Tools and Methods Series
Reference Document N° 6

EuropeAid

ToolKit for Capacity Development

2010

EUROPEAN
COMMISSION

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ACKNOWLEDGEMENTS

The *Toolkit for capacity development* serves to support implementation of the European Commission's strategy for reform of technical cooperation and project implementation units, which form part of the EC's commitment to implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

This document has been developed under the coordination of Directorate B — Quality and Impact (Unit B1 — Quality of Delivery Systems) with the support of the 'Aid delivery method' programme.

The approach and the tools have been designed to increase demand-orientation and effectiveness of capacity development support, including technical cooperation (TC). They are regularly used in training and workshops. They also provide guidance for assessing capacity and help partners to develop strategies and programmes for capacity development, particularly at sector level. They are thus complementary to the *Guidelines on making technical cooperation more effective* published by EuropeAid in March 2009 and to the *Reference Document* on *Institutional assessment and capacity development* (EuropeAid 2005).

The development of the tools started in 2006, following the publication of the EC's reference document *Institutional assessment and capacity development*. The development of the tools has been a joint process between the European Commission (EuropeAid) and the Asian Development Bank. Drafts have in addition been presented in workshops for staff from around 15 bilateral and multilateral agencies, held in Brussels (December 2007) and Washington DC (March 2008). Individual tools have been field tested in the sector.

The tools will be modified as practical experience accumulates. EuropeAid would therefore warmly welcome any feedback from practitioners on the usefulness of the tools. Please provide comments through the Web platform www.capacity4dev.eu or by mail to EuropeAid-TC-PIU@ec.europa.eu.

The toolkit is posted on the:

- EuropeAid intranet: www.cc.cec/dgintranet/europeaid/activities/adm/technical_cooperation/index_en.htm

- Internet: www.capacity4dev.eu — a dedicated Web-based knowledge platform which supports implementation of the TC reform.

CONTENTS

ABBREVIATIONS

ADB	Asian Development Bank
CA	capacity assessment
CD	capacity development
CSO	civil society organisation
DAC	Development Assistance Committee
DFID	Department for International Development
EC	European Commission
FMIS	Financial Management Information System
HR	human resources
MTEF	medium-term expenditure framework
NGO	non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PFM	public financial management
TA	technical assistance
TC	technical cooperation
TOR	terms of reference
WRD	water resources department
WUA	water user associations

INTRODUCTION

The purpose of this document is to improve planning and implementation of capacity development, including dialogue about and support to such processes from development partners.

The approach and the tools presented are developed to assist practitioners, including staff and managers in public organisations who are tasked with developing the capacity of a sector, a subsector or an individual organisation. Consultants, as well as staff from the European Commission (EC) or other development partners who wish to support endogenous CD processes, can use the tools to structure their dialogue about CD and CD processes with partners.

The tools serve particularly in the context of a broad sector perspective, where several organisations may be part of a sector-wide CD process. The tools may also be useful for CD processes in individual organisations.

The toolkit is designed for decision-making and planning at the strategic level, helping to ensure attention to questions such as the following:

• What symptoms and root causes explain the present capacity situation in sector organisations, and what does that mean for the options for CD?

• What is the effective demand for CD and change, and is it bigger than the resistance to and cost of change?

• What local capacity is available to manage a CD process?

• How can local stakeholders design an output-focused CD process?

• How can external development partners support CD?

In the implementation of more complex CD or reform processes, practitioners are likely to draw on a variety of other tools from disciplines of organisational development, management, change management and process consulting. The tools in this document do not replace such operational tools.

The tools are primarily helpful for **partner-led diagnosis and planning of CD**. They support analytical work by government and non-governmental actors. They feed into sector diagnostics and subsequent plans for CD-oriented sector support from the EC.

All CD tools — including those in this guide — must be used with caution. The tools may ease communication, order information and remind users about what they should pay attention to in and around CD processes. They can be used to facilitate analysis, dialogue and decision-making, but do not substitute for these processes.

The tools in the guide have to be used selectively based on sound judgment. They are NOT intended to be applied sequentially in a short and compressed period of time. The dynamics of a country-led dialogue, analysis and formulation process related to CD must guide the use of the instruments.

PART 1: BASICS IN CAPACITY DEVELOPMENT[1]

1.1. Capacity, capacity development and change

'Capacity is the ability of people, organisations and society as a whole to manage their affairs successfully'[2].

Capacity is an attribute of people, individual organisations and groups of organisations. Capacity is shaped by, adapting to and reacting to external factors and actors, but it is not something external — it is internal to people, organisations and groups or systems of organisations.

Thus, capacity development (CD) is a change process internal to organisations and people. CD is the 'process whereby people, organisations and society as a whole unleash, strengthen, create, adapt, and maintain capacity over time'[3].

CD can entail change of knowledge, skills, work processes, tools, systems, authority patterns, management style, etc. Like learning, CD takes place in people or organisations, and, like learning, it cannot be forced upon them. People and organisations can have strong or weak incentives to change, develop and learn. It can come from the environment or from internal factors — but eventually the change is an internal process that has to happen in the people or organisations changing.

As a logical consequence, **external partners cannot 'do' capacity development of others**. Development partners can support CD processes, but they cannot manage the actual CD of others. This basic insight has four important implications.

- CD must be owned by those who develop their capacity — otherwise it simply does not happen.

- External partners cannot design and implement CD. They can **support** CD processes or help create the right external incentives for CD processes.

- Those setting out to develop their capacity must be leading and driving assessment and formulation processes aiming at CD to such a degree that their ownership and commitment remains intact or even boosted.

- Implementation of CD processes must be organised so that leadership and ownership is strongly in the hand of those who develop their capacity.

The tools in this document assume that development partners supporting CD acknowledge that they must play second fiddle and that they define their roles and tasks accordingly.

1.2. Capacity — an open systems approach

Consistent with the broad definition of capacity just presented, the capacity of one or more organisations is an element in a wider system, as illustrated in Figure 1.

Figure 1: Analytical framework — Organisations as open systems

Contextual factors beyond influence

Governance

Inputs

Capacity of organizations

Outputs

Outcome

Impact

Contextual factors within influence

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(1) This section builds on the EC *Reference Document* on *Institutional assessment and capacity development,* September 2005, and reflects state of the arts thinking on capacity development.

(2) Organisation for Economic Cooperation and Development, *The challenge of capacity development — Working towards good practice*, Paris (February), 2006b.

(3) Ibid.

The framework underscores the following key points about organisations and capacity.

- **Organisations operate in a context**. Their capacity does not develop independently of the context in which they are embedded and with which they interact all the time, through formal as well as informal mechanisms.

- **Performance leads to outputs**. There can of course be capacity without outputs (a car without gasoline will not take you far) — but when capacity is in use ('performing') it is at least intended to lead to certain outputs.

- **Output leads to outcomes and impact.** Soap — an output — when demanded and used properly leads to improved hygiene (outcome) and may have an impact on health. But — crucially — the chain of causality from 'capacity' to 'impact' is long and increasingly influenced by a host of other factors. Outputs are the immediate step in the chain and therefore a good proxy indicator for capacity.

- **Capacity resides and develops internally — but whether and how capacity develops may largely be determined by the 'demand-side' or external factors.** The strength of external demand from citizens, clients, politicians — and to some degree donors — for performance and accountability may provide the most important incentives or disincentives to CD.

Organisations cannot be understood by looking only at official mandates and goals, formal procedures and structures, and other 'functional aspects'. Therefore, it is important to stress that organisation*s* have a 'functional' and a 'political' dimension as described in Table 1*.*

Table 1: Two dimensions of organisations

Change element	Functional dimension	Political dimension
Main unit of analysis?	Focus on functional task-and-work system	Focus on power-and-loyalty systems
Driving forces?	A sense of norms, intrinsic motivation	Sanctions and rewards, incentives
Image of man?	Employees caring for the organisation	Individuals caring for themselves
Change?	Participative reasoning, finding best technical solution, orderliness	Internal conflict, coalition with powerful external agents, unpredictable
Change efforts?	Internal systems, structures, skills, technology, etc.	Incentives, change of key staff, outsmarting opposition

Source: Adapted from Mastenbroek, Conflict management and organization development, Chichester, 1993.

Crucially, all organisations have both dimensions, and both are needed in a well-functioning organisation. The political dimension — the power, the incentives, the tensions and conflicts — provides the energy that brings motion, purpose, direction and change to an organisation or a system, for good or bad.

The important challenge is to keep a balance between the two dimensions. If loyalty and narrow vested interests dominate, then the organisation may end up serving private rather than public goals. If individuals totally subsume their interests to those of the organisation and in the extreme give up family, personal ambitions and independence, then the organisation becomes a psychic prison.

In extreme cases where public organisations have been captured for the narrow purposes of a powerful elite, they may have a formal façade with a mission, vision, outputs, plans, budgets, structures and systems. The informal capacity behind the formal façade may serve totally different purposes and produce hidden outputs that do not cope well with the formal purposes of the organisation.

The open systems approach and the dimensions just outlined serve as a framework allowing practitioners to assess present capacity and the dynamics that explain present capacity and output levels. Simplified, the framework has four dimensions, as shown in Table 2. An assessment would have to identify strengths and weaknesses in all four quadrants.

Table 2: The four dimensions shaping capacity

	Functional dimension	Political dimension
Internal dimension	**Internal, functional dimension:** Strategy, systems, structures, work processes, internal relationships, etc.	**Internal, political dimension:** Leadership, power distribution, material and non-material incentives, rewards and sanctions, possible vested interests, conflicts.
External dimension	**External, functional dimension:** Legal framework, timeliness and adequacy of resources, results-based performance targets, oversight bodies, formal accountability requirements.	**External, political dimension:** Political governance, possible vested interests, pressure from clients/customers, competitors, media attention.

1.3. Assessing organisational performance

Capacity assessments often describe what is missing, rather than explaining why capacity is what it is. Typically, assessments include findings such as:

- lack of resources,

- lack of planning,

- poor monitoring, and

- lack of leadership.

At the surface, all of these may be correct 'negative' observations: there may not be a plan, there may not be monitoring. The typical answer from development partners is then to introduce elements such as planning, with procedures, formats and training, often to discover that despite the best intentions, plans are not followed anyway. The limited success may reflect that, due to the real authority structure, senior executives cannot and will not let themselves be tied by a plan (a plan is an instrument of formalising control) because they need very wide room for discretionary decisions to be able to keep their place in the power game intact, both upward and downward. Technocratic planning exercises are unlikely to change such root causes to what appears to be 'lack of planning'.

Capacity assessments should therefore be careful to avoid being reduced to 'gap analyses' which measure the existing situation against a perceived ideal for how organisations or sectors should work. There are two reasons for this.

- Gap analyses tend to identify weaknesses instead of strengths — and may thus be highly demotivating.

- Gap analyses may measure the distance to a desired ideal — but they do not explain why the situation is as it is — they identify symptoms rather than causes.

Capacity assessments are themselves part of or setting the stage for CD processes. How, when and by whom they are made is crucial for the success or failure of subsequent CD processes.

1.4. When is CD and change likely to happen?

When, then, is change and CD likely to take place? It depends on the scope and speed of change. The more comprehensive the change, the more likely it is that it will be ridden by conflicts, and that it will be contested and resisted. CD and change is most often not a tea-party! Therefore, three essential ingredients must normally be present for CD to happen.

- **Drivers of change.** Some actors inside and/or around an organisation or sector must find the current capacity to be too low or misdirected. And, because others may think that the present capacity and performance level is good enough, those wanting change must carry more weight — have more power — than those who are satisfied.

- **A credible change process to get from the present situation to a future state**. The 'bridge' from the present situation to the future is a credible change process, where those who are supposed to develop or change are confident that sufficient commitment, competence and resources are behind the change. If change management is poor or poorly prioritised, then the hope of getting to a better future quickly fades, even if everybody can see that capacity and performance could improve.

- **A shared vision about the future**. Dissatisfaction with the present, however acute, and good change management are not enough. If there is no idea of and belief in a realistic, better future with enhanced capacity, then pressure to change will only lead to frustration and passivity.

The sum of these factors will make up the pressure to change — and this pressure must be greater than the potential cost of change to those involved. Otherwise, a sensible risk analysis will induce actors to resist or be passive about change and CD.

These three basic elements are dependent on each other — and they must be balanced. If the drivers of change are limited, then a very ambitious vision may be beyond what actors will support. If capacity to manage change processes is limited, then even strong drivers will not easily transform into an inspiring vision.

The elements are not static — drivers of change can be nurtured, for example by data about the existing situation. Most actors will be satisfied with some aspects of the situation and dissatisfied with others, and this will change over time. An overambitious vision can be reduced so that it becomes a realistic offer to those who have to support it for things to happen. Local capacity to manage change processes can be strengthened through carefully crafted support.

The tools in the document are structured to help diagnosis and planning around these three elements: drivers of change, change process and vision. The next sections provide more details about these elements.

1.5. Drivers of change

Understanding the dynamics of the present situation is thus essential for successful CD — and support to CD. How can the present situation and the relative satisfaction and dissatisfaction with this situation be analysed?

The present performance level of a sector or an individual organisation is likely to benefit some and punish others. A run-down health system that is only able to deliver very basic services in rural areas is likely to foster dissatisfaction among the rural poor, but poorly paid health staff may tolerate this if they are not supposed to work much for their meagre salary and if they are allowed to sell private services on the side. Taxpayers — often a small group in developing countries — may prefer low taxes rather than better rural healthcare.

These stakeholder preferences or interests can be mapped in relation to the existing situation: who is winning, who is losing as things are? This is only the first step: a change in one direction will create a new scenario with new winners and losers, while a change in another direction will create another set of winners and losers. Therefore, stakeholder interests and preferences need eventually to be mapped in relation to a broad direction of possible change.

1.6. Change processes and change management

Assessing present capacity and the drivers of and resistance to change is only one third of the equation. The second part is change management: is there a credible change process that can convince skeptics, overcome resistance, accommodate losers, seek win–win situations, forge alliances, keep CD on the agenda, drum up additional financial support, ensure adequate technical quality and manage the daily business of implementing CD or reforms? Do the people who will be in charge of the CD process have sufficient capacity to manage the process?

Such questions are all too often not asked, either by those wanting their sector organisations to develop or by development partners seeking to support CD or reform in a sector. Is a ring-fenced project implementation arrangement a feasible way of ensuring buy-in, oversight and strategic guidance from higher levels, or will it isolate the change agents from those who they should help change? Alternatively, should a high-level line manager stay firmly at the helm on a daily basis? Who and what will appease public officials standing to lose influence, or even jobs? Who will ensure that a powerful senior minister is kept informed and continues to support a CD process? Etc.

Linked to the crucial task of detailing change management is the question of the role of local and external partners. This includes but is not limited to development partners and technical assistance (TA) with contractual links to development partners: how much should they push, suggest, decide, control? Should they stay at arm's length, including when things go less well or progress is less than impressive? When will they undermine ownership; when will they be accepted as trusted partners?

These questions have to be addressed up front: plans can be made, agreements reached — but it is often not done.

1.7. Vision and design of CD processes

The final element is the vision for CD, which together with the other elements leads to the more detailed design of CD processes.

How comprehensive and ambitious will the vision be? Big scale reform or incremental CD? How will the vision be expressed? Will a detailed results framework up front serve the process best, or will it create a straitjacket fitting nobody? What should be the time horizon? Can CD processes be sequenced as a number of successive platforms to be reached, increasingly addressing complex or controversial issues?

No blueprints are available to help government and other stakeholders plan a CD process. However, the preceding steps in the analysis — the drivers of change and the change management capacity — are some of the essential factors to consider when carving out a medium-term CD strategy. Other factors include the complexity of the desired CD, e.g. enhancing the capacity to deliver high-quality classroom teaching in thousands of schools is notoriously more complex than managing the fiscal policy.

Getting to a broad scoping and sequencing of a CD process is one achievement — the next challenge is to make both the CD process and the possible development partner support to this process operational so that funds and resources can be assigned, activities managed and progress monitored.

The primacy of local ownership in practice — and not only as lip service — is crucial for successful design. Operational design of CD processes often focuses excessively or even only on inputs from development partners, thereby in reality planning the external support to the process only and bypassing the planning of the CD process itself. Following the conceptual framework outlined here, a planning approach is shown in Figure 2 which:

- takes its point of departure in the wider impact but focuses on the changes in organisational outputs that will be achieved in the shorter run by the CD process, and then works backwards to the activities and inputs from all sources; and

- plans the CD process and eventual external support as one process, and therefore specifies the crucial local leadership, change management team and other inputs (staff time, etc.) required — planning this up front is required to make a realistic plan and to make the mutual commitments to the CD process visible and operational.

Box 1 — Success factors in design of CD assistance

Many evaluations have identified similar success factors for CD support. A recent special evaluation study by the Operations Evaluation Department of the Asian Development Bank (ADB) found that the following factors were driving successful design of capacity development (CD) support:

- a clear results framework and the possibility to measure and monitor CD;

- a strategic direction with realistic CD objectives;

- an adequate diagnostic baseline assessments at all CD levels (individual, organisational, network and contextual levels);

- a long-term continuity to institutionalise CD, careful phasing/sequencing and exit strategy;

- an appropriate mix of modalities;

- mainstreaming project implementation and management units' activities into target agencies' normal operations;

- adequate staff time and skills, and financial resources;

- an inclusive participatory approach, with strong commitment of and ownership by target agencies; and

- cooperation and harmonisation with other development partners.

Source: ADB, Special evaluation study on effectiveness of ADB's capacity development assistance: How to get institutions right, Operations Evaluation Department, Manila, 2008c.

Figure 2: Output-focused design of CD processes specifying internal as well as external resources deployed in the CD process

Design logic: Start from feasible impact, focus on outputs and work backwards to define CD processes and possible external support.

1. Impact
At the sector or country level

2. Outcomes
For users of products and services

3. Outputs
Increased or enhanced services, products

4. Capacity (resulting from CD processes) Organisation(s) with increased or enhanced capacity to perform

5. CD processes and activities

6. Recurrent inputs to the organisation(s), (budget, staff)

6a. Internal resources dedicated to CD

6b. External TC support to CD

PART 2 — USING THE TOOLS

2.1. Overview of the tools

Successful use of the tools will normally require a preceding open ended dialogue about strength and weaknesses of present capacity and the interests in finding ways to strengthen this capacity. The use of tools may follow after such a phase of agenda setting.

The tools are thus not intended to drive or predetermine a process dealing with capacity issues, but to be helpful — in most cases on a selective basis — to processes that have already been initiated and where partners have had a genuine chance to voice their concerns and aspirations with regard to capacity and CD.

Box 2 — Application of the tools in the transport sector in Ethiopia

During a week in October 2008, two facilitators worked with a group of stakeholders in the transport sector in Ethiopia to help them shape the next steps towards a sector-wide approach to CD. The tools in this document had been shared with all participants before the sessions — mostly small group sessions with 8–10 participants — began.

During the process, the group worked its way through a stakeholder analysis. It looked at governance issues in the sector and at the roles that development partners and the national sector authorities played, respectively. In most cases, the concepts behind the tools proved useful for the work — but only a few of the tools themselves were directly applied. Nonetheless, the process led the participants through a focus on drivers of change, the (considerable!) change management requirements and the vision of CD in the sector serving not only central authorities in two ministries, but also a number of specialised agencies and regional and local level actors.

This guide includes eight sections with tools for diagnosis, dialogue and planning, plus an appendix with additional guidance. As already stressed, the tools cannot be applied in a linear fashion. Their relevance depends on the specific context.

The sections and tools in the guide are described briefly in Table 3.

Table 3 — The sections, tools and appendix

	Section name	Function
1.	**Quick scanning matrix and process checklist**	Designed to get capacity and CD on the agenda. Includes a process checklist that can help ensure that the more detailed tools are applied in appropriate processes. *Works as entry point.*
2.	**Assessing organisational capacity**	Checks whether critical assessment areas have been or should be considered. A guide for making terms of reference for an assessment is included in the appendix. *Helps in identifying the scope of assessment work.*
3.	**Partners' roles in CD processes**	Helps all involved partners to consider and discuss their roles in detail so that they can maintain and strengthen local ownership of the CD or change process. *Serves during all phases to plan or take stock of ownership in practice.*

4.	Setting the stage: mapping sector and governance actors	Allows a mapping of the sector organisations and the governance set-up that might have to be considered in a CD process. *Helps to avoid a too narrow — or too broad — set of organisations to be included.*
5.	Political economy and stakeholder analysis	Supports an analysis of the context factors that will drive or constrain CD; and of the interests, power and voice of stakeholders. This tool allows mapping of these factors, interests and resources. *Provides inputs for strategic level decision-making.*
6.	Change management	Helps key change agents and managers to assess their capacity to manage the process, identify those in charge of different aspects of change processes and allows users to detail typical tasks and responsibilities in change processes. *Helpful for operational planning.*
7.	Sequencing and scoping of CD and reform	Details factors that have to be considered for scoping/sequencing decisions. These reflect the strategic scenario which some of the previous tools have helped clarify. *The sequencing/scoping tool brings together information from other tools.*
8.	Logical design of CD processes and support to CD	The well-known logical framework approach adapted to the logic of output-oriented CD. Serves to avoid the limited focus on inputs that has plagued many CD efforts supported by external funding agencies. *Allows an operational formulation of specific CD processes and support to these processes.*
Appendix		
	Terms of reference for capacity assessment	Detailed guidelines for preparing terms of reference for capacity assessments.

2.2. Using the tools under different country circumstances

The context for CD differs radically between countries. Strong performers in terms of broad-based growth are likely to experience CD happening in parallel to the growth, fuelled by the demands of economic actors and citizens requesting a better quality business environment and better social services. There is likely to be a relatively strong 'capacity to develop capacity', and development partners may be most helpful by providing access to, for example, world-class advice and knowledge. The maxim 'if it ain't broken, then don't fix it' may apply to CD support in such propitious conditions, and funding agencies would often be well advised not to push a comprehensive CD agenda.

In weakly performing countries and fragile situations the context for CD is likely to include several binding constraints, and domestic capacity to make capacity assessment, design CD processes and manage change is likely to be limited. That CD is desirable under such conditions is abundantly clear — but this does not mean that CD is feasible, and development partners have historically tended to push for CD and reform beyond what was realistic in the short term. In such circumstances, donors could help their partners and increase effectiveness of their own CD support through support to more thorough assessments of constraints and opportunities.

Box 3: The tools, other helpful CD guides, and facilitation of CD processes

The tools depart from an explicit conceptual model and focus on drivers of change, change management and ownership issues.

Helping partners apply the tools implies a facilitation role. Guidance on and training in facilitation is widely available. Basic facilitation skills can be acquired in a short time span, but advanced process facilitation, coaching and management consultancy are specialised professional disciplines.

The toolkit does not include standard generic organisational assessment tools like strengths, weaknesses, opportunities and threats (SWOT) analysis, force field analysis, flowcharting and other useful tools. Information about them is readily available in mainstream organisational development literature and on the Internet.

Several other guides and toolkits are available from development agencies, non-governmental organisations, management consultants and research institutes. Good entry points to these resources can be found in the reference list at the end of this toolkit. The EC Web-platform for technical cooperation reform and CD (www.capacity4dev.eu) also contains links to useful tools.

Tool 1 — Quick scanning matrix and process checklist

What is the purpose of the tool?

The quick summary capacity scanning matrix can help get capacity issues and capacity development (CD) on the agenda.

The process checklist helps organise a snapshot type of dialogue and/or assessment of capacity. The appendix provides more comprehensive guidance on process aspects.

When and by whom should the tool be used?

The tool is relevant at the early stages of dialogue about CD or planning of CD processes and support to such processes. It does not substitute for proper diagnostics.

- Local actors can use the tool for a quick self-assessment to identify likely priority areas for action; and to clarify whether the next steps in the process are thought through.

- The tool may also be used in the dialogue between local stakeholders and development partners about CD and possible support for capacity assessments.

How to use the tool

The matrix is for participatory use wherein domestic stakeholders identify strengths and weaknesses, individually or in small groups, and afterwards as relevant to discussing their individual assessments to reach a joint picture or to clarify where differences of opinion exist.

The matrix can be easily modified to include additional or alternative categories and subcategories to fit the context and possible similar tools with which participants are familiar.

Background and details

The **quick scanning matrix** condenses questions about the elements in the open system approach outlined in Section 1.2 of this document: the context of an organisation (or a number of organisations in a sector), the current performance level and impact; the adequacy of resources; the internal capacity in 'hard' and 'soft' areas, respectively, including leadership and attitude to change. As such, the matrix is a summary of the more detailed assessments that other tools in this kit support.

This also explains why the matrix cannot substitute for more detailed analysis and is aiming at creating a snapshot picture useful for defining further needs for assessment, analysis and dialogue.

The **process checklist** addresses the fact that assessments are often made with little clarity about specific purposes — who are going to take which kind of decisions based on the results of a diagnosis? Experience also shows that it is of paramount importance to carefully decide who should be involved — from leading, managing, participating, consulting and being consulted, etc. Addressing these questions will determine where ownership of assessments will eventually end — and whether assessments will be useful for their intended purposes or collect dust on a shelf.

Advice. It is difficult to underestimate the importance of thinking carefully about process aspects. Having a technically perfect assessment (should such an assessment be possible!) is likely to have little or even negative effect if stakeholders have not been involved, or do not feel listened to. A good process leading to a good enough assessment is likely to be much more effective for CD and change than an expert-driven purportedly 'objective' assessment.

Links. This tool is linked to all the other tools in this document.

The tool builds on EuropeAid's *Reference Document* on *Institutional assessment and capacity development*, 2005.

Tool 1a: Quick summary capacity scanning matrix

Capacity area/factors	Present level of development (1 = low, 5 = high) and trend of last period ($\rightarrow\downarrow\uparrow$) [4]	Key strengths to build on or strengthen	Key weaknesses to address or, if beyond influence, to appreciate	Notes
A. The context or operating environment • Effectiveness and adequacy of legal/regulatory/broader policy framework • Oversight and supervision, pressure for accountability • Pressure for performance from citizens/customers/ political leaders/competitors • Effectiveness of formal and informal networks and connections • Overall public sector incentives, reforms • Other				
B. Clarity of results, mandate, and purpose • Quality, quantity and relevance of products/services • Achievement of past targets • Contribution to desired outcomes and impact • Other				

Capacity area/factors	Present level of development (1 = low, 5 = high) and trend of last period (→↓↑) [4]	Key strengths to build on or strengthen	Key weaknesses to address or, if beyond influence, to appreciate	Notes
C. Adequacy of resources • Match between objectives, mandate and resources • Predictability of resource envelope • Match between funds for salaries, operational costs and investments • Ability to recruit staff with adequate skills/experience • Other				
D. Organisation, management and infrastructure • Clarity of and compliance with strategies • Structures ensuring balance between specialisation and coordination • Systems and processes adequately ensuring efficiency • Communication and information sharing flowing in and between units • Other				
E. Organisational culture and values • Correspondence between formal values and actual behaviour • Culture promoting efficiency and problem-solving • Positive atmosphere in daily relations • Team-spirit and identification with the vision/mission • Other				

(4) Use the arrows to indicate whether the situation has improved (↑), deteriorated (↓) or remained stable (→) over the last period.

Capacity area/factors	Present level of development (1 = low, 5 = high) and trend of last period (→↓↑) [4]	Key strengths to build on or strengthen	Key weaknesses to address or, if beyond influence, to appreciate	Notes
F. Vision and leadership • Clarity of directions and guidance from leaders • Adequate involvement and consultation of staff • Encouraging innovation • Role of self-review and critical reflection				
G. Attitude to change • Priority of change and resources for it • Previous experiences of change • Capacity to manage change				
H. Monitoring mechanisms • Availability of data on performance (outputs, client satisfaction, staff satisfaction) • Monitoring data informing strategic and operational decisions • Monitoring data available to staff and key stakeholders				

(4) Use the arrows to indicate whether the situation has improved (↑), deteriorated (↓) or remained stable (→) over the last period.

Tool 1b — Process checklist for assessment of capacity

Process aspect	Actions/comments
Purpose of dialogue/assessment • The purpose of the dialogue and assessment is specific and clear • Purpose has been agreed with stakeholders • A clear ranking has been agreed if there are multiple purposes of the dialogue/assessment • Ownership and leadership of the process are adequate considering the purpose • Key stakeholders have had explicit opportunity to decline the proposal for a dialogue/assessment	
Desired results of the dialogue/assessment • Results and outcomes are relevantly defined, e.g. in terms of reports, action plans, decisions, commitment • Expected results have been agreed with stakeholders	
Design • Key stakeholders have been fully involved in the design process in a timely manner • Participation of staff/stakeholders at relevant levels has been discussed and agreed to in detail • Key stakeholders will perform adequate roles in the process underlining their leadership/ownership • Possible consultant/facilitation assistance has been actively endorsed by key partners	
Implementation • An appreciative atmosphere is likely to prevail • Sensitive matters are likely to be dealt with appropriately • Possible conflicts or frustrations during the process can be reasonably resolved • The process is likely to end with a broad sense of positive achievement among participants	
Use of results and follow-up • It is clear how different stakeholders will use the envisaged results • It has been agreed to whom minutes/reports will be distributed, and whether they are public or not • There are clear and shared ideas of likely follow-up scenarios following the process	

Tool 2 — Assessing organisational capacity

What is the purpose of the tool?

The tool aims to ensure that the most critical areas of organisational capacity are considered when an assessment is planned.

When and by whom should the tool be used?

The tool is relevant when competent actors have decided to carry out a more formal and concentrated assessment or self-assessment of organisational capacity. This will often be when local stakeholders with sufficient power and concern for the sector are committed to foster CD.

- Local actors may use the tool to specify the scope of an assessment that would identify priority areas for CD in one or more organisations.

- Development partners can also use the tool to specify the scope of assessments to inform country strategy programming processes, as background for dialogue with local actors, and to inform decision-making about strategic reform opportunities and dead ends.

- The tool may also be used in the dialogue between local stakeholders and development partners.

How to use the tool

- Tool 2 is a checklist of issues used to help determine whether and how thoroughly the organisation(s) should be assessed; the checklist can also be used to verify if a previous assessment has included the issues recommended.

- The appendix is a guide for preparing terms of reference (TOR) for an assessment of organisational capacity. It addresses additional considerations about when and how to make assessments, who should make them, and for what purpose.

When the checklist tool has been used, the results should be reflected in a set of TOR for the capacity assessment, specifying the scope of work accordingly.

Background and details

The checklist tool helps to ensure that an assessment of capacity of one or more organisations is addressing the critical key issues important for possible subsequent CD efforts.

The tool does not advise on how the key issues can or should be assessed, which can be done in many different ways. Those directly involved in the assessment should base their choices of assessment instruments on professional judgment.

Tool 2a: Checklist. The checklist focuses on the following assessment areas:

- organisational outputs (services and products, including regulatory services/products);

- inputs (monetary, human and physical/technical resources);

- leadership;

- motivation and incentives;

- balance between functional and political dimensions of the organisation(s);

- fit between the formal and informal organisation(s); and

- networking capacity

For more details about the areas listed, refer to the introduction to this guide and to *Institutional assessment and capacity development — Why, what and how?*

The most widely applied detailed operational tools can be found in the mainstream organisational development and management consulting industries and research communities.

Appendix: Guide for preparing terms of reference for capacity assessments. This guide appendix gives additional detailed help for consideration of why and how to make a capacity assessment. The appendix was developed recognising that development partners often need such assessments, and that external technical assistance is often thought to be well suited to performing capacity assessment. The appendix accepts this reality while helping authorities and partners to carefully consider alternatives, as well as specific objectives, results, participation and process aspects that are sometimes overlooked.

Advice. Assessment by 'others' is a very sensitive and delicate matter. Paying attention to content only, seeking an 'objective' answer without carefully considering if and how to involve staff and management is a recipe for failure, hostility, breakdown of trust and increased resistance to change.

Links. This tool feeds particularly into tool 3, pertaining to partners' roles in CD processes, which help define the roles of different partners at different stages of the cycle of capacity assessment and design of CD and CD support. The appendix provides additional advice.

Tool 2a — Checklist for organisational assessment

A. Assessment area: outputs of the organisation(s)	Cover	Cover in detail	Do not cover	Notes
Past and present levels of key outputs (coverage, quality, quantity, etc.)				
Past and present customer satisfaction				
Past trends in key output delivery				
Availability and quality of data on outputs produced				
Availability and quality of data on consumer satisfaction				
Focus on outputs among staff and management				
Relation between past output targets and actual production				
Perceived realism of future output targets				

B. Assessment area: inputs and resources	Cover	Cover in detail	Do not cover	Notes
Past and present levels of budgeted resources and sources				
Past and present levels of actually available resources and sources				
Predictability of resource availability in time/quantity				
Degree of flexibility of resource allocation (e.g. salaries, operating costs, investment)				
Possible bottlenecks and/or unbalances in resource availability				
Match between goals and targets and actual resource availability				
Supply-side situation (staff, materials, information, capital goods)				

C. Assessment area: leadership	Cover	Cover in detail	Do not cover	Notes
Leadership characteristics (style, culture)				
External leadership effectiveness compared to peers				
Internal leadership effectiveness compared to peers				
Effectiveness and practices of delegating authority				
Predictability of senior-level decision-making				
Internal and external consultation practices				
Effectiveness of internal communication from leaders				
Effectiveness of motivating staff and solving conflicts				
Openness about leadership issues				

D. Assessment area: motivation/incentives	Cover	Cover in detail	Do not cover	Notes
Clarity of tasks and purpose				
Match between tasks and individual capabilities				
Delivery of means and support for performance by the organisation and by leaders/managers				
Fair, adequate and non-distorting material compensation package				
Credible threat of sanctions for wrong-doing and not doing				
Credible praise and recognition based on performance				
Adequate status and career opportunities with merit counting appropriately				

E. Assessment area: balance between functional and political dimensions of the organisation(s)	Cover	Cover in detail	Do not cover	Notes
Balance between pursuit of formal goals and goals not related to organisational performance				
Checks and balances on the use of power inside the organisation				
Balance between importance of personal loyalties and performance of formal tasks				
Degree of dependence on external power structures				
Actual criteria for hiring, firing, promotions and demotions				
Appropriateness of concentration and/or fragmentation of power in or between the organisation(s)				
Culture and climate in the organisation in relation to power holders and sources				

F. Assessment area: fit between formal and informal organisation(s)	Cover	Cover in detail	Do not cover	Notes
Is there broad goal agreement?				
Is work actually done following the formal structures, or are they systematically bypassed 'to get things done'?				
What is the balance between formal and informal communication channels?				
What kind of networks is the basis for informal communication and exchanges?				
What are the implicit, informal rewards, and how do they weigh compared to formal ones?				
What is the balance between formality and informality of actual leadership and management functions?				
What are formal systems (budget, information technology, planning, control) actually being used for?				
Are formal systems subverted? If so, how?				

G. Assessment area: networking capacity	Cover	Cover in detail	Do not cover	Notes
Scope of contact and outreach to significant external partners and stakeholders				
Degree of formalisation and stability of networks				
Adequacy of degree of centralisation of contacts/network access				
Degree of proactive/reactive use of networks				

Tool 3: Partners' roles in CD processes

What is the purpose of the tool?

Tool 3 aims at informing dialogue among partners — typically local stakeholders and development partners — about the appropriate role that each should play in CD processes. The aim is to ensure that ownership in CD processes is adequately respected, maintained and developed in collaborative efforts to strengthen CD.

When and by whom should the tool be used?

The tool is relevant in all stages of sector development processes, but particularly crucial if and when CD initiatives are considered.

- Local actors may use the tool to define their own role and explain their expectations to possible external partners.

- Development partners may use the tool to reflect on whether their role is effectively promoting CD.

- The tool is particularly relevant for a dialogue between local stakeholders and development partners, enabling both parties to level expectations and discuss trade-offs in different scenarios for the distribution of roles.

How to use the tool

Indicate in the columns in the matrix the **roles actually or proposed to be assumed** by partners. For simplicity, the matrix only specifies two broad groups of actors; more columns can be added.

Whether the tool is used for mapping actual or proposed roles, the process is the same.

(i.) Insert **specific and precise words** characterising the role of each group, e.g.:

- waiting to be approached,

- approving *ex ante*,

- approving *ex post*,

- coaching/mentoring,

- full responsibility,

- consulted,

- facilitating,

- leading co-production, and

- assisting co-production.

(ii.) Mark with an 'x' where on the scale the role would be located.

Estimate the likely consequences for commitment, sustainability, effectiveness and efficiency in the columns.

Background and details

Tool 3 invites users to identify and assess the roles played or to be played by development agency staff and sector stakeholders in CD and reform processes. The tool helps to make actual choices transparent, and to reflect on the effects of the roles chosen. It also allows transparent and explicit decisions about the roles that partners should play in future CD processes.

The vertical dimension of the matrix details (some of) the tasks in preparing and implementing support to CD. Other tasks and other ways of listing tasks in a particular organisation may work with different versions of the project cycle. The table can, as relevant, be adapted to the specific cycle.

The horizontal dimension specifies possible roles that each partner may play — from a very 'hands on'/executive role to the left to a more passive role to the right.

- **A largely active role** can range from calling a meeting largely on one's own initiative, preparing the agenda, writing and circulating minutes from a meeting, deciding that a review or CD assessment must be made, drafting terms of reference, contracting a consultant, deciding that a peer review or training will take place, writing a progress report, reallocating funds in a budget or making a spending decision. This can be done with or without consulting others, with or without formal approval, and on the request of others. It can also be done together with others, but in any cooperation there is normally de facto and/or *de jure* a leading partner, and that partner would be considered 'active' here.

- **A largely passive role** can imply the 'junior role'. It can also imply a formal approving authority that can be *ex ante* or *ex post*, or a call in authority. Coaching and mentoring are active roles, but they are explicitly intended to leave authority, responsibility and initiative with the people coached and mentored. At the extreme, a passive role is simply waiting for someone to ask for advice or support, or listening without proposing.

It may be perfectly positive, effective and efficient for any partner to do things with limited or no consultation — but it can also be negative, ineffective and inefficient. Development partners have, in relation to CD, historically tended to assume active roles that have not been commensurate with the intention to foster or maintain commitment by domestic stakeholders.

Advice. Language invites evasion and formality: 'consultation' may have happened formally, but in reality may have given the consulted party little real voice. 'Working as partners' and 'doing things together' may be euphemisms for one party steering and deciding, with the other doing little of importance. Used improperly, tool 3 can cover up differences in roles against the purpose of the tool, which is to foster a frank dialogue about the differences.

Links. This tool links directly to tool 6, CD change management capacity and design; tool 7, sequencing matrix for CD/reform interventions; and tool 8, CD intervention results framework. It links by providing a tool for dialogue, e.g. between development agencies and sector authorities, about the roles that should be played by each party at all stages of further CD design and implementation.

Tool 3a – Roles in capacity development and capacity development support processes

Task/role	Domestic sector stakeholders in public/non-public organisations Active ←— — —→ Passive		Development partners and agents acting on their behalf Active ←— — —→ Passive		Effects on commitment and sustainability [5]	Effects on task efficiency and effectiveness
Upstream — broad dialogue						
Dialogue between funding agencies/authorities						
Involving civil society organisations						
Upstream — sector/capacity analysis						
Proposing process						
Producing terms of reference						
Contracting resources if required						
Managing process						
Disseminating results						
Shaping reform/CD agenda						
Upstream — get CD on agendas						
Mobilising domestic stakeholders						
Mobilising funding stakeholders						
Upstream — preparing CD design						
Proposing design process						
Producing terms of reference						
Contracting resources if required						
Managing process						

(5)   Indicate how the actual or envisaged role distribution may affect commitment and sustainability — and in the next column how it may affect efficiency.

Disseminating results

Consulting/building consensus

Upstream — approval

Getting on the political agenda

Getting on funding agencies' agenda

Disseminating approval

Public commitments

Downstream — organising process

Appoint/mobilise human resources

Prepare terms reference for external resources

Mobilise logistics/funds

Define management structure

Define governance of CD/reform

Define consultation processes

Downstream — implementation

Operational tasks

Managerial tasks

Supervising management

Downstream — monitoring

Defining monitoring process

Organising monitoring

Ensuring feedback from monitoring

Tool 4 — Setting the stage: mapping sector and governance actors[6]

What is the purpose of the tool?

This tool aims to clarify CD priorities at sector or subsector levels. It does so by helping users to identify the **core public, private and civil society organisations** with a **significant** role in **demanding, governing, overseeing, delivering and accounting** for a set of outputs considered essential in relation to current and future policy outcomes in a sector.
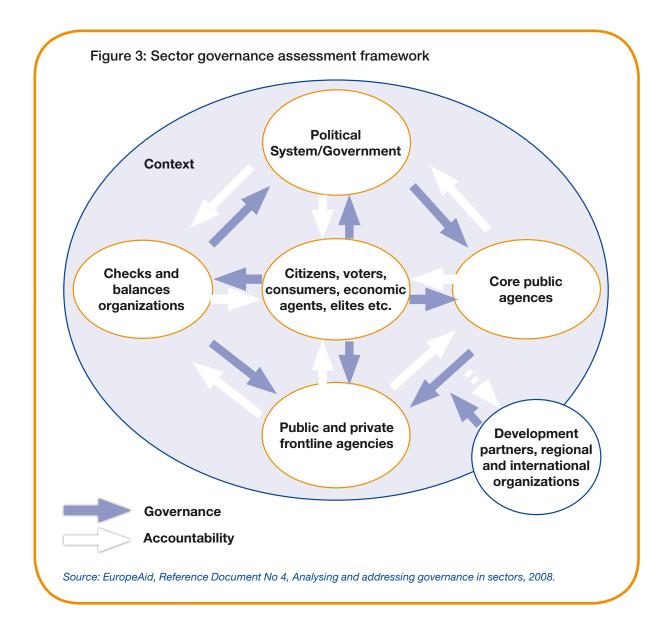
When and by whom should the tool be used?

The tool is relevant at the early stages of sector assessment and dialogue about who to involve in possible CD processes and support to CD. In addition, the tool can serve at any time to prompt a dialogue on the broad governance and accountability issues in a sector, the results of which would feed into design of activities to enhance governance as part of enhancing sector capacity.

- Local actors can use the tool to clarify strategic options regarding which organisations to target for priority CD action, and how to strengthen the governance and accountability relations in a sector.

- Development partners can use the tool to inform country strategy programming processes, as background for dialogue with local actors and to inform decision-making about specific support to a sector.

- The tool may also be used in the dialogue between local stakeholders and development partners.

How to use the tool

The tool consists of two parts: a graphic chart and a matrix. The graphic chart enables a simplified graphic presentation of key actors in the sector. Follow the steps below.

(1) Identify the core organisations which have or should have a **significant role** in the sector for the achievement of broad sector outcomes.

(2) Consider organisations and actors playing the following roles:

    a.) **civil society organisations and interest groups** representing 'voice' and demand for services, or to whom accountability should be important;

    b.) **frontline agencies and units** actually delivering services, both public and private suppliers, including as relevant local authorities;

    c.) **central level agencies** with roles in policymaking and governance of subsidiary levels;

    d.) **checks and balances organisations** that keep the 'operating system' to task; and

    e.) **the political system,** including parliament, local councils, political parties and cabinet as relevant.

(6) Locate the organisations graphically. The graphic can be drawn on wallpaper or on flipcharts, or on a computer, using Figure 3 below.

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(6) The tool builds on EuropeAid's *Reference Document* No 4, *Analysing and assessing governance in sector operations*, 2008.

Figure 3: Sector governance assessment framework

Source: EuropeAid, Reference Document No 4, Analysing and addressing governance in sectors, 2008.

(7) Assess the emerging picture.

- Have all significant actors been included? Are there 'voids' which might affect sector outcomes (e.g. private sector not participating or poor people not having a voice)?

- How are the relations between the actors? Are governance mechanisms effective and are accountability relations functioning?

- Are basic communication channels available ensuring consultations, data flow, supervision, instructions, reporting and monitoring?

(8) Which CD needs would emerge from the picture:

- to make the 'sector system' stronger by getting the right actors on board and the relations between them to flow?

- to strengthen the capacity of individual actors to play their role?

Among the needs, which should have short-term priority and which should be considered later?

Mapping governance and accountability relations. The matrix tool enables an assessment of the governance and accountability relations between actors in the sector.

(1) **The 'mix' of governance mechanisms.** The mix determines the functioning of a sector. Ascertain the relative strength and importance of informal and formal governance mechanism.

(2) **Information about and clarity of sector governance.** Are the 'rules of the game' in the sector fairly clear, comprehensive and available, and do the actors know them?

(3) **Responsiveness of governance.** Are actors and agencies subject to fairly predictable central guidance in line with formal policies, or is decision-making more arbitrary, discretionary and ad hoc?

(4) **Accountability set-up and responsiveness.** What are the mechanisms that keep people entrusted with power from abusing that power, and to what extent is oversight effective? Does the presentation of accounts have any consequences for those held accountable?

(5) **Capacity for governance and accountability.** Are resources and capacity available in the quantity, quality and timeliness necessary to enable agents to follow governance directives and to meet accountability obligations? Are resource flows and management transparent?

Background and details

The tool permits identification of the organisational boundaries of the sector or subsector where CD is being or should be considered (Box 4). Different categories of organisations are considered (frontline agencies, central-level agencies, checks and balances bodies, the political system and civil society organisations representing voice and demand for services.

The tool builds on the assumption that sectors have to be understood in a holistic and comprehensive manner, because relations inside the sector and to external factors are crucial for sector dynamics. As a result, policies may often have to incorporate a broad view (and specific subsector policies must reflect this). However, when it comes to making policies operational in programmes (and in this case in CD initiatives), it is most often necessary to package actions in a manageable way in sub-programmes that may often benefit from a clear institutional anchoring.

Box 4: Organisations to consider — transport sector example

Civil society organisations and interest groups: transport associations, road users (if organised), environmental groups, unions of drivers, suppliers of goods and services to the sector, exporters and importers of goods.

Frontline agencies and units actually delivering services: public and private road maintenance or supervision units, police units, toll station operators, road funds, local authorities responsible for tertiary roads.

Central-level agencies: Transport Ministry, Public Works Ministry, central police authority, environmental authority.

Checks and balances organisations: auditor general, ombudsmen, complaint and redress system, the judiciary.

The political system: transport and environmental committees in parliament, finance committee, infrastructure committee. political parties, cabinet infrastructure committee.

The tool permits to look at sector governance, which broadly encompasses the 'rules of the game' in the sector: who decides priorities, how are resources distributed, how is authority exercised, who, formally or informally, is accountable to whom? Governance and accountability are thus two sides of one coin: those governing (often called principals) must be able to call those governed (often called agents) to account. In liberal democracies, the elections are meant to be the ultimate mechanism where voters hold governments accountable; in one party systems, the party members are assumed to hold the party leadership accountable. In an organisation, a governing board will demand that the executive managers are accountable to them. In informal patronage networks, the clients are accountable to the patrons, but patrons may also be partly accountable to the clients.

Advice. By focusing on **significant** actors only the tool invites to simplify what is likely to be a complex web of actors and relations. Going through this simplification process at the beginning of a dialogue process or analytical phase is obviously risky — and this emphasises that the tools cannot be used sequentially. Users have to go back and forth until the combined picture is satisfactory and clear.

Links. This tool is closely linked to tool 5, political economy and stakeholder analysis.

Tool 4a: Assessing sector governance relationships — issues

Parameters	Issues/questions	Assessment (give details of the key actors referred to)
Mix of governance mechanisms	• To whom is loyalty primarily owed by key agents (boss, patron, funding agency, goal of the organisation, external agents, e.g. professional association, trade union or political party)? • Is it fairly clear who exercises formal governance? • Are formal governance mechanisms stronger or weaker than informal mechanisms? • Are informal governance mechanisms largely complementing or are they competing with formal governance?	
Information on governance	• Are adequate governance instructions provided for the sector? • Is there a timely and ongoing inflow of governance directives? • Are governance directives publicly available and relevantly shared in the organisation?	
Responsiveness of governance	• Is the actor/agency subject to predictable central guidance or to arbitrary/discretionary orders and control? • Are the governance directives in line with overall formal policies?	
Capacity for governance	• Are resources and capacity available in reasonable quantity, quality and timeliness to enable agents to largely follow governance directives? • Are resource flows and management transparent?	
Accountability set-up	• Is the accountability system (responsibilities, frequency, format and processes for presenting accounts) congruent with the governance mechanisms? • Do governors effectuate and enforce sanctions, rewards or other measures based on the presentations of accounts?	
Information on accountability	• Is information pertaining to the accountability function publicly available and pertinently distributed to relevant stakeholders in and outside the public sector? • Is accountability related information available in a timely manner?	
Accountability responsiveness	• Is accountability responding to the key governance directives, allowing assessment of the fulfilment of the directives? • Is accountability relevantly covering inputs, processes and results?	
Capacity for accountability	• Are resources and capacity adequate to fulfil accountability obligations? • Are the resources and capacity dedicated to accountability appropriate as a proportion of overall resource availability?	

Tool 5: Political economy and stakeholder analysis

What is the purpose of the tool?

The tool aims at enhancing the realism and pertinence of sector-level CD ambitions and interventions. It does so through a quick scanning of:

- significant cross-sector context factors, mostly linked to wider political economy factors, that are likely to enable and/or constrain the capacity and performance of sector organisations; and

- the likely support for and resistance to CD and change from significant stakeholders.

The tool serves to devise means to strengthen support for and overcome resistance to change and CD, and to design CD that is realistic given the political economy context and the positions of stakeholders.

When and by whom should the tool be used?

The tool is relevant in all stages of sector development processes, but particularly crucial if and when major CD initiatives are considered.

- Local actors may often know the institutional and political playing field. The tool can help make this explicit (e.g. among a group of reform-minded actors) and stimulate strategic-level thinking about CD and reform opportunities and dead ends.

- Development partners can use the tool to inform country strategy programming processes, as background for a realistic dialogue with local actors about the playing field, and to inform decision-making about strategic reform and CD opportunities and dead ends.

- The tool may also be used in the dialogue between local stakeholders and development partners.

How to use the tool

The tool consists of two matrixes and a graphic chart.

- Tool 5a: **Institutional and political economy context scanning** is a matrix allowing the identification of institutional and political economy factors shaping sector performance.

- Tool 5b: **Actor assessment matrix and stakeholder analysis.** The matrix invites the user to consider possible stakeholders, their interests and resources. The matrix serves for detailed analysis.

- Tool 5c: **Circle of influence graphic.** This tool provides a visual overview. It builds on the details from the actor assessment matrix.

Information for the tool can be drawn from own knowledge, key informants and special studies. The tool is designed for use in facilitated workshop settings, but can also serve for individual preparation. The tool can either be used to summarise results of a proper analysis or serve as a pointer to the need for more thorough analysis.

Background and details

The tool focuses on how the capacity of key sector organisations to perform key functions is influenced positively or negatively by broader institutional and political economy factors, which reach beyond the sector, and by the interests and power of stakeholders. It thus focuses both on factors (tool 5a), and individual actors and stakeholders (tools 5b and 5c). The tool helps to answer the questions: 'Which context factors explain why the current capacity is what it is?', 'Which context factors are enabling or constraining CD and change?' and 'Who has an interest in the status quo and in changing capacity, respectively?'

The tool enables a simple mapping of the key factors and actors (or stakeholders) that will influence the success of any CD or change process. Without a conducive environment and the active support and involvement of key players the CD or reform process will not succeed. If powerful actors work against the CD, actively or passively, then it will not work.

The picture of support for and resistance to CD or change is not static. The map created using this tool is likely to change over time, and it can be influenced. If the map is created in a participatory process, participants are likely to have varied perceptions of the interests of stakeholders.

The tool allows a dialogue about the readiness for CD among people with interests and voice or power related to the CD. The readiness is obviously influenced by the objectives and the scope of the CD.

Therefore, the tool cannot be used in the abstract — it must refer at least to a broad indication of the direction of change. Repeated analysis is likely to be required to assess, in a more precise manner, when and where the balance would tilt in favor of CD and change.

Some CD elements may evoke more resistance than others, and may therefore have to be postponed until momentum is built up through less controversial steps.

While an initial picture can be built in a workshop setting based on perceptions and anecdotal evidence, qualitative data collection methods must be applied to get to a more accurate estimate. For comprehensive CD and reform efforts, qualitative data must be collected and analysed by people with intimate knowledge of the actors.

The tool is designed to map the situation as it is, not as it should be.

Tool 5a: Institutional and political economy context scanning. The matrix is framed as a checklist inviting to assess typical institutional and political economy factors across sectors that may influence the prospects for successful capacity development and/or reform in any sector. However, it is important to 'think beyond the box' – there may be other factors to consider which are not included in the checklist. The checklist allows a scoring – the higher the average, the less conducive may the context for sector reform and CD be.

Tool 5b: Actor assessment matrix. Tool 5b consists of a matrix with five columns and as many rows as necessary to cover all significant stakeholders.

Actors can be organisations (e.g. Ministry of Finance, employers' associations), but this level of generalisation is often too high. The analysis should extend to relevant individuals/positions, or small groups (e.g. 'reform-minded parliamentarians from the ruling party'). In the matrix, several stakeholder groups are suggested, which might be relevant from a sector perspective — this is purely indicative and is only included to invite broad thinking about potentially important stakeholders. The sector actor and governance mapping suggested in tool 4 should inform who to include in the analysis.

- **Interests pursued.** Why do the actors have stakes in CD and change? What interests do the actors pursue, what aims are they striving to achieve? Note that most actors may pursue a mixture of conflicting interests. Initially, the interests mapped may cover what is broadly at stake for the actor in the policy arena of CD and reform in the sector. When CD/reform objectives are specified, the support or opposition to change from the actor may change and have to be reassessed. The analysis of actors' interests may be summarised on a three-point scale: supportive (+ 1), undecided/neutral (0), or opposing (– 1).

- **Resources/power for influencing.** Resources for influencing include formal authority (a primary secretary can issue orders to subordinates), formal rights (parliamentarians can vote) and formal access (to cabinet, to the head of civil service, etc.). Resources also include informal networks, alliances, and patron–client relationships (around a political party, an ethnic group or an 'old boys' network'). Knowing who knows whom, why and how may be essential to understand the patterns of influence.

The relative power of stakeholders for influencing can be summarised on a three-point scale: high (3), medium (2), low (1). Stakeholders with no resources would effectively have no stake (0) and should thus not enter in an analysis of the current situation — but they could become important actors in future if empowered in some way.

- **Importance or salience of issue.** Stakeholders may have interests in the outcome of CD processes, and they may have considerable resources, but they may assign higher or lower importance to the issue and thus be more or less engaged in whether the CD/reform moves ahead. This column serves to indicate the salience that a stakeholder attaches to the issue, again on a three-point scale: high (3), medium (2), or low (1).

- **Summary stakeholder score.** The summary score combines the interests, power, and salience for each stakeholder. Multiplying the scores in each of the other columns will combine into a single digit between + 9 (high power, high salience in favour of CD/reform), 0 (not effectively a stakeholder) and - 9 (high power and high salience against CD/reform).

Tool 5c: Circle of influence. The circle of influence graphic creates a useful overview of the more detailed analysis. Stakeholders are located closer to or further from the centre according to the ranking. The circle has the advantage

of depicting the 'undecided', a group that may come to a position and make or break a CD process. Influencing those stakeholders may therefore be crucial.

Advice. Political economy and stakeholder analysis is not an objective science. Though most stakeholders have a picture of political economy factors and legitimate reasons for being for or against CD and change, analysis of these issues may be contested and considered controversial. Political economy and stakeholder analysis can also risk becoming trivial and superficial, particularly if made in a short time in a workshop setting. Key players operating at senior level in a sector often have a tacit but very nuanced analysis and may not find it in their interest to share this analysis with others. Before performing the analysis, consider whether it is intended to be shared with others or thought of as part of the internal preparation for strategic decision-making, whether in a sector organisation or in a funding agency.

Box 5: Tip and tricks

Leave cells blank when there is nothing important to put in. You control the matrix — don't let it control you!

Links. The political economy and stakeholder analysis details the context and the positions of actors identified in tool 3. The analysis feeds into tool 6, CD change management design, where actions to manage different stakeholders will have to be specified, and tool 7, Sequencing matrix for CD/reform intervention. Tool 7 demands that the design of CD reflects the levels of support for and resistance to change.

Tool 5a: Institutional and political economy context scanning

Sector capacity area	1 = fully agree	2 = agree	3 = disagree	4 = strongly disagree	Implications for CD or reform at sector level
A. Wider context influencing policymaking					
A1. Sector policies are normally endorsed by cabinet					
A2. Sector policies are normally endorsed by parliament					
A3. Sector policies are endorsed by Ministry of Finance					
A4. Political parties are driven by policy positions					
A5. Formal policies are guiding actions of ministers					
A6. Formal policies are guiding civil servants					
A7. Policy failures have political consequences					
A8. Compliance with policies and laws is high					
B. Sector resources, budget allocation mechanisms and public financial management					
B1. The budget process is policy driven					
B2. The budget is largely executed as planned					
B3. The budget envelope to sectors balances salaries and recurrent costs					
B4. The budget envelope matches final sector plans					
B5. Funds are made timely available to sectors					
B6. Transfers and allocations are transparent					

C. Factors influencing organisational capacity					
C1. Material incentives to performance in the public sector are reasonable					
C2. Non-material incentives are reasonable					
C3. Staff strength and competencies match policy ambitions					
C4. Public sector employment is not linked to patronage					
C5. Effective civil service reform is addressing performance constraints					
C6. A performance culture is generally present					
C7. Frontline service providers have means and relevant autonomy to deliver					
C8. Leadership practices stimulate staff to perform and take initiatives					

D. Wider framework for accountability and monitoring					
D1. Audits are effective, and observations lead to actions or sanctions					
D2. Parliamentary oversight is effective					
D3. Monitoring is of reasonable quality and used for adjustments					
D4. Monitoring data are publicly available					
D5. Civil society is engaged in monitoring					
D6. User groups have voice					
D7. Public institutions are sensitive to complaints					

E. Networking and relations to critical stakeholders, including development partners					
E1. There is a broad tradition for formal and informal consultations					
E2. Public sector stakeholders cooperate easily with one another					
E3. Development partners are playing second fiddle only					
E4. Staff can network across organisation boundaries when relevant					

F. Other					

Tool 5b: Actor assessment matrix

A. CD/reform issue or element

Actors by category	Interests pursued	Resources/ power for influencing	Importance/ salience of issue	Score
Legislative body and political parties				
The cabinet and top echelons				
Finance, planning, cross-cutting entities				
Executive civil servants in the sector				
Frontline agencies				
Checks and balances bodies, judiciary				
Labour unions, professional/industrial associations				
Popular, social, ethnic, religious movements				
Academics, media, non-governmental organisations (NGOs)				
Informal economic elites/groups				
Local power holders				
Funding agencies				
Regional and international actors				
Others				

NB: The actor categories are provided for example only. One or more concrete actors should be specified in the relevant categories.

Sources: M. Grindle, 'Tools for the political analysis of reform initiatives', PowerPoint presentation, 2004; G. Hyden, 'Beyond governance: bringing power into policy analysis', Forum for Development Studies 2(33), 2006; and B. Nunberg, 'Operationalizing political analysis: the expected utility stakeholder model and governance reforms', PremNotes No 95, World Bank, Washington DC, 2004.

Tool 5c: Circle of influence

The closer the stakeholder is to the centre, the more influential/important it is.

Support

Resistance

CD

Undecided

Source: M. Grindle, 'Tools for the political analysis of reform initiatives', PowerPoint presentation, 2004.

Tool 6: Change management

What is the purpose of the tool?

Tool 6 assesses change management capacity and serves: (1) to adjust ambitions for CD and change processes to the available capacity to manage change; (2) to change and/or prompt actions to increase the capacity to manage change; and (3) to define functions and distribute responsibilities for important change management elements.

When and by whom should the tool be used?

The tool is most relevant at the earlier stages of CD strategising, design and planning. The tool is primarily intended for use by stakeholders who intend and have the option to play a significant role in CD or change processes.

External partners and process facilitators may use the tool to assist those in charge of the change management to assess their capacity and specify their roles and functions.

How to use the tool

Tool 6a allows a qualitative assessment of the strengths and weaknesses of the available capacity to manage change of a team or an individual, looking at internal resources and external contacts upwards, to customers/clients and to other organisations needed for change to happen.

The assessment allows for considering the possible convenience of altering objectives, scope or speed of the CD process, or for seeking ways to increase the change capacity strengths and diminish weaknesses.

Tool 6b is a matrix for planning three key change management functions:

- managing and communicating with stakeholders;

- getting content right;

- ensuring overall change management.

As necessary, the matrix can be transformed to a time-bound action plan and bar chart.

Background and details

The tools adopt the 'open systems approach' advocated in this guide — the capacity of a change team is defined by: (1) its internal strengths and weaknesses; (2) stakeholders in the context; and (3) the ability of the team to relate to stakeholders — which depends on the team's skills and the positions of the stakeholders.

Tool 6a is used to assess the capacity of a team (or an individual) to manage change using a '360 degree assessment' covering four dimensions. The four dimensions are the:

- 'northern corner': the position of formal or informal superiors or authorities, as well as the access to and ability to influence them;

- 'southern corner': team capacity, assessing leadership, resources, competing priorities, and clarity of change tasks and roles;

- 'eastern corner': the position of users, clients or customers in relation to the CD/change, and the access to and ability to influence them; and

- 'western corner': the position of important stakeholders in the broader 'supply side' network of colleagues, peers, other organisations and external partners, and the access to and ability to influence them.

Tool 6a allows a mapping of current strengths and weaknesses of the relations of the change team to key stakeholders, and of the internal strengths and weaknesses of the team to improve these relations in favor of CD and change. The tool helps the team to establish a realistic picture of whether it will be able to handle the change process successfully.

Tool 6b builds on the notion that change management entails three key functions which have to be performed through all stages of a change process.

- **Managing and communicating with stakeholders.** Through all CD/reform stages, this is maybe the most important task to develop capacity and plan for. A poor technical design, insufficient funding, or poor management of the process will undermine support. But even an excellent design, funding and management of the technical aspects of implementation will not create support or diminish resistance.

- **Getting content right.** While stakeholder relations and management are the 'marketing functions' of change, then change management also has to focus on the quality of the products required to enable credible and meaningful marketing. A change team needs to have the capacity to make quality products — but producing them is different from selling them!

- **Ensuring overall change management.** Change needs adequate capacity to manage processes, staff and stakeholders. How will the CD process be implemented, and who will lead it? Does it require short-term organisational changes? Will it be best served by an independent CD/reform unit or a task force drawing only partly on members' time? To whom will it report? How will it coordinate with other actors?

Tool 6b invites users to discuss and plan how the key process issues relevant for successful CD and reform will be managed. Each cell in the matrix allows for answering two questions: What has to be done? Who can/should do this?

Tool 6b includes three rows for the key change management tasks listed above — stakeholder management, content management and overall change management. **The columns** of the matrix detail dimensions in CD, reform and implementation processes. The dimensions are not sequential nor clearly delineated. Rather, they should be expected to be dynamically interdependent as the CD/reform process unfolds and requires renewed agenda-setting, change of design-parameters, etc.

- **Agenda setting.** CD needs to be included on a domestic political agenda. This includes political aspects (e.g. nurturing dissatisfaction by key actors with the existing state of affairs) as well as technical aspects (e.g. providing evidence about poor performance or convincingly demonstrating that progress is possible).

- **Formulation/design of CD/reform.** This includes technical aspects (scoping and sequencing, see tool 7). It is also a communication exercise and a political exercise to ensure that the CD/reform, once approved, can be implemented.

- **Approval.** This includes the public commitment to the CD/reform at the appropriate level. The more comprehensive the reform and the more it affects well-established interests and norms, the stronger and higher level should the commitment be.

- **Implementation.** This stage includes technical aspects and maintaining the momentum necessary to achieve and consolidate CD results, to overcome resistance as it emerges and to herald wins and harness supporters.

- **Completing a phase, cooling down and/or pausing.** Successful CD and change processes are likely to have intensive periods and times when activities are minor. Full stop periods may be required if resistance or fatigue is temporarily overwhelming. Such periods must be managed, rather than 'just happen' — when a reform dies by itself, it is very difficult to start up again.

Advice. Many CD efforts supported by external partners suffer from over-specification of technical inputs to 'get content right' and under-specification of the change management tasks and functions. It is often overlooked that more comprehensive change demands considerable leadership resources (including time and capacity) and requisite support from higher levels. The tools can help to widen the focus of CD planning beyond the technical aspects.

Links. The tools build on information about significant actors gathered through tools 3 and 4. The combined results of the assessment of resistance to and support for change, change capacity and change management design feed into scoping and sequencing decisions (tool 7) and the logical design of CD processes and support (tool 8), which must detail the change management set-up.

Tool 6a: 360° self-assessment of change capacity

Northern corner: capacity upward

Parameter	Strengths	Weaknesses
Commitment of superiors		
Active support from superiors		
Superiors' trust in the change team and process		
Team's access to superiors		
Team's ability to influence superiors		
Other relational factors		
Overall assessment		

Southern corner: own team's capacity

Parameter	Strengths	Weaknesses
Team leadership, motivation, and incentives		
Clarity for team about goals, tasks, process and roles		
Adequacy (timeliness, quantity, quality) of resources for CD		
Priority of CD/change compared to other work priorities		
Technical competencies and support		
Other internal factors		
Overall assessment		

Eastern corner: capacity in relation to users, customers and/or clients

Parameter	Strengths	Weaknesses
Salience of CD for customers, users, clients		
Active support from customers, users, clients		
Team's access to customers, users, clients		
Team's ability to influence customers, users, clients		
Other factors in relation to customers, users, clients		
Overall assessment		

Western corner: capacity in relation to supply-side networks

Parameter	Strengths	Weaknesses
Commitment of important stakeholders in network		
Active support from peers, colleagues, external partners		
Trust of networks in the change team and process		
Team's access to networks		
Team's ability to influence networks		
Other factors in relation to networks		
Overall assessment		

Tool 6b: CD change management design

Task groups / Dimensions of CD Processes	Managing and communicating with stakeholders	Getting content right	Ensuring overall change management functions
	Mobilising and maintaining support, managing opposition, ensuring relevant formal/informal participation and consultation	Feeding evidence, data, and appropriate knowledge into the process	Leadership, decision-making and coordination
Agenda setting Get and/or keep on relevant agendas in an adequate and timely manner (political agenda, agenda of minister(s), civil servants, lobby groups, media, etc.)			
Formulation/design of CD/reform elements Scoping/sequencing, planning of details to an appropriate level, costing, negotiation of possible external support, and risk analysis			
Approval Ensuring formal and informal support or acceptance from power/authority holders, ensuring appropriate publicity about approval			
Implementation Including team building, appropriate visibility, monitoring and feedback, adaptation to changed conditions			
Phasing out/pausing Preparing for cooling down, if required, or closing the process in a manner that enables a future restart			

NB: Specify tasks and people responsible for handling them.

Source: M. Grindle, 'Tools for the political analysis of reform initiatives', PowerPoint presentation, 2004.

Tool 7: Sequencing and scoping of CD and reform

What is the purpose of the tool?

Tool 7 aims at ensuring that CD and reform endeavors are properly sequenced and scoped.

When and by whom should the tool be used?

The tool should be used when a CD or reform process is coming close to the operational stage, as an input to the decision-making about scope of change, sequencing of change and possible packaging of change in discrete steps, platforms or stages.

- Policymakers, senior managers and change agents can use the tool to analyse options for sequencing and scoping.

- External partners and process facilitators can use the tool to assist domestic stakeholders in their analysis of options.

How to use the tool

The tool consists of a summary matrix that allows the creation of a broad overview of key characteristics of proposed CD interventions (their relative difficulty), based on previous analysis carried out using other tools. Based on the characteristics, the users can define the stage/phase or platform to which the intervention should belong.

Background and details

Tool 7 is a 'work in progress'. It is impossible to generalise about how to scope and sequence CD and other reform efforts across country circumstances — and it is nearly as difficult to generalise beyond trivialities about the factors that should be considered when deciding how to sequence and scope.

This tool builds on the previous assessments, and invites practitioners to consider:

- **the areas for CD/reform** in the sector or the organisation(s) which are mostly needed to enhance service delivery and/or regulatory effectiveness (this will emerge from tool 2);

- **the strategic level** conclusions about the drivers and constraints to CD and reform emerging from the analysis of the institutional and political context (tool 5);

- the possible convenience of adopting a '**basics first' approach** to CD/reform;

- the inherent **complexity** of capacity (see below);

- the different, non-exclusive **options for promoting change** and CD;

- the power behind (and resistance against) CD/reform elements (tool 5);

- the **change management** capacity (from tool 6); and

- the resulting **sequencing/scoping** expressed in possible stages or platforms for CD/reform.

Tool 7 is an overview table, which may help make decision-making about sequencing and scoping more explicit and transparent.

Getting sequencing and scoping right is an iterative process of more and more refined analysis of CD needs, drivers and constraints, technical complexities, and patterns of support and resistance. And, eventually, an overview table may not do justice to the nuances of such considerations.

Capacity is unlikely to develop in big leaps. Sustainable capacity in the public sector is likely to develop only in parallel with the development of capacity among non-state actors, notably as economic agents and citizens develop their capacity to produce and to demand a capable and responsive state.

If development partners push for overambitious CD/reforms based on their perceptions of public management standards in other countries, they are unlikely to be helpful. Making CD objectives consistent with the commitment and capacity to change may imply doing less than desired — but this, done well, may be the best option (Box 6).

Box 6: 'Basics first' in sector capacity development: what could it mean?

Experience in public financial management has shown that attempts to leapfrog from weakly performing systems to the most advanced approaches tested by a few industrialised countries do not work (1). In the broader capacity development perspective, a 'basics first' approach implies a focus on small, incremental steps.

- Work on sound management of and accountability for inputs and procedures before making managers accountable for results.

- Strengthen external controls, checks and balances before relying on managerial accountability.

- Seek to formalise informal leadership and management practices gradually, rather than attempting to replace them by formal approaches in one strike.

- Increase basic transparency in how the organisation operates, targeted directly to people with a direct interest in the matter (employees and key stakeholders), rather than to everybody.

- Strengthen emerging domestically rooted demand for performance. Such demand may not come most strongly from the poor, but pro-poor alliances with powerful groups may be possible on certain issues.

- Strengthen the role of the political system as oversight of the executive, and do not focus exclusively on the executive.

- Get merit as additional criteria when basic selection is based on loyalty and patronage, rather than seeking to replace loyalty-based with merit-based recruitment.

- Work on increasing predictability and gradually reducing discretionary behaviour before introducing comprehensive and integrated planning and monitoring systems.

- Work on enforcing formal contracts in the market sector before introducing performance contracts in the public sector.

- Create opportunities for the user groups to have 'voice' regarding the quality of the services provided in the sector.

(1) OECD-DAC, *Harmonising donor practices for effective aid delivery — Budget support, sector wide approaches and capacity development in public sector management*, *DAC Guidelines and References Series* 2, Paris, 2006a; A. Schick, 'Why most developing countries should not try New Zealand reforms', 1998.

Assessing the complexity of capacity. CD is done for a specific purpose, e.g. capacity to conduct a sound fiscal policy, capacity to manage a school lunch programme or capacity to deliver quality education in the classroom.

Some of this capacity is less demanding, some is more. Services and outputs can be analysed along two dimensions that will give an indication of how much capacity they demand for their production as displayed in Table 4: the inherent complexity of the service/product, and the frequency and scope of contacts with users required to deliver the service/product.

Basic fiscal and monetary policy, though complex, can be formulated and conducted by a small team of high-powered economists.

A school lunch programme or a vaccination campaign is not complex in itself, even if it involves thousands of operators and demands good organisation and logistics. Critically, the interaction between the service provider and the citizen is simple: serving the lunch or injecting the vaccine does not require highly individualised treatment.

- A computerised payroll system is technically fairly simple and does not require frequent interaction with thousands of users.

- However, the interaction is highly complex when dealing with quality of education in the classroom. Thousands of teachers need to have the right skills, the right tools, good supervision — and children with basic motivation and support from their parents.

Table 4: Complexity and contact — What changes easily and less easily

Contact level	Low complexity, high specificity of services	High complexity, low specificity of services
Little contact with users required	Computerised teacher payroll system	Fiscal/monetary policy management
Intense contact with users required	School lunch programme; immunisation campaign	Classroom teaching quality, agricultural extension services

When scoping and sequencing CD interventions, the complexity of the capacity to be developed can be assessed using the parameters in the matrix above (as well as other parameters). In general, the advice would be that CD should start with complexity and contact levels that do not greatly surpass what is already fairly well managed in the sector.

CD and change intervention options. Traditionally, CD has been seen as a very technical process that is internal to an organisation, which development partners have supported (or tried to drive) through technical assistance and training. Such a narrow focus on CD is unlikely to yield results — in most cases; it is important that a CD process counts on a number of simultaneous, parallel interventions.

The change matrix (Table 5) gives four non-exclusive options for CD and change interventions (more details are provided in the introduction to this guide).

The options overlap, and the important thing is whether a CD intervention has considered an adequate mix of options, and not if a possible intervention is located in one or another box.

Table 5: Four complementary options for CD interventions

	Predominantly functional–rational perspective	Predominantly political perspective
Internal elements, supply side	Focus on getting the job done Examples: Change structures, procedures, processes, technology and skills	Focus on getting power, loyalties and incentives right Examples: ensure promotions, firing, support to groups of reformers, sanctions against 'rent-seeking', performance-based benefits
Context or external stakeholders and factors, demand side	Focus on creating an enabling regulatory and supervisory environment Examples: Modify resource envelope, legal mandate, supervisory agencies, external audits and formal governance	Focus on increasing external pressure for performance Examples: user pressure for accountability; strengthen advocacy and lobby groups; train politicians, journalists and media; build a network for change; provide knowledge products

Figure 4: Sequencing of CD interventions — stages, phases, or platforms

Cambodia - Sequence of Platforms

Enables a basis for accountability

Enables focus on what is done with money

Enables more accountability for performance management

Platform 1

A credible budget delivering a reliable and predictable re-sources to budget managers

Broad activities

• **Integration of the budget (recurrent & capital budgets)**

• **Strengthen macro and revenue forecasting**

• **Streamline spending processes**

Platform 2

Improved internal control to hold managers accountable

Broad activities

• **Redesign budgeting classification system**

• **Initial design of FMIS for core business processes**

• **Define internal audit function**

Platform 3

Improved linkage of priorities and services targets to budget planning and implementation

Broad activities

• **Redisign budget cycle (e.g., MTEF)**

• **Pilot program based- budgeting & budget analysis**

• **Further fiscal decentralization**

Platform 4

Integration of accountability and revisor processes for both finance and performance management

Broad activities

• **Full design of FMIS**

• **Develop IT management strategy**

• **Initial design of asset register**

Source: DFID (Department for International Development), A platform approach to Improving public financial management, London, 2005.

Example of a platform approach. A platform approach in CD (Figure 4) will help define the broad sequencing ('platforms') as well as more detailed scope and sequencing for each specific intervention area ('broad activities'). The figure **is** an example of a platform approach in relation to public financial management that was developed in Cambodia ([7]).

Thinking in terms of stages or platforms is helpful to ensure that due consideration is given to keeping a realistic short-term agenda in a longer-term perspective.

Summary matrix. The matrix that is tool 7 brings together the analytical steps outlined in the previous tools, and in the foregoing text, thereby allowing a dialogue about realistic scoping and sequencing options. The first column describes the priority CD interventions identified. The remaining columns allow an assessment of the intervention according to the criteria just outlined. The final (right-hand) column is reserved for entering a conclusion about the stage or phase where an intervention could belong.

Advice. The international experience with externally supported CD demonstrates that design is often overambitious and not appropriately sequenced over an extended period of time. Tool 7 may not be straightforward to use because it intends to help organise an analytical process that by itself is complex. However, with or without using the tool, informed decisions regarding scoping and sequencing have to be made.

Links. Tool 7 builds on the information gathered by all the previous tools, because the scoping and sequencing — which expressed the CD vision in operational terms — is derived from the assessment of dissatisfaction (tools 1–4) and of the change process (tools 5–6). Tool 7 is a synthesising tool.

(7)   DFID (Department for International Development), *A platform approach to Improving public financial management*, London, 2005.

Tool 7a: Sequencing matrix for capacity development/reform intervention

Priority CD interventions (from tool 4 and wider policy/output priorities)	'Fit' with context, drivers and constraints, support and resistance (from tool 3)	Basic, intermediate or advanced intervention ('basics first')	Complexity of capacity to be developed	Intervention area (external/ internal, functional/ political)	Change management capacity to ensure process (from tool 6)	Conclusion: tentative stage, phase/platform

Tool 8: Logical design of CD processes and support to CD[8]

What is the purpose of the tool?

Tool 8 aims at ensuring logical design of CD processes and support to such processes.

When and by whom should the tool be used?

The tool should be used when a CD process is best served by being made explicit and operationally specific, normally at the end of a design phase.

- Local stakeholders should use the tool to specify the change process they are committed to and to make sure that they maintain a leadership role, including when external support to the CD process is provided.

- External partners and process facilitators can use the tool to assist local stakeholders to specify their CD process and the possible external support in operational terms.

How to use the tool

Tool 8 is a results framework consistent with traditional logical framework matrixes. However, it has an extra 'link' in the chain leading from inputs over activities to outputs and impact, as explained below.

Background and details

Tool 8 applies the logical framework approach to the area of CD interventions and external support to CD.

A key feature of the logical framework approach is that it requests intervention designers to start with impact ad outcomes to be achieved and then work backwards through outputs and activities to inputs. In a CD perspective, this implies answering the following questions.

- Which organisational outputs can and should be delivered on a sustainable basis by one or more sector organisations when the intervention is over?

- Which capacity elements will have to develop to enable the organisation(s) to deliver these outputs?

- Which change and change management activities will have to be carried out to develop this capacity?

- Which inputs are required to perform the change and change management activities — from internal and external sources, respectively?

These are the general questions in the design of results frameworks. Normally, however, logical frameworks only have five 'links' in the chain from inputs to impact:

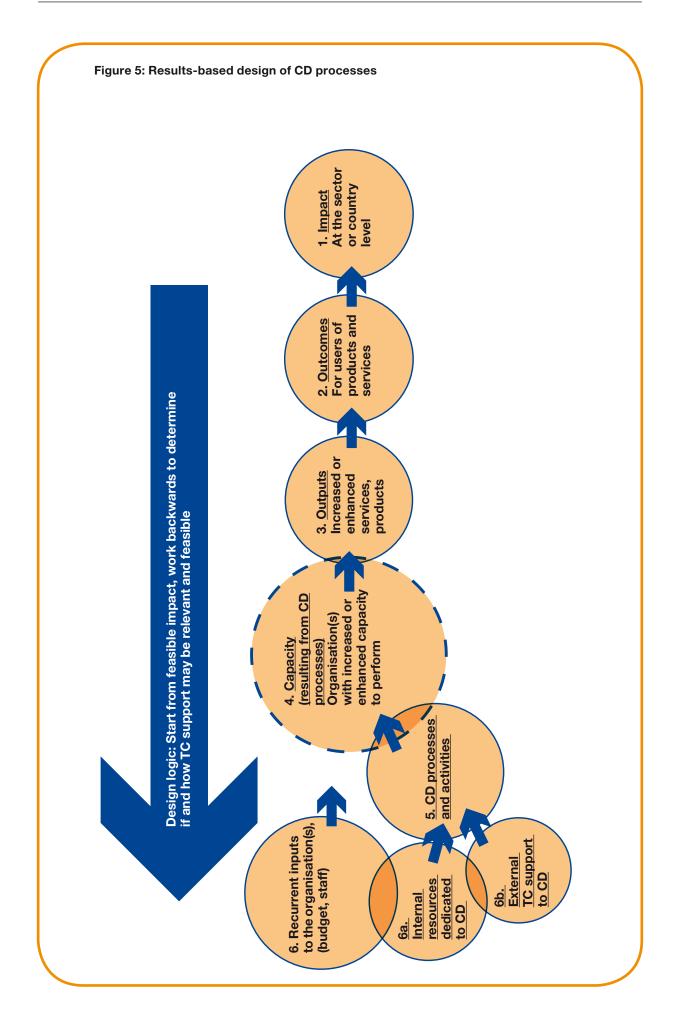Inputs -> Activities -> Outputs -> Outcomes -> Impact

This is good for many projects which by definition have a start and end — a project as such is not expected to continue for ever: once the bridge is built the project closes. This may also be the case for a CD project — but to ensure that sustainable capacity remains as a result the logical chain needs an extra link:
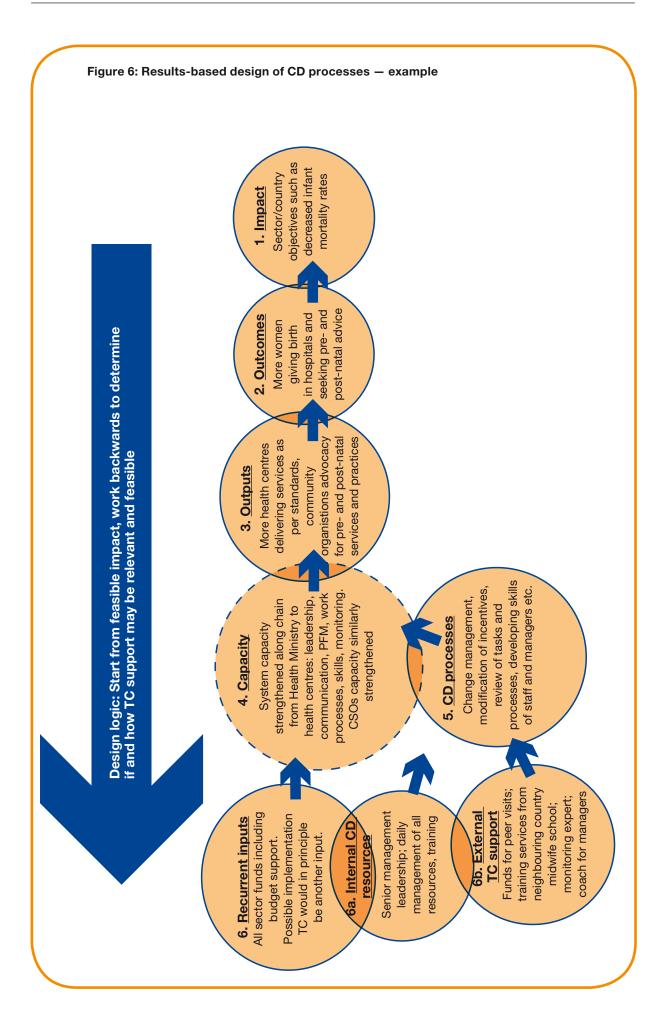
Inputs -> CD activities -> **Capacity** -> Outputs -> Outcomes -> Impact

Figure 5 illustrates the results framework for CD design and Figure 6 provides an example from the health sector.

Note that historically, most 'CD projects' have only defined inputs of external funding partners and this has, in the worst of cases, reflected that the local partners were not actively involved in designing the intervention. However, CD only happens if there is ownership and commitment of those developing their capacity — and this ownership and commitment translates into concrete resources (leadership, staff time, etc.).

The matrix in Table 6 describes the logical elements with an example from irrigation, putting Figure 5 in a matrix. Tool 8 provides an empty matrix which can be used for summarising a CD intervention and the possible external support that forms part of this intervention.

(8)   This tool builds on EC *Tools and Methods Series*, *Guidelines* No 3, *Making technical cooperation more effective*, March 2009.

Figure 5: Results-based design of CD processes

Design logic: Start from feasible impact, work backwards to determine if and how TC support may be relevant and feasible

1. Impact At the sector or country level

2. Outcomes For users of products and services

3. Outputs Increased or enhanced services, products

4. Capacity (resulting from CD processes) Organisation(s) with increased or enhanced capacity to perform

5. CD processes and activities

6. Recurrent inputs to the organisation(s), (budget, staff)

6a. Internal resources dedicated to CD

6b. External TC support to CD

Figure 6: Results-based design of CD processes — example

Design logic: Start from feasible impact, work backwards to determine if and how TC support may be relevant and feasible

1. Impact
Sector/country objectives such as decreased infant mortality rates

2. Outcomes
More women giving birth in hospitals and seeking pre- and post-natal advice

3. Outputs
More health centres delivering services as per standards, community organistions advocacy for pre- and post-natal services and practices

4. Capacity
System capacity strengthened along chain from Health Ministry to health centres: leadership, communication, PFM, work processes, skills, monitoring. CSOs capacity similarly strengthened

5. CD processes
Change management, modification of incentives, review of tasks and processes, developing skills of staff and managers etc.

6. Recurrent inputs
All sector funds including budget support. Possible implementation TC would in principle be another input.

6a. Internal CD resources
Senior management leadership; daily management of all resources, training

6b. External TC support
Funds for peer visits; training services from neighbouring country midwife school; monitoring expert; coach for managers

Table 6: Example — CD intervention results framework:

Design summary	Performance targets/ Indicators/means of verification	Assumptions/risks
1. Sector impact Increased production of a variety of crops	Production statistics compared to baseline	
2. Sector outcomes Irrigation systems provide reliable water to users, enabling diversified cropping.	Sample area surveys monitoring show 95 % of downstream users have reliable supply in peak period for irrigation.	
3. Sector outputs Effective maintenance, rehabilitation and upgrading of services to users. Water user associations (WUA) serviced with training and advisory support by water resources department (WRD).	Performance monitoring shows 90 % of scheduled maintenance tasks completed in time. Sample third party inspections confirm quality of design and construction works. Annual client survey confirms 80% of WUA satisfied with WRD support.	Confirmed commitment to improved service is maintained by incoming new government. High general demand for private sector construction services will not lead to price increases beyond 7% annually.
4. Sector capacity WRD has functioning units for: participatory irrigation management, social development, dam design, and safety. WRD accounts annually on key results to WUA and WRD minister. Results-oriented and participatory management and leadership in WRD.	Functional units (staff, systems, business processes, management, coordination with other units) confirm basic capacity in self-assessment after 2 years, and further increased capacity over years 2–5. Sample WRD staff assess management and leadership to be more results-focused and participatory.	Possible new minister maintains focus on making WDR efficient and customer oriented. Ministry of Finance approves special salary scale for recruitment of structural engineers. Peers from other agencies who have been through management development will come to WRD to share lessons.

5. CD activities with milestones

1. WRD/planning division forms and trains change team and customer sounding board (year 1/quarter 1)
2. Change process, management plan and high-level commitments communicated to staff and external stakeholders (year 1/quarter 2)
3. Internal and external recruitment to new units prepared (year 1/quarter 2)
4. Business processes for new units developed by appointed managers and staff
5. Management development undertaken
6. On-the-job training, exposure to peer experience and coaching of staff
7. Development, piloting and roll out of self-assessment and client feedback systems

6. CD inputs (all sources)

Director of Planning (half-time), 3 change team members (3/4 time)

22 staff months annually over 4 years, drawn from about 50 senior and middle-level staff.

20 months intermittent facilitation consultant.

48 months specialist/technical consultants.

Geographical Information System software and equipment.

Government budget (50%) and external funds (50%) for operating cost.

NB: the matrix is not complete and is only illustrative.

Tool 8a: Capacity development intervention results framework

Design summary	Performance targets/ indicators/means of verification	Assumptions/risks
1. Sector impact		
2. Sector outcomes		
3. Sector outputs/capacity development outcome		
4. Sector capacity/capacity development outputs		

5. Capacity development activities with milestones

1 -
2 -
3 -
4 -
5 -
(...)

6. Capacity development inputs (all sources)

•
•
•
•
•
(...)

Appendix: Guide for preparing terms of reference for capacity assessment

This appendix aims to assist people who are involved in developing terms of reference (TOR) for a capacity assessment (CA).

The TOR are directed at assessments of capacity at sector or subsector levels, which may be part of:

- local actors' preparation of capacity development (CD) plans,

- joint dialogue about capacity issues and development options between local and external partners,

- joint preparation of support to CD from development partners, and/or

- development partners' preparation of country strategies.

The TOR can be easily adapted to other areas, including public financial management and sector-wide or programme-based approaches in general. They should also be helpful if only one organisation is considered.

These TOR do not cover the tasks involved in designing a CD plan or a CD support programme. They do, however, highlight key issues that will also be relevant for a design phase, and the assessment should be a key input for the design phase.

The TOR and guidance for their preparation do not assume or exclude a priori that the assessment requires technical assistance (TA). Recent assessments may already exist, and the responsible sector authorities may produce the assessment with their own resources. A decision may have been reached that an assessment will best be developed as part of a CD process, and thus be extended over a longer period of time.

If TA is required, this may be national, regional or international TA, and it may be acquired by the authorities (from an ownership point of view the best option) from a single funding agency or through a joint arrangement with several agencies (in line with the harmonisation objectives of the Paris Declaration).

The TOR in this appendix are directed at suggesting what the key 'operators' of the CA should do, rather than what all actors involved will do. Thus, this guide does not specify that senior executives in the organisations under assessment will encourage their staff to collaborate actively or give advice (and information) to and supervise those doing the assessment — even if that is essential for a good CA.

A CA — no matter how it is performed — is an intervention in the life of the involved organisations. The way it is performed, and the timing and context of it, may have effects such as:

- enhancing self-mobilisation of staff and managers so that they speed up and energise their own CD efforts;

- creating fear of future downsizing, outsourcing or privatisation, with subsequent informal organisation of resistance against such moves;

- creating fear of internal restructurings and/or loss of power or loss of rent-seeking opportunities for some staff, who individually and collectively may build up strategies to work against future CD/change;

- fostering cynicism if the CA is perceived as poorly timed, poorly managed or coming on top of several previous CAs that had little impact;

- fostering complacency and biased provision of information if external funding (or increased funding) is perceived as linked to certain outcomes of the CA; and

- fostering resistance if the CA is perceived to be driven by external funding agencies and insensitive to the local context.

For several reasons, it is very difficult to perform a solid institutional CA during a short, concentrated period of time (1–2 weeks). Unless conducted by highly specialised professionals with intimate knowledge of the country and the sector, such compressed assessments will most often not be able to thoroughly analyse informal aspects of the sector set-up and the political factors that are shaping the drivers and constraints of sector performance.

The assessment team may also have to define when, how and what to assess to comply with their task. Thereby, they risk being perceived as supply driven and insensitive to the local setting. In such cases, the assessment is unlikely to provide an optimal basis for subsequent CD efforts.

The proposed structure of the TOR includes:

(1) context of the assessment;

(2) overall organisation of the assessment;

(3) objectives of the assessment;

(4) results of the assessment;

(5) content aspects of the assessment (scope of work);

(6) overall approach, including participation of stakeholders, clients and staff in the assessment;

(7) roles and responsibilities in the management of the assessment process;

(8) competencies required of people performing the CA (including TA as appropriate);

(9) length and timing of work; and

(10) bibliography.

Context of the assessment

All people involved in the CA should have the broad picture of events and situations that have led to the formulation of the TOR. The first chapter of the TOR can address the following issues.

- The key reasons why the CA is needed at the present time (see also the subsection on objectives).

- Brief background information about the sector, the key organisations and the network that are the subject of the assessment. Possible recent assessment and other key history issues can also be mentioned.

- A brief description of the wider process of which the CA is part (e.g. a broader sector review in the context of a sector-wide approach or a public-sector-wide initiative to assess capacity issues).

- Rationale why specific organisations have been selected for assessment, if the selection has already been made. The organisations selected for assessment should be key to delivering the services/outputs that the agreed sector policy/programme is aiming to deliver. If the scope of organisations to be assessed can be modified as the assessment process moves forward, this should be stated.

- A brief description of key stakeholders whose relation to the key sector organisations should be part of the assessment. This could include, e.g. cross-cutting ministries (typically the Ministry of Finance), civil society organisations, user associations, oversight bodies and media (tool 1 serves for identifying the organisation to be considered).

- A brief description of the process leading to the TOR: Who took the initiative to arrange the assessment? Who drafted the TOR, based on which type of consultations and/or joint dialogue and work? Who approved and endorsed them? Who will fund the process if it requires funding? Who will contract TA if TA is envisaged?

Critical issue: A sentence such as 'These TOR have been prepared by [names/organisation], received comments from [names/organisation], consulted with [names/organisation], approved by [names/organisation], and endorsed by [names/organisation]' should be included to clearly and transparently indicate who have had a part in the TOR preparation, the extent of the part each played, and who can therefore, to some degree, be held accountable for the content.

Short context section

Keep the context section short and to the point, but with specific references to additional information sources (reports, agreements, proposals, statistics, laws, etc.).

The overall organisation of the assessment

Unclear roles may easily undermine effective accountability, governance, and transparency of the assessment. Very often, TOR do not clearly specify who is the 'owner' or responsible authority for the CA and, therefore, to whom the implementing team will refer.

Critical issue. A clear and unambiguous statement should be included as to whether the assessment is made by the funding agency to enable their internal decision-making, by the sector authorities, or by the management and/ or boards of particular sector organisations. For example, 'This assessment is conducted by the [sector authority] [funding agency(ies)] with the [support of][participation of] [funding agency(ies)][sector authorities][etc.]' The assessment may well be made by and for several or all of these stakeholders, in which case it is crucial to indicate the primary owner of the assessment.

External consultants cannot 'own' the assessment process

An external consultant, if involved, can help conduct an assessment and do the practical work of creating spaces for exchanges, collecting data, assembling viewpoints, suggesting interpretations and preparing analysis. But a consultant cannot be the 'owner' of the assessment process.

Even if an 'audit type' or 'independent' assessment is agreed on, somebody has ordered that to happen. This authority of ordering may be shared, e.g. by funding agencies and national authorities. But if no party is acting as the lead, there is a risk that no one will eventually feel committed to assist the TA or to consider the implications of the assessment seriously.

Objectives of the institutional and capacity assessment

What will be done with the results of the exercise? The objective of the CA describes the decision-makers' use of the CA after it has been carried out. How will the decision-makers (for example the management and/or funding agencies) use the results of the process? Which strategic decisions and which tactical/operational decisions will the CA inform?

Objectives are often phrased as follows: 'The objective is to conduct an assessment … etc.' This formulation is **not** describing an objective — it is simply a description of an activity.

Objectives are desired images of the future

The objective is a picture of a future, desired situation: 'Decision-makers able to make properly informed decisions about size of external funding that the sector can use effectively …' or 'staff and managers have a shared image of capacity constraints and CD opportunities, and are able to formulate an action plan for CD.'

Description of the purpose of the assessment, or the reason why the assessment will take place, could for example be to:

- enable sector authorities and/or funding agencies to decide on the feasibility, scope, and size of a sector programme and of external support to this sector programme (or a project within the programme) so that it is commensurate with the implementation capacity in the sector;

- establish more firm collaboration modalities between several actors in the sector, based on a joint understanding of capacity and constraints;

- create awareness among staff members and stakeholders about possible need for change;

- enable funding agencies to decide whether to finance a next phase;

- inform policy dialogue between sector partners, thereby achieving a better policy foundation;

- enable authorities to design and prepare a CD plan, including, as relevant, support from development partners;

- enable authorities to approach other important stakeholders (e.g. ministries of finance and local governance) to propose remedies for institutional constraints that cannot be solved at sector level; and

- enable authorities and development partners to decide on the scope and modalities for support to CD.

> **Go for specific objectives**
>
> Very generally formulated objectives — such as 'The purpose of the CA is enhanced effectiveness in the sector …' and the like are not informative or helpful. They may indicate that those involved have not had a results- and outcome-oriented dialogue about the CA.

The objective(s) of the assessment must have significant consequences for how the CA is approached. If not, the objectives are void or were formulated after a decision to do something for other reasons (e.g. what has been done before, or what is easiest, or what allows avoiding dealing with tensions and conflicts).

For example, if the objective is to raise awareness about future change, then a much more participatory and inclusive approach is needed than if the objective is decision-making by a funding agency about funding size and modalities in a sector. In the latter case a more desk-based and selective approach may be warranted to reduce transaction costs and avoid creating false expectations or even unrest in the target organisations.

The more a CA is an input for future CD efforts, the wider is the CA's scope: the CA is about assessing the capacity as it is, and about assessing if and how it can develop, how much, and in which direction.

> **Assessments cannot serve to define donor support to CD only**
>
> A CA cannot logically be conducted with the purpose of designing external support to CD only, unless the CA only focuses on working to strengthen enabling and weakening constraining factors in the environment of the organisations. CD is a process that must take place within organisations and cannot be imposed (teaching can be imposed, learning cannot). Therefore, to design CD support requires a CD process that can be supported. And specifying this endogenous CD process must be part of the CA process before it makes logical sense to formulate the support to the process.

Process aspects will become even more important when the purpose is in the direction of CD and change. The CA must be conducted so that those who will afterward lead and manage change have a better chance of doing so successfully, most likely implying that they must be closely involved in leading and managing the CA.

The CA process will also aim to create enthusiasm for subsequent CD and change, and to identify ways of dealing with resistance to change.

Expected results

This section describes the tangible results that have to be delivered by people implementing the CA. The results are necessary, but unlikely to be sufficient on their own to achieve the objectives. That will most often require action by the owners of the assessment, as well as by others. Apparently simple matters such as commenting on drafts and conducting dialogue and joint decision-making based on a final report may be required to make use of a CA report and achieve the objectives.

All too often, it is thought that the result of the CA is just a report. However, often several other (and more important) tangible outputs should be considered and specified when relevant, such as:

- a final workshop for core group/key stakeholders;

- orientation event(s) for external stakeholders;

- a debriefing event for senior executives;

- debriefing event(s) for staff members;

- a summary two-page overview in easily accessible form for wider circulation;

- confidential papers/reports on special issues;

- draft reports circulated as specified;

- a final report (with specified maximum length and, as required, provision for appendixes), distributed according to a list;

- compact disc (CD-ROM) versions of final reports and appendixes distributed as agreed; and

- Web posting and/or publication of final reports, etc.

Agree on how the assessment shall be disseminated — beforehand

The owners of the CA should agree beforehand on the recipients and users of the results inside and outside the organisation. It is particularly important to agree whether the reports will be publicly or semi-publicly available, or whether they will be confidential (in which case those entitled to see the reports should be specified).

There are two conflicting concerns regarding disclosure policies in relation to a CA. Some organisations may by law be obliged to make public any reports they have funded or co-funded. Or they may as a policy want to disclose reports. The opposite concern pertains to a need for confidentiality: there are important issues in organisations that the individuals and the organisation — for very legitimate reasons — will not want to display publicly. If it is known that the CA report will be public, staff members are unlikely to share such important information.

The content of the assessment/scope of work

This section of the TOR should outline the organisations, the networks and the relations to be included in the assessment, as well as the contents of the assessment (what to assess in relation to the sector network and the organisations included). Following the approach outlined in this guide, key points will include:

- **the organisations** to be included (see 'Context of the assessment'), as: appropriate, explaining why they are key to the success of envisaged or ongoing support to the sector;

- **data collection** about past and present outputs, their relevance, quality and quantity (services, products, and regulations) from the sector/subsector/specific organisations included in the CA — if the assessment is also an input to consideration of future CD activities and CD support, then this baseline information is essential when a CD action plan will identify and specify desired future outputs, because they have to be realistically projected;

- **the sector context**, including structural factors relevant to capacity (e.g. extended territory and limited public resources are likely to have an impact on the ability to fund and deliver items such as health and education services territory-wide), institutional factors (including, but not limited to, the legal framework and how this is observed and enforced; public-sector-wide factors related to civil service conditions, etc.; decentralisation; patronage/client systems affecting the public sector's performance; and effectiveness and modalities of sector governance and accountability mechanisms);

- **drivers and constraints,** which are especially difficult but important to assess, explain present performance and may explain why capacity may not grow easily;

- **inputs and resources available** to the sector and the organisations, including the balance between funds for different purposes and the past trends in areas such as spending on maintenance, operational costs, salaries and staff numbers;

- **the internal elements** of the organisations under assessment (leadership, strategy, structures, rewards and incentives, internal relationships, and helpful mechanisms — several good ways of decomposing the internal capacity are available, and the choice may best be left to those performing the assessment and/or the organisations under assessment); and

- the sector **networks** and external networks and relations, including the sector governance set-up.

The assessment should pay attention to the political aspects of organisations, e.g. the internal and external power relations that energise the sector system (or stifle it) and the balance and relation between the formal and informal aspects.

If the CA has an objective to allow decision-making or prepare plans for future CD and CD support, then the scope of work should include assessing readiness for change, potential prime movers (influential actors) of change, resistance to change, and change strategy and change management aspects. The history of previous change, reform and CD efforts should be factored into the assessment.

Methodology and approach

The overall methodology and approach will address: how participation of stakeholders, clients and staff is foreseen; data collection methods and sources to be used; and the overall sequencing of the process.

Crucially, the TOR should describe the degree of participation envisaged in the CA and the roles of stakeholders. The balance between self-reflection by staff and stakeholders and reflection and analysis by the assessment team should also be indicated. The former is likely to generate more ownership of conclusions but may also bypass important conflict issues. Obviously, the authorities governing the CA (national authorities and/or funding agencies or other stakeholders) have to commit time to participate to give the process a chance of success.

Don't prescribe specific participatory methodologies

There are many different specific methods for participatory self-assessment processes: focus groups; strengths, weaknesses, opportunities and threats (SWOT) analysis; appreciative inquiry; reflective teams, etc. Rather than prescribing a specific approach it is often best if the people conducting the CA adopt an approach with which they are familiar and which allows the desired level of participation commensurate with the objectives of the CA.

The stakeholders around and staff members in the organisations to be involved in the CA will also have to be delimited according to the objectives and CA's scope and the resources invested in it. The long list could include:

- citizens/users/clients, e.g. people using the services from the sector or who should adapt their behaviour according to sector regulations;

- people exercising formal or informal sector or organisation governance (parliament, ministers, senior civil servants in key ministries, including Ministry of Finance and Planning), supervisory bodies (e.g. superintendence agencies and supreme audit institutions) and influential lobbyist and interest groups;

- key staff involved in cross-sectoral reform initiatives shaping drivers of and constraints on sector capacity (civil service reform, public financial management reform and governance reforms);

- management;

- professional staff;

- support staff;

- outside experts (sector researchers from think tanks and universities);

- media representatives (who may be able to furnish good descriptions of power issues in the sector); and

- funding agency staff with special sector knowledge or knowledge of cross-cutting issues.

Less is more

Using too many interviews or participatory assessment processes may hamper depth and quality and undermine commitment and understanding among people involved.

The law of diminishing returns or the '80/20 principle' applies: 20 % of the effort is likely to provide 80 % of the information, while the remaining 80 % will only yield the finer nuances.

The methods and tools of data collection and self-assessment should be roughly indicated, such as:

- documents and Web sources; 'data mining' — finding underused information — often yields significant results (both in terms of information and analysis of why the information was buried), but it is also a very time consuming process;

- broader surveys (e.g. self- or externally administered questionnaires and open and/or multiple choice approaches);

- focus group interviews;

- individual interviews;

- observation of work processes and meetings;

- facilitated self-assessment processes;

- self-assessment processes organised by those assessing themselves;

- flowcharts of key business processes central to the value-addition chain; and

- the sequence in which the activities should take place, with stocktaking exercises along the way.

Process aspects are critical

If the CA is seen as a critical input to a forthcoming CD process, then attention to the process aspects of the CA is critical. In the extreme, a CA that primarily aims to prepare for change may have to avoid certain themes and suppress certain information because 'the truth' — even if undeniable — may bring conflicts into the open in a manner that could jeopardise any hope of CD for years to come.

If the CA prepares for change, then participation and buy-in to the conclusions of important power holders (staff unions, managers, key staff and key external stakeholders) may also be essential for a subsequent successful CD process, and full attention to these process aspects will be crucial.

Roles and responsibilities in the management of the assessment process

This section should describe the operational managerial framework for the assessment process, giving the implementing team a clear framework within which to operate as well as detailing the essential tasks that others have to perform to enable the CA to take place. This could include:

- defining how the essential pre-assignment dialogue between the CA team and the CA owners is to be conducted (with whom and through which media);

- defining who will be responsible for supplying documents to the team (and to others around the CA who might need them);

- defining to whom the team relates for all substance and approach aspects of the work, e.g. to whom the team reports while on site (who is the 'manager' of the team?);

- to whom and how the team would have recourse for particularly important questions (a steering group, which might have predefined meetings with the team and/or a call in authority for both steering group members and the team);

- defining how and by whom appointments for the team will be set up, and how and by whom participatory events will be organised; and

- defining if and how logistic support will be provided to the team.

For busy staff members in government or funding agencies, it may be tempting to request that a study team (particularly if only composed of external consultants) organise its own meeting and activity schedule. This, however, may have drawbacks: the team may not have the requisite knowledge to 'get behind the reception desk' in the organisations involved or to identify the informants in the wider context. Also, people who are asked to meet the team are likely to react differently if they are requested to do this by their own hierarchy, by a staff member of a funding agency or by a consultant.

Finally, making and updating appointment schedules takes a lot of time.

Required team competencies

The content of this section depends on the purpose and scope of the CA. The section describes the necessary qualifications of the CA team. Details on the team will include number of team members and their functions (team leader, human resources (HR) specialist, etc.).

If the CA team is internal to the organisation(s) being assessed, this section will list the people appointed to the team and detail their particular functions (team leader, financial specialist, HR specialist, etc.).

If the team also (or only) includes TA, and if the TOR are to be used as a basis for competitive bidding from contractors, then the qualifications required for the consultants should also be applied in the bid evaluation process.

Profile of qualities and characteristics of the consultant (company):

- track record in TA by sector, type of organisation, and country;

- characteristics, e.g. experience with participatory assessment processes, knowledge of CD processes and core business (which should be in advisory work);

- description of the required expertise of assessment team members — if several consultants will be employed, the special areas they should cover should be indicated (e.g. expertise in leadership and change management, public financial management and HR management); and general qualifications could include knowledge and understanding of CD processes, skills in communication and facilitation, and attitude of respect and diligence with regard to client-organisations; and

- regions, cultures and/or sectors in which the contractor should have had experience.

How much is CA a professional specialisation area, and can it substitute for comprehensive sector knowledge? Or, can sector specialists perform a CA if they have supplemented their professional profile through training?

Human resources specialists and management consultants often argue that CA is a particular discipline, while sector specialists will, unsurprisingly, often argue for the opposite. However, **work in CD and CA does require specialised knowledge** about organisations and institutions, and **well-honed and specialised skills in communication and facilitation**. These can be acquired in many ways and by many people from a variety of professional disciplines, but they are essential.

In major CA exercises, it is probably often advantageous to combine CA/CD and sector expertise, but the latter has to be policy-level or sector-holistic expertise. Narrow technical specialisation within the sector is normally of little relevance.

Balance different resources carefully

Create consistency and continuity between different longer- and shorter-term inputs. A mixture of local and international consultants may have added value, but only if enough time is planned for them to collaborate (otherwise experience often shows that the international consultant takes the lead and ends up using the local consultants as fixers of access and logistics).

Length and timing of work

This section indicates the time assigned (days, weeks or months) for different stages of the work and provides information the team needs to be able to plan properly.

Issues that can be important, and a timetable indicating sufficient time for the activities, are as follows:

- **preparation:** selection and availability of team members and field work required;

- **execution:** time needed to achieve results and purpose of the assessment, correct distribution (including debriefing) of time in relation to the involved organisations and stakeholders, and field visits outside capitals to assess local-level capacities or special regions with particular capacity problems;

- **reporting:** deadlines for draft and final versions of the report, a list of all stakeholders who will receive a each report and procedures for commenting on the draft(s);

- **visits** to be made (relevant authorities, institutions and beneficiary groups);

- **availability** of the important resource persons (also, and particularly, inside the host organisation)

- **practicalities** on logistics that can influence the timing of visiting the necessary stakeholders, e.g. road conditions, weather, local festivals, elections and seasons.

In developed countries, when an organisation engages consultants to diagnose capacity and CD needs, the consultants will seldom work full-time on the assignment over a very short time, but rather will work part-time over an extended time period. This approach allows time to digest intermediate results and produce and organise feedback in an orderly manner. With an extended period, the consultants can more easily accommodate their work schedule to the organisations (instead of the other way around).

Local consultants have the same opportunity and may, all else being equal, be preferable for that reason. The drawback can be that they may also be entangled in the often relatively small web of service providers and purchasers in the country, which may make it more difficult for them to adopt a detached perspective on the sector and the organisations.

International consultants may be commercially closely attached to funding agencies and tend to see the world through their particular lenses.

A combination — if the objective and scope of the CA so warrants — may be preferable if the local consultant market is small. In such a case, the locally based consultant can add length to the assignment, but whether the international consultant should have only one in-country work period should also be considered carefully. Two one-week visits with some weeks in between add to travel costs but may enable a process much more responsive to local conditions and capacities.

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