



# Capacity Development PRACTICE NOTE

October 2008

## CONTENT

<b>ACRONYMS AND ABBREVIATIONS .....</b>	<b>1</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>SECTION I: CAPACITY DEVELOPMENT BASICS .....</b>	<b>3</b>
1. Introduction .....	3
2. Capacity development: dealing with complex realities .....	4
3. Defining capacity development .....	4
4. Levels of capacity .....	5
<b>SECTION II: THE UNDP APPROACH TO SUPPORTING CAPACITY DEVELOPMENT .....</b>	<b>7</b>
1. Basic principles .....	7
2. The capacity development process .....	8
<b>SECTION III: THE FIVE-STEP CAPACITY DEVELOPMENT PROCESS .....</b>	<b>9</b>
1. Engage stakeholders on capacity development .....	9
2. Assess capacity assets and needs .....	10
3. Formulate a capacity development response .....	13
4. Implement a capacity development response .....	15
5. Evaluate capacity development .....	15
<b>SECTION IV: CORE ISSUES AND CAPACITY DEVELOPMENT ACTIONS .....</b>	<b>17</b>
1. Institutional Arrangements .....	17
2. Leadership .....	18
3. Knowledge .....	18
4. Accountability .....	19
<b>SECTION V: POLICY AND PROGRAMME IMPLICATIONS .....</b>	<b>20</b>
1. Integrating capacity development into programming .....	20
2. Integrating capacity development across sectors and themes .....	21
<b>SECTION VI: FREQUENTLY ASKED QUESTIONS .....</b>	<b>23</b>
<b>SECTION VII: CAPACITY DEVELOPMENT RESOURCES .....</b>	<b>26</b>
1. UNDP capacity development knowledge resources .....	26
2. Other sources .....	27
<b>ANNEX 1: RESOURCES CONSULTED .....</b>	<b>28</b>

## ACRONYMS AND ABBREVIATIONS

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<b>BDP</b>	<b>Bureau for Development Policy</b>
<b>CCA</b>	<b>Common Country Assessment</b>
<b>CDG</b>	<b>Capacity Development Group</b>
<b>DAC</b>	<b>Development Assistance Committee</b>
<b>MDG</b>	<b>Millennium Development Goal</b>
<b>NEPAD</b>	<b>New Partnership for Africa's Development</b>
<b>OECD</b>	<b>Organisation for Economic Co-operation and Development</b>
<b>TCPR</b>	<b>Triennial Comprehensive Policy Review</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>

### Acknowledgments

This practice note is the result of a team effort, both in defining the conceptual framework that the note presents, and in its drafting over time. It derives from further refinement and evolution of the conceptual analysis and case evidence presented by UNDP over the years under a number of institutional initiatives including 'Reforming Technical Cooperation (RTC)'. A broad spectrum of development practitioners, including government partners, representatives from civil society organizations, donors and the UN system, provided inputs through policy and programme dialogues on capacity development at country, regional and global levels. Kanni Wignaraja and Lara Yocarini wrote the final version of this note. Special mention is made of contributions by Abla Amawi, Niloy Banerjee, Jennifer Colville, Dafina Gercheva, Tsegaye Lemma, Ndey Isatou Njie, Thomas Eriksson and Thomas Theisohn. Case studies from the regions, whose lessons are summarized in this note, were provided by regional Capacity Development Teams.

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## EXECUTIVE SUMMARY

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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 to success, they are not sufficient to promote human development in a sustainable manner. Without supportive strategies, policies, laws and procedures, well-functioning organizations and educated and skilled people, countries lack the foundation needed to plan, implement and review their national and local development strategies.

Capacity development helps to strengthen and sustain this foundation. UNDP defines it 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. It is the 'how' of making development work better and is at the heart of UNDP's mandate and functions. The UNDP Strategic Plan 2008–2011 (UNDP, 2008c) positions capacity development as the organization's overarching service to programme countries. The 2007 UN Triennial Comprehensive Policy Review (United Nations, 2007) demands an effective and common approach to capacity development from the United Nations development system. An increasing number of national development strategies also emphasize that capacity development is essential for a country's successful development.

This practice note introduces UNDP staff and other development practitioners to the UNDP approach to supporting capacity development. This approach is rigorous yet flexible, and can be adapted to suit different contexts and needs. It builds on a rich body of papers, case studies, methods and tools that UNDP has developed over the years. It is also underpinned by an analysis of what works and what doesn't for capacity development, based on examples and evidence from UNDP and a large number of national and international development partners.

The note provides a common point of reference for UNDP staff and national and international partners supporting national capacity development. Related documents include the UNDP Practice Note on Capacity Assessment (UNDP, 2008a), the capacity development services brochure Supporting Capacity Development: the UNDP Approach (UNDP, 2008b), the UN Development Group (UNDG) Position Statement on Capacity Development (UNDG, 2006), and the OECD/DAC 'good practice' paper on capacity development (OECD/DAC, 2006), to which UNDP contributed.

Section I of the note introduces the key concepts underlying the UNDP approach to supporting capacity development. It discusses the three levels of capacity and distinguishes between technical and functional capacities. Section II presents the basic principles underlying the UNDP approach to supporting capacity development and introduces the five steps of the capacity development process. Section III discusses each of the five steps in more detail. Section IV looks at the four core capacity development issues that UNDP prioritizes, which are key to the development and retention of capacity across sectors and themes. Section V explores some policy and programme implications for UNDP, including what it takes to programme for capacity development and to incorporate it in sector and thematic initiatives. Section VI answers some frequently asked questions on capacity development.

References to additional resources on capacity development, both from UNDP and others, are included throughout the note and in Section VII.

## SECTION I: CAPACITY DEVELOPMENT BASICS

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*...[C]apacity development is much more than supporting training programmes and the use of national expertise – these are necessary and on the rise, but we must include response and support strategies for accountable leadership, investments in long-term education and learning, strengthened public systems and voice mechanisms between citizen and state and institutional reform that ensures a responsive public and private sector that manages and delivers services to those who need them most.*

*... [I]t is our collective responsibility and response to capacity development that gives meaning and shape to the principle of national ownership, and translates it into more sustainable and meaningful development outcomes.*

**UNDP on behalf of the undg Executive Committee.  
11 July 2007 ECOSOC Operational Activities Segment.**

### 1. 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. Reviews of development effectiveness<sup>1</sup> invariably show that the development of capacity is one of the most critical issues for countries and development partners alike. The reports of the UN Millennium Project (United Nations, 2000) and the Commission for Africa (2005) reach a similar conclusion: while financial resources, including official development assistance, are vital to success, they are not sufficient to promote human development in a sustainable manner. Without supportive strategies, policies, laws and procedures, well-functioning organizations and educated and skilled people, countries lack the foundation needed to plan, implement and review their national and local development strategies.

Capacity development helps to strengthen and sustain this foundation. It is the 'how' of making development work better and is at the heart of UNDP's mandate and functions.

The UNDP Strategic Plan 2008–2011 (UNDP, 2008c) positions capacity development as the organization's overarching service to programme countries. The Strategic Plan is framed by the 2007 UN Triennial Comprehensive Policy Review (TCPR) (United Nations, 2007) that states 'capacity development and ownership of national development strategies are essential for the achievement of internationally agreed development goals, including the Millennium Development Goals'. It calls upon 'United Nations organizations to provide further support to the efforts of developing countries to establish and/or maintain effective national institutions and to support the implementation and, as necessary, the devising of national strategies for capacity-building<sup>2</sup>'. Within the context of the wider UN system, a number of key documents call for a unified approach at the country level in advocating for and taking action on capacity development. These documents include the UN Development Group (undg) Position Statement on Capacity Development (undg, 2006), the undg Capacity Assessment Methodology (undg, 2008) and the United Nations Development Assistance Framework (UNDAF) and Common Country Assessment (CCA) Guidelines (undg, 2007). An increasing number of national development strategies also emphasize that capacity development is essential for a country's successful development and requires adequate and long-term resources.

<sup>1</sup> For example: Berg (1993); Browne (2002); Fukuda-Parr et al. (2002); Lopes and Theisohn (2003); and OECD/DAC (2006).

<sup>2</sup> United Nations (2007), Paragraphs 27-32.

## 2. Capacity development: dealing with complex realities

Efforts to strengthen skills, processes and systems do not produce sustainable results if they fail to address the inherently political and complex realities of the situation and deal with the question of 'winners and losers'. Capacity development, whether intentional or not, can lead to shifts in roles and responsibilities. These can unsettle vested interests and established power structures and require changes in behaviour, norms and values. To be effective, supporting capacity development therefore requires us to create appropriate political and social incentives and mobilize strong political ownership and commitment.

This commitment often emerges from pressures for better government, new economic opportunities or social changes. This implies that timing is everything. Windows of opportunity for change tend to open and close with changes in leadership, shifts in priorities and resource commitments. Investing in capacity is therefore often about managing trade-offs. On the one hand, there are 'quick wins' with smaller but immediate returns that can help ensure political support for long-term capacity investments. On the other hand, there are initiatives that can promote broader change but that have longer gestation periods and are harder to 'sell', such as tertiary education or language policy reform. The balance can shift towards longer term investments through effective and continued participation, public access to information and civic engagement on the capacity development agenda. Such participation can also strengthen governance processes, which in turn lead to stronger participation.

Development cooperation can facilitate and support local change processes but if it is not carefully managed, it can end up undermining ownership and capacity. For example, the UN system's evaluation of the international response to the 2004 tsunami in Asia found that this response had often sidelined existing national and local capacities and had in some cases even depleted them. This reflects the broader challenges of aid dynamics. Each side of the development 'partnership' brings its own ideological and political preconceptions to the table. And, although stated objectives are often more or less shared, they are based on misperceptions, vested interests and power differences that hamper a balanced relationship. National ownership is grounded in priorities that are nationally determined, with leadership on national strategies, development decisions and choices.

Today there is a strong focus on improving aid practices so that they are more supportive of capacity development. This is motivated by the Paris Declaration on Aid Effectiveness (High Level Forum, 2005). Efforts are made to harmonize and align external support, and to identify roles, approaches and delivery systems through which external partners can contribute to capacity development processes that are driven from the inside. The role of external partners will be increasingly re-cast as facilitators rather than interveners.

## 3. Defining capacity development

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'.

Over the past ten years, the development literature and inter-governmental agreements have often used the terms capacity development and capacity building interchangeably (see Box 1 below). Although the two are related, they have different connotations. It is therefore important to clarify the meaning of each concept so that they can be used as appropriate to a given situation.

UNDP prefers to use the term capacity development, which is more comprehensive, since this best reflects its approach. This approach is premised on the fact that there are some capacities that exist in every context. It uses this existing base of capacities as its starting point and then supports national efforts to enhance and retain them. This is a process of transformation from the inside, based on nationally determined priorities, policies and desired results. It encompasses areas where new capacities have to be introduced and hence, the building of new capacity is also supported.

**Box 1: Capacity development or capacity building?**

- Capacity development commonly refers to the process of creating and building capacities and their (subsequent) use, management and retention. This process is driven from the inside and starts from existing national capacity assets.
- Capacity building commonly refers to a process that supports only the initial stages of building or creating capacities and alludes to an assumption that there are no existing capacities to start from. It is therefore less comprehensive than capacity development. The OECD/DAC writes that capacity building 'suggests a process starting with a plain surface and involving the step-by-step erection of a new structure, based on a preconceived design. Experience suggests that capacity is not successfully enhanced in this way.' Capacity building can be relevant to crisis or immediate post-conflict situations where existing capacity has largely been lost due to capacity destruction or capacity flight.

Perceptions or concerns about performance tend to provide the entry point for thinking about capacity development. This works both ways: underperformance is associated with inadequate capacity, and performance is associated with adequate and efficiently used capacity. Having some capacity does not automatically mean that performance improves, or that better results are achieved. To illustrate: the engine of a bus may have all the components needed to run smoothly, but the bus would still sit idle without fuel and a driver. By the same token, some capacities may be in place, but without appropriate incentives and resources, they cannot be put into high gear and in motion towards the desired development destination.

There is often a time lag between capacity development support, the emergence of new or stronger capacities and performance improvements. The building of individual skills may take many years; societal transformation may take generations. Capacity development should therefore be seen as a long-term process, whose outcomes may not evolve in a controlled and linear way.

**4. Levels of capacity**

The UNDP definition of capacity development reflects the viewpoint that capacity resides within individuals, as well as at the level of organizations and within the enabling environment. In the literature on capacity development, these three levels are sometimes referred to differently. For example, the organizational level is occasionally called the institutional level and the enabling environment is sometimes called the institutional or societal level<sup>3</sup>.

These differences in language can reflect nuances in how capacity is understood, but they do not challenge the idea that capacity exists at different levels, which form an integrated system. This inter-relatedness implies that any effort to assess or develop capacity necessarily needs to take into account capacity at each level, otherwise it becomes skewed or ineffective. For example, a department head may have sufficient capacities to run her department, but she may be unable to meet its output targets if procedures and processes for working with other departments are lacking. Often attention also needs to be paid to global trends and new developments that may influence the need for and deployment of capacities, such as migration patterns or new international trade agreements.

The three levels of capacity are the following:

- The **enabling environment** is the term used to describe the broader system within which individuals and organizations function and one that facilitates or hampers their existence and performance. This level of capacity is not easy to grasp tangibly, but it is central to the understanding of capacity issues.

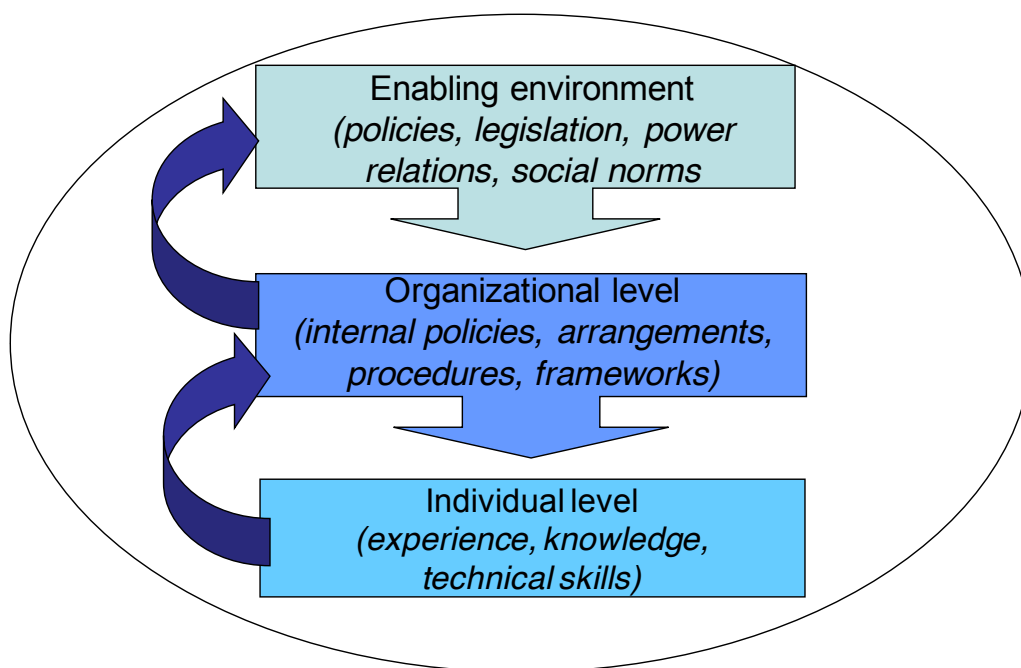
<sup>3</sup> North (1990) defines organizations as 'made up of groups of individuals bound together by some common purpose to achieve certain objectives. Organizations include political bodies (political parties, the Senate, a city council, regulatory bodies), economic bodies (firms, trade unions, family farms, cooperatives), social bodies (churches, clubs, athletic associations), educational bodies (schools, universities, vocational training centers).' North distinguishes organizations and institutions by stating that an institution constitutes 'humanly devised constraints that structure human interaction. They are made up of formal constraints (rules, laws, constitutions), informal constraints (norms of behavior, conventions, and self imposed codes of conduct), and their enforcement characteristics.' UNDP has chosen to use the term 'organization' to refer specifically to an entity, and 'enabling environment' to indicate the system beyond the single organization, which comprises more than institutions.

They determine the 'rules of the game' for interaction between and among organizations. Capacities at the level of the enabling environment include policies, legislation, power relations and social norms, all of which govern the mandates, priorities, modes of operation and civic engagement across different parts of society.

- The **organizational level** of capacity comprises the internal policies, arrangements, procedures and frameworks that allow an organization to operate and deliver on its mandate, and that enable the coming together of individual capacities to work together and achieve goals. If these exist, are well-resourced and well-aligned, the capability of an organization to perform will be greater than that of the sum of its parts.
- The **individual level**, at which capacity refers to the skills, experience and knowledge that are vested in people. Each person is endowed with a mix of capacities that allows them to perform, whether at home, at work or in society at large. Some of these are acquired through formal training and education, others through learning by doing and experience.

As shown in Figure 1, the three levels of capacity are mutually interactive and each level influences the other through complex co-dependency relationships.

Figure 1. Levels of capacity: a systemic approach



## SECTION II: THE UNDP APPROACH TO SUPPORTING CAPACITY DEVELOPMENT

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Over the years, UNDP has garnered considerable experience through its operations and support to capacity development. It has also conducted rigorous research on and analysis of capacity development theory, methodology and practice, to identify what works and what doesn't for capacity development. The organisation has been taking concrete steps to translate its findings into an evidence-based and systematic approach to supporting capacity development that can be incorporated into its policy and programme support across different UNDP Bureaus and Groups.

On the ground experience and research have led to increasingly clear insights on what is conducive or detrimental to capacity development. Findings suggest what works is a 'best fit' rather than a 'best practice' approach that does not apply a one-size-fits-all formula but is anchored in a number of action-oriented basic principles for capacity development<sup>4</sup>. These principles can serve as signposts and safeguards to help keep development efforts focused on capacity outcomes. They could apply to most situations if variations in country- and culture-specific factors are taken into account. These are likely to be most pronounced in particularly vulnerable and fragile states and in countries in transition.

### 1. Basic principles

The UNDP approach to supporting capacity development is driven by values and consists of a conceptual framework and a methodological approach. It is based on the following basic principles:

- The UNDP approach makes the concept of **national ownership** tangible. It is about the ability to make informed choices and decisions.
- It addresses **power relations**, mindsets and behaviour change. It therefore emphasizes the importance of **motivation** as a driver of change.
- Capacity development is a **long-term process**. It can be promoted through a combination of shorter-term results that are driven from the outside and more sustainable, longer-term ones that are driven from the inside.
- It requires **sticking with the process** under difficult circumstances.
- The approach links the enabling environment, as well as organizations and individuals, and promotes a **comprehensive approach**.
- It looks **beyond individual skills and a focus on training** to address broader questions of institutional change, leadership, empowerment and public participation.
- It emphasizes the use of **national systems**, not just national plans and expertise. It discourages stand-alone project implementation units; if national systems are not strong enough, it deems that those be reformed and strengthened, rather than bypassed.
- It requires **adaptation to local conditions** and starts from the specific requirements and performance expectations of the sector or organization it supports. There are no **blueprints**.
- It makes the **link to broader reforms**, such as those in education, wage structures and the civil service. There is little value in designing isolated, one-off initiatives.
- It results in **unplanned consequences** that must be kept in mind during the design phase. These should be valued, tracked and evaluated.
- It **measures capacity development systematically**, using good-practice indicators, case evidence and analyses of quantitative and qualitative data, to ensure that objective judgements are made about capacity assets and needs, as well as the progress achieved.

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<sup>4</sup> For an elaboration of some of the operational implications of the default principles, see the Executive Summary of Lopes and Theisohn (2003).



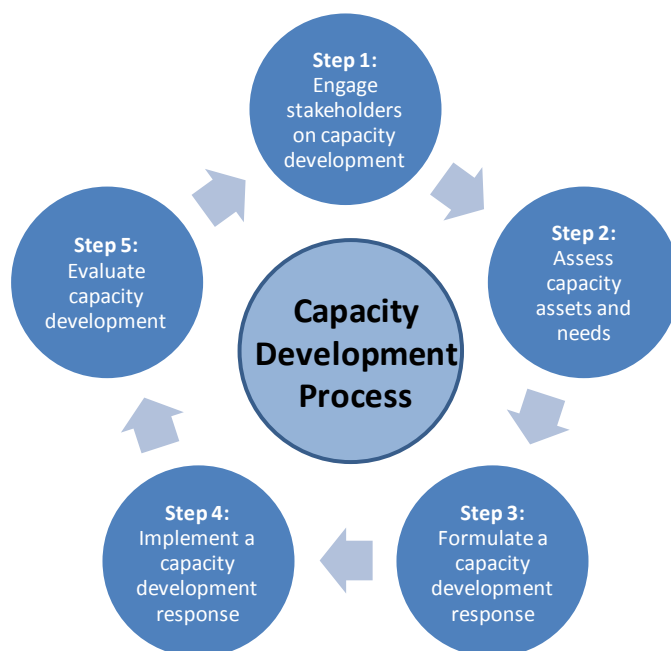
## 2. The capacity development process

Capacity development is not a one-off intervention, but an iterative process of design-application-learning-adjustment. UNDP captures this in a five-step process cycle. These steps broadly coincide with the steps of a programming cycle. Approaching capacity development through this process lens makes for a rigorous and systematic way of supporting it, without using a blueprint, and improves the consistency, coherence and impact of UNDP's efforts. It also helps promote a common frame of reference for a programmatic response to capacity development.

The five steps of the capacity development process are<sup>5</sup>:

1. Engage stakeholders on capacity development;
2. Assess capacity assets and needs;
3. Formulate a capacity development response;
4. Implement a capacity development response;
5. Evaluate capacity development.

**Figure 2. The Capacity Development Process**

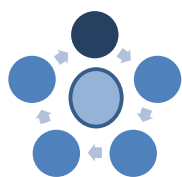


It is not expected that the five-step capacity development process will always play out in similar timeframes. The length of the cycle will depend on a large number of factors. These include the breadth and depth of the programme or project, the complexity of the capacity assessment, the ambit of the capacity development response, and the time lag between any two steps of the process (for example, the end of the implementation step and the start of an evaluation). Often the boundaries between these processes are blurred, as they should be, by definition.

UNDP often supports the entire cycle or parts of it, alone or in partnership with national and international development partners. To illustrate, a national research institute may conduct a capacity assessment based on which UNDP formulates a capacity development response, which in turn may be evaluated by an independent evaluation team.

<sup>5</sup> The five functional capacities and the five steps of the capacity development process are closely linked. This is not a coincidence. Representing the management capacities needed to formulate, implement and review any strategy, policy or programme, the functional capacities are important drivers of an effective capacity development process.

### SECTION III: THE FIVE-STEP CAPACITY DEVELOPMENT PROCESS



#### 1. Engage stakeholders on capacity development

Ensuring an effective capacity development intervention requires the building of political commitment to and sponsorship of, the importance of capacity development among key stakeholders, and the embedding of capacity development in broader national development priorities.

A poverty reduction strategy (PRS) or a national development plan or strategy can be the starting point for a dialogue on capacity development to achieve planned priorities and results. At the sector or thematic level, programme-based approaches such as Sector-wide Approaches (SWAs) offer an equivalent framework for engaging different stakeholders on capacity development. External partners can help promote such dialogues, but should avoid creating parallel decision-making and consultative forums that reinforce an accountability pattern that is at the expense of local processes and downward accountability.

The step of engaging stakeholders sits at the beginning of the capacity development process for a very definite reason. It is imperative that all relevant actors are consulted and their support and buy-in secured, thereby making the process self-sustaining and internally driven. It is conceivable that key national stakeholders decide at this stage not to proceed with the other steps of the process, or proceed in abbreviated format, or, expand on one step more than the others etc. These remain valid and acceptable outcomes in deference to the principle that unless stakeholders perceive that they own the process and have contributed to shaping it, it is unlikely that the process will sustain in the medium to long term. So, while engaging stakeholders is depicted as the first step of the capacity development process, it is inherent in every step. It includes the mapping of key partners to engage in the capacity development process, and a discussion on development priorities. It often involves consensus-building on the need to establish capacity development as a political priority.

#### Case 1: Malawi - engaging stakeholders to assess capacities

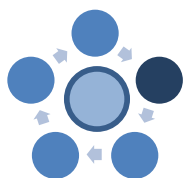
In 2007, the Ministry of Irrigation and Water Development in Malawi initiated discussions on its capacities for programme implementation and service delivery, to ensure successful implementation of the National Water Development Programme II. The Ministry invited the UN Country Team to share its assessment approach and help scope a capacity assessment.

These discussions triggered a broader initiative between the Government of Malawi and UNDP for the improvement of public sector management and service delivery to support the roll-out of the Malawi Growth and Development Strategy 2006/2007–2010/2011. As a first step towards a comprehensive capacity development response, it was agreed to conduct a capacity assessment and analysis of the Ministry of Irrigation and Water Development as well as the three key service delivery ministries (agriculture and food security, education and health) and of common service institutions, covering functions of human resource management, financial management, information technology, audit, and project management. In parallel, capacity development plans for procurement were discussed with the Office of the Director of Public Procurement.

The responsibility for coordinating this government-wide assessment was placed in the hands of the Office of the President and the Cabinet. In an effort to build support among relevant stakeholders for the process, the Office facilitated a series of meetings with stakeholders in line ministries to exchange ideas on the capacity assessment and clarify roles and responsibilities. The line ministries, in turn, held similar meetings with their internal departments. Then, a meeting with all stakeholders was organized to officially launch the assessment exercise. During the engagement phase, there were also discussions with UN agencies in Malawi and with all development partners engaged in capacity development activities to ensure that the initiative would not overlap with existing or other planned activities.

*Source: UNDP (2008g)*

## 2. Assess capacity assets and needs



As stated previously, because capacity challenges are complex, they cannot be supported through blueprints. What works well in one situation may not work in another. A good way to scope the range and intensity of a capacity challenge is to ask the three guiding questions ‘capacity for why?’, ‘capacity for whom?’ and ‘capacity for what?’<sup>6</sup> The responses to these serve as a set of coordinates around which to anchor the actual capacity development initiative.

The level of existing capacities and additional capacities required differs in each case. A capacity assessment can help determine which capacity investments to prioritize. A capacity assessment is defined as an analysis of desired capacities against existing capacities and offers a systematic way of gathering critical knowledge and information on capacity assets and needs. Its findings provide the basis for formulating a capacity development response that addresses those capacities that could be strengthened, or that optimizes existing capacities that are already strong and well placed.

The UNDP Practice Note on Capacity Assessment (UNDP, 2008a) offers a comprehensive discussion of the subject. It also presents the UNDP Capacity Assessment Methodology and a range of illustrative examples. This Note only provides an introduction to this step of the capacity development process.

### a. When to conduct a capacity assessment?

A capacity assessment may be conducted at different points of the planning or programming cycle. It can be used, for instance, when preparing a national, sector or local development strategy or plan, conducting a Common Country Assessment (CCA), preparing a United Nations Development Assistance Framework (UNDAF) or a UNDP Country Programme. Often, capacity assessments are 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. If a capacity assessment was not conducted during formulation of a strategy, programme or project, it can be initiated during implementation or even during the review stage if there is to be a follow up on the programme.

### b. Why conduct a capacity assessment?

Capacity assessments can serve a number of different purposes in the context of any of the situations just described. They can:

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

### c. UNDP Capacity Assessment Methodology

UNDP has developed a Capacity Assessment Methodology that provides a systematic and objective approach to assessing capacity assets and needs. It can be adapted by stakeholder to suit their needs. The UNDP Capacity Assessment Methodology consists of the UNDP Capacity Assessment Framework, a process for conducting a capacity assessment, and supporting tools.

<sup>6</sup> The phrasing of the questions in this way has proved to be appealing and intuitive to people working on capacity development. ‘Capacity for why?’ concerns the priorities of capacity development. ‘Capacity for whom?’ addresses whose capacities need to be addressed, whether a ministry (or several), a department or a unit. ‘Capacity for what?’ addresses what capacities (both functional and technical) and core issues are to be developed, for example, a municipality’s capacity to deliver public services.

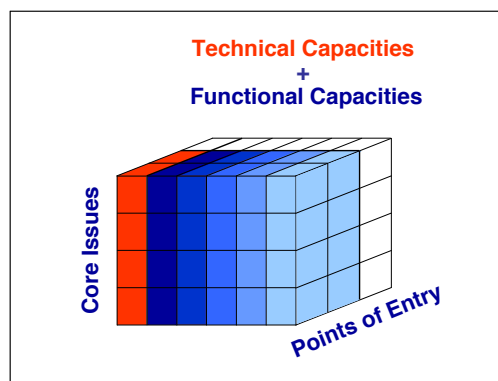
### UNDP Capacity Assessment Framework

The UNDP Capacity Assessment Framework (as shown in Figure 3 below) captures a comprehensive overview of the dimensions of an assessment: points of entry, core issues and technical/functional capacities.

#### *Points of entry*

As mentioned before, 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. Since the levels of capacity are mutually reinforcing, a typical capacity assessment will span more than one level although the entry point itself is defined at a particular level. An assessment that starts at the organisational level may ‘zoom out’ to the enabling environment level and an assessment that starts at the enabling environment level may ‘zoom in’ to the organisational or individual level.

**Figure 3. UNDP Capacity Assessment Framework**



#### *Core issues*

Core issues are the four capacity issues that UNDP sees most commonly encountered across sectors and levels of capacity. Stated differently, these are domains where the bulk of changes in capacity take place. The drivers of capacity change reside in these four core issues: 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.

### **Case 2: Kazakhstan - assessing capacities at Oblast and Rayon level**

In 2007, the Deputy Akim and Head of the Social Protection Department for Shymkent Oblast in south Kazakhstan requested UNDP to conduct a capacity assessment at the Oblast and Rayon level (roughly corresponding to province and district levels respectively), focusing on the social protection system. The primary purpose was to assess the capacity assets and needs of the Department of Coordination of Employment and Social Programmes and provide forward-looking recommendations for medium and longer-term capacity development responses.

The assessment team facilitated stakeholder consultations in five Rayons. At the level of the enabling environment, the assessment identified several capacity challenges, including the complexity of the legal framework at the Oblast and Rayon levels – over 19 laws, decrees, and programmes covering the provision of social assistance that made it difficult to enforce. Other challenges noted were the reactive and supply-driven nature of the social assistance system, and the complexity of the process to apply for benefits, as well as the myriad of organizations and government units involved in providing assistance. At the organizational level, key findings included the need for a more robust and innovative human resources management system; a capacity development and incentive system that would motivate civil servants to enhance their ability to provide quality social services; improved internal and external accountability mechanisms.

*Source: UNDP (2008d)*

### *Functional and technical capacities*

The third dimension of the UNDP Capacity Assessment Framework is made up of the functional and technical capacities introduced in Box 2 below. UNDP supports the development of both across the three levels of capacity.

#### **Box 2: Two types of capacity: inter-related yet distinct**

**Functional capacities** are 'cross-cutting' capacities that are relevant across various levels and are not associated with one particular sector or theme. They are the management capacities needed to formulate, implement and review policies, strategies, programmes and projects. Since they focus on 'getting things done', they are of key importance for successful capacity development regardless of the situation. The five functional capacities that UNDP emphasizes are:

- ***Capacity to engage stakeholders***  
This category includes the capacity to:
  - Identify, motivate and mobilize stakeholders;
  - Create partnerships and networks;
  - Promote engagement of civil society and the private sector;
  - Manage large group processes and open dialogue;
  - Mediate divergent interests;
  - Establish collaborative mechanisms.
- ***Capacity to assess a situation and define a vision and mandate***  
This category includes the capacity to:
  - Access, gather and disaggregate data and information;
  - Analyze and synthesize data and information;
  - Articulate capacity assets and needs;
  - Translate information into a vision and/or a mandate.
- ***Capacity to formulate policies and strategies***  
This category includes the capacity to:
  - Explore different perspectives;
  - Set objectives;
  - Elaborate sectoral and cross-sectoral policies;
  - Manage priority-setting mechanisms.
- ***Capacity to budget, manage and implement***  
This category includes the capacity to:
  - Formulate, plan, manage and implement projects and programmes, including the capacity to prepare a budget and to estimate capacity development costs;
  - Manage human and financial resources and procurement;
  - Set indicators for monitoring and monitor progress.
- ***Capacity to evaluate***  
This category includes the capacity to:
  - Measure results and collect feedback to adjust policies;
  - Codify lessons and promote learning;
  - Ensure accountability to all relevant stakeholders.

**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. As such, they are closely related to the sector or organization in focus.

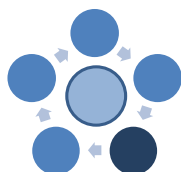
### The capacity assessment process

The capacity assessment process consists of three steps:

- *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?';
- *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.

Following these steps helps deepen participation and dialogue around the capacity assessment process and facilitates consensus on its results. The UNDP Practice Note on Capacity Assessment provides a more detailed discussion of each of the steps.

### 3. Formulate a capacity development response



#### a. Define a capacity development response

The findings of a capacity assessment can provide the starting point for formulating a capacity development response. This is an integrated set of deliberate and sequenced actions embedded in a programme or project to address the three guiding questions: 'capacity for why?', 'capacity for whom?' and 'capacity for what?'

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 across core issues. For example, it may make sense to incorporate incentives for good leadership in a human resources management system, or to link a functional review to support for accountability mechanisms. Results will also be more sustainable if the response addresses more than one level of capacity; 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).

When defining a capacity development response, it may be less threatening to those involved to start from capacity assets, rather than capacity needs. Also, to build momentum for the capacity development process, it may be important to design a combination of quick-impact initiatives (less than one year) and short- to medium-term (one year or longer) initiatives. This will build the foundation for continued capacity development inputs and enhance stakeholder engagement.

Ideally, a capacity development response should be reflected in the national, local or organisational budget to ensure that there are resources available to carry out the actions required under the response.

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

As in any well defined project, indicators are needed to monitor progress of a capacity development response, and each indicator needs a baseline and target. As illustrated in Figure 4 below, the indicators are related yet different from those identified as part of the capacity assessment. 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 influence the design of new initiatives to address evolving needs.

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

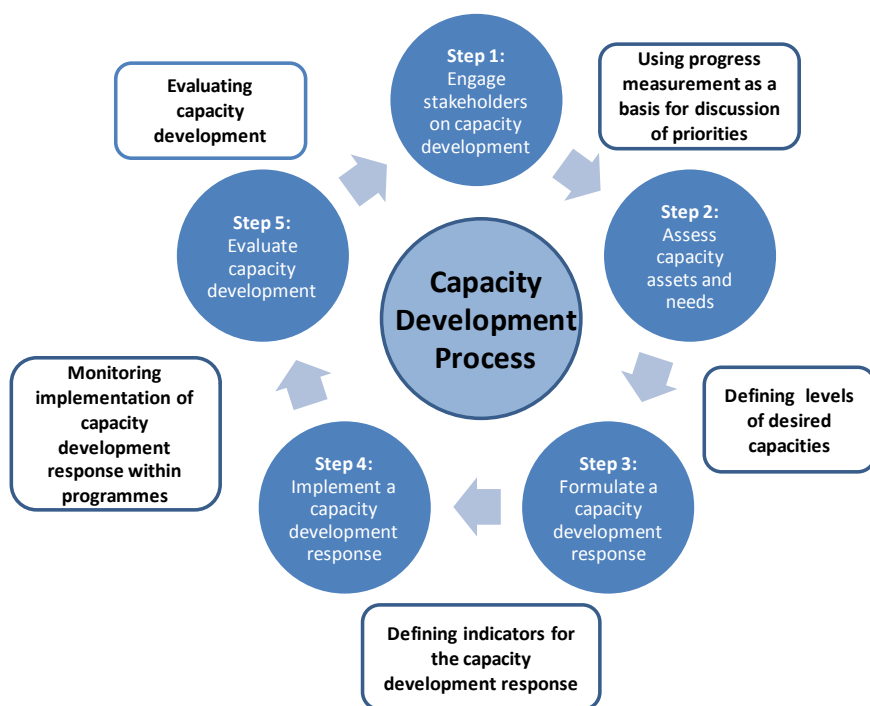
system for a particular response; just as a capacity development response is incorporated into an overall action plan, so should indicators for the response be integrated into the monitoring framework of a programme or project.

Indicators identified as part of the capacity assessment measure **outcome**, or the desired change in capacity. These can be identified for each cross section of core issue and functional/technical capacity – at each capacity level – covered by the assessment. The UNDP Capacity Assessment Methodology User's Guide (UNDP, 2007a) suggests indicators for each cross section.

The process of defining progress indicators supports activities throughout the capacity development process. Specifically, it provides a strong analytical and empirical base and thus:

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

**Figure 4. Indicators in the capacity development process**



### 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 3). If the exercise reveals insufficient funds for all the proposed capacity development actions, alternative solutions can be explored. These can include leveraging other programmes and resources or a prioritization and sequencing of actions. This will build on the priorities set during the design of the capacity assessment 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 3. 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 these 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.

**4. Implement a capacity development response**

Implementing a capacity development response is a process that runs as a part of the overall implementation of a programme or project in which the capacity development response is embedded. To ensure sustainability, implementation should be managed through national systems and processes, rather than parallel systems like project implementation units.

For example, using a common monitoring and reporting system helps avoid fragmentation of efforts and information that easily undermines local capacity, ownership and opportunities for learning, while placing the ultimate responsibility in the hands of national stakeholders. Addressing the question of exit strategies also helps keep sustainability considerations at the forefront. Exit strategies can include strengthening the base of local experts and consultants and involving national, regional or local educational and training institutes during implementation.

Other considerations during implementation pertain to the political dynamics and relationships involved in managing change processes and the importance of monitoring progress, so that corrective measures can be taken if needed. A continuous link should be sought with the national development/poverty reduction/MDG strategy and the government reforms that underpin the need for capacity development.

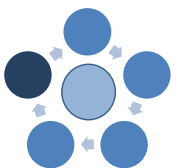
**Box 4: Monitoring a capacity development response**

The UNDP Handbook on Monitoring and Evaluating for Development Results (UNDP, 2002) defines monitoring as 'as a continuing function that aims primarily to provide the management and main stakeholders of an ongoing intervention with early indications of progress, or lack thereof, in the achievement of results. An ongoing intervention might be a project, programme or other kind of support to an outcome'.

Monitoring is an integral part of project or programme implementation and one of the key responsibilities of a project or programme manager. It is an ongoing process during the timeframe of a project or programme, but one that can also outlive a project as a locally instituted mechanism to measure and monitor capacity development.

While transparent and participatory monitoring systems can provide an important upward pressure to perform, results-based management system can easily distort capacity development objectives towards quickly measurable results. The key is then to achieve a healthy balance of participatory monitoring and monitoring based on organisational/systemic frameworks applied in a manner that project/programme monitoring twins seamlessly with monitoring of the capacity development response indicators.

*Source: UNDP (2002)*

**5. Evaluate capacity development**

Where monitoring focuses on the transformation of inputs into outputs (a capacity development response), evaluation focuses on how these outputs contribute to the achievement of outcomes (capacity development) and, indirectly, impact (development objectives). This information is used for performance management, accountability and learning.



Progress and results in capacity development are reflected by changes in performance, which can be measured in terms of improved efficiency and effectiveness<sup>7</sup>. However, these are less easy to capture than outputs that are more tangible. Even more challenging to evaluate is the link between capacity development and impact, since the impact is achieved through a complex mix of factors whose causality cannot be traced to one or more ingredients in linear fashion. Capacity development inputs are almost always, only one of the factors that contribute to a project/programme's impact. In this sense, supporting capacity development is a bit like advertisement expenditure in the world of sales and marketing: we know goods need to be advertised to be sold but we cannot easily map a dollar of increased advertising to a dollar of increased sales.

An elaborate evaluation framework may not always be the solution to such challenges. In the end, an evaluation framework is only as useful as the extent to which its findings are factored-in in policy dialogue and decision-making. There is little point in designing a complex framework with many levels and indicators if the capacities and resources to manage it are unavailable. Another consideration is that relevant data may not always exist or may be of low quality. The challenge thus lies in designing a framework that is comprehensive enough to capture the key issues, but that continues to be manageable.

Use can be made of both qualitative and quantitative information, from subjective and objective sources, depending on which kind of data are available. For example, the existence of a monetary incentive system can be determined objectively, but its quality and the extent to which it improves performance may require subjective measures. If possible, findings should be cross-checked against credible global indices, such as the Human Development Index or the rankings published by Transparency International.

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<sup>7</sup> A UNDP concept note on capacity development measurement is forthcoming.

## SECTION IV: CORE ISSUES AND CAPACITY DEVELOPMENT ACTIONS

As discussed in Section 3.2c above, the core issues in the UNDP Capacity Assessment Framework represent the capacity issues that UNDP sees most commonly encountered across sectors and themes. From empirical evidence and firsthand experience, it is clear that the bulk of the change in capacity happens in four domains which can also be thought of as the drivers of changes in capacity. Since these four core issues mutually reinforce each other, a capacity development response will be more effective if it combines actions across the four issues.

### 1. 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 capacity development response under this core issue focuses on ensuring that the best possible institutional arrangements are in place to achieve the agreed development objectives or results. It subsumes a comprehensive set of reform strategies covering refined institutional arrangements, human resource management including training, learning and work-life, physical and financial resources management capacities, capacities to manage, analyze and deploy information, setting up forums for stakeholder consultation and feedback and capacity to act on those; and monetary and non-monetary incentives to energize all of these.<sup>8</sup> It includes, for example, actions to ensure that coordination mechanisms are set up and function; human resource management is guided through uniform and predictable frameworks; monitoring and reporting is used as a tool for performance enhancement; that there are sufficient motivating factors to best utilize existing capacities; and that institutions are designed to consult their primary stakeholders.

#### Case 3: Lao PDR – Institutional capacities for disaster risk reduction and management

The National Disaster Management Office (NDMO) in Lao PDR is the country's focal office for disaster risk reduction (DRR) and disaster management (DM). As such it is responsible for coordinating the efforts of different entities with a DRR/DM mandate and for implementing DRR/DM programmes and projects. Because NDMO was not functioning as well as it should, in 2007, the National Disaster Management Committee (NDMC), which oversees the DRR/DM sector in Laos, initiated a process to strengthen the Office's capacities. UNDP was invited to support this process through a capacity assessment of NDMO and the formulation of a capacity development response. The assessment brought to light that the Office is caught up in a catch-22 situation: it lacks authority and is therefore not granted sufficient resources to fulfill its mandate but to establish its position it will need to be better resourced.

To address this issue, a multi-pronged approach was suggested. By playing a leading role in the drafting of the National Strategic Plan for DRR/DM, the NDMO would be able to strengthen its position and clarify its mandate vis-à-vis other players in the sector. Related to this, a multi-stakeholder dialogue was proposed to clarify NDMO's roles and responsibilities and explore the possibility of giving the Office a mandate equivalent to that of a Ministry, Department or National Authority. The approach also emphasized the streamlining of functional coordination mechanisms within the wider institutional framework and achieving efficiency gains- through sector-wide approaches to DRR/DM and the creation of standard operating procedures at all stages of DRR/DM planning and execution.

<sup>8</sup> A list of indicative capacity development actions under each core issue is appended in Annex 2

## 2. 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.

The requisite capacity development actions aim to support individuals, groups and communities to access the knowledge, develop the skills, and utilize the systems that support leadership. This includes, at the core, the attitudinal and behavioural base that constitutes good leadership. Leadership can also be addressed through targeted leadership development programmes, or by addressing leadership issues emerging from broader change efforts such as civil service or education reform.

### Case 4: Afghanistan - civil service leadership programme

Since 2006, UNDP and InWent have been supporting the Afghan Civil Service Leadership Programme, which has three different strands: for top, senior and emergent civil service leaders. The programme is based on Afghanistan's National Strategy of Leadership Development that the Afghan Independent Administrative Reform and Civil Service Commission, with whom UNDP partners, has developed.

Each of the three strands of the Civil Service Leadership Programme has been adapted to suit the specific needs of its target group. The Top Leadership Programme, for example, does not offer any formal training but promotes an exchange of views and experiences between participants. In comparison, the Senior Leadership Programme and the Emergent Leaders Programme offer a combination of training and coaching by local trainers, and include the use of Personal Development Plans, case studies, group work, open discussions, role plays, roundtables and presentations by trainers, local leaders and participants.

Local trainers have been used throughout the programme, for example, to adapt materials to the local context and provide coaching support in between sessions. This has helped create a local expert base, which will help ensure the sustainability of activities beyond the scope of the programme.

Source: [http://www.undp.org.af/WhoWeAre/UNDPinAfghanistan/Projects/sbgs/prj\\_csld.htm](http://www.undp.org.af/WhoWeAre/UNDPinAfghanistan/Projects/sbgs/prj_csld.htm)

## 3. 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.

Capacity development actions to deepen and expand the contribution of knowledge include the linking of human development needs to the mainstream education agenda, supporting continued learning for the civil service, access to exchange of south-south solutions and expanding the domestic R&D/consulting services market.

### **Case 5: Africa - fostering partnerships for tertiary education reform through a virtual community of practice**

Since March 2007, UNDP and UNESCO have been supporting the 'Sustainability, Education and the Management of Change in Africa' (SEMCA) partnership. This capacity development forum and network brings together networks, individuals, universities, agencies and others interested in transforming African tertiary education to ensure that it is relevant to sustainable rural development. SEMCA supports learning and knowledge exchange through an online platform (<http://www.iln-africa.net/index.php/semca>). Its Community of Practice comprises more than 800 practitioners, who share updates on tertiary education reform in Africa, including case studies and best practices from different universities through the website. A facilitator provides guidance on substantive issues.

*Source: UNDP (2008e)*

## **4. 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. 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.

Capacity development actions to strengthen accountability include 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 review mechanisms can range from very simple to very complex. A relatively 'light' mechanism is the posting of public information on notice boards or the organization of town hall meetings to discuss the local budget. More complex accountability systems are country peer reviews or citizen report card surveys. Capacity development actions for accountability also include strengthening the capacities of public oversight and arbitration bodies, such as parliaments, ombudspersons office, national human rights institutions and anti-corruption agencies to carry out regulation and oversight within public institutions.

### **Case 6: Ethiopia - using report cards to monitor public service delivery**

Citizen report cards are participatory surveys used to solicit feedback on user perceptions of the quality, accessibility and efficiency of public services. UNDP has supported citizen report card initiatives in a number of countries. In Ethiopia, UNDP provided financial support to a coalition of civil society organizations, called the Poverty Action Network of civil society organizations in Ethiopia (PANE), to conduct the country's first citizen report card survey. The survey covered four regions and covered the following services: water, health, sanitation, education and agricultural extension services. Use was made of focus group discussions, and structured questionnaires. The results of the survey have been used in the formulation of Ethiopia's Plan for Accelerated and Sustained Development to End Poverty.

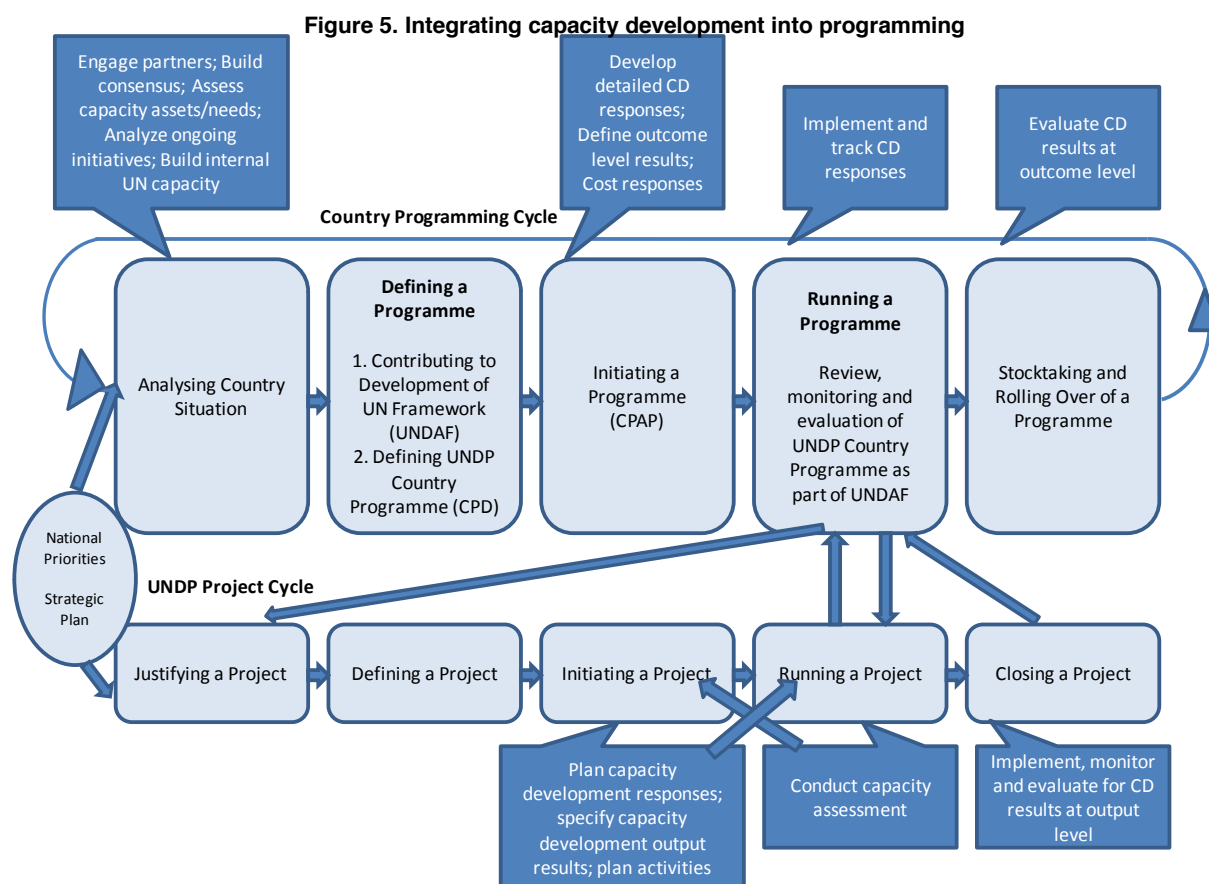
*Source: Bekele (2006).*

## SECTION V: POLICY AND PROGRAMME IMPLICATIONS

### 1. Integrating capacity development into programming

The five steps of the capacity development process should ideally be linked to the different steps of the Country Programming Cycle and the project cycle. The capacity development process can also be promoted for use by governments and other development practitioners as they design and implement their development plans and programmes.

In reality the capacity development process and the programming and project cycles may not always be perfectly synchronised, but there may still be opportunities to integrate capacity development in the course of a programming cycle. For example, if a country is approaching the end of the UNDP Country Programming Cycle, efforts may be focussed on applying a capacity development lens in the evaluation process so that new learning is generated for the next cycle. Similarly, attention can be paid to developing the capacity of stakeholders to participate effectively in the evaluation process. This can help steer towards the use of a capacity assessment as part of the formulation of the next country programme. Or, if a country is about to launch its annual review of the CCA/UNDAF, it may be possible to suggest a mid-course capacity assessment for key partners and formulate a capacity development response based on that. Also, at the level of individual projects, it may be feasible to incorporate the different steps of the capacity development process in the project formulation, implementation and review phases<sup>9</sup>.



<sup>9</sup> A country programme evolves from the previous cycle and rolls over to the next cycle. In the course of this process, learning and knowledge management underpin as ongoing processes. As a given country programme cycle reaches the end, lessons learned including especially from evaluations should be systematically used to shape the next programme and to decide which of the existing programmatic work would roll over and which would not.

For detailed guidance on the integration of capacity development into programme and project formulation, please refer to the UNDP Programme and Operations Policies and Procedures. The checklist for quality programming, which is used by a Project Appraisal Committee to evaluate a project, offers further guidance.

With regard to the broader UN system, the 2007 CCA/UNDAF guidelines (UNDG, 2007), the UNDG position statement (UNDG, 2006) and the accompanying UNDG Capacity Assessment Methodology (UNDG, 2008) provide further information.

## 2. Integrating capacity development across sectors and themes

The UNDP Strategic Plan 2008–2011 positions capacity development as the organization's core contribution to development, thereby making it the business and responsibility of all UNDP staff. This requires a sustained level of commitment and engagement from all parts of the organization. Capacity development policies and measures must be integrated into all UNDP focus areas<sup>10</sup> (see Cases 7 - 10), as well as into UNDG harmonization efforts and procedures.

### Case 7: Turkey - supporting capacity development for implementing fiscal policy

In Turkey, UNDP supported the Government in an assessment of the Ministry of Finance and its Department of Revenue Policy. Combining fiscal decentralization and capacity development expertise, UNDP worked with the Government of Turkey to assess the ability of the Department to perform its policy formulation functions. Using self-assessment, face-to-face interviews and focus group discussions, capacity assets and needs were identified and a series of capacity development responses were generated, focusing on results-based management, human resource policy and technical skills development.

*Source: (UNDP 2008d)*

### Case 8: Jordan - supporting capacity development for MDG monitoring and evaluation

In 2006-2007, UNDP supported the Ministry of Planning and International Cooperation (MoPIC) in Jordan to develop its capacities for M&E. Demand for support in this area was articulated during a broader capacity assessment exercise of capacities for implementing and monitoring the MDG and gender equality within the MoPIC and the Ministry of Social Development.

The capacity development response that was formulated based on assessment findings focused on policy and legal frameworks, leadership and M&E capacities and targeted all line ministries and a number of other organizations. With UNDP support, a number of workshops were held that covered topics ranging from developing methodologies for measuring MDG targets and indicators, to revising the policies, programmes and projects of the National Plan to correspond to results-based approaches. Because of this process, for the first time, the National Plan was prepared in a consultative manner (bringing civil society and all line ministries together), and contained indicators to measure its achievement and impact. Awareness has also been raised among senior management of the importance of M&E mechanisms and the development of capacities in this area.

*Source: Case materials prepared for the regional workshop on Capacity Assessment and Capacity Development Strategies, Damascus (Syria), February 2008*

To mobilize UNDP's potential impact on capacity development, it is necessary to focus attention and resources horizontally and vertically. The horizontal component involves cutting across regions and practices and a common focus on assessment, overall strategies for learning and skills development, common approaches to incentive systems, and indicators for monitoring capacity development. Capacity development methodologies and tools to support much of this are becoming more available, including on capacity assessments, capacity development actions and responses, and developing indicators of capacity development. The vertical component encumbers that these methodologies and tools cover specific capacity development interventions required within the needs of each programme and policy and

<sup>10</sup> The UNDP Focus Areas are 1) poverty reduction and achievement of the MDGs (which includes HIV/AIDS); 2) democratic governance; 3) crisis prevention and recovery; 4) environment and sustainable development. A gender perspective will be integrated into each of the four focus areas.

resources area. The horizontal common ground allows each service line to better define what capacity development means in their context to attain the required results.

Similarly, this requires that the relevant partnerships be brokered and supported, including twinning arrangements among Southern and Northern institutes and information and learning platforms that include civil society organisations, donors and government agencies, to support capacity development initiatives and attendant knowledge-sharing on a regular basis.

#### **Case 9: Asia - supporting capacity development for disaster risk reduction**

The UNDP Capacity Assessment Tool is being adapted according to the Hyogo Framework for Action for piloting in four countries to strengthen national capacities for coordinating disaster risk reduction and recovery. It will also be shared with national disaster management/recovery organizations or agencies in other countries to enhance emergency response capacities, recovery and post-conflict/transition capacities.

In 2007, UNDP facilitated a capacity assessment of the National Disaster Management Office (NDMO) in Lao PDR, which focused on introducing change management towards strengthening its mandate to more effectively implement its functions, particularly in coordinating disaster management responses and activities with relevant government organizations. In 2006, UNDP also participated in a joint capacity scoping exercise with BCPR for the newly-established Ministry of Peace and Reconstruction (MOPR) in Nepal to identify priority capacity development needs that will support its mandate towards promoting peace and recovery in the country. A full capacity assessment exercise for MOPR as well as relevant government organizations is scheduled for 2008.

*Source: UNDP (2008f)*

#### **Case 10: Central African Republic - supporting capacity development for aid effectiveness**

The Central African Republic signed the Paris Declaration on Aid Effectiveness in September 2007. As a first step towards its implementation, the Ministry of Planning requested support from UNDP for an initial assessment of national aid coordination capacities. The assessment was conducted as part of a broader UNDP effort to look at national capacities for economic governance, of which aid coordination is a component. Key recommendations coming out of the assessment were endorsed by the Prime Minister and included in his address to donors on aid coordination and partnerships at the Round Table meeting. These recommendations are being incorporated into a UNDP-supported economic governance project.

*Source: UNDP (2007)*

The immediate challenge for UNDP and for the UN development system is to ensure its support to programme countries' priorities by addressing the underlying cross-sectoral national capacity conditions that impede or offer opportunities for progress on the MDGs. In middle-income countries, where the development agenda is often not driven by the MDGs, UNDP will need to identify niche areas in which its support will be most effective. Box 5 below highlights a number of other challenges.

#### **Box 5: Key challenges in taking capacity development support to scale**

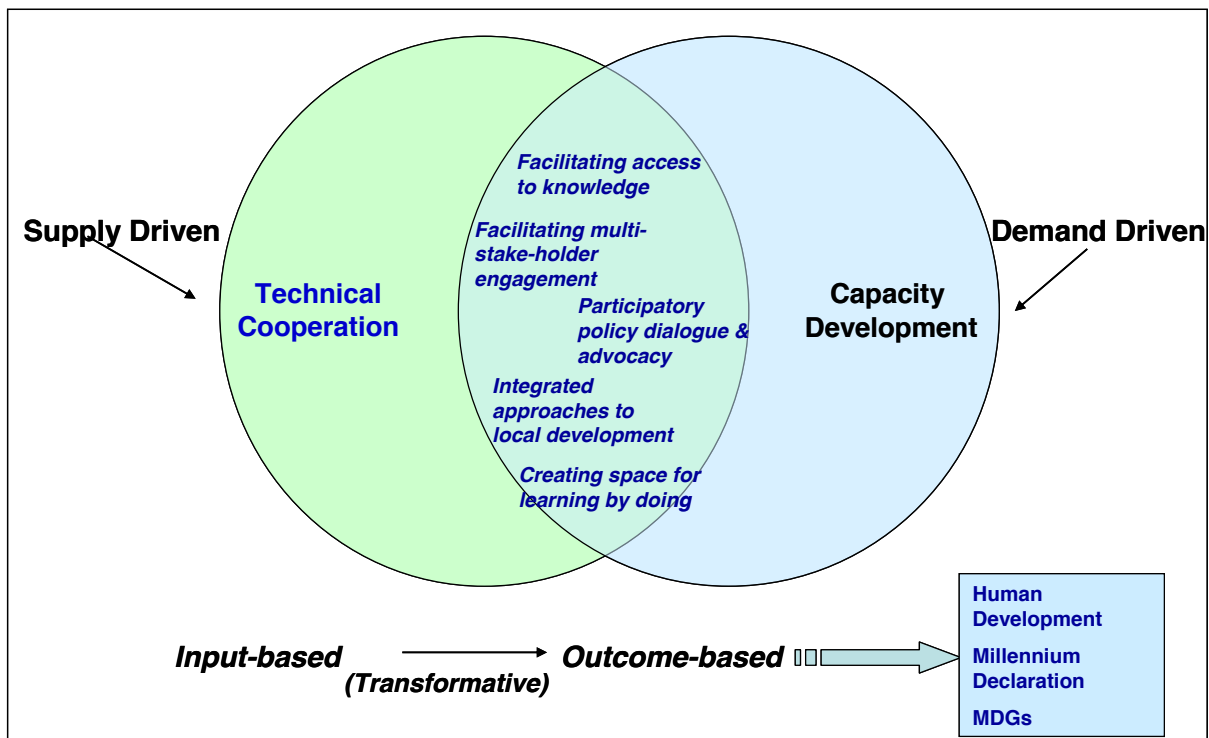
- Avoiding generic training regimes.
- Costing and including capacity assessments and capacity development responses within sector plans and institutional budgets, e.g. through the integration of capacity and needs assessments.
- Addressing the 'distortions' inherent in development processes, such as brain gain/retention, competing conditionalities, parallel systems, no exit strategies, differential accountability and transparency standards, salary supplementation schemes that fall outside of the national remuneration system, etc.
- Developing internal capacities to support, monitor and evaluate capacity development.

## SECTION VI: FREQUENTLY ASKED QUESTIONS

### 1. What's 'new' about capacity development?

Technical cooperation was the most common approach to development cooperation in the 1970s and 1980s. At the time, priority was given to technical training and the introduction of models and systems from the North. A foreign 'technical expert' would come into a country for a short period to provide expertise and technology. This would frequently be followed by financial resources. Little attention was paid to the transfer of skills or the sustainability of interventions.

Figure 6. From Technical Cooperation to Capacity Development



In the early 1990s, the thinking on the role of technical cooperation began to shift and the idea of capacity development began to evolve. The appropriateness of using short-term 'technical experts' was questioned. Issues of sustainability and the 'fit' of a solution became more important. The provision of training, support to training-of-trainers and the organization of study trips became the norm, including for UNDP.

Experience has shown, however, that such stand-alone training activities are not enough. This recognition has led to a shift in perspective. External support is no longer seen as the sole vehicle through which capacity development takes place. Instead, capacity development is seen as a long-term effort that needs to be embedded in broader, endogenous change processes that are owned by those involved, that are context-specific and that are as much about changing values and mindsets through incentives, as they are about acquiring new skills and knowledge.

While external actors may be able to facilitate and promote local processes, they can also serve to undermine ownership and local capacity. The focus is therefore on adapting support processes, so that they are well-tailored to the capacity development challenges they aim to address. This requires playing a more facilitative role related to the management of change processes, rather than the more interventionist roles that were played in the past.



## 2. How has UNDP's support to capacity development evolved?

Over the years, UNDP has invested heavily in training and skills building of individuals. But, there is growing recognition that the other two levels of capacity (organizational and enabling environment) must also be supported to promote sustainable capacity development.

A political shift is also underway, building on the acknowledgement that UNDP can support countries without playing a direct execution role. For example, in a country in Latin America, UNDP is transitioning from providing procurement services to strengthening the capacities of government procurement agencies.

## 3. What is UNDP's unique value proposition in supporting capacity development?

There are many public and private organizations that support capacity development. UNDP's unique value comes from its:

- Building on a human development value base and combining that with a strong conceptual framework and a methodology that is based on its years of experience on the ground in countries around the world;
- Being in it for the long run. Capacity development is not a one-off intervention but a long-term process. Because of its long-running system of working through Country Offices, UNDP is able to stay engaged for the duration of a programme and beyond so that it can engage continually and then track and measure the results of its capacity development efforts. Since UNDP supports multiple programmes at any given time, it is able to provide capacity development support synergistically across all of these and reap economies of scale.
- Drawing on knowledge, examples and experiences from around the world. Its presence in 166 countries, its strong research base, and a long institutional memory in each country allows UNDP to draw intra-regional and intra-country comparisons and facilitate South-South learning and exchange.

## 4. How does capacity development relate to human development<sup>11</sup>?

The human development approach – with its focus on the expansion and use of human capabilities – provides the conceptual basis for UNDP's commitment to capacity development. Defined as the process of enlarging the range of people's choices, it does not equate development to an increase in people's income but focuses on improving their overall well-being, which also depends on access to education and health care, freedom of expression, the rule of law, respect for diversity, protection from violence and the preservation of the environment. Whether these conditions exist, and whether people are able to use them to improve their well-being, depends on the existence of adequate capacities of individuals, organizations and the enabling environment.

Capacity development is, therefore, one of the most effective ways of fostering sustainable human development. By strengthening the capabilities of individuals and organizations and the capacities within the enabling environment, it helps lay the foundation for meaningful participation in national and local development processes and thereby sustainable development results. Conversely, improved human development (e.g. functional literacy, a healthy workforce) is conducive to capacity development.

## 5. How does capacity development relate to the Millennium Development Goals?

The MDGs are a set of development outcomes; capacity development is a means of achieving them. UNDP therefore supports countries to develop their capacities to effectively access and manage the resources required to deliver on the MDGs, which involves the formulation, implementation and review of relevant policies, strategies and programmes. On a related note, while needs assessments focus on **what** needs to improve (interventions) and how much it will cost, capacity assessments focus on **how** the improvements will occur.

<sup>11</sup> Based on UNDP 'A Think Piece on the Link between Human Development and Capacity Development' (forthcoming)

## 6. How do functional and technical capacities relate in a capacity development response?

UNDP supports the development of both functional and technical capacities. The exact mixture of capacities to be addressed through a capacity development response will depend on the outcome of a capacity assessment. Generally speaking, the functional capacities underpin or support the technical capacities needed in a certain sector or thematic context, as shown in Figure 7 below. For example, supporting the capacities of an electoral commission may require support for its capacities to plan, implement and review its activities, combined with specific technical skills to design an electoral system.

**Figure 7. Combining Functional and Technical Capacities**



## 7. What is a national capacity development facility<sup>12</sup>?

A national capacity development facility can be defined in two ways, depending on the specific country situation:

- During periods of transition, a national capacity development facility offers a common government-donor platform to support capacity development efforts, from short-term injections (e.g. salary support) and technical assistance for the drafting of a legal framework, to support for public administration and civil service reform and change management. National capacity development facilities allow different forms of fund management and programmatic engagement, through pooled funds, to be administered either by the government or by a lead donor.
- In less volatile development situations, a national capacity development facility functions as a platform that brings together all capacity development services that are provided to clients and partners in a country or sector under one umbrella. It covers services provided with regard to each step of the capacity development cycle as well as services provided to address specific priority application areas (aid management and coordination, climate change, HIV/AIDS or the delivery of local health care services). As such, it is a vehicle for bridging the gap between shorter- and long-term capacity development visions that must be linked to the on-going national reform processes and that need to be closely intertwined. A national capacity development facility provides support for capacity in incremental steps, ushers in economies of scale, and helps move capacities along a continuum of change.

## 8. What is a national capacity development strategy or framework?

A national capacity development strategy helps to institutionalize a country's focus on and investment in capacity development and the activities to support it, within the framework of a poverty reduction strategy, national development strategy or sector plan. Through systematic identification of capacity assets and needs and allocation of roles and responsibilities (who does what) for meeting those needs and leveraging the assets, a national capacity development strategy helps to efficiently deploy resources and investments in capacity development in conjunction with a country's overall development framework. Such resourcing and operational responsibility allocation allows a country to carry the capacity development agenda forward in the long-term and provides a birds-eye-view picture to senior policy makers and managers about needs and priorities in the arena of capacity development.

<sup>12</sup> For more information on national capacity development facilities, please refer to UNDP (2007) and the website of the UNDP Regional Service Centre in Bratislava at <http://europeandcis.undp.org/governance/lgdc/show/CB000A71-F203-1EE9-B2C08DF7C768D886>, which contains a number of case studies on Capacity Development Facilities.

## SECTION VII: CAPACITY DEVELOPMENT RESOURCES

### 1. UNDP capacity development knowledge resources

#### Theoretical and Case Study Publications

- Capacity for Development: New Solutions to Old Problems
- Developing Capacity through Technical Cooperation
- Ownership, Leadership, and Transformation: Can We Do Better for Capacity Development?
- Action Brief on Capacities for Integrated Local Development
- Action Brief on Brain Gain
- Action Brief on Ethics and Values in Civil Service Reforms

#### Practice Notes

- Practice Note on Capacity Development
- Practice Note on Capacity Assessment

#### Concept Notes on Core Issues

- Institutional Reform and Change Management: Managing Change in Public Sector Organizations
- Incentive Systems: Incentives, Motivation and Development Performance
- Leadership Development: Leading Transformations at the Local Level
- Knowledge Services and Learning
- Mutual Accountability Mechanisms: Accountability, Voice and Responsiveness
- Multi-Stakeholder Engagement Processes

#### Practice Notes on Capacity Development Applications

- Practice Note on Supporting Capacities for Integrated Local Development
- Practice Note on Capacity Development during Periods of Transition

#### Concept Notes on Capacity Development Applications

- Capacity Development and Aid Management
- Procurement Capacities

#### Resource Guides and Tools

- UNDP Capacity Assessment User's Guide and Supporting Tool
- A Review of Selected Capacity Assessment Methodologies
- UNDP Procurement Capacity Assessment User's Guide and Supporting Tool
- Guide on UNDP's Role in a Changing Aid Environment: Direct Budget Support, SWAps & Basket Funds
- Leadership for Human Development
- Toolkit on Localising the MDGs
- Toolkit on Private Sector Development
- UNDP-LEAD Leadership Modules
- Resource Catalogue on Measuring Capacities: An Illustrative Guide to Benchmarks and Indicators
- Resource Catalogue on Capacity Development
- Manual for a Local Sustainable Development Strategy Formulation
- CSO Capacity Assessment Tools
- Applying a Human Rights-based approach to Development Cooperation and Programming

#### Training materials (for UNDP Staff)

- Self-paced online course on Capacity Development (available through the UNDP Learning Management System)
- Self-paced online course on Capacity Assessment (available through the UNDP Learning Management System)

#### Networks

- Capacity Development Network and Community of Practice

#### Capacity Development Websites/Knowledge Spaces

- External Website: <http://www.capacity.undp.org>
- Internal Workspace: <http://content.undp.org/go/topics/capacity>
- Capacity.org: [www.capacity.org](http://www.capacity.org)

## 2. Other sources

*Development Gateway Site on Capacity Development.* The topic page 'Capacity Development' aims to provide a knowledge networking tool for facilitating the exchange of information on capacity development principles, best practices and lessons from experience. Key issues include donor practices; fragile states; leadership; brain drain and capacity development for HIV/AIDS.  
(<http://topics.developmentgateway.org/capacitydevelopment/index.do>)

*CIDA CD Extranet.* The purpose of the capacity development extranet site is to share information and analysis on capacity development in development cooperation. The audience includes CIDA's capacity development network, other CIDA personnel, and CIDA's partners in development in Canada and abroad. Requires user registration.  
(<http://remote4.acdi-cida.gc.ca/cd>)

*Capacity Development Resource Center – World Bank Institute.* The Capacity Development Resource Center provides an overview of case studies, lessons learned, 'how to' approaches, and good practices pertaining to capacity development. It also includes links to international and local capacity development agencies and other knowledge sources including working papers, recent books, strategy notes, and diagnostics.  
(<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTCDRC/0,,menuPK:64169181~pagePK:64169192~piPK:64169180~theSitePK:489952,00.html>)

*Impact Alliance.* The Impact Alliance is a global action network that brings together a diverse group of member organizations and individuals that are looking to share, learn and collaborate on capacity development. The Impact Alliance provides an online space for partners to exchange ideas and knowledge and to access information.  
(<http://www.impactalliance.org>)

*Intrac – Praxis.* The PRAXIS Programme aims to enable civil society organizations to become more effective through the increased generation of, access to and exchange of innovative and contextually appropriate approaches to organizational capacity building.  
(<http://www.intrac.org/pages/praxis.html>)

## ANNEX 1: RESOURCES CONSULTED

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