



# Capacity Assessment

## PRACTICE NOTE

June 2008

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## ACRONYMS AND ABBREVIATIONS

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<b>CCA</b>	<b>Common Country Assessment</b>
<b>DAC</b>	<b>Development Assistance Committee</b>
<b>FAQ</b>	<b>Frequently Asked Question</b>
<b>GEF</b>	<b>Global Environment Facility</b>
<b>MDG</b>	<b>Millennium Development Goal</b>
<b>OECD</b>	<b>Organization for Economic Co-operation and Development</b>
<b>PRS</b>	<b>Poverty Reduction Strategy</b>
<b>PRSP</b>	<b>Poverty Reduction Strategy Paper</b>
<b>SWAP</b>	<b>Sector-Wide Approach</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

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## EXECUTIVE SUMMARY

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### The purpose of this practice note

This practice note aims to introduce UNDP and other development practitioners to the UNDP Capacity Assessment Methodology. The methodology is designed to guide an assessment of capacity assets and needs. It is systematic and rigorous, yet flexible enough to be adapted to various capacity assessment situations. It does not offer a blueprint, but is intended to serve as a starting point for capacity assessment exercises.

The Methodology consists of three components – a Capacity Assessment Framework, a process and a supporting tool – with this practice note focusing on the first two components. The note presents a discussion of the dimensions of the Capacity Assessment Framework and guidelines for managing an assessment, from mobilizing an assessment team, designing the assessment approach, conducting the assessment, and analyzing and interpreting its results in order to formulate a capacity development response. Additional guidance on both the process and the supporting tool can be found in the UNDP Capacity Assessment Methodology User's Guide.

### The premise

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.'<sup>1</sup> To support this process effectively, it is important to identify what key capacities already exist and what additional capacities may be required to reach these development objectives. This is where a capacity assessment comes in. A capacity assessment is an analysis of desired capacities against existing capacities; this generates an understanding of capacity assets and needs, which informs the formulation of a capacity development response.

### A systematic approach to capacity assessment

The UNDP Capacity Assessment Framework is composed of three dimensions:

- **Points of entry:** UNDP recognizes that capacity resides on different levels – enabling environment, organization and individual. Each of these levels of capacity can be taken as the 'point of entry' for a capacity assessment. However, the UNDP Capacity Assessment Framework is specifically tailored to assess capacity assets and needs within the enabling environment and at the organizational level;
- **Core issues:** These represent the capacity issues that UNDP sees most commonly encountered across different sectors and levels of capacity. Not all of these issues will necessarily be analyzed in any given assessment, but they provide a comprehensive set of issues a capacity assessment team may consider as it defines the scope of the assessment. The four core issues are: 1) institutional arrangements; 2) leadership; 3) knowledge; and 4) accountability;
- **Functional and technical capacities:** For each point of entry, there are functional capacities necessary for the successful creation and management of policies, legislations, strategies and programmes. UNDP has identified the following functional capacities: 1) engage stakeholders; 2) assess a situation and define a vision and mandate; 3) formulate policies and strategies; 4) budget, manage and implement; and 5) evaluate. Various technical capacities may need to be assessed as well. The mix of technical capacities to include depends on the situation and can therefore not be pre-determined.

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<sup>1</sup> UNDP Practice Note on Capacity Development, June 2008.

The capacity assessment process consists of three steps:

- **Mobilize and design:** A successful capacity assessment is dependent upon active stakeholder engagement throughout as well as a clear design. This design is driven by the following three questions: 1) 'capacity for why?' 2) 'capacity for whom?' and 3) 'capacity for what?';
- **Conduct the assessment:** The capacity assessment compares desired capacity against existing capacity; this data can be gathered by a variety of means, e.g., self-assessment, interviews, and focus groups;
- **Summarize and interpret results:** The comparison of desired vs. existing capacities informs the level of effort required to bridge the gap and the formulation of capacity development responses.

Capacity assessments can be integrated into the planning and programming process at the level of a national development strategy or plan; a United Nations Common Country Assessment, United Nations Development Assistance Framework, UNDP Country Programme; or an individual development programme or project.<sup>2</sup> The insights into capacity assets and needs generated by a capacity assessment serve as key inputs into the formulation of capacity development responses, and the indicators used to measure capacity serve as a foundation for subsequent monitoring and evaluation of capacity development.

Section I of this practice note introduces key concepts in capacity assessment. Section II provides a detailed description of the dimensions of the Capacity Assessment Framework. Section III presents a discussion of the capacity assessment process, and Section IV offers guidance on successful implementation of capacity assessments. The Annex includes a guide to additional resources.

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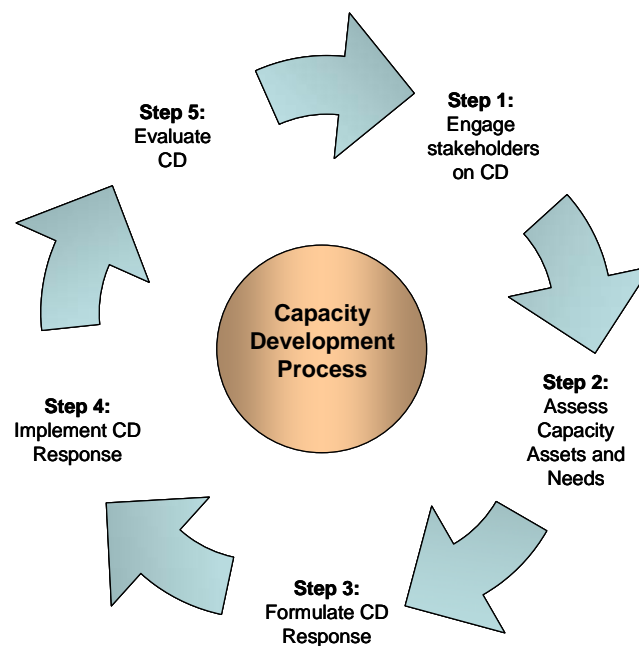
<sup>2</sup> See UNDG's Position Statement on Enhancing the UN's Contribution to National Capacity Development, United Nations Development Group, October 2006.

## SECTION I: INTRODUCTION

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’<sup>3</sup>. Supporting this process effectively requires identifying what key capacities already exist and what additional capacities may be required to reach these development objectives. This is where a capacity assessment comes in.

A capacity assessment provides a comprehensive perspective on capacities critical to the achievement of a country’s development objectives. It is an analysis of desired capacities against existing capacities and offers a systematic way of gathering critical knowledge and information on capacity assets and needs. Conducted during the initial stages of development planning, a capacity assessment serves as input to formulating capacity development responses that address those areas where capacities could be strengthened or that optimize existing capacities that are strong and well placed. It can also set the baseline for ongoing monitoring and evaluation of progress against relevant indicators and can help create a solid foundation for long-term planning and sustainable results. The diagram below illustrates the capacity development process and the key role that the assessment of capacity assets and needs plays within it.

**Figure 1: The five-step capacity development process<sup>4</sup>**



UNDP has developed a systematic and rigorous, yet flexible and adaptable methodology for capacity assessments. This methodology was developed through a process of consultations with field-based colleagues and partner agencies; a review of existing capacity assessment and diagnostic tools, case studies and reviews; and numerous applications in countries around the world.<sup>5</sup> It provides a common

<sup>3</sup>UNDP Practice Note on Capacity Development, June 2008.

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

<sup>5</sup> For a listing of capacity assessment tools and case studies, see [www.capacity.undp.org](http://www.capacity.undp.org).

point of reference for UNDP staff and others looking to conduct a capacity assessment, but is not a blueprint and can be used in a variety of contexts to suit different purposes. The UNDP Capacity Assessment Methodology consists of:

- A Capacity Assessment Framework;
- A process for conducting a capacity assessment;
- A Supporting Tool.

The UNDP Capacity Assessment Methodology draws upon extensive research and good practices. Its key features are:

- Provides a **structure** for discussion about the scale and scope of a capacity assessment exercise and more generally about a capacity development agenda;
- Brings rigor and a systematic **process** for assessing existing capacity assets and needs and defining capacity development responses;
- Provides **resources and tools** to support a capacity assessment including **content** for functional capacities along points of entry and core issues.

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

- Focuses on **capacity**, not organizational design, functional roles and responsibilities, or risk;
- Emphasizes the **link between capacity assessment and capacity development responses** as it sets the stage for moving beyond analysis to action;
- Establishes **indicators** for capacity and benchmarks against which to measure progress.

This practice note focuses on the first two components of the UNDP Capacity Assessment Methodology: the Capacity Assessment Framework and the process. The UNDP Capacity Assessment Methodology User's Guide provides additional guidance on both the process and the Supporting Tool.

In addition to the Capacity Assessment Methodology presented in this practice note, UNDP has developed sector- and theme-specific resources to help countries better assess national and local capacity assets and needs. These resources, in areas such as procurement and aid effectiveness, include customized capacity assessment frameworks, user's guides, supporting tools, interview worksheets, etc., for practitioners to use.<sup>6</sup> Such resources contribute to positioning the wider UN development system as a major substantive partner in the national articulation of MDG-framed development strategies.

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<sup>6</sup> For further information on these sector- and theme-specific resources, see 'Supporting Capacity Development: The UNDP Approach,' Capacity Development Group, Bureau for Development Policy, UNDP, June 2007. Customized applications for additional sectors will be made available on [www.capacity.undp.org](http://www.capacity.undp.org).

## SECTION II: THE ISSUE AND ITS DIMENSIONS

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Capacity assessments can be used to address capacity issues across the three levels of capacity: the enabling environment, the organizational level and the individual level. The UNDP Capacity Assessment Framework is specifically tailored, however, to assessing capacity assets and needs at two levels: the enabling environment and the organizational level. These levels will be discussed in more detail in the 'Points of Entry' section below. Also, while capacity assessments can be conducted by and for a variety of constituents, in UNDP's experience, the Capacity Assessment Methodology has most often been used in the public sector.

### 1. When to conduct a capacity assessment

Capacity assessments can be conducted at different points of a planning or programming cycle, for example when:

1. Preparing national, sector and local development strategies and plans;
2. Conducting the Common Country Assessment (CCA) and preparing the United Nations Development Assistance Framework (UNDAF) and the UNDP Country Programme;
3. Drafting individual development programmes and projects;
4. Managing (annual) reviews of the above.

These examples are elaborated on below.

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

As a tool for understanding capacity assets and needs and building consensus regarding capacity development priorities, capacity assessments provide valuable input into policy and strategy formulation work at the level of (MDG-based) poverty reduction strategies and national, sector and local development plans. At this level, a capacity assessment can generate an overview of priorities for capacity development within the enabling environment and in some cases within particular organizations across the public sector, the private sector and civil society.

To develop an MDG-based development strategy or plan, a country may conduct a needs assessment<sup>7</sup> to map the quantitative and qualitative interventions required to achieve country-adapted MDG targets, including the necessary infrastructure, financial resources, and human resources. In post-crisis countries, context-specific needs assessments and transitional results matrices are applied.<sup>8</sup>

Capacity assessments, as presented in this note, are complementary to most needs assessment methodologies. While the latter tend to focus primarily on 'interventions,' i.e., what needs to improve, and the financial requirements to fund the interventions, capacity assessments focus on how the improvements will occur and how much such will cost to undertake. Capacity assessments therefore can be worked on simultaneous to and as part of a (MDG) needs assessment, in analyzing and presenting a more comprehensive and integrated programme and resource response.

When embedding capacity assessments into the preparation of national, sector or local development strategies and plans, it must be kept in mind that it is not possible to create a one-to-one map between a capacity gap and a desired development outcome. This is because capacity development is not solely about relaxing supply-side constraints. In this sense spending on capacity development is a bit like advertising expenditure: we know goods need to be advertised to be sold but we cannot easily map a dollar of increased advertising to a dollar of increased sales.

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

<sup>8</sup> See 'An Operational Note on Transitional Results Matrices: Using Results-Based Frameworks in Fragile States,' United Nations Development Group, World Bank, January 2005.

### **Case 1: Linkage between capacity assessment and national development planning**

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

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

The end results were:

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

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

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

The UN contribution to a national analysis or a Common Country Assessment (CCA) provides a good starting point for a capacity assessment of a country's enabling environment. The findings of this capacity assessment can help define a more systematic and rigorous UN response to capacity development at the country level, as captured in the United Nations Development Assistant Framework (UNDAF) and the UNDP Country Programme.

The UN Development Group has developed a Capacity Assessment Methodology,<sup>9</sup> consisting of a capacity assessment framework, a process and a supporting tool. This provides a structure for discussion about the scale and scope of a capacity assessment exercise and more generally about a country's capacity development agenda, as contextualized in its national development strategy. The UNDG and UNDP Capacity Assessment Methodologies are quite similar, with slight variations in their Capacity Assessment Framework dimensions, namely the core issues and functional capacities. While both methodologies can be used to support national partners in systematically assessing and addressing capacity gaps in all areas of development, the UNDG Capacity Assessment Methodology can be used by UN Country Teams in conducting its CCA and preparing its UNDAF, while the UNDP Capacity Assessment Methodology can be used by UNDP Country Offices to support formulation of the UNDP Country Programme.

#### **c. Drafting individual development programmes and projects**

Capacity assessments can also be conducted as part of the process of formulating individual development programmes and projects. They can be either a precursor to a programme itself (to provide insight into types of capacity to be assessed/addressed and the nature of a potential programme to support these capacities), or the first phase of a programme (to confirm or set the direction of the programme). In both instances, the capacity assessment will focus on the targeted capacity needs associated with the programme or project under consideration, as captured by 'capacity for why?', 'capacity for whom?' and 'capacity for what?'

<sup>9</sup> The UNDG Capacity Assessment Methodology can be accessed through the UNDG website: <http://www.undg.org/index.cfm?P=225>

#### **d. Managing reviews of strategies, programmes and projects**

The annual review of a development strategy, programme or project is an opportunity to assess achievements, respond to change in the development context and make strategic adjustments.

If a capacity assessment was conducted as part of the formulation of the strategy, programme or project, the review can be used to assess progress against the capacity indicators that were set as part of the assessment and, if needed, to make adjustments to the implementation approach.

If the formulation of a national, sector or local development strategy, an UNDAF, a UNDP Country Programme, or any other programme or project was not supported by a capacity assessment, the review process offers an opportunity to integrate an assessment. This can be particularly useful as a way to explore capacity development challenges that have emerged during implementation.

## **2. Why conduct a capacity assessment**

Within the context of each of the situations just discussed, capacity assessments can serve a number of different purposes. They can:

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

The rationale for conducting an assessment ('capacity for why?') and its scope ('capacity for whom?' and 'capacity for what?') determine the design, cost and duration of the assessment process. This will be discussed in more detail in Section III below.

### **Box 1: Benefits and limitations of capacity assessments**

#### **Benefits**

- It brings **rigour** and a systematic, yet flexible and adaptable method to:
  - Assessing capacity assets and needs
  - Establishing capacity development priorities
  - Sequencing capacity development interventions (as opposed to wishful shopping lists)
- It provides the starting point for the formulation of **a capacity development response**. It helps prioritize capacity needs at two levels: a) strategic initiatives and b) quick impact initiatives that demonstrate results to political constituencies and help win fast-track approval.
- It establishes capacity **baselines** against which to measure, monitor and evaluate progress in capacity development.
- It is often **based on self-perception**. Staff members convene and conduct the assessment exercise. It is not intrusive in the sense that 'assessors' go into an organization to find facts and report and hence is not perceived by people as an assessment of performance.

#### **Limitations**

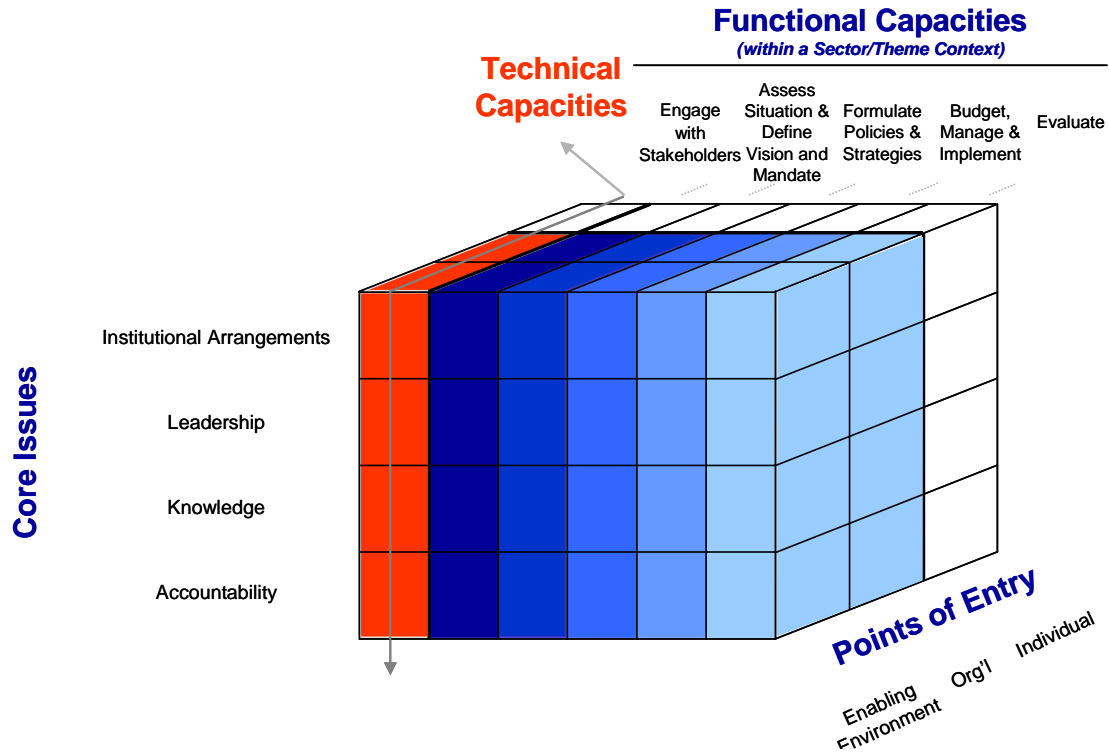
- A capacity assessment is a tool, not a solution.
- A capacity assessment does not necessarily generate 'surprises,' but rather provides a basis for confirmation and consensus.
- The 'desired' capacities do not emerge from the capacity assessment but must be defined at the beginning of the assessment. In other words, the inputs into a capacity assessment will determine the assets and needs identified. Inappropriate inputs and identification of desired capacities will limit the value of the Capacity Assessment Framework for the design of a solution.
- A capacity assessment requires an understanding of the political context within which capacity is put to use and a clear rationale for why certain capacities are desired in the future.

### 3. UNDP Capacity Assessment Framework

As shown in Figure 2 below, the UNDP Capacity Assessment Framework is composed of three dimensions:

1. Points of entry;
2. Core issues;
3. Capacities.

Figure 2: UNDP Capacity Assessment Framework



#### a. Points of entry

Capacity resides on different levels – enabling environment, organizational and individual – that are inter-related and complementary and that combine to form an integrated system. Capacity therefore needs to be assessed and addressed across these levels, any of which can each be taken as the 'point of entry' for a capacity assessment.

A clearly articulated purpose for a capacity assessment will help determine the appropriate point of entry. The point of entry is important since it gives initial focus to the assessment. A capacity assessment may be used to conduct an assessment of the enabling environment at the national or sub-national level, for example, or it may be applied to an organization in the public sector, such as a ministry, a department or a special office such as the Auditor General's. Or it may be conducted with a private, non-profit or civil society organization. The specific assessment questions vary according to the purpose and the point of entry selected.

The UNDP Capacity Assessment Framework focuses on assessing capacity assets and needs within the enabling environment and at the organizational level. Capacity assessments at the individual level are generally conducted within the context of an organizational assessment; for example, they may be used to identify programme champions or change agents. Wide-scale individual performance appraisals are generally carried out through performance management systems and are the

responsibility of the countries and organizations concerned. This practice note therefore does not address individual capacity assessments in detail.

#### Enabling environment as a point of entry

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

Capacity assessments addressing the enabling environment can be conducted as part of the preparation of (MDG-based) national and local development strategies, the CCA, UNDAF or UNDP Country Programme. Such assessments are becoming increasingly important as they tend to integrate more adequately and explicitly the objectives, values and urgency of capacity development. The Paris Declaration even stipulates explicitly that developing countries 'integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.'<sup>10</sup> The 2007 UN Triennial Comprehensive Policy Review 'calls upon United Nations organizations to provide further support to the efforts of developing countries to establish and/or maintain national institutions and to support the implementation and, as necessary, the devising of national strategies for capacity building.'

Capacity assessments of the enabling environment can also be conducted to address development challenges that are sector-specific yet transcend organizational boundaries. The introduction of Sector-Wide Approaches (SWAPs) to sector programmes has generated renewed interest in capacity assessments at this level. These do not focus on the performance and related capacity of a single organization but on development challenges that depend on the participation and capacities of multiple organizations or stakeholders in a sector. Most development challenges, in fact, fall within this category. Examples include sectors such as education and health where the official Ministry is but one (albeit significant) of several players involved in the delivery of services. Other examples include cross-sectoral development challenges such as environment, HIV/AIDS or gender, and themes like decentralization or poverty reduction. Capacity assessments can help determine the kinds of capacities required to both formulate and implement policy, programmes and projects, and to manage different types and sources of financing at the sector level.

To take an example, if the purpose is to strengthen a country's education system, it will be appropriate to begin by analyzing the relevant policy, legal and regulatory framework and key resource endowment issues. Such an analysis would also look at the role and functioning of different organizations that are part of the education system, for example by examining the mandates, roles and interrelationships of each organization. Information regarding factors impacting individual performance might also be important and require follow-up capacity assessments at the organizational level.

#### Organizational level as a point of entry

Organizations provide the framework for individuals to work together and achieve goals beyond individual capacities; as such, they are a collective manifestation of individual capacities. Capacity assessments are most commonly conducted at the organizational level, as the boundaries are generally well delineated and the capacity issues straightforward.

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<sup>10</sup> High Level Forum, Paris Declaration on Aid Effectiveness, March 2005, para. 23.

A capacity assessment at the organizational level usually focuses on the internal workings of an organization and may be motivated by the need to establish or improve specific capacities.

**Case 2: Point of entry – organizational level**

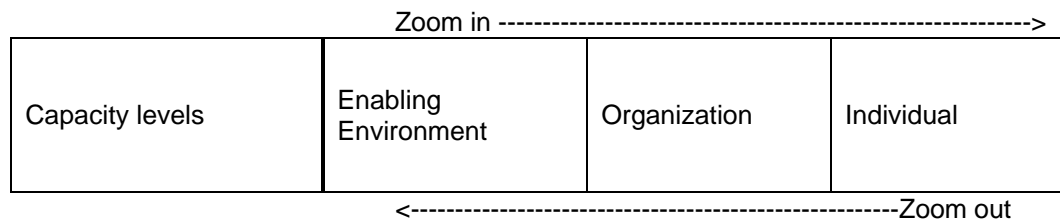
The Government of Georgia undertook a project to assess the capacities of its Ministry of Economy to enable it to assume redesigned strategic functions and responsibilities. Specific functional competency assessment guidelines were developed; an assessment was conducted; and areas of strength and weakness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

*For further information, see ‘Capacity 2015 Project Status Report,’ February 2005.*

Where to begin

Since the levels of capacity are interdependent and complementary, it is rarely, if ever, sufficient to explore capacity assets and needs only at one level of capacity, without taking into account conditions and dynamics that reside across all levels of capacity. It is therefore prudent, regardless of the point of entry, to expand the assessment to the other levels, by ‘zooming in’ and ‘zooming out.’

**Figure 3: The ‘zooming in and zooming out’ principle**



For example, if the organizational level is taken as the ‘point of entry,’ it may be necessary to ‘zoom out’ to examine factors in the enabling environment that can facilitate or constrain an organization’s performance. On the other hand, findings of an assessment of the enabling environment oftentimes suggest that a more targeted assessment of specific organizations is needed. There may also be a need to ‘zoom in’ to address aspects that concern the individual level.<sup>11</sup>

**b. Core issues**

The second dimension of the UNDP Capacity Assessment Framework is the core issues. For each point of entry, one or more core issues can be explored. The core issues in the UNDP Capacity Assessment Framework are:

1. Institutional arrangements;
2. Leadership;
3. Knowledge;
4. Accountability.

These issues have been selected because they represent the capacity issues that UNDP sees most commonly encountered within and across a variety of sectors. They also link closely to the four capacity development strategies that UNDP prioritizes, as outlined in the UNDP Practice Note on Capacity Development. Not all four core issues will necessarily need to be analyzed in any given assessment, although it is advisable to do so. They are intended as a comprehensive set of issues which can serve the following purposes: a capacity assessment team can choose from them as it defines the scope of the assessment; they can be used as a check against issues already identified

<sup>11</sup> There are many tools available that can assess an organization, for example, its capacity assets and needs, its functions, or its organizational structure, and specifically show the interaction among the organizational level, the enabling environment and the individual level. For example, the McKinsey Capacity Assessment Grid focuses on organizational structure and design and illustrates the interaction among various levels.

by a capacity assessment team to ensure a comprehensive approach; they can drive the formulation of capacity development responses.

Two areas that may require special attention are the integration of the UNDP core principles of human rights-based approach and gender equality. These elements may be incorporated into cross-sections of point of entry, core issues and capacities included in the assessments, or they may be treated as stand-alone sections, depending on the needs and priorities of those managing the assessment and key stakeholders.

### Institutional arrangements

The core issue 'institutional arrangements' refers to the policies, procedures and processes that allow individuals, organizations and the enabling environment to function and interact effectively and efficiently in an organized setting. Such rules can be binding, e.g., legislation or contractual arrangements, or non-binding, e.g., codes of conduct and norms and values that are unwritten but widely accepted. To better understand institutional arrangements, one can think of the rules that govern a sports game. These tend to be a combination of formal written rules, for example on what constitutes a goal, and unwritten codes of conduct, such as good sportsmanship.

Institutional arrangements as a core issue exist across levels of capacity. Within the enabling environment, these are policy and legal frameworks; at the organizational level, they include the organization's strategy, processes, and technology that enable its operation. Internal accountability mechanisms also fall under this core issue.

The effectiveness of institutional arrangements can be derived from the extent to which they drive performance and are observed. This will depend on a number of factors. Are the arrangements well adapted to the local context? What are the benefits of compliance and the costs of non-observance? Is performance rewarded?

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

### **Case 3: Core issue – institutional arrangements**

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

The programme began with a rigorous capacity assessment; to ensure that capacity assessments were conducted in a systematic manner and that capacity gaps were adequately detected, an Institutional Development Facilitation Team (IDFT) – a small team of process facilitators, capacity needs assessment specialists and organizational development advisors – was deployed.

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

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

## Leadership

Leadership is the ability to influence, inspire and motivate people, organizations and systems to achieve and in many cases go beyond their goals. It is also the ability to be open to, anticipate and respond to change, irrespective of whether this is internally initiated or externally imposed. As such, it is a catalyst for achieving, enhancing and sustaining development objectives.

Leadership is not synonymous to a position of authority; it can also be informal. Although leadership is most commonly associated with an individual leader, from a village elder to a country's prime minister, it equally exists within the enabling environment and at the organizational level. Think for example of a government unit that takes the lead in pushing for public administration reform, or of large social movements that bring about change at the more systemic level.

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

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

## Knowledge

Knowledge or literally, what people know, underpins their capacities and hence capacity development. Knowledge can be developed at different levels (national and local, secondary and tertiary) and through a different means (education, training and learning).

Traditionally, knowledge has been fostered at the level of the individual, mostly through education. But it can also be created and shared within an organization, for example, through vocational training or the existence of an organizational learning strategy or knowledge management system. At the level of the enabling environment, knowledge generation is supported by the development of education systems and educational policy reform.

## Accountability

To understand the core issue 'accountability,' it may help to think of a water company providing a town with clean drinking water. By signing up for its services, clients promise that to pay the company for the water they consume. The company, in turn, agrees to service the needs of its clients, meaning that they will provide them with water that is clean and available when they need it. By entering into this agreement, the water company and the client become accountable to each other.

Of course, this is a simplified example of accountability, but the basic premise is the same across levels and contexts: accountability exists when rights holders are able to make duty bearers deliver on their obligations. This can apply to the relationship between a country and its citizens, between an organization and its clients, or between a country and international donors. Accountability within an organization is captured by the core issue institutional arrangements.

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.

### **c. *Functional and technical capacities***

The third dimension of the UNDP Capacity Assessment Framework concerns functional and technical capacities. Functional capacities are necessary for the successful creation, management and review of policies, legislations, strategies and programmes. These capacities cut across the capacity levels

(individual, organization, enabling environment) and core issues (institutional arrangements, leadership, knowledge, accountability) and are not associated with any one particular sector or theme. They have proven to be of key importance for successful capacity development as they focus on 'getting things done.' The functional capacities in the UNDP Capacity Assessment Framework are the following.<sup>12</sup>

- ***Capacity to engage stakeholders***

This category relates to capacity to engage and build consensus among all stakeholders. It pertains to all relevant public and societal agents, as well as external partners. It includes the capacity to:

- Identify, motivate and mobilize stakeholders;
- Create partnerships and networks;
- Promote the 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 refers to the capacity to fully understand an operating environment and formulate a response that increases efficiency and effectiveness within the context of that environment. It 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 includes the capacity to:

- Explore different perspectives;
- Set objectives;
- Elaborate sectoral and cross-sectoral policies;
- Manage mechanisms for prioritization.

- ***Capacity to budget, manage and implement***

This includes the capacity to:

- Formulate, plan and manage projects and programmes, including the capacity to prepare a budget and to cost capacity development ;
- Manage human and financial resources and procurement;
- Set indicators for monitoring and monitor progress.

- ***Capacity to evaluate***

This category pertains to the evaluation of progress to ensure performance, learning and accountability. It naturally links back to policy dialogue, planning and improved management through drawing lessons from experience. 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.

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<sup>12</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 policy, strategy or programme, the functional capacities are important drivers of an effective capacity development process.

#### **Case 4: Functional capacity – capacity to evaluate**

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

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

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

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

Various technical capacities may need to be assessed as well. The mix of technical capacities to include in an assessment depends very much on the specific context. The specific capacities to include cannot be pre-determined, and should be left to the specificity of needs expressed and stakeholders concerned. The UNDP Capacity Assessment Framework can be expanded to include various technical capacities as required. For example, an assessment may examine skills and systems related to public financial management, or review specific disciplines related to climate change, HIV/AIDS, legal empowerment, elections, etc.

For technical specializations, there is a wide range of well developed assessment materials available that can be drawn on to tailor assessment questions that are technically well informed. This practice note and supporting materials do not include technical capacity assessment questions or indicators<sup>13</sup>.

<sup>13</sup> The UNDP GEF Capacity Development Resource Kit illustrates how this framework can be applied to very specific technical contexts, as implied in the following titles: 'Assessing Country Capacity to Establish, Manage, and Sustain Effective Protected Area Systems' and 'Assessing Market Transformation for Energy Efficient Products and Processes.' The Resource Kit also provides a good illustration of how the assessment can effectively lead into programming in a strategic results framework. (UNDP/GEF Resource Kit (No. 4): Capacity Development Indicators.)

### SECTION III: CAPACITY ASSESSMENT PROCESS

Assessing capacity assets and needs and formulating capacity development responses are Steps 2 and 3 of the capacity development process (as introduced in Section II above). The activities detailed below provide guidance in undertaking these steps, and should build on the engagement of stakeholders on the capacity development agenda more generally, outlined in Step 1 of UNDP's capacity development process.<sup>14</sup>

#### Box 2: UNDP Capacity Assessment Methodology activities

##### Assess capacity assets and needs (Step 2 of the capacity development process)

###### 1. Mobilize and design

- a. Engage stakeholders throughout the process to ensure ongoing success
- b. Clarify objectives and expectations with primary clients
- c. Adapt Capacity Assessment Framework to local needs
- d. Define desired capacity
- e. Determine how the assessment will be conducted (team, location)
- f. Plan and cost the capacity assessment exercise (based on team composition, duration and depth)

###### 2. Conduct the capacity assessment

- a. Decide how capacity will be assessed
- b. Define the level of desired capacity
- c. Assess the level of existing capacity

###### 3. Summarize and interpret results

##### Formulate a capacity development response (Step 3 of the capacity development process)

###### 4. Formulate a capacity development response

- a. Define a capacity development response
- b. Define progress indicators for a capacity development response
- c. Cost a capacity development response

The steps outlined above are intended to deepen engagement of national partners and promote dialogue among key stakeholders around the capacity assessment process and capacity development responses. Ongoing engagement and dialogue are key determinants of the success of a capacity development agenda as they influence whether stakeholders take ownership of capacity development responses and results. Suggestions for engaging partners and stakeholders are embedded in the description of the different steps of the capacity assessment process below.

While capacity assessments should be designed in such a way that they engage stakeholders in a process that they own and are committed to, they should also generate information for planners, programme managers and evaluators. Those responsible for designing and managing a capacity assessment need to be sensitive to this issue, and must avoid an assessment process being perceived as intrusive, punitive, undermining the confidence of the leadership among partners, or simply a waste of time.

Capacity assessments should also be designed in the context of a country's or organization's pace of change and emerging priorities, and avoid being onerous or bureaucratic. They should take advantage of the 'windows of opportunity' created by emerging policy events that capture the

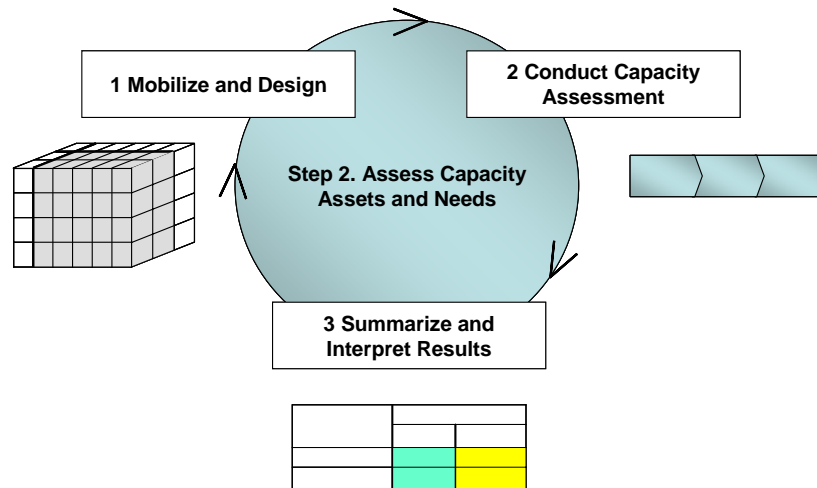
<sup>14</sup> The capacity assessment guidelines should be used in conjunction with the UNDP Capacity Development Practice Note as it provides explanations of terms and concepts referenced herein.

attention of major players and decision-makers. This may do more to secure commitment to the process than sticking to a process that may be methodologically sound, but politically irrelevant.

Please also see the accompanying UNDP Capacity Assessment Methodology User's Guide and Supporting Tool for further guidance in framing and conducting a capacity assessment exercise. The User's Guide also includes a section on frequently asked questions.

**Assess capacity assets and needs**

**Figure 4: Key steps in assessing capacity assets and needs**



**1. Mobilize and design**

A successful capacity assessment is dependent upon active stakeholder engagement throughout the process as well as a clear design that this is driven by the following three questions:

1. Capacity for why?
2. Capacity for whom?
3. Capacity for what?

Each of these questions is addressed in more detail below.

**a. Engage stakeholders throughout the process to ensure ongoing success**

A capacity assessment exercise involves a range of stakeholders, including beneficiaries, civil society representatives, private sector partners, political, economic and social leaders, employees, development partners, academics, the media, and various public interest groups. Stakeholders can play a variety of roles. These include:

- Providing political and administrative oversight to the entire process;
  - Assisting in the design of the assessment;
  - Conducting research and participating in the assessment;
  - Analyzing and disseminating results and setting priorities for follow-up action;
- Each of these stakeholder roles are addressed in the appropriate section below.

An added benefit of involving partners and stakeholders in the capacity assessment process is that it offers opportunities to develop their capacity for planning and programming. A capacity assessment that is driven from the inside and is conducted as an integral part of ongoing planning and programming offers participants an opportunity to learn from each other and from the process itself.

## **Stakeholder engagement: providing political and administrative oversight to the entire process**

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

- **Sponsors** are a group of influential leaders who provide overall direction to the capacity assessment. This group can i) rally support for the initiative; ii) ensure that the capacity assessment effort as well as the broader capacity development agenda receive the level of attention they deserve and lead to actionable results; and iii) ensure that the results of the assessment are fed into established national planning and budgeting processes and/or the policy dialogue and programming cycles.  
It is particularly important to have sponsors who can mobilize political support, if the capacity assessment supports a reform agenda, leads to shifts in power dynamics and changes in resource allocations.
- **Quality assurance** is provided by a technical group that provides expertise on the capacities and core issues under review.
- **Coordination** is ensured by a secretariat that supervises the day-to-day management of the assessment and provides operational support and backup to the assessment team.

### ***b. Clarify objectives and expectations with primary clients***

It is important to start the capacity assessment process with clear and open dialogue with the primary clients of the assessment in order to articulate i) priorities for capacity assessment and development; ii) the goals of the exercise; and iii) expectations regarding the output of an assessment; iv) identify who the 'owner' of the assessment will be. This person or entity is responsible for managing the overall process, facilitating dialogue around assessment findings and serving as a liaison between the assessment team and primary stakeholders.

The initial dialogue with primary clients becomes particularly important when multiple, and potentially conflicting, objectives may be under consideration; or when assessment areas exceed the realm of available expertise.

Addressing the question '**capacity for why?**' can clarify capacity development priorities and the role capacity assessment can play in meeting them. This is frequently the most important question to answer. Common reasons for conducting a capacity assessment are: 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; or provide a starting point for the formulation of capacity development responses.

The answer to the question 'capacity for why?' affects the design, cost and duration of the capacity assessment. For example, getting stakeholders on the same page may not require a full-blown assessment, but rather a one- or two-day session. By contrast, identifying specific capacities that block the implementation of a programme may take several months.

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

The mandate of one Latin American country's Ministry of Social Development is to improve the self-sufficiency and sustainability of poor and vulnerable families through initiatives designed to bring them into mainstream society and working environments. The Ministry recently undertook a reorganization that led to a new set of responsibilities for various departments within the Ministry. One Department's new mandate is to manage the negotiation and coordination of relationships among various actors (local level public entities, private sector, and community-based organizations and individuals) in the planning, implementation and delivery of targeted social programmes.

The Department determined that an assessment of its capacities could provide an opportunity to build consensus within the organization for its new mandate, and heighten the level of awareness and understanding of the Department's new roles and responsibilities.

The effort began with a collective discussion of the new mandate and capacities required to fulfill it. Each member had a voice in determining those functional capacities that were of highest priority given his/her understanding of the mandate. This resulted in a common understanding of the mandate and agreement on those capacities that need to be fostered within the Department: i) Engage with Stakeholders; ii) Assess a Situation and Define Vision & Mandate; and iii) Formulate Policies & Strategies.

These initial consultations not only identified the functional capacities to be assessed, but also laid the groundwork for the approach and work plan for conducting the assessment.

### **c. Adapt capacity assessment framework to local needs<sup>15</sup>**

Addressing the questions '**capacity for whom?**' and '**capacity for what?**' helps determine the design of a capacity assessment. Key steps in this process are:

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

#### Defining the scale and scope of the capacity assessment

At a high level, the assessment objectives or '**capacity for why?**' are determined during initial conversations with the primary client (see Step 1.2). More detailed definition of assessment scale and scope is required in order to avoid confusion, frustration and dissatisfaction. There is a tendency of capacity assessment teams to want to include all of the possible components of the Capacity Assessment Framework (as all could be relevant). By asking the questions '**capacity for whom?**' and '**capacity for what?**' an assessment team can narrow the focus of the assessment to meaningful and actionable topics, and design an assessment that can be completed using a reasonable amount of money, time and human resources.

Answering '**capacity for whom?**' helps determine whose capacities need to be assessed. Will the assessment focus on one department in a ministry, or the whole ministry, or several ministries that are related? For example, in the area of local governance, is the goal to assess capacity of a Ministry of Local Governance, an Association of Municipalities, District Authorities, Municipalities, or all of the above?

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

Once it has been determined whose capacities need to be assessed and for what, the **point of entry** can be determined. This represents a level of capacity and serves as the point of departure for an assessment. It is important not to lose sight of the interrelationship among the three levels of capacity. It could be that in the course of an assessment one discovers that the roots of the problems are in a different area than initially expected, and that the focus of the assessment has to shift. This is the process of '**zooming in**' and '**zooming out**' as discussed in Section II above. Thus, while the assessment might begin by looking at broad processes and dimensions of capacity, such as the

<sup>15</sup> In doing so, it is incumbent upon UNDP development practitioners to know and apply prescriptive processes and content (the 'non-negotiables' of a UNDP engagement).

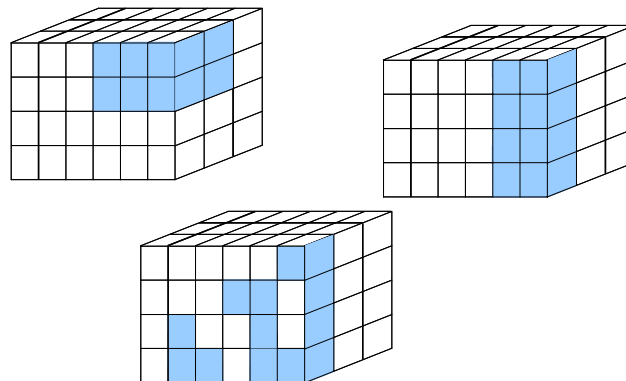
policy or legal framework, eventually it may need to focus on more specific issues, perhaps linked to the performance of a single government department.

For each point of entry, there are a number of **core issues** that can be addressed so it is important to identify the most relevant ones. Is a comprehensive analysis of all core issues desirable, or will a selective analysis suffice? Are there certain core issues which have already been well researched and which need not be looked at again?

For each point of entry, there are also a number of **functional and technical capacities** that can be addressed. Again, it is important to select those capacities of which an assessment will provide meaningful and actionable insights. These need not be the functional capacities included in the UNDP Capacity Assessment Framework.

Apart from identifying which cross-sections of point of entry, core issue and capacity to include, it is also important to determine at the outset whether core issues or functional capacities will be the primary 'lead-in' or driver of the capacity assessment. For example, if the primary concern is a specific functional capacity, e.g., capacity to implement programmes, the assessment team may want to look at this capacity in the context of each of the four core issues. Alternatively, if the primary concern is a core issue, e.g., leadership, the team may want to look at leadership across all five of the functional capacities.

**Figure 5: Illustrative scoping options**



#### Defining desired capacity

Once one or more cross-sections have been selected, the assessment team needs to define in more detail which capacities it will look at for each cross-section. It is advised to start by defining desired capacities, i.e. those capacities that need to be in place in the future, rather than those that currently exist, since there may be capacities that are required in the future that are not in place today.

Having said this, UNDP does recognize that a capacity assessment should start from the assumption that there are existing capacities that can and should be built upon. With this perspective, it is easier to create viable capacity development responses that nurture and reinforce existing capacities.

For each cross-section of point of entry, core issue and functional capacity, illustrative questions have been formulated that can help define desired capacities for each cross-section. These are included in the UNDP Capacity Assessment Methodology User's Guide. It is expected that these questions will be adapted, added to or left out, depending on the specific needs of each context.<sup>16</sup>

<sup>16</sup> See UNDP Capacity Assessment Methodology User's Guide for questions and indicators.

**Stakeholder engagement: assisting in the design of the assessment**

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

- Generate commitment and ownership for the exercise and its results, as well as an appreciation of what it takes to carry out an assessment;
- Identify potential sources of support, as well as of resistance to change—these can have a profound impact on the conduct of the assessment and on the way in which results are used;<sup>17</sup>
- Achieve a common understanding of concepts and terms, and thus avoid possible misunderstandings arising at a later stage;
- Ensure a better design by identifying local sources of information and insights on what works and what does not;
- Identify opportunities for building synergies with related initiatives.

Determining the data collection and analysis approach

Decisions have to be taken about the kinds of information to collect and the kinds of data collection techniques to be used. As a general rule, it is better to collect the smallest amount of information needed to answer the assessment questions to avoid unnecessary complications when analyzing the findings.

One of the first steps will therefore be to find out if similar assessments have been conducted in the past or are ongoing and how relevant the information collected is to the current exercise. This will help minimize the amount of new research to be carried out. It is also likely that much of the information required already exists in documentation prepared by the government, donors or researchers, for example, policy and legal documents, project files, organizational charts, statistics, procedure manuals, as well as previous analytical, evaluative and survey work. Much of the background information on the general country situation may also already be available and does not necessarily have to be collected each time an assessment is carried out.

Identifying existing documentation is best done as part of a desk study, either by an individual researcher/consultant, or by task teams/working groups comprised of different stakeholders.

Formulating precise questions is also essential to cutting down the volume of information to be collected. When deciding on the data collection and analysis approach it is useful to reflect back on the purpose of the assessment and to take into account the following considerations:

- How important is it to collect hard quantitative evidence, as opposed to softer qualitative information?
- What kind of balance needs to be struck between external assessment and self-assessment?
- How important is it that the process of data collection provides a learning experience to those involved?
- What are the benefits of using a third party to collect data, e.g. objectivity?
- To what extent is it necessary to collect data sets that can be compared over time or across entities as a measure of change?
- What is the value of data collection? Is it to emphasize strengths and opportunities that can be built upon? Or is it to focus on gaps and constraints?
- What data may already be available?

A key design consideration is how the collected data is going to be analyzed, reported and utilized. There will be little point in collecting a wealth of information if there is insufficient capacity to analyze and interpret the findings or if it will not lead to actionable results.

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<sup>17</sup> Various documents warn of the risks of 'ceremonial' or 'symbolic' assessments carried out precisely to avoid anything happening.

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

A variety of social science data collection techniques can be used to obtain the necessary information, including: semi-structured and one-on-one interviews; sample questionnaires; focus group discussions; surveys of end users, e.g., client satisfaction surveys or scorecards<sup>18</sup>; workshops; case study approaches; and self-assessment instruments.

There are advantages and disadvantages to each approach. For example, large multi-stakeholder forums may be less suited to detailed diagnostic work but can serve to collect the insights and opinions of a wider section of the community on broader issues. It is useful to record, for instance, the levels of public satisfaction with services and government performance in general, as well as people's vision towards the future.

#### **Case 6: Data collection approach**

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

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

The organization selected self-assessment as the mode of data collection. The self-assessments were conducted by staff at the central level and within four provinces. The assessment team complemented this input with interviews with partner ministries, beneficiaries and donors to get their perspectives on the organization's capacity for policy formulation and programme implementation.

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

#### **d. Determine how the assessment will be conducted**

Depending on the scale and scope of the assessment, an appropriate and tailored assessment process should be devised that takes into account the following considerations: Who should be a part of the assessment team? Who should participate in the assessment? Where and how will the assessment be conducted?

Ideally, the assessment team should bring together people who are familiar with the context, the content and the process of a capacity assessment:

<sup>18</sup> The client scorecards used in Bangalore to record customer satisfaction with services in Bangalore, India are a case in point but there are many others.

- **Context:** Context experts will be used to bring an understanding of the political and socio-economic landscape in which the assessment is conducted;
- **Content:** Content providers should offer detailed and technical knowledge of the sector under assessment, including best practices and relevant examples that can be used as the basis for design and implementation of the capacity assessment; and knowledge of the functional (and technical) capacities to be assessed. Depending on the focus of the assessment, the team can be complemented with experts in cross-cutting issues, such as the human rights-based approach or gender;
- **Process:** In some cases it will be helpful to assign a methodology facilitator to manage the process. This facilitator should be able to manage discussions around the scale and scope of the capacity assessment, the adaptation of the Capacity Assessment Framework, the execution of the assessment, including data collection techniques to be used, and the interpretation of assessment results.

The capacity assessment team keeps in regular contact with the owner of the assessment to discuss progress and direction.

The data collection approach selected, e.g., self-assessment, interviews (see above), determines who should participate in the assessment exercise. To obtain a balanced view of the situation, different perspectives should be gathered. This may imply collecting input from people at various levels of an organization, e.g., director level and staff, central level and field, line and staff professionals. It may also imply collecting information from an organization's partners. In the case of a department in a ministry, for example, inputs may be sought from other departments in the ministry.

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

#### **e. *Plan and cost the capacity assessment***

Based on the scale and scope of the capacity assessment and its duration, it will be possible to draw up a work plan for the assessment that details the outputs to be achieved, activities, due dates and roles and responsibilities. This work plan in turn provides the basis for estimating the costs of conducting the assessment. In many cases, designing and costing a capacity assessment may evolve into an iterative process, as the design may have to be adjusted given budgetary constraints or vice versa. It is important to always include the primary client, the assessment owner and other relevant stakeholders in any potential re-scoping of the assessment, since all decisions made will influence the eventual outcome of the assessment.

## **2. *Conduct the capacity assessment***

### **a. *Decide how capacity will be assessed***

When determining the scale and scope of the assessment, decisions are made about the capacities to be included in the assessment. What still needs to be decided is how these capacities will actually be assessed. This goes beyond determining the kinds of data to be collected or the data collection techniques to be used. It involves the creation of a ranking scheme to determine the level of desired capacity and assess the level of existing capacity. The difference between these two levels of capacity will determine the amount of effort required to bridge the gap between them and will inform the formulation of a capacity development response.

The level of capacity can be determined either quantitatively or qualitatively, depending on the issue at stake, the preferences of the assessment team and the different stakeholders involved. Both have advantages and disadvantages. Quantitative data, for example, may be seen as more 'legitimate' than the qualitative information and may make it easier to compare the level of capacity across core

issues and functional capacities. However, it risks being used for comparison purposes that are not valid. Qualitative data, on the other hand, can provide context for the quantitative data and creates a repository for 'institutional memory'. A disadvantage is that it is more difficult to compare capacity levels across issues and functional capacities. Ideally, therefore, the assessment will generate both a quantitative ranking of capacity and qualitative information to support this ranking. Regardless of which ranking system the team decides to use, the same system should be used to determine desired capacity and assess existing capacity.

There are various ranking schemes that can be used to determine the level of desired capacity and assess the level of existing capacity. Each of these schemes has its pros and cons. It will be up to the assessment team to make a trade-off between ease of use and depth of information collected<sup>19</sup>.

**b. Determine the level of desired capacity**

Determining the level of desired capacity is usually done by those responsible for quality assurance (the technical reference group) in collaboration with other stakeholders. If a self-assessment is used, the level of desired capacity can be set by those doing the assessment.

Determining the level of desired capacity involves reaching agreement on how capacity should be ranked and what each ranking means, e.g. what does it mean to assign a score of 2 to a certain capacity as opposed to a score of 4? If a ranking runs from 1 to 5 with a score of 5 standing for fully developed capacity, people may be tempted to set the level of desired capacity at 5 since this is the highest level attainable. However, this will often not be realistic, since the level of desired capacity is also a function of the timeframe over which capacity is expected to develop. This can be just one year or several years. As a general rule, the shorter the timeframe the less ambitious one should be about the change in capacity that can realistically be achieved. Reaching perfect capacity will generally not be feasible in a couple of years.

Trying to achieve the highest score may also be unrealistic if the ranking scheme and the ranking process are based on international standards and norms, such as international standards for measuring progress on programme and project management and procurement, since such international standards tend to be more stringent than national standards.<sup>20</sup>

The bottom line is that it is good to be ambitious, but that setting the level of desired capacity unrealistically high will quickly lead to disappointment and lack of commitment.

**c. Assess the level of existing capacity**

As discussed previously, there are various ways to collect data on the level of existing capacity, for example, workshops, interviews, and self-assessments. If the assessment includes a self-assessment, it may be useful to organize an information session to explain the methodology and ensure that all participants are on the same page on the use of the ranking system before asking them to complete the self-assessment. It can also help to prepare assessment worksheets that participants can fill out.

If the assessment includes interviews or focus group discussions, appointments should be scheduled in advance to ensure that key stakeholders can participate. Sufficient room should be included in the assessment work plan to reschedule interviews if needed.

At the start of the interview it should be explained how the results of the assessment will be used, for example, whether it is only for internal improvement purposes or also for cross-entity comparison

<sup>19</sup> The UNDP Capacity Assessment Methodology User's Guide provides more information on different ranking schemes.

<sup>20</sup> The Organisational Project Management Maturity Model (OPM3) and the Portfolio, Programme & Project Management Maturity Model (P3M3) offer standards for programme and project management. The OECD provides standards for procurement in its Methodology for Assessment of National Procurement Systems.

purposes. It should also be stressed that the assessment is not an individual performance assessment or an audit. Whether the answers will be treated confidentially or not also needs to be clarified.

During the interview, questions should be asked as neutrally as possible, to avoid guiding interviewees towards a certain response. An interview guide can help ensure that all questions are addressed. It will often be best if the interview is conducted by an 'outsider' who does not have a stake in the assessment or by a team of insiders and outsiders.

If a quantitative assessment is used, participants should assign a score to each capacity, using the ranking scheme or schemes adopted. If a qualitative assessment is used, participants should as much as possible substantiate their assessment by anecdotal evidence.

### **Stakeholder Engagement: Conducting Research and Participating in the Assessment**

Stakeholders can be involved in conducting the assessment in different ways. They can:

- Manage the collection of primary data or collect secondary data, such as laws, decrees, organizational charts and reports.
- Provide primary data by participating in an interview, a workshop or a self-assessment.
- Assisting in the formulation of questions to be asked in self-assessments, focus groups or interviews

### **3. Summarize and interpret results**

Once the assessment has been completed for the cross-sections selected, the assessment team will summarize and interpret its results. This starts with a comparison of the level of desired capacity against the level of existing capacity. This comparison helps determine whether the existing capacity level is sufficient or needs improvement and in turn helps the team identify areas in which to focus a capacity development response.

When interpreting the results of the assessment, the assessment team should try to discern patterns in capacity gaps to identify whether a gap is consistently large across a core issue or across a specific capacity.

When interpreting the assessment, the assessment team may find that the information gathered from different sources provides conflicting insights, especially if self-assessments or qualitative data were used. Individual perceptions are influenced by many factors. Even though the same rankings were used, they may have been interpreted differently by different people. It is therefore important, regardless of the type of information collected, to get a variety of perspectives and take into account different points of view when formulating a summary of the assessment. In some cases, the assessment team may consider further exploration of the areas in question, for example through additional assessments or through informal discussions with key stakeholders.

### **Stakeholder engagement: analyzing and disseminating results and setting priorities for follow-up action**

In some cases, the assessment team or the primary client may decide to organize a validation workshop before finalizing the results of the assessment and preparing the assessment report. Such a workshop will bring together all relevant stakeholders. It generally starts with a presentation of the assessment results by the primary client or the 'owner' of the process. This can be followed by a plenary discussion or break-out sessions, depending on the size of the stakeholder group. The bottom line is that all stakeholders should have an opportunity to contribute their views and to do so in an open and honest dialogue. This will increase the level of trust among stakeholders and increase the credibility of the exercise, so that ownership over the results is shared by all and a strong foundation is built for the way forward.

During this step of the assessment process, decision-makers play a role by giving formal approval to the findings and in contributing to the selection of those capacity development responses that will be prioritized in the follow up. They also have the responsibility of disseminating the final report to stakeholders and partners.

Whenever findings of a capacity assessment process are communicated, it is important to pay attention to the way in which they are presented:

- Are they intelligible for most stakeholders?
- Is there room for feedback from the audience?
- Is the focus of the presentation of interest to the audiences being addressed?

For example, decision-makers and representatives of interest groups may be concerned more with the broad thrust around which policy decisions are made, while technical persons and managers may be more interested in the details of operationalizing the response and actions.

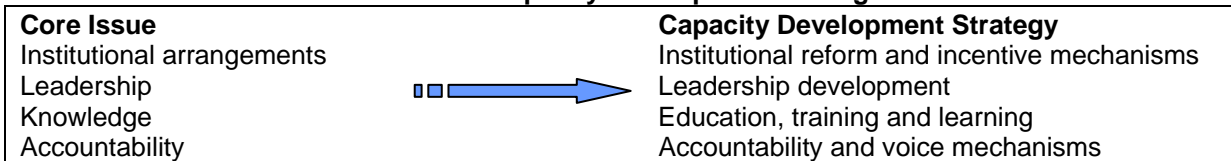
#### 4. Formulate a capacity development response

##### a. Define a capacity development response

A capacity development response is an integrated set of deliberate and sequenced actions that are embedded in a programme or project to address ‘capacity for why?’, ‘capacity for whom?’ and ‘capacity for what?’ These actions are identified and prioritized by the capacity assessment team together with relevant stakeholders to build on existing capacity assets and address the capacity needs identified by a capacity assessment.

A capacity development response can draw from the four capacity development strategies, or potential collections of capacity development actions, that UNDP prioritizes. These four strategies are linked to the four core issues in the capacity assessment framework. The thinking behind this is that a capacity assessment will help identify the capacity assets and needs to be addressed, and that the corresponding strategy will allow a capacity assessment team to identify the appropriate actions to do so.

#### Box 3: Link between core issues and capacity development strategies



This will not just improve the response itself, but can help ensure sustainability beyond the involvement of UNDP and other external partners:

- Because the four capacity development strategies reinforce each other, the effectiveness of a capacity development response will increase if it combines actions from more than one strategy.
- It may be less threatening for many stakeholders to start from existing capacity strengths, rather than capacity weaknesses. For example, it may be better to emphasize the fact that a salary policy exists, rather than focus on the fact that it is outdated.
- A capacity development response should address more than one level of capacity (enabling environment, organization and individual). For example, an assessment of the Procurement Office of a Ministry of Health, which addresses the organizational level, may need to be complemented by a revision of the Government’s procurement guidelines, which addresses the enabling environment.
- A capacity development response should try to combine short- to medium-term initiatives (one year or longer) as well as quick-impact activities (less than one year) that together build the

foundation for ongoing capacity development and continued momentum for the capacity development process.

- A capacity development response should be integrated in existing national budget structures to ensure continued funding.
- Exit strategies should be incorporated into a capacity development response. This implies, for example, strengthening the base of local experts and consultants, and involving national, local or regional educational and training institutes.

See the Capacity Development Practice Note for more detail on UNDP's capacity development strategies and the principles underlying the UNDP approach to supporting capacity development.

### **Case 7: Define a capacity development response: leveraging capacity assessment results**

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

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

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

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

Indicators are needed to monitor progress of a capacity development response, and for each indicator, a baseline and target need to be established as well. The baseline data are used as the starting point against which to measure progress; the targets may be either short- or long-term with interim milestones. The process of monitoring progress should allow for refinement of a capacity development response and potentially 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. There will be one or more indicators for each of the capacity development strategies that combine to form the capacity development response. These indicators are similar to those that could be used to monitor the output of any type of project, and are not necessarily capacity development-specific. It is not necessary to create a separate monitoring system for the capacity development response; just like the capacity development response is incorporated into an overall action plan, so should indicators for the capacity development response be integrated into a programme's or project's overall monitoring framework.

Indicators identified as part of the capacity assessment measure '**outcome**' or the change in capacity to which the capacity development response should contribute. There can be indicators for each of the cross-sections of functional capacity and core issue, at each capacity level covered by the capacity assessment. The Capacity Assessment Methodology User's Guide provides suggestions for potential indicators for each cross-section of the Capacity Assessment Framework.

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

- Support policy dialogue and strategy formulation: as a part of analytical work that precedes capacity development investments;
- Contribute to the detailed design of capacity development responses;
- Enhance monitoring: by tracking process and progress over time, thus improving capacity development response design;
- Enhance evaluation: by tracking change in capacity to which capacity development responses have contributed;
- Promote organizational learning and empowerment: as an internal learning exercise.

**c. *Cost a capacity development response***

Costing a capacity development response is critical, since it encourages stakeholders to make a realistic estimate of the amount of funding required for implementation. If the costing exercise shows that the budget envelope for capacity development is too small to cover all proposed actions, alternative solutions need to be explored, such as possibilities to leverage other programmes and resources or to prioritize the actions to be implemented. This prioritization will build on the priorities that were set when designing the capacity assessment (guided by ‘capacity for whom?’ and ‘capacity for what?’) and when validating and interpreting its findings. Since the process of setting priorities is inherently political, it 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 4: Costing shorter-term and longer-term capacity development responses**

- The costs for shorter-term capacity development responses can be determined through an activity-based budgeting process. This starts from planned actions under the capacity development response, for example ‘support to a functional review’ and budgets the estimated, quantifiable inputs (e.g., number of consultant days, transportation costs, translation days, number of training materials to be printed, etc.) needed to complete this action.
- Less straight-forward is the process for determining or projecting costs required for longer-term capacity development. If these costs cannot be accurately projected, often using econometric modeling techniques, it is suggested that this costing exercise be limited to a costing of actual, planned activities in order to avoid issues of credibility or legitimacy.

## SECTION IV: OPERATIONAL IMPLICATIONS

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### 1. Lessons in application

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

- **Adapt to the local context and to suit local needs.** As you learnt throughout this course, while the UNDP Capacity Assessment Methodology can provide a useful starting point for discussion, it does not offer a blueprint. The Capacity Assessment Framework, for example, can be expanded with additional core issues and capacities as needed or it can be condensed. Don't feel intimidated by the three dimensions of the framework. They are only meant to help you structure your thoughts and think through your actions in a systematic way.
- **Build in enough time for mobilizing and designing the assessment.** This is often the most time-consuming and often the most important step since it is at this stage that priorities are set. If well-managed, this step helps ensure that the assessment is designed appropriately and that all stakeholders are on board.
- **Ensure sufficient time for data collection.** Since information sources may not always be readily available, an assessment work plan should include sufficient time for the collection of data.
- **Ensure local ownership.** The findings of a capacity assessment will only be used if the process and the findings are locally owned. However, in certain situations facilitation by an external party, such as a national or an international consultant, can be useful to ensure that the findings of the assessment are as objective as possible.
- **Be creative.** Conducting a capacity assessment may seem daunting at first, but it need not be a complex or complicated exercise. It is possible, for example, to conduct a quick assessment by addressing many topic areas at a high level or by targeting select areas. The first tends to be used when it is not necessarily clear, or when there is no agreement on, which areas should be included in a capacity assessment or should be prioritized for investment. The second is used when the focus of the assessment is already clear. In that case, the assessment team and stakeholders may choose to assess only a small number of cross-sections of the UNDP Capacity Assessment Framework. Remember, the framework provides a starting point, not a blueprint!
- **Leave the prioritization of capacity development responses and follow-up actions to the end.** This will help prevent the process from being hijacked by stakeholder interests.

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

### 2. Tactical considerations

While elsewhere in this practice note it has been pointed out that capacity assessments are desirable and fulfill a key need, there are certain operational and attitudinal constraints that may emerge in the course of conducting them, which may cause assessment findings to be rejected and the process to lead to undesired results.

- **Assessment fatigue** – Assessments are a common aspect of any planning or programming process. If such assessments take a lot of time and seem to produce few concrete results, 'assessment fatigue' may occur. In such cases, it may be better to conduct a focused assessment of those issues that consistently block progress, rather than a more comprehensive assessment.

This helps ensure that stakeholders and participants are closely connected to the issues being looked at.

- **Skepticism about the value and validity of results** – To avoid skepticism about the value and validity of results, it will be important to engage stakeholders and participants from the outset and throughout each step of the capacity assessment process and to build consensus. Encouraging an open and honest assessment process, which includes communicating regularly about its findings, will help ensure fairness and acceptance of the assessment’s procedures and subsequent results.
- **Suspicion about the use of assessment results** – While capacity assessments should be considered as a normal part of good management that can assist stakeholders in enhancing capacity and improving performance, they are sometimes perceived as being used by senior management for re-profiling and retrenchment. In addition to ensuring proper stakeholder engagement, it may help to conduct an assessment of the enabling environment rather than the organizational level of capacity. This moves the assessment away from an individual’s direct context and may help reduce suspicion of its findings. It may help to conduct an assessment of overall development effectiveness (enabling environment) rather than the organizational level of capacity.
- **Disconnect between assessment findings and capacity development responses** – Capacity development responses should not be designed on the basis of ‘guesstimates’ of capacity gaps but on the basis of the concrete findings of a capacity assessment. It will therefore be important to pay close attention from the outset to the link between capacity assessment results and a potential capacity development response. Also, caution must be exercised to ensure that capacity assessments do not lead to sweeping generalizations and pronouncements that cannot be translated into practical actions. This could undermine the credibility of the assessment exercise and compromise the ‘actionability’ of results.
- **Facilitation level** – A balance needs to be struck in the level of process facilitation provided: ‘too much’ may lead to coached outcomes; ‘too little’ may result in an unrealistic wish list of capacity development actions. Ensuring that the process is driven from the inside and owned by relevant stakeholders can help address this issue.

### 3. Other types of assessment

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

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

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

Approach	Brief Description
Horizon scan	A review of development trends and dynamics and the policy and procedural environment in which an entity operates
Stakeholder analysis	Mapping of key stakeholders and their positions viz entity’s objectives (degree of support, power, etc.)
Business process improvement	Analysis of process flow to identify key steps, decision points, and bottlenecks, and redesign of process to improve efficiency and effectiveness
Functional review	A review of functional activities either across a number of entities or

	within one to determine where best the function should occur
Organizational assessment	An assessment of an organization's vision, formal structure, roles and responsibilities, culture
SWOT	Originally designed as a tool to understand an entity's positioning viz competitors (has been adapted for use in capacity context)
Risk assessment	Review of a system or organization to define operational and financial risks; primarily for implementing partners

## ANNEX: ADDITIONAL RESOURCES

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### UN/UNDP

Hopkins, Thomas (1994). [Handbook on Capacity Assessment Methodologies: An Analytical Review.](#)

Hopkins, Thomas (1996). [Capacity Assessment Guidelines and the Programme Approach.](#)

Browne, Stephen [Editor] (2002). [Developing Capacity through Technical Cooperation: Country Experiences.](#) UNDP/Earthscan.

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UNDP, CDG (2006). [Resource Catalogue: A Review of Selected Capacity Assessment Methodologies.](#)

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UNDP, CDG (2005). [Resource Catalogue: Capacity Development.](#)

UNDP, CDG (2005). [Resource Catalogue: Measuring Capacities: An Illustrative Guide to Benchmarks and Indicators.](#)

### World Bank

World Bank (2005). [Capacity Building in Africa: An OED Evaluation of World Bank Support.](#)

World Bank Institute (2003). [Capacity Enhancement Briefs: Capacity Enhancement at the Institutional Level.](#)

World Bank Institute (2003). [Capacity Enhancement Briefs: Nurturing Capacity in Development Countries, From Consensus to Practice.](#)

### **Canadian International Development Agency (CIDA)**

CIDA Policy Branch. Morgan, Peter and Suzanne Taschereau (1996). [Capacity and Institutional Assessment: Frameworks, Methods and Tools for Analysis.](#)

Morgan, Peter (1998) [Capacity and Capacity Development: Some Strategies.](#)

### **Capacity.org**

Capacity.org Newsletter Issue 29 (2006). [Monitoring and Evaluation.](#)

Capacity.org Newsletter Issue 20 (2004). [Renewing approaches to Institutional Development.](#)

Capacity.org Newsletter Issue 8 (2001). [Tools of the Trade: Capacity Assessment.](#)

### **European Centre for Development Policy Management (ECDPM)**

Baser, H. and P. Morgan (2008). [Capacity, Change and Performance - Study Report](#)

[Institutional Development: Learning by Doing and Sharing. Approaches and tools for supporting institutional development.](#)

[Mainstreaming Institutional Development \(2001\). 'Why is it important and how can it be done?'](#)

### **Other**

DAC Network on Governance (2005). [Living Up to the Capacity Development Challenge.](#)

DANIDA, Boesen, Nils et al (2005). [A Results-Oriented Approach to Capacity Change.](#)

UK Department for International Development (DFID) (March 2003). [Promoting Institutional and Organisational Development: A Source Book of Tools and Techniques.](#)

Drucker, Peter (1992). The New Society Organisations, Harvard Business Review.

[East Timor Transitional Authorities, National Planning and Development Agency \(2001\). Capacity Development for Governance and Public Administration.](#)

[High Level Forum \(2005\). Paris Declaration on Aid Effectiveness.](#)

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