



Capacity Development PRACTICE NOTE

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ACRONYMS AND ABBREVIATIONS

BDP	Bureau for Development Policy
CCA	Common Country Assessment
CDG	Capacity Development Group
DAC	Development Assistance Committee
MDG	Millennium Development Goal
NEPAD	New Partnership For Africa's Development
OECD	Organisation for Economic Cooperation and Development
TCPR	Triennial Comprehensive Policy Review
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme

Acknowledgments

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EXECUTIVE SUMMARY

Purpose of this Note

Achievement of the Millennium Development Goals and other international and national development targets, hinges on capacities of individuals, organisations and societies to transform, in order to reach their development objectives. While financial resources, including official development assistance, are vital to success, they are not sufficient to promote human development in a sustainable manner. Without the right enabling environment, well-functioning organisations and a high-performing human resource base, countries lack the foundation needed to plan and implement their national and local development strategies.

Capacity development helps to strengthen and sustain this foundation. Defined as the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time, it is the “how” of making development work better and is at the heart of UNDP’s mandate and functions. The [UNDP Strategic Plan 2008 – 2011](#) positions capacity development as the organisation’s core contribution to development. The [2007 UN Triennial Comprehensive Policy Review \(TCPR\)](#) demands an effective and common approach to capacity development by the United Nations development system. An increasing number of national development strategies also emphasise the prominence and essential place of capacity development in achieving a country’s development objectives.

This Practice Note aims to introduce UNDP staff and other development practitioners to the UNDP approach to supporting capacity development. This approach is rigorous yet flexible, and can be adapted to suit different contexts and needs. It builds on a rich body of conceptual papers, case studies, methodologies and tools that UNDP has developed over the years. It also draws from an analysis of what works and what doesn’t for capacity development, based on examples and evidence from UNDP and a large number of national and international development partners. As such, the Note provides a common point of reference for UNDP practitioners and domestic and external partners engaged in country-level collaboration on capacity development. The Practice Note is complemented by a number of other resources, including the [UNDP Practice Note on Capacity Assessment](#), the capacity development services brochure [Supporting Capacity Development: the UNDP Approach](#), the [UN Development Group \(UNDG\) Position Statement on Capacity Development](#), and the [OECD/DAC “good practice” paper on capacity development](#), to which UNDP actively contributed.

Section I of the Note introduces the key concepts underlying the UNDP approach to supporting capacity development. It discusses the three levels of capacity and distinguishes between technical and functional capacities. Section II presents the basic principles underlying the UNDP approach to supporting capacity development and introduces the five steps of the capacity development process. In Section III, each of the five steps is discussed in more detail. Section IV looks at the four capacity development strategies that UNDP prioritises and that its analysis of the evidence shows to have an impact on the development and retention of capacity across sectors and themes. Section V explores some policy and programme implications for UNDP, including what it takes to programme for capacity development and to mainstream it within sectors and themes. Section VI answers some frequently asked questions on capacity development that distil key messages for communicating on capacity development.

Additional resources on capacity development, from UNDP and others, are provided throughout the Note and in Section VII.

I. CAPACITY DEVELOPMENT BASICS

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

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

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

1. Introduction

Achievement of the Millennium Development Goals and other international and national development targets hinges on capacities of individuals, organisations and societies to transform, in order to reach their development objectives. From the UNDP initiatives [Rethinking Technical Cooperation](#) (1993) and [Reforming Technical Cooperation for Capacity Development](#) (2001 – 2003), to the more recent [OECD/DAC “good practice” paper on capacity development](#), reviews of development effectiveness invariably show that the development of capacity is one of the most critical issues for donors, development organisations and countries alike, be they least-developed or middle-income. The reports of the UN Millennium Project, the Commission for Africa and the New Partnership for Africa’s Economic Development (NEPAD) reach a similar conclusion: while financial resources, including official development assistance, are vital to success, they are not enough to promote human development in a sustainable manner. Without the right enabling environment, well-functioning organisations and a high-performing human resource base, countries lack the foundation needed to plan and implement their national and local development strategies.

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

The [UNDP Strategic Plan 2008 – 2011](#) positions capacity development as the organisation’s core contribution to development. The context for this is provided by the [2007 UN Triennial Comprehensive Policy Review \(TCPR\)](#), which states that “capacity development and ownership of national development strategies are essential for the achievement of the internationally agreed development goals, including the Millennium Development Goals”, and which calls upon “United Nations organizations to provide further support to the efforts of developing countries to establish and/or maintain effective national institutions and to support the implementation and, as necessary, the devising of national strategies for capacity-building.”¹ Within the context of the wider UN system, the [UN Development Group \(UNDG\) Position Statement on Capacity Development](#), the [United Nations Development Assistance Framework \(UNDAF\) Guidelines](#) and the [UNDG Capacity Assessment Methodology](#), all call for a unified approach at the country level in advocating for and taking action on capacity development. An increasing number of national development strategies also emphasise the prominence and essential place of capacity development in achieving a country’s development objectives, as well as the need to resource it adequately over the long-term.

2. Capacity Development: Dealing with Complex Realities

Addressing capacity needs, by strengthening skills, processes and systems, will not hold the promise of sustainable results if it does not take into account the inherently political and complex realities of the environment in which it evolves, and pro-actively address the question of “winners” and “losers”. Whether

¹ TCPR 2007, Paragraphs 27 - 32.

intended or not, capacity development can lead to changes in roles and responsibilities, which can be most unsettling to vested interests and established power structures and which involve shifting behaviour, norms and values. It therefore requires appropriate political and social incentives and strong political ownership and commitment at all levels to succeed and be sustainable.

This political commitment often emerges from pressures for better government, new economic opportunities or social changes. Timing is everything. Windows of opportunity for change tend to open and close with changes in leadership, and shifts in priorities and resource commitments. Consequently, the challenges of investing in capacity are often about managing trade-offs: focusing on “quick wins”, often with smaller but immediate returns, to ensure political support for long-term capacity investments, or investing in initiatives with the potential to promote broader change but with a longer gestation period and that are harder to “sell”, such as tertiary education or language policy reform. Promoting effective and continued participation, public access to information (that gives voice to the people, particularly the disadvantaged), civic engagement and accountability for results, can help shift the balance towards longer-term capacity investments. Such participation, in turn, can strengthen governance processes, thereby creating a virtuous cycle of engagement.

While development cooperation can facilitate and support local change processes, unless carefully managed, it can end up undermining ownership and capacity. For example, the UN system’s evaluation of the international response to the 2004 tsunami in Asia found that the early response had often sidelined existing national and local capacities and had in some cases even depleted such capacities. This reflects broader challenges related to aid relationship dynamics. Each side of the development “partnership” comes to the table laden with its own ideological and political preconceptions. Although stated objectives are often more or less shared in nature, underlying them are misperceptions, vested interests and power differentials that hamper balanced engagement. Ownership only has meaning if priorities are nationally determined and are carried by a broad group of actors.

Driven by the Paris Declaration on Aid Effectiveness, there is a strong focus today on improving aid practices in ways that are more conducive to addressing capacity development challenges. This includes harmonizing and aligning external support and identifying roles, approaches and delivery systems that allow external partners to add value to national and local capacity development processes that are endogenously driven. It is difficult to generalize about the roles external partners may play in this respect, since what is needed is contingent on a country’s demands. What becomes clear, though, is that external partners will increasingly play a facilitative rather than an interventionist role.

3. Defining Capacity Development

UNDP defines capacity development as: the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time. Stated simply, it starts from the question: “Does a country have the capacity to get to and go beyond its development goals?”

As discussed in Box 1 below, over the past ten years, the development literature and inter-governmental agreements have often used the terms capacity development and capacity building interchangeably. Although the two are related, they have different connotations. It is therefore important to clarify the concepts and to use them as appropriate to a given context.

UNDP generally prefers to use the broader term capacity development since this best reflects its approach: starting from capacities that exist and supporting national efforts to enhance and retain these. This is a process of endogenous transformation that is based on nationally determined priorities, policies and objectives and cannot be driven from the outside.

Box 1. Capacity Development or Capacity Building?

- Capacity development is commonly used to refer to the process of both creating and building capacities, as well as the (subsequent) use, management and retention of capacities. It is seen as endogenously driven and recognises existing national capacity assets as its starting point.
- Capacity building is used to refer to a process that is less comprehensive than capacity development. It focuses only on the initial stages of building or creating capacities and assumes that there are no existing capacities to start from. In its “good practice” paper, the OECD/DAC writes that “[t]he ‘building’ metaphor suggests a process starting with a plain surface and involving the step-by-step erection of a new structure, based on a preconceived design. Experience suggests that capacity is not successfully enhanced in this way.” Capacity building is more relevant to crisis or immediate post-conflict situations where much of the existing capacity has been lost due to capacity destruction or capacity flight.

The entry point for thinking about capacity issues tends to be perceptions or concerns about performance. This works both ways: when a system or organisation is seen to be under-performing, attention is drawn to the inadequacy of capacity, while good performance is usually associated with adequate and efficiently used capacity. However, capacity does not automatically translate into improved performance or, ultimately, better development results. To illustrate: the engine of a bus may have all the components to allow it to run smoothly, but the bus would still sit idle without fuel and a driver. By the same token, capacities may be in place, but appropriate incentives and resources need to be present to put them in high gear and in motion toward the desired development destination.

Also, a lag usually exists between any investment in capacity development, the emergence of new capacities and their translation into performance improvements. Indeed, the development of individual competency takes many years, while societal transformation may take generations. Capacity development should therefore be seen as a long-term process, whose outcomes cannot be expected to evolve in a controlled and linear manner.

4. Levels of Capacity

The UNDP definition of capacity development reflects the viewpoint that capacity resides within individuals and also at the level of organisations and within the enabling environment. In the literature on capacity development, variations on the basic distinction among these three levels can be found. For example, the organisational level is sometimes referred to as the institutional level and the enabling environment is sometimes referred to as the institutional or societal level².

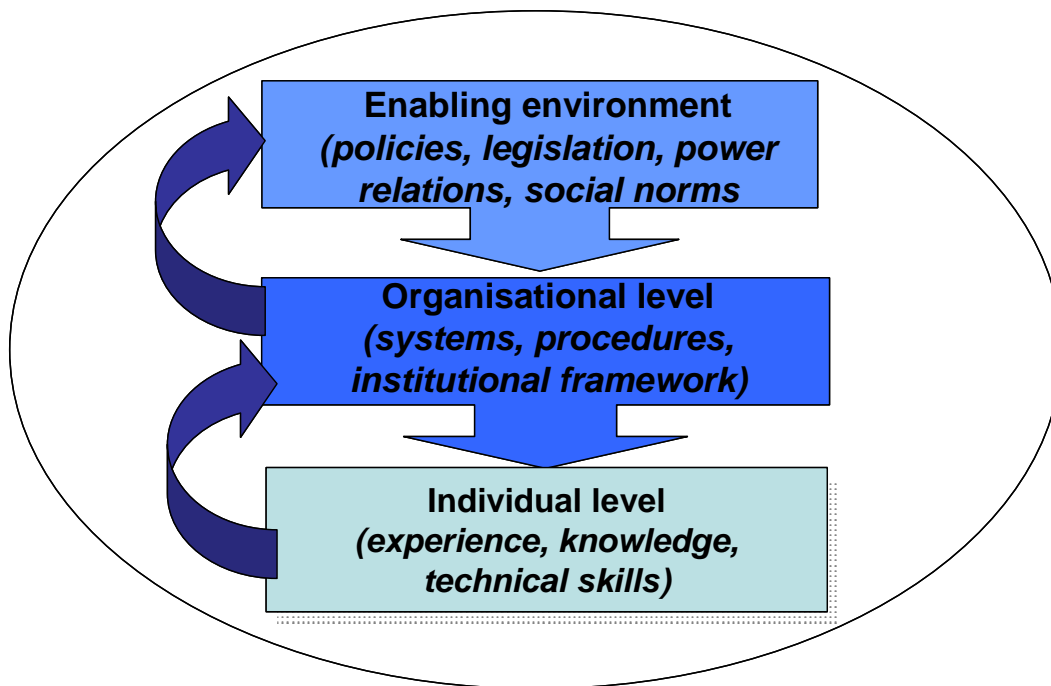
While these differences in language can reflect nuances in how capacity is perceived, it is commonly understood that irrespective of the terminology used, capacity exists at different levels that are inter-related and complementary and that combine to form an integrated system. This implies that any effort to assess or develop capacity necessarily needs to take into account capacity at each of these levels if it wants to prevent efforts from becoming skewed or ineffective. For example, what may seem an individual-level issue, such as the management capacities of a department head, turns into an issue at the organisational level when looked at from the perspective of the management systems and procedures in place. Often attention also needs to be paid to global developments and trends that may influence capacities, such as migration or international trade agreements.

² Douglass North defines organisations as “made up of groups of individuals bound together by some common purpose to achieve certain objectives. Organisations include political bodies (political parties, the Senate, a city council, regulatory bodies), economic bodies (firms, trade unions, family farms, cooperatives), social bodies (churches, clubs, athletic associations), educational bodies (schools, universities, vocational training centers).” North distinguishes organisations and institutions by stating that an institution constitutes “humanly devised constraints that structure human interaction. They are made up of formal constraints (rules, laws, constitutions), informal constraints (norms of behavior, conventions, and self imposed codes of conduct), and their enforcement characteristics.” UNDP has chosen to use the term “organisation” to refer specifically to an entity, and “enabling environment” to indicate the system beyond the single organisation, which comprises more than institutions.

The three levels of capacity are the following:

- **Enabling environment** - Individuals and organisations do not function in isolation but are part of a broader system, which facilitates or hampers their existence and development. This system is referred to as the enabling environment and constitutes the first level of capacity. This level is not easy to visualise, but it is extremely important to the understanding of capacity issues. Capacities at this level include the policies, legislation, power relations and social norms, all of which govern the mandates, priorities, modes of operation and civic engagement across different parts of society. These factors determine the “rules of the game” for interaction between and among organisations.
- The second level of capacity is the **organisational level**. This comprises the policies, procedures and frameworks that allow an organisation to operate and deliver on its mandate and that enable individual capacities to connect and achieve goals. If these are well aligned, an organisation’s capability to act will be greater than that of the sum of its parts.
- At the **individual level**, capacity refers to the skills, experience and knowledge that are vested in a person. Each and every person is endowed with a mix of capacities that allow us to perform, whether at home, at work or in society at large. Some of these are acquired through formal training and education, others through learning-by-doing.

Figure 1. Levels of Capacity: a Systemic Approach



I. THE UNDP APPROACH TO SUPPORTING CAPACITY DEVELOPMENT

Over the years, UNDP has invested significant effort in conducting research and analysis of capacity development theory, methodologies and applications to identify what works and what doesn't for capacity development. The organisation has also been taking concrete steps to translate its findings into an evidence-based and systematic approach to supporting capacity development that is being mainstreamed into its policy and programme support, across the different UNDP Bureaus and Groups.

Experience and research have yielded increasingly clear insights on what is conducive or detrimental to capacity development. These suggest a “best fit” rather than a “best practice” approach that steers away from a one-size-fits-all formula that could represent an operational recipe or blueprint. Instead it calls for a number of action-oriented basic principles for capacity development³ that can serve as signposts and safeguards to help keep development efforts focused on capacity outcomes. These principles could apply to most situations, bearing in mind that country and culture specific situations vary widely. Operational variations are likely to be most pronounced in particularly vulnerable and fragile states and countries in transition.

1. Basic Principles Underlying the UNDP Approach to Supporting Capacity Development

The UNDP approach to supporting capacity development brings together a value base, a conceptual framework and a methodological approach. It is underpinned by the following basic principles:

- It gives tangible expression to the concept of **national ownership**, which is about the capabilities of making informed choices and decisions.
- It is not **power-neutral** and involves **relationships, mind sets and behaviour change**. It therefore emphasises the importance of **motivation** as a driver of change.
- It is a **long-term process** and can be promoted through a combination of shorter-term, often externally driven results and more sustainable, locally driven, longer-term ones.
- It requires **staying engaged** under difficult circumstances.
- It links the **enabling environment, the organisational level and the individual level**, promoting an interdependent approach.
- It moves **beyond a singular focus on training** to address broader questions of institutional change, leadership, empowerment, and public participation.
- It emphasises the use of **national systems**, beyond the use of national plans and expertise. It questions the use of stand-alone implementation units; if national systems are not strong enough, they should be reformed and strengthened, rather than bypassed.
- It demands **adaptation to the local reality**. There are **no blueprints**. It must start from the specific capacity requirements and performance expectations of the environment, sector or organisation it supports.
- It demands a **link to a broader set of reforms**, such as education reform, wage reform and civil service reform, to be effective. There is little value in capacity development initiatives that are designed as one-offs or in isolation.
- It results in **unintended (capacity) consequences**. This must be kept in mind during the design phase and should be valued, tracked and evaluated.
- It provides a **systematic approach to measuring** capacity development, with the use of “good practice” indicators, case evidence and available data analysis. It also brings together quantitative and qualitative data to give grounding and objectivity to perceptions and judgments on capacity assets, needs and progress.

³ For an elaboration of some of the operational implications of the default principles, see the Executive Summary of the UNDP publication: Ownership, Leadership and Transformation – Can we do better for Capacity Development?

2. Technical and Functional Capacities

UNDP supports the development of technical and functional capacities (see Box 2 below) across the three levels of capacity. Evidence shows that attempts to address just one level, without taking into account the others, are likely to result in developments that are inefficient and in the end unsustainable. Sustainable results also call for a well-targeted response that is embedded in a national development strategy, sector plan or thematic programme, and clearly addresses “capacity for why”, “capacity for whom?” and “capacity for what?”.

Box 2. Two Types of Capacity: Inter-related yet Distinct

- **Technical capacities** are the most familiar and straightforward. They are the capacities associated with particular areas of expertise and practice in specific sectors or themes, such as climate change, HIV/AIDS, legal empowerment or elections. As such they are closely related to the sector or organisational context in focus.
- **Functional capacities** are “cross-cutting” capacities that are relevant within and across the enabling environment, organisations, sectors and individuals and are not associated with any one particular sector or theme. They are the management capacities required to formulate, implement and review policies, strategies, programmes and projects. As such, functional capacities have proven to be of key importance for successful capacity development regardless of the application area, as they focus on getting things done. The five functional capacities that UNDP emphasises are:
 1. **Capacity to engage stakeholders, e.g.:**
 - a. Identify, motivate and mobilise stakeholders
 - b. Create partnerships and networks
 - c. Promote the engagement of civil society and the private sector
 - d. Manage large group processes and open dialogue
 - e. Mediate divergent interests
 - f. Establish collaborative mechanisms
 2. **Capacity to assess a situation and define a vision and mandate, e.g.:**
 - a. Access, gather and disaggregate data and information
 - b. Analyse and synthesise data and information
 - c. Articulate capacity assets and needs
 - d. Translate information into a vision and/or a mandate
 3. **Capacity to formulate policies and strategies, e.g.:**
 - a. Explore different perspectives
 - b. Set objectives
 - c. Elaborate sectoral and cross-sectoral policies
 - d. Manage mechanisms for prioritisation
 4. **Capacity to budget, manage and implement, e.g.:**
 - a. Formulate, plan and manage projects and programmes, including the capacity to prepare a budget and to cost capacity development
 - b. Manage human and financial resources and procurement
 - c. Set indicators for monitoring and monitor progress
 5. **Capacity to evaluate, e.g.:**
 - a. Measure results and collect feedback to adjust policies
 - b. Codify lessons and promote learning
 - c. Ensure accountability to all relevant stakeholders

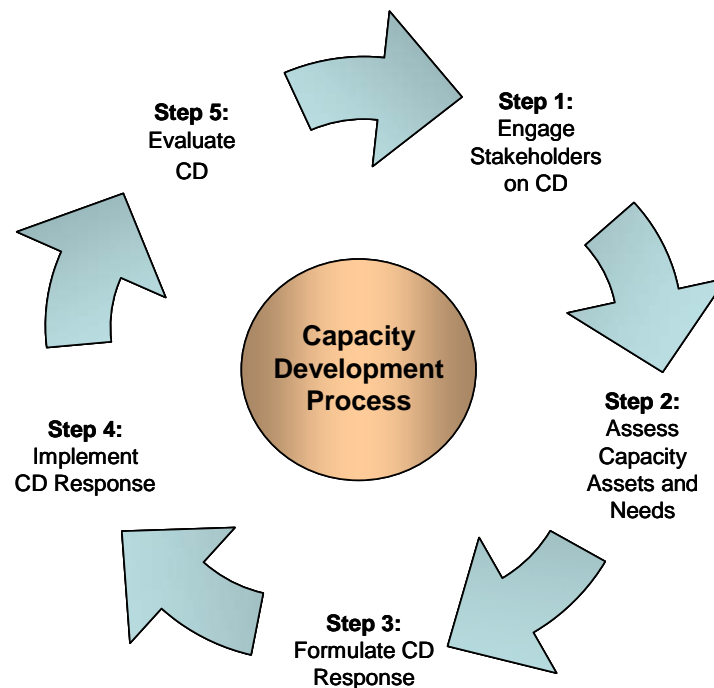
3. The Capacity Development Process

For UNDP, capacity development is not a one-off intervention, but a cyclical process that comprises five steps. These steps broadly coincide with the steps of a programming cycle. While not a blueprint, approaching capacity development through this process lens has shown to bring rigour and a systematic method to supporting its development, and to improve the consistency, coherence and impact of UNDP's efforts. It also helps promote a common frame of reference for a programmatic response to capacity development.

The five steps of the capacity development process are⁴:

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

Figure 2. The Capacity Development Process

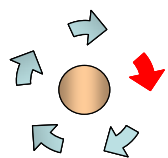


These steps are consecutive, but need not be completed within a specified timeframe or within the confines of a single programme or project. The length of the cycle will depend on a large number of factors, such as the breadth and depth of the programme or project, the complexity of the capacity assessment and the capacity development response and the time lag between any two steps of the process, for example, the end of implementation and the start of an evaluation.

UNDP may support the entire cycle or parts of it in partnership with other national and international development actors. For example, it may be possible that a capacity assessment is conducted by a national research institution or that an evaluation of a UNDP-supported capacity development response is carried out by an independent evaluation team.

⁴ The five functional capacities and the five steps of the capacity development process are closely linked. This is not a coincidence. Representing the management capacities needed to formulate, implement and review any strategy, policy or programme, the functional capacities are important drivers of an effective capacity development process.

III. THE FIVE-STEP CAPACITY DEVELOPMENT PROCESS



1. Engage Stakeholders on Capacity Development

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

The starting point for such a dialogue may involve a PRSP, a national development plan or strategy that provides a common reference point for a mutual review of planned priorities and results. At sector or thematic level, programme-based approaches such as Sector-wide Approaches (SWAs) offer an equivalent framework for engaging different stakeholders on capacity development. While external partners may play a role in promoting such national frameworks, it is important to avoid parallel decision-making and consultative forums that reinforce upward and accountability at the expense of local processes and downward accountability.

Stakeholder engagement should be promoted right from the outset of the capacity development process, with full input from all relevant actors, and ownership of both process and content. Hence it is depicted as the first step of the cycle - but should always be an integral aspect of the other steps as well. Engaging stakeholders includes a mapping of key partners to involve in the capacity development process, a discussion on development priorities, and consensus-building on the need to establish capacity development as a political priority.

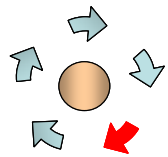
Box 3. Malawi: Engaging Stakeholders to Assess Capacities

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

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

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

Source: UNDP/BDP/CDG Capacity Development Strategies and Diagnostics Annual Report 2007



2. Assess Capacity Assets and Needs

As stated before, the complexity of capacity development challenges resists the use of blueprints to support it. What works well in one situation, may not work in another. Asking “capacity for why?”, “capacity for whom?” and “capacity for what?” will yield different responses depending on the local context and the specific priorities and issues at stake.

The level of existing capacity and desired future capacities will also differ in each case.

Conducting a capacity assessment helps determine which capacity investments to prioritise. Defined as an analysis of desired future capacities against current capacities, it offers a systematic way of gathering critical knowledge and information on capacity assets and needs.

This is used as the basis for formulating capacity development responses that address those areas where capacities could be strengthened, or that optimise existing capacities that are strong and well placed.

The [UNDP Practice Note on Capacity Assessment](#) offers a comprehensive discussion of the concept and the UNDP Capacity Assessment Methodology and presents a range of examples. This Note only provides an introduction to this step of the capacity development process.

a. When to Conduct a Capacity Assessment?

Conducting a capacity assessment could happen at the beginning of a programme cycle, or mid way through, depending on the primary intent of the exercise, as such opens up space for dialogue and feedback around mutual interests, provides rigour to design and helps determine which capacity investments to prioritise. Ideally, a capacity assessment would always be an integral component of any planning or programming cycle whether at the national, local or programme level. It can be used, for instance, when preparing national development strategies, conducting a Common Country Assessment (CCA), elaborating a United Nations Development Assistance Framework (UNDAF) or a UNDP Country Programme, or drafting individual development programmes and projects. If a capacity assessment was not conducted during programme formulation, it can be used when managing the (annual) review process.

b. Why Conduct a Capacity Assessment?

Capacity assessments can serve a number of different purposes in the context of any one of the situations described above. They can, for example, act as a catalyst for action, help build political support for an agenda or offer a platform for dialogue among stakeholders to get them on the same page. Capacity assessments can also be used to understand operational hurdles, or to unblock a programme, by identifying capacity gaps that prevent it from moving forward as planned and by providing a starting point for the formulation of capacity development responses.

c. UNDP Capacity Assessment Methodology

Like the UNDP approach to supporting capacity development, the UNDP Capacity Assessment Methodology provides a systematic framework and a logic for assessing capacities, while demanding adaptation to suit different contexts and needs. The UNDP Capacity Assessment Methodology consists of: the UNDP Capacity Assessment Framework; a process and a supporting tool. These are discussed in more detail in the UNDP Practice Note on Capacity Assessment.

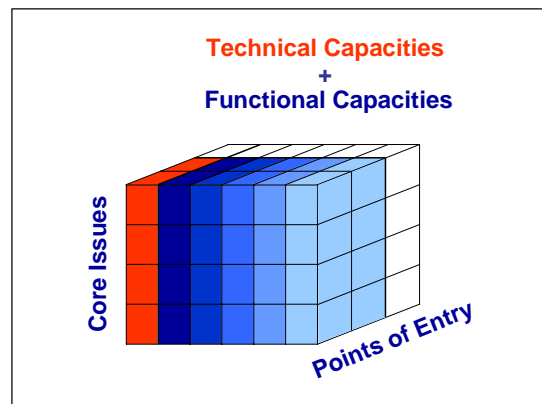
UNDP Capacity Assessment Framework

The UNDP Capacity Assessment Framework (as shown in Figure 3 below) can be used in its totality – i.e. for a comprehensive coverage of all cross-sections of points of entry, core issues and capacities - or to drill down on select cross-sections.

Points of Entry

While each of the three levels of capacity can be taken as the point of entry for a capacity assessment, the UNDP Capacity Assessment Framework focuses on the enabling environment and the organisational level. The point of entry is important because it provides initial focus to the assessment, but it does not limit the assessment to just one level. Because of the complementarity between the different levels of capacity, depending on the point of entry an assessment will generally “zoom in” and “zoom out” across the three levels.

Figure 3. UNDP Capacity Assessment Framework



Core Issues

For each point of entry, one or more core issues can be explored: institutional arrangements; leadership; knowledge; and accountability. These issues represent the development challenges that UNDP sees most commonly encountered across different sectors, themes and levels of capacity. These issues need not all be covered in an assessment, but simply provide a comprehensive set of issues from which an assessment team can choose as it defines the scope of the assessment. Depending on the context, the list may be expanded to include other critical issues.

Functional and Technical Capacities

The third dimension of the UNDP Capacity Assessment Framework consists of the functional and technical capacities, which were introduced in Box 2 above. These capacities can be assessed for any combination of point of entry and core issue selected.

Box 4. Kazakhstan: Assessing Capacities at Oblast and Rayon Level

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

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

Source: UNDP/BDP/CDG Europe & CIS Annual Report 2007

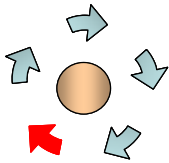
UNDP Capacity Assessment Process

The capacity assessment process consists of three key steps:

1. *Mobilise and design*: clarifying objectives and expectations with primary clients; identifying and engaging stakeholders; adapting the UNDP Capacity Assessment Framework to local needs; determining how the capacity assessment will be conducted (team composition, timeframe); and costing the capacity assessment process.
2. *Conduct the capacity assessment*: defining desired future capacities; defining the level of desired future capacities; and assessing existing capacity levels.
3. *Summarize and interpret results*: analysing and synthesizing data, validating findings and communicating with key stakeholders.

Following these steps helps deepen local engagement and dialogue around the capacity assessment process and facilitates consensus on its results. The [UNDP Practice Note on Capacity Assessment](#) provides a more detailed discussion of each of the steps.

3. Formulate a Capacity Development Response



UNDP uses the term capacity development response to refer to an integrated set of deliberate and sequenced actions that are embedded in a programme or project to address “capacity for why?”, “capacity for whom?” and “capacity for what?”. These actions are identified and prioritised by the capacity assessment team and relevant stakeholders to build on existing capacity assets and address the capacity needs identified by a capacity assessment.

A capacity development response supported by UNDP consists usually of a combination of the four capacity development strategies detailed in Section IV below. These four strategies are linked to the four core issues in the capacity assessment framework.

Core Issue	Capacity Development Strategy
Institutional Arrangements	Institutional Reform and Incentive Mechanisms
Leadership	Leadership Development
Knowledge	Education, Training and Learning
Accountability	Accountability and Voice Mechanisms

The idea behind this is that a capacity assessment will help identify the capacity assets and needs within various cross-sections of level of capacity, core issue and capacity, and that the corresponding strategy will allow a capacity assessment team to identify the appropriate actions to address them.

a. Define a Capacity Development Response

For UNDP, defining a capacity development response involves identifying and combining actions from the four capacity development strategies that strengthen existing capacity assets or address capacity needs identified by conducting a capacity assessment. Because the four capacity development strategies are complementary, combining actions from more than one strategy will increase the effectiveness of the response. For example, it may make sense to incorporate incentives for good leadership in a human resources system, or to link a functional review to support for accountability mechanisms.

Similarly, evidence has shown that addressing a capacity issue across different capacity levels will help ensure the sustainability of the results. For example, a functional review of the Procurement Office of the Ministry of Health, which addresses the organisational level, may need to be complemented by a revision of the Government’s procurement guidelines, which addresses the enabling environment.

There are a number of other considerations to bear in mind. For example, when defining a capacity development response, it may be less threatening to many stakeholders to start from capacity assets, rather than capacity needs. Also, to build momentum for the capacity development process, it may be important to design a combination of quick-impact initiatives (less than one year) and short- to medium-term (one year or longer) initiatives. This will build the foundation for ongoing capacity development and continued stakeholder engagement.

Ideally a capacity development response should be integrated in existing national budget structures to ensure continued funding beyond the potential involvement of UNDP and other external partners. Keeping sustainability considerations at the forefront also involves addressing the question of exit strategies. This implies, for example, strengthening the base of local experts and consultants, and involving national, regional or local educational and training institutes.

b. Define Progress Indicators for a Capacity Development Response

As in any well-defined project, indicators should be set to monitor implementation of the capacity development response, and for each indicator, a baseline and target need to be established as well.

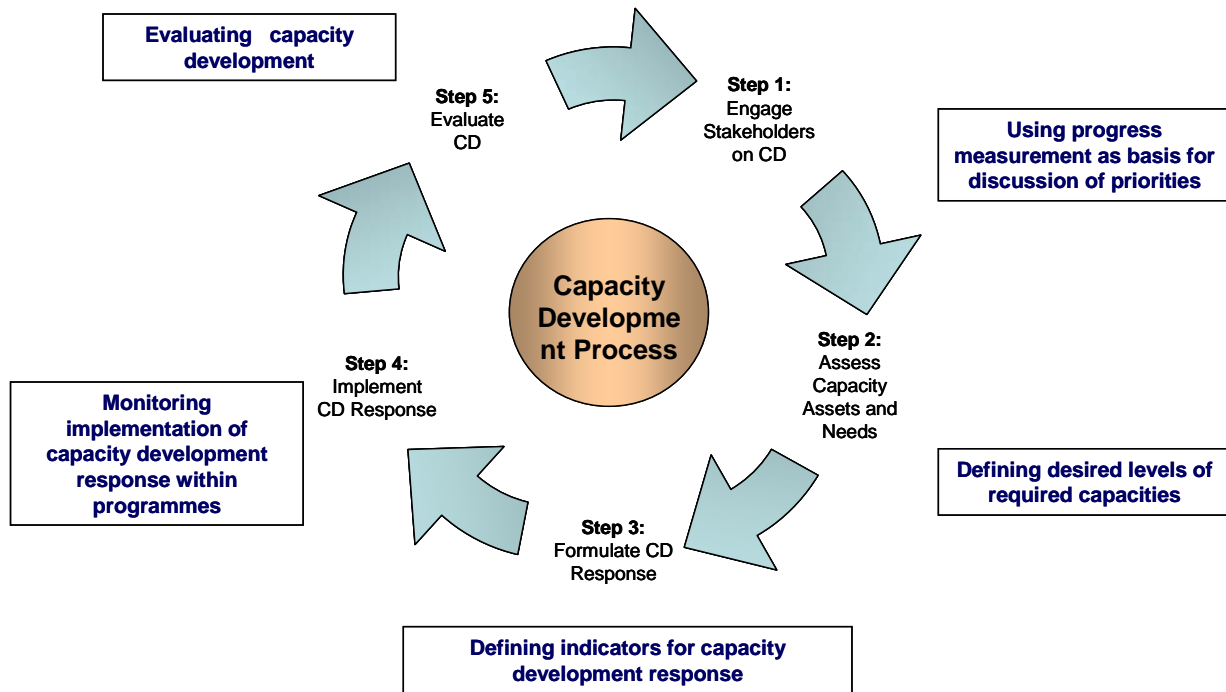
As illustrated in Figure 4 below, these indicators are related yet different from those identified as part of the capacity assessment.

Indicators for the capacity development response measure “**output**” or whether activities are being implemented as foreseen. There will be one or more indicators for each of the capacity development strategies that combine to form the capacity development response. These indicators are similar to those that could be used to monitor the output of any type of project, and are not necessarily capacity development-specific. It is not necessary to create a separate monitoring system for the capacity development response; just like the capacity development response is incorporated into an overall action plan, so should indicators for the capacity development response be integrated into the overall monitoring framework.

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

The baseline data are used as the starting point against which to measure progress; the targets may be either short- or long-term with interim milestones. The process of monitoring progress should allow for refinement of a capacity development response and potentially the design of new initiatives to address evolving needs.

Figure 4. Indicators in the Capacity Development Process



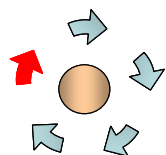
d. Cost a Capacity Development Response

Costing a capacity development response is critical, since it allows or forces stakeholders to make a realistic estimate of the amount of funding required for implementation. If the costing exercise shows that the budget envelope for capacity development is too small to cover all proposed actions, alternative solutions need to be explored, such as possibilities to leverage other programmes and resources or to prioritise the actions to be implemented.

This will build on the priorities that were set when designing the capacity assessment (guided by “capacity for why”, “capacity for whom?” and “capacity for what?”) and when validating and interpreting its findings. Since the process of setting priorities is inherently political, it should be managed carefully and transparently, with the involvement of all relevant stakeholders. Otherwise those that stand to lose out may withhold their support during implementation.

Box 5. Costing Shorter-term and Longer-term Capacity Development Responses

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



4. Implement a Capacity Development Response

Implementing a capacity development response is not a parallel process, but part of the overall implementation of a programme or project in which the capacity development response is embedded. To give tangible expression to the concept of ownership, during implementation, efforts should be made to use existing systems rather than create parallel ones.

For example, using a common monitoring and reporting system helps avoid fragmentation of efforts and information that easily undermines local capacity, ownership and opportunities for learning, while placing the ultimate responsibility in the hands of national stakeholders.

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

Box 6. Monitoring a Capacity Development Response

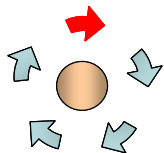
The [UNDP Handbook on Monitoring and Evaluating for Development Results](#) defines monitoring as “as a continuing function that aims primarily to provide the management and main stakeholders of an ongoing intervention with early indications of progress, or lack thereof, in the achievement of results.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

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

While transparent monitoring systems can provide an important upward pressure to perform, results-based management system can easily distort capacity development objectives towards quickly measurable results.

Source: UNDP Evaluation Office (2002) Handbook on Monitoring and Evaluating for Development Results

5. Evaluate Capacity Development



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

The question evaluators are often guided by is whether there was a clear strategic intent for capacity development and whether this intent was adequately supported by the chosen capacity development response: did the capacity development response help to build, enhance or retain capacities that contributed to greater development effectiveness?

Progress and results in capacity development are reflected by changes in performance, which can be measured in terms of improved efficiency and effectiveness. These are less easy to capture than more tangible outputs. Even more challenging to evaluate is the link between capacity development and impact, since this will depend on the synergies between a number of factors over an extended period of time of which a change in capacity may be only one. Questions of contribution and attribution will therefore need to be taken into account.

An elaborate evaluation framework may not always be the solution for such challenges. In the end, an evaluation framework is only as useful as the extent to which its findings are taken up in policy dialogues and decision-making. There is no point in designing a complex framework with many levels and indicators if the capacities and resources to manage it are unavailable. Another consideration to take into account is that relevant data may not always exist or may be of dubious quality. The challenge thus lies in designing a framework that is comprehensive enough to capture the key issues, but that continues to be manageable.

Developing an appropriate evaluation framework starts with the identification of the core issues that the capacity development response aimed to address and of the level of capacity (individual, organisational, enabling environment).

For each combination, attention should focus first and foremost on progress in terms of results, but an evaluation should also look at the process used. Use can be made of both qualitative and quantitative information, from subjective and objective sources, also depending on what data is available. For example, the existence of a monetary incentive system can be determined objectively, but its quality and the extent to which it improves performance may require subjective measures. If possible, findings should be cross-checked against global indexes, such as human development reports or the rankings prepared by Transparency International.

IV. THE FOUR CAPACITY DEVELOPMENT STRATEGIES

As discussed in Section 3.3 above, while the core issues in the UNDP Capacity Assessment Framework represent the capacity development challenges that UNDP sees most commonly encountered, the corresponding capacity development strategies contain the actions that UNDP's analysis of the evidence shows to have a sustainable impact on the development and retention of capacity across levels of capacity, sectors and themes. These four strategies are inter-dependent and mutually reinforcing. Hence a capacity development response often combines actions from more than one strategy.

1. Institutional Reform and Incentive Mechanisms

The capacity development strategy Institutional Reform and Incentive Mechanisms is linked to the core issue Institutional Arrangements. This core issue refers to the policies, procedures and processes that countries have in place among others to legislate, plan and manage development and the rule of law, measure change in progress, and provide oversight over non-state actors.

The corresponding capacity development strategy focuses on ensuring that the best possible institutional arrangements are in place to achieve the agreed development objectives or results. Setting up more efficient systems of workflows, designating roles and responsibilities, matching recruitment to skills and competencies and assigning responsibilities can lead to efficiency gains and generate "quick wins" in capacity development. It is also important to ensure that there are sufficient motivating factors to best utilize existing capacities. This can be fostered through a combination of monetary incentives, such as merit-based pay and performance management systems, and non-monetary incentives, such as fellowships or a work-life policy.

Illustrative capacity development actions under this strategy are:

- Facilitation of a functional review to determine the responsibilities of different units of government and public institutions and how they interact
- Support to the design of civil service reform, including an analysis of recruitment criteria, remuneration packages, systems for training needs assessments and how these needs are met, etc.
- Support to the creation of monetary and non-monetary incentives that promote a results-based management culture. These can include awards and recognition; performance-based budgetary allocations; salary supplementations⁵; or work quality improvement measures
- Advice on the design of national programmes to retain (and attract from Diaspora) capacities in-country

Box 7. Albania: Supporting a "Brain Gain" Strategy

Promoting the return of skilled migrants is an integral part of the Government of Albania's Strategy for Migration. Since 2006, UNDP has been supporting the Government's efforts in this area through a project aimed at creating incentives and mechanisms to encourage skilled people to remain in Albania, to return after university, or to come on a short-term basis to engage in specific projects. The project targets universities, public administration and the private sector. Its activities include, for example, support to the Board of Higher Education of Albania to develop and implement the new Law of Higher Education, which will make the process of inviting visiting scholars and professors less restrictive. The Programme also supports the development of merit-based recruitment criteria for the public administration.

Sources: <http://www.braingain.gov.al/default.asp> and <http://www.undp.org.al/index.php?page=projects/project&id=101>

2. Leadership Development

The capacity development strategy Leadership Development is linked to the core issue Leadership. Leadership is the ability to be open to, anticipate and respond to change, irrespective of whether this is internally initiated or externally imposed. It is also the ability to influence, inspire and motivate people,

⁵ There are guidelines for this under UNDP projects. See UNDP Guidance Note on Salary Supplementation

organisations and systems to achieve and in many cases go beyond their goals. The corresponding strategy is a collection of actions to support individuals and groups to expand the skills, attitudinal and behavioural base that constitutes good leadership. This includes not just training, peer exchanges and action-learning trajectories, but also the introduction of ethical and value-based frameworks and career management policies. Although leadership development is often addressed through dedicated leadership development programmes, such as the Afghan Civil Service Leadership Programme (Box 8), but this need not be the case. It can also be supported by addressing leadership concerns emerging from broader change efforts.

Illustrative capacity development actions under this strategy include:

- Provision of coaching and mentoring support, for example to women parliamentarians
- Design of a coaching and mentoring programme on ethics and values for young leaders
- Promotion of networks for peer-to-peer exchange on MDG achievement among local-level leaders from government, civil society and private sector
- Support for dedicated leadership development programmes that combine training sessions with on-the-job learning, for example for civil servants
- Support for the creation of career management systems, including incentives for good leadership, and policies for succession planning

Box 8. Afghanistan: Civil Service Leadership Programme

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

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

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

Source: http://www.undp.org.af/WhoWeAre/UNDPinAfghanistan/Projects/sbgs/prj_csld.htm

3. Education, Training and Learning

The capacity development strategy Education, Training and Learning is linked to the core issue Knowledge. Knowledge can be developed at a variety of levels (national and local, secondary and tertiary) and through a variety of means (education, training and learning). While the distinction between these three means is not always clear cut, they tend to have different connotations. Education is commonly associated with the transfer of knowledge in a formal setting (a school, a university), over a longer period of time, that helps lay the foundation for further training and learning. Training, in comparison, tends to focus more on the transfer of specific skills in response to ad hoc needs, can also be informal, and is generally of a shorter-term nature. Learning is not a time-bound process, but a journey that can span a life-time. It builds on the knowledge and skills acquired through education and training and it combines it with the experiences in using them.

UNDP provides training and learning support, strengthens capacities of institutes of education, and supports reforms of Ministries of Education. A key role is also the facilitation of linkages between development needs, development policies and the mainstream education agenda. This teams with the strengthening of education services, curriculum development and reform of national education strategies supported by UNESCO, the World Bank and other partners.

Illustrative capacity development actions under this strategy include:

- Promotion of reforms in tertiary education curricula to include human development needs and areas
- Facilitation of partnerships (for investments) in tertiary and technical education reform for long term capacity development
- Promotion of the use of appropriate training methodologies for specific skills and knowledge transfer, and the linking of training to larger reform efforts
- Advocacy for continued learning initiatives (through vocational training and non-formal education) to facilitate community learning

Box 10. Africa: Fostering Partnerships for Tertiary Education Reform through a Virtual Community of Practice

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

Source: UNDP/BDP/CDG Africa Annual Report 2007

4. Accountability and Voice Mechanisms

The capacity development strategy Accountability and Voice Mechanisms is linked to the core issue Accountability. Accountability exists when rights holders are able to make duty bearers deliver on their obligations. This plays out or is observed, for example, in the relationship between a country and its citizens, or between an organisation and its clients, or between a country and international donors.

The actions under the strategy Accountability and Voice Mechanisms address the capacities that allow rights holders to voice their demands and that ensure that duty bearers respond to them and that support the creation and use of appropriate mechanisms to monitor, steer and adjust behaviour. Such mechanisms can range from very simple to very complex. A relatively “light” mechanism is the posting of public information on notice boards around town or the organisation of town hall meetings to discuss this information. More complex accountability systems are peer reviews that countries engage in under the New Economic Partnership for African Development (NEPAD) or elaborate citizen report card surveys.

Illustrative capacity development actions under this strategy include:

1. Support to the design of client voice mechanisms (e.g. citizen report cards, community score cards) and mutual accountability mechanisms (e.g. peer review mechanisms)
2. Promotion of public information campaigns at national and local levels
3. Support to the analysis and design of social auditing practices
4. Support to institutional performance management
5. Support to public oversight mechanisms (e.g. Office of Ombudsperson)

Box 11. Ethiopia: Using Report Cards to Monitor Public Service Delivery

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

Source: Bekele, E. (2006) Enhancing social accountability through community empowerment to facilitate PASDEP/PRSP implementation: The case of Citizen Report Cards in Ethiopia. Presented at the Human Development and Capability Association 2006 annual meeting.

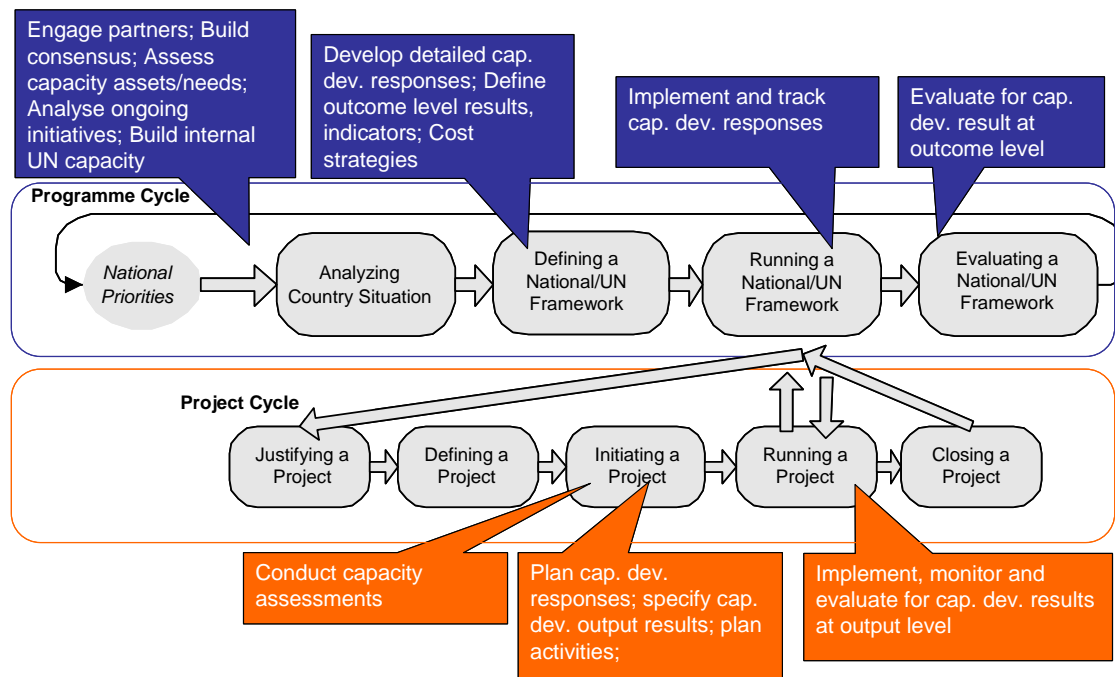
V. POLICY AND PROGRAMME IMPLICATIONS

1. Integrating Capacity Development into Programming

The capacity development process outlined in this Note is not only applicable to the formulation, implementation and evaluation of UNDP programmes and projects, but can also be promoted for use by governments and other development practitioners as they design and implement their development plans and programmes.

While the different steps of the Country Programming Cycle and the project cycle should ideally be linked to the five steps of the capacity development process (as illustrated in Figure 5 below), in reality the two may not always be perfectly in sync. However, there may still be opportunities to integrate capacity development. For example, if a country is approaching the end of the UNDP Country Programming Cycle, efforts may focus on trying to include capacity development elements into the evaluation or on engaging stakeholders on capacity development. This can help pave the way for using a capacity assessment as part of the formulation of the next country programme. Or, if a country is about to launch its annual review of the CCA/UNDAF, it may be possible to conduct a capacity assessment and formulate a capacity development response. Also, at the level of individual projects, it may be feasible to incorporate the different steps of the capacity development process into the project formulation, implementation and review phases.

Figure 5. Integrating Capacity Development into Programming



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

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

2. Mainstreaming across Sectors and Themes

The [UNDP Strategic Plan 2008 – 2011](#) positions capacity development as the organisation's core contribution to development, making it everybody's business and responsibility to support it effectively. This requires a sustained level of commitment and engagement from all parts of the organisation. Capacity development policies and measures must be mainstreamed into all UNDP focus areas⁶ (refer Box 12 – 15), as well as into UNDG harmonisation efforts and procedures.

Box 12. Turkey: Supporting Capacity Development for Fiscal Policy

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

Source: UNDP/BDP/CDG Europe & CIS Annual Report 2007

Box 13. Jordan: Supporting Capacity Development for MDG Monitoring and Evaluation

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

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

Source: Case materials prepared for RBAS Regional Meeting Syria, February 2008

To mobilise UNDP's potential impact on capacity development, it is necessary to focus attention and resources horizontally and vertically. Horizontally means across regions and practices and involves: a common focus on assessment, overall strategies for learning and skills development, common approaches to incentive systems, and indicators for monitoring capacity development. Capacity development methodologies and tools to support much of the above are becoming more available, including on capacity assessment, capacity development strategies and indicators of capacity development. These methodologies and tools vertically cover specific capacity development interventions required within the needs of each programme and policy and resources area; based on the horizontal common ground, each service line can better define what capacity development means in that context to attain the required results.

Similarly, this requires that the relevant partnerships be brokered and supported, with development partners, twinning arrangements among southern and northern institutes, information and learning platforms that include CSOs, donors and government agencies, to support capacity development investments and knowledge-sharing on a regular basis.

⁶ The UNDP Focus Areas are 1) poverty reduction and achievement of the MDGs (which includes HIV/AIDS); 2) democratic governance; 3) crisis prevention and recovery; 4) environment and sustainable development. A gender perspective will be integrated into each of these four focus areas.

Box 14. Asia: Supporting Capacity Development for Disaster Risk Reduction

The UNDP Capacity Assessment Tool is being adapted to apply among national disaster management platforms according to the Hyogo Framework for piloting in Tsunami countries to strengthen national capacities for coordinating disaster risk reduction and recovery, as well as with national disaster management/recovery organisations or agencies in selected countries to enhance emergency response capacities, recovery and post-conflict/transition capacities.

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

Source: UNDP/BDP/CDG Asia Annual Report 2007

Box 15. Central African Republic: Supporting Capacity Development for Aid Effectiveness

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

Source: UNDP/BDP/CDG Aid Effectiveness Team December 2007

The immediate challenge for UNDP and for the UN development system is to ensure its support to programme countries' priorities and successfully address the underlying cross-sectoral national capacity conditions that impede or offer opportunities for progress on the MDGs. In middle-income countries, where the development agenda is often not driven by the MDGs, UNDP will need to identify niche areas in which its support will be most effective. Box 16 below highlights a number of other challenges.

Box 16. Key Challenges in Taking Capacity Development Support to Scale

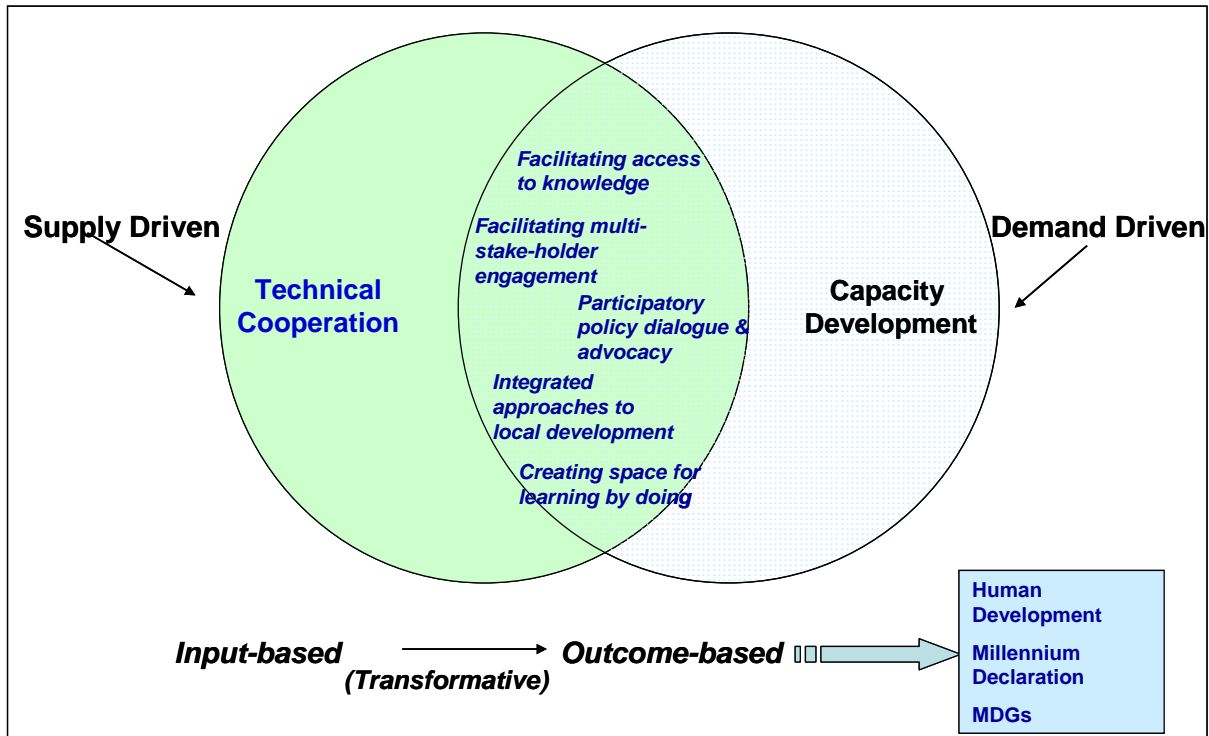
- Avoid generic training regimes.
- Cost and include capacity assessments and capacity development responses within sector plans and institutional budgets, e.g. through the integration of capacity and needs assessments.
- Address the "distortions" inherent in development processes: brain gain/retention, competing conditionalities, parallel systems, no exit strategies, different accountability and transparency standards, salary supplement schemes etc.
- Develop internal capacities to support, monitor and evaluate capacity development.

VI. FREQUENTLY ASKED QUESTIONS

What is “new” about capacity development?

Technical cooperation was the most common approach to development cooperation in the 1970s and 1980s. At the time, priority was given to technical training and the introduction of models and systems from the north. A foreign “technical expert” would come into a country for a short period to provide expertise and technology. Little attention was given to the transfer of skills or the sustainability of interventions.

Figure 6. From Technical Cooperation to Capacity Development



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

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

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

How has UNDP's support to capacity development evolved?

Over the years, UNDP has invested heavily in training and skills building of individuals. There is, however, growing recognition that the other two levels of capacity (organisational and enabling environment) must be supported as well to promote sustainable capacity development.

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

How does capacity development relate to human development⁷?

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

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

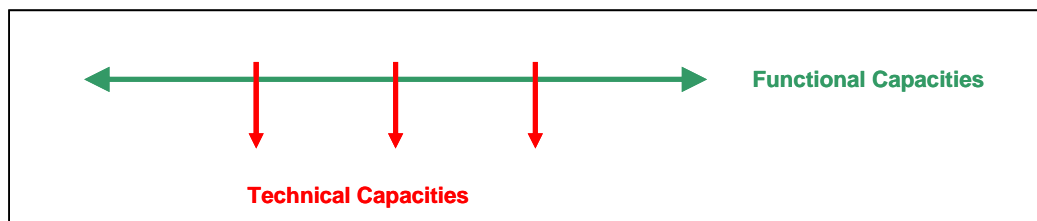
How does capacity development relate to the Millennium Development Goals?

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

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

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

Figure 7. Combining Functional and Technical Capacities



⁷ Based on UNDP/BDP/CDG (2008) "A Think Piece on the Link between Human Development and Capacity Development".

What is a national capacity development facility⁸?

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

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

What does a national capacity development strategy comprise?

A national capacity development strategy helps to institutionalize a country's focus on and investments in capacity development and the activities to support it, within the framework of a PRS, national development strategy or sector plan. It provides an allocation of roles and responsibilities (who does what), resourcing and operational responsibilities that allow a country to carry the capacity development agenda forward in the long-term.

⁸ For more information on national capacity development facilities, please refer to the [UNDP Practice Note on Capacity Development During Periods of Transition](#) and the website of the [UNDP Regional Service Centre in Bratislava](#) which contains a number of case studies on Capacity Development Facilities.

VII. CAPACITY DEVELOPMENT RESOURCES

1. UNDP Capacity Development Knowledge Resources

Theoretical and Case Study Publications

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

Practice Notes

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

Concept Notes on Capacity Development Strategies

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

Practice Notes on Capacity Development Applications

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

Concept Notes on Capacity Development Applications

- Capacity Development and Aid Management
- Procurement Capacities

Resource Guides and Tools

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

Training materials (For UNDP Staff)

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

Networks

- Capacity Development Network and Community of Practice

Capacity Development Websites/Knowledge Spaces

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

2. Other Sources

[Development Gateway Site on Capacity Development](#) The topic page “Capacity Development” aims to provide a knowledge networking tool for facilitating the exchange of information on capacity development principles, best practices and lessons from experience. Key issues include among others: donor practices; fragile states; leadership; brain drain and capacity development for HIV/AIDS.

[CIDA CD Extranet](#) The purpose of the capacity development extranet site is to share information and analysis on capacity development in development cooperation. The audience includes CIDA's capacity development network, other CIDA personnel, and CIDA's partners in development in Canada and abroad. Requires user registration.

[Capacity Development Resource Centre – World Bank Institute](#) The Capacity Development Resource Center provides an overview of case studies, lessons learned, “how to” approaches, and good practices pertaining to capacity development. It also includes links to international and local capacity development agencies and other knowledge sources including working papers, recent books, strategy notes, and diagnostics.

[Impact Alliance](#) The Impact Alliance is a global action network that brings together a diverse group of member organisations and individuals that are looking to share, learn and collaborate on capacity development. The Impact Alliance provides an online space for partners to exchange ideas and knowledge and to access information.

[Intrac - Praxis](#) The PRAXIS Programme aims to enable civil society organisations to become more effective through the increased generation of, access to and exchange of innovative and contextually appropriate approaches to organisational capacity building.

ANNEX 1: RESOURCES CONSULTED

Below is an overview of resources consulted for this Practice Note. For more resources on capacity development, please consult the online resource library at www.capacity.undp.org.

1. UN/UNDP Publications

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UNDP (2002) [Handbook on Monitoring and Evaluating for Development Results](#).

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UNDP (2005) [Applying a Human Rights Based Approach to Development Cooperation and Programming](#).

UNDP (2007) Capacity Development and Aid Effectiveness: A UNDP Capacity Development Resource.

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UNDP (2008) [Supporting Capacity Development: the UNDP Approach](#)

UNDP (2008) Methodological Framework for M&E of Capacity Development Results (forthcoming)

UNDP (2008) [Strategic Plan 2008 – 2011](#) (Revised, January 17, 2008).

2. Other Publications

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DAC/OECD (2006) [The Challenge of Capacity Development: Working Toward Good Practice](#). DAC Guidelines and Reference Series, A DAC Reference Document.

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European Commission (2005) [Institutional Assessment and Capacity Development: Why, What and How?](#) Aid Delivery Methods Concept Paper.

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

[International Symposium on Aid Effectiveness and Capacity Development – Manila 2003](#).

[International Symposium on Capacity Development - Exploring Productive Partnerships – Tokyo 2004](#).

North, Douglass (1990) *Institutions, Institutional Change, and Economic Performance*.
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UNFPA (2004) [UNFPA's Support to National Capacity Development Achievements and Challenges](#).

Boesen, N. (2004) [Enhancing Public Sector Capacity - What Works, What Doesn't and Why?](#)

World Bank (2005) [Building State Capacity in Africa: New Approaches, Emerging Lessons](#).

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