

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 -

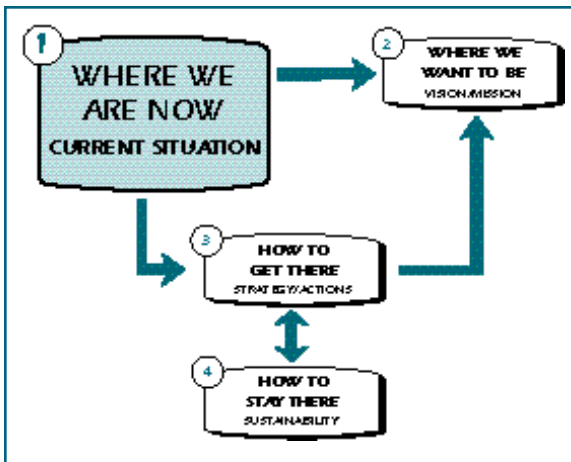
- 1 INTRODUCTION
- 2 BASIC DEFINITIONS AND CONCEPTS
- 3 GETTING STARTED

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.

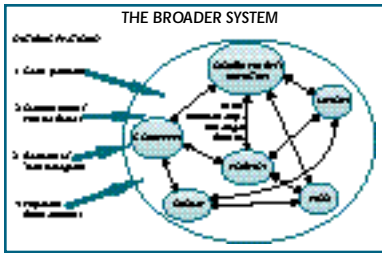
The current situation (of the system, of the local entity) may be one where there are very limited strategic management capacities, or some elements of strategic management may be in place. It will be important to identify such capacities when assessing the current situation.

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.

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.

4.2 THE SYSTEM LEVEL

[1] 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. 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 sus-

tainable 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-

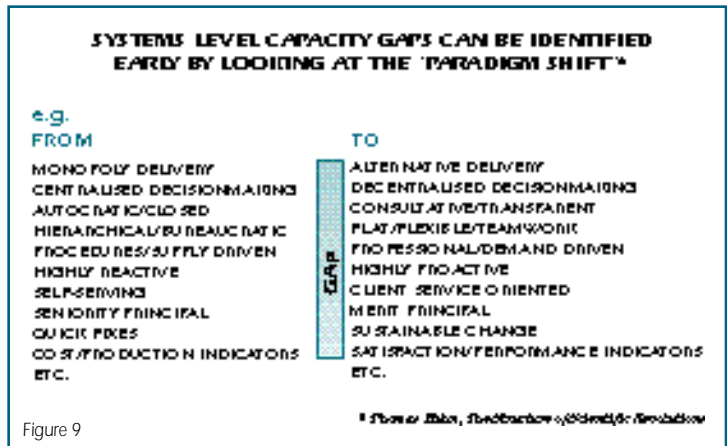


Figure 9

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.

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.

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

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

Figure 10-a

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

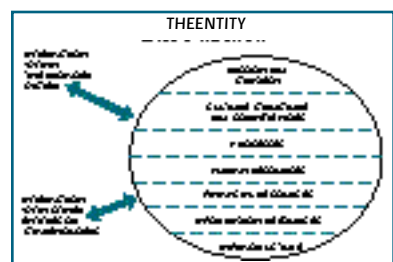
A number of optional approaches to carrying out systems level capacity assessments are identified here and described in more detail in Annex 2. These are not meant to be mutually exclusive—any one or a combination of such analyses can be carried out in order to generate the information needed for decisionmaking 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	2	3	4
	CURRENT CAPACITY	POSSIBLE FUTURE CAPACITY	ESTIMATED CAPACITY GAP	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

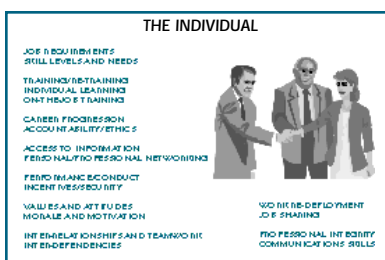
Output 1.2 Trained staff

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.

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

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

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.