and appropriate collection techniques.

Often the assessment team starts compiling materials before their first meeting with the primary client to discuss the purpose and scope of the assessment. This 'horizon scan[15]' helps the team develop an understanding of the context. It generally covers information about the organization under assessment, such as its mission, vision, organizational structure, activities, budget, human resources and operational procedures. The scan may also include relevant government policies, strategies and plans, laws and regulations and relevant international agreements and standards. It is also important to find out about recent or ongoing assessments and whether they have collected data & information relevant to the current exercise, to minimize the amount of new and unnecessary research

Such data & information tends to be readily available in policy and legal documents, project files, organizational charts, statistics, procedure manuals, and previous analyses, evaluations and surveys and does not need to be collected anew for the assessment.

During the assessment, inputs can be collected either quantitatively or qualitatively. The most suitable approach depends on the issue at stake, the preferences of the assessment team and the stakeholders involved. If a quantitative approach is selected, a ranking scheme needs to be designed to determine the level of desired capacity and assess the level of existing capacity. There are various ranking schemes that can be used, for example a scale from 1 to 5. The easiest option is to use the same ranking scheme for all capacities to be assessed. The most complex option is to use a different ranking scheme for different capacities. These two options and all those in between have their pros and cons. The assessment team will have to make a trade-off between ease of use and the depth and detail of the data & information collected, [16] Irrespective of the choice, the same ranking scheme needs to be used to determine the level of desired capacity and assess the level of existing capacity.

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[13] See UNDP (2008c) for questions and indicators.

[14] Various documents warn of the risks of 'ceremonial' or 'symbolic' assessments carried out precisely to avoid anything happening.

[15] See also Table 1 on p. 26 – 27 on using other analytical tools and assessment methodologies in conjunction with the UNDP Capacity Assessment Methodology

[16] The UNDP Capacity Assessment Methodology User's Guide (UNDP 2008c) provides more information on different ranking schemes.

It is generally better to collect the smallest amount of input needed to answer the assessment questions; this will avoid unnecessary complications when analysing the findings.

Formulating precise questions is also essential to reduce the amount of data & information to be collected. When deciding on the collection and analysis approach it is useful to reflect back on the purpose of the assessment and consider the following questions:
- How important is hard quantitative evidence, as opposed to softer qualitative information?
- What is the appropriate balance between external assessment and self-assessment?
- How important is it to use data & information collection as a learning experience?
- What are the benefits of using a third party to collect data & information; for example, is objectivity important?
- To what extent is it necessary to compare data & information over time or across entities as a measure of change?
- Is the purpose of data & information collection 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 data & information collected data will be analysed, reported and utilized. Collecting a wealth of input is pointless if there is not enough capacity to analyse and interpret the findings or if it will not lead to actionable results.

In practice, multiple sources and collection techniques will be necessary. For example, politicians, researchers and other opinion leaders at all levels of society can provide valuable information about broader socio-cultural, political and economic trends. Managers and employees are best placed to say what works in their organization and where difficulties lie. They can also distinguish nuances between the formal organizational set-up, rules and procedures and what takes place day to day through informal channels. Meanwhile, customers or the public at large, as end users of services, can indicate their level of satisfaction with service delivery.

Techniques to obtain the necessary data & information include semi-structured and one-on-one interviews, questionnaires, focus groups, client satisfaction surveys and scorecards, workshops, case studies and self-assessment instruments.[17] Each approach has advantages and disadvantages. For example, large multi-stakeholder forums are not well suited to detailed diagnostic work but can be helpful for collecting 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 of the future.

Case 6: Data & information collection approach

In 2007, the Government of an Asian country initiated a project to strengthen the capacities of the body responsible for ethnic minority affairs. The assessment team, consisting of a representative of the organization as well as national and international experts, initiated the project by holding discussions with a variety of stakeholders to confirm objectives and define the assessment scope and methodology.

The capacities included in the assessment were the capacity to formulate policies for ethnic minorities at the central level and the capacity to coordinate with partners and implement programmes at the provincial level. The assessment team developed a mechanism to assess these capacities along a number of core issues: leadership, mutual accountability, public engagement and access to information, human resources, financial resources and physical resources. (The UNDP Capacity Assessment Framework was modified to include additional issues important to the organization.)

The organization decided to collect data & information through self-assessments, which were conducted by staff at the central level and within three provinces. The assessment team conducted interviews with partner ministries, beneficiaries and donors to get their perspectives on the organization's capacity for policy formulation and programme implementation.

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[17] The scorecards used to record customer satisfaction with services in Bangalore, India are a case in point. Many other such methodologies also exist.

Input from this cross section of stakeholders reflected various points of view. These differing perspectives were reconciled among key stakeholders and led to formulation of a capacity development response that emphasized strengthening the organization's capacity to formulate policy and implement programmes relevant to ethnic minorities, its target audience.

e.   Determine how to conduct the capacity assessment (team, location)

When designing the assessment process, the following considerations should be addressed: Who should be a part of the assessment team? Who should participate in the assessment? Where and how will the assessment be conducted? Ideally, the team should include people who are familiar with the context, the content and the process of a capacity assessment:

- **Context:** Context experts are expected to bring an understanding of the political and socio-economic landscape in which the assessment is conducted;
- **Content:** Content providers offer detailed technical knowledge of the sector or theme under assessment. This includes best practices and relevant examples that can be used as the basis for designing and implementing the capacity assessment, as well as knowledge of the functional and technical capacities to be assessed. Depending on the focus of the assessment, the team can be complemented with experts in cross–cutting issues, such as gender or the human rights-based approach;
- **Process:** In some cases it is helpful to have a facilitator manage the process. This person should be able to facilitate discussions on the scale and scope of the assessment, adaptation of the UNDP Capacity Assessment Framework, conduct of the assessment (including the appropriate techniques to collect data & information) and interpretation of assessment results.

The capacity assessment team keeps in regular contact with the owner of the assessment to discuss progress and direction (see Section III.1.b for a discussion of the role of the 'owner').

The data & information collection approach (for example, self-assessment, focus groups) determines who should participate in the exercise. Different perspectives are necessary to obtain a balanced view of the situation. This may require collecting input from people at different levels throughout an organization, - director and staff, central and field, line and staff professionals. In some cases information from an organization's partners is also helpful; when the assessment covers one department, for example, inputs may be sought from other departments in the same ministry.

The data & information collection approach also determines where the exercise will be conducted, (in the field, or at a central level; at an offsite location -to minimize distractions- or on-site - to facilitate participation of a larger number of people) and how (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 them to foster a more candid dialogue.

f.   Plan and cost the capacity assessment (based on team composition, design and duration)

Based on the scale and scope of the capacity assessment and its duration, a work plan should be drawn up detailing the outputs to be achieved, activities, due dates and roles and responsibilities. This work plan provides the basis for estimating the costs of the assessment. Designing and costing a capacity assessment may evolve into an iterative process that balances design and budget. The primary client, the assessment owner and other relevant stakeholders should participate in any re-scoping of the assessment, since it will influence the outcome of the assessment.

2.   Conduct the capacity assessment

a.   Determine the level of desired capacity

Determining the level of desired capacity is done by the assessment team, in collaboration with those responsible for quality assurance (the technical reference group), the primary client and other stakeholders, or by those doing a self-assessment. If a quantitative approach is used, those conducting the assessment need to have a common understanding of the meaning of each ranking, for example, what does it mean to assign a score of 2 to a capacity instead of a score of 4?

People are often tempted to assign the highest score to the level of desired capacity, but this may be unrealistic since capacity is a function of the timeframe over which it is expected to develop. This can be just one year or several years. Generally, the shorter the time frame, the more modest the likely change in capacity. Reaching 'perfect' capacity is usually not feasible in a couple of years, if at all. Agreement should therefore be reached beforehand on the timeframe over which desired capacities are to be achieved.

Trying to achieve the highest score may also be unrealistic if the ranking scheme and process are based on international standards and norms, for example for measuring progress on programme and project management and procurement, which may be highly stringent.[18]

Being ambitious is good, but setting the level of desired capacity unrealistically high will quickly lead to disappointment and diminishing commitment to the capacity development agenda.

b.   Assess the level of existing capacity

If the assessment includes a self-assessment, it helps to start with an information session to explain the methodology and ensure that all participants understand how to use the ranking system. It also helps to give participants assessment worksheets to fill out.

If interviews or focus group discussions will be held, appointments should be scheduled in advance so that key stakeholders can participate. The assessment work plan should allow enough time to reschedule interviews and to translate or formulate assessment worksheets in the primary language of the participants.

The assessment should begin with an explanation of how the assessment results will be used - whether they are only to support internal improvements or if comparisons will be made across entities. Participants should also be reminded that the assessment is not an individual performance assessment or an audit. Whether or not the answers will be treated confidentially should also be clarified.

During the assessment, questions should be asked as neutrally as possible to avoid guiding interviewees towards a certain response. An interview guide can help ensure that all questions are addressed. Usually it is better for the assessment to be conducted by an outsider who does not have a stake in the assessment or by a team of insiders and outsiders. If a quantitative assessment is used, participants should assign a score to each capacity, using the ranking scheme adopted. If a qualitative assessment is used, participants should substantiate their assessment with anecdotal evidence as much as possible.

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[18] The Organisational 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.

Box 4: Stakeholder engagement: conducting research and participating in the assessment

Stakeholders can participate in the assessment in the following ways:
- Manage the collection of primary input or collect secondary data & information, such as laws, decrees, organizational charts and reports;
- Provide primary input by participating in an interview, a workshop or a self-assessment;
- Assist in the formulation of questions for self-assessments, focus groups or interviews.

3.   Summarize and interpret results

Once the assessment has been completed for the cross sections selected, the assessment team will summarize and interpret its results. This starts with comparing the level of desired capacity against the level of existing capacity. This helps determine whether the level of existing capacity is sufficient or needs improvement and in turn helps the team identify where to focus the capacity development response. When interpreting the assessment results, the team should try to discern patterns in capacity gaps to identify whether a gap is consistent across a core issue or across a specific capacity.

The assessment team may find that the data & information gathered from different sources provide conflicting insights, especially with self-assessments and qualitative data. Individual perceptions are influenced by many factors, and the same rankings may be interpreted differently by different people. It is therefore important, regardless of the type of data & information collected, to get a variety of perspectives and take into account different points of view when formulating the assessment summary. Sometimes further exploration of specific areas in question may be required, through additional assessments or informal discussions with key stakeholders.

Box 5: Stakeholder engagement: analyzing and disseminating results and setting priorities for follow-up action

The assessment team or the primary client may decide to organize a validation workshop before finalizing the assessment results and preparing the report. Such a workshop should bring together all relevant stakeholders. It generally starts with a presentation of results by the primary client or the 'owner' of the process, which can be followed by a discussion to share information, discuss the rationale for the scores assigned and build consensus on priorities in moving forward. During the workshop, all stakeholders should be given an opportunity to contribute their views openly. This will increase trust among them and increase the credibility of the exercise, strengthening ownership over the results laying a strong foundation for the way forward.

During this step of the assessment process, primary client should give formal approval to the findings of the assessment and help prioritize the capacity development response. The client is also responsible for disseminating the final report to stakeholders and partners.

How the findings of a capacity assessment are communicated is important:
- Are they intelligible to and meaningful for most stakeholders?
- Are there opportunities for audience feedback?
- Is the focus of the presentation relevant to the audience? (For example, decision makers and interest-group representatives may be more concerned with the broad thrust leading to policy decisions, while technical staff and managers may want to focus on the details of operationalizing the response and actions.)

SECTION IV: FORMULATE A CAPACITY DEVELOPMENT RESPONSE

a.   *Define a capacity development response*

The capacity assets and needs identified by a capacity assessment provide the starting point for the formulation of a capacity development response. This is an integrated set of sequenced actions embedded in a programme or project to address the questions 'capacity for why?', 'capacity for whom?' and 'capacity for what?'

There are a number of considerations pertaining to the sustainability of a capacity development response and its results[19]:

- Because an assessment usually covers several core issues and because the core issues are mutually reinforcing, a capacity development response will be more effective if it combines actions to address more than one core issue. Similarly, a capacity development response should address more than one level of capacity. For example, an assessment of the procurement office of a ministry of health (organizational level) may need to be complemented by a revision of the government's procurement guidelines (enabling environment).
- It may be less threatening for stakeholders to start from existing strengths rather than weaknesses. For example, it may be better to emphasize the existence of a salary policy rather than its obsolescence.
- A capacity development response should try to combine short- to medium-term initiatives (one year or longer) with quick-impact activities (less than one year). Together these can build the foundation for continued capacity development A capacity development response should include exit strategies, such as strengthening the base of local experts and consultants and involving regional, national and local educational and training institutes.
- A capacity development response should integrate with national budget structures to ensure continued funding.

Case 7: Define a capacity development response - leveraging capacity assessment results

The Government of Afghanistan undertook a comprehensive review of systemic and institutional capacity within ministries, departments and agencies (both at the national and sub-national levels). Participants included 20 senior civil servants representing 11 ministries, together with senior government advisers. The assessment aimed to1) derive 'areas for improvement' across all areas of operations and 2) identify a few vital priorities for initial systemic capacity development, which could provide a credible platform for further performance improvements of the enabling environment, the organizational level or the individual level.

The assessment produced a 'baseline' score reflecting the team's consensus about current standards of performance and achievement against international good practice criteria. More tactically, it produced several strategic initiatives and potential quick-impact actions. Finally, the assessment identified areas for improvement that were translated into high-potential priorities and consolidated into a capacity development programme for short- term and medium-term implementation. The team then moved to determine the resource needed for the selected priorities.

For a more detailed practical application, please refer to < www.undp.org.af> for systemic and institutional tools used as well as the resulting reports from 2005.

b.   *Define indicators of progress for a capacity development response*

Indicators are needed to monitor progress of a capacity development response, and each indicator needs a baseline and target. The baseline data are used as the starting point for measuring progress; the targets may be either short-term or long-term with interim milestones. Progress monitoring should allow for refinement of a capacity development response and potentially the design of new initiatives to address evolving needs.

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[19] See UNDP (2008a) for more detail on the UNDP approach to supporting capacity development.

Indicators for the capacity development response measure **output,** or whether activities are being implemented as foreseen. These indicators are similar to those for monitoring the output of any project; they need not be specific to capacity development. Nor is it necessary to create a separate monitoring system for a response; just as a capacity development response is incorporated into an overall action plan, so should indicators for the response be integrated into the monitoring framework of a programme or project.

Indicators identified as part of the capacity assessment measure **outcome,** or the desired change in capacity. They can be identified for each cross section of core issue and capacity – at each capacity level – covered by the assessment. The UNDP Capacity Assessment Methodology User's Guide suggests indicators for each cross section.

The process of defining progress indicators aids activities throughout the capacity development process. Specifically, it:
- Supports policy dialogue and strategy formulation as a part of the analytical work that precedes capacity development investments;
- Contributes to the design of a capacity development response;
- Enhances monitoring: by tracking process and progress over time, thus improving the design of a capacity development response;
- Enhances evaluation by tracking the change resulting from a capacity development response;
- Promotes organizational learning and empowerment because it is an internal learning exercise.

c.   *Cost a capacity development response*

Costing a capacity development response is critical, since it encourages stakeholders to realistically estimate the funding required for implementation (Box 6). If the exercise reveals insufficient funds for all the proposed capacity development actions, alternative solutions are needed, These can include leveraging other programmes and resources or to prioritize the actions. This will build on the priorities set during the design of the capacity assessment (guided by 'capacity for why?' 'capacity for whom?' and 'capacity for what?') and the validation and interpretation of its findings. Since priority setting is inherently political, this process should be managed carefully and transparently, with the involvement of all relevant stakeholders; otherwise those that stand to lose out may withhold their support during implementation.

Box 6: Costing shorter-term and longer-term capacity development responses
- The costs for a shorter-term capacity development response can be determined through activity-based budgeting. This starts from actions planned, for example 'support to a functional review' and budgets the estimated, quantifiable inputs (such as number of consultant days, transportation costs, translation days, number of training materials to be printed,) needed to complete this action.
- Projecting costs for a longer-term capacity development response is more complicated. If they cannot be accurately projected (which often involves using econometric modeling techniques), the costing exercise should probably be limited to costing actual, planned activities to avoid questioning the credibility or legitimacy of the costs.
- Under some special circumstances, an element of imputed costs may be estimated a priori and built into programme or project design.

SECTION V: OPERATIONAL IMPLICATIONS

1.   Lessons in application

The UNDP Capacity Assessment Methodology has been applied in a range of contexts and for a variety of purposes. While each capacity assessment is different, some common lessons can be drawn from these experiences:

- **Adapt to the local context and needs.** While the UNDP Capacity Assessment Methodology can provide a useful starting point for discussion, it does not offer a blueprint. It can just as well be used to guide one-on-one informal interviews and open forum workshops as it can be used for self-assessments. Don't feel intimidated by the UNDP Capacity Assessment Framework. It is only meant to help structure your thoughts and think through actions systematically. The framework can be condensed or expanded as needed.

- **Build in enough time to mobilize stakeholders and design the assessment.** These are often the most time-consuming and most important activities since they include setting priorities. If well managed, this step leads to a well-designed assessment with all stakeholders on board.

- **Ensure sufficient time for the collection of data & information.** Sources may not always be readily available, so the assessment work plan should build in plenty of time for this activity. Other reviews or documents, such as the report of a functional review or another type of assessment, can support this effort. There is no need to 'reinvent the wheel' or duplicate what others have already done.

- **Ensure local ownership.** The findings of a capacity assessment will only be used if they and the process are locally owned. But facilitation by an external party, such as a national or an international consultant, can be useful to ensure objectivity.

- **Be creative.** Conducting a capacity assessment may seem daunting at first, but it need not be complex. For example, a quick assessment can address many topic areas at a high level or target just a few specific areas. The first approach is useful when there is a lack of clarity or agreement on what to include in the assessment of give priority for investment. The second is useful when the focus is already clear. In that case, the assessment team and stakeholders may choose to assess only a few cross sections of the framework.

- **Wait till the end to prioritize a capacity development response and follow-up actions.** This will help prevent the process from being hijacked by stakeholder interests.

2.   Tactical considerations

While capacity assessments are desirable and fulfill a key need, there are certain operational and attitudinal constraints that can emerge in the course of the assessment and may result in rejection of the findings or undesired results. These issues include:

- **Assessment fatigue** – Assessments are a common aspect of any organizational planning or programming process and so many people are likely to have participated in an assessment of one sort or another (performance assessments, project evaluations and so on). When they are time consuming and seem to produce few concrete results, people lose enthusiasm for the process. This risk is even greater in situations where coordination among donors and development partners is limited. If this 'assessment fatigue' occurs, consider conducting a focused assessment of the issues that consistently block progress, rather than a comprehensive one. This helps ensure a close connection between the issues under assessment and the participants.

- **Skepticism about the value and validity of results** – To avoid skepticism and build consensus, it is important to keep clients, stakeholders and participants engaged from the outset. Encouraging openness and honesty, which includes communicating regularly about the findings, helps ensure fairness and acceptance of the procedures and rules.

- **Suspicion about the use of assessment results –** Capacity assessments should be considered a normal part of good management and of a strategy for improving capacities and performance, but sometimes they are perceived as a tool of senior management for re-profiling and retrenchment. Ensuring stakeholder engagement is one way to deal with this. It may also help to focus on the enabling environment rather than the organizational level of capacity. This puts some distance between the assessment and participants' direct context, which may help reduce suspicion. Addressing 'capacity for why?' helps clarify the purpose of the assessment and identify which stakeholders may have reservations about the process and why.

- **Disconnect between assessment findings and the capacity development response** – A capacity development response should not be designed on the basis of 'guesstimates' of capacity gaps but on the assessment's concrete findings. It is therefore important to pay close attention from the outset to the link between capacity assessment results and a potential capacity development response. It is also important to avoid sweeping generalizations that cannot be translated into practical actions. This could undermine the credibility of the exercise and compromise the 'actionability' of results.

- **Facilitation level** – A balance is needed between too much and too little process facilitation: too much may lead to coached outcomes; too little may result in an unrealistic wish list of capacity development actions. Ensuring that the process is driven from the inside and owned by relevant stakeholders helps address this issue.

3.   Other types of assessment

The context and objectives of an assessment determine the appropriate type of analysis. The UNDP Capacity Assessment Methodology should be considered when the focus is capacity. Other types of analysis may be more appropriate in other cases – such as when the focus is on understanding stakeholder positions, redefining organizational structures, reviewing operational functions, or improving business processes. Many of these tools can be used in conjunction with a capacity assessment, either before, during or after, depending on the context and need. Analyses that can complement a capacity assessment include those listed below. The UNDP Capacity Assessment Methodology User's Guide discusses additional methodologies. It includes step-by-step guidance on conducting a capacity assessment and answers frequently asked questions.

Table 1: Different assessment methodologies and their use

Approach	Brief Description
Business process re-engineering	An analysis of a process flow to identify key steps, decision points and bottlenecks and redesign the process to improve efficiency and effectiveness. It is a potential response to a capacity assessment to address the core issue 'Institutional Arrangements'.
Functional review	A review of functional activities either across a number of entities or within one to determine where best the function should be exercised. It is used when it is not clear which entity should perform what function or when an entity is new. A functional review is conducted before a capacity assessment.
Horizon scan	A review of development trends and dynamics and the policy environment in which an entity operates (enabling environment), as well as of its internal procedures, frameworks etc. (organizational level).

MDG Needs Assessment	A mapping of the quantitative and qualitative interventions required to achieve country-adapted MDG targets and an assessment of how much such interventions will cost.
Organizational design	An analysis of an organization's vision, formal structure, roles and responsibilities and culture.
Performance assessment	Assessment against a set of predetermined criteria of the economy, efficiency and effectiveness with which an organization or an individual carries out a particular activity or range of activities. Organizations or individuals may be set regular targets on particular aspects of their performance—financial returns, efficiency, quality of services supplied, etc.—against which their performance is monitored and evaluated[20]. [adapted from OECD, August 2008]
Risk analysis	A review of a system or organization to define operational and financial risks; primarily for implementing partners. It is conducted to identify capacity gaps before the implementation of a capacity development response. A capacity assessment can be conducted after a risk analysis to drill down deeper on some capacities identified.
Stakeholder analysis	A mapping of key stakeholders and their position vis-à-vis an entity's objectives (degree of support, power etc.). It can be used to identify which stakeholders to include in the capacity assessment.
SWOT	A tool to analyze the strengths and weaknesses internal to an organization (organizational level) and the opportunities and threats posed by the organization's environment (enabling environment). It was initially designed as a tool to understand an entity's positioning vis-à-vis its competitors but has since been adapted for use in a development context. It is a variation on a capacity assessment.
Training needs assessment	Collection and analysis of organizational, occupational and individual competencies critical to performance. Analysis of desired vs. existing performance leads to definition of training programmes to respond to the gap between the two.

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[20] Adapted from OECD (2008)

ANNEX: RESOURCES

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