PART I

INTRODUCTION AND DEFINITIONS

Part I introduces you to the guidelines and describes important basic definitions and concepts. You are encouraged to refer to the Annexes which contain supporting information. **Part I** is sub-divided into three chapters:

PART - I -
1. INTRODUCTION
2. BASIC DEFINITIONS AND CONCEPTS
3. GETTING STARTED

PART - II -
4. WHERE WE ARE NOW
5. WHERE WE WANT TO BE
6. HOW TO GET THERE
7. HOW TO STAY THERE

PART - III -
8. CAPACITY AND THE UNDP PROGRAMME APPROACH

1 INTRODUCTION

1.1 THE CONTEXT

For several years now, there has been much debate on the efficacy of technical cooperation. For many countries as well as donors, the achievement of development goals dealing with better policy making, better economic management or better programme/project delivery has been elusive. The reasons for this are many. First and foremost among these is that non-achievement is very often a function of insufficient sustainable capacities within those organisations charged with implementing programmes.

As a seeming sweeping statement, this does not tell us much. Research that has dug a bit deeper into trying to understand this problem reveals that insufficient capacity cannot be defined simply in terms of gaps in local human resources, financial resources or training. The problem in fact is more a function of a combination of: limited sense of local ownership of the developmental processes; excessive dependency on external resources and technical assistance; inadequate considerations of broader environmental or systems factors; and/or poor integration and coordination of multiple development/programme initiatives.

It is not the intent of these guidelines to cover the same ground that so much of this research has already covered. The objective of these guidelines, rather, is to define capacity in a comprehensive and integrated manner which goes to the heart of the fundamental problem: to develop *sustainable capacities* at whichever level developmental goals are being articulated and for which programmes and projects are being formulated and implemented to achieve these goals. These guidelines show clearly how capacity assessments might be undertaken in different situations, and how programmes and projects might be better designed to ensure ownership, sustainability and ultimately success.

However, before this can be done, we must first develop a common understanding of capacity, its definition, and the underlying methodological framework upon which these guidelines are based. Other preliminary but important questions are also addressed.

As no two situations will be alike, these guidelines require common sense and flexibility, as well as a good understanding of the particular context. These guidelines provide a logical framework that can be tailored to meet different situations. Further reading is listed in Annex 1.

1.2 INTENDED USERS OF THESE GUIDELINES

These guidelines are designed to help governments, civil society organisations, private sector institutions and other organisations assess and develop the capacities needed for sustainable *change* , for the achievement of *development objectives* , for the achievement of a *mission/*

vision , or similar thrust. When done through *capacity initiatives* [3], and if done right, they manifest ownership, incorporate strategic thinking and produce sustainable results. There is no escaping the fact that a "core" group of individuals (or at least one individual in smaller programme situations) will need to have a solid grounding in methodologies, approaches and tools. Hence, more detailed guides, manuals plus training may be needed to supplement these guidelines.

[1] Project/Programme Managers and Experts

These professionals would *lead, manage or facilitate* (as methodological and process advisors) a capacity initiative. They are seen as serious practitioners and as such would be responsible for the management of the capacity initiative. Such individuals must be competent and experienced managers, with sufficient qualifications and/or skills in project and programme management, strategic and change management, and capacity initiatives. They will need **more** than just these guidelines in order to successfully manage a capacity initiative.

[2] Team Participants

These individuals would ***participate on a team*** that is tackling a capacity initiative. They may be drawn from the key organisation and other stakeholder groups. They would not need to have a detailed knowledge of or experience in programme management and related areas, but they should have a reasonable grounding and experience in capacity initiatives. These guidelines may be too detailed for some, and yet adequate for others. A **simplified version** of these guidelines will be prepared to "orient" team participants to methods and approaches to capacity assessment/development initiatives in a strategic management context.

[3] Broader Stakeholder Community

Many other individuals within an entity and/or within the broader stakeholder community may participate in one or more ways in a capacity initiative. They could come from all walks of life. These guidelines may be of interest to some stakeholders, but more likely a simplified version will suffice for most. High level descriptions of the guidelines will be developed and, in a few pages, convey the purpose and expected outcomes of such a process. Such a high level treatment could point the more-than-casually-interested reader or participant to more detailed documents for reference.

1.3 APPLYING THE GUIDELINES

In introducing these guidelines, it is useful to address the primary question: *capacity assessment and development for what?* In these guidelines, as well as for most similar methodologies, the fundamental *"what"* is a special type of management challenge: to solve a problem, to achieve or sustain a mission, to reach a set of objectives, make a major change.

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[3] Such initiatives are usually referred to as programmes or projects. Hereinafter, the term *capacity initiative* will be used, but the guidelines could apply to programmes as well as to small or larger projects.

Challenges may be macro-economic development in nature, they may be objectives specific to a programme or project, or they may be specific to a very localized situation.
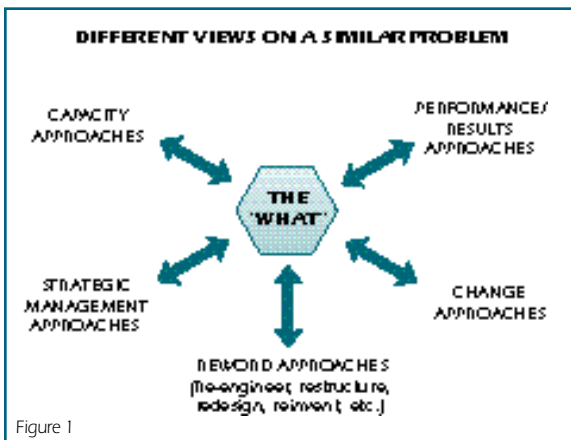

DIFFERENT VIEWS ON A SIMILAR PROBLEM

CAPACITY APPROACHES

PERFORMANCE/ RESULTS APPROACHES

THE "WHAT"

STRATEGIC MANAGEMENT APPROACHES

CHANGE APPROACHES

REWORD APPROACHES (Re-engineer, restructure, redesign, reinvent, etc.)

Figure 1

Figure 1 graphically illustrates that there are different approaches available to managers and others to address a fundamental **"what."** The selection of a methodology will be a function of the nature of the "what" to be addressed, of the available tools and resources, and of management style. There is no *right* or *wrong* way. For example, some organisations have embraced "performance," "results-based" management or "learning organisation" methodologies as their management approach. Others apply more traditional methodologies of strategic management and planning. In some sectors, "re-engineering" and "restructuring" have been the preferred approaches. This is not to say that these are mutually exclusive. Indeed, most employ a common set of underlying principles and techniques. What may differ is the specific organisational context and the emphasis to be made.

The *capacity* approach gives emphasis to issues of capacity and sustainability at various levels, in a comprehensive and integrative manner. However, capacity questions cannot be tackled outside of a strategic or programme planning context. The following subsections situate capacity assessment and development within a broader strategic management framework. Finally, these guidelines can be adapted by practitioners to carry out capacity assessment and development in a wide variety of applications (a different view of the "what"): e.g.

▲ *micro-level:* (e.g., a community, Non-Governmental Organisation/ NGO, academic institution, a government ministry or agency, parastatal entity, etc.).

▲ *meso-level:* (e.g., sectoral initiatives such as health, industrial development, credit development; or regional/local initiatives such as local governance, municipal management).

▲ *macro-level:* (e.g., national or cross-sectoral development programmes such as environment, poverty alleviation, private sector development, governance and public administration reform).

2 BASIC DEFINITIONS AND CONCEPTS

The term *capacity* has many different meanings and interpretations. Much depends on who uses it and the context in which it is used. To begin with, capacity development as a concept is very closely related to training, human resources development, knowledge acquisition, the learning organisation and other concepts. The development of the individual and the entity within which the individual works is central to capacity development.

The failure of many projects and programmes that deal with capacity can often be attributed to the narrow view of capacity that had been used. For example, complex change initiatives such as, say, a change in the way a particular government service is delivered, often concentrates capacity development to individual training needs and organisational development. Often missed are important dimensions of capacity at the policy or legislative levels, or in supporting processes and regulations. If these other levels and dimensions of capacity are not addressed, then the chances of successfully implementing sustainable capacities are diminished. Therefore, capacity development must go beyond the level of the individual and the entity to consider the broader environment or system within which they function. These different levels contain *dimensions of capacity* which are key to ensuring that capacities at all levels are both addressed as well as properly utilised and sustained.

2.1 BASIC DEFINITIONS

The UNDP, as with many other organisations, has evolved a relatively explicit definition of capacity development. In any use of the term, capacity assessment and development are integral to most management methodologies associated with programmes, projects, change, performance, strategic management and planning that deal with people, organisations and the broader systems within which they function.[4]

[1] What is Capacity?

Capacity is defined as the ability of individuals and organisations or organisational units to perform functions effectively, efficiently and sustainably. This definition implies that capacity is not a passive state but part of a continuing process and that human resources are central to capacity development. The overall context within which organisations undertake their functions are also key considerations in capacity development. Capacity is the *power* of something (a system, an organisation, a person) to perform or to produce. Capability, a closely allied term, can be seen as synonymous with capacity, or simply as undeveloped or unused capacity.

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[4] Note that capacity assessments may be carried out as a distinct initiative, outside of such management methodologies. This is sometimes referred to as *capacity mapping*, the discipline of assessing all the dimensions of capacity wherever you are or at whatever entry point is used. Capacity mapping does not necessarily need to lend itself to programme or project planning or the preparation of a programme or project document. It may be used simply to assess requirements, determine feasibility or support research.

THIS CHAPTER presents basic definitions on the concept of capacity and discusses capacity in a systems context. For each level in the system, separate dimensions of capacity are identified. We then look at "entry points" for capacity initiatives, and how to address such initiatives in a strategic management framework. Some final comments are made on capacity and change management. The annexes contain detailed supporting information.

[2] What is Capacity Development?

Capacity development[5] is a concept which is broader than organisational development since it includes an emphasis on the overall system, environment or context within which individuals, organisations and societies operate and interact (and not simply a single organisation). In the case of development programmes, it includes a consideration of all key factors which impact upon its ability to be developed, implemented and the results to be sustained. Of special concern to development planners and to situations where there are limited resources is the need to build on what exists—to utilise and strengthen *existing capacities*, rather than to start from scratch. In most situations, the past or what already exists cannot or should not simply be negated.

[3] What is Capacity Assessment?

Capacity assessment is a structured and analytical process whereby the various dimensions of capacity are assessed within the broader systems context, as well as evaluated for specific entities and individuals within the system. Again, in adapting these guidelines, special emphasis should be given to utilising existing capacities.

[4] Capacity vs. Institutional Development

The term *capacity development* is often used in conjunction with or interchangeably with the term *institutional development*. However, for the purposes of these guidelines, they are distinct. Capacity development may be carried out at the level of an institution where an institution is defined as a "... *pattern of behaviour that is valued within a culture."* [6] Institutions are often seen as aggregations of organisations, examples of which would include government and banking. Institutions may be seen as a subsystem within a broader system (e.g., government within broader society).

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[5] This is not much different than the OECD Development Assistance Committee (DAC) definition of Capacity Development, adapted by CIDA and others, as "... *the process by which individuals, groups, organisations, institutions and societies increase their abilities to: (1) perform core functions, solve problems, define and achieve objectives; and (2) understand and deal with their development needs in a broad context and in a sustainable manner*."

This definition goes on to define **core capacities** of an organisation, or community, or sector, (or system) as consisting of:
- ▲ defining, analysing the environment or overall system
- ▲ identifying needs and/or key issues
- ▲ formulating strategies to respond to or meet needs
- ▲ devising or implementing actions; assembling and using resources effectively and sustainably
- ▲ monitoring performance, ensuring feedback, and adjusting courses of action to meet objectives
- ▲ acquiring new knowledge and skills to meet evolving challenges

As will be seen later on in these guidelines, this definition of Capacity Development by DAC has much in common with (or has in fact been based upon) fundamental concepts of strategic management.

[6] Elliot Berg in "Rethinking Technical Cooperation: Reforms for Capacity Building in Africa" addresses, through extensive research, these differences succinctly. He writes "*organisations form part of the fabric of institutions but are not institutions themselves. ... institutional development means more than just structural or functional changes of an organisation. It involves fundamental social change, the transformation of patterns of behaviour ...*" (P. 60-61).

2.2 DIMENSIONS OF CAPACITY IN A SYSTEMS CONTEXT

The diagram (right) graphically illustrates that capacity issues can be analysed at three levels. Often, capacity issues are first addressed at the individual level, then at the organisational or entity level. However, as noted above, capacity must be understood at the systems level as well. By definition, a system is a regularly interacting or interdependent group of items forming a unified whole. This can apply equally to the human world as it does

LEVELS OF CAPACITY—WITHIN A SYSTEMS CONTEXT

Figure 2

to the physical world. Capacity is defined here in a *systems context* where a set of entities operate toward a common purpose and according to certain rules and processes (more on this later). Let's look at each of these three levels in more detail.
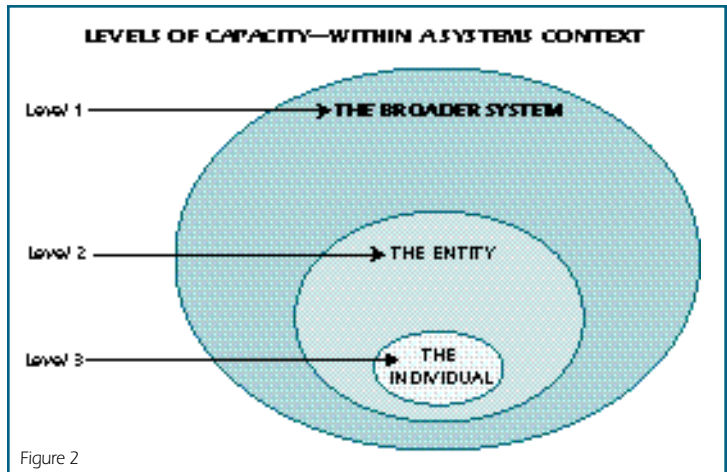
[1] Level 1—The System

The highest level within which capacity initiatives may be cast is the system or enabling environment level. Other methodologies often refer to this level as the "situation," the "market," the "action environment," or simply the "environment." For development initiatives that are national in context (e.g., governance, environmental programmes, poverty alleviation, market economy transition and democratisation), the system would cover the

LEVEL 1—THE BROADER SYSTEM

SYSTEMS FACTORS:

1 Socio-political

2 Government/Public Sector

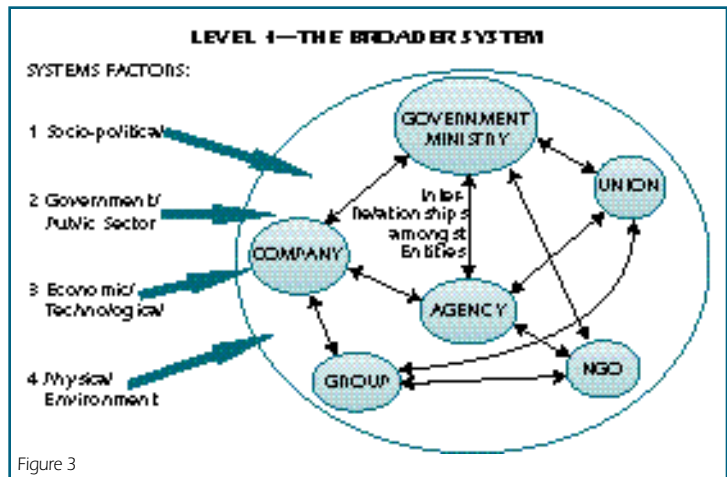3 Economic/Technological

4 Physical Environment

Figure 3

entire country or society and all the subcomponents that are involved. For initiatives at a sectoral level, the system would include only those components that are relevant (e.g., a rural development or decentralisation programme).

This level includes both formal and informal organisations within the defined system. Invariably, many organisational entities are involved in the

broader system, with perhaps one or two being defined as the key or leading organisation for the defined initiative. The nature of the relationships amongst these defined entities are key areas of attention. For example, a capacity initiative (e.g., decentralisation) may result in restructuring and implementing alternative methods of service delivery, requiring a more complex interaction of delivery and regulatory entities.

Capacity assessments at the systems level can be made according to relative strengths and weaknesses, as well as opportunities and threats *(SWOT)*. As noted in the diagram, such an assessment can also be guided according to logical groupings of factors, which relate to the different dimensions within the system. This is discussed in more detail in **Part II** of these guidelines.
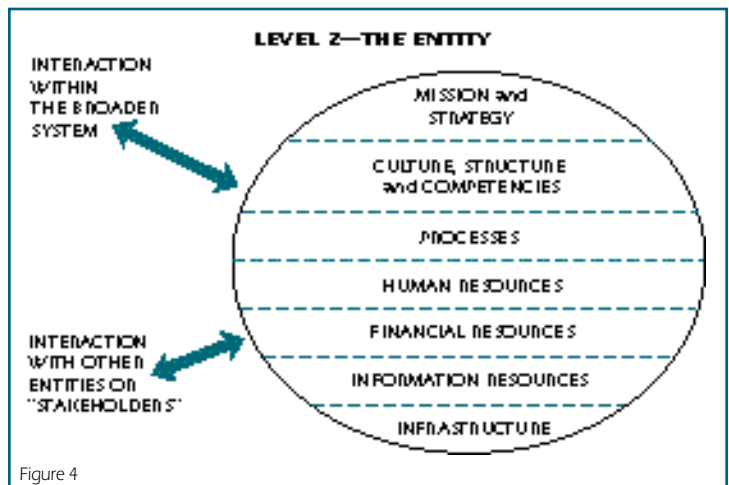
Dimensions of Capacity at the Systems Level

▲ *Policy Dimension:* systems have a purpose, they exist to meet certain needs of society or a group of entities. Also included are value systems which govern the entities within the system.

▲ *Legal/Regulatory Dimension:* includes the rules, laws, norms, standards which govern the system—and within which a capacity initiative is to function.

▲ *Management or Accountability Dimension:* defines who manages the system and which entities or stakeholders function within the system. From a capacity development perspective, this would identify who is responsible for potential design, management and implementation, coordination, monitoring and evaluation, and all other related capacities at the systems level.

▲ *Resources Dimension:* (human, financial, information) that may be available within the system to develop and implement the programme and/or the capacities.

▲ *Process Dimension:* the inter-relationships, interdependencies and interactions amongst the entities, including the fact that these may comprise subsystems within the overall system. This includes the inter-relationships amongst entities in terms of the flow of resources and information, formal and informal networks of people, and even supporting communications infrastructures.

[2] Level 2—The Entity[7] or Organisation

Whether an entity is a formal organisation (such as a government, or one of its departments, ministries or agencies), a private sector operation, or an informal organisation (e.g., a community based or volunteer organisation), there are typically several dimensions of capacity which need to be assessed and developed (Figure 4).

Unlike traditional capacity development and organisational strengthening which focuses their development resources almost entirely on human resources, processes and organisational structuring matters, the more successful methodologies, examine *all dimensions* of capacity at the entity level, including its interactions within the system, usually with other entities, "stakeholders," or clients.

This applies to organisational subunits within the entity (e.g., divisions, sections, units, work-groups and teams, etc.).
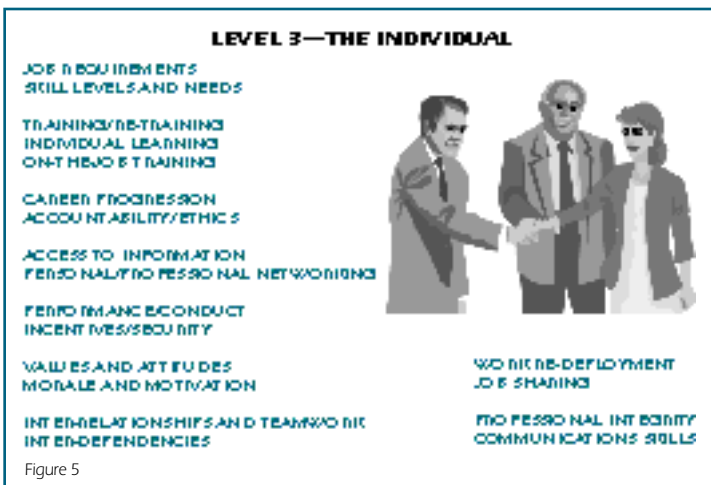
Dimensions of Capacity at the Entity Level

▲ *Mission and strategy:* include the role, mandate, and definition of products/services; clients/customers served; interactions within the broader system and "stakeholders"; the measures of performance and success; and the presence of core strategic management capacities.

▲ *Culture/Structure and Competencies:* organisational and management values, management style, and standards, organisational structures and designs, core competencies.

▲ *Processes:* (internal and external to the entity) supporting such functions as planning, client management, relationships with other entities, research/policy development, monitoring and evaluation, performance/quality management, financial and human resources management, etc. Process can be both internal and external.

▲ *Human resources:* the most valuable of the entity's resources and upon which change, capacity and development primarily depend.

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[7] For the purposes of these guidelines, the term *entity* is used synonymously with the term *organisation*, where the term organisation is defined as *"… the rational coordination of activities by a group of individuals with the aim of achieving a common purpose"* (taken from E. Schein, "Organisational Psychology," Prentice Hall, 1979). In this sense, an entity may a small unit such as a division or department among many within a larger entity, or it may be a large unit such as a Ministry within a government. As long as it fits with the definition, it may be classed as an entity.

▲ *Financial resources:* both operating and capital, required for the efficient and effective functioning of the entity.

▲ *Information resources:* of increasing importance, and how these resources (all media, electronic and paper) are managed to support the mission and strategies of the entity.

▲ *Infrastructure:* physical assets (property, buildings and movable assets), computer systems and telecommunications infrastructures, productive work environments

[3] Level 3—The Individual

As noted, a major dimension of capacity is at the individual level—people, including small interpersonal networks of individuals. This covers individuals both within entities involved in the management and delivery of an initiative, as well as those who are beneficiaries or are otherwise impacted by the initiative (could be specific client groups, segments of society, or the civil population at large, depending on the initiative).

LEVEL 3—THE INDIVIDUAL

JOB REQUIREMENTS
SKILL LEVELS AND NEEDS

TRAINING/RE-TRAINING
INDIVIDUAL LEARNING
ON-THE-JOB TRAINING

CAREER PROGRESSION
ACCOUNTABILITY/ETHICS

ACCESS TO INFORMATION
PERSONAL/PROFESSIONAL NETWORKING

PERFORMANCE/CONDUCT
INCENTIVES/SECURITY

VALUES AND ATTITUDES
MORALE AND MOTIVATION

INTERRELATIONSHIPS AND TEAMWORK
INTERDEPENDENCIES

WORK/RE-DEPLOYMENT
JOB SHARING

PROFESSIONAL INTEGRITY
COMMUNICATIONS SKILLS

Figure 5

Capacity assessment and development at the third level are considered to be the most critical. This level (see Figure 5) addresses the individual's capacity to function efficiently and effectively within the entity and within the broader system. Capacity assessments are designed according to the individual's function and relationship to the entity: executive, management, supervisory, professional, and administrative. The success or viability of a capacity initiative is invariably linked to the capacity of leadership and management.

Often, capacity assessments of individuals are based on an established "job description" or some other format which lays out the performance/skills requirements of the position and the individual filling that position or performing a function/activity according to alternate methods of engaging the services of the individual—a performance contract. This is combined with a skills assessment of the individual. The assessment will demonstrate any "capacity gaps." Subsequent training and development plans can then be prepared to address these gaps. Increasingly, the dimensions of accountability, performance, values and ethics, incentives and security are becoming ever more important in individual level capacity assessments and technical assistance development programmes.

2.3 ENTRY POINTS AND ZOOMING IN/OUT

The above discussion is an important back-drop to determining when one might want to start a capacity assessment process. When and where to start such a process is referred to as the *entry point* . An entry point typically occurs at the systems level or the entity level.

The most typical entry point is at the entity level. For example, there may be a need to reform financial management and budgeting systems within a Ministry of Finance. This initial, rather narrow examination would then be expanded ("*zoom-out*") to look at the broader government system of financial management, linkages to budgeting and the integration of policy setting, planning and expenditure management. This would ensure that

ENTRY POINTS—ZOOMING IN AND OUT

ZOOM IN

SYSTEM   ENTITY   INDIVIDUAL

ZOOM OUT

Figure 6

any capacity development with respect to Ministry level financial management takes into account needs, issues and impacts within the broader government "system."
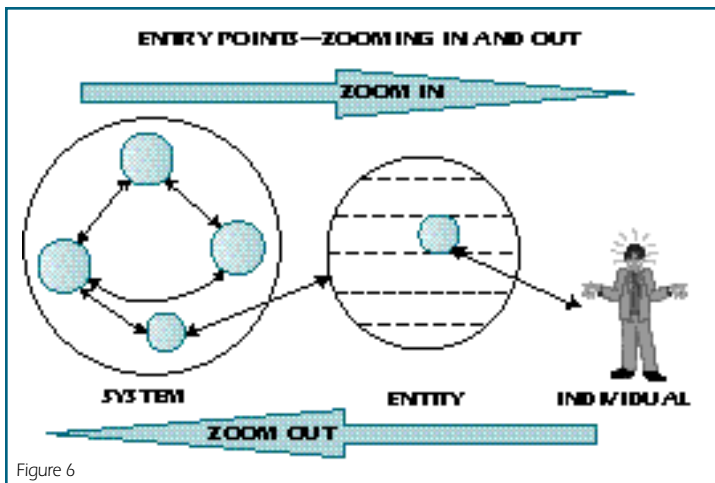
Another example might be strengthening administration at a local government level which may be needed, for example, as a consequence of decentralisation. Here, one would *zoom-out* to examine the capacity needs of the local administrative entity within the broader system: the local public and recipients of services, other stakeholders involved in service delivery or programme development, the central or other levels of government and inter-relationships with respect to legislation, laws and taxation.

Entry points are often made at the systems level as well. Examples of this would be broader governance reform initiatives (e.g., democratisation, decentralisation, major re-structuring of government and its role in society), or market economy development in the case of transitional economies. In these situations, the entire system would be examined in terms of existing and needed capacities across all five dimensions, and then capacity development strategies and plans would be formulated.

As another example, a major system initiative might be to improve the role and functioning of the legal system as part of governance reform. After looking at the broader dimensions of capacity at the systems level, one would then *"zoom-in"* to look at the capacity needs of specific entities within the "legal system" such as the judiciary, courts, police services and so on. Further *zooming-in* would allow you to look more closely at the processes, human resources and other dimensions of these entities

and the capacity dimensions of individuals within these entities. Later sections present other examples of how this *zooming-in*, *zooming out* might apply.

2.4 THE *STRATEGIC MANAGEMENT* FRAMEWORK

Organisations in both the public and private sectors have increasingly accepted that their performance or success is as much dependent on the complex inter-relationships and factors within the broader system, as it is dependent upon their own internal processes, structures and resources. Here, capacity is defined in this broader systems framework. In fact, this definition is founded upon *Strategic Management*[8] which, as a concept that has evolved over the past 20 years or so, addresses the needs of organisations to go well beyond the traditional internal management and planning functions such as finance, personnel or planning.

Simply put, strategic management may be defined as an approach whereby organisations define their overall character and mission, their longer term objectives or goals, the product/service segments they will enter and leave, and the means (strategy) by which this is to be achieved, especially, but not only, through the allocation of resources. The approach is comprehensive and far-reaching. It integrates and addresses all dimensions of capacity at the systems, entity and individual levels.

The approach allows organisations to establish for themselves the desired relationships with entities or stakeholders within the broader system within which they function. This requires a full and ongoing assessment of the strengths, weaknesses, opportunities and threats (SWOT) both externally (in the system) and internally. The approach is participatory and consultative.
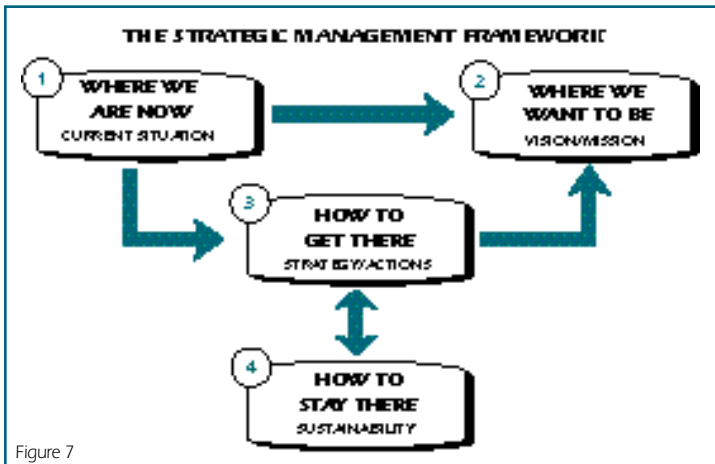

Figure 7

Strategic management itself is considered as a core management capacity within an entity or system. This notion is similar to the DAC definition of core capacities of an organisation (footnote #5 on page 6).

A simple strategic management framework is suggested in these guidelines (graphically illustrated in Figure 7). This framework is common

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[8] It is not the intent of these guidelines to go into the subject matter of Strategic Management in any detail. Annex 1 contains some suggested reading matter on this subject. One excellent reference which synthesises much of the work on this subject, including a historical perspective, is: Rumelt, R.P., et al, "Fundamental Issues in Strategy—A Research Agenda," Harvard Business School Press, 1994.

to the programme approach adopted by the UNDP and many other organisations that address broader issues of capacity. These stages and related capacity issues are addressed in **Part II**.

As noted previously, capacity assessments can be carried out as "one-off" types of inititives, or they can be carried out at any one or all stages of the strategic management life cycle.

The type of assessment depends very much both on the stage of the life cycle, on the nature of the initiative, and on the entry point to be made. Capacity assessment and development can occur during each stage. For example, an organisation embarking on a change or governance pro-gramme may need to develop initial capacities to carry out programme planning and management or even to carry out initial capacity assess-ments to determine whether a programme may be viable. In all cases, emphasis would be given to *utilising existing capacities* and to devel-oping new capacities only where they are needed. More on this is dis-cussed later.

2.5 CAPACITY AND MANAGEMENT OF CHANGE

The notion of capacity is inextricably linked to change and the manage-ment of change at the systems, entity and individual levels. Increasingly, broader capacity initiatives and other types of programmes address *transformational change* (e.g., in such programmes as those dealing with governance, decentralisation, public sector reform, etc.). This is contrasted with programmes that address gradual or incremental change. There are no hard and fast rules to classify an envisaged programme as one of either transformational or incremental change. In simple terms, if an envisaged future situation is seen to be *very* different from the way it is today (at all levels), then the capacity initiative is likely one of trans-formational change.

This can be seen graphically in Figure 8. A capacity initia-tive which may require lim-ited change within only one or two entities may be seen as one of incremental change (lower left hand quadrant). As capacity initiative impacts and change affect greater numbers of individuals and greater numbers of entities, then the initiative becomes more transformational. This also applies to the dimensions of capacity within individuals and entities—the more that are impacted, the greater the transformational nature of the capacity.
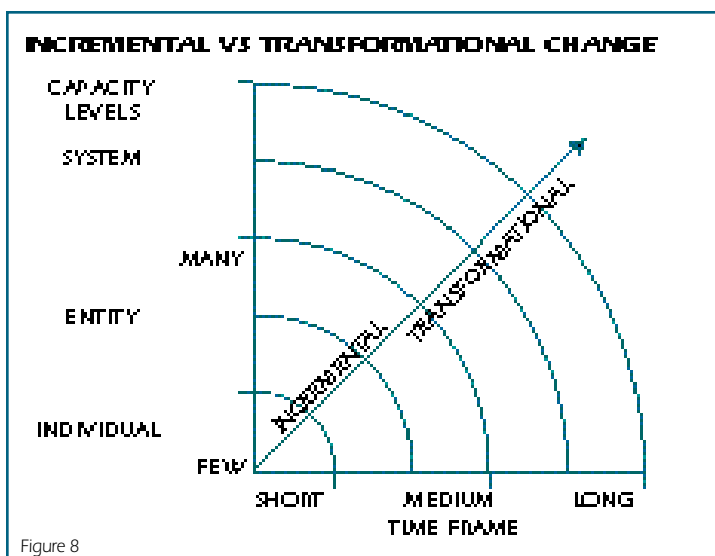

Figure 8

3 GETTING STARTED

Starting a capacity assessment process is not easy. One does not simply jump into such a process without a good reason, without a plan of action and resources, or without an anticipated result in mind.

Typically, a capacity assessment is triggered by a policy direction or decision of some sort: e.g., to improve the delivery of a particular government service; to improve capacity of a local administration; to downsize or reduce the cost of government; to strengthen the legislative processes; to improve the transparency of government decisionmaking; and so on. Such a policy decision or direction can serve as a higher level *programme* objective which would set the broad parameters for the capacity initiative. Usually, such policy statements are based on some prior analysis of a problem or an opportunity. This is particularly true in the case of governance programmes.

There are a few other important questions to which you might want to find answers before proceeding with a capacity initiative.

[1] Who is Involved in the Assessment?

The Stakeholder

A stakeholder is any individual or entity that is involved, directly or indirectly, in any life cycle stage if the programme, including the ultimate beneficiaries. Major groups of stakeholders might include:

▲ "champion" of the programme

▲ strategic manager/decision maker

▲ clients or customers

▲ policy makers

▲ decision makers

▲ implementors

▲ funding organisations

▲ other sponsors, others

Who should be involved in the capacity assessment will depend to a large extent on the current situation of the entity or system. This requires judgement and common sense. Many current strategic, programme management and related methodologies refer to those that are involved in the process as *stakeholders* , although this is a somewhat over-generalised term.   Other terms often used interchangeably, include actors, players, participants, beneficiaries, and clients, among others.

A *stakeholder analysis* could be carried out to determine precisely who is/should be involved, the nature of their involvement (role, responsibilities, accountabilities; direct or indirect involvement), and magnitude of involvement (e.g., full or part-time, specific activities only). There are a number of techniques, tools and methods which can support the stakeholder analysis, and individual circumstances will dictate which would be the most effective. For example, some tools include surveys, workshops and conferences, and direct consultation. Care must be taken not to cover so large a "stakeholder" group that the capacity process gets bogged down.

For example, while an envisaged capacity development initiative on governance might eventually include virtually everyone in the "system" (individuals, groups, formal entities), only a very few need be involved in capacity assessments in the initial policy/concept development stages. How stakeholders are to be involved is another key area to be addressed. For example, key stakeholders may be represented through formal management/steering committees. Others may be represented through advisory or consultative councils/boards, surveys, workshops and conferences. These points are addressed in later chapters.

[2] What Factors Are Critical to Success?

A second question to ask is what will determine the success of the capacity assessment, and subsequent capacity development initiative. The following list of success factors is based on extensive UNDP and other international experience in development programmes, technical cooperation, and capacity development.

> **Questions to Help Identify Stakeholders**
>
> **Who makes/influences policy and decisions?**
>
> **Who would "champion" the capacity initiative?**
>
> **Who could provide financial and technical resources?**
>
> **Who would be impacted?**
>
> **Who are the direct/indirect beneficiaries?**
>
> **Who with no "voice" needs special attention?**
>
> **Who are the representatives of those impacted?**
>
> **Who is likely to support or oppose the initiative?**
>
> **Who is responsible for implementation?**
>
> **What political forces are there?**

▲ *Visible Leadership:* meaningful commitment and *ownership* (and *"political will"*) at the political and senior bureaucratic levels, sustained throughout the process.

▲ *Organisation-wide and Participative:* highly consultative, with meaningful involvement of all impacted parties or stakeholders.

▲ *Open and Transparent:* the process itself is open, with no hidden agendas, and decisionmaking is transparent. In some situations, external consultants may help facilitate this process and assure independence and objectivity.

▲ *Awareness and Understanding:* all impacted parties/stakeholders are aware of and understand the development or capacity initiative, the implied changes and capacity needs; requires strong internal and external communications; public relations.

▲ *General Buy-in and Acceptance:* understanding generates buy-in and acceptance; critical mass of commitment; resistance is managed.

▲ *Appropriate Methodologies:* for programme and project management; tools and techniques; adapted to the local situation and needs; measures of performance established (results, outputs, outcomes); allowance for early successes and pilots, ongoing monitoring and evaluation.

▲ *Clear Set of Objectives and Priorities:* built into project/programme plans; incremental and phased; available resources appropriate to workload.

▲ *Clear Management Accountabilities:* transparent processes and decisionmaking; open dialogues; explicit responsibilities and accountabilities set.

▲ *Sufficient Time and Resources:* committed availability of financial, information and human resources to plan, develop, implement the capacity initiative; strong managerial resources.

[3] What Sorts of Situations Call for Starting a Capacity Assessment?

Finally, it is useful to determine the current status of an entity/organisation, or a system as a whole, in terms of its "Current Strategic Management Situation." These situations are defined by the extent to which *core capacities* are in evidence (as, for example, developed by DAC—please see footnote on page 6). The table on the following page provides some guidance on the status or state of core management capacities at the systems/entity levels.

The nature and level of detail of an assessment will vary according to the current situation of the entity or system. For example, capacity assessments will be far more critical and very much different for a system/entity under Situation 1 than for a system/entity under Situation 4. Hence, it will be very important to know the current situation before embarking on a capacity assessment process. This can be done through a quick "situation assessment" or similar analysis. This is addressed in the next chapter: "*Where We Are Now.*" The important thing to remember is that capacity assessments can and should be carried out on a continuous or ongoing basis. The nature of the assessment depends on the situation of the organisation, and the status of its core strategic management capacities.

CURRENT SITUATION	DESCRIPTION
1 No Strategic Core Management Capacity	This is a typical situation for many organisations, and for the most "systems" situations. There is no established strategic or long range plan, no agreed vision of the future or sense of mission, and most of the core strategic management capacities are absent or weak at the systems and/or entity levels.
2 A General Management Strategy Has Been Formulated	Many organisations are at the initial stages of developing core strategic management capacities. There exists a preliminary or high level strategic plan, but the core capacities to implement are absent or weak at the system and/or entity levels.
3 A Management Strategy Is Being Implemented	A detailed strategic management plan has been accepted and is in the process of being implemented. All of the core strategic management capacities have been, or are in the process of being put in place at all levels within the system.
4 Full Strategic Management Capacity Achieved	All core strategic management capacities are in place. The organisation (or system) may be seen as a fully sustaining operation. Strategic management is an ongoing activity at all levels and across all dimensions.

PART II

USING THE CAPACITY GUIDELINES

Part II identifies and discusses an optional and flexible range of tools, techniques and approaches for assessing and developing capacities at various entry points discussed in **Part I**. The Strategic Management Framework is adapted so that complex issues of capacity can be addressed in a comprehensive systems, integrative and logical manner.

PART - I -

1 INTRODUCTION
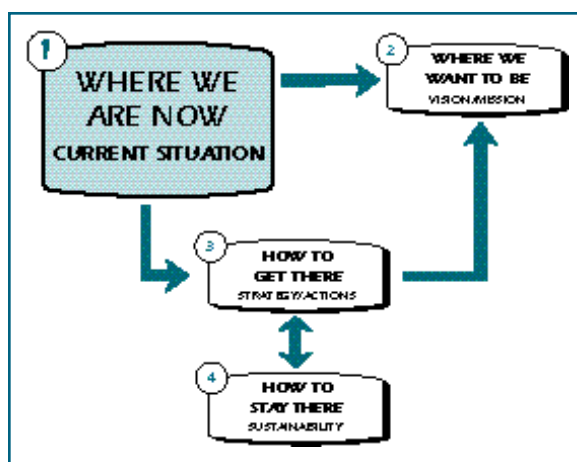
2 BASIC DEFINITIONS AND CONCEPTS

3 GETTING STARTED

PART - II -

4 **WHERE WE ARE NOW**

5 **WHERE WE WANT TO BE**

6 **HOW TO GET THERE**

7 **HOW TO STAY THERE**

PART - III -

8 CAPACITY AND THE UNDP PROGRAMME APPROACH

4.1 THE CURRENT SITUATION

This chapter discusses the types of capacity assessments that can be undertaken. Such assessments may be carried out as a project in its own right and can be done by an organisation, with or without support from the UNDP or other donors.

The scope and types of analysis that would be applied to assessing capacities depends on the type of development initiative and where it is in its strategic management stage. For example, a need may have been identified to strengthen the administrative capacity of a local government such that it might deliver services (e.g., health) more cost-effectively, and closer to the recipients of the services. While the prime focus of attention might be at this "entity level," one would *zoom-out* to examine the dimensions of capacity of the broader system within which the local government entity is operating. The broader system in this case might be the local and higher levels of government (subsystems within the government "system") and the local community. One would then *zoom-in* to examine the dimensions of capacity within the government entity targeted for service delivery.

THIS CHAPTER identifies and briefly describes some common tools and optional assessments that might be carried out at the systems, entity and individual levels. The entry point for the assessment may be at the systems or the entity level, although here we will start with a systems level assessment, then zoom-in to the entity level. Annex 2 contains a more detailed description of the analytical techniques, tools and methodologies.

The current situation (of the system, of the local entity) may be one where there are very limited strategic management capacities, or some elements of strategic management may be in place. It will be important to identify such capacities when assessing the current situation.

Determining where we are now is basically a situation assessment or scoping exercise to place parameters around the envisaged initiative such that it can be further developed (e.g., such as for programme or project formulation, where a donor might be involved). It is clear that there exists a diverse range of analytical techniques and methodologies that can be applied to assess capacities of the various dimensions at each of the three levels (as discussed in **Part II**), and there simply cannot be a "*one-size-fits-all*" set of guidelines to cover the extremely diverse range of possibilities. Common sense and experience must combine with available resources in order to select and adapt the most appropriate methods and techniques to meet the needs of each specific situation.

4.2 THE SYSTEM LEVEL

[1] A Model for Carrying Out the Assessment
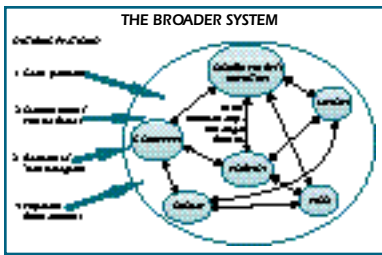
THE BROADER SYSTEM

Many examples could serve to demonstrate the need for a systems level capacity assessment and how to go about it. Perhaps the example of strengthening service delivery capacity in a local level of government is just as good as any other. In this example, the effectiveness of developing sustainable capacities at the local, entity level would depend to a very large extent on capacities in the broader system within which local government service delivery would function. This broader system would include the beneficiaries or clients of the service, the role and relationships with higher levels of government (e.g., on issues of budgeting, taxation, legislation, regulation, socioeconomic policies), relationships with local non-governmental organisations and businesses, and so on.

Depending on the particular context, an envisaged capacity initiative might imply a complex set of changes from what exists today to what is required in the future. The example of strengthened service delivery at a local level of government points to a series of complex changes at all levels: systems, entity (actually, multiple entities, and individuals). Figure 9 is a variation of a popular graphic representation of a *para-digm shift* from an existing, central way of service delivery to one of decentralised, local delivery. From this simple chart, it can be seen that capacities at different levels would need to be examined closely.
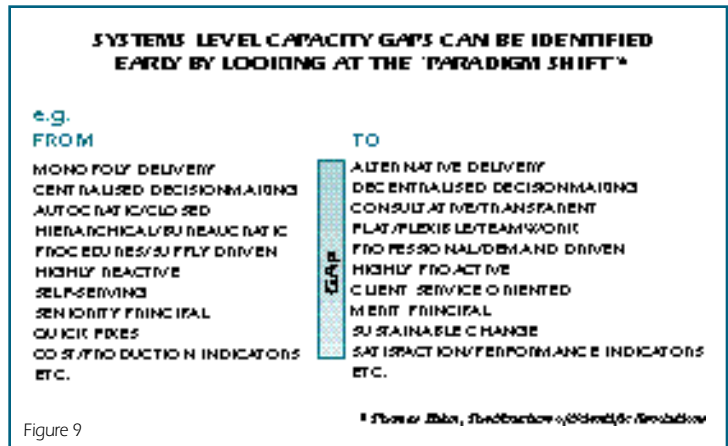

Figure 9

Assessments are particularly important for identifying and getting some measure of the magnitude of the *capacity gaps*. The gaps, usually expressed as a *weakness*, may apply to one or more *dimensions*. In any situation, and especially those where the current situation is one of deficient strategic management (as described on page 6). Capacities need to be assessed from two perspectives: some *preliminary* estimate of required *future* capacities across each dimension; and an assessment of the *existing* capacities in each of these dimensions. The comparison of information or metrics developed from these assessments will give an indication of which dimensions need attention and the extent of capacity *gaps* that would need to be filled.

Figure 10-a

ASSESSING CAPACITY AT THE SYSTEMS LEVEL
(AND PRELIMINARY ASSESSMENT OF CAPACITY GAPS)

DIMENSION OF CAPACITY	1 EXISTING CAPACITY	2 POSSIBLE FUTURE CAPACITY	3 ESTIMATED CAPACITY GAP	4 POSSIBLE STRATEGIES
1 POLICY FRAMEWORK	✔			
2 LEGAL AND REGULATORY FRAMEWORK	✔			
3 MANAGEMENT ACCOUNTABILITY FRAMEWORK	✔			
4 SYSTEMS LEVEL RESOURCES	✔			
5 PROCESSES AND RELATIONSHIPS	✔			

Let's use Figure 10-a as a simple guide for a systems level capacity assessment. Such a guide will help you to ensure that all dimensions are covered and that information is generated on the gaps to be filled. The rows represent the five dimensions of capacity at the systems level (discussed on page 8). The columns indicate the information to be generated from the assessment.

In most situations, an assessment will generate good information on existing capacities (column 1). However, it may still be too early in the process to generate detailed information on needed capacities in the future since we have not yet done a detailed analysis of what the future situation might be. This uncertainty is denoted by the "grey" in columns 2-4. At least some general information can be generated on possible future capacities that may be needed to support the policy direction. These "grey areas" will become clearer as we carry out more detailed analyses of *"where we want to be"* in the next chapters.

To illustrate this, using our health service delivery example, an assessment of the current capacity dimension, say, on *"management accountability framework "* (row 3) might reveal that all current decision making for health service delivery is being carried out at the central level of government (ministry of health). The assessment may show that these existing capacities are documented in legislation, regulation, position descriptions, organisational structures, financial authorities and the like. A preliminary assessment of possible future needed capacities (column 2), based on the policy direction of decentralisation, might imply the need for delegation of authority and empowerment at the local level.

Note: For smaller capacity initiatives, it might be possible to generate all required information noted in Figure 10-a in a relatively short period of time, or during the assessment itself. For example, a capacity initiative which is fairly narrowly focussed on a single entity might determine existing and future capacities, the gaps, and strategies on how to close the gaps in a series of a few planning workshops and supporting analysis. Once the scope of the capacity initiative is better understood, then action plans can be developed to carry out the required assessments.

Initial estimates of the *capacity gaps* might show that changes would be needed in existing management accountabilities at both the central and local levels (e.g., in legislation, regulation, position descriptions, financial authorities, etc.). In this example, a capacity gap may be described simply in terms of a potential *weakness* in the systems dimension of capacity dealing with accountability—an area which would need to be strengthened. These could then be translated into preliminary alternative strategies for strengthening these capacities (denoted in column 4). Again, the grey denotes that the information generated at this stage may be quite preliminary, but enough information may be collected to allow for a general impact assessment of the policy direction.

The information at this stage could also enable you to develop a preliminary "*Hierarchy of Objectives* " which could be used as a basis for discussions in the preparation of a programme or project document. This would help flesh out Column 4 in Figure 10-a. An example of this is presented in the following box where some of the objectives and outputs might be identified at the systems, entity and individual levels. This will need further refinement, but it is important to begin to identify objectives. Each output may be seen as a strengthened or developed capacity, and each output would be supported by a set of activities. We will build on this example in later sections.

Chart 1-a: Hierarchy of Objectives—An Example

TITLE: To Decentralise Service Delivery Planning to the Local Level

SYSTEM LEVEL
Objective 1.0   **To amend health standards according to local conditions**
   Output 1.1   New health service delivery standards
Objective 2.0   **To rationalise the central/local budgetary and revenue systems**
   Output 2.1   Amended central budget law
Objective 3.0   **etc.**

ENTITY LEVEL (to be developed)

INDIVIDUAL LEVEL (to be developed)

It is important to ensure that capacity assessments in each dimension are integrated with or related to capacities at other dimensions (signified by the vertical arrow in Figure 10-a). This often reveals logical inconsistencies and paradoxes in many systems. In our example, the policy direction for the new (health) service may indicate a high degree of decentralisation and delegation, yet the existing legislative framework may specify a high degree of centralisation. Analysis may reveal a disproportionate allocation of financial and human resources at the central level, yet the policy direction may indicate the need for a greater concentration of such resources at the local level. Hence, for this small example, it can be seen that capacities would need to be adjusted at the system level in order to achieve sustainable local level capacities for service delivery.

[2] Approaches to Systems Level Capacity Assessments

A number of optional approaches to carrying out systems level capacity assessments are identified here and described in more detail in Annex 2. These are not meant to be mutually exclusive—any one *or a combination of* such analyses can be carried out in order to generate the information needed for decisionmaking to support a major capacity initiative. As each systems situation is different, considerable judgement must be applied in deciding which type of assessment tool should be selected and how it should be adapted. Availability and quality of local resources should be taken into account to ensure that the analyses can, as a by-product, help strengthen local capacities.

▲ *Systems "SWOT" or Policy Framework Assessment:* can be adapted to produce a description of the existing policy framework of the system (in terms of existing strengths and weaknesses, opportunities and threats). This may be done according to the major factors operating on the system: socio-political, government/public sector, economic/technological, and physical environmental factors.

▲ *Performance Assessment:* which focuses on determining the overall scope, performance and boundaries of the system, and its current performance (outputs, outcomes, purpose). This describes: the major entities and stakeholders; issues and needs; the major linkages to development priorities; and other performance characteristics of the system.

▲ *Legal/Regulatory Assessment:* which examines the set of formal and informal "rules," which most often take the form of laws, legislation, decrees, standards, regulations or any other type of rule or instrument that dictates how the system functions.

▲ *Accountability Framework (Stakeholder) Assessment:* which could be used to identify the key players or stakeholders within the system who are accountable, directly or indirectly, for managing/developing capacities in the system such that its purpose is achieved. Inter-relationships amongst entities should be carefully examined.

▲ *The Programme Review Approach:* an adaptation of the "Quality of Service" model where government entities supported by external management advisors are able to carry out a comprehensive assessment of their systems environments and answer some fundamental questions on their role.

▲ *Network/Information Flows Assessment:* used to identify and analyse the inter-relationships and main processes amongst the entities within the system.

▲ *Risk Assessment:* used to acquire an understanding of complex situations, especially for new development initiatives (or major capacity programmes) which are felt to have inherent risks.

▲ *Cost/Benefit Assessment:* used to support proposals for new initiatives which have a major cost, investment or resourcing impact.

4.3 THE ENTITY LEVEL

Entity level capacity assessments are by far the most common, and most important, types of assessments. Indeed, most technical assistance takes the form of capacity development at the entity level. The more important the entity (or stakeholder) in the system, the greater the level of importance that is attached to the assessment. There are many proprietary and conventionally accepted methodologies and techniques to carry out capacity assessments at each of the dimensions within a specific entity, whether the entity is a large
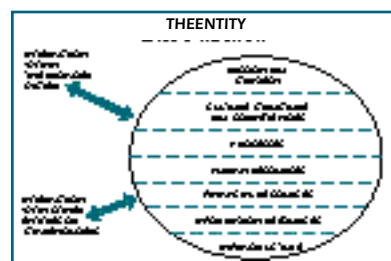
formal organisation (such as a government or department within a government), or an informal organisation (such as a community based organisation). The discipline of management consulting is based to a very large extent on capacity assessments and capacity development at the system and entity level.

It is certainly beyond the scope of these guidelines to cover these various methodologies and techniques. What is important is that all dimensions of capacity will need to be addressed, although some dimensions will invariably be more important than others. This type of analysis will help decision makers set priorities for subsequent capacity development, and to channel resources accordingly. Similar to the assessments carried out at the systems level, information generated from entity level assessments should include, at a minimum, assessments of existing and likely future capacity needs in each of the major dimensions.

▲ *Mission, vision and direction(s)* of the entity, *priorities* and longer term *objectives*.

▲ *Performance* measures, clients/customers, success factors, service demands (and corresponding gaps).

▲ *Structuring* or organisational options, core *competencies*, and organisational *culture*.

▲ *Functions and Processes* (productivity and efficiency levels), service delivery, etc.

▲ *Management* of human resources, including addressing issues of motivation, performance, incentives and compensation.

▲ *Financial* management, cost performance, revenue generation, expenditure control and budgeting.

▲ *Information* management, *telecommunications* and other *infra-structure* needs.

Figure 11-a presents a matrix, similar to the one used for the systems level, that might be used to assess capacities across the entity dimensions and to generate early information on the gaps that might need to be filled. Capacity assessments at the entity level can be at a *general* or *comprehensive level* (covering all dimensions of capacity, as listed in the 8 rows of Figure 11-a) or they can be carried out at a *specific* level (one or two dimensions of capacity).

ASSESSING CAPACITY AT THE ENTITY LEVEL
(AND PRELIMINARY ASSESSMENT OF CAPACITY GAPS)

DIMENSION OF CAPACITY	1 CURRENT CAPACITY	2 POSSIBLE FUTURE CAPACITY	3 ESTIMATED CAPACITY GAP	4 POSSIBLE STRATEGIES
1 STRATEGIC MANAGEMENT	✔			
2 CULTURE/STRUCTURE	✔			
3 PROCESSES	✔			
4 HUMAN RESOURCES	✔			
5 FINANCIAL RESOURCES	✔			
6 INFORMATION RESOURCES	✔			
7 INFRASTRUCTURE	✔			
8 INTER-RELATIONSHIPS	✔			

Figure 11-a

There exists a good range of established management consulting, evaluation and audit approaches to carrying out both types of assessments (e.g., management audit/review, systems analysis, business re-engineering, strategic planning, operational review, and so on). It is these sorts of approaches that would be most appropriate, to be carefully selected and adapted to the specific capacity assessment needs of the target entity(ies). Many of these approaches also emphasise the importance of internal processes and systems, and link them with the larger and wider systems in which these entities function.

The extent and level of analysis for any one or combination of dimensions (noted in the box at left, and described in more detail in Annex 2) within the entity would be a function of perceived priority and available resources. Care would need to be taken to ensure that such analyses do not become ends in themselves (paralysis through analysis), but are done at a sufficient level of detail and according to a timeline that generates results within a reasonable time frame.

Finally, preliminary strategies can be built for the entity to address the identified capacity gaps. We can build on our example to show how this might be done, as follows. (See Chart 1-b.)

Chart 1-b: Hierarchy of Objectives—An Example

TITLE: To Decentralise Service Delivery Planning to the Local Level

SYSTEM LEVEL

Objective 1.0   **To amend health standards according to local conditions**
   Output 1.1   New health service delivery standards
Objective 2.0   **To rationalise the central/local budgetary and revenue systems**
   Output 2.1   Amended central budget law
Objective 3.0   **etc.**

ENTITY LEVEL

Objective 1.0   **To improve planning of local service delivery**
   Output 1.1   Local service delivery planning unit set up
   Output 1.2   Service delivery planning and forecasting system implemented
   Output 1.3   etc.
Objective 2.0   **etc.**

INDIVIDUAL LEVEL (see Subsection 4.4, page 27)

Objective 1.0   **Trained staff within the local planning unit**
   Output 1.1   Training strategy and plan
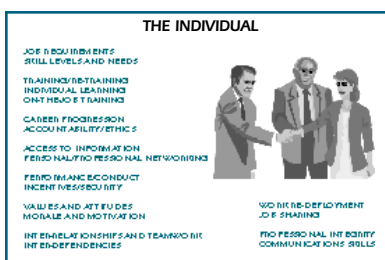   Output 1.2   Trained staff
   Output 1.3   Completed study tours
   Output 1.4   etc.

You may also find Annex 5 helpful as it presents a case example of a "hierarchy of objectives" for a governance and public administration reform programme.

4.4 THE INDIVIDUAL LEVEL

Capacity assessments at the individual level are typically not carried out in detail until the time of implementation planning for capacity development initiatives. However, capacity assessments of selected individuals within key target entities may be carried out in preliminary strategic management life-cycle stages in order to support implementation planning.

There are numerous and complex dimensions of capacity at the individual level. Some individual dimensions of capacity are common to all classes of individual (e.g., initiative, judgement, professionalism), while others are unique to other classes (e.g., leadership skills for executives). The box at right provides an indication of some of the areas where individual capacity assessments can be carried out.

Capacity assessments may be carried out within a broader community of key individuals who have some control, power or influence over the envisaged capacity initiative. These assessments can determine the level of awareness, understanding and acceptance of the envisaged capacity initiative or other type of programme, with a view that capacity development might be directed to creating a critical mass of individuals who are committed and supportive.

Potential Areas of Assessment

▲ **Job requirements & skill levels**

▲ **Training/retraining**

▲ **Learning & on-the-job training**

▲ **Career progression**

▲ **Accountability/ethics**

▲ **Access to information**

▲ **Personal/professional networking**

▲ **Performance/conduct**

▲ **Incentives/security**

▲ **Values, integrity and attitudes**

▲ **Morale and motivation**

▲ **Work redeployment & job sharing**

▲ **Inter-relationships and teamwork**

▲ **Interdependencies**

▲ **Communications skills**

Depending on the specific initiative, there may be different groups or categories of individuals who will be involved in the process and for whom capacity assessments should be carried out. As noted in **Part I**, these assessments would examine the particular requirements of the individual (perhaps as defined in a position description or post, or some other project team structure), and the existing skills/knowledge/experience levels. The values, attitudes and ethics of the individual (which may be governed by a regulatory or certification

entity) would also be assessed—through testing, consultation, interviewing. The level of inter-relationship between the individual and other targeted individuals could be assessed to determine willingness to work in a team environment—interpersonal and presentation skills, communications skills—all important capacities.

The combined outputs of capacity assessments at the stage "*Where We Are Now*" should provide a solid indication of future directions at the systems, entity and individual levels, and these should be reviewed, discussed and debated in various forums. These take the form of preliminary statements of direction, priority, and longer term objectives—all of which respond to the identified needs. They form the basis upon which Stage 2 (*where we want to be*) assessments are made.

5.1 WHAT WILL THE FUTURE BE?

Defining a future situation involves a lot more than star-gazing or looking into a crystal ball. In fact, defining future situations in the context of a development programme lies somewhere between art and science. Most organisations have gone through planning activities which try to point to the future. In the past, planning for the longer term or the distant future (beyond 5 years) was very much guess-work and speculation. Today, however, there exists a good body of methodology, technique and practice which gives planning for the longer term a stabler and more realistic footing.
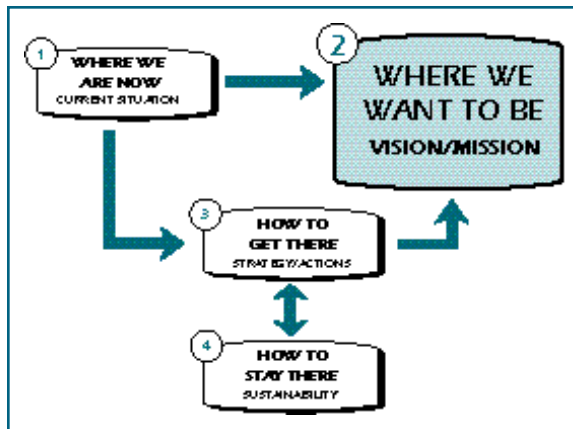
A special type of capacity assessment can concentrate on defining future directions and future needs, allowing practitioners to better measure capacity gaps. Assessments at this stage correspond to the second stage of the strategic management life cycle. The intent is to develop a reasonable definition of the "future" as envisaged by a capacity initiative (e.g., in the context of a development programme) and to secure all the necessary *decisions* and *approvals* to proceed to implementation. Capacity assessments at this stage are not quite so critical to the overall process since the primary supporting activities are planning in nature.

It is at this stage of the strategic management life cycle that more precise capacity assessments can be made and where a programme might begin to be formulated. This stage represents the beginning of serious implementation planning, where political commitment will most likely be made to go ahead with a capacity development initiative.

5.2 FUTURE AT THE SYSTEM LEVEL
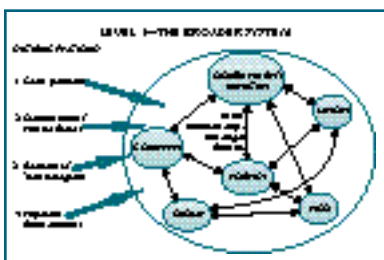
The future enabling environment or system situation can be defined in terms of longer term objectives/ goals, outcomes in terms of what the situation will eventually be like, and some sort of "vision." There will be new and different ways to measure performance. A planning assessment of the "future" would generate detailed information for each of the five dimensions, as follows:

THIS CHAPTER presents some approaches that might be taken to determine future situations at the systems, entity and individual levels. Clearer understandings of future situations will allow you to determine capacity needs. When these are then compared to existing capacities, the capacity gaps can be more precisely identified and measured. This information supports the decisionmaking processes, and helps move an overall capacity development process towards implementation.

▲ *Vision* of the future system that the capacity initiative, if successfully implemented, will cause. This would be a high level narrative description embodying the longer term *objectives* and *policy framework* of the system and its priorities.

▲ Detailed description of the enabling *legal/regulatory* environment within which the capacities would be developed and sustainable (new/reformed rules of the system).

▲ Specification of the *management/accountability framework* (new/different entities or stakeholders responsible for aspects of management) e.g., initiative design, management and implementation, coordination, monitoring and evaluation—plus other key stakeholders and their roles, and the nature of inter-relationships and interdependencies.

▲ Firmer estimate of the *resources* (human, financial, information) that are available or may be available within the system to implement the capacity initiative, and where they come from.

As noted in **Part I**, systems can have a purpose and operate according to rules and processes. There exist some differences of opinion as to whether objectives can be set for the system per se. To be sure, objectives can be set for a capacity initiative at the systems level and for the entities within the system. It is at the entity level—and individuals within the entity—where objectives, implementation plans, change and capacity development are targeted. The cumulative effect of planned and managed change at the entity level effects positive changes in capacities at the system level, rendering the system more functional according to its purpose, its rules, its processes and overall "entropy."

In attempting to describe a future system, some initial key considerations need to be made. First, the need to get some sense of the future depends very much on the nature of the envisaged capacity initiative itself and whether it involves a gradual or **incremental** change from the present situation or whether it points to a **transformational** change. If the future is one resulting from gradual change then the future could be defined basically in the same terms as the present or of improvements to capacities in the current situation—things won't be so much different as they will be better. However, if the direction is toward a transformational change, then things in the future will be very much different from the way they are now and also, presumably, much better.

Second, defining the future depends on the time-scales involved. For example, an initiative of incremental capacity development and change may be implemented and readily measurable usually over a relatively short time period—say, 5 to 10 years. As illustrated in Figure 8, a capacity development initiative of cross-sectorial and transformational changes in capacities involving many entities on the other hand usually takes much longer—typically a generation or two (in excess of 15–20 years). A major error in many capacity initiatives which embody transformational change is to implement according to short and unrealistic timeframes (often linked to the funding, budgeting or lending cycles of governments

and/or funding agencies!). Their overall objectives may be sound, but the time to achieve them is unrealistic.

We can use the same model that we used in the preceding chapter (see Figure 10-b). Here, detailed assessments of the future will generate better information on possible future capacities (column 2), which then can be

DIMENSION OF CAPACITY	1 EXISTING CAPACITY	2 FUTURE CAPACITY	3 CAPACITY GAP	4 POSSIBLE STRATEGIES
1 POLICY FRAMEWORK	✔	✔	✔	
2 LEGAL AND REGULATORY FRAMEWORK	✔	✔	✔	
3 MANAGEMENT ACCOUNTABILITY FRAMEWORK	✔	✔	✔	
4 SYSTEMS LEVEL RESOURCES	✔	✔	✔	
5 PROCESSES AND RELATIONSHIPS	✔	✔	✔	

ASSESSING CAPACITY GAPS AT THE SYSTEMS LEVEL

Figure 10-b

used to better assess the capacity gaps (column 3). In terms of analytical technique, future changes in capacities to be brought about can best be described in the form of *scenarios* . Two or more scenarios may be described and evaluated (relative advantages and disadvantages, against a pre-set list of criteria), allowing decision makers to review options. This is a common and popular means of describing in simple, lay-person terms what the end result of a capacity development initiative might be—not the outputs produced, but rather the ultimate outcomes in the form of positive changes to the system as a whole: its performance, the new or different entities within the system and their inter-relationships; the net result on sustainable human development; the net result in human rights and standards of living.

Systems level capacities in the future scenario should first be related to or cast in the context of a socioeconomic or development plan and strategy. It must be consistent with and supportive of the longer term directions of the country. The country's longer term directions may be articulated in the five year development plan, the development platform of the ruling government party, or some other source. Whatever the case may be, there would normally exist some longer-term set of objectives for the country as a whole which would constitute the longer-term policy framework. If no such formal statement or document exists, then the longer-term priorities of the country can usually be gleaned, inferred and deduced from various sources. And if this can't be done, some longer-term planning assumptions might be cast.

Capacities Needed at the *Systems Level*

▲ **Capacities for Strategic Planning (e.g., capacity assessments, market analysis, demand analysis, strategic and programme planning, implementation and fall-back planning, policy research and analysis, policy development)**

▲ **Capacities for Strategic Management (e.g., change management, leadership, team-building, decisionmaking and decision support, consensus building, monitoring and evaluation, education and awareness, communications and public relations)**

▲ **Capacities to Coordinate (e.g., of structural inter-relationships within the system, coordinate with other major programmes, with external funding agencies)**

Once this context is known or assumed, then one important way to describe a future situation resulting from the initiative is to develop a set of higher level "outcomes" and these can be set as higher level performance indicators. Longer term objectives can be developed in an implementation to focus on the creation of these outcomes. The key outcomes define the major directions of capacity development efforts. While these are somewhat general, the key indicators are used to put more specificity to them—to give them more meaning. The set of outcomes and indicators can be presented in a narrative form as well.

The future scenario would then be related back to the assessment of capacities in the current situation—its major deficiencies, dysfunctions, problems, risks, opportunities and so on (please refer to Figure 9). Here, the objective is to link the future with the present—to show that the future scenario will have had in fact addressed the existing prevailing concerns and opportunities, insofar as the scope and parameters of the existing capacities are concerned.

Finally, at this stage of the analysis, the possible strategies for filling the gaps (column 4 in Figure 10-b) can be further refined. Such strategies may take the form of the *hierarchy of objectives* presented in the preceding chapter, but now containing more detail and more accuracy. Such future scenarios can be then further detailed and described to satisfy questions or concerns that may be raised. However, one cannot answer many questions about the future until one gets there! This then points to the need to answer the question *"How to get there?"* This is answered through implementation planning, which is covered in the next chapter.

5.3 FUTURE AT THE ENTITY LEVEL

It may be decided that certain entities within the system will exist in the future, to continue to have a valid, if different role and function. Initial decisions may be made which indicate that other entities will be dissolved, privatised or otherwise removed from the system as a result of implementation. New entities may be introduced.
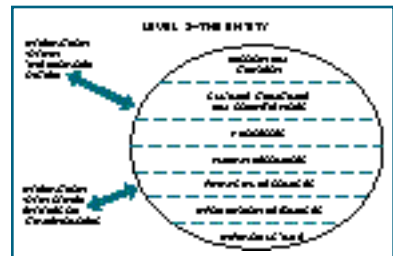
At the entity level, a vision/mission statement and high level strategy may be developed for the entity as a whole, for each major dimension of capacity/change within the entity, for each organisational subunit within the entity, and/or for each major subprogramme (e.g., service or product line). Objectives of each of the internal subunits would of necessity be linked to and supportive of the objectives of the entity as a whole.

The future of a continuing entity can be described along much the same lines as scenario analysis for the system. We can also use the same model which we used for the entity in the last chapter (see Figure 11-b). Here, however, the focus is on the individual entity —whether formal or informal—and the major dimensions of change within it. Assessing the future situation and related capacity needs for the entity for each dimension would include:

DIMENSION OF CAPACITY	1 CURRENT CAPACITY	2 FUTURE CAPACITY	3 CAPACITY GAP	4 POSSIBLE STRATEGIES
1 STRATEGIC MANAGEMENT	✔	✔	✔	
2 CULTURE/STRUCTURE	✔	✔	✔	
3 PROCESSES	✔	✔	✔	
4 HUMAN RESOURCES	✔	✔	✔	
5 FINANCIAL RESOURCES	✔	✔	✔	
6 INFORMATION RESOURCES	✔	✔	✔	
7 INFRASTRUCTURE	✔	✔	✔	
8 INTER-RELATIONSHIPS	✔	✔	✔	

ASSESSING CAPACITY GAPS AT THE ENTITY LEVEL

Figure 11-b

▲ New *mission* , which would define or redefine its role and mandate, and the source of its authority (e.g., new charter or piece of legislation, a regulation); and the longer term *objectives* of the entity, directly related to and supportive of the programme/ systems level objectives.

▲ Indication of the *outcomes* of the entity and new measures of *performance* .

▲ Statement of operational and performance *priorities* over the short, medium and long term.

▲ Possibly an indication of re-*structuring* options in terms of organisational situation and design, possible size and resourcing, and possible new relationships with other entities.

> **Essential Capacities Needed for Informal Organisations and Groups**
>
> ▲ **Organisation** (participatory, inclusive)
>
> ▲ **Planning** (assessment, visioning, priorities and strategies)
>
> ▲ **Processes** (self-management, conflict resolution, consensus building)
>
> ▲ **Human Resources** (e.g., task assignments, resource mobilisation, volunteers)
>
> ▲ **Financial Resources** (e.g., budgeting and accounting)
>
> ▲ **Self Monitoring/Evaluation**

▲ Indication of financing or funding arrangements, optional sources of revenues.

▲ Any other key piece of information about the entity that would help the decisionmaking process in approving the entity's future direction.

Describing possible future scenarios in this way is especially important for those that are envisaged to undergo *transformational* change. The more that these changes can be put in a positive light, the better. As much as possible, descriptions of the future should focus on win-win scenarios.

Where there are bound to be losers in some change situations (e.g., massive lay-offs), then some assurances must be built into the "systems" descriptions as to how the negative consequences will be minimised, or the hard landings made softer. These issues are addressed more directly during the implementation planning and implementation stages, but any advance information on these issues will help the decision making processes.

Informal organisations or groups may require a special set of capacities, as noted in the box. These may be reflected in a different manner where the formal organisation is not quite so critical. UNDP and other potential inputs to support capacity initiatives may be marginal, where the entity relies mostly on local inputs.

5.4 FUTURE AT THE INDIVIDUAL LEVEL

As noted above, considerations of the individual "in the future" are made at the systems and entity level, as well as at the individual level. At the individual level, the thrust is to examine the possible future situations the individual will likely benefit from (since the ultimate objective of such capacity development initiatives should be to improve the lives of individuals).
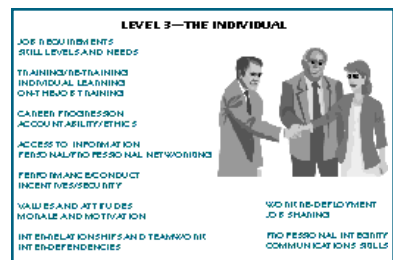
For individuals that are likely to continue to be with the entity that will also continue to exist in the future, and will be part of that entity's change, separate career and development plans can be made for or in collaboration with these individuals, as part of overall human resources plans for the entity. For individuals that are *not* likely to continue with the entity into the future, then separate plans can also be made (workforce adjustment, retraining, redeployment, early retirement).

The important thing here is to put the individual into all planning and discussions of the future scenarios. Success depends on each person being aware, understanding and eventually accepting/buying into the future change.

6 HOW TO GET THERE

6.1 SETTING THE STAGE

The greatest challenge in any capacity initiative is moving from concept to action. The determining success factor in a successful capacity development initiative lies in the development of its implementation strategy and plan—the detailed blueprint or road-map which will successfully move the (system, entity, individual) forward from the present situation to meet the future situation. The implementation plan and supporting actions *close the gaps* between the existing capacities and needed future capacities. This is done through capacity development, and especially the full utilisation of existing capacities, even if it means their redeployment.

Defining *"how to get there"* is the discipline of strategic, long-range or programme planning. It is based on planning for change where especially transformational change is envisaged. And change means for the most part strengthening and developing the varied dimensions of capacities at the systems, entity and individual levels.

The mission and vision—at a system level, at an entity level, at an individual level—defines the *"what."* Implementation strategy and actions define the *"how."* By definition, a *strategy* defines the *means* by which the *what* is achieved. An implementation strategy is linked directly to the mission and consists primarily of detailed plans which are then resourced and implemented, become time-bound actions, and produce measurable results. Figure 12 illustrates the basic distinctions between the *"what"* and *"how"* parts of implementation for a capacity initiative.
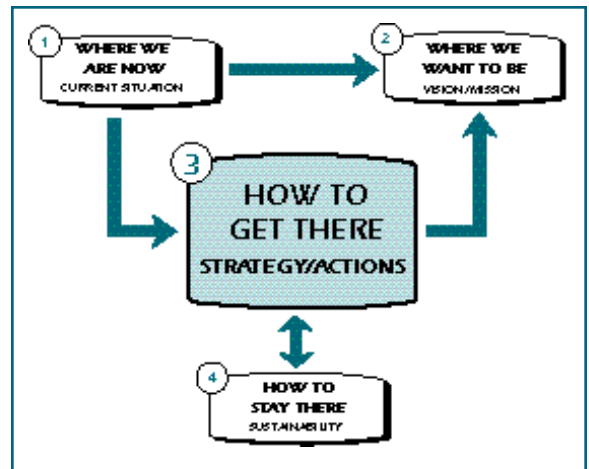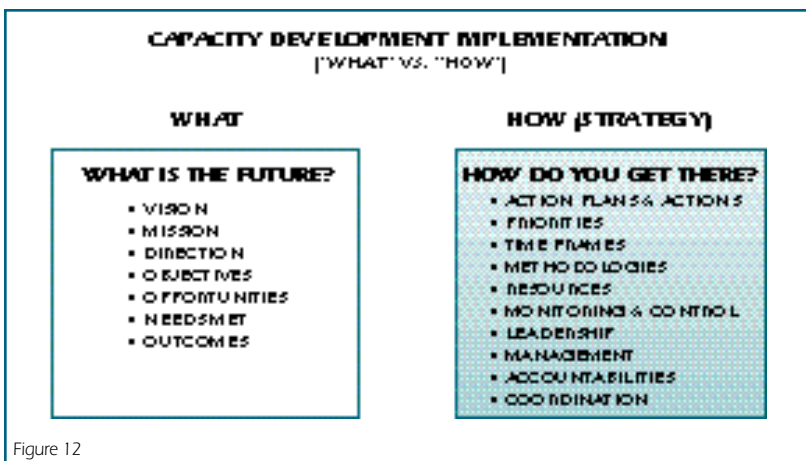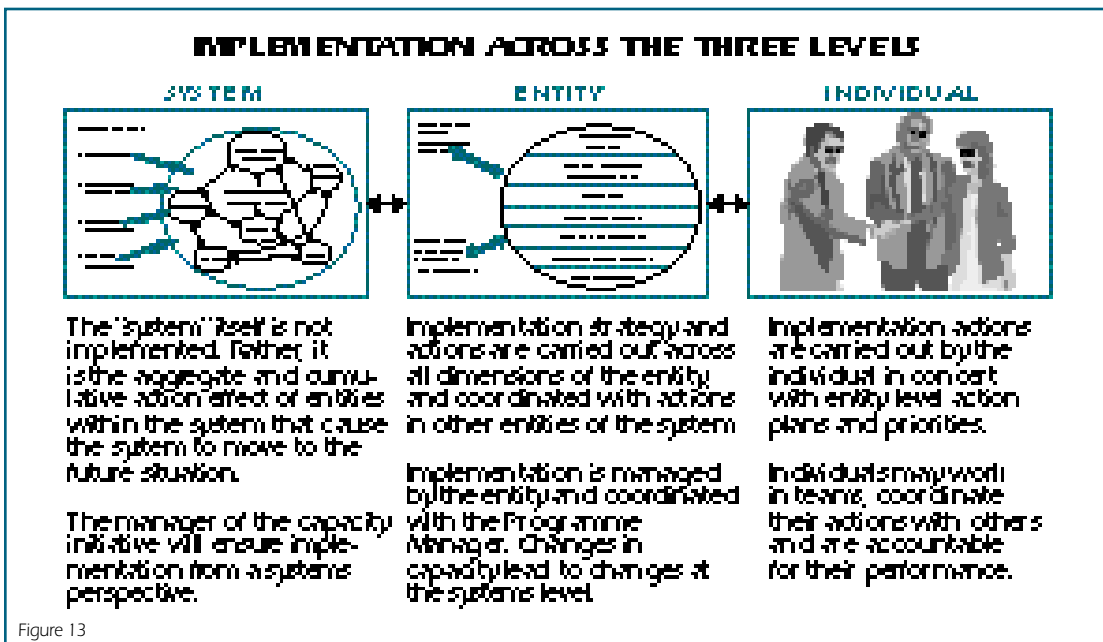

Figure 12

These action plans very much focus on the *detailed assessment* of needs and the development of capacities at all levels in order to achieve the defined objectives. It cannot be said that strategic management focuses exclusively on developing capacities, although this invariably is a major focus. Other actions might address capacity management overheads, mobilizing resources, coordinating programme activity with other programmes, maintaining ongoing liaison and the like.

In Figure 13, change and capacities at the systems level are shown to result from the aggregate or cumulative effect of changes and capacities at the entity and individual levels. It is through the entities and individuals that the rules, processes and purpose of the system will move toward the new future.

IMPLEMENTATION ACROSS THE THREE LEVELS

SYSTEM

The "system" itself is not implemented. Rather, it is the aggregate and cumulative action effect of entities within the system that cause the system to move to the future situation.

The manager of the capacity initiative will ensure implementation from a systems perspective.

ENTITY

Implementation strategy and actions are carried out across all dimensions of the entity and coordinated with actions in other entities of the system.

Implementation is managed by the entity and coordinated with the Programme Manager. Changes in capacity lead to changes at the systems level.

INDIVIDUAL

Implementation actions are carried out by the individual in concert with entity level action plans and priorities.

Individuals may work in teams, coordinate their actions with others and are accountable for their performance.

Figure 13

The action plans for the entity and individual levels at this stage would include the provision of more detailed assessments of capacity *needs* associated with achieving defined objectives. Such needs may have been identified at a general level at an earlier stage of analysis (i.e., as described in the preceding chapters). A major focus of implementation planning, strategy development and action planning is closing the capacity gaps at all levels in a synchronised, coordinated and integrated manner. The principles, concepts and approaches to implementation planning and implementation at the systems and entity levels have much in common.

Implementation and capacity development at the individual level is an integral part of the other two levels. Hence, these three levels do not need to be addressed separately here as they were in the preceding chapters. The emphasis in this chapter is to provide guidelines and suggestions on how to develop successful and pragmatic implementation strategies for capacity initiatives. Many of the points discussed here apply as well to the assessments and approaches discussed in preceding chapters.

6.2 MOVING FROM ASSESSMENT TO DEVELOPMENT AND IMPLEMENTATION

The "champions" or key stakeholders for a proposed capacity initiative usually decide to proceed with implementation once the relative costs and benefits are known. The assessments and analyses discussed in the preceding chapters will have provided that information. It is now time to get on with it. To develop concrete strategies and action plans, then to implement the actions. We can use the model and see that it can now be completed for the system and the entity levels.

Figures 10-c and 11-c show that the analysis for implementation planning concentrates on Column 4—the strategies required to close the identified gaps. There may be a high level strategy for the initiative as a whole (covering the system and entity levels), an overall strategy for the system and each entity, then more operational strategies for each capacity dimension. All these together would lead to developing the needed capacities as well as ensuring their sustainability.

There may be some dimensions of capacity which need no further attention—it may have been assessed that these dimensions are adequate and supportive of the proposed capacity initiative. Other dimensions may need a great deal of attention and resourcing. The various strategies and action plans would need to be linked or integrated in terms of relative priorities, interdependencies and sequence, building toward full implementation on an incremental, step-by-step basis.

At the individual level, separate "actions plans" may be developed which would identify training or retraining, performance incentives, career progression, employment contracts and the like. Again, these would be linked to the strategies and plans of the entities within which these individuals would work, and to the overall system level.

CAPACITY DEVELOPMENT AT THE SYSTEMS LEVEL
(STRATEGY AND IMPLEMENTATION)

DIMENSION OF CAPACITY	1 EXISTING CAPACITY	2 FUTURE CAPACITY	3 CAPACITY GAP	4 STRATEGIES
1 POLICY FRAMEWORK	✔	✔	✔	✔
2 LEGAL AND REGULATORY FRAMEWORK	✔	✔	✔	✔
3 MANAGEMENT ACCOUNTABILITY FRAMEWORK	✔	✔	✔	✔
4 SYSTEMS LEVEL RESOURCES	✔	✔	✔	✔
5 PROCESSES AND RELATIONSHIPS	✔	✔	✔	✔

Figure 10-c

CAPACITY DEVELOPMENT AT THE ENTITY LEVEL
(STRATEGY AND IMPLEMENTATION)

DIMENSION OF CAPACITY	1 CURRENT CAPACITY	2 FUTURE CAPACITY	3 CAPACITY GAP	4 STRATEGIES
1 STRATEGIC MANAGEMENT	✔	✔	✔	✔
2 CULTURE/STRUCTURE	✔	✔	✔	✔
3 PROCESSES	✔	✔	✔	✔
4 HUMAN RESOURCES	✔	✔	✔	✔
5 FINANCIAL RESOURCES	✔	✔	✔	✔
6 INFORMATION RESOURCES	✔	✔	✔	✔
7 INFRASTRUCTURE	✔	✔	✔	✔
8 INTER-RELATIONSHIPS	✔	✔	✔	✔

Figure 11-c

6.3 AN IMPLEMENTATION FRAMEWORK

Most strategic planning methodologies, including those for capacity initiatives, recommend structures and formats for translating strategy into action and implementation. The chart below introduced in Section 4.2, expands on the structure to include some indicative *activities* , which support the production of the indicated outputs. Each output supports the achievement of the indicated objectives. And each objective supports the strengthening or development of capacities—or the closing of capacity gaps that had been identified during earlier assessments.

Chart 1-c: Hierarchy of Objectives—An Example

TITLE: To Decentralise Service Delivery Planning to the Local Level

SYSTEM LEVEL
Objective 1.0   **To amend health standards according to local conditions**
Output 1.1   New health service delivery standards
ACTIVITY 1.1.1   SET-UP A HEALTH SERVICE DELIVERY STANDARDS REVIEW COMMITTEE
ACTIVITY 1.1.2   DEVELOP DRAFT SET OF NEW STANDARDS
ACTIVITY 1.1.3   REVIEW AND APPROVE NEWSTANDARDS
ACTIVITY 1.1.4   ETC.
Objective 2.0   **To rationalise the central/ local budgetary and revenue systems**
Output 2.1   Amended central budget law
Objective 3.0   **etc.**

ENTITY LEVEL
Objective 1.0   **To improve planning of local service delivery**
Output 1.1   Local service delivery planning unit set up
ACTIVITY 1.1.1   DEVELOP BUSINESS/ORGANISATION PLAN FOR NEW UNIT
ACTIVITY 1.1.2   DEVELOP ORGANISATIONAL STRUCTURE AND POSITION DESCRIPTIONS
ACTIVITY 1.1.3   STAFF KEY POSITIONS
ACTIVITY 1.1.4   ETC.
Output 1.2   Service delivery planning and forecasting system implemented
ACTIVITY 1.1.1   DETERMINE REQUIREMENTS FOR NEW SYSTEM
ACTIVITY 1.1.2   IDENTIFY AND EVALUATE ALTERNATIVE SYSTEMS SOLUTIONS
ACTIVITY 1.1.3   ETC.
Output 1.3   etc.
Objective 2.0   **etc.**

INDIVIDUAL LEVEL (see Subsection 4.4, below)
Objective 1.0   **Trained staff within the local planning unit**
Output 1.1   Training strategy and plan
Output 1.2   Trained staff
Output 1.3   Completed study tours
ACTIVITY 1.1.1   DETERMINE REQUIREMENTS FOR STUDY TOUR
ACTIVITY 1.1.2   DESIGN STUDY TOUR, SELECT PARTICIPANTS
ACTIVITY 1.1.3   CONDUCT STUDY TOUR, EVALUATE RESULTS
ACTIVITY 1.1.4   ETC.
Output 1.4   etc.

6.4 SOME IMPORTANT QUESTIONS

Before getting into the detailed implementation planning for a capacity assessment initiative, some key questions will need to be addressed to allow you to plan smarter. The questions which follow are covered in detail in Annex 3.

(1) *Who prepares the implementation strategy?* Not only the implementation strategy, but initial and ongoing capacity assessments should be done by those responsible for acting on them. This ensures ownership and commitment. However, other stakeholders and outside experts/facilitators may be part of an internal team that is charged with carrying out the work.

(2) *What does an implementation strategy look like?* Implementation strategies should be adapted to the needs of each situation. The strategy documents must be readable and prepared in nontechnocratic language. This will enhance the chance of it being understood and accepted.

(3) *How long does it take to develop?* Capacity assessments and implementation strategies can and should be completed within reasonable time-frames (can vary from a few weeks to a few months). Extended time periods usually result in loss of interest and commitment.

(4) *What audience is the strategy document prepared for?* The audience would be similar to the initial stakeholder community. However, different versions of implementation strategies could be prepared for different groups, depending on the nature of the stakeholder relationships.

(5) *Are there other reasons to develop the strategy?* It is the experience of many organisations that the *process* of developing implementation strategies is often more important than the final product. The process helps build ownership, generate buy-in and consensus, mitigate resistance, as well as resolve various internal issues.

(6) *How is the strategy development process started?* The process should be tackled as any project would be tackled: with solid action plans, resourcing, management accountability, timeline and quality targets.

6.5 CHARACTERISTICS OF SUCCESSFUL STRATEGY

Lessons learned in numerous programme implementations, including those heavily oriented towards capacity development and strengthening, have helped managers continuously improve eventual successful and sustainable implementation. In Chapter 3, several factors key to the success of assessment of capacities and the programme approach were identified. This sub-section highlights four areas that are important to the development of implementation strategies for capacity initiatives.

[1] Essential Implementation Design Features

Many capacity development initiatives are complex, with many inter-related elements. If most dimensions of capacity are to be addressed at the systems, entity and individual levels, then great care must be taken to develop a design that works. Successful implementations, where sustainable results can be produced, are: integrated and comprehensive; incremental and modular; feasible and desirable; and utilize existing capacities. Annex 4 discusses the following elements in more detail.

▲ *Integrated and Comprehensive:* implementation strategies must be vertically and horizontally integrated to ensure that there are no overlaps or duplication, that each is linked to the whole. Developing capacities must also be comprehensive, that they address all dimensions of capacity requirements at all levels within the overall system.

▲ *Incremental and Modular:* implementation should be on an incremental basis—step-by-step and capacity development at each level should be modular, where each is linked to the other to form the whole. This is a building block approach.

▲ *Feasible and Desirable:* the capacity initiative must be feasible from a financial, technological and human resource point of view. It should be *desirable* from the individual perspective to allow for a critical mass of understanding, acceptance and commitment.

▲ *Utilize Existing Capacities:* feasibility is enhanced considerably when implementation strategies utilize and build on existing capacities. What has gone on in the past may be useful in building towards a future, rather than "re-inventing" an entire system or entity.

[2] Leadership and Management

Both leadership and management are required to implement the envisaged initiative and to achieve the capacity development and strengthening objectives. For the purposes of a capacity initiative of transformational or major change (and hence, major investments in capacity are required), there is an important distinction between the two. Again, Annex 4 discusses these two elements in more detail, but they can be summarized as follows:

▲ *Leadership:* whether a capacity initiative is national in scope, or focuses at a particular sector or theme, success will depend to a very large extent on *inspirational* aspects. Leadership is a softer quality, and helps focus effort and attention on what needs to be done, on the setting of longer term objectives and priorities according to a set *vision*.

▲ *Management:* on the other hand focuses on the *practical* aspects, and ensures that the right *processes* are put in place and work toward the desired outcome, that the right *resources* are brought together and are deployed efficiently and effectively, and that performance/results/outputs are monitored and evaluated.

[3] Managing Resistance

An often overlooked aspect of capacity and the ability of a capacity development initiative to succeed is resistance—resistance to change. There must exist capacities within organisations responsible for the initiative to anticipate resistance, to identify and measure its extent, and then to introduce mitigation measures.

▲ *Resistance to Change:* resistance can arise simply from the power of the status quo, the fear of the unknown, and other reasons, but generally results in no sense of ownership or personal gain, or there is a fear of loss. Any form of change can result in manifestations of resistance at the individual and organisational levels.

▲ *Managing Resistance:* building ownership, education and awareness efforts, specially targeted to those individuals, groups, communities that are felt to be specially resistant, can help overcome resistance. Other approaches include fostering win-win scenarios, active participation in capacity development and related implementation processes, among other measures.

[4] Setting the Right Time Horizons

The time needed to implement a capacity development initiative to achieve its objectives and meet targets is often a lot longer than managers and planners initially think. The time required is directly related to the complexity of the system within which the capacity initiative is to operate, the magnitude of the envisaged changes, and correspondingly the magnitude of capacity development and the resources that are available. The more successful initiatives build in capacities to produce early results, to mount fast-track or accelerated subprojects. This helps maintain momentum and support, and early successes (and failures) generate valuable lessons which can be fed-back into the planning and redesign cycles.

In concluding this chapter, it might be noted that larger, more complex and cross-sectoral capacity development initiatives take many years to implement. This is especially true in situations where a transformation in culture—values, attitudes, etc. is required on the part of individuals and organisations. Sometimes, it is difficult to state when or if a capacity initiative has been successfully implemented or not, since the objectives will likely change and evolve over time, as factors in the overall system or enabling environment are likely to change.

Hence, achievement can be measured according to the most recent set of approved capacity development initiative objectives and the measures set for its performance. The challenge for managers, the management of all entities within the capacity programme scope and individuals now becomes one of sustaining the change and the associated achieved capacities.

7.1 WHAT HAPPENS NEXT?

A main question to be asked once a capacity initiative has been implemented is: *what happens next?* This is a good question. Some initiatives take on a continuing life of their own, and are institutionalised somewhere within the system, usually in the lead entity. Other initiatives break apart with its constituent pieces rolling into ongoing or routine operations of the various entities that implemented the capacity development changes.

A danger in many situations lies in the over-*bureaucratisation* of the capacity initiative which, as an organisational entity, becomes a permanent fixture of the landscape—it takes on a life of its own, continuing to be dependent on substantial (and invariably, external) resources. As such, it may become resistant to further change and eventually unsustainable. Therefore, an important part of the capacity planning process is to determine how the initiative (its mission, objectives, outcomes) can become sustainable, how it can remain relevant by responding to changes in the system as and when they occur, and how it would no longer need external assistance.

THIS CHAPTER discusses the important considerations of sustainability— what happens after a capacity initiative has been implemented.

This becomes the challenge of *sustaining capacities* at the different levels within the overall system, across the different dimensions within the key entities, and with individuals that will continue to be part of new situation created by the capacity development initiative. A great deal of research has been carried out on this subject, and there is ample literature available in the public domain. This subsection of the guidelines highlights some of the key mechanisms that can be put in place to ensure that the "new situation" and associated capacities can be sustained.

In the discussions that follow, there is not always a very clear line of distinction between the systems and entity levels, or between the entity and individual levels. In fact, in sustaining capacity outcomes and the overall new system or future which has been achieved, it is important to see that the boundaries of systems, entities and individuals overlap considerably. Many of the techniques, methodologies and concepts associated with sustainability are applicable at all levels, although some are more appropriate at one level as opposed to another. However, for the sake of presentation, these are nonetheless grouped according to the perspectives of three levels.

7.2 SUSTAINABILITY: FROM A SYSTEMS PERSPECTIVE

The greatest investments made during the capacity development implementation stage are at primarily the entity and individual levels. If a situation can be achieved whereby entities and individuals can embrace a process of gradual change— enough to keep up to and meet changes within the overall system (or enabling environment), and require only marginal resources that can be generated

- ▲ **Strategic Management and Sustainability**
- ▲ **Governance and Sustainability**
- ▲ **Systems Level Teamwork & Coordination**

from within the system—then it might be said that the system and its constituent entities have become stable and sustainable (a sort of dynamic equilibrium). And in this context, if they are sustainable, they then continue to be relevant, meeting (or supporting the meeting of) goals, the ongoing objectives and its stakeholders, and ultimately sustainable human development.

[1] Strategic Management and Sustainability

Sustainability in a systems context can be assured in the first instance through the institutionalisation of *strategic management* with its supporting capacities at two levels: (1) at a systems level that continues to maintain or update the overall policy framework (e.g., a central agency of government, or a central policy ministry), and (2) at each major entity level within the system. Strategic management is in effect the strategic management life cycle which continues in a dynamic, continuous way, rather than being done every few years.

Many of the activities identified in Chapter 4 would be carried out on a routine basis or as and when circumstances warrant. Assessing the current situation becomes an ongoing activity. Developing, confirming and/or updating vision and mission are also done on an ongoing basis (annually and more frequently if needed). Strategic management at the systems level is in effect the management of systems change. Success depends on:

- ▲ strengthening and sustaining the *participatory* processes; ensuring that all stakeholders within the system are involved, participate or consulted on a regular basis.

- ▲ continuing trends of *decentralisation, deconcentration and devolution*, where the systems services, programmes or outputs are delivered as close as possible to the recipients (clients).

- ▲ continuing trends of *delegation and empowerment* to those responsible for the production and delivery of outputs, services and decisionmaking.

- ▲ maintaining flexible and responsive *legislative and regulatory* environments, that allow entities, rules and relationships to adapt quickly to changing circumstances.

- ▲ strengthening and maintaining the *transparency* and *accountability* of decisionmaking processes at all levels within the system.

▲ ensuring meaningful *access to information* and the sharing of information to as broad a stakeholder community, and other interested parties, as possible.

▲ supporting the placement and cost-effective operation of and access to (tele)*communications networks* and channels.

[2] Governance and Sustainability

For developmental capacity initiatives that are cross-sectoral in nature and which derive from public policy, sustainability depends on sound governance. Dimensions of sound governance include democratic, effective and efficient legislative, judicial and executive processes and institutions. At the executive level, strategic management at a systems level can be ensured through such measures as:

▲ effective linkages and integration between the *executive and legislative* apparatuses of government, which ensures strong linkage across the policy-programme-budgeting-expenditure management functions.

▲ effective *executive decisionmaking* and decision support (e.g., at the cabinet level, or the highest level of programme leadership).

▲ the implementation of *integrated results-oriented budgeting* and financial management systems.

▲ the implementation of *performance management* systems at the aggregate or government level.

▲ the implementation of mechanisms to strengthen *communications* and the *relationships* (processes) between the public and private sectors, and between the government and civil society.

▲ the implementation of policies that ensure *alternative programme* and *services delivery*, involving any combination of government, agency, private sector, partnerships, NGOs, and so on.

All of the measures noted above, plus others, have the net effect of institutionalizing adaptative change and sustainability and continuously developing corresponding capacities at the systems level. This enables the system to respond and adapt to change on a continuous, cost-effective, and non-disruptive basis. All of this at the systems level enhances the sustainability of any capacity initiative which may be part of the system.

[3] Systems Level Teamwork and Coordination

In implementing major capacity initiatives and sustaining their results, it is essential from the outset to entrench two essential elements of successful change. First, the covering decisionmaking and accountability structures and processes must facilitate, not inhibit the development of coordinated responses to complex issues which invariably cross ministry, institutional, geographic and/or sectoral lines. Second, the work culture of the entities involved in the initiative must support an ethic of teamwork which transcends traditional entity or organisational "silos."

Simply put, capacity related decisions which are coordinated across the complex range of interests which are affected will be better decisions. A work culture which instinctively approaches problem-solving as a team challenge will be richer and more productive. Those involved in the decisionmaking processes and who participate in team problem-solving will appreciate the improved quality of their work and their work life. This can and should be done internally within an entity, as well as across multiple entities within the particular system.

It is a simple matter to espouse the virtues of strengthened capacities for coordination and teamwork, another to implement and sustain them. To achieve this over time requires concerted attention to both the formal and informal coordinating mechanisms of the organisation. Formal coordinating mechanisms comprise the structures and processes linked to decisionmaking and management systems at both the entity and at the systems levels. Informal coordinating mechanisms are those aspects of the work culture which entrench an ethic of teamwork at all levels.

Beyond formal systems and processes, a range of informal mechanisms exist which can augment an entity's capacity to problem-solve in a team and coordinated manner. These are reflected in the work culture and occur only where the entity takes the necessary steps to promote teamwork.

▲ *Teamwork:* Fostering an ethic of teamwork is essential during the programme management life-cycle stages (especially during implementation). The pace, scope and complexity of the decisionmaking environment preclude coordination being achieved through structures and processes alone.

▲ *Best Practices:* There are a several "best practices" practiced by team-oriented entities and for multiple entities working together. First, and likely foremost, is leadership by example. The work culture cannot be shaped by edict or directive. If an entity's leadership is seen to be paying lip service to the team approach, then teamwork will not occur at other levels. The commitment must be real and the practice of teamwork evident at the highest levels.

▲ *Incentives and Disincentives:* The way in which entities internally and across the system apply incentives and disincentives, both monetary and non-monetary, illustrates the degree to which teamwork is valued. During the capacity development implementation stage, where there is likely considerable resistance, it is essential to compensate those who implement team problem-solving approaches. Non-monetary incentives also positively affect morale and employee commitment.

▲ *Managerial Style:* In a team environment, managers do not accept solutions which have not taken cross-sectoral or systems related issues into account. Instead, they will work with managers in those affected entities to assemble the necessary systems level problem-solving team. Moreover, managers will encourage their employees to retain these contacts and involve them in future problem-solving efforts.

▲ *Systems Level Networking:* Systems level networking provides another sign of team-orientation. This occurs informally, often on a routine basis, among groups of individuals with related jobs across the entire entity, and for all entities across the system. Networking enriches job experience by tapping into the experience and skills of others.

▲ *Systems Level Mobility:* Mobility across the system also signifies that an ethic of teamwork has evolved. In the traditional structures (e.g., bureaucratic government organisations), employees tend to spend their careers in one or a very few places. Managers actively protect intraentity promotional opportunities by discouraging any attempts to recruit externally. In a team environment, interchange across the silos is routine and is viewed as contributing to the revitalisation of the entity and the system as a whole.

All of the above can be made sustainable over an extended period through good human resources planning and management practices, providing good technological support (access to information, information systems, networks and wider telecommunications infrastructures), and cross-systems communication and consultation.

7.3 SUSTAINABILITY: FROM THE ENTITY PERSPECTIVE

All of the capacity development/strengthening activities discussed throughout these guidelines, if done on a recurring basis, according to an overall strategy and plan, will ensure a relevant and sustainable entity operation. Ongoing activities, especially those dealing with capacity strengthening, become an ongoing activity. At the entity level, this is sometimes referred to as the *"learning organisation."*

This gets back to strategic management at the entity level, and the incorporation of relevant systems and team concepts, as noted above, into the management and organisational culture of the entity. Implementation strategies associated with restructuring the entity (e.g., changing its legal status, delayering, hiving off nonessential functions or units, outsourcing, etc.) go a long way to enhancing the sustainability of the entity. However, recent experiences show also that methodologies and practices associated with *change management* and *performance management* are also particularly successful approaches to sustainability, and these are briefly described below. Additional aspects of sustainability at the entity level are described from the perspective of the individual, later on in this section.

[1] Change Management

Sustainability from the perspective of the entity is enhanced through the entity's capacity to identify and respond to change quickly, efficiently and effectively. Experience has shown that a series of conditions must be present in the entity for this to happen (listed in the box), and this applies to both formal and informal organisations.

Other conditions might apply, and these would be subject to unique or local circumstance, culture and history. Each of the three major categories of staff within the organisation have a role to play in respect of managing change and ensuring sustainability. The role of *senior management* is to identify the changes that need to occur (leadership). These are the individuals that determine where the organisation is going to continuously meet emerging and future needs.

The role of the *middle manager* is to translate the vision of senior management into tangible, attainable objectives that employees can address to deliver while organising work so that the day to day operations continue during the transition. This level of the organisation can often feel squeezed or pulled in different directions. Without information and direction from the top, with the pressure to focus on multiple priorities and the pressures of upset employees, middle managers can feel deserted, blamed or misunderstood.

Employees are charged with attaining the objectives of their supervisors or managers by focusing their efforts on specific tasks or priorities. In order to perform this role, they need certain capacities (as discussed later) plus the meaningful support of management.

Enhancing Sustainable Change

▲ **have employees involved in decision making**

▲ **offer meaningful work**

▲ **allow employees to take responsibility for their work**

▲ **use self managing teams not dependant upon leaders**

▲ **have fewer layers**

▲ **support employees owning certain areas of expertise**

▲ **employees taking responsibility for their development**

▲ **have a focus on human resources as an investment**

▲ **have an atmosphere of mutual respect and trust**

▲ **build existing strengths and dimensions of capacity**

▲ **have a continuous need for learning**

▲ **support a balance between home and work**

▲ **reward superior performance**

▲ **have smaller managerial groups**

▲ **encourage diversity as a creative force**

▲ **encourage entrepreneurialism**

▲ **do not discourage or unduly penalize risk taking**

▲ **are open to internal/external (constructive) criticism**

[2] Performance Based Management

Performance based management is very closely allied with budgeting and expenditure processes of the entity. It obliges the entity and its managers to reorientate their thinking and their management style. Rather than controlling how budgets are spent, senior management of the entity (and external funding agencies of the entity) will indicate what it expects in return for the allocated funding. The emphasis changes from *how* the funds are spent to *why* the funds are spent. Often, many entities

operating within the context of the programme or the system (e.g., various ministries or departments in a government) coordinate their performance and budgeting management systems to a common standard, allowing for sharing of information and integration of programme activities.

Having agreed to a standard of performance, managers must have a greater degree of managerial flexibility in achieving those standards—controls are less rigid. In return for this greater freedom to reallocate resources to achieve the standard of performance required, managers are held accountable both for the level of performance achieved and for the resources expended. This may be fundamental change in management style, in corporate culture, and as such it must be expected that the management system will require an extended settling in period. Typically, the implementation of a performance based management system is a lengthy process, and such systems will have been designed and implemented in entities as part of the implementation stage (e.g., the dimension of "processes" at the entity level).

7.4 SUSTAINABILITY: FROM THE INDIVIDUAL'S PERSPECTIVE

Individuals within entities devote a certain percentage of their time to a continuous process of upgrading skills and learning others. Training and management development become synchronised with the dynamic process of strategic management within the entity and at the higher strategic management level. Many of the items discussed in the preceding apply at the individual level, and do not need to be repeated here. However, some emphasis can be given to the following, which go a long way to sustaining the capacities of the individual to function effectively after implementation:

▲ *Education and Training* (e.g., skills development, retraining, continuous learning, on-the-job training, apprenticeship and mentoring, access to facilities)

▲ *Incentives and Security* (e.g., pensions, rewards, day-care, maternity leave, promotion, recognition)

▲ *Performance and Accountability* (e.g., for results and outputs, performance contracts, individual and managerial accountability)

▲ *Management Development* (e.g., for leadership, executive management)

▲ *Team/Network Environments* (e.g., for team-work based activities, communications, cooperation, morale, support systems, group performance)

▲ *Access to Information* (e.g., getting the information they need, when they need it, having access to facilities such as workstations, telecommunications).

PART III

CAPACITY GUIDELINES AND THE UNDP PROGRAMME APPROACH

Part III is prepared for those who are involved in the programme approach to development initiatives, with special attention to UNDP support to such initiatives. The programme approach is an adaptation of strategic management and addresses issues of capacity.

PART - I -
1	INTRODUCTION
2	BASIC DEFINITIONS AND CONCEPTS
3	GETTING STARTED

PART - II -
4	WHERE WE ARE NOW
5	WHERE WE WANT TO BE
6	HOW TO GET THERE
7	HOW TO STAY THERE

PART - III -
| **8** | **CAPACITY AND THE UNDP PROGRAMME APPROACH** |

THIS CHAPTER discusses capacity in the context of the Programme Approach and the role of the UNDP in supporting development programmes through a Programme Support Document (PSD) and other means.

8.1 THE PROGRAMME APPROACH

These guidelines can be adapted to help governments and other national organisations assess and develop the capacities needed for the management and implementation of *developmental programmes* . The UNDP refers to such programmes as National Programme Frameworks (NPF) and these guidelines may be used in conjunction with the UNDP's *programme approach* . Development programmes, if done right, manifest ownership by those who must implement them, incorporate strategic thinking and produce sustainable results. An assessment of the capacities can go a long way in ensuring that a programme is implementable and workable, and that the right UNDP Programme Support Document can be formulated.

The programme approach allows governments to articulate national priorities and realize sustainable human development objectives through coherent and participatory programme frameworks. It is a logical approach that integrates the processes of macro-, meso- and micro-planning and strategic management of any development effort within a broader systems context. Capacity assessment and development relate directly to the programme approach. The programme approach is an adaptation of strategic management methodologies discussed in **Part II** of these guidelines.

[1] Genesis of the "Programme Approach"

What is common to the programme approach and similar methods of strategic management is their thrust to develop capacities and effect major changes through the definition of measurable objectives (performance, results, outcomes), their long-term outlook, their comprehensive and cross-sectorial nature, and their incremental and integrated manner of implementation.

More significantly, the programme approach is based on thorough assessments of the broader context or system, the existence of complex interrelationships and factors beyond the purely organisational level (e.g., globalisation, information and communications technology, trade liberalisation, etc.), and the recognition that constant change and adaptation are required to ensure successful achievement of programme objectives.

The programme approach was mandated by the UN General Assembly in landmark resolution 44/211. UNDP took up the challenge made by the General Assembly to all UN agencies to foster and encourage the use of this approach. The UNDP has developed tools to operationalise its support in countries which have applied the programme approach— especially through the revised Programme Support Document.

A National Programme Framework (NPF) is a nationally owned, coherent and dynamic set of interrelated policies, strategies, activities and

investments designed to achieve a specific, time-bound development objective or set of objectives. It is typically a document which outlines all requirements (financial, technical, organisational and human from all sources) as well as implementation and management arrangements within a broader systems context.

The programme approach involves a process that culminates with the formulation of a *Programme Support Document (PSD)* in the case of UNDP funded technical cooperation. It involves, typically, a 4-step process of policy dialogue, capacity/needs assessment, identification of UNDP support, and implementation. This definition incorporates conventional strategic management methodologies which underpin programme planning.

[2] What is UNDP Programme Support?

UNDP programme support is the assistance provided by UNDP towards achieving the planned objectives of a NPF. The details are typically contained in a joint UNDP/Government PSD. UNDP support can be applied to one or more aspects of a NPF. As noted in the UNDP PSD User Guide,

> *"... UNDP support will focus primarily on capacity development, which in this context can go beyond training and skills to include other types of technical cooperation activities. For example, seed money for micro-credit, while not directly linked to capacity development itself, may play an integral role in the achievement of the overall goals and targets of the NPF. UNDP support can therefore include activities in various areas ...".*

These guidelines can be used by those who are involved in the development and implementation of development programmes and in the formulation of PSDs. Familiarity with UNDP policies, the programme approach and programme support documents is required. These guidelines can be used by:

▲ *government* and/or national organisations responsible for NPFs & PSDs.

▲ *UNDP* local staff who are familiar with the programme approach.

▲ local and/or international *consultants* and experts involved in the process.

▲ *other organisations* or individuals (e.g., participating donors).

8.2 THE PROGRAMME APPROACH AND CAPACITY ASSESSMENT

One or more of the three following scenarios are usually found in different countries, as described in the UNDP document *"How to Implement the Programme Approach."* In each of these scenarios, varying approaches to capacity assessment can be taken.

In such cases, though rare, capacity assessments will already have been conducted. The programme approach has been embraced by the government, and the PSD would be prepared according to the areas identified in the NPF. Supplementary assessments may be made in terms of implementation arrangements. The PSD would include programme support objectives which would help the government build its capacities to implement the NPF.

In these more typical cases, there will be a well defined programme concept and the government will be committed to it. However, it may be necessary to first assess the capacities that are needed for the detailed development of the programme (NPF), and then second, to assess the capacities required for the management and implementation of the programme.

In these cases, it will be more likely that the UNDP country office will initiate pre-programming activities for the adoption of the programme approach (advocacy, building national support, technical assistance to help develop a NPF)—which may be undertaken in the context of a stand-alone project, or the first phase of a longer term programme of development assistance. The thrust of such a project would be to assess NPF development and implementation capacities.

In any scenario, a capacity assessment should be treated and managed as a formal project in its own right, based on the participatory process. It should be supported by a plan, with explicit timing, costing and quality targets. Project participants would be identified, and their relative roles and responsibilities set out, with clear ownership with the government or counterpart entities.

The detail and complexity of the project plan will be a function of the capacity assessment needs to be addressed—that is, the scope of work. Any number of project planning methodologies can be applied to support the project planning and management requirements of a capacity assessment. It is not the intent of these guidelines to present any one or number of such methodologies: the assigned "project manager" of the assessment project would adapt the appropriate project planning/management methodology (plus supporting techniques, tools, methods of analysis, quality control standards). Earlier sections and annexes to these guidelines can be used to help in this process.

Most methodologies contain work plans for the carrying out of activities in a phased manner, with clear-cut milestones, deliverables and approval

points. For example, under *"Scenario 3"* where there does not exist any NPF, a capacity assessment project might take on as its primary objective the development of a NPF programme concept and general implementation strategy. Depending on the complexity and scope, this may take from several weeks to 1–2 years to carry out.

Capacities would be examined in: programme policy and concept development; awareness and understanding of the need for a NPF amongst key stakeholder groups, developing capacities to carry out stakeholder identification analysis, capacities associated with public relations and communications, capacities to build internal research and analysis capabilities and so on. Capacity assessments would be done primarily at the overall systems and entity levels, and in a more limited way at the individual level. Only general assessments of the implementation capacities for the NPF would be made at this time, as well as general resource estimates. Completion of such an assessment (and acceptance of the NPF concept) could be the springboard to the next stage.

Under *"Scenario 2"* where there is an accepted NPF, the capacity assessment project might take on as its primary objective the development of a detailed, comprehensive and integrated NPF implementation strategy and plan which moves concept to action. This process may be quicker as the "political will" may be present, and would involve more stakeholders and extensive capacity assessments at all levels: system, entity (formal and informal organisations), and a broader number of individuals. Here, the detailed capacities and resource estimates for NPF programme management and implementation would be required.

Under *"Scenario 1,"* capacity assessments would focus on selected detailed assessments for only those components that the UNDP PSD has targeted for support. This assumes that a capacity assessment has been carried out for the NPF as a whole. For example, UNDP programme support as stated in a PSD might identify supporting the building of a "change management unit (CMU)" within the government such that it can effectively manage the implementation of the NPF. Here, capacity assessments would focus on the very specific needs of the CMU in terms of staff and skills needs, systems, resourcing of the CMU and other standard types of activities (computers, published materials, etc.)

8.3 WHAT IS THE UNDP ROLE?

The role of the UNDP in supporting a NPF initiative, as set out in the UNDP document *"How to Implement the Programme Approach,"* encompasses: identifying strong political commitment; finding champions of change; organising a national "change team" to support the NPF; helping to outline the programme process; and ensuring that key stakeholders are involved.

Guiding Principles of Process Consulting

▲ **Establish mutual respect and shared expectations**

▲ **Facilitate participation and ownership**

▲ **Redesign to support improved work processes**

▲ **Use systems thinking for policy development**

In capacity assessments, the role of the UNDP will depend on the country and the scenario that the particular NPF is in. In most cases, the UNDP will promote *process consulting* which is " ... *a practice of management consultation in which the consultant assists the client management group to initiate and sustain a process of change and continuous learning for systemic improvement.*"

In other words, the UNDP will support a process: (1) where the national ownership is strong (i.e., not UNDP or donor driven); (2) where the UNDP is able to support the development of capacities within national entities such that they are able to carry out capacity assessments; (3) where they are able to conduct policy analysis and NPF programme planning; and (4) where the national entities are able to manage and implement the NPF.

Common potential additional roles of the UNDP which would be clearly defined in the PSD include helping the government to build internal capacity to mobilize donor resources (since most NPFs will require substantial resources), and coordinating donor activity in the NPF area and other areas that intersect with the NPF. For example, a UNDP governance programme may overlap with other government/donor funded projects dealing with privatisation, private sector/market economy development, rural development and so on. This offers up opportunities for the UNDP to support national capacity assessment/development needs for cross-sectorial, multiple programme coordination and strategic management.

In some cases, the UNDP will be called upon to provide expert technical assistance which is over and above the process consulting and coordination roles mentioned above. For example, the UNDP may train national counterpart staff in programme management and related methodologies, capacity assessment, project planning, monitoring and evaluation, teamwork and leadership—simply to help get the process started within those entities charged with NPF responsibility.

Other forms of assistance may be targeted to building necessary supporting systems, to building an *"institutional or corporate memory ,"* to supporting exchanges of experience within the region and internationally, and/or carrying out a quality management role. It is key for the UNDP to examine all dimensions of capacity within implementing entities, and to help ensure that all of the capacity components are in place at each stage of the NPF life-cycle process.

UNDP may be involved in supporting the programme approach through development of appropriate PSDs during any one or all stages in the strategic management life cycle of a country's NPF development initiative. In all cases, a PSD may be designed in such a way that it adopts and promotes a programme approach.

Once the NPF is developed and ready for implementation, UNDP support may be channelled to selected components of the NPF. It is rare that

UNDP support, defined in the PSD, would support all or even most components of the NPF for the simple reasons that: (1) UNDP does not have sufficient resources, and (2) as much of the implementation as possible should be resourced by the government entity(ies) responsible for the NPF. This preserves national ownership of the NPF.

8.4 HIERARCHIES OF OBJECTIVES AND THE PSD

The success of development can depend very much on the programme approach. The programme approach itself depends on taking a systems perspective which means that it no longer is focussed exclusively on one or a small group of formal entities and/or individuals.

Figure 14

Figure 14 graphically illustrates the linkage of objectives at the systems, entity and individual levels, and these in turn can be related to the PSD. At the highest level (Level "0" noted in the diagram), the NPF must be linked to macro or national priorities of the country. For example, a NPF focussed on a particular sector at a province within the country should have objectives which are consistent with and supportive of national socioeconomic development and other longer term objectives and priorities.

The objectives of the NPF at the systems level (Level "1") must be supportive and linked to the macro environment, as described in **Part I**. Here, the NPF must respond to those systems factors that would have been analysed in the assessment of the current situation. This would take into consideration the inter-relationships and interdependencies of the various entities operating within the system.

Examples of NPFs in Systems

▲ A <u>Theme</u> (e.g., poverty, governance) or subtheme (e.g., decentralisation, sustainable energy) which is intersectoral

▲ A <u>Sector</u> (e.g., education, health, public administration) or subsector (e.g., adult education, primary health care, civil service)

▲ An <u>Institution</u> (e.g., banking)

▲ A <u>Geographic area</u> (region, subregion, province, state, municipality)

The objectives of the entity (Level "2", in the diagram) would include those for both formal and informal organisations. Objectives may be set for individuals (Level "3") operating within the entities. In all cases, the objectives of the lowest level must be supportive and integrated with those of the higher level. In a perfect situation, all objectives at all levels can be defined. In the more common imperfect situations, tests can be made to determine the degree of integration of objectives, and where objectives at a certain level may be missing, then planning assumptions can be made. Once the assumptions are tested, or prove invalid, then corrections can be made.

A PSD may be developed to support the NPF at one or a combination of the three levels: systems, entity (formal and informal organisations) and individual. At the systems level (Level 1), a set of strategic management capacities could be developed for those key entities charged with the strategic management of the programme. Developing a PSD at an early stage in the NPF life-cycle presents a unique opportunity for the UNDP to help national organisations. Typically, insufficient strategic management and other programme management capacities exist within the national entity responsible for the NPF. A PSD may be developed as a project, or as a first phase of the NPF, simply to facilitate the moving of the NPF closer to implementation.

ORDER	DESCRIPTION
1	**LEVEL OF SYSTEM** (system, entity, individual)
2	----- **DIMENSION** (at each level)
3	---------- **PROGRAMME SUPPORT OBJECTIVES** (for each dimension)
4	--------------- **OUTPUTS** (for each objective)
5	-------------------- **ACTIVITIES** (for each output)

At this juncture it is worthwhile to highlight the relationship or correspondence between the NPF and the PSD. A government or counterpart organisation is always responsible for the NPF, owns the process and is nationally executed. UNDP programme support through the PSD would normally be nationally executed, although there are situations which may require joint/ partnership execution or UNDP execution arrangements. In all cases, however, there must be an explicit correspondence between the NPF and the PSD. Figure 15 on the following page graphically illustrates a mapping of the UNDP programme approach and PSD terminology to conventional programme/strategic management planning frameworks and terminology.

The inherent logic of the UNDP PSD is such that most national development programmes can be supported through the programme approach and the UNDP PSD. Clearly, some flexibility will be needed to adapt the PSD to unique circumstances of each NPF.

Annex 5 discusses the case of a governance programme for a country and the programme structure (hierarchy of objectives) for a UNDP programme support document. This case example also demonstrates the application of some of the capacity assessment/development guidelines discussed in the preceding chapters.

In the case of the PSD noted above, there are three levels to this hierarchy consisting of Programme Support Objectives/PSO's (or immediate objectives), outputs and activities. Each output and/or objective would be related to results, monitoring indicators, or performance measures. A systems level capacity assessment would potentially see two more levels added to the "hierarchy of objectives": level within the system, and dimension of capacity at each level. Hence, the expanded hierarchy would appear as shown below. The chart on the following page expands on this structure and presents what might be seen as a "Master Checklist" for a hierarchy of objectives for a capacity initiative. The first couple of objectives/outputs/ activities are expanded to give you an idea of how the breakout would appear.

Figure 15
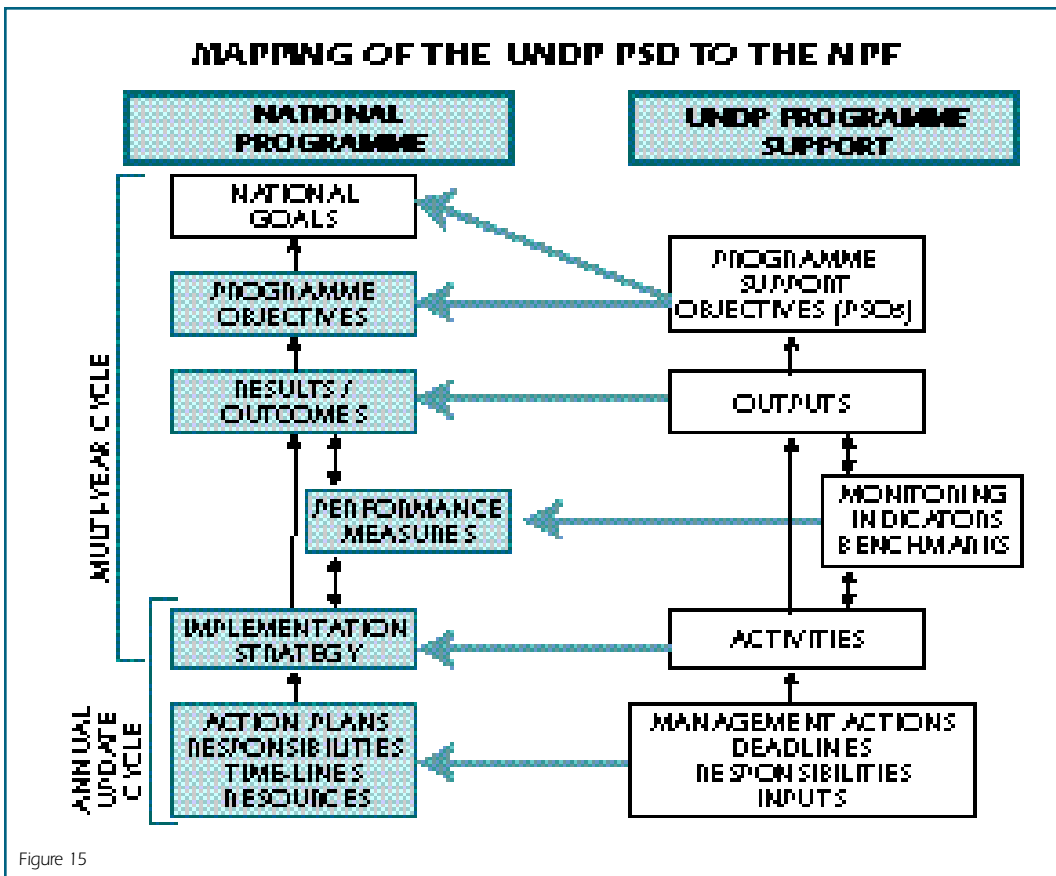
1 SYSTEM LEVEL	2 DIMENSION	3 PSO's	4 OUTPUTS	5 ACTIVITIES
1.0 SYSTEM	1.1 Policy Dimension	Objective 1.1.1	Output 1.1.1.1	Activity 1.1.1.1.1. Activity 1.1.1.1.2 Activity 1.1.1.1.3
			Output 1.1.1.2	Activity 1.1.1.2.1 Activity 1.1.1.2.2 Activity 1.1.1.2.3
		Objective 1.1.2	Output 1.1.2.1	Activity 1.1.2.1.1 Activity 1.1.2.1.2 Activity 1.1.2.1.3 etc.
		etc.	Output 1.1.2.2	etc.
	1.2 Legal/ Regulatory Dimension	Objective 1.2.1	Output 1.2.1.1	Activity 1.2.1.1.1 Activity 1.2.1.1.2 Activity 1.2.1.1.3
			Output 1.2.1.2	Activity 1.2.1.2.1 Activity 1.2.1.2.2 Activity 1.2.1.2.3
		Objective 1.2.2	Output 1.2.2.1	Activity 1.2.2.1.1 Activity 1.2.2.1.2 Activity 1.2.2.1.3
		etc.	Output 1.2.2.2	etc.
	1.3 Management/ Accountability	etc.	etc.	etc.
	1.4 Resources	etc.	etc.	etc.
	1.5 Processes	etc.	etc.	etc.
2.0 ENTITY	2.1 Mission and Strategy	Objective 2.1.1	Output 2.1.1.1	Activity 2.1.1.1.1 Activity 2.1.1.1.2 Activity 2.1.1.1.3
			Output 2.1.1.2	Activity 2.1.1.2.1 Activity 2.1.1.2.2 Activity 2.1.1.2.3
		Objective 2.1.2	Output 2.1.2.1	Activity 2.1.2.1.1 Activity 2.1.2.1.2 Activity 2.1.2.1.3
		etc.	Output 2.1.2.2	etc.
	2.2 Culture/ Structure and Compe- tencies	etc.	etc.	etc.

1 SYSTEM LEVEL	2 DIMENSION	3 PSO's	4 OUTPUTS	5 ACTIVITIES
ENTITY *continued*	**2.3 Functions / Processes**	etc.	etc.	etc.
	2.4 Human Resources	etc.	etc.	etc.
	2.5 Financial Resources	etc.	etc.	etc.
	2.6 Information Resources	etc.	etc.	etc.
	2.7 Infra-structure	etc.	etc.	etc.
3.0 INDIVIDUAL[10]	**3.1 ——** **3.2 ——** The dimensions of the individual will depend on the particular capacity iniative, the level of the person, envisaged future role and so on	Objective 3.1.1 Objective 3.1.2 etc.	Output 3.1.1.1 Output 3.1.1.2 Output 3.1.2.1 Output 3.1.2.2	Activity 3.1.1.1.1 Activity 3.1.1.1.2 Activity 3.1.1.1.3 Activity 3.1.1.2.1 Activity 3.1.1.2.2 Activity 3.1.1.2.3 Activity 3.1.2.1.1 Activity 3.1.2.1.2 Activity 3.1.2.1.3 etc.
	etc	etc	etc	etc
	etc	etc	etc	etc
	etc	etc	etc	etc
	etc	etc	etc	etc
	etc	etc	etc	etc
	etc	etc	etc	etc
	etc	etc	etc	etc

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[10] Individual level work-plans or actions plans, combined with career development plans, may be developed at this stage. Such action plans may take the form of a performance contract that the employee might have with the employing entity. Such actions plans would include provision for individual level training and development.

ANNEXES

1 Suggested Reading

2 Optional Approaches (Tools, Techniques) To Capacity Assessments

3 Important Questions Regarding Implementation of Capacity Initiatives

4 Characteristics of Successful Capacity Development Implementation

5 A Case Example—Governance Programme

SUGGESTED READING

This annex is prepared for those who would like to carry out further research and reading on the topics discussed in the guidelines. The first section contains references to relevant UNDP publications and reports on capacity and capacity related issues. The UNDP and its special divisions have their own *web sites*. You are encouraged to access information from the key organisational entities within the UNDP through the Internet as follows:

www.undp.org   United Nations Development
                                  Programme

www.undp.org/undp/dopp   Division for Operational Policies and
                                  Procedures (UNDP/DOPP)

http://magnet.undp.org   Management Development and
                                  Governance Division (UNDP/MDGD).
                                  The special Management and
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OPTIONAL APPROACHES (TOOLS, TECHNIQUES) TO CAPACITY ASSESSMENTS

(WHERE WE ARE NOW)

CONTENTS

APPROACH

BRIEF DESCRIPTION

1.0—SYSTEM LEVEL CAPACITY ASSESSMENTS

The objective of this type of analysis is to produce a description of the existing policy framework at the systems level for an envisaged capacity or development initiative (e.g., a programme, major project). This may be defined in legislation, public administration policy, policies which are embedded in other initiatives and/or other levels of government. Such a framework may be examined in terms of existing strengths and weaknesses, and what might need to be changed in a new approach. Most, if not all development initiatives would have some inherent systems capacity to support ongoing policy research and analysis. Other forms of policy research could be triggered to address specific issues in detail, to formulate policy options, to expand awareness and understanding and the like.

Of course, there must be sufficient capacity somewhere within the system to support such research and policy analysis, and such analysis must be effectively coordinated across the various entities in the system. Often, two or more entities within the system may be carrying out duplicating research activities for the same capacity or development initiative. This in itself is a capacity weakness in the overall system which would need to be corrected. Strengths, weaknesses, opportunities and threats can be assessed according to groupings of factors, as follows:

▲ *Socio-political factors*: comprise the civil society, social structures and values, culture and tradition, gender and equity, democratisation, political realities and processes, and other indirect factors such as regional/international treaties, associations

▲ *Government/public sector factors*: comprise typically the function and role of government, government policies and initiatives, legal and regulatory environment, public-private sector interfaces, taxation issues, and the rule of law, among others. For some capacity initiatives, government may be examined both as a broader systems factor, as well as at the second or entity level. For example, an initiative to reform or develop a specific government initiative would itself need to be examined from the broader government context (e.g., an environmental initiative dealing with reforestation would need to be examined from broader legislative issues, ownership and property rights issues, funding issues etc.).

1.1 Systems "SWOT" or Policy Framework Assessment

APPROACH	BRIEF DESCRIPTION
1.1 continued	▲ *Economic/technological factors*: comprise the markets, macro-economic frameworks, global linkages, information and communications technology, development assistance, market transitions. Of particular note are rapid advances in information and communications technology that are forcing profound changes (and need for change) at not just the entity and individual level, but at the broader systems level as well. ▲ *Physical environmental factors*: comprise issues of environmental protection, resource sustainability, "green" initiatives, energy utilisation, biodiversity and so on. Increasingly, capacity related and other initiatives, even those of change within an organisation, include considerations and strategies to deal with their interactions with the physical environment.
1.2 Performance Assessment	At this very broad level, the first immediate challenge is to determine the overall scope, performance and boundaries of the system. This may take the form of a problem statement that describes: the major entities and stakeholders within the system in terms of who delivers a service or initiative for which capacities must be developed and who would benefit from the capacity initiative; the major issues and needs to be addressed; the major linkages to national development priorities; an indication of priority or urgency of the capacity initiative; performance characteristics of the system; and any other relevant descriptor of the system. Judgement is required to carry out such analysis, and the analysis itself should be carried out at a high level. The output of the analysis is typically a brief, high level report which can produce information on the results noted above. A preliminary scoping may reveal that there exist weaknesses in core strategic management capacities, or a weakness to carry out systems level capacity assessments (e.g., any number of the approaches identified in this annex). This may point to an early intervention to strengthen capacities in strategic management, initiative planning and design, and the supporting methods of analysis.

ANNEX 2

APPROACH	BRIEF DESCRIPTION
1.3 Legal/ Regulatory Assessment	As noted in **Part I**, every system is subject to a set of formal and informal "rules," which most often take the form of laws, legislation, decrees, regulations or any other type of rule or instrument that dictates how the system functions, or rather, how an existing initiative (e.g., development initiative) functions within the system, and/or how the envisaged new capacity initiative might best function within the system. Often capacity assessments and capacity development for initiatives incorporate a set of activities which reforms the enabling legislative and regulatory environment. Often there exist many conflicts and anachronisms in the legal/regulatory environment which need to be identified and analysed. This analysis would examine the legal environment to identify strengths, weaknesses, and opportunities for improvement.
1.4 Management/ Accountability Framework Assessment (Stakeholders)	A fourth type of analysis that might be carried out would be to identify the key players or stakeholders within the system who are accountable, directly or indirectly, for the capacity initiative. This would describe in detail the existing entities or stakeholders that are involved within the system, plus any stakeholders that would be involved in the implementation of a capacity initiative. Depending on the nature of the initiative, entities within the system (or stakeholders) may be generally grouped into: designers and decision makers, managers and implementers, coordinators— plus other key stakeholders and their roles (e.g., customers/clients or those that will benefit directly and indirectly from the initiative). Others might include delivery entities; regulatory agencies; delivery partners; funding entities.
	Also to be covered by the analysis will be an identification of the mechanisms to empower these entities and how they are to be accountable. Numerous approaches can be applied to collect and document the information on the stakeholders functioning within the system such as: reviews of existing laws and regulations; direct interviews and consultations; planning workshops; surveys; and documentation reviews. General assessments would be made as to the strengths/weaknesses of the key stakeholders in particular, and whether there exist overlaps and duplication in role, conflicts, or gaps in accountability.
1.5 The Programme Review	Governments in many countries have tackled the issues of major capacity development initiatives through programme reform and change in a systems context. Major shifts in their external environment require governments and/or national organizations to design capacity development initiatives from a "client" perspective, to obtain value for money, adopt quality management practices and focus on performance and results. Recent program review exercises in G-7 countries have successfully utilised a "Quality of Service" model where government entities supported by

APPROACH

BRIEF DESCRIPTION

1.5 continued

external management advisors are able to carry out a comprehensive assessment of their systems environments and answer some fundamental questions on their role.

This combines elements of an environmental assessment, a stakeholder analysis and a role of government analysis. For example: who is (are) the client(s) of the program or service? What are the intended results of the program/service? Is the program/service effective, does it produce the desired results, and is it efficient? A similar approach taken by some governments is to set a series of "tests" on the program and supporting government entity responsible for the program. These tests can be structured along the lines of: public interest test, role of government test, level of government test, alternative services delivery test, efficiency test, and affordability test.

1.6 Network/ Information Flows Assessment

The objective of this type of analysis would be to identify and analyse the inter-relationships and main processes amongst the entities within the system. Such relationships may define both dependencies and interdependencies amongst the entities in the existing programme and/or envisaged capacity initiative. Structured as well as unstructured systems techniques and methodologies might be applied to support this analysis: flow-charting; critical path analysis. More detailed analyses might focus on information flows (e.g., information on the flow of services, decisions, capital, goods, etc) among the entities within the system. Such an analysis would identify the sources and destinations of the flows (typically, the entities within the system itself, but also including entities that might be outside of the system), duplication and overlaps, frequency and volumes of the flows, timeliness, accuracy and completeness. Underlying problems and capacity weaknesses are often identified through such an analysis, which often differ from common perceptions.

1.7 Risk Assessment

Risk analyses are common approaches to developing an initial understanding of complex situations, especially for new initiatives which are felt to have inherent risks. For example, any risk associated with a new initiative can be seen to highlight a capacity weakness or constraint. Risks may be categorized into those of a financial nature, technical, organisational, management (e.g., lack of leadership, ownership, commitment), human resources and other dimensions of capacity. Special attention is often given, in many cases, to the management of resistance, and the development of resistance mitigation strategies. In a systems context, attention is given to resourcing considerations, costs/benefits, resistance, broader communications and public relations and related areas. This analysis could be carried out in the context of a systems factors analysis, as discussed above, or special focus could be given to identifying

ANNEX 2

APPROACH	BRIEF DESCRIPTION
1.7 continued	and assessing risks only. In a system context, the risks would relate to the existing initiative, or the risks that would be present in the envisaged new initiative. Techniques can be applied to quantify risks and to establish some level of priority for attention. Some risks may be seen in terms of needing short term solutions, while others can only be addressed in the longer term.
1.8 Cost/Benefit Assessment	This type of analysis is used in many countries to support proposals for new capacity development initiatives which have a major cost, investment or resourcing impact. In a systems context, costs and benefits may be quantifiable and non-quantifiable. In many cases, non-quantifiable benefits, based on some evaluation technique, may over-ride high level cost/investment needs. Both costs and benefits may be distributed over the broader system and most of the entities associated with the initiative. A major area of benefit that is often overlooked is the direct linkages of the proposed capacity initiative to broader national developmental priorities and objectives. A major area of risk is the potential for duplication or overlap of the proposed initiative with other national initiatives, especially in areas where there are serious skills and resource shortages. The discipline of Economics supports a range of highly structured cost/benefit methodologies although more general costs and benefits analyses are often more appropriate. Much depends on the specific circumstances. Benefits and risks help flush out areas of systems (and entity level) capacities, and provide the means by which these can be measured.
2.1 Mission and Strategy Assessment	## 2.0—ENTITY LEVEL CAPACITY ASSESSMENTS The failing of many organizations can be traced back to inadequate or absent missions, roles, mandates or raison d'etre. In formal organisations, such statements of mission and mandate are often reflected in a piece of legislation or other form of charter. Often, the role of most organisations change and evolve over time, but this is not reflected in covering legislation or organisational charters. Many organisations do not develop and maintain their own strategic plans. Capacity assessments here would look for statements of mandate, mission and so on, their relevance to the current situation and possible relevance to meeting future needs. The strategy of an organisation defines how it would achieve its mission in terms of definitions of products/services, its the clients/customers served, short-medium-longer term objectives and priorities, success factors, and interactions within the broader system and with other "stakeholders" and entities, among other operational dimensions.

APPROACH	BRIEF DESCRIPTION
2.1 continued	The mission and strategy of the organisation can be co-related back to the systems factors and other assessments within the system to ensure relevance and appropriate fit (or lack of it) within the system. There exist various techniques to assess capacities of the organisation at this level, including the capacity to carry out strategic or programme planning. These assessments most often focus on effectiveness improvements (*"doing the right thing"*).

Another approach is from the perspective of performance—the outputs, outcomes, results and/or value added by the entity. Performance based management systems are being more commonly used in assessments and planning for organisations, as it is the measure of performance that is the true indicator of the relevance and effectiveness of the entity (and the capacity initiative). There exist various techniques to determine performance indicators and to measure against them, from both an internal operational perspectives (e.g., productivity) and from external client/ recipient perspectives (e.g., value added, outcomes, client satisfaction). |
| ***2.2 Culture/ Structure Assessment*** | This next dimension of capacity covers such diverse aspects as organisational and management values and standards, organisational structures and designs, and core competencies. Depending on the entity involved, both macro-structures (e.g., a government or large ministry which is organised into numerous departments, agencies, boards and so on) and micro-structures (internal, lower levels such as divisions, units, work-groups formal and informal) can be assessed in terms of their appropriateness to support the entity's overall mission and strategy.

Almost invariably, major structural weaknesses will be uncovered—duplication, overlap, confusing mandates, excessive or insufficient authority. Softer but increasingly important dimensions of capacity are those associated with management and organisational values: defined through such notions as openness, honesty, integrity, transparency, accountability and pride. Each of these can be assessed, with measures attached to them—through surveys, consultations and workshops. Traditional and bureaucratic organisations are typically weak in these areas, and modern management practices encourage substantive strengthening.

Core competencies are those activities, outputs or functions carried out by the organisation that can only be carried out by that organisation to support the mission/strategy. Typically, most organisations perform many other functions or services which are not core, which may be anachronistic, or which may duplicate those of other organisations. In these cases, capacities of the organisation may be diluted, over-extended or misdirected, thus limiting the organisation's capability to deliver its mission. |

APPROACH

BRIEF DESCRIPTION

2.3 Process Assessment

Along with human resources, it is the internal processes of the entity which receive the greatest amount of attention in capacity assessments and development. Processes may be seen as supporting such organizational functions as planning (strategic, operational), client management, research/policy analysis/development, monitoring and evaluation, performance/quality management, financial/accounting, management reporting, human resources management and asset management. Processes are also directly aligned with internal "systems" (e.g., financial management and accounting systems) which may be manual and/or automated. Processes examine internal information and data flows, inputs and outputs.

Internal communications processes (horizontal and vertical, formal and informal) are very important aspects of internal process capacity that need to be assessed. There are perhaps available in the world more methodologies and techniques to examine processes than all other areas combined (the very diverse universe of systems methodologies). And it is common that capacity assessments of processes focus on efficiency and economy (*"doing the thing right"*). Standards, policies, procedures and management practices are key areas to be examined in process capacity assessments. Some common methodological approaches to process assessments include: business process review and redesign, work-flow analysis, business process re-engineering.

2.4 Human Resources Assessment

As with processes, it is the human resource dimension of organisations that receive the most attention and are the most valuable of the entity's resources and upon which change, capacity and development primarily depend. One school of thought has it that capacity assessments and capacity development need only focus on human resources (*"... all we need is more training and re-training"*). This is a narrow and short-sighted view. Human resources, while critical, are in and of themselves insufficient to guarantee success in capacity assessment and development. Assessments of human resources look initially at the configuration, strengths (skills, experiences, qualifications) and deployment of this resource to meet the organisation's objectives. They may be linked to position descriptions or other forms of employment "contract" (increasingly performance and results based, and less position description based).

There exist numerous techniques to measure efficiency and productivity of human resources, morale and motivation, levels of resistance and/or adaptation to change. A second level of human resource assessment is the management of human resources (e.g., basic personnel management policies—hiring, recruiting, promoting, transferring, retiring,

APPROACH

BRIEF DESCRIPTION

2.4 continued

training and development, succession, career planning, social security and the like). The more formal the organisation, the greater the likelihood in formality of the policy framework and management of human resources. Union and professional association relationships may be factored into such assessments. There exist a wide range of HR assessment and planning methodologies that can be selected and adapted to meet the unique needs of each capacity initiative.

2.5 Financial Resources Assessment

Depending on the entity, financial resources may be a strength (sufficient resources) or a weakness (insufficient resources). Financial resources consist of both operating and capital, required for the efficient and effective functioning of the entity. Increasingly, government entities and donors alike have considerable shortages of capital resources to support longer-term investments and must seek alternative sources of funding. Operating capital shortages are also becoming an increasing issue with almost universal public sector retrenchment, budget cut-backs and taxation reform. Capacity assessments in these areas would examine all aspects of financial resource availability, including alternative sources of financing. This would apply to financing the administrative or delivery apparatus of the entity involved, as well as "programme" funds to implement the capacity initiative. Each initiative would be unique in terms of the financial resource dimensions—existing and required to meet future needs. This is a highly specialized area of assessment, typically requiring skills and practices from accounting, capital investment and financial management disciplines. Certainly standard financial audits would serve the purposes of capacity assessments in the area of financial resources (and supporting processes).

2.6 Information Resources Assessment

Information resources are of increasing importance to all entities and individuals, and to the development and implementation of capacity initiatives. The information (all media, electronic and paper) that is available (or not available) and how it is managed are often key determinants of capacity development success at each stage of its life-cycle. Advances in globalization, communications and information technology are rendering many traditional organisations and "systems rules" obsolete and inefficient, and are indeed transforming entire structures, institutions and sectors, including the public sector. Capacities associated with information resource management are typically deficient in terms of needed policies and standards, legislation (access to and privacy of information), supporting technical skills, awareness and understanding. Various methodologies are available to assess weaknesses and needs associated with information management. Care will need to be taken in selecting and adapting the right methodology and tools, in consideration of existing human and technological capacity limitations to carry out such assessments.

APPROACH

BRIEF DESCRIPTION

2.7 Infrastructure Assessment

Infrastructure is the last formal internal dimension of capacity at the entity level and comprises all physical assets (real property, buildings and movable assets, equipment), computer systems and telecommunications infrastructures, productive work environments, special research facilities. The level of attention that needs to be paid to capacity assessment here should be commensurate with the importance of the infrastructure to the entity and its role in the capacity initiative.

Assessments would cover such aspects as asset management (e.g., property and facilities management), investment management (e.g., capitalization and capital replacement, return-on-investment, valuation, costs relative to other entity costs, sustainability of assets), relationship to physical environmental concerns (e.g., energy consumption, waste management).

Capacity assessments may reveal how major efficiencies might be gained, how costs might be reduced, how alternative sources of financing might be acquired, and how work environments might be made more productive. Such assessments might also uncover unexploited opportunities for co-sharing of facilities, co-location and consolidation, divestiture, and privatisation.

Many service related capacity initiatives are designed along the principle of delivery as close to the customer as possible, which implies a radical re-thinking in investment and management of the physical infrastructures of the entities involved in the initiative. Project and programme formulations often address infrastructure needs, but in a limited way (e.g., limited to purchase of vehicles, computer and office equipment). There are opportunities of looking at infrastructure related capacities in a much broader and longer term context, since the life span of many such assets is very long and typically far longer than the life of the capacity development initiative.

IMPORTANT QUESTIONS REGARDING IMPLEMENTATION OF CAPACITY INITIATIVES

QUESTIONS

This annex contains supporting information to **Parts I** *and* **II** *of the guidelines dealing with "How to Get There." The development of an implementation strategy for a capacity initiative invariably begs some questions. The questions could equally apply to starting any major initiative, including a preliminary capacity assessment itself.*
In all cases, judgement and common sense are required in order to set the right parameters around any capacity assessment/ development process, or the development of implementation strategies.

1.0 WHO PREPARES THE IMPLEMENTATION STRATEGY?

As noted at the outset of these guidelines, it is the government entity, national organisation or other formal or informal entity responsible for the capacity initiative that must develop the implementation strategy. Ownership must be vested with those that must implement the capacity initiative and live with the results. The process of developing the strategy would optimally be participatory and consultative, involving as much as possible all parties who would have a stake in the process and the outcomes. This participation can be secured in a number of ways, as discussed throughout these guidelines. The UNDP and other donors may be engaged to support the development of the strategy through a formal project or programme documents, or through other forms of preparatory assistance.

2.0 WHAT DOES AN IMPLEMENTATION STRATEGY LOOK LIKE?

Every initiative strategy, while obviously very unique and different, can be presented in a similar format and will ultimately take the form of a document. Invariably, the final document will include both the "what" and "how" components of the capacity initiative and will be the basis for decisionmaking, implementation, monitoring and control, and evaluation. All relevant capacity issues are addressed in the implementation strategy.

There does not need to be a major distinctions in general format or structure between the systems and the entity level implementation strategies. Although separate documents may be prepared, they can generally follow a similar documentation structure

Documented implementation strategies can generally follow a similar format, whether developed for the initiative as a whole at a systems level, or for each major entity closely involved with the implementation of the initiative. Furthermore, lower-level strategies can be developed for subsystems within systems, for subprogrammes within a programme, as well as for suborganisational units within entities.

At the end of this annex we have included: a high level capacity development strategy for a public administration reform initiative (which addresses capacities at the systems, entity and individual levels); and a pro-forma *table of contents* of what an implementation strategy for a major capacity assessment/development implementation initiative might contain. The results of the capacity assessments at each stage of the strategic management life cycle are documented in a logical sequence. The chapter on implementation strategy *(how to get there)* is the core of the document as all necessary information on the envisaged implementation is contained here. Other chapters cover management, setting up of internal team structures, coordination with donors, resource mobilisation and the like. This general format can also be adapted to those entities that would also develop their own implementation strategies directly in support of the initiative.

3.0 HOW LONG DOES IT TAKE TO DEVELOP?

This is not an easy question to answer. A national organisation would normally set up a formal project to develop the implementation strategy (or one for an entity) as it would for carrying out analyses during any of the previous life-cycle assessments. As with any project, there would be time-quality-cost parameters. Time would depend on the planned quality of the target document (and this is based on the scope of the envisaged capacity initiative, availability of and access to information, number of parties and individuals that would need to be involved in the process) and the resources that are available to carry out the work. The development of a capacity development implementation strategy may take anywhere from a several weeks (for a small, narrowly focussed entity) to several months or more (for a complex, multi-sectoral systems level initiative).

The common management errors made in development of such strategies either fall into: (1) over-simplifying the process and doing it too quickly, thereby rendering a poor quality product; or (2) carrying out excessive analysis or going into too much detail, which protracts and adds costs to the process. These are common mistakes and usually result in a failed attempt to produce the right document at the right time. Determining the right amount of time to develop a quality product requires careful "project" planning.

4.0 WHAT AUDIENCES ARE THE STRATEGY DOCUMENT PREPARED FOR?

Prime Audience

▲ <u>**political decision makers**</u> **(ministers, legislative assemblies)**

▲ **senior** <u>**government**</u> **executives and managers responsible for implementation**

▲ <u>**internal funding entities**</u> **(e.g., ministries of finance, economics, etc.)**

▲ <u>**external funding entities**</u> **(such as multi-lateral and bilateral donor organisations, the IMF/World Bank, private sector sources)**

▲ **primary** <u>**client**</u> **community for the initiative (or typically their representatives)**

▲ <u>**cooperating entities**</u> **(e.g., other ministries, levels of government on whom implementation success will depend)**

▲ <u>**other implementors**</u> **of the initiative (all staff that will be a key part of the implementation process)**

This is another often asked question, or in some cases not asked at all. It is nonetheless important to know for whom the implementation strategy document is to be prepared. There will likely be multiple audiences, each with a different interest in its development. The audiences of the strategy document are not always the same as the stakeholders for the envisaged capacity initiative, however.

The produced strategy document would normally only be prepared for a *prime audience* of decision makers and other key parties that would be seen to be critical to approval and support, as noted in the box.

The implementation strategy may be prepared for other *secondary audiences* who, although not critical to the implementation process, may facilitate it. These might include: other national and government entities; the general public (or selected communities in the civil society); media organisations; and policy research and academic organisations. This raises the point that different versions of the same document might be prepared for different audiences. For example, it is unlikely that the general public or media organisations would want all of the detail that is contained in the full implementation strategy. In these cases a higher level summary or synopsis would suffice.

5.0 ARE THERE OTHER REASONS TO DEVELOP THE STRATEGY?

Up to this point, the message has been given that it is the *product* (the capacity development implementation strategy) that is of prime concern. While this is true, the *process* in developing the outputs of each stage of the initiative, and especially the implementation strategy, is very important. Certain process related reasons add to the need to develop the implementation strategy:

▲ the process forces the system (its players) and the key entities themselves to take an objective, unemotional and critical look at themselves in its entirety.

▲ the process can be used as a means of *communicating* ideas and concepts to others, to expand awareness and understanding of the initiative, resulting in a greater likelihood of acceptance and buy-in and eventual successful implementation.

▲ the process is often a good forum to resolve organisational and/or inter-personal *conflicts* which might otherwise continue.

▲ the process is an excellent means of *"team-building"* for those that must manage and implement the initiative.

▲ the process provides excellent opportunities for broader *participa-tion* of all stakeholders, to secure their inputs through consultation and consensus-building.

▲ the process can be applied to address other *sensitive issues* (e.g., "neutralizing" a particular view or pressure which might otherwise take the initiative in the wrong direction, or serve personal ambitions at the expense of the broader community or good).

6.0 HOW IS THE STRATEGY DEVELOPMENT PROCESS STARTED?

Once the mission and concept for the capacity initiative has been accepted, there is a serious intent to implement. Implementation depends on the development of sound strategy and action plans. The development of the strategy is not a trivial task, and should be approached in a managed and controlled manner. This means that a team must be set up, authorities and resources provided and formal approval mechanisms instituted. The box on the right provides an indication of actions that might be taken to start the process of strategy development. The degree to which these actions are taken is indicative of the level of commitment that the government or national organisation has. Each country and national organisation will have its own culture, constraints and realities. Efforts must be made to adapt an appropriate process to existing capacities and capabilities.

Key Actions to Start the Capacity Strategy Development and Implementation Process

▲ **Issuance of a decree or some other edict which formally establishes it**

▲ **Setting up of a high level steering or coordination committee**

▲ **Develop an action and resourcing plan for developing the strategy**

▲ **Establishment of a high level initiative management team and positions**

▲ **Staffing the executive position with a qualified and credible individual**

▲ **Staffing other positions with qualified staff**

▲ **Establishing a coordination mechanism**

▲ **Select and adapt appropriate methodologies**

▲ **Design the strategy "target document"**

▲ **Other actions as needed**

7.0 HOW IS THE *STRATEGY PROCESS MANAGED AND CONTROLLED?*

Important Do's and Don'ts

DO:

▲ **Clearly set priorities**

▲ **Manage risk and expectations**

▲ **Use as a means to team-build**

▲ **Use to establish initiative identity**

▲ **Use for awareness and education**

▲ **Flush our champions**

▲ **Be participatory & consultative**

DON'T:

▲ **Bite off more than can be chewed**

▲ **Ignore the detractors**

▲ **Fall into the detail trap**

▲ **Mismanage expectations**

▲ **Get into motherhood and rhetoric**

▲ **Ignore any other risk**

Starting the process, noted above, gives a good idea as to how the process should be managed. In many cross-sectoral transformational capacity initiatives (e.g., governance), a programme management team is "institutionalized" at a high and central level of government, with coordinating subunits at decentralized levels. Typically, such units may take on "ministerial" or "secretary" rank, reporting to a Prime Minister, a senior minister, cabinet, or a national assembly. Again, much depends on the local situation and the political profile that the envisaged initiative might have. For example, institutionalized teams might take on such titles as: *change management unit, programme support unit, programme coordination office*, etc. It is key that such units have formally established mandates and authorities. As a possible "start-up" unit, it is often beneficial to develop a "business plan" which sets out the unit's mission, objectives, activities, resourcing, monitoring and control mechanisms and the like.

In addition to basic programme management and coordination functions, other important capacities include: resource mobilisation and resource management (budgeting, control), quality management, communications and public relations, monitoring and evaluation.

AN EXAMPLE OF A COMPREHENSIVE STRATEGY (PUBLIC ADMINISTRATION REFORM)

KEY OUTCOMES	SOME SPECIFIC "FUTURE" INDICATORS
SOUND GOVERNANCE	▲ greater transparency of government operations ▲ greater accountability of government institutions and managers ▲ restructuring of machinery of government ▲ redefined role of government ▲ alternative, more cost-effective delivery of government service
STRONG SUPPORT TO MARKET ECONOMY	▲ enabling legal infrastructure and regulatory framework ▲ government as a provider of enabling policies and services, not producer ▲ integration and coordination of economic policy ▲ promotion of internal and external trade and investment ▲ alliances and partnerships with business and organisations
LOW COST OF GOVERNMENT	▲ short term reductions in expenditures ▲ sale of non-producing government assets ▲ consolidation of common internal services ▲ redeployment and rebalancing of the civil service
HIGH LEVELS OF EFFECTIVENESS AND EFFICIENCY	▲ move to client service and service delivery culture ▲ performance measurement and programme evaluation ▲ decentralisation, organisational renewal ▲ training and development, increased morale ▲ increased delegations that let "managers manage"
HIGH LEVEL OF ACCOUNTABILITY AND CONTROL	▲ new budgeting and expenditure management systems ▲ better systems of accounting and audit ▲ delegations of authority and clear-cut accountability structures ▲ business plans for all major operations
IMPROVED CREDIBILITY OF GOVERNMENT	▲ stronger communications and public relations ▲ increased understanding of the role of government ▲ well defined mission and vision for government ▲ greater public participation

PRO-FORMA STRUCTURE OF A CAPACITY IMPLEMENTATION STRATEGY

EXECUTIVE SUMMARY

INTRODUCTION AND BACKGROUND
- ▲ Overview of the Programme
- ▲ National Priorities and Constraints
- ▲ Programme Management Methodology

Capacity Assessments are summarized here

SITUATION ASSESSMENT
- ▲ Overview
- ▲ Major Needs and Change Processes
- ▲ Major Strengths and Weaknesses
- ▲ Major Opportunities and Risks
- ▲ Evaluation of Alternative Future Scenarios

Capacity Needs are summarized here

MISSION
- ▲ Overview—Mission and Vision
- ▲ Principal Stakeholders
- ▲ Measures of Achievement—Outcomes
- ▲ Guiding Principles
- ▲ Management Values

Capacity Needs can be summarized here

OBJECTIVES
- ▲ Overview
- ▲ Description of Objectives and Supporting Actions
- ▲ Legal and Regulatory Environment
- ▲ Linkages to National Priorities
- ▲ Key Stakeholders and Other Participants

Capacity building and strengthening is detailed here

IMPLEMENTATION
- ▲ Implementation Approach
  Planning Horizon and Priorities
  Planning Assumptions
  Factors Critical to Success
  Methodologies
  Programme Activity Framework

▲ Master Schedule and Description of Phases
Who Does What
Phases—Activities—Outputs—Accountabilities
▲ Programme Management and Team Structure
▲ Communications and Public Relations
▲ Coordinating Mechanisms
▲ Donor Participation and Coordination
▲ Documentation and Information Management
▲ Review and Approval Processes
▲ Performance: Monitoring, Control and Evaluation
▲ Fall-back and Contingency Plans
▲ Programme Sustainability
▲ Outstanding Issues

RESOURCE MANAGEMENT

▲ Budget Requirements and Forecasts
▲ Sources of Funds and other Resources
▲ Resource Mobilisation
▲ Expenditure Management Plan and Accounting

Explicit cross-references to UNDP and other inputs detailed here

BUSINESS CASE

ANNEXES

CHARACTERISTICS OF SUCCESSFUL CAPACITY DEVELOPMENT IMPLEMENTATION

CONTENTS

This annex presents background information and suggestions on how to craft a successful implementation strategy for capacity assessment/ development initiatives. Whether such initiatives are for complex, multi-year national capacity initiatives, or for local, more narrowly focussed initiatives, practical and pragmatic strategies are needed to close the identified capacity gaps using available resources, which in most cases are limited. Four important considerations are covered here, which experience shows us are common to most capacity initiatives.

1.0 ESSENTIAL CAPACITY IMPLEMENTATION DESIGN FEATURES

Essential Implementation Design Features

▲ **Integrated and Comprehensive**

▲ **Incremental and Modular**

▲ **Feasible and Desirable**

▲ **Utilise Existing Capacities**

Many capacity development initiatives are complex, with many inter-related elements. If most dimensions of capacity are to be addressed at the systems, entity and individual levels, then great care must be taken to develop a design that works. Successful implementations, where sustainable results can be produced, are: integrated and comprehensive; incremental and modular; feasible and desirable; and utilisation of existing capacities. Let's look at each of these in more detail.

1.1 Integrated and Comprehensive

The implementation strategy for a capacity development initiative (and for most other programmes and projects), including subcomponents of the strategy, must be vertically and horizontally integrated. In many initiatives it is important to establish hierarchies of objectives that describe a general framework for the integration of implementation strategies vertically—from the systems to individual levels.[1] Each implementation action within a strategy would need to relate to a specific objective of the strategy. Vertical integration also extends internally to entities where there may exist hierarchical structures. Horizontal integration refers to the need to ensure consistency across the various dimensions of capacity. For example, plans and activities to build human resources capacities within an entity (say, training) must be logically related to those dealing with processes for which the human resources would be trained. This will ensure that there are no overlaps or duplication. Each is part of the whole.

The development of capacities must be comprehensive. It is important to address all dimensions of capacity at all levels within the overall system. Once all dimensions of capacity and needed changes are determined, resources can be directed to development of capacities that are based on their relative importance and priority. All too often attention is focussed on one or two dimensions of capacity (e.g., personnel) without

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[1] **Part III** of the guidelines illustrates how such an hierarchy might be applied in a UNDP programme context.

addressing the impacts that potential changes will have on other dimensions (e.g., processes, infrastructure, information).

1.2 Incremental and Modular

Achieving any future envisaged by the capacity development initiative would necessitate implementation on an incremental basis: step-by-step. There are no major capacity initiatives which can be implemented in one fell swoop, or through a single, major initiative. Indeed, the more successful initiatives begin with small, achievable components which build success and credibility. A corollary is that capacity development at each level should be modular, where each is linked to the other to form the whole. This is a building block approach. It allows for greater control over the process as well as greater flexibility. Adjustments can be made more easily when changes at the systems level occur.

1.3 Feasible and Desirable

The capacity initiative must be feasible from a financial, technological and human resource point of view. Implementation analysis, cost-benefit analyses, business case and the like can determine the degree to which the implementation is feasible and what the associated risks are that are attached to it. It makes no sense to pursue a capacity initiative demanding high levels of resources where there is no likelihood of securing these resources.

The envisaged capacity initiatives must be *desirable* from the individual perspective. There must be a critical mass of understanding, acceptance and commitment for the initiative and all associated elements of change in order to proceed into development and implementation, and for the component capacities to be built. People must "want" to proceed with the implementation of the envisaged changes. Desirability can be built with such supporting activities as communications, public relations, education and awareness, resistance mitigation, and like measures.

1.4 Utilise Existing Capacities

Feasibility is enhanced considerably when implementation strategies utilise and build on existing capacities. In most cases, there will be an existing base of capacities, some existing resources and a history. What has gone on in the past may be useful in building towards a future, rather than "re-inventing" an entire system or entity. Care should be taken to not ignore or discount what may be "hidden strengths" at any of the three levels. This aspect is considered further under the subsection dealing with management of resistance.

2.0 LEADERSHIP AND MANAGEMENT

Both leadership and management are required to implement the envisaged initiative and to achieve the capacity development and strengthening objectives. Leadership and management capacities themselves are key (a core strategic management capacity, as described in **Part I**). One school of thought has it that leadership is a part of management. Another

might have it the other way around. For the purposes of a capacity initiative where transformational or major change (and hence, major investments in capacity) are required, there is an important distinction between the two. Much has been written and is available on management and leadership. Some important points on how to lead and manage capacity initiatives successfully are made below.

2.1 Leadership

Leadership rests typically with an individual (although certain organisations or groups can also effect such leadership, but still with a person behind it). Whether a capacity programme initiative is truly national in scope, or focuses at a particular sector or theme, success will depend to a very large extent on *inspirational* aspects. Leadership is a softer quality, and helps focus effort and attention on what needs to be done, on the setting of longer term objectives and priorities according to a set *vision*. True leadership helps create a situation where everyone wants to do their best and is hence a highly motivating and motivational task. This means making people enthusiastic (about the initiative) and inherent capacity changes, and keeping them enthusiastic. A good leader facilitates and rewards good performance.

2.2 Management

LEADERSHIP AND MANAGEMENT

LEADERSHIP

INSPIRING

MAKING PEOPLE WANT TO FOLLOW

HAS EMOTIONAL CHANGE

DEALMAKER

CONSENSUS BUILDER

MANAGEMENT

PLANNING

ORGANISING

STRUCTURE IS IMPORTANT

RESOURCING, MONITORING, CONTROLLING

BOTH ARE ESSENTIAL TO SUCCESSFUL IMPLEMENTATION OF CAPACITY DEVELOPMENT INITIATIVES
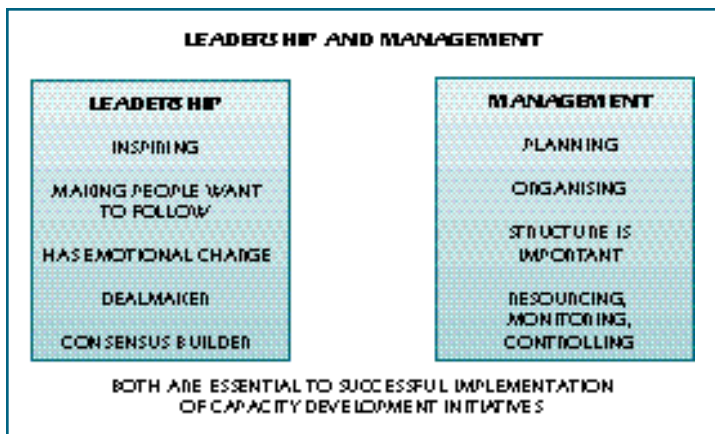
Management on the other hand focuses on the *practical* aspects. Good management (on the part of a person, a management team, an entity) ensures that the right *processes* are put in place and work toward the desired outcome. The right *resources* are brought together and are deployed efficiently and effectively, and performance/ results/ outputs are monitored and evaluated. Management also ensures implementation *plans* are developed and maintained and that communications flows (vertical and horizontal, internal and external) work properly.

3.0 MANAGING RESISTANCE

An often overlooked aspect of capacity and the ability of a capacity development initiative to succeed is resistance—resistance to change. There must exist capacities within organisations responsible for the initiative to anticipate resistance, and then to identify and measure its extent. Resistance can come from any or all entities within the system (although the system itself does not resist except through built in inertia), but primarily it comes from the individual. Let's look at resistance to change and the measures which can be used to mitigate this resistance.

A special note is then made on workforce adjustment, which is typically a major impact and source of resistance to many capacity initiatives.

3.1 Resistance to Change

There are many sources and types of resistance that are common to both capacity development and other types of initiatives involving major change. Resistance can arise simply from the power of the status quo. It can arise from the fear of the unknown (where the future has not been adequately explained or described, to the point where people understand and accept it). Often, individuals do not see the need for change envisaged in the initiative: *Why fix it if it isn't broken?* Some initiatives may require substantial effort and time to achieve, and there is a human unwillingness to put in so much effort over a long period of time.

In these cases, there is no sense of ownership or personal gain, or there is a fear of loss. Other human characteristics, often magnified in bureaucratic settings, include general apathy, skepticism and even cynicism. Cynicism can grow to a point where there is overt and covert undermining of the initiative, including sabotage and violence. At a higher level, existing legislation and unions may serve as major sources of resistance to envisaged capacity changes. What is key in all of this is to anticipate that there will be resistance, and to develop internal capacities to be able to identify, measure and then mitigate this resistance.

3.2 Managing Resistance

There is much experience internationally to help organisations develop capacities to identify and manage resistance at all levels. Common subprogrammes are often developed to mitigate resistence. These comprise education and awareness subprogrammes for the programme as a whole, specially targeted to those individuals, groups, communities that are felt to be specially resistant. Fostering win-win scenarios, with some early and visible successes and examples also help to break down resistance. Active participation in capacity development and related implementation processes of those who resist often result in producing champions for the initiative. Other resistance management initiatives include providing support to those who need it, negotiations, co-opting, finding champions and innovators. In worst case scenarios, some stronger measures may be required (enforcement, discipline) although in most cases these are avoidable.

3.3 Note on Workforce Adjustment

Many capacity development initiatives result from some other major change or reform initiative. And such initiatives usually have an impact on the existing human resource base. Impacts take the form of redeployment, reutilisation, and downsizing. Such impacts on the human resource base can be managed in the context of "workforce adjustment." Workforce adjustment almost invariably generates some resistance from those who are directly impacted. There are inevitably human, financial and organisational issues which must be anticipated. Among the more significant ones are cost and affordability, impacts on the remaining

workforce (survivor syndrome), impacts on organisational structure and stability, reduced productivity, morale problems, service to the public, employee communications, counselling, marketing and placement and the effects of reduced external recruitment.
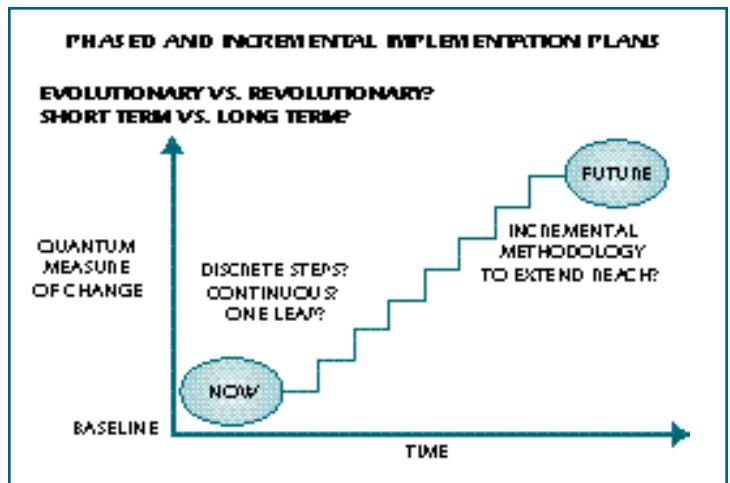
Regardless of the practices ultimately adopted by several countries and jurisdictions, there remains a common set of lessons learned that can serve as a starting point in the consideration of workforce adjustment options. Such options look at utilizing the existing human resources base to the maximum extent possible, and secondly how to best address the needs of those that are displaced. In both situations, there is likely to be resistance and the workforce adjustment approaches that can be applied are meant in large part to mitigate this resistance. These include: employment adjustment; designation of surplus position(s); establishment of priority status; counselling; exposure of options; marketing, placement and clearance; reasonable job offer; retraining; financial incentives; early retirement incentive; and job trading.

4.0 SETTING THE RIGHT TIME HORIZONS

The time needed to implement a capacity development initiative to achieve its objectives and meet targets is more often a lot longer than managers and planners initially think. The time required is directly related to the complexity of the system within which the initiative is to operate, the magnitude of the envisaged changes, and correspondingly the magnitude of capacity development and the resources that are available. Smaller, more focussed capacity development initiatives can be implemented in a relatively short time frame. However, initiatives of transformational change where people and organisations are key typically take one to two generations to complete (15 to 30 years), and thereafter evolve into initiatives of continuous or gradual change.

It is unlikely that any individual or organisation would support a capacity development initiative if the implementation were to take an inordinate amount of time. Even for implementation horizons that may extend over a number of years, acceptability and success will depend on the delivery of early successes. Hence, the more successful initiatives build in capacities to produce early results, to mount fast-track or accelerated subprojects. This helps maintain momentum and support, and early successes (and failures) generate valuable lessons which can be fed-back into the planning and redesign cycles.

This gets back to the notion of developing implementation plans which are incremental, which build capacities on a step-by-step basis, and which are based on clear-cut priorities (usually high, medium and low corresponding to the timeframe which may be broken out over the near, medium and longer term. The diagram graphically illustrates an implementation imitative which may be mounted over an extended period of time (horizontal axis). The vertical axis shows the incremental improvements (or magnitude of capacity) made in developing capacities and achieving other changes. Getting from "Now" to the "Future" can be achieved in a series of steps, rather than in one fell-swoop. Each step would be logically linked to the next.

PHASED AND INCREMENTAL IMPLEMENTATION PLANS

EVOLUTIONARY VS. REVOLUTIONARY?
SHORT TERM VS. LONG TERM?

QUANTUM MEASURE OF CHANGE

DISCRETE STEPS? CONTINUOUS? ONE LEAP?

INCREMENTAL METHODOLOGY TO EXTEND REACH?

FUTURE

NOW

BASELINE

TIME

An example might be a decentralisation initiative (e.g., decentralising health services delivery to local administrations). Actual implementation of this could proceed incrementally, starting with a pilot in one administration. As experience is gained over time, additional pilots could be added each year, until full coverage has been achieved.

5.0 MORE POINTS ON CAPACITY STRATEGY

Having now attended to all of the above, the capacity development strategy and its detailed implementation plans would be submitted to the appropriate authorities for *approval* . Upon approval resources are mobilized and allocated, a team responsible for overall implementation and coordination is set up (or altered, as the case may be), and the job of implementation gets underway. The methods and protocols for approval are designed according to local practice and custom, and would vary by the type of capacity initiative and by country. As a general rule-of-thumb, the level of formal approval should be commensurate with the level of the initiative. A cross-sectoral capacity development initiative of national (and even international significance) should receive the approval of the highest executive (Prime Minister or President) and/or legislative authority in the country. Smaller, more narrowly defined capacity initiatives may be approved at their appropriate level (e.g., Minister, Secretary)

Some Points on Implementation

▲ **Approvals**

▲ **Monitoring and evaluation**

▲ **Execution capacities**

▲ **Resource mobilisation**

▲ **Programme coordination**

▲ **Donor coordination**

▲ **Measuring performance**

Plans are adjusted and revised as and when the need arises. Ongoing *monitoring, control and evaluation* ensures that implementation proceeds according to plan and triggers changes as and when they are required. For longer term cross-sectoral initiatives of major change, supporting activities associated with continuous research and policy analysis help ensure that the capacity development direction and objectives remain integrated to and supportive of broader national policies, objectives and priorities as they also evolve.

For certain initiatives, it may be the case that the national organisation does not have sufficient capacity to manage (i.e., execute) a capacity development initiative. In special cases such as these, a basic first step in implementation is to build *implementation/execution capacity*. The UNDP and other donors may support the building of strategic management core capacities or other capacities to help the entity get off the ground. There have been occasions where major capacity initiatives have entered implementation without evidence of adequate implementation management or execution capacity (driven, for example, by political and/or donor pressure). A proper capacity initiative would clearly identify capacity strengthening needs for programme implementation, and develop/resource actions to meet these needs.

For most development initiatives, *resource mobilisation* usually acquires a major importance for capacity development initiatives. All too often, national organisations and governments do not have sufficient resources to implement major changes. Hence, certain resources are allocated to identifying sources of funding and mobilising these resources. The UNDP, from its international and objective role, often help in resource mobilisation through coordination with other donors and close cooperation with the government. Programme and project documents often include objectives and outputs which support the development of capacities in resource mobilisation and management.

Another important area during implementation is ongoing *coordination* with other initiatives internally in the government or the country. This is especially important for capacity development initiatives that are cross-sectoral in nature. For example, a programme dealing with decentralisation might need close coordination with other national initiatives dealing with tax and legislative reform, civil service reform, and budget/financial management reform. As noted above, special coordinating mechanisms can be set up to ensure not only that such initiatives are coordinated, but that scarce financial and human resources are allocated across all initiatives in a fair and equitable manner.

In some situations, resource mobilisation and coordination are particularly important amongst the donor community and their relationships with government. Some countries look to the UNDP to ensure that proper *donor coordination* exists within the donor community (e.g., that donors are not competing or duplicating their programmes), and/or the UNDP may be the main focal point for joint donor coordination with the government (e.g., various "consultative committees").

In all cases above where the UNDP or other donors may be involved, such involvement is best defined and deployed through process facilitation. In other words, external entities would be engaged to facilitate a process which is owned and managed by those donor organisations that may be involved in a common programme area (e.g., governance). The prime objective of all the coordinating mechanisms is to ensure that scarce internal and external (donor) resources are applied to national programme initiatives in a fair, logical and integrated manner, consistent with national development priorities, i.e., government, or national organisation, as the case may be. Separate UNDP guidelines on process facilitation go into considerable detail as to how such an arrangement would be set up and managed by the government/ national organisation and the UNDP.

Finally, there is the important question of *measuring performance* of the implementation of the capacity development initiative. Is the initiative achieving its implementation objectives and targets? Is it on track? Are the costs under control? Is the quality of implementation action outputs at the expected level (e.g., capacity development and strengthening)? Where the initiative is likely long term, and may run over a period of many years, the management of the initiative as well as all involved stakeholders will need ongoing indications that progress is being made, that achievements are being produced, and if not, why not.

The capacity initiative implementation strategy and each of its supporting action plans would normally have a series of management milestones, where performance along the way can be measured. This may be done on a routine, monitoring basis, as well as planned and periodic evaluations and assessments.

A CASE EXAMPLE
GOVERNANCE PROGRAMME

The purpose of this Annex is to demonstrate how some of the capacity assessment and development guidelines had been adapted to an actual programme of governance and public administration reform. The country ("Country X") had implemented a series of socioeconomic development reforms, but insufficient capacities in the *"systems of governance"* were beginning to jeopardise further socioeconomic progress.

In response, the government developed a national programme to develop governance and public sector capacities. Once this programme was designed and approved, the government then sought the assistance of UNDP to support capacity development in targeted areas. The role of the UNDP and the development of a *"Hierarchy of Objectives"* in the Programme Support Document (PSD) format is also presented. This shows the linkage between a UNDP PSD and a national programme framework, which is discussed in Chapter 8 of the guidelines.

CONTENTS

1.0 CONTEXT

Country X was facing challenges similar to those confronting many nations during the latter part of the twentieth century—challenges of addressing regional and international economic opportunities and threats, of redefining the role of government, of expanding the role of the market economies and the private sector, of diversifying and strengthening national sources of income, and of balancing the national budget.

Unlike other countries in the immediate region, Country X was early off the mark in terms of defining and implementing an economic strategy which could respond to meeting internal needs of economic and social development, social and political stability and security, and reduction of internal disparities. In the mid 1980's, a progressive socioeconomic development policy was implemented, its prime features being a pronounced shift to a market economy from a command economy. This also involved the striking of a new balance between centralised and decentralised government functions, and the forging of more cooperative regional and international relationships. The implementation philosophy incorporated a willingness to experiment and innovate, pragmatism, and putting tangible results ahead of ideology.

To support the reform policy, the government in the early 1990's reorganised the ministries, created new agencies and public organisations, and downsized the civil service by 20%. Most government reforms, however, had been implemented at a high level—mostly in terms of policy intent and direction. A considerable amount of work was left to be done in terms of operationalising such reforms and translating policy intent into concrete actions. This implied the putting in place of appropriate structures, management and administrative frameworks, the development of human resources, and instituting decision support mechanisms, accountability structures, and supporting management systems—a process which had barely begun.

Reforms in the public sector lagged behind those in other sectors of the country, and were seriously beginning to jeopardise further socioeconomic development progress. The prime limiting factor was the low capacity for change within the public sector, this being attributed to a lack of management, technical and professional skills—a human resources deficiency. Existing systems—mostly manual and unnecessarily complicated—were stretched to the limit. There was insufficient awareness and understanding, at most levels within government, of either the need for or the nature of governance and public administration reforms, and their linkages to economic and social development priorities.

2.0 THE CHALLENGE

In view of the above situation, the cumulative pressures for governance and public administration reform were seen to be strong by the mid 1990's. The challenges were primarily in the realm of capacities, and originated from four broad areas:

▲ *Transition Issues.* There existed insufficient understanding of the role of government in a market-based society. The transition to a market economy was placing pressure on the government to be more accountable and transparent in its decision making.

▲ *Macro Socio-Economic Issues.* There existed no integrated approach to the development and implementation of macro-economic policy. There were shortfalls in investment and further globalisation trends and pressures created additional pressure on the government to respond.

▲ *Fiscal Issues.* There were major problems with expenditure control and revenue enhancement. Operating deficits and accumulating debt were jeopardising the delivery of basic services. There existed no effective policy or management frameworks and supporting systems to integrate the policy agenda with expenditure activity. This included low capacity in the budgeting and planning systems.

▲ *Capacity Issues.* There was declining performance of the public service. Human resources were underutilised and improperly allocated. The management techniques and skills were not appropriate for the transition and democratic/market based systems. There were inadequate management and accounting systems, insufficient staff and training, and a pronounced shortage of skilled senior managerial, professional and technical staff. Policies and procedures on administration were either inadequate or absent. The combined effects of this poor administrative environment were low productivity levels, poor motivation, deteriorating morale and confidence.

3.0 THE NATIONAL PROGRAMME RESPONSE

By 1996, a comprehensive, cross-sectoral and multidimensional governance and public administration reform programme was seen to be the only viable solution to the meeting of the challenges. A Programme Strategy was devised by the government, through extensive consultation and participation of numerous stakeholders.[1] The primary thrusts were to *develop capacities* at the systems, entity (government ministries and agencies), and individual (civil servants) levels. The main national programme components were:

(1) a redefinition of the *role and culture* of government from that of commanding and doing, to one of setting the right conditions for the society and the economy to develop (service and leadership). This included the rationalisation of central-local government relationships; enhancing government-private sector relationships; bringing government closer to the people through greater participation; and converting the management style of government from one of following rules and regulations to one of meeting the needs of people, the economy and society through programmes and services.

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[1] The development of the programme strategy was supported by the UNDP through a separate, small project, based on the Process Consulting methodology.

(2) a restructuring and rationalizing of the *machinery of government* to focus on the formulation of policy, and the seeking of cost-effective alternative means of service delivery.

(3) a reform of the authority and *accountability structures* to emphasise increased delegations of authorities to those service units that are closest to its clients, combined with a management philosophy and organisational culture to one of openness, client-service, transparency and accountability.

(4) significantly strengthened *executive decisionmaking* and decision support structures, including a better integration of the policy-program-planning-expenditure systems; and a rationalisation and more effective inter-relation of the legislative, executive and judiciary.

(5) potential *redeployment* of the civil service and reductions in public expenditures, including related revenue/tax reform, regulatory reform, and public administration legislative reform.

(6) innovation and adaptation of *modern management*, information technology and organisational solutions to achieve significant improvements in administrative and operational efficiency, effectiveness and economy.

4.0 NATIONAL PROGRAMME OBJECTIVES

The national programme had a well-defined mission: to adapt the government to the full support of the socioeconomic development of the society and market economy through redefining the role of government in a market economy. The mission would be achieved through a set of strategic capacity development objectives at all levels (systems, entity and individual). Each objective was related to measurable performance results and outcomes, guiding principles and management values, and integration or coordination with other development programmes. The capacity development objectives were:

(1) to restructure and strengthen the national role and supporting machinery of government.

(2) to strengthen the government's central management and coordination functions.

(3) to strengthen local governance and administration capacity.

(4) to strengthen public sector personnel management capacity.

(5) to strengthen financial management capacity.

(6) to strengthen public sector legal environment.

(7) to support other socioeconomic policy objectives of the government.

Each objective was supported by a separate (but integrated) strategy comprising operational objectives, outputs, activities, resourcing and accountabilities. For example, the strategy for the first objective (on the

role of government) focussed on an examination of the overall *relation - ships* between and the respective *roles* of the various levels of government (national, provincial, district and village, plus the possibility of municipalities) to ensure that there were no overlapping or duplicating functions between the levels of government, and that government programmes and services were to be delivered as close as possible to the service recipient or customer. Supporting strategies also addressed the existing instruments of governance: i.e., the *rules* pertaining to sound governance and public administration, the overall thrust of which was to ensure that the "legal"—in the broader sense—instruments supported the capacity development requirements.

5.0 IMPLEMENTATION APPROACH AND METHODOLOGY

The planning and implementation of the programme was based on the adaptation of international best practices and methodologies, the main features of which were:

(1) *Government Commitment* began with the setting up of a very high level State Commission and Secretariat to ensure visible and meaningful leadership and commitment.

(2) *Capacity Development, Strategic and Change Management Methodologies* were adapted to meet the planning, implementation, coordination and evaluation needs of the programme.

(3) *Comprehensive and Integrated.* The programme methodologies ensured a comprehensive and integrated approach to the planning and development of all capacities, and explicitly addressed capacity linkages to other socioeconomic priorities and donor funded projects.

(4) *Incremental and Evolutionary.* Implementation was based on incremental capacity development components, each building on one another, based on a realistic priorities. The approach featured some early successes, pilot initiatives and the ability to experiment and apply lessons learned.

(5) *Partnerships and Consultation.* The government encouraged collaborative, consultative and participatory venues with other stakeholders within the country, within the region and within the international funding community.

(6) *Multidimensional Capacities.* The programme recognised the need for multidimensional and integrated capacity development at the individual, entity and systems levels.

(7) *Practicality and Desirability.* Only those capacity initiatives that were practical, workable, desirable and sustainable were considered. All factors critical to success were carefully examined.

(8) *Implementation Capacity.* Special efforts were applied to develop programme management and implementation capacity.

6.0 THE UNDP ROLE

Early on, it was evident that the government would not likely have the necessary financial, human and technical resources to design, plan and implement the capacity development programme entirely on its own. As with most governments in the developing world, Country X required substantive technical and financial assistance from the international donor community. It was neither feasible nor desirable that such international assistance be sourced from a single donor.

Based on its previous experience in governance and public administration capacity development in both the country and throughout the developing world, the government requested the UNDP to function as the lead agency in mobilizing and coordinating donor assistance, to provide technical assistance to targeted capacity development areas, and to support the development of capacities in strategic management and coordination. Given its own limited resources, both the government and the UNDP determined that the greatest leverage for UNDP funding could best be applied to:

(1) developing capacity in the Programme Support Secretariat;

(2) mobilising donor funding and coordinating donor activity;

(3) facilitating the regional and international transfer of know-how and experience;

(4) supporting the strategic management of the programme by providing technical assistance in governance and public administration capacity development, methodologies, and related areas of strategic management capacities;

(5) supporting a number of targeted reform capacity development and implementation components; and

(6) supporting a minimal but basic set of logistical and infrastructure needs (office and computer equipment, transport, translation and interpretation, publication and related areas).

7.0 STRUCTURING THE PROGRAMME SUPPORT DOCUMENT

In the context of Country X's national programme, the UNDP and the government agreed on a *development objective* for Programme Support which was reflected in the Programme Support Document (PSD): *to provide direct support to the government in developing capacities for the design and implementation of its governance and public administration reform programme; and to provide indirect support to the government in the achievement of its socioeconomic goals, its transition to a market economy and the achievement of sustainable development.*

Using standard UNDP guidelines for the preparation of such documents, the following chart presents a high level overview of the UNDP programme's activity structure.

List of Five Immediate Objectives and Supporting Outputs of the UNDP Governance and Public Administration Capacity Development Programme

1 To Strengthen Capacity in the Secretariat of the Leading Committee
Output 1.1:   Three-year Corporate plan and annual work plan
Output 1.2:   Staffed and fully functioning Secretariat operation
Output 1.3:   Trained internal Secretariat and other key staff
Output 1.4:   Internal office/workgroup methodologies and management practices
Output 1.5:   Project reporting and monitoring mechanisms

2 To Mobilise Donor Funding and Coordinate Donor Activity
Output 2.1:   Donor coordination mechanism and procedures
Output 2.2:   Information base of donor funded projects relating to public administration reform
Output 2.3:   Strategy and plan for mobilisation of donor funding to programme

3 To Support Strategic Management of the Programme
Output 3.1:   Programme management methodologies and practices
Output 3.2:   Global reform implementation strategy and plan
Output 3.3:   Communications and public relations plan and implemented components
Output 3.4:   Focused research and discussion papers
Output 3.5:   Programme management reports and established programme memory

4 To Support and Coordinate Priority Reform Capacity Initiatives
Output 4.1:   Improved human resources management capacities, policies and standards
Output 4.2:   Improved definition of central-local government relationships
Output 4.3:   Improved public administration capacities at pilot sites
Output 4.4:   Required logistical support to the project and pilot implementation sites

5 To Support and Coordinate Focused Related Training
Output 5.1:   Updated training strategy and plan
Output 5.2:   Coordinated training of local government officials
Output 5.3:   Completed international and regional study tours
Output 5.4:   Completed in-country workshops and conferences
Output 5.5:   Coordinated English training for related projects

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In order to illustrate the comprehensiveness of capacity development support provided by the UNDP, the following pages provide a detailed activity structure for objectives 1, 2 and 4. In all cases, the national programme and the UNDP supported programme utilised existing capacities to the maximum extent possible.

IMMEDIATE OBJECTIVE 1—TO STRENGTHEN CAPACITY IN THE SECRETARIAT (OF LEADING COMMITTEE)

To develop the capacity of the Secretariat such that it can efficiently and effectively carry out its role as secretariat to the Leading Committee, as a public administration reform change agent, as an implementing agency for the UNDP supported and other donor supported projects, and as the government's coordinating focus for donor funding and mobilisation.

Results/Performance Indicators

▲ good working relationship between the Secretariat and the Leading Committee

▲ development and approval of a "Corporate Plan" for the Secretariat

▲ fully functional operation, staffed by qualified, motivated, dedicated full-time civil servants

▲ smooth working relationships between national staff and international staff

▲ Secretariat as a showcase for a model office operation

▲ adequate and accessible information resource base on governance, modern public administration reform (books, periodicals, journals, etc., electronic and hardcopy)

▲ capacity to conduct capacity development related analysis, planning, report preparation, and develop recommendations

Output 1.1: Three-year Corporate plan and annual work plan for the Secretariat.

Activities

1.1.1   Adapt an appropriate corporate planning methodology, which can subsequently be used in other government entities, and then train Secretariat staff (and others, as needed) on the use of this methodology

1.1.2   Analyse the opportunities and risks for the Secretariat, determine its strengths and weaknesses, then develop a statement of mission, objectives, goals, priorities and performance measures.

1.1.3   Develop a functional model for the Secretariat, its major functions and activities, and based on this model, develop an organisational structure and resourcing strategy which features a flat structure and the maximum utilisation of its resources (financial and other resources, national and international experts).

1.1.4   Develop the first annual work plan for the Secretariat, including its budget and inputs from the government and UNDP. Update/develop work plans on an annual basis. These work plans will be integrated with and related to the annual UNDP project work plans and budgets.

1.1.5   Package the corporate plan and submit to the Leading Committee for approval and implementation.

1.1.6   Prior to the end of the third year (e.g., at the 30 month point) of the project, revise and update the corporate plan in preparation for the next three year phase of the project.

Output 1.2: Staffed and fully functioning Secretariat operation.

Activities

1.2.1   Complete staffing of the Secretariat with qualified national staff according to the Corporate plan; and identify and mobilise government ministry and agency counterpart staff.

1.2.2   Develop and/or update appropriate office procedures and policies for the Secretariat, including formats for weekly management meetings, and monthly staff meetings; correspondence and records control; communications; transport; materials and supplies; and related functions

1.2.3   Equip and/or upgrade the Secretariat with appropriate integrated office facilities, office equipment and supplies, communications facilities (including Internet access facility).

1.2.4   Implement appropriate systems to support financial management and accounting; reporting; document management; personnel management; lessons learned.

Output 1.3: Trained internal Secretariat and other key staff.

Activities

1.3.1   Carry out internal training needs analysis for Secretariat staff (and other national staff involving the project, including members of the Leading Committee itself), and develop a training plan and schedule as part of employee appraisal system and plan. Ensure incorporation of on-site training and coaching (provided by international staff) in key aspects of public administration reform, management, office administration and related areas. This may involve study tours for select staff. Update training plan on an annual basis.

1.3.2   Carry out identified training according to the plan.

1.3.3   Evaluate training and maintain corporate memory of training and evaluations.

1.3.4   Carry out annual employee appraisal and career development plan for Secretariat staff for the next year.

Output 1.4: Internal office/workgroup methodologies and management practices.

Activities

1.4.1   Based on the needs addressed in the Secretariat Corporate Plan (Output 1.1), identify specific office/workgroup methodologies and management practices for Secretariat functions and operations (e.g., internal budgeting, project management and reporting, records, personnel management, resource forecasting and workload management, issues analysis, etc.).

1.4.2   Acquire and adapt methodologies and management practices, according to schedule.

1.4.3   Develop a basic plan for Secretariat and other targeted government officials who should be trained in selected office/workgroup methodologies and management practices.   Plan will identify best sourcing and delivery for training. Update plan annually.

1.4.4   Develop and deliver appropriate internal training courses and sessions, according to the plan.

Output 1.5: Project reporting and monitoring mechanisms.

Activities

1.5.1   Develop routine and periodic project monitoring and reporting mechanisms, based on the Secretariat work plan, and according to UNDP reporting requirements, to support regular meetings of the Project Management Committee and the UNDP.

1.5.2   Prepare routine and periodic project management reports; maintain record of project decisions taken and outstanding issues. This to be done in support of monthly Project Management Committee meetings.

IMMEDIATE OBJECTIVE 2—TO MOBILISE DONOR FUNDING AND COORDINATE DONOR ACTIVITY

To ensure that sufficient resources are mobilised and applied to the design and implementation of the government's national programme; and to ensure that donor activity in the general area of public administration reform is effectively coordinated so as to reduce overlap and duplication.

Results/Performance Indicators

▲ additional funding secured for the project from other donors

▲ Government and UNDP agreed policy for donor coordination

▲ regular donor coordination format set up and meetings held

▲ greater number of donors participating in the coordination meetings

▲ Secretariat individual assigned responsibility for donor coordination

▲ Government selected expert assigned to support donor coordination

▲ transferred donor coordination capacity to the government

Output 2.1: Donor coordination mechanism and procedures.

Activities

2.1.1 Develop policy, procedures and terms of reference for regular project/programme donor coordination mechanism; solicit input and advice from target donors.

2.1.2 Develop a schedule for donor coordination meetings; develop agenda for first formal donor meeting and issue schedule/agenda to invitees.

2.1.3 Conduct first formal donor coordination meeting; maintain minutes of meeting and circulate to impacted parties.

2.1.4 Implement routine donor coordination meetings; prepare periodic reports for government, UNDP and other impacted parties on the progress and achievements of donor coordination, and its impact on the government programme.

Output 2.2: Information base of donor funded projects relating to public administration reform.

Activities

2.2.1 Collect information on past, ongoing and proposed projects funded or to be funded by donors that have a relationship to the government reform programme

2.2.2 Maintain information on such projects in electronic and/or hard-copy format.

2.2.3 Prepare periodic reports for targeted audience on reform-related donor funded projects, in support of donor coordination and mobilisation efforts. Respond to requests for information on donor funded projects and maintain record of requests and responses.

Output 2.3: Strategy and plan for mobilisation of donor funding to programme.

Activities

2.3.1   Based on individual donor preferences and approaches to related projects, develop a basic "marketing" strategy and plan for the securing of donor funding directly to the project, for cost-sharing, pooling, trust funds, and other mechanisms.

2.3.2   Prepare materials to support mobilisation of donor funding.

2.3.3   Carry out the donor mobilisation plan; monitor and report on results (note: activities in support of Output 2.1 are a part of this plan).

2.3.4   Assess potential for subregional donor cooperation and information sharing in public administration reform, as part of the plan.

2.3.5   Carry out annual review on donor mobilisation and prepare report for targeted distribution, and develop plan for donor mobilisation for the next year.

IMMEDIATE OBJECTIVE 4—TO SUPPORT AND COORDINATE PRIORITY REFORM INITIATIVES AND PILOTS

To coordinate the various UNDP and other donor funded related capacity development projects so as to ensure that experiences and lessons are transferred; to ensure that there is acceptable quality and consistency of results; to ensure that duplication is minimised and that results are achieved to the maximum benefit of the country as a whole. To support the logistical needs of administrative and operational entities that are targeted for public administration reform, with special emphasis being given to the village, district and provincial levels where the needs are the greatest.

Results/Performance Indicators

▲   major improvements in human resources management policies, practices and standards

▲   major improvements in the capacities of targeted pilot organisations/projects

▲   working mechanism for "on-the-ground" coordination of donor funded project design and delivery activities organisations/projects

▲   showcasing of pilot successes and achievements to other parts of the government

Output 4.1: Improved human resources management policies, practices and standards.

Activities

4.1.1   Develop work plan for continued priority improvements in all aspects of civil service reform, and the development of modern practices in human resources management (indicative high priority development components are listed in the following activities—not meant to be exhaustive nor restrictive); seek joint government and UNDP approval of the work plan.

4.1.2   Support the completion of the human resources development plan for the government

4.1.3   Support the development of policies, standards and supporting systems for compensation of civil servants.

4.1.4   Support the development of performance appraisal policies and systems.

4.1.5   Carry out a needs analysis and strategy and plan for the optimal use and deployment of civil servants across the public sector.

Output 4.2: Improved definition of central-local government relationships.

Activities

4.2.1   Confirm selection of pilot ministries and provinces, then update the memoranda of agreement between the project and the selected pilot ministries (finance, health and labor) and pilot provinces.

4.2.2   Develop detailed work plan for selected pilot provinces and central ministries on further refinement and definition of distribution of authorities, responsibilities and accountabilities; seek joint government and UNDP approval of the work plan.

4.2.3   As one of the already established priorities, assist in the finalisation and implementation of the law on territorial organisation (local government).

4.2.4   Implement the developed work plan; identify and assign appropriate resources; prepare terms of reference as needed; mobilise resources.

4.2.5   Carry out other high priority tasks and activities as requested by the government, subject to joint approval between the government and the UNDP.

Output 4.3: Improved public administration capacities at pilot sites.

Activities

4.3.1   Develop detailed work plans for the coordination and/or developing of public administration capacities at selected pilot sites (provinces, districts and/or villages); seek joint government and UNDP approval of work plans.

4.3.2   Implement and/or coordinate capacity development pilot work plans; apply special efforts at coordination of reform related projects in the pilot province.

4.3.3   Carry out evaluations of the pilot experiences, document lessons learned, enter information into corporate memory and disseminate information to target audiences.

4.3.4   Apply special efforts at expanding experiences, lessons learned and know-how as developed at the pilots to other provinces through such mechanisms as publications, in country conferences (precise mechanisms to be determined during the course of the project).

Output 4.4: Required logistical support to the project and pilot implementation sites.

Activities

4.4.1   Provide required translation and interpretation to support project.

4.4.2   Carry out a needs analysis and determine priorities, based on greatest need, for office and computer equipment, repairs and supplies and other office administrative furniture, equipment and supplies, plus fit-up and maintenance; develop schedule and detailed cost estimates for procurement and deployment to meet needs in accordance with UNDP procedures.

4.4.3   Carry out a needs analysis, as above, for transport (e.g., motorbikes and bicycles in some of the pilot provinces/districts/villages); develop schedule and detailed cost estimates for procurement and deployment to meet needs.

4.4.4   Revise corresponding section of the project budget; seek approvals for budget changes and procurement plans from government and UNDP; execute procurement according to plan and provisions of UNDP national execution.

UNITED NATIONS DEVELOPMENT PROGRAMME

CAPACITY ASSESSMENT AND DEVELOPMENT

In a Systems and Strategic Management Context

Development practitioners are giving increasing attention to the issue of sustainability in development. Central to this concept is the issue of development of sustainable national capacities. The United Nations Development Programme (UNDP) has addressed this challenge by ensuring that:

▲ Development policies and programmes are pro-poor, pro-woman, pro-employment, pro-environment and pro-good governance.

▲ Technical cooperation facilitates rather than leads development efforts.

▲ Sustainable capacities are developed not only within the public sector, but also within others segments of society—particularly amongst civil society actors and the private sector.

This Technical Advisory Paper (TAP) focuses on assessing capacity development requirements and then planning for them in a manner that is sustainable. The concept of capacity development is applied in a comprehensive and integrative manner, where the varying dimensions of capacity at all levels of the public, private and civil society sectors must necessarily support each other for the achievement and sustainability of national development objectives. The guidelines presented in this Paper can be tailored to a wide variety of situations, and they are also designed to be used in conjunction with UNDP's programme approach.

As UNDP further moves to supporting broader national programmes over more sectoral or narrowly focused projects, it is important to ask how UNDP can simultaneously bridge and integrate the capacity requirements of complex systems and inter-relationships made up by the interaction of multiple actors from the public sector, private sector and civil society? Furthermore, how can maximum utilisation of existing capacities and knowledge be assured? Or how can one design capacity initiatives where the constant factor is change? These and other related issues are addressed in this Paper.

UNDP's Management Development and Governance Division (MDGD) has drawn extensively on management development and governance experiences in programme countries. It is yet another example of the new UNDP, which regularly learns from its own experiences and analyses them to develop new tools and methodologies in support of developing countries' priorities for sustainable human development.

Eimi Watanabe
Assistant Administrator and
Director, Bureau for Development Policy

PREFACE

The purpose of this Technical Advisory Paper (TAP) is to help managers and other development professionals better manage ***capacity assessment and development*** initiatives. The Paper has extensively drawn upon UNDP's experiences in management development and governance programmes, as well as others, including the private sector.

For years UNDP has focused on assessing the capacities of institutions. In 1994 the Management Development and Governance Division (MDGD) prepared guidelines on "process consultancy" which emphasised the need for external actors to support national processes. The emphasis on processes and systems led MDGD to prepare these complimentary guidelines in broad consultation with country offices and programmes where MDGD has supported programme efforts.

These guidelines address the growing need of management development and governance programmes that are broad-based and involve a number of actors and institutions that work together in common systems (for example, judicial, financial, information, electoral, planning, decentralised systems). Other thematic areas can adapt and utilise these guidelines as well. In fact, development practitioners may wish to use this paper in conjunction with thematic-specific guidelines and best practices so that specific issues related to each theme can be addressed in the assessment methodology. This is not the only approach to assessing capacity requirements. There are others such as those for institution-building (e.g., UNDP's CAPbuild for Institutions) and participatory methodologies to assess the capacity requirements of communities. The nature of the project or programme should determine the best framework.

These guidelines are not a methodology per se, nor a prescribed set of rules and procedures to solve a problem. Rather, they present a range of tools, techniques and approaches which can be adapted to different situations. The approach of the guidelines requires a comprehensive understanding of capacity in both a strategic management context and at various levels: the ***individual*** level, the level of the organisation or ***entity***, and the level of the broader ***system*** or enabling environment within which entities and individuals function. The guidelines examine varying ***dimensions of capacity*** at each level, all of which need to be integrated with the other. Only by looking at capacity in this broader, systems perspective can sustainable capacities be achieved.

Parts I & **II** of these guidelines are generic in nature: they can be adapted by almost any organisation or entity, in a programme or project context, to assess and develop capacities for most situations. **Part III** focuses on the special needs of National Programme Frameworks(NPF), the UNDP's special role in supporting such frameworks, and the relationship of the Programme Support Document (PSD) to NPF capacity initiatives.

As there is no panacea nor one-size-fits-all solution to assessing and developing capacity, common sense and judgement are required to adapt appropriate solutions to the needs of each particular situation. It is hoped that these guidelines will enable managers and other stakeholders involved in capacity initiatives to increase their own capacities in strategic management and to develop sustainable capacity successfully.

The UNDP task manager for this TAP was Bahman Kia and the consultant was Richard Flaman. Your comments and feedback will be invaluable to update and improve on these guidelines.

G. Shabbir Cheema
Director,
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CONTENTS

PART I: INTRODUCTION AND DEFINITIONS

PART II: USING THE CAPACITY GUIDELINES

CONTENTS (CONT.)

ANNEXES

ACRONYMS

MDGD	Management Development and Governance Division (of UNDP)
NGO	Non-governmental Organisation
NPF	National Programme Framework
PSD	Programme Support Document
SWOT	Strengths, Weaknesses, Opportunities, Threats
UNDP	United Nations Development Programme

LIST OF FIGURES

CAPACITY ASSESSMENT AND DEVELOPMENT IN A SYSTEMS AND STRATEGIC MANAGEMENT CONTEXT

PURPOSE OF THE GUIDELINES

The guidelines were developed to help managers and other professionals better manage **capacity assessment and development** initiatives. Such initiatives may involve development programmes, various types of technical assistance and other types of interventions. This requires a comprehensive understanding of capacity in a systems and strategic management context at various levels: the **individual** level, the level of the organisation or **entity**, and the level of the broader **system** or enabling environment within which entities and individuals function. The entity involved may be public, private, and civil society organisations. The guidelines examine varying **dimensions of capacity** at each level, all of which need to be integrated with the other. Only by looking at capacity in this broader, systems perspective can sustainable capacities be achieved. The guidelines are not a methodology per se, nor a prescribed set of rules and procedures to solve a problem. Rather, the guidelines present a range of tools, techniques and approaches which can be adapted to meet the unique requirements of different situations.

Having broad application, the guidelines will be of use to practitioners such as project and programme managers and experts who lead, manage or facilitate capacity initiatives. Also included would be team participants and the broader stakeholder community participating in or otherwise impacted by a capacity initiative.

The guidelines are also specifically geared to those who are involved in supporting the UNDP programme approach and in the formulation of UNDP programme support documents (PSD). This group of users would include government and/or national organisations responsible for national programme frameworks (NPF) and PSDs, UNDP local staff who are familiar with the programme approach, local and/or international consultants and experts, and other organisations or individuals involved in the process (e.g., participating donors).

STRUCTURE OF THE GUIDELINES

The complete set of guidelines (59 pages plus annexes) is divided into three main parts. **Parts I** & **II** are generic in nature: they can be adapted by almost any organisation or entity, in a programme or project context, to assess and develop capacities for most situations. **Part I** describes basic concepts and the systems/strategic management approach to capacity initiatives. **Part II** takes you through the logical phases of *"where we are now ," "where we want to be," "how to get there,"* and *"how to*

stay there." Special attention is given to *sustainability* and the *utilisa-tion* of existing capacities.

Part III focuses on the special needs of National Programme Frameworks (NPF), the UNDP's special role in supporting such frameworks, and the relationship of the Programme Support Document (PSD) to NPF capacity initiatives. Five annexes to the guidelines cover a list of suggested reading, detailed descriptions on topics covered in the main body of the guidelines and a governance programme case example.

CAPACITY DEVELOPMENT DEFINED

Capacity is defined as the ability of individuals and organisations or organisational units to perform functions effectively, efficiently and sustainably. This implies that capacity is not a passive state but part of a continuing process and that human resources are central to capacity development. The overall context within which organisations undertake their functions are also key considerations in capacity development. Capacity is the *power* of something (a system, an organisation, a person) to perform or to produce.

Capacity development [1] is a concept which is broader than organisational development since it includes an emphasis on the overall *system*, environment or context within which individuals, organisations and societies operate and interact (and not simply a single organisation). In the case of development programmes, it includes a consideration of all factors which impact upon its ability to be developed, implemented and the results to be sustained. Of special concern to development planners and to situations where there are limited resources is the need to build on what exists—to utilize and strengthen *existing capacities*, rather than to start from scratch. The guidelines emphasize issues of capacity and sustainability at various levels, in a comprehensive and integrative manner. The guidelines can be adapted by practitioners to carry out capacity assessment and development in a wide variety of applications at the:

▲ *micro-level:* e.g., a community, Non-Governmental Organisation (NGO), an academic or training institution, a government ministry or agency, a parastatal entity, etc.;

▲ *meso-level:* e.g., sectoral initiatives such as health, industrial development, credit development; or regional/local initiatives such as local governance, municipal management; and

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[1] This is not much different than the OECD Development Assistance Committee (DAC) definition of Capacity Development, adapted by various donors, as "*... the process by which individuals, groups, organisations, institutions and societies increase their abilities to: (1) perform core functions, solve problems, define and achieve objectives; and (2) understand and deal with their development needs in a broad context and in a sustainable manner*." This definition goes on to define **core capacities** of an organisation, or community, or sector, (or system) as consisting of:
▲ defining, analysing the environment or overall system
▲ identifying needs and/or key issues
▲ formulating strategies to respond to or meet needs
▲ devising or implementing actions; assembling and using resources effectively and sustainably
▲ monitoring performance, ensuring feedback, and adjusting courses of action to meet objectives
▲ acquiring new knowledge and skills to meet evolving challenges

▲ *macro-level:* e.g., national or cross-sectoral development programmes such as governance and public administration reform, environment, poverty alleviation, private sector development.

CAPACITY IN A SYSTEMS CONTEXT

Most capacity initiatives have traditionally focused their efforts on the entity (organisation, institution) or individual. Where entities and individuals function in a complex environment, or an environment of change, traditional approaches to capacity development have failed or were only partially successful because they did not take into account the broader system or environment within which they functioned. For example, a lot of technical assistance might be channeled into a particular government programme delivery organisation for training and building automated systems. However, where this is done at a time when the broader policy framework of government and society is pointing in a direction of decentralisation, downsizing and partnerships, then the capacity development initiative could well be counterproductive.

To address this issue, the guidelines allow you to address issues of capacity at both the individual and entity levels, as well as at the systems level in an integrated and logical manner. By definition, a system is a regularly interacting or interdependent group of items forming a unified whole. This can apply equally to the human world as it does to the physical world. Capacity is defined here in a *systems context* where a set of entities operate toward a common purpose and according to certain rules and processes. Let's look at each of these three levels in more detail.

Level 1—The System

The highest level within which capacity initiatives may be cast is the system or enabling environment. For development initiatives that are national in context (e.g., governance or environmental programmes), the system would cover the entire country or society and all the subcomponents that are involved. For initiatives at a sectoral level, the system would include only those components that are relevant (e.g., a rural development or decentralisation programme). This level includes both formal and informal organisations within the defined system.
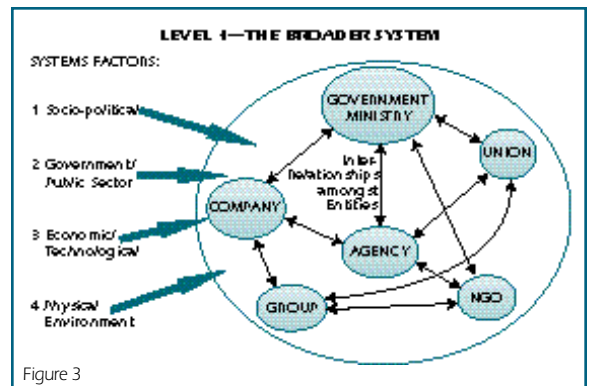

Figure 3

Capacity assessments at the systems level can be made according to relative strengths and weaknesses, as well as opportunities and threats *(SWOT)*. As noted in the diagram, such an assessment can also be guided according to logical groupings of factors, which relate to the different dimensions within the system.

Dimensions of Capacity at the Systems Level

▲ *Policy Dimension:* systems have a purpose, they exist to meet certain needs of society or a group of entities. Also included are value systems which govern the entities within the system.

▲ *Legal/Regulatory Dimension:* includes the rules, laws, norms, standards which govern the system—and within which a capacity initiative is to function.

▲ *Management or Accountability Dimension:* defines who manages the system, and which entities or stakeholders function the system. From a capacity development perspective, this would identify who is responsible for potential design, management and implementation, coordination, monitoring and evaluation, and all other related capacities at the systems level.

▲ *Resources Dimension:* (human, financial, information) that may be available within the system to develop and implement the programme and/or the capacities.

▲ *Process Dimension:* the inter-relationships, interdependencies and interactions amongst the entities, including the fact that these may comprise subsystems within the overall system. This includes the inter-relationships amongst entities in terms of the flow of resources and information, formal and informal networks of people, and even supporting communications infrastructures.

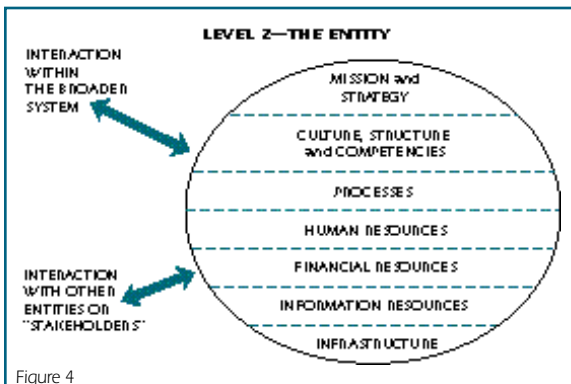## Level 2—The Entity or Organisation

Figure 4

Whether an entity is a formal organisation (such as a government, or one of its departments, ministries or agencies), a private sector operation, or an informal organisation (e.g., a community based or volunteer organisation), there are typically several dimensions of capacity which need to be assessed and developed.

Traditional capacity development and organisational strengthening focus their development resources almost entirely on human resources, processes and organisational structuring matters. The more successful methodologies examine *all dimensions* of capacity at the entity[2] level, including its interactions within the system, usually with other entities, "stakeholders," or clients. This applies to organisational subunits within the entity (e.g., divisions, sections, units, workgroups and teams, etc.).

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[2] For the purposes of these guidelines, the term *entity* is used synonymously with the term *organisation*, where the term organisation is defined as *"... the rational coordination of activities by a group of individuals with the aim of achieving a common purpose"* (taken from E. Schein, "Organizational Psychology," Prentice Hall, 1979). In this sense, an entity may be a small unit such as a division or department among many within a larger entity, or it may be a large unit such as a Ministry within a government. As long as it fits with the definition, it may be classed as an entity.

Dimensions of Capacity at the Entity Level

▲ *Mission and strategy:* include role; mandate; definition of services; clients/customers served; interactions within the broader system and "stakeholders"; the measures of performance and success; and the presence of core strategic management capacities.

▲ *Culture/Structure and Competencies:* include organisational and management values, management style, and standards, organisational structures and designs, core competencies.

▲ *Processes:* (internal and external to the entity) supporting such functions as planning, client management, relationships with other entities, research/policy development, monitoring and evaluation, performance/quality management, financial and human resources management, etc. Processes are central to improved capacities.

▲ *Human resources:* the most valuable of the entity's resources and upon which change, capacity and development primarily depend.

▲ *Financial resources:* both operating and capital.

▲ *Information resources:* of increasing importance, and how these resources (all media, electronic and paper) are managed to support the mission and strategies of the entity.

▲ *Infrastructure:* physical assets (property, buildings and movable assets), computer systems and telecommunications infrastructures, productive work environments.

Level 3—The Individual

Most capacity initiatives ultimately concentrate on the individual, including small interpersonal networks of individuals. This covers individuals both within entities involved in the management and delivery of a capacity initiative, as well as those who are beneficiaries or are otherwise impacted by the initiative (could be specific client groups, segments of society, or the civil population at large, depending on the initiative). Capacity assessments at this level are considered to be the most critical. This level addresses the individual's capacity to

Figure 5

function efficiently and effectively within the entity and within the broader system. The success or viability of a capacity initiative is invariably linked to the capacity of leadership and management.
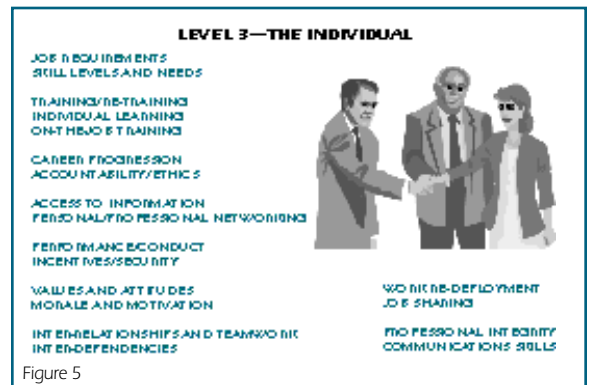
Often, capacity assessments of individuals are based on an established "job description" or some other format which lays out the performance/skills requirements of the position and the individual filling that position. This is combined with a skills assessment of the individual. The assessment will demonstrate any "capacity gaps." Subsequent training and development plans can then be prepared to address these gaps. Increasingly, the dimensions of accountability, performance, values and ethics,

incentives and security are becoming ever more important in individual level capacity assessments and technical assistance development programmes. Strategies that stress continuous learning are also important.

Entry Points—Zooming In and Out

Having established that capacity should be addressed in various dimensions across each of the three levels, the question arises as to where do you enter the capacity assessment process. The most typical entry point is at the entity level. For example, there may be a need to reform financial management and budgeting systems within a Ministry of Finance. This initial, rather narrow examination would then be expanded (*"zoom-out"*) to look at the broader government system of financial management, linkages to budgeting and the integration of policy setting and expenditure management. This would ensure that any capacity development with respect to Ministry level financial management takes into account needs, issues and impacts within the broader government "system."

Entry points are often made at the systems level as well. For example, a major system initiative might be to improve the role and functioning of the legal framework (laws, legislation) as part of a governance programme. After looking at the broader dimensions of capacity at the systems level, you would then *"zoom-in"* to look at the capacity needs of specific entities within the "legal system" such as the judiciary, courts, police services and so on. Further *zooming-in* would allow you to look more closely at the processes, human resources and other dimensions of these entities and the capacity dimensions of individuals within these entities.

WHAT MAKES A CAPACITY INITIATIVE SUCCESSFUL?

The following factors are seen to be critical to the success of a capacity assessment and development initiative. This list is based on extensive UNDP and other international experience in development programmes, technical assistance/cooperation and capacity development.

▲ *Visible Leadership:* meaningful commitment and *ownership* (and *"political will"*) at the political and senior bureaucratic levels, sustained throughout the process.

▲ *Organisation-Wide and Participatory:* highly consultative, with meaningful involvement of all impacted parties or stakeholders.

▲ *Open and Transparent:* the process itself is open, with no hidden agendas, and decision making is transparent. In some situations, external consultants may help facilitate this process and assure independence and objectivity.

▲ *Awareness and Understanding:* all impacted parties/stakeholders are aware of and understand the development or capacity initiative, the implied changes and capacity needs; requires strong internal and external communications; public relations.

▲ *General Buy-in and Acceptance:* understanding generates buy-in and acceptance; critical mass of commitment; resistance is managed.

▲ *Appropriate Methodologies:* for programme and project management; tools and techniques; adapted to the local situation and needs; measures of performance established (results, outputs, outcomes); allowance for early successes and pilots, ongoing monitoring and evaluation.

▲ *Clear Set of Objectives and Priorities:* built into project/programme plans; incremental and phased; available resources appropriate to workload.

▲ *Clear Management Accountabilities:* transparent processes and decisionmaking; open dialogues; explicit responsibilities and accountabilities set.

▲ *Sufficient Time and Resources:* committed availability of financial, information and human resources to plan, develop, implement the capacity initiative; strong managerial resources.

Identifying the Stakeholders

Many current strategic, programme management and related methodologies refer to those that are involved in the capacity assessment process as *stakeholders* . Other terms often used interchangeably, include actors, players, participants, beneficiaries, and clients, among others. A *stakeholder analysis* could be carried out to determine precisely who is/should be involved, the nature of their involvement (role, responsibilities, accountabilities; direct or indirect involvement), and magnitude of involvement (e.g., full or part-time, specific activities only). There are a number of techniques, tools and methods which can support the stakeholder analysis. Tools include surveys, workshops and conferences.

For example, while an envisaged capacity development initiative on governance might eventually include virtually everyone in the "system" (individuals, groups, formal entities), only a very few need be involved in capacity assessments in the initial

Questions to Help Identify Stakeholders

▲ **Who makes/influences policy and decisions?**

▲ **Who would "champion" the capacity initiative?**

▲ **Who could provide financial and technical resources?**

▲ **Who would be impacted?**

▲ **Who are the direct/indirect beneficiaries?**

▲ **Who with no "voice" needs special attention?**

▲ **Who are the representatives of those impacted?**

▲ **Who is likely to support or oppose the initiative?**

▲ **Who is responsible for implementation?**

▲ **What political forces are there?**

policy/concept development stages. How stakeholders are to be involved is another key area to be addressed. Key stakeholders may be represented through formal management/steering committees. Others may be represented through advisory or consultative councils/boards, surveys, workshops and conferences.

A MODEL FOR CARRYING OUT THE ASSESSMENT

Many examples could serve to demonstrate the need for a systems level capacity assessment and how to go about it. The strengthening of health service delivery capacity in a local level of government is a good example. In this example, the effectiveness of developing sustainable capacities at the local entity level would depend to a very large extent on capacities in the broader system within which local government service delivery would function. This broader system would include the beneficiaries or clients of the service, and the relationships with higher levels of government.

Assessments are particularly important for identifying and measuring *capacity gaps*. The gaps, usually expressed as a *weakness*, may apply to one or more *dimensions*. In the early stages of a capacity assessment, capacities need to be assessed from two perspectives: some preliminary estimate of required *future* capacities across each dimension; and an assessment of the *existing* capacities in each of these dimensions. The comparison of information or metrics developed from these assessments will give you an indication of which dimensions need attention and the extent of capacity *gaps* that would need to be filled.

Figure 10-a

Figure 11-c

The figures opposite can be used as a simple model/guide for a systems/entity level capacity assessment. Such a guide will help you to ensure that all dimensions are covered. The rows represent the dimensions of capacity.

In most situations, an assessment will generate good information on existing capacities (column 1). However, for more complex situations where an initial assessment is carried out, it may be too early in the process to generate detailed information on needed capacities in the future. This uncertainty may be denoted by the "grey" in columns 2–4 (for the systems level). These "grey areas" will become clearer as you carry out more detailed analyses of *"where we want to be"* (as shown for the entity level).

To illustrate this, using the health service delivery example, an assessment of the current systems capacity dimension, say, on *"management accountability framework"* (row 3) might reveal that all current decision making for health service delivery is being carried out at the central level of government (ministry of health). The assessment may show that these existing capacities are documented in legislation, regulation, position descriptions, organisational structures and

the like. A preliminary assessment of possible future needed capacities (column 2), based on the policy direction of decentralisation, might imply the need for delegation of authority and empowerment at the local level.

Initial estimated *capacity gaps* might show that changes would be needed in existing management accountabilities at both the central and local levels (e.g., in legislation, regulation, position descriptions, financial authorities, etc.). A capacity gap may be described simply in terms of a potential *weakness* in the systems dimension dealing with accountability—an area to be strengthened. These could then be translated into preliminary alternative strategies for developing these capacities.

Final assessments would be made at the individual level, for each individual addressed by the capacity initiative. The individual's assessment and development plans would be linked or integrated at the entity level, and the entity level would be integrated with the system level.

UNDP AND THE PROGRAMME APPROACH

The guidelines can be readily adapted to help governments and other national organisations assess and develop the capacities needed for the management and implementation of *development programmes*. The UNDP refers to such programmes as National Programme Frameworks (NPF) and these guidelines may be used in conjunction with the UNDP's *Programme Approach*. Development programmes, if done right, manifest ownership by those who must implement them, incorporate strategic thinking and produce sustainable results.

The programme approach allows governments to articulate national priorities and realize sustainable human development objectives through coherent and participatory programme frameworks. It is a logical approach that integrates the processes of macro-, meso- and micro-planning and strategic management of any development effort within a broader systems context. The programme approach was mandated by the UN General Assembly in landmark resolution 44/211. UNDP took up the challenge made by the General Assembly to all UN agencies to foster and encourage the use of this approach. The UNDP has developed tools to operationalise its support in countries which have applied the programme approach.

A NPF is a nationally owned, coherent and dynamic set of inter-related policies, strategies, activities and investments designed to achieve a specific, time-bound development objective or set of objectives. It is typically a document which outlines all requirements (financial, technical, organisational and human from all sources) as well as implementation and management arrangements within a broader systems context. The programme approach involves a process that culminates with the formulation of a *Programme Support Document* (PSD) in the case of UNDP funded technical cooperation. It involves, typically, a 4-step process of policy dialogue, capacity/needs assessment, identification of UNDP support, and implementation.

The role of the UNDP in supporting a NPF initiative, as set out in the UNDP document *"How to Implement the Programme Approach,"* encompasses: identifying strong political commitment; finding champions of change; organising a national "change team" to support the NPF; helping to outline the programme process; and ensuring that key stakeholders are involved. In capacity assessments, the role of the UNDP will depend on the country and the scenario that the particular NPF is in. UNDP promotes *process consulting* which is *"… a practice of management consultation in which the consultant assists the client management group to initiate and sustain a process of change and continuous learning for systemic improvement."*

HIERARCHIES OF OBJECTIVES AND THE PSD

A PSD may be developed to support the NPF at one or a combination of the three levels: systems, entity (formal and informal organisations) and individual. Developing a PSD during the early stages of NPF formulation presents a unique opportunity for the UNDP to help organisations. Typically, insufficient strategic management and other programme management capacities exist within the entity responsible for the NPF. A PSD may be developed as a project, or as a first phase of the NPF, simply to facilitate the moving of the NPF closer to implementation.
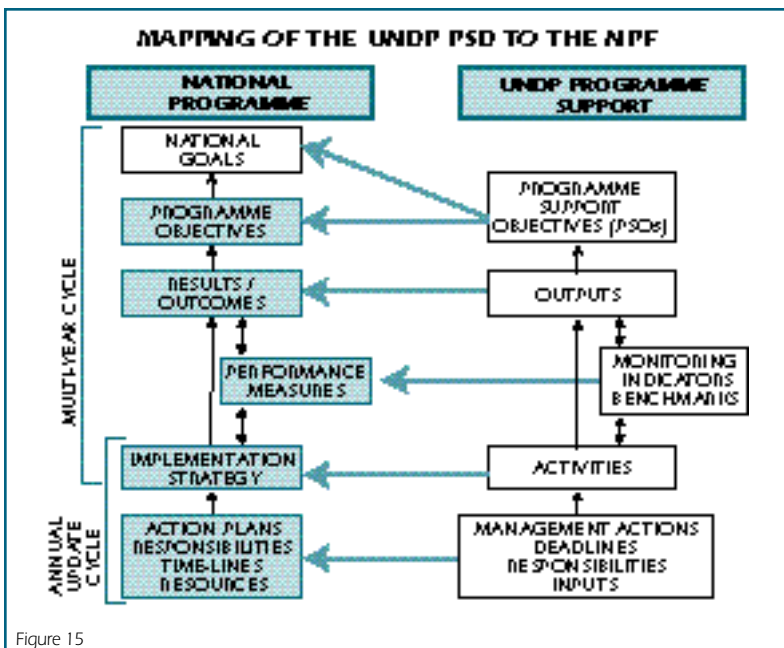
Figure 15

A government or counterpart organisation is always responsible for the NPF, owns the process and is nationally executed. UNDP programme support through the PSD would normally be nationally executed, although there are situations which may require joint/partnership execution or UNDP execution arrangements. In all cases, however, there must be an explicit correspondence between the NPF and the PSD. The figure below graphically illustrates a mapping of the UNDP programme approach and PSD terminology to conventional programme/strategic management planning frameworks and terminology.

The inherent logic of the UNDP PSD is such that most development programmes can be supported through the programme approach and the UNDP PSD. Clearly, some flexibility will be needed to adapt the PSD to unique needs of each NPF.

In the case of the PSD, there are three levels to this hierarchy consisting of Programme Support Objectives/ PSO's (or immediate objectives), outputs and activities. Each output and/or objective would be related to results, monitoring indicators, or performance measures.

A systems level capacity assessment would potentially see two more levels added to the "hierarchy of objectives": level within the system, and dimension of capacity at each level. The chart on the following page presents an example for a hierarchy of objectives for a capacity initiative. The first couple of objectives/outputs/activities are expanded to give you an idea of how the breakout would appear.

CAPACITY ASSESSMENT IN A STRATEGIC MANAGEMENT FRAMEWORK

Organisations in both the public and private sectors have increasingly accepted that their performance or success is as much dependent on the complex inter-relationships and factors within the broader system, as it is dependent upon their own internal processes, structures and resources. Here, capacity is defined in this broader systems framework. In fact, this definition is founded upon *Strategic Management* which, as a concept that has evolved over the past 20 years or so, addresses the needs of organisations to go well beyond the traditional internal management and planning functions such as finance, personnel or planning.

Simply put, strategic management may be defined as an approach whereby organisations define their overall character and mission, their longer term objectives or goals, the product/service segments they will enter and leave, and the means (strategy) by which this is to be achieved, especially, but not only, through the allocation of resources. The approach is comprehensive and far-reaching. It integrates and addresses all dimensions of capacity at the systems, entity and individual levels.

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PSD Hierarchy of Objectives—An Example

TITLE: To Decentralize Service Delivery Planning to the Local Level

SYSTEM LEVEL

Objective 1.0 — **To amend health standards according to local conditions**

Output 1.1 — New health service delivery standards

ACTIVITY 1.1.1 — SET-UP A HEALTH SERVICE DELIVERY STANDARDS REVIEW COMMITTEE

ACTIVITY 1.1.2 — DEVELOP DRAFT SET OF NEW STANDARDS

ACTIVITY 1.1.3 — ETC.

Objective 2.0 — **To rationalize the central/local budgetary and revenue systems**

Output 2.1 — Amended central budget law

Objective 3.0 — **etc.**

ENTITY LEVEL

Objective 1.0 — **To improve planning of local service delivery**

Output 1.1 — Local service delivery planning unit set up

ACTIVITY 1.1.1 — DEVELOP BUSINESS/ORGANISATION PLAN FOR NEW UNIT

ACTIVITY 1.1.2 — DEVELOP ORGANISATIONAL STRUCTURE AND POSITION DESCRIPTIONS

ACTIVITY 1.1.3 — STAFF KEY POSITIONS

ACTIVITY 1.1.4 — ETC.

Output 1.2 — Service delivery planning and forecasting system implemented

ACTIVITY 1.1.1 — DETERMINE REQUIREMENTS FOR NEW SYSTEM

ACTIVITY 1.1.2 — IDENTIFY AND EVALUATE ALTERNATIVE SYSTEMS SOLUTIONS

ACTIVITY 1.1.3 — ETC.

Objective 2.0 — **etc.**

INDIVIDUAL LEVEL (see Subsection 4.4, below)

Objective 1.0 — **Trained staff within the local planning unit**

Output 1.1 — Training strategy and plan

Output 1.2 — Trained staff

Output 1.3 — Completed study tours

ACTIVITY 1.1.1 — DETERMINE REQUIREMENTS FOR STUDY TOUR

ACTIVITY 1.1.2 — DESIGN STUDY TOUR, SELECT PARTICIPANTS

ACTIVITY 1.1.3 — ETC.

Output 1.4 — etc.

</div>

The approach allows organisations to establish for themselves the desired relationships with entities or stakeholders within the broader system within which they function. This requires a full and ongoing assessment of the strengths, weaknesses, opportunities and threats (SWOT) both externally (in the system) and internally. The approach is participatory and

consultative. Strategic management itself
is considered as a core management capac-
ity within an entity or system.

A simple strategic management framework
is adopted in the guidelines (graphically il-
lustrated opposite). This framework is
common to the programme approach
adopted by the UNDP and many other or-
ganisations that address broader issues of
capacity. It is based on a simple, but logi-
cal, progression or lifecycle of assessing
"where we are now ," "where we want to

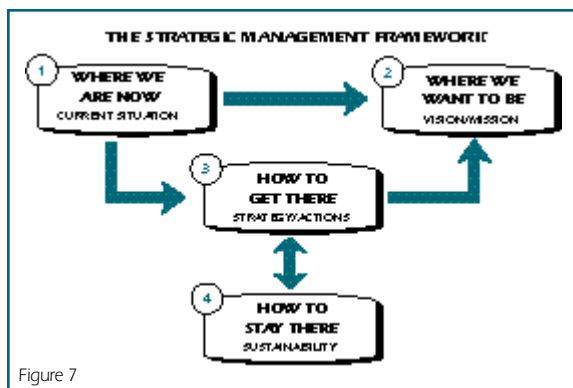

Figure 7

be," "how to get there," and *"how to stay there."* Each of these major
phases can be supported by a range of optional tools, techniques and spe-
cialized methods for assessing and developing capacities at the systems,
entity and individual level in an integrated manner. The complete guide-
lines document addresses each of these in detail, with special emphasis
on sustainability.

The type of assessment depends very much both on the stage of the life
cycle, on the nature of the initiative, and on the entry point to be made.
Capacity assessment and development can occur during each stage. For
example, an organisation embarking on a change or governance pro-
gramme may need to develop initial capacities to carry out programme
planning and management or even to carry out initial capacity assess-
ments to determine whether a programme may be viable. In all cases,
emphasis would be given *to utilizing existing capacities* and to devel-
oping new capacities only where they are needed.

Finally, as there is no panacea nor one-size-fits-all solution to assessing
and developing capacity, common sense and judgement are required to
adapt appropriate solutions to the needs of each particular situation. It
is hoped that these guidelines will enable managers and other stakehold-
ers involved in capacity initiatives to increase their own capacities in
strategic management and to develop sustainable capacity successfully.

▲ ▲ ▲ ▲ ▲

You are encouraged to refer to the complete capacity guidelines doc-
ument and its attached annexes for a more detailed treatment of the
topics introduced in this synopsis. Further reading and reference
material are listed in Annex 1 of the full guidelines document. Or,
you can access the special MagNet-Management and Governance
Network Website of the Management Development and Governance
Division (UNDP/MDGD) at: ***<http://magnet/undp.org>*** *.*