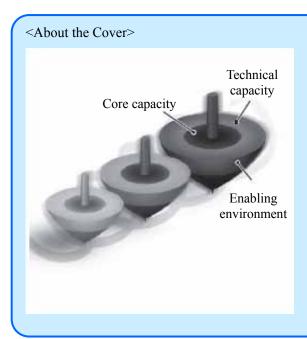
# **Capacity Assessment Handbook**

- Project Management for Realizing Capacity Development -

September 2008

JICA Research Institute Japan International Cooperation Agency



This handbook explains capacity (the capability to handle issues) through the conceptual diagram on the left. Technology, particular knowledge, and tacit knowledge on the part of the organization is referred to as "technical capacity," and the will, attitude, leadership, management capabilities to activate technical capacity are referred to as "core capacity," and serve as core elements for capacity. The systems, societies, and so on which underpin such capacities are referred to as the "enabling environment" that encompasses the organization.

Capacity only comes about once these three elements have been integrated. It is thought that capacity is expanded in a stepwise fashion by repeating a cycle of status analysis – strategy planning – implementation – evaluation.

The contents of this handbook are a compilation of the opinions of the Capacity Assessment Study Group established by the Japan International Cooperation Agency (JICA), and are not necessarily consistent with JICA's public position.

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## **Preface**

The "capacity" of Capacity Development (CD) originally is a word that generally means capability. The Japan International Cooperation Agency (JICA) has deepened the understanding of the capacity as the ability of developing countries to set and achieve targets and the ability to discover and resolve the issues of one's own country (development issues); in other words, it refers to capabilities for handling issues. CD is thought of as the process whereby the capabilities for handling issues of developing countries are developed at individual, organizational, and societal levels holistically.

CD has its roots in the question "Is aid useful?" that had been increasingly posed at forums for international discussions in the 1990s. It came to be taken up as a debate that questioned how to go about supporting improvements in capabilities for the development of developing countries, modalities for development assistance, and especially modalities for technical cooperation. Since then, CD has become an important theme to donors, and was debated as one of the central subjects of discussion at the Third High Level Forum on Aid Effectiveness which was held in September 2008 in Ghana. It has been pointed out through such discussions that fostering capacity related to the management of public finances and social services is indispensable for effective development in developing countries.

Since releasing the Report Towards Capacity Development (CD) in 2006, JICA has been working to address the issue of reflecting CD in JICA projects, and issued the Project Management Handbook (First Edition) in 2007. Moreover, it has continued to undertake analyses of past projects which had incorporated CD perspectives and brought together lessons and experiences extracted from these analyses. This Capacity Assessment Handbook organizes perspectives and methodologies for assessing capacity of developing countries, and which tie in with JICA project formulation and implementation management. It does this by capitalizing on the accumulation of these past surveys and research, and is based on international discussions as well.

I wish that this Handbook would be useful in project formulation and implementation management that reflects a CD perspective in a specific manner at JICA Headquarters and in the field overseas. I also hope that it would be used as a material for examining modalities for comprehensive project management, including grant aid and official development assistance (ODA) loans, rather than just technical cooperation, through the birth of the new JICA.

Finally, I would like to thank each one of those who have offered cooperation to complete this Handbook.

September 2008 Hiroshi Kato, Director JICA Research Institute Japan International Cooperation Agency

## **Table of Contents**

Preface		
Table of Con	ntents	
	ii	
List of Figur	res, Tables and Boxes	v
	of Abbreviations	
How to Use	This Handbook	ix
Chapter 1	The Need for Capacity Assessments	2
1-1 Pro	blems with Conventional Modalities for Projects	3
1-1-1	Pitfalls of Project Management	3
1-1-2	Why Do We Fall into These Pitfalls?	4
1-1-3	What Are CD Perspectives for Reassessing Technical Cooperation?	4
1-1-4	Assistance Management Based on CD: Background of CA	
1-2 The	e Need for and Role of CA	
1-2-1	Why is CA Necessary?	7
1-2-2	Definition and Role of CA	8
1-2-3	What is Assessed and How Are the Results Used?	11
Chapter 2	Perspectives for Perceiving Capacity	14
	ree Perspectives for Perceiving Capacity	
	receiving the Elements that Constitute Capacity	
	pabilities for Handling Issues) (First Perspective)	16
	Technical Capacity	
2-2-2	Core Capacity	
2-2-3	Enabling Environment	
	rceiving Capacity that Places the Focus on Organizations (Second Perspective)	
2-3-1		
2-3-2	How Are Organizations Perceived?	
	receiving the Relationship between the Characteristics of Capacity and	
Per	formance (Third Perspective)	25
2-4-1	Basic Characteristics of Capacity.	
2-4-2	Relationship between Capacity and Performance: CPI Model	
	Case Examples of the CPI Model	
	2.14.1.1.p. 200 01 0.1.0 01 1 1 1 1 0 1 0 1 1 1 1 1 0 1 0	
Chapter 3	The Project Management Process and CA	43
	ject Management Based on the Notion of CD	
3-1-1		
5 1 1	and the Trees.	44
3-1-2	CA and Project Management.	
	Upward Spiral for CD and CA	
	e Project Management Process and CA	
3-2-1	Overview of CA in the Project Management Process	
3-2-2	Independent CA by Developing Countries and JICA's Involvement	
3-2-3	CA and Tools	
	ecific Steps for CA in the Project Management Process	
3-3 Spe	· · · · · · · · · · · · · · · · · · ·	
3-3-1	Formulating Cooperation Strategies	
	Individual Project Design	50 61

3-3-4	CA During Project Implementation.	64
3-3-5	CA in Project Evaluations	68
3-4 Poi	nts to Keep in Mind for CA by Project Type	71
3-4-1	Assessments of CD Support from Hub Functions	71
3-4-2	Assessments of CD Support from Communities	74
3-4-3	Assessments of CD from Policies and Institutions	
3-5 CA	and Indicators	80
3-5-1	Refer to the Technical, Core, and Enabling Environment Categories	81
3-5-2	Refer to the Characteristics of Capacity	
3-5-3	Refer to CPI	
3-5-4	Setting Indicators through Mutual Complementarity between Quantitative Indicators and Qualitative Observations	82
Chapter 4	How is CA Used?	88
	in the CD Support Process	
4-1-1	CA for Comprehensive CD Support.	
4-1-2	CA for Independent CD by Developing Countries	
	examining Modalities for CD Support Based on CA	
4-2-1	Reexamining CD Support Measures	
4-2-2	Reexamining CD Support Structures	
	entation for Future Cooperation Projects from the Perspective of CA	
	or Raising Problems)	91
4-3-1	Potential for Joint CA	
4-3-2	Improving the Predictability of Projects Based on CA	
Cor	nalysis: icy Characteristics Analysis: Policy Characteristics Questionsuntry Policy and Institutional Assessment (CPIA)	93 94
	icy Environment Mapping	95
	form Readiness Analysis: Preliminary Assessments of	0.6
	rrower Commitment	
	ministration and Civil Service Assessment (Tool)	99
	al Analysis:	100
Env	vironmental Scanpacities and Vulnerabilities Analysis	100
	wer Distribution Matrix	
		102
_	tional Analysis:	102
	sessment of Institutional Capabilities	
	OT Analysis	
	scussion-Oriented Organizational Self-Assessment (DOSA)	103
Strategy I		107
	anced Scorecard (BSC)	10/
	d Party Analysis:	100
	nts/Able Analysis	
	keholder Analysis	
	llaboration Matrix	112
Risk Anal	lysis: k Analysis	113

Attached Material 2 CA of Other Donors	116
1. Characteristics of the CD and CA Techniques of Aid Agencies	116
2. CA Frameworks of Other Donors	118
Reference Literature	143
List of People Involved in this Research Study	149

## **List of Figures, Tables and Boxes**

Fig.	1-1	Pitfalls of Project Management	. 3
Fig.		Targets of Capacity Assessments	
Fig.	2-1	How is Capacity Perceived?	
Fig.	2-2	Basic Model via the Characteristics of Capacity - With the organization as t	he
base	point	t - 16	
Fig.	2-3	Assessments That Place the Focus on Organizations	20
Fig.	2-4	Human Resources and Related Matters	22
Fig.	2-5	Capacity Of the Overall System	25
Fig.	2-6	Visibility and Invisibility of Capacity	26
Fig.	2-7	Image of Capacity	
Fig.	2-8	Capacity Growth as a Whole and the Manifestation of CD Results	28
Fig.		Growth Curve for CD	30
Fig.	2-10	Overall Image of Development and the CD Process (CPI Model)	30
Fig.	2-11	CPI Model	
Fig.	2-12	Designing CD Strategies through CPI Models	32
Fig.	2-13	CD Story	
Fig.	2-14	CPI Example (1) Education Support	34
Fig.	2-15	CPI Example (2) Waste Management.	35
Fig.	2-16	CPI Example (3) Forest Resources Management	
Fig.	2-17	CPI Example (3) Irrigated Agriculture	
Fig.	2-18	CPI Example (5) Energy Conservation	
	2-19	CPI Example (6) Health and Medical Care	
Fig.	3-1	Relationship between the Overall Picture and Individual Projects	
Fig.	3-2	Upward Spiral for CD.	
Fig.		CA Steps in the Project Management Process	
Fig.		Strength of JICA's Involvement in CA	
Fig.		Analysis of the Actors and the Required Results	
Fig.		Capacities to Be Strengthened in a Prioritized Manner and Arrangement throu	
_		ıl Items	
Fig.	3-7	Example of Arranging CD Perspectives in a Development Issue Structural Diagra	ım
(CD	Issue	Structural Diagram)	
		Concurrent Tasks for Positioning and Mapping	
		Example of an Environmental Scan	
_	3-10	Examining the CD Course	
	3-11	Scoping for Cooperation Programs	
	3-12	Scoping through a Comprehensive Perspective	
_	3-13	Example of Visualizing Capacity	
_	3-14	Main Point of Evaluations	
_	3-15	Applying Evaluation Results	
	3-16	CD Support from Hub Functions.	
_	3-17	11	
_	hers)		
	3-18	CD Support from Communities	74
_	3-19	11	
_	3-20		
_	3-21		
_		pabilities)	_
	-	Process of Mutual Complementarity between Quality and Quantity	

Fig. 3-24	Example of the Process for Monitoring and Evaluation for Setting Indicators	
Fig. A1-1	Changes in CPIA in Vietnam from 1998 to 2001	
Fig. A1-2	Policy Environment Mapping	
Fig. A1-3	Example of an Environmental Scan	
Figure A1-	1	
Fig. A1-5	DOSA Example	
Fig. A1-6	Example of BSC for Development Aid	
Fig. A1-7	Flow of Stakeholder Analysis	
Fig. A1-8	Risk Analysis Procedures	113
Fig. A1-9	Identify Risks	113
Fig. A1-10	Analyze and Evaluate Risks	
Fig. A2-1 T	The World Bank's Public Sector Governance Reform Cycle	
Fig. A2-2	The IDB's Organizational Assessment Framework	122
Fig. A2-3	Conceptual Diagram of the EC's Open Systems Model	123
Fig. A2-4	Sida's Analytical Framework	126
Fig. A2-5	Overview of DFID's Capacity Building	128
Fig.A2-6	CA in the UNDP's CD Process.	
Fig. A2-7	The UNDP's "Default" Capacity Assessment Framework	133
Fig. A2-8	The ECDPM's Analytical Framework	
Fig. A2-9	Capacity Assessment Framework for Implementing MfDR	137
Fig. A2-10	Example of Readiness Assessment Mapping	
Fig. A2-11	CB Cycle Shown in the Guideline for Capacity Building Needs Assessments	140
Table 1-1	The Project Cycle and CA Perspectives	12
Table 2-1	Three Types of Capacity Characteristics	
Table 2-2	Examples of Institutions, Policies, and the General Environment	
Table 3-1	Image of the CA Entities in the Project Management Process	
Table 3-2	Examples of Tools for CA	
Table 3-3	Policy Characteristics Analysis	
Table 3-4	General Checklist Items	
Table 3-5	PCM Perspective and CA Perspective	
Table 3-6	Five Evaluation Items and the CD/CA Perspectives	
Table 3-7	What Sorts of Capacities In Whom?	
	(Example of Strengthening Hub Functions)	73
Table 3-8	What Sorts of Capacities In Whom? (Example of Community Development	
Table 3-9	What Sorts of Capacities In Whom?	-,
	(Example of Strengthening Policies and Institutions)	79
Table 3-10	Perspective of Setting Indicators that Places Focus on the Organization	
Table 3-11	Comparison of Quantitative and Qualitative Approaches	
Table A1-1	Example of a Capacities and Vulnerabilities Analysis	
Table A1-2	1 1	
Table A1-3		
Table A1-4		
Table A1-5		
Table A1-6	,	
Table A1-7		1
140101111 /	Organizations	112
Table A2-1	Characteristics of the CD and CA Techniques of Aid Agencies	
Table A2-2	· · · · · · · · · · · · · · · · · · ·	

Table A2-3	List of CA Approaches by Donors	120		
Table A2-4	The IDB's Organizational Assessment Items			
Table A2-5	Organization's Internal Items Analyzed via the Five Steps (Six Box Model)			
Table A2-6	Analysis Matrix that Aligns Analyses of Organization's Internal and			
	External Aspects with Functional-Rational and Political Dimensions	125		
Table A2-7	The EC's Assessment Items	125		
Table A2-8	Sida's Assessment Items	127		
Table A2-9	DFID's Assessment Items	128		
Table A2-10	List of Tools Introduced by DFID	129		
Table A2-11	The UNDP's Points of Entry and Cross-Cutting Functional Capacities.	133		
Table A2-12	The ECDPM's Analytical Framework Items	135		
Table A2-13	Six Categories for Assessments	138		
Table A2-14	List of Assessment Results			
Table A2-15	Operating Steps for GTZ-SfDM	141		
Table A2-16	Analytical Tools Recommended by GTZ-SfDM	142		
BOX 1-1	How Far Has the Development of Frameworks for CA by Other	Donors		
Progressed?	8			
BOX 1-2	Definitions of CA by Other Donors	9		
BOX 1-3	Process Consultation	12		
BOX 2-1	Basic Structure of the Organization	21		
BOX 2-2	The Effectiveness of Producing Visible Results			
BOX 3-1	Improvement Cycle, or Reform Cycle?	48		
BOX 3-2	Points to Keep in Mind for Self Evaluations – Key Effects	65		
BOX 3-3	Example of Visualizing Capacity Hexagon Spider Web Diagram			
	(HSWD), etc.	86		
BOX A2-1	Open Systems Model	120		

## **Explanation of Abbreviations**

ADB	Asian Development Bank			
BSC	Balanced Scorecard			
CA	Capacity Assessment			
СВ	Capacity Building			
CBNA	Capacity Building Needs Assessment			
CD	Capacity Development			
CGA	Country Governance Assessment			
C/P	Counterpart			
CPIA	Country Policy and Institutional Assessment			
CSP	Country Strategy and Programs			
DAC	Development Assistance Committee			
DANIDA	Denmark International Development Assistance			
DFID	Department for International Development			
EC	European Commission			
ECDPM	European Center for Development Policy Management			
EU	European Union			
GTZ	Deutsche Gesellschaft fu r Technische Zusammenarbeit			
IDA	International Development Association			
IDB	Inter-American Development Bank			
IDRC	International Development Research Centre			
JICA	Japan International Cooperation Agency			
MDGs	Millennium Development Goals			
MfDR	Managing for Development Results			
NGO	Non Governmental Organization			
PCM	Project Cycle Management			
PDM	Project Design Matrix			
RBM	Results-based management			
ROACH	Results-oriented Approach to Capacity Development and Change			
Sida	Swedish International Development Cooperation Agency			
SWAp	Sector-Wide Approach			
TA	Technical Assistance			
TOR	Term of Reference			
UNDP	United Nations Development Programme			
USAID	US Agency for International Development			
WB	World Bank			
WBI	World Bank Institute			

Sources: Created by referring to the International Cooperation Glossary by the International Development Journal Co., Ltd.; the English-Japanese / Japanese-English Dictionary on Waste by Chuohoki Publishers Co., Ltd., and various JICA reports, among others

## How to Use This Handbook

## 1. Why Was This Handbook Created?

Within JICA, Capacity Development (CD) is advocated and various reports related to CD have been issued, so the term has permeated inside our organization to a considerable extent. But since CD itself is a concept that is comprehensive and difficult to understand, there are some who do not have a good understanding of how they reflect the concept in their project management. Since Project Cycle Management (PCM) has been so far a basis of project management, it is difficult to incorporate a new management framework and analytical tools that build upon the CD concept.

On the other hand, the circumstances surrounding JICA's project management have changed drastically in recent years. Achievements of projects based on our Project Design Matrix (PDM) are expected to be more critically examined, and aid modalities of management to ensure more impacts and sustainability are sought to develop. Moreover, program formulation which effectively combines cooperation schemes that include not only technical cooperation, but also grant aid and ODA loans, is also being promoted in order to pursue even larger development goals. In addition, while many donors including Japan carry out different projects and programs in developing countries, it is thought that bringing about synagetic outcomes of donor coordination is increasingly important.

Under such circumstances, JICA has become more aware of importance of incorporating CD in project formulation. The Project Management Handbook (First Edition), published in December 2007, reflects this idea. Today, JICA needs to consider the concrete way to enhance CD in the process of project planning and implementation. For this reason, it has been deemed necessary to assess to what extent the affiliated institution in a partner country has capabilities for handling development issues (its capacity). It is also essential to make outline for what sort of support needs to be applied and to where, based upon which the appropriate cooperation project (remedy) is to be implemented.

## 2. Purpose of this Handbook

This handbook describes the framework and methods for Capacity Assessment (CA) in a practical manner so that JICA's project management (formulation, implementation, evaluations) is carried out by incorporating a perspective of CD support. It is expected to be utilized by those who work at JICA Headquarters and its overseas offices, as well as JICA experts working in developing countries.

This handbook compiles the research outcomes of the Capacity Assessment Study Group into a report, and is therefore not an official guideline by JICA. But it is expected that this handbook will serve as a facilitating input for considering new project management for JICA.

Rather than being a manual that is to be strictly applied, this handbook presents perspectives that those involved in cooperation projects should share and hold onto in order to examine methodologies suited to local realities.

## 3. Applicable Range for this Handbook

To assess a country's capacities: (1) the policies and government structure for the country in question as a whole may be well understood, or (2) capacities may be comprehensively analyzed in the supporting sector, including policies, institutions, and society. The former in particular is referred to as a "governance assessment," and should be taken into consideration across sectors when cooperation projects are carried out in said country. But an enormous explanation would be required just for this first issue. As such, this text will focus on the latter, or sector (issue) level capacity, in consideration of adopting specific methodologies that are coordinated with JICA's project management.

Under the Sector-Wide Approach (SWAp), government ministries and agencies for the sector and donors jointly formulate development strategies and deploy cooperation projects based upon these strategies in the field in developing countries. Accordingly, sector level CA has come to be something that not only JICA, but also developing countries and other donors implement in a cooperative manner. This handbook examines better modalities for cooperation, including various practices of other donor agencies as well as CA that deepens understanding of current state of the applicable sector in a developing country. This is explained by focusing on how JICA itself should effectively formulate and implement projects for desired outcomes. This may not necessarily be applicable in international aid coordination, but can most likely be useful to find and practice a complementary manner between CA frameworks and methodologies which donors are attempting to formulate among themselves.

Additionally, this handbook was primarily written in FY2007 before JICA integrated functions of loan assistance, so the majority of the cases presented are of technical cooperation. In this sense, they do not constitute analysis that strictly envisions case examples of grant aid and ODA loans. Despite the fact that there was a change to projects that organically combine all three of these upon switching to the new JICA, this should remain unchanged as the basic framework for analyzing the organizations on the other side. Furthermore, it is expected that the content pertaining to project formulation and implementation management based on CA results will be revised as needed.

## 4. Composition of this Handbook and How to Use It

### (1) Precautions for Using this Handbook

When using this handbook, the reader should be most mindful of the fact that **you will not get very good results just by mechanically implementing what is written in this book**. What is written in this text is nothing more than perspectives and ways of thinking. Based on these, the reader is encouraged to personally select the appropriate tools from among those introduced here in consideration of the characteristics of the development issues and cooperation projects which they are actually faced with.

For those who do not have enough time to read through the entire handbook, they may start from "Main Points for Chapter O" which summarizes each chapter, and go on to

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<sup>&</sup>lt;sup>1</sup> For governance assessments, a separate survey and research report is scheduled to be compiled by the Task Force on Governance Issues. In addition, refer to Viewing Countries through Indicators: Viewpoints on Macroeconomic, Poverty, and Governance Indicators (March 2008) to determine the overall politics and economy of a country.

Capacity Assessment Handbook

the following context.

#### (2) Composition of this Handbook

Here a brief explanation will be given of what sort of information is written in the handbook.

## For People Who Originally Thought "Just What is CA?"

## Chapter 1. The Need for Capacity Assessments

This chapter introduces potential pitfalls for project management that anyone can encounter, and describes the need for CD/CA. Then, this explains the definition, roles and targets of CA.

#### For People that Do Not Thoroughly Understand Capacity

## **Chapter 2.** Perspectives for Perceiving Capacity

This chapter is written for those who are not yet familiar with what capacity means. It helps understand how to catch on capacity and the elements it constitutes. The readers will then be able to gain various perspectives regarding CD/CA.

# For People Who Want to Learn How to Implement CA in Project Management Processes

#### Chapter 3. The Project Management Process and CA

This chapter explains practical doubts like: Specifically, how should problems and capacity of counterparts(C/P) and their organizations be analyzed and how should cooperation programs and projects be formulated? How should CA be used in project implementation? How is CA useful for project evaluations?

#### For CD Supporters, What Should Be Kept in Mind When Using CA?

## **Chapter 4.** How is CA Used?

This chapter explains points that those who wish to facilitate CD by utilizing CA should keep in mind, such as: How should assistance implementers use CA? How should modalities for CD practitioners be revised based on the results of CA?

## For People That Want to Learn More Specific Methodologies

#### Attached Materials 1. CA Tools and 2. CA by Other Donors

At the end, specific tools will be introduced for putting the philosophy for and framework of CA presented in this text into practice. This will also explain what sort of CA frameworks other donors have developed.

#### (3) What Can This Handbook Be Used For?

This handbook presents perspectives which are necessary when examining what sort of cooperation projects should be formulated for important development issues in the future. Such projects include technical cooperation, and more comprehensive cooperation programs are also under consideration. It is important that such projects or programs are not formulated exclusively in JICA, but rather they are incorporated in

overall development plans of developing countries themselves (including cooperation by other donors). From this standpoint, this handbook explains specifically what should be done with regard to the implementation and evaluation of said projects.

Moreover, several issue specific task force groups at JICA are undergoing the creation of schematic diagrams for development issues and issue-specific guidelines. This handbook provides perspectives for how development issues should be perceived in order to carry out such task force. In this capacity, it is expected that CA checklists will be created for each specific issue.<sup>2</sup>

## 5. Literature to Be Used In Conjunction with This Handbook

Reference literature related to CD and CA is introduced in the "List of Reference Literature" at the end. In terms of JICA reports issued to date, the reader is urged to refer to the following items in particular in relation to this.

## People Who Would Like to Deepen Their Understanding of CD

Capacity Development: Aiming to Improve Comprehensive Capabilities for Handling Issues Based on the Independence of Developing Countries; JICA Research Institute (2006)

 People Who Would Like to Deepen Their Understanding of New Project Management that Includes CD/CA

JICA Management Handbook (First Edition); JICA Research Institute (2007)

 People Who Would Like to Know about Specific Examples of Implementing CD Support

CD Case Example Analysis Series:

Supporting Capacity Development for the Waste Sectors in Developing Countries: Aiming to Improve Waste Management Capabilities Across Society as a Whole; JICA Research Institute (2005)

Case Study Report on Capacity Development – Study of Experiences with Nepal Forestry Sector Cooperation; JICA Research Institute (2006)

Case Study Report on Capacity Development – Energy Conservation Sector; JICA Research Institute (2006)

Case Study Report on Capacity Development – Strengthening of Mathematics and Science in Secondary Education Project in Kenya; JICA Research Institute (2007)

Case Study Report on Capacity Development – Project for Strengthening District Health Services in the Morogoro Region, Tanzania; JICA Research Institute (2008)

Case Study Report on Capacity Development – Water Sector Human Resource Fostering; JICA Research Institute (2008)

<sup>&</sup>lt;sup>2</sup> CA checklists have previously been set in place for sectors like waste, energy conservation, health human resources, agricultural and rural areas, and sewage.

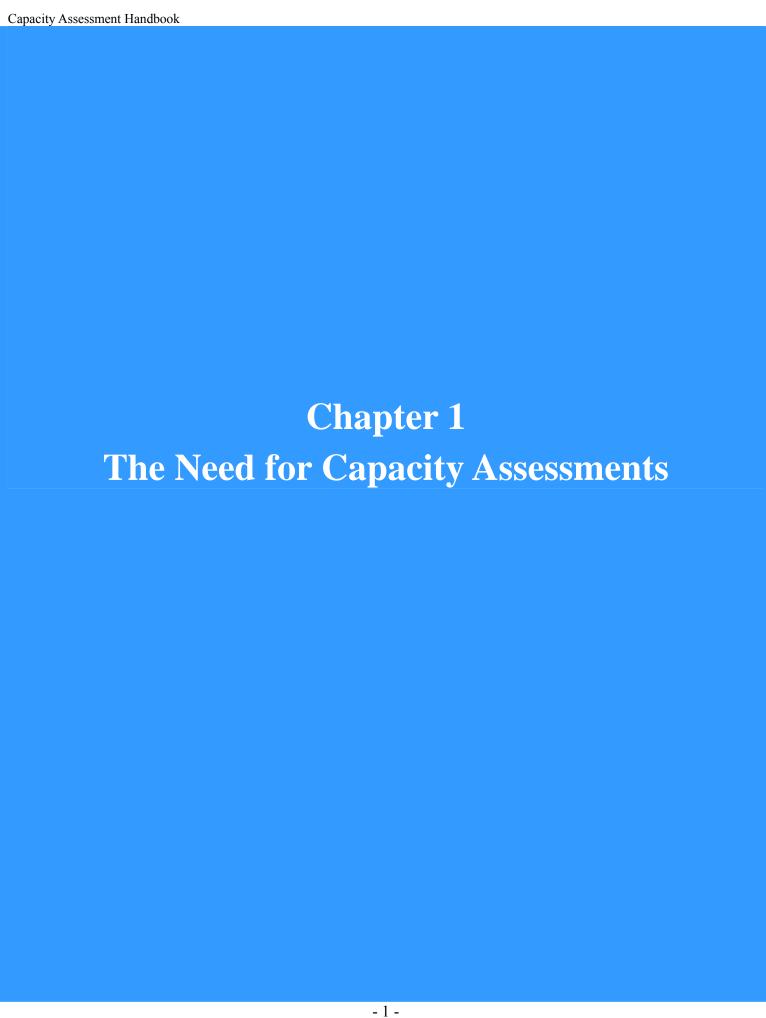
Community Disaster Prevention from a Capacity Development Perspective: Strengthening Disaster Response Capabilities with Communities as the Main Agents; JICA Research Institute (2008)

Case Study Report on Capacity Development – Asia-Pacific Development Center on Disability Project; JICA Research Institute (2008)

Project for Family Planning and Women in Development (WID), Jordan: Study through a Capacity Development Perspective; Visiting researcher report by Makiko Komazawa; JICA Research Institute (2005)

Case Study Report on Capacity Development – JICA Program on Capacity Building of Thai Local Authorities; Visiting researcher report by Fumio Nagai, Kazuyo Ozaki, and Yoichiro Kimata; JICA Research Institute (2007)

A Consideration of the Effectiveness of and Issues for JICA Technical Cooperation from the Perspective of Capacity Development: Case Study of Promotion Assistance for Irrigated Agriculture in Ghana; Visiting researcher report by Takahiro Miyoshi and Hidenari Nagoya; JICA Research Institute (2005)



## Chapter 1

## The Need for Capacity Assessments

This chapter will once again consider the importance of Capacity Development (CD), and will describe the background of which Capacity Assessments (CA) were deemed necessary and the role of CA.

#### **Main Points for Chapter 1**

#### ■ Project Management Based on a CD Perspective

- In CD support projects, management is carried out based on an approach that JICA facilitates endogenours development of developing countries by understanding their capacities from different view points and supporting their enhancement.
- Thsu the role of JICA is that of a **facilitator providing indirect support for the CD of developing countries**.
- Questions are being raised over how JICA's own cooperation should be positioned
  within the framework of development strategies of developing countries and how the
  results of individual projects should be mutually interrelated, as well as how the
  cooperation of other donors should be interlocked with the initiatives of the country in
  question.
- When formulating CD support projects it is necessary to clarify entry points and cooperation scenarios between the donor and the country in question, which include where to start the project from and what to strengthen. This is to be done by analyzing strategies and plans of the country in question as well as the implementation structure and capabilities for this.

#### ■ What is CA?

• Definition of Capacity Assessment (CA):

"The process of broadly assessing both the current state of the developing countries' capabilities for handling issues (capacity) at multiple levels—including the individual, organizational, and societal level—and the extent to which development process has brought about positive changes (CD), and then sharing the results from this with concerned parties in order to formulate CD strategies."

#### Purposes and Roles of CA:

- (1) To share the results of diagnosing the current state of the capacity of developing countries with them and to **create strategies for CD**
- (2) To not only understand the baseline and changing process of capacities of the country (organizations) in question, and possibly examine potentials of modifying **the CD strategies**
- (3) To be used as a **dialogue tool** between developing countries and donors to promote CD support

#### ■ What Should Be Assessed?: Three Perspectives

- Assessments of capacity itself: Assessments of the current state of capacities and the changes
- Assessments of CD strategies: Reexamining various paths to CD and the methodologies
- Assessments of modalities for CD support: Examining donors' current approach for CD and their working system

## 1-1 Problems with Conventional Modalities for Projects

Pitfalls of Project Management

Why Do We Fall into These Pitfalls?

What Are CD Perspectives for Reassessing Technical Cooperation? Assistance Management Based on CD: Background of CA

## 1-1-1 Pitfalls of Project Management

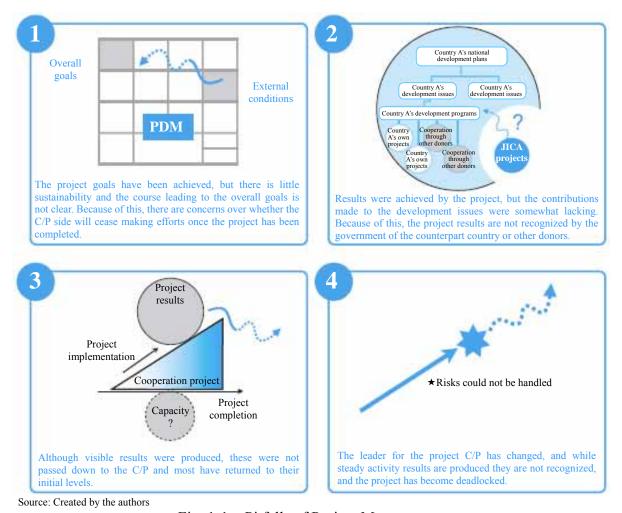


Fig. 1-1 Pitfalls of Project Management

In planning, implementing, and evaluating technical cooperation projects, have you ever encountered pitfalls as in Figure 1-1?

Each of these represents the concern that even though project goals have been achieved, their results will not continue after the completion of the project, and the meaning from the hard work of cooperation will be lost. The implementing side steadily had undertaken the activities written in the Project Design Matrix (PDM) and produced results. Yet even so, in the evaluation at completion the project was evaluated as having "low sustainability" and "low potential for achieving the overall goals." Just what exactly went wrong?

#### 1-1-2 Why Do We Fall into These Pitfalls?

Let's consider the reasons for falling into pitfalls as in Figure 1-1.

#### (1) The course to the overall goals is not clear:

Perhaps this is because the project was concluded simply by leaving sustainability in the hands of the developing country at the completion of the project. More specifically, perhaps important factors such as financial system and management capabilities of directoral offices were set as "external conditions," rather than as part of the supporting target, resulting in "overall goals without strategic approach." Or perhaps there was not enough effort to incorporate them into the project or consider them through wider perspectives at a program level.

## (2) Focus was only applied to resolving individual problems through specific projects:

Perhaps modalities for projects within overall development plans of the developing country and the effective linkage of multiple projects were not considered at the initial stage. In other words, it may have been insufficient to consider how to develop effective mechanism to resolve problems.

#### (3) The project could not be passed down to the C/P:

Even if numerous human resources were developed through training and technical guidance or visible results were come about, perhaps consideration was not given to the policy and institutional arrangement or social conditions which would allow these human resources to utilize their capabilities or to make use of the results in an independent and sustainable manner. Moreover, possibly donor side has inhibited leadership or ownership of developing countries in the process of their bringing about development outcomes.

#### (4) Risks could not be handled:

Perhaps it was essential to become keen to possible changes of social systems and the environment as well as 'potential risks at the high level' from the time of the planning.

To sum it up, the lessons from the above are that project management may have lacked clear long-term strategies as well as organizational flexibilities in modifying the approach in order to respond to changing factors and environment in a partner country.<sup>3</sup>

Based on such an awareness of the problem, CD has brought about a shift in thinking (a "paradigm change" of sorts) to better modalities for cooperation.

#### 1-1-3 What Are CD Perspectives for Reassessing Technical Cooperation?

CD is defined as the "process of improving the developing countries' capabilities for handling issues as an integrated whole at multiple levels—including the individual, organizational, and societal level." Capabilities whereby the developing countries identify issues, set goals, and achieve these are deemed "capabilities for handling issues" (=capacity).

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<sup>&</sup>lt;sup>3</sup> JICA (2005) p.20

<sup>&</sup>lt;sup>4</sup> JICA (2006) p.2.

Capacity consists of a variety of elements for handling issues, such as an individual's knowledge and techniques and organizational capabilities of the affiliated institutions, as well as related policy institutions and social systems. For this reason, CD has come to require a **perspective for broadly considering** these various elements. At the same time, since capacity is also the capability for developing countries to handle issues on their own, **emphasis is placed on ownership** in which capacity is continuously developed through the efforts of the developing country itself.

As such, an approach for supporting CD is not limited to transferring specific types of knowledge and techniques, but also emphasizes developing overall capabilities for handling issues. And for project management, technical cooperation is being revised along the following two essential points based on the reasoning of **perceiving the independent capabilities for resolving issues of developing countries from a comprehensive viewpoint and providing indirect support for their endogenous development.**<sup>5</sup>

- The aim of JICA to implement technical cooperations is to support the process of improving the developing countries' capabilities for handling issues as an integrated whole at multiple levels—including the individual, organizational, and societal level (CD).
- The role of JICA is a **facilitator providing indirect support for the CD of developing countries**.

## 1-1-4 Assistance Management Based on CD: Background of CA

In this regard, how has management of assistance focusing on CD been developed in recent years? Moreover, how has CA gained importance? The following items will be introduced by way of the international and domestic discussions from recent years.

#### (1) International Discussions

Discussions on CD have begun among various donors since the 1990s. In more recent years, the Paris Declaration on Aid Effectiveness (hereinafter referred to as the Paris Declaration) in 2005, adopted by more than 100 donors and developing countries, mentioned further efforts necessary for CD. Discussions related to CD were held between the Development Assistance Committee (DAC) and developing countries with a view toward the Third High-Level Forum on Aid Effectiveness (Accra), which marked as a mid-term review for the Paris Declaration in September 2008. As part of such discussions, developing countries worked out medium and long-term development strategies and donors clarified medium and long-term support strategies designed to achieve these strategies. At the same time, the importance of increasing the predictability of CD in developing countries by means of involving the resources (human and financial) of both the developing countries and donors in a medium-term manner was also pointed out.

Based on such discussions, it is necessary to forge consensus over comprehensively

<sup>&</sup>lt;sup>5</sup> JICA (2006) p.20

diagnosing the capacity of the partner country from the perspective of both sides, as well as what goals are to be set and what sort of support should be provided to achieve these. This is needed in order to formulate the development strategies of developing countries and the support strategies of donors in a coordinated manner. CA is regarded as a measure that is necessary in order for developing countries and donors to come together to work out these CD strategies.

#### (2) Domestic Discussions

In accordance with the international background mentioned above, within JICA reforms are being promoted to transition from management at the level of individual projects to formulating and implementing projects at a program level that is suited to the development strategies of the developing countries. Owing to this, the limit has been reached with project operation and monitoring through conventional PCM alone. Questions are being raised over how JICA's own cooperation should be integrated within the framework of development strategies by developing countries and how the results of individual projects should have synagetic impact, as well as how the cooperation of other donors should be coordinated with the initiatives of the country in question. Because of this, there is an increased emphasis that scenarios leading to project impacts and sustainability should be made clear at the time of project planning. Depending on the case, project management today needs to seek for not only validity and effectiveness of projects, but also take into account of budget system and other institional factors which have been so far considered as given external conditions.

In this sense, when formulating CD support projects it is necessary to clarify entry points and cooperation scenarios between the donor and the country in question, including where to start the project from and what to strengthen. This is to be done by diagnosing the strategies and plans of the country in question as well as the implementation structure and capabilities. What is more, CD that the partner country aims to achieve is more than what a single donor can support. In the sense that it is essential to uncover synergistic effects through the cooperation and close coordination of other donors, CA reflecting a comprehensive perspective is considered to be indispensable.

#### 1-2 The Need for and Role of CA

Why is CA Necessary?

Definition and Role of CA

What is Assessed and How Are the Results Used?

## 1-2-1 Why is CA Necessary?

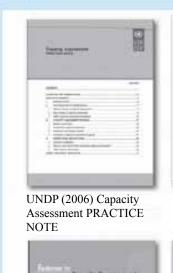
As was stated in the previous section, when carrying out CD support it is necessary to understand issues from a comprehensive perspective that looks over individual, organizational, and institutional and social system respectively, and also determine capacities and the environment, rather than having just a desultory awareness of the focus of cooperation. It is essential that the developing countries understand their own capacities and determine the targets to be achieved. CA is supposed to be a first step for CD and CD support.

Furthermore, it is also desirable that counterparts recognize problems they face and gain a sense of leadership through the process of carrying out assessments with donors. CA is inherently premised on the assumption that it will gradually turn into assessments led by the developing countries.

# BOX 1-1 How Far Has the Development of Frameworks for CA by Other Donors Progressed?



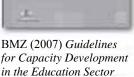
Some of the major donors are already working to develop frameworks for CA. By way of example, the United Nations Development Programme (UNDP) positions it as such:





UNDP (2007) Capacity Assessment Methodology User's Guide







EC (2005) Institutional Assessment and Capacity Development

"CA represents a point of departure for CD projects situated in the initial stages of the CD process, and information must be collected and analyzed in order to draft CD strategies." The European Commission (EC) states that: "Diagnosing capacity is a prerequisite for determining the manner in which CD support can be provided."

CA will undoubtedly continue serving as an indispensible tool for aid agencies in the future as discussions of CD continue to deepen and expand.

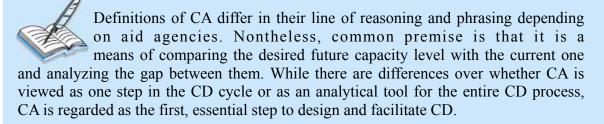
(Please refer to the materials at the end)

#### 1-2-2 Definition and Role of CA

This handbook defines CA in the following manner.

Capacity Assessment is the "process of diagnosing the current state of the developing countries' capabilities for handling issues (capacity) as an integrated whole at multiple levels—including the individual, organizational, and societal level—and the process by which this changes (CD) from various perspectives, and then sharing the results from this with concerned parties in order to formulate CD strategies."

## **BOX 1-2 Definitions of CA by Other Donors**



The UNDP and EC, conducting a number of research on CD and CA, define CA, especially at an organizational and institutional level, as an initial stage of strategic planning for CD.

#### **■UNDP**

Capacity Assessment or diagnosis is an essential basis for the formulation of coherent strategies for capacity development. This is a structured and analytical process whereby the various dimensions of capacity are assessed within a broader systems context, as well as being evaluated for specific entities and individuals within the system.

UNDP (1998)

A capacity assessment is an analysis of current capacities against desired future capacities, which generates an understanding of capacity assets and needs, which in turn leads to the formulation of capacity development strategies.

UNDP (2006)

#### **EC**

feasible

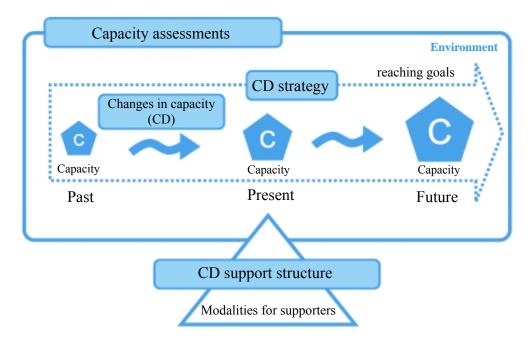
Aid must also be tailored to existing capacity to ensure effectiveness and to avoid unintended distortions. The size, scope and modality of aid influence partners' capacity and prospects for capacity development (CD). Assessing institutions and capacity is thus a central element of preparing and implementing any kind of support, ....... Assessing capacity is also a prerequisite for deciding if and how donor support to CD is

European Commission (2005)

The purposes and roles of CA can be roughly divided into the following three categories from the definitions mentioned above.

- (1) Creating strategies for CD by sharing the results of diagnosing the current state of capacity in developing countries with these countries. On this basis, after defining overall strategies for CD (after seeing the forest) JICA examines what sort of CD support it can provide (how to plant the trees) by basing this on the possibility for aid coordination with other donors.
  - Understand goals and capacities needed to achieve them
  - How should the medium and long-term CD strategies be designed, which enhances developing countries' commitment in the CD process?
  - What sort of CD support can JICA provide as part of this?
  - How is aid coordination and collaboration with other donors to be promoted?
- (2) CA is not only for understanding the baseline for the capacity of the country (organization) in question, but for understanding the process in which it develops and considering possible modification of the CD strategy as needed. Since development in capacity is neither uniform nor linear, overly expecting visible changes may only discourage CD. When providing CD support, it is necessary to modify the strategies whenever it turns out to be appropriate to do so through better understanding of ongoing issues over capacities.
  - Understand the capacity which serves as the current baseline and understand problems
  - Evaluate the CD progress of developing countries and CD support by JICA
  - Reconstruct CD scenarios and action plans through the results from this
- (3) CA is a tool for dialogue between developing countries and donors for the sake of CD support. It is envisioned that CA itself will be used as a tool for furnishing awareness of CD for developing countries, and offering a platform for communications for better cooperation.
  - Encourage a shared understanding of capacity
  - Mutually confirm the gap between goals for development efforts and the current status
  - Shift from joint assessments to independent assessments by the developing countries
  - Create foundations for thinking and coordinating together with regard to CD strategies

#### 1-2-3 What is Assessed and How Are the Results Used?



Source: Created by the authors

Fig. 1-2 Targets of Capacity Assessments

The above diagram illustrates how CA is viewed as an integral part of CD process.

As has been seen so far, directly targeting CA, such as by targeting an organization for example, is an **assessment of the organization's capacity itself**. This is not just determining the current state of capacities at a single point in time, but also measuring how this changes over time. Environmental factors are also incorporated within this, such as the social and cultural background of the country and moves by other donors.

Next, there is the perspective of using these CA results to **evaluate CD strategies**. After measuring the changes in capacities mentioned above, the course of such changes in capacities and the validity of the methodologies are assessed. Revisions to CD scenarios are carried out as needed, and then it is expected that they would improve the cooperative structure in the form of joint initiatives with the developing countries and other donors and JICA's involvments.

Thirdly, there is the perspective of **assessing the modalities for CD support** for the CD strategies that were revised in the second step. Whereas the two steps described above are an assessment of the developing countries' side, the third step targets the CD support methods of the donors. More specifically, examinations are conducted on the extent to which the amount of resource inputs and their timing and the supporters' roles and implementation structure contribute to or hinder CD on the partner's side.

Arranging this within the project cycle enables it to be displayed as shown in Table 1-1.

Table 1-1 The Project Cycle and CA Perspectives

	Project formulation stage	Project implementation stage	Evaluation stage
Assessments of capacity Current state of and changes in capacity	<ul> <li>Determining the developing countries' strategies</li> <li>Determining the current state (baseline), establishing indicators</li> <li>Determining the CD environment</li> </ul>	<ul> <li>Detailed assessment of the current state of capacity</li> <li>Changes in capacity</li> <li>Determining the results</li> </ul>	<ul> <li>Changes in capacity</li> <li>Level of results achievement</li> <li>Impacts</li> </ul>
Formulating and revising CD strategies Quality of CD scenarios	Examining the course to the aimed for vision and scenarios	Feeding back lessons learned from the implementation process into strategies     Improving comprehensiveness and ownership, sustainability of CD	Impacts and sustainability (CD sustainability)     Methods for improving the next CD strategy, as well as comprehensiveness and ownership
Formulating and revising CD support structures and methods Modalities for CD supporters	CD support positioning, cooperative scope     Reaffirming the cooperative structure and facilitator principle	<ul> <li>Feedback for inputs and activities</li> <li>Confirming the validity of CD support</li> </ul>	Examining the necessity and content of the next cooperative structure     Confirming that the facilitator principle was practiced

Source: Created by the authors

#### **BOX 1-3** Process Consultation

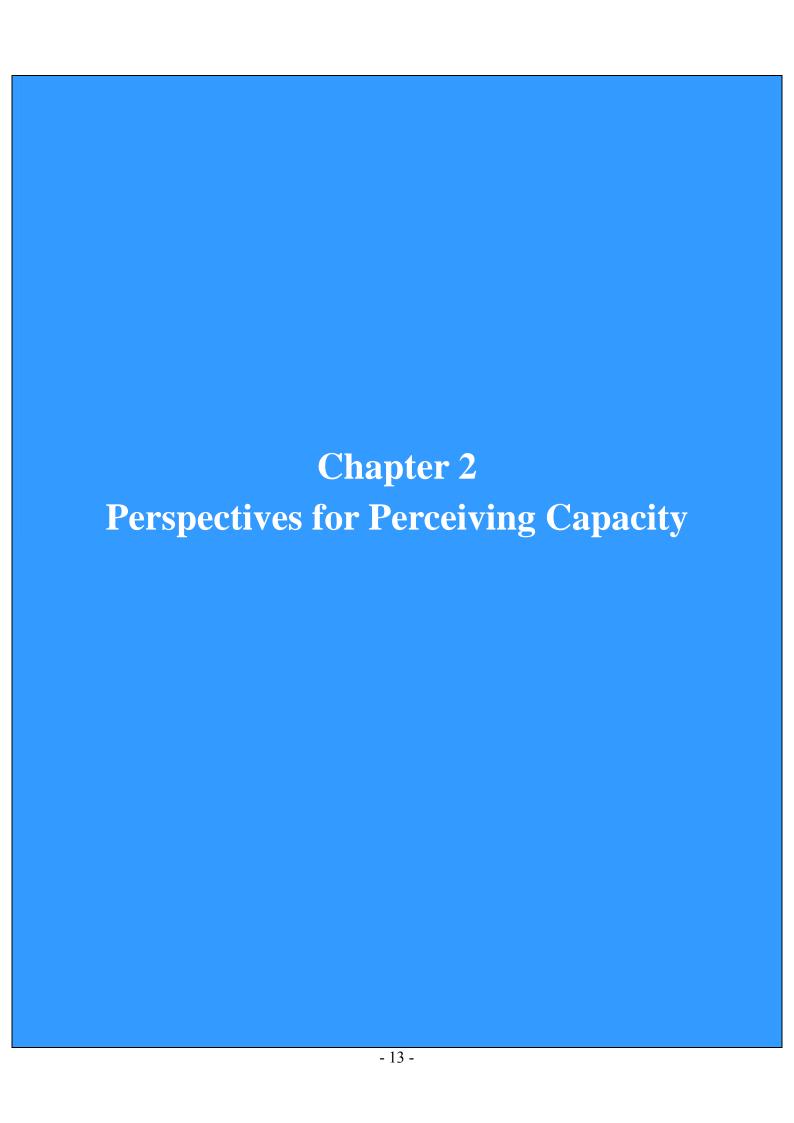
The business scholar Edgar H. Schein termed the various management activities designed to raise awareness on the partner's side and get them to independently solve problems "process consultation," and pointed out that this methodology plays a major role in undertaking organizational development. This line of reasoning states that it is not the role and capability of the supporter to just

line of reasoning states that it is not the role and capability of the supporter to just present solutions, but that rather eliciting the wisdom of the partner and inciting self-insight on their part in the problem solving process represents a higher order of management. Contents (the content of expert knowledge) are not just transferred to the partner's side, as advice is also given regarding the process of what sort of activities to carry out. Process consultation is providing advice that delves into everything from "What to do" to "How to do it."

Techniques for involving the partner side in the self-diagnosis process for deepening its awareness of its own problems by making use of the supporters' specialized knowledge are important in process consultation, as are skills for providing aid which enable the partner side itself to discover solutions suited to its needs.

This line of reasoning serves as a reference when considering process management activities to be undertaken with the C/P side in the CA process and processes wherein people like technical cooperation experts implement operations.

Reference: E.H. Schein (2002)



## **Perspectives for Perceiving Capacity**

This chapter will consider perspectives for perceiving capacity and its basic characteristics.

#### **Main Points for Chapter 2**

Three comprehensive perspectives for perceiving capacity will be presented.

■ Perceiving the elements that constitute capacity (capability to handle issues) (first perspective)

Basic Model via the Characteristics of Capacity
- With the organization as the base point -



- Technical capacity: Techniques, particular knowledge, and tacit knowledge accumulated by the organization, etc.
- Core capacity: The management capabilities, will and attitude, leadership, and so on to independently resolve issues by using technical capacity
- Enabling environment: The conditions that allow the organization targeted for technical cooperation to utilize its capabilities and produce results

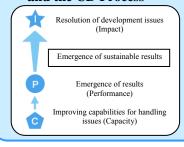
#### **■** Perceiving Capacity that Places the Focus on Organizations (Second Perspective)

A perspective of providing overall assessments is conceivable by **focusing on the "organization,"** which are expected to enhance the outcomes of CD, and understanding its internal elements and external environments.



- Internal elements: Management in a broad sense including human resources, operational processes, and organizational structure
- External environments: Policies and institutional environment, wider environment (economic and social environment), and inter-organizational environment
- Relationship between the characteristics of capacity and performance (third perspective)
  - Basic characteristics of capacity:
    - (1) Overall system: Perceived as a correlation between individuals, organizations, and institutions and society
    - (2) Visibility/invisibility: Visible capacity and the invisible capacity that underpins it
    - (3) Nonlinear growth: Even if approaches for CD are taken, capacity will not necessarily change right away
    - (4) Short-term change/long-term change: CD at multiple levels of a society takes long-term efforts
  - CPI model

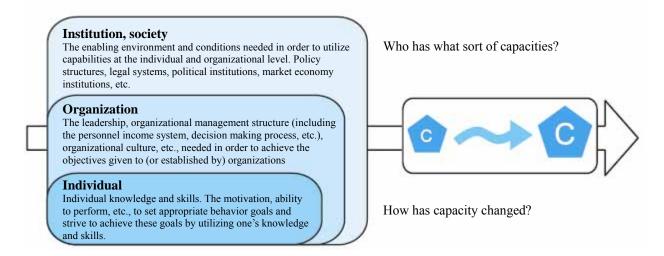
## Overall View of Development and the CD Process



The CPI Model shows that by means of improving Capacity (C), the CD entity produces results (=Performance (P)) on a daily basis, and that issues are gradually resolved (Impacts (I) are generated) through the accumulation of these results.

Furthermore, it is also believed that capacity is continuously strengthened by means of improving the **Enabling Environment (E)** of the country in question and strategically utilizing **Resources (R)** from outside the organizations in order to lead to visible Performance (P).

## 2-1 Three Perspectives for Perceiving Capacity



Source: Created by the authors by referring to JICA (2004)

Fig. 2-1 How is Capacity Perceived?

So far it has been illustrated that it is necessary to understand different aspects of capacities for the sake of formulating strategies for CD and CD support. What sorts of perspectives are needed in order to perceive capacity?

Three such perspectives will be presented here. To start with, if capacities are perceived as "developing countries' capabilities for handling issues (capacity) as an integrated whole at multiple levels—including the individual, organizational, and societal level," then it is important to understand the various elements that constitute these "capabilities for handling issues."

When actually performing this assessment, however, you run the risk of losing perspective of the "integrated whole" if you assess "multiple levels—including the individual, organizational, and societal level" respectively. It is essential to look at overall capacities, including the correlation between the capacities at each level, from a wider perspective.

Additionally, in actuality the capabilities for handling issues must produce specific improvements in activities and the results (performance) that serve as its outcomes, which in turn must lead to impacts like the resolution of development issues. Understanding what the relationship between capacity and results (performance) is like and the relationship between results (performance) and the resolution of development issues (impacts) is an important perspective in depicting the CD story.

These three perspectives will be described below.

#### ◆Three Perspectives for Perceiving Capacity◆

- 1. Perceiving the elements that constitute capacities (capabilities for handling issues)
- 2. Perceiving capacities focusing on organizations
- 3. Perceiving the relationship between the characteristics of capacity and performance

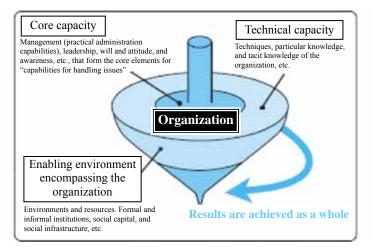
# **2-2** Perceiving the Elements that Constitute Capacity (Capabilities for Handling Issues) (First Perspective)



With conventional technical cooperation, the emphasis has been placed on technology transfers to the C/P organizations and individual officials. On the other hand, CD is designed to enhance various capabilities, including techniques, by emphasizing the independence to strive to solve one's own problems. In this manner, perceiving which capacities are strongly related to these "capabilities for handling issues" has become necessary for designing CD scenarios and individual projects.

As such, capacity is broadly divided into two categories. These are **technical capacity** in the form of techniques and particular knowledge, and **core capacity** which utilizes technical capacity to independently resolve issues. Moreover, there is a need for a wider perspective of looking at the **enabling environment** in which efforts of C/P organizations lead to positive outcomes and solutions of problems.

## 2-2-1 Technical Capacity



Source: Created by the authors

Fig. 2-2 Basic Model via the Characteristics of Capacity
- With the organization as the base point -

Technical capacity is particular technical capabilities such as **knowledge and skills** (**techniques**) required for an individual and organization to elaborate on their tasks. It also refers to **the tacit knowledge** (knowledge and know-how that are difficult to explicitly express in words) accumulated within the organization. There are elements that are shared across numerous sectors and fields, like basic scientific knowledge, as well as elements which constitute various types of knowledge and skills (techniques) over a limited range according

to the sector, specialized field, or occupation.

Regarding technical capacity, it is relatively easy to measure the extent to which the partner is furnished with knowledge and skills (techniques), and these can be improved over a relatively short time through training and the like. However, if the partner does not have enough core capacity to absorb further skills, which will be described next, it would be difficult to develop technical capacity.

## [Specific Examples of Technical Capacity]

- Specialized knowledge of education such as training instructors at teacher-training schools
- Technical knowledge, skills, and experience related to waste disposal by sanitation workers
- Knowledge related to irrigated agriculture by farmers
- Understanding of organizational management of irrigation associations by farmers
- Knowledge and skills related to service by health center personnel
- Technical knowledge and experiences accumulated within an organization by teacher training centers
- Information collection capabilities necessary for drafting of plans by the target organization

#### 2-2-2 Core Capacity

Core capacity is needed for producing results through the use of technical capacity, regardless of whether it is in a technical field or not. These are underlying capabilities which shape all behavior in individuals and organizations, and the central force in capabilities for handling issues. Specifically, these are the **management capabilities** for implementing projects and operations, as well as the **will and attitude** and **leadership** that influence the behavior of individuals and organizations. If you were to think about it as a cohesive whole, this could be called the practical capabilities for executing operations that are backed up by will and attitude.

In addition, within core capacity the **will for independent development (change)** promotes personal transformations and underpins behavioral patterns that strive to achieve goals. This could be described as an indispensable capability for independent problem resolution, which is the goal of CD. When considering a CD approach, it is important to focus on this area.

However, measuring the extent to which core capacity is furnished is not as simple as it is with technical capacity, and neither is it easy to improve and develop. Core capacity is largely influenced by the individual's character and organizational resources, and it is more difficult to observ apparent changes that have resulted from a CD approach. As this demonstrates, since core capacity begins from fostering a problem awareness in the person in question, changes take time and are hard to catch sight of. However, if individuals and organizations as a whole are furnished with a mindset that is cognizant of core capacity over a course of repeated trial and error, then this holds the potential for enormous growth.

#### [Specific Examples of Core Capacity]

- Capabilities to define and analyze the institutional and policy environment or social system within which one is situated
- Capabilities and judgment for determining needs and key issues
- Capabilities and judgment for formulating strategies suited to needs
- Capabilities and faculty for effectively and sustainably using resources and implementing activities in line with strategies
- Capabilities and coordination abilities for handling and resolving conflicts of interest
- Capabilities for creating cooperative relationships with other concerned parties
- Capabilities for monitoring and providing feedback on progress, and flexibly changing activities to achieve goals
- Capabilities for continuously acquiring capabilities and skills for coping with new issues
- The will to strive to acquire capabilities for independently resolving problems

Source: Authors' additions to UNDP (1998)

#### 2-2-3 Enabling Environment

The enabling environment discussed here refers to the conditions that make it possible for the organization targeted for technical cooperation to utilize its capabilities to produce results.

Specifically, this includes policy frameworks, legal systems, political institutions, and market economy institutions, with resources such as physical assets, capital, and social infrastructure also perceived as the enabling environment. Furthermore, elements like the unique informal systems within the culture and society of the country and involvements by stakeholders outside the organization also have a significant effect. It could also be said of the enabling environment that whether or not incentives exist at the social and organizational level significantly affects the utilization of capabilities by individuals and organizations. While it is presumed that an enabling environment has been more ore less given in most of the countries, its changes may occur at the time of major institutional development or political and social reforms. Therefore, for changing the enabling environment, it is presumably expected that the technical capacity and core capacity of the organizations building institutions and of stakeholders representing communities have been developed accordingly.

#### [Specific Examples of the Enabling Environment]

- Administrative systems for budgets to execute projects and ensuring these budgets
- Provision of infrastructure, including roads, ports, and power facilities
- Political decision-making functions that are based on democracy
- Regulations and laws accompanying effective sanctions
- The ethical notions and social obligations of the general public
- Behavioral modalities and values that are culturally supported and recognized

Table 2-1 Three Types of Capacity Characteristics

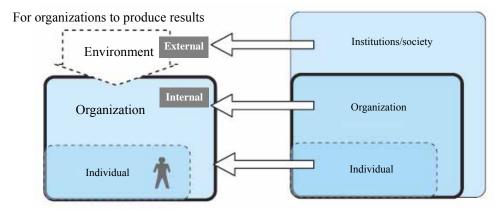
	Technical capacity	Core capacity	Enabling environment
Main content of capacity	<individuals, organizations=""> Knowledge, skills (techniques), knowledge and techniques that can be built up and used by organizations</individuals,>	<individuals, organizations=""> Will and attitude, awareness, an organizational configuration that makes optimal use of assets, management methods, and leadership. As well as the work capabilities to be able to recognize issues and draft, implement, and evaluate strategies by combining these.</individuals,>	<pre><organizational, institutional,="" social="" systems=""> Formal and informal   institutions, social capital,   social infrastructure,   physical assets, human   assets</organizational,></pre>
Connection with results (Performance: P)	Specific capabilities required within specific fields	Driving force for producing results. Capabilities for sharing across all technical fields and underpinning capabilities for independently handling issues	Conditions upon which the production of results by individuals and organizations is predicated
Degree of difficulty for improvements	Relatively easy	Relatively difficult	Diverse circumstances are conceivable
Points to keep in mind about the characteristics	Updates suited to technical progress and environmental changes are needed. Obsolescence is rapid.	A higher dimension of capabilities is required in accordance with individual and organizational growth.	Of the resources supplied from outside, some are consumed and others are internalized.
Relationship between the three	If core capacity is insufficient then technical capacity will not be furnished at a requisite and sufficient level. Even if this is improved to some extent then sustainable results cannot be produced. In addition, even if technical capacity and core capacity have been furnished, the manifestation of results will be limited if the environments and resources are lacking. In this manner, the three capacities produce results of a sort as a whole.		

Source: Created by the authors by referring to UNDP (1998), Lavergne and Saxby (2001), JICA (2006)

# 2-3 Perceiving Capacity that Places the Focus on Organizations (Second Perspective)

Assessments that place the focus on organizations How are organizations perceived?

#### 2-3-1 Assessments That Place the Focus on Organizations



Source: Created by the authors

Fig. 2-3 Assessments That Place the Focus on Organizations

In actually carrying out CA, if individuals, organizations, and institutions and social systems are assessed individually, then it would not be sufficiently able to grasp the characteristics of this holistic capacity, or comprehensive perspective for CD.

Therefore, it is important to perform overall assessments by focusing on the organization which is the target of technical cooperation and is expected to achieve CD results.

In such cases, the relationship between the organization's capacity elements and institutions and social systems are thought in terms of internal elements and external environments. This makes it more clear the fact that organizations do not necessarily produce results as independent entities, but rather they do so while being influenced by the various environments surrounding them. Such understanding also makes it possible to assess both changes of capacity and possible changes of conditions influencing the progress of a give project.

## 2-3-2 How Are Organizations Perceived?

When carrying out assessments through a perspective that places the focus on organizations, it is extremely beneficial to understand the organization's basic mechanisms and the behavior of the individuals within an organization.

An outline of the following items will be given below: (1) The human resources who comprise the organization, (2) Broadly defined management that coordinates work processes and the organization's structure, (3) External environments and elements that affect the organization, and (4) What inputs (resources) are deemed necessary for the organization to produce results.

### **BOX 2-1** Basic Structure of the Organization



Organizations of all sorts come into existence via reciprocal relationships and mutual interdependence with the various environments surrounding them. Therefore, a line of reasoning has become common which says that

organizational capacity is to be perceived by focusing not only on the organization's internal elements, but also on the relevance with external environments such as the society, policies, and institutions within which the organization operates.

This allows you to perceive the manner in which resources inputted from outside have an effect on the emergence of results.



Source: Created by the authors by referring to Nonaka (1978), DFID (2003)

### (1) Human Resources

Human resources widely refer to specialized individuals, relationship among them, and leaders and so on. The various capabilities of these human resources form the foundation for executing strategies, which is an essential basis of organizations to function.

Capacity of individuals at the organizational level largely influences system development at higher levels such as instutions or the society. In this sense, quality of human resources is profoundly related to capacity of individuals.

When focusing on human resources within CA, it is essential to assess a number of issues while bearing the distinction between technical capacity and core capacity in mind. Such issues include: Has an organizational structure been arranged so that individual capacity is utilized to the utmost extent within the organization? Is human resource management undertaken that takes the individual's motivations and values into

consideration? Has the organization been working to reinforce incentives of its workers?

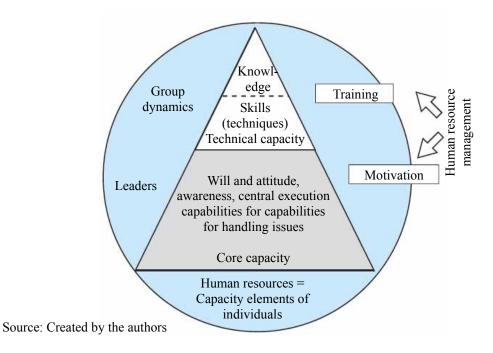


Fig. 2-4 Human Resources and Related Matters

## (2) Management

This section, taking up the concept of management broadly, will describe how to understand strategies, structures and culture of organizations.

The organization's strategies are formulated through a review process of confirming "Where we are now" and clarifying "Where we should head to" together with the scope of goals to find "What we should do to reach there." Through this, management at the strategic level can be measured through such a factor as how said organization's mission is related to development strategies and sector strategies, and whether it has communication tool that shares leadership and decision making modalities as well as principles and basic policies.

The organizational structure is designed according to strategies in an optimal manner for assignment of individual duties and implementation of plans. Organizational structure contains elements like the division of labor and collaboration, the chain of command, management scope, and decision-making authority. Carrying out activities to improve the capabilities of constituent members and the organization through human resource management and proper leadership is also included in this, as is conduct that dynamically ties individuals, groups, and organizations together. In addition, far-sighted management for examining cooperation with affiliated institutions, determining external environments, and performing risk analyses is also included in this level.

Conversely, when changes in strategies may bring about new issues, and the organizational structure must be altered accordinglyy to resolve them. At the same time, the aim is to accomplish these strategies by means of organizations being open systems,

based on which they alter their strategies and organizational structure and make them responsive according to changes in the environments surrounding them, or approaching these environments in a more active manner.

The Organizational culture refers to the values, behavioral patterns, and so on which are shared among and fostered by the individuals comprising the organization as well as the organization as a whole. It is characterized by the fact that is not substantiated in the same way that things like rules are (tacit culture).

If the organizational structure is the organization's hardware, then it may be said that the organizational culture is the organization's software. While the organization's strategies and organizational structure can potentially change all in one day, the organizational culture is difficult to reform simply because it is deeply ingrained in the individuals and within the organization as a whole. The problem is whether the organizational culture is advantageous for executing strategies, or whether the organizational culture will act as a shackle. Creating a good organizational culture is the most important aspect for an organization.

It is generally said that in terms of the temporal sequence, the organizational structure is created according to the strategies; then the organization's values, human resources, and skills are cultivated; and finally the organizational culture is fostered. The organizational culture cannot be changed all of a sudden, therefore it is necessary to manage gradual reform.

### (3) External Environmental Elements that Affect Organizations

Enabling environment elements ultimately dictate outcomes of performance along with capacity development of both the individuals who constitute the targeted organization and the organization itself. These include the institutional and policy environments which largely determine directions of development strategies; inter-organization environments encompassing relationships with other groups and organizations; and general environments which include politics, economy, culture, and society. From the perspective of CD, it is important to make assessments of these kinds of environment and of how development assistance elaborates on these to bring about better outcomes.

The policy and institutional environment includes policy frameworks, legal systems, and political institutions. These determine roles of the organization while simultaneously serving as major prompts for and constraints on the manifestation of results. It goes without saying that it is necessary to take a broad overview of this environment in advance prior to the drafting of CD strategies in the CA process.

The general environment<sup>6</sup> includes market economy institutions, the informal institutions within said society, the national cultural background, and so on. In actuality, developing countries tend to house a variety of negative elements, such as fragile governance and corruption, which oftentimes cannot be easily eradicated.

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<sup>&</sup>lt;sup>6</sup> Nonaka (1978) was referred to in part.

As will be described in detail in Chapter 3, for CA it is necessary to clearly determine from its initial stage how the project will engagen in CD in what sort of environments, by using tools such as sector environment scanning.

Table 2-2 gives examples of constituent elements for general environments by employing the perspective of a PEST Analysis.<sup>7</sup>

Table 2-2 Examples of Institutions, Policies, and the General Environment

■ Politics	■ Economics	■ Society	■ Technology
Environmental regulations and protection Tax policies Regulations and restriction on international trade Laws on contract enforcement Consumer protections	Economics  Economic growth  Interest rates and financial policy  Fiscal expenditures  Unemployment policies  Taxation  Exchange rate  Inflation rate  Business cycle stages  Consumer confidence	■ Society  Income distribution  Population statistics, rate of population increase, age distribution  Labor/social mobility  Lifestyles  Attitudes toward work or careers and leisure time  Entrepreneurial spirit	Government's research outlays Companies' focus on efforts for technology New inventions and development Technology transfer rate Cycle and acceleration of technology regression
Employment laws Government's structure/attitudes Competition regulations Political stability Safety regulations		Education  Methods, excessive popularity  Health awareness and extent of welfare  Informal institutions,	Energy use and cost Information technology Internet Mobile technology

Source: Created by the authors by referring to the website "12manage – E-learning community on management," etc.

The inter-organizational environment has a bearing with how the relationships between the higher ranked organization and affiliated organizations, as well as with other stakeholders, affect the drafting and execution of CD strategies. It includes people's participation in decision-making or projects, local network and social capital of stakeholders, and their ownership of the CD process. To understand these, CA requires to grasp all the stakeholders and the relationships among them.

### (4) Inputted Resources

These are mainly resources that are inputted from outside in order to conduct projects, which are intellectual resources, physical resources, financial resources, human resources, and so on. Some of them are internalized to become the organization's asset, such as its human resources, and some of them are consumed, such as its financial resources. For CA, assessments are required from the perspectives of: To what extent are resources being stably supplied? How is the balance between human resources and operating costs? Are the budgetary systems effective? Do results fully payback expenditures?

<sup>&</sup>lt;sup>7</sup>PEST Analysis: Framework for conducting a macro external environment analysis. PEST takes the first letters from Politics, Economics, Society, and Technology.

# 2-4 Perceiving the Relationship between the Characteristics of Capacity and Performance (Third Perspective)

Basic characteristics of capacity

Relationship between capacity and performance: CPI Model

Case examples of the CPI Model

### 2-4-1 Basic Characteristics of Capacity

How is capacity used by the organization to produce results (performance) in light of the above? This section will explain what sort of characteristics capacity has in the form of the following model of its four basic characteristics.

◆ Basic Characteristics of Capacity ◆

Basic characteristic (1) The overall system

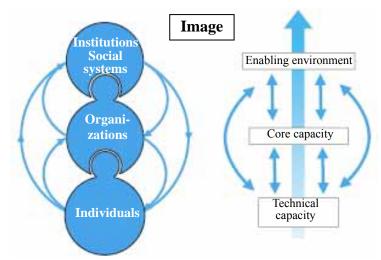
Basic characteristic (2) Visibility/invisibility

Basic characteristic (3) Nonlinear growth

Basic characteristic (4) Short-term change/long-term change

### **Basic Characteristic (1) The Overall System**

What is important with understanding CD is a comprehensive perspective that considers the mutual interrelations among the various levels of individuals, organizations, and institutions and social systems. This indicates that partial improvements at a single level will not necessarily lead to raising overall capabilities for handling issues. In general, development of capacity may be unfolded from individuals to their organizations in stages. On the other hand, changes in oranizations or insitutions may also stimulate behavioral changes of individuals. (refer to Figure 2-5).



Source: Created by the authors

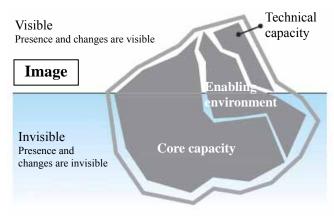
Fig. 2-5 Capacity Of the Overall System

For example, for researchers to make use of their knowledge and skills to the utmost extent in handling issues, then their working environment as the research institute, the country's research system in their specific field, and conventional research practices cannot be ignored. Furthermore, for waste management system to properly function, it is essential for related individuals, groups and organizations to understand the rules and regulations and to promote their parcitipation in proper disposal. For those organizations particuraly, obtaining technical background and basic infrastructure is also critical.

In this manner, capacity comes about through a reciprocal relationship among the various levels as a whole. Individual assessment of capacity at different levels or uncoordinated efforts for organizational capacity improvement will not bring about good results. It is necessary to constantly recognize capacity as an integrated whole.

### Basic Characteristic (2) Visibility/Invisibility

Technical capacity in terms of the extent to which individuals and organizations are endowed with knowledge and skills produces clear differences in carrying out operations. Because of this it is relatively easy to perceive it in a snapshot-like manner over a short time period. Conversely, core capacity pertaining to the qualities of individuals and organizations, such as management skills, will and attitude, and awareness, is not equally endowed, and it can be difficult to find problems and their changes over time. Accordingly, observations must be carried out over questions for some time such as: Inherently what is making the current situation? And how has it changed or been improved? However, it is important to recognize that visible capacity does not exist solely on its own, but that it is underpinned by invisible capacity such as will and attitude as shown in Figure 2-6.



Source: Created by the authors

Fig. 2-6 Visibility and Invisibility of Capacity

Accordingly, when survey missions attempt to accurately perceive capacity as a whole through ex-ante evaluations and mid-term evaluations of technical cooperation projects, they must work to look over not only visible results, but also invisible capacity. This is to be done by the participant observers through sufficient hearings with those involved in the project, individual interviews of the C/P, focus group interviews, and examining records of activities.

### Basic Characteristic (3) Nonlinear Growth

When approaches for CD (project and resource inputs) are carried out, some capacities may start having effects in a relatively short-term, and others may not. In particular, growth in core capacities such as management skills, will and attitude, and awareness has such a nonlinear tendency to develop (refer to Figure 2-7).

In reality, improvements in capacity oftentimes do not appear linearly

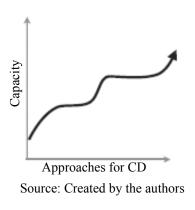


Fig. 2-7 Image of Capacity

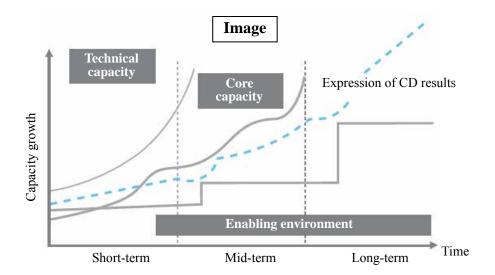
For example, technical capacities like the level of technicians' skills and knowledge improve to a certain extent over a short time period through CD approaches by training. But oftentimes the mentality of these technicians, which largely implementation of operations, affects the management capabilities of the research institute do not change right away. This is because core capacities are complex, and have a nature whereby they can only be improved by following a complicated course that contains such steps as learning through try and error, inner reflection, and self-development; not just through the straightforward input of CD approaches. This is also because, as with capacity at the organizational level, they contain a mechanism whereby capacity on the part of the organization will not come to take shape until the level of the constituent members as a whole has risen to a certain extent.

This characteristic, coupled with its characteristic of invisibility, produces situations where it is difficult to judge improvements in capacity brought by CD approaches.

### Basic Characteristic (4) Short-Term Change/Long-Term Change

Thus far we have taken a look at a part of characteristics of capacity, and now we will consider how growth (CD) and results for capacity as a whole are manifested while referring to the previous chapters.

Figure 2-8 illustrates the growth in capacity over time. Technical capacity can be thought of as developing over a relatively short time period and in an exponential, rising manner. However, in the early stages when those involved in the project have little problem awareness, or little sense of responsibilities about their problems, their low core capacities may be major obstacles to develop organizational and institutional capacities as a whole. Later on, as practice is accumulated core capacity changes moderately. As opposed to this, the enabling environment is likely to improve triggered by a new legislation or an application of a new system. And yet, this improvement is generally brought by development of technical and core capacities of individuals and groups.



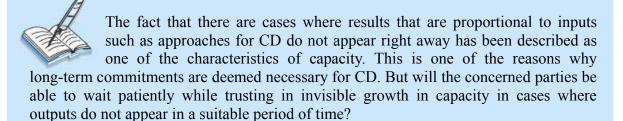
Source: Created by the authors

Fig. 2-8 Capacity Growth as a Whole and the Manifestation of CD Results

Let's take a vocational training project as an example. With the implementation of vocational training, its effects on human resources in that specific industy can be anticipated as much as practices are made. However, this will not enhance managerial skills by itself for the training school and an organization in which the trainees are employed. Furthermore, the accumulation of a considerable amount of technical performance and commitments from the stakeholders will likely be necessary to make significant changes in training systems to foster human resources as well as changes in the employment of the industrial sector and society as a whole.

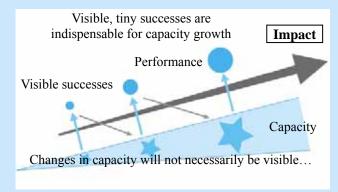
This characteristic whereby capacity as a whole is not easily changed is one of the major reasons for why long-term commitments are necessary for CD. But this does not mean that donors will simply implement CD support over a long-term period. If CD shows improvements in the partner country's independent capabilities for handling issues, then CD support from donors will have to be premised that it has an end in the future. It is then necessary to understand characteristics of capacity such as these, and to consider creating mechanisms for developing countries to continue their efforts in CD at the termination of projects.

### **BOX 2-2** The Effectiveness of Producing Visible Results



Those involved in CD and CD support would like to confirm that the orientation for CD is correct through visible results, and have to elicit more proactive involvement from stakeholders via visible results.

Therefore, in the project implementation process invisible capacity should be made visible in some type of manner and inputs in the form of approaches for CD should be linked to visible changes in events, thereby showing minor responses to those involved. Doing this will confirm the improvement in capabilities at an individual level and the corresponding results at an organizational level, and will produce a sense of accomplishment in the CD approach and a sense of anticipation for the future. This will also produce a driving force for efforts over the long-term that are necessary for CD, and will further promote CD.



The invisibility of capacity makes it difficult to oversee progress in project management and work out on project evaluation. However, a number of different ingenuities that overcomes this are required for the management of actual projects.

### 2-4-2 Relationship between Capacity and Performance: CPI Model

### (1) Basic Model for Capacity, Performance, and Impacts (CPI)

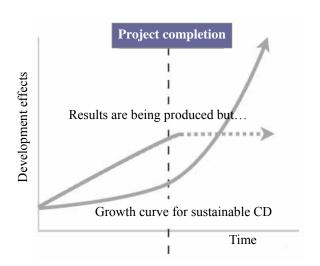
What is ultimately sought as a result of CD is to resolve development issues of developing countries (reducing maternal and child mortality, increasing literacy, etc.). Its process generally starts from setting a number of specific, visible outcomes to achieve (improving health administration services, improving class content at elementary schools, etc.), then a concrete project goal to encompass those outcomes will be established accordingly in the form of technical cooperation.

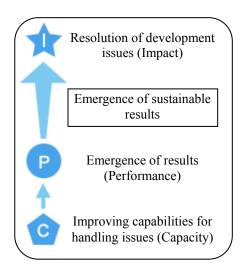
But this is not to imply that development issues will be resolved if only visible results are achieved. Temporal positive outcomes brought by donors' resources are unlikely to last, thus for their sustainabilities the country in question must focus on the capacity for autonomously resolving issues (refer to Figure 2-9).

Here the course of CD up to the resolution of development issues will be considered, with this process being described as the **CPI Model** (refer to Figure 2-10). For this, the resolution of development issues will be regarded as the **Impact** (**I**), the visible results of improvement in activities and their outcomes as **Performance** (**P**), and the developing countries' capabilities for resolving issues to elicit this performance as the **Capacity** (**C**).

Again, CD has its goal in resolving development challenges. The CPI Model shows that by means of improving Capacity (C), those who are in the CD process bring results (=performance) on a daily basis, and that issues are gradually resolved (impacts are generated) through the accumulation of these results.

When it comes to actual technical cooperation projects, there are cases that focus on Performance (P) as their ultimate goal, as well as cases that set improving Capacity (C) as a goal in anticipating enhancement of Performance (P) and Impacts (I) in the future. For both of these cases, it is important to clarify which Capacities (C) should be worked on. It is also essential to analyze the current status on the basis of growth mechanisms that are in line with the general concept of CD, and consider the flow for this, which could be called the CD story.





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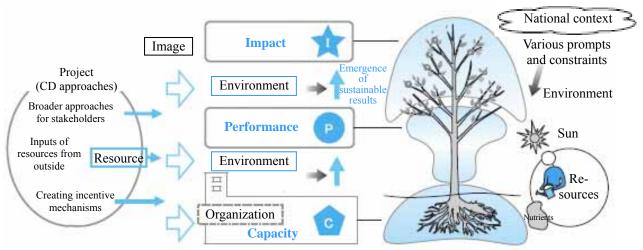
Fig. 2-9 Growth Curve for CD

Source: Created by the authors

Fig.2-10 Overall Image of Development and the CD Process (CPI Model)

Figure 2-11 describes the relation between CPI and CD in greater detail. In the figure the CPI Model is explained by a tree formation to consider modalities for CD within a specified organization. It is expressed through a flow wherein the image of the tree gradually taking root is likened to improving Capacity (C), the trunk extending and branches unfolding equals Performance (P), and bearing fruit equals the Impact (I).

Two other elements in addition to CPI are also described here. One of these is elements which correspond to the enabling environment mentioned in 2-2-3. This is expressed in the figure as environmental factors that either constrain or promote the manifestation of results in the capacity of the targeted organization. Naturally, performance is one of environmental factors when it eventually contributes to the resolution of development issues (impacts).



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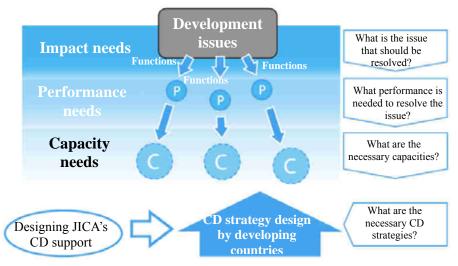
Fig. 2-11 CPI Model

In addition to strengthening technical and core capacities, it is also important to work on arranging better enabling environment to facilitate Performance (P) in visible ways. Specifically, examinations are undertaken of what sort of approaches should be taken for the concerned parties and the institutional and social systems (internalization), as well as what sorts of considerations are needed for the historical and sociocultural background of the country and region.

The other element is the resources for CD, which can be said the fuel to facilitate its process. From the perspective of the specified organization (targeted organization), this is expressed here as the inputted resources, human resources, technology, and knowledge. It is desirable to ultimately ensure a stable supply of these inputs for the country's systems and gradually turn them into capacity of the country by making strategic use of them.

### (2) The CPI Model and CD Story

To plan effective strategies for resolving development issues, careful attentions must be paid to (I). After this, it is necessary to examine what sorts of results (P) are required to resolve the issues and what sorts of capacities (C) should be improved and in whom for this sake (please refer to Chapter 3 for details). Thinking along the lines of the CPI flow in this manner allows you to focus on the capacities that should essentially be targeted in the approaches, while also enabling you to establish a tentative hypothesis for the course up through the resolution of issues (CD process).



Source: Created by the authors

Fig. 2-12 Designing CD Strategies through CPI Models

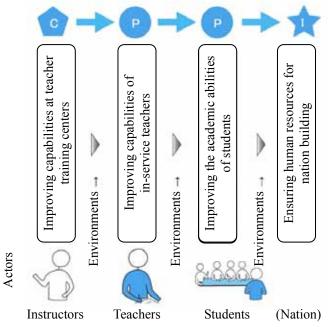
But the actual CD story does not necessarily simply flow from  $C \Rightarrow P \Rightarrow I$  as shown in the CPI basic diagram. In many of the cases, it is necessary to specify the capacities to be worked on by taking a more comprehensive view of CPI as intertwining various types of C and P leads to the impact of resolving development issues.

Moreover, capacity in the form of capabilities for handling issues must not end just with the resolution of the specific issue currently being faced; it must also serve as capabilities enabling responses to development issues in the future.

For example, as socioeconomic development progresses the development issues in the health and medical care sector change from conventional health issues to newly emerging problems resulted from lifestyle changes and the aging of the population. Put another way, the result of improving health systems must also contain capabilities that enable responses to future issues as types of disease become more diverse. When specifying capacities, it is necessary to look toward the various issues that the country is likely to encounter in the future, and not just those issues that are currently gone through. Forseeing potential challenges a country may face, CA should examine who would be responsible for coping them and what sort of capacity is necessary to do so.

### (3) Mid and Long-Term Scenarios for CD and the Program Approach

For CD that follows a long process of changes from  $C \Rightarrow P \Rightarrow I$ , CD goals that are premised on scenarios for mid to long-term CD initiatives by the developing countries and projects that serve as the means for this have the same relationship as a forest with its trees. Large-scale project implementation is not desirable in consideration of the stringent financial situation of the recipient countries and JICA's limited budgetary scope. Even so, it is necessary to examine strategic cooperation that would ensure sustaining and expanding effects of technical cooperation.



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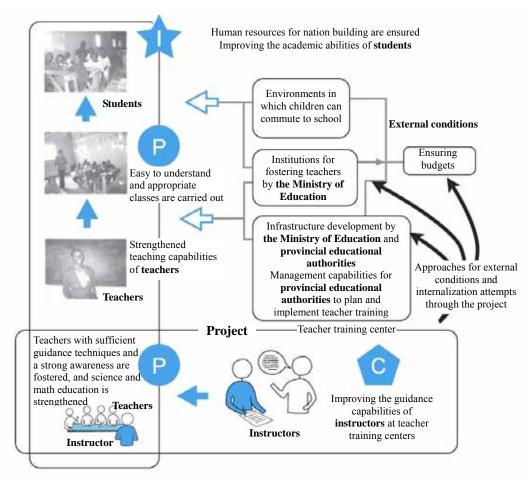
Fig. 2-13 CD Story

In most cases, such comprehensive and strategic support for CD is beyond what a single donor can offer. A Program Based Approach whereby multiple donors provide systematic support for the policy initiatives of the government itself of the country in question is considered to be important. In implementing projects and programs, JICA is sought to clearly define for which part of the program it should be responsible, and how its cooperation contributes to making positive outcomes, as it extends CD at the national, sector, and regional levels.

How such projects will lead to the resolution of development issues must constantly be kept in mind at the stage of designing individual projects through a CD philosophy.

Accordingly, it is necessary to perceive an overall image for creating a single system to achieve mid to long-term goals (program level results, economic and social impacts) within the society of the developing country (all-encompassing society comprised of the interaction between the public sector, civil society, private sector, etc.).

### 2-4-3 Case Examples of the CPI Model



Source: Created by the authors

Fig. 2-14 CPI Example (1) Education Support

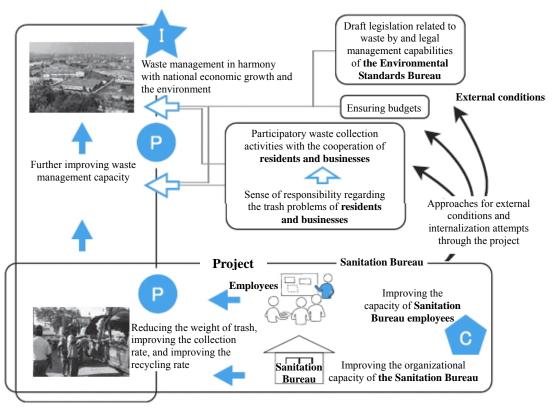
### < Example of Education Support>

We will take up teacher training projects for improving the quality of math and science education. For this example, improving the teaching capabilities of teachers is the project goal. Two stages of capacity improvements are incorporated into the project scope to train in-service teachers. First, the fostering of instructors for teacher training centers is carried out, and then the instructors give guidance to the in-service teachers.

This develops a scenario in which improving the capacity of teachers, having easily comprehensible classes, will contribute to higher academic abilities of the students. But in order for this to produce the impact of resolving development issues, it is necessary to improve the capacity of multiple working actors, which is one of environmental factors surrounding the project. For example, without infrastructure development by the Ministry of Education and provincial educational authorities, improvements in management capabilities for provincial educational authorities to implement teacher training, and institutional improvements for fostering teachers by the Ministry of Education, then the continuous implementation of training after project completion is barely possible. Because of this, how to handle such external conditions should be taken into consideration for the project. Drawing

attention to the project results and making direct and indirect appeals to those in charge of policy should be adopted as important management items.

To reach a resolution of the issue, it is necessary to improve the capacities of multiple actors while at the same time setting in place a variety of environmental factors. Figure 2-14 broadly shows what sorts of results should be ultimately produced by improving the targeted capacities through the project, as well as what type of environmental factors should be taken into consideration



Source: Created by the authors

Fig. 2-15 CPI Example (2) Waste Management

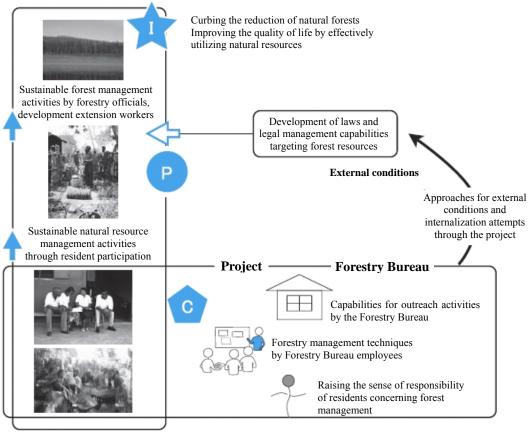
### < Example of Waste Management>

Along with economic growth in developing countries, appropriate and efficient waste management has been a major issue. Here a project and CD course which have waste management that is in harmony with national economic growth and the environment as their ultimate goal are expressed as a simple model.

Results in a visible configuration (performance) that include reducing the weight of trash, improving the collection rate, and improving the recycling rate have been fixed as the project goals. These are to be carried out by improving the technical capacity for waste management of the sanitation bureau employees, improving capacity in the form of management capabilities for the Sanitation Bureau as an organization, and improving capacity at a social level in the form of resident participation and cooperation.

At the same time, the cooperation of residents and businesses in waste management is indispensable for further improving these results and tying them in with the overall goal of waste management in harmony with national economic growth and the environment. The development of laws related to waste management and the ensuring of budgets are also insufficient under the current state of affairs. Because of this, efforts such as seeking out collaborations with the affiliated institutions starting from the project implementation period, and working on movements by the Environmental Standards Bureau to develop laws, are required.

It is a relatively short process in which improving capacity turns into better performance. To have an impact, however, it requires a wide range of levels is considered necessary for leading to impacts, and approaches for the capacities of a variety of actors are required as well.



Source: Created by the authors

Fig. 2-16 CPI Example (3) Forest Resources Management

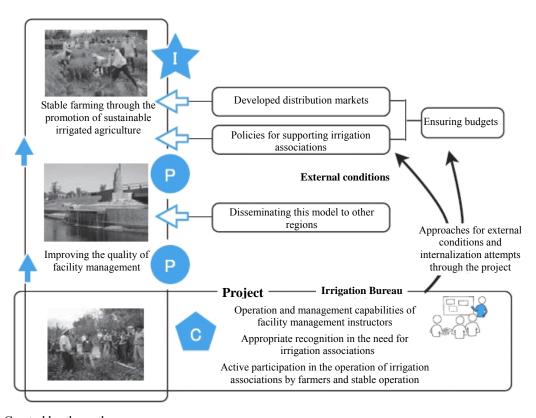
### < Example of Forest Resource Management>

The Forest Management Program by Local Residents aims to preserve forests and improve the lives of residents living on publicly owned forest. The project includes activities to provide guidance on forest management techniques to the two major actors of Forest Bureau personnel and residents. Specifically, it targets capacities such as knowledge and project implementation cooperation for forest management by Forest Bureau personnel, and awareness of forest management by local residents.

A certain degree of results were produced in the project period. However, support for related institutions is needed, with institutional reforms like applying the results of the project to other regions also needed in order for the regional Forestry Bureaus and residents whose capabilities were strengthened to continue with the Forest Management Program by Local Residents. This is designed to lead to curbing the reduction of natural forests and improving the quality of life by further promoting the conservation, restoration, and sustainable use of forest and land resources. The relationship between the capacities of concerned parties other than those in the project and its performance is perceived based upon a perspective stemming from such comprehensiveness.

Transfers of afforestation technology and tree planting had been implemented in this country in the past, but issues remained with the methods for forest management led by the state. Therefore, from lessons incorporating perspective of ownership, the plan emphasized a variety of production activities and the strengthening of resident organizations. This is designed to enhance a sense of responsibility and incentives in the community's management of afforested areas for forest reclamation. It is also designed so that local residents make full use of incentives such as forest and land usage rights through the Forest Management Program by Local Residents, thereby leading to improvements in their lives.

In this manner, it is important to specify a variety of capacities from the perspectives of comprehensiveness and ownership and to attempt to understand the relationships for CPI.



Source: Created by the authors

Fig. 2-17 CPI Example (3) Irrigated Agriculture

### < Example of Irrigated Agriculture>

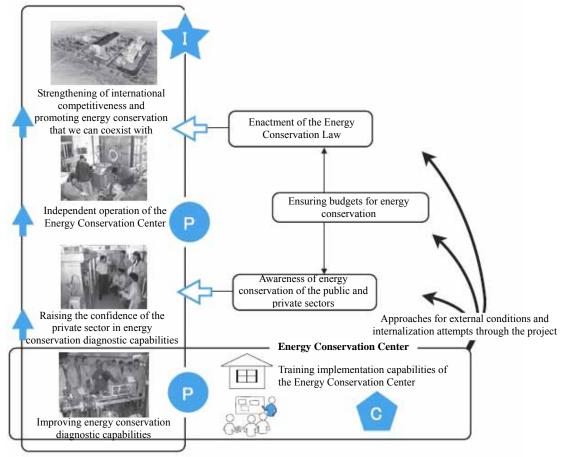
In this case example, policies for irrigation system operation and the transfer of operation and maintenance to irrigation associations were under implementation in order to lessen the financial burden borne by the government for the operation and maintenance of irrigation facilities.

But for the majority of these irrigation associations, the inclinations of farmers were not adequately understood in the formation of these associations, and the benefits from bearing the costs for water usage were not promised to the farmers. Because of this, they have not effectively functioned, and the quality of facility management has declined as well. Moreover, the local governments, which are responsible for providing support for the activities of the irrigation associations, are short on human resources with technical ability and experience

At present, capacity in the form of the technical abilities of the facility management instruction staff at the local government, the water management and irrigation facility management capabilities of the irrigation association members, and awareness related to both of their cooperative structures is acting as a major bottleneck. For this reason, the aim is to strengthen the irrigation associations and improve the quality of facility management through technical guidance. Such guidance includes water management and irrigation facility management techniques for local government personnel and farmers.

But this alone will not lead to the development goal of stable farming through the promotion of sustainable irrigated agriculture. To ensure that irrigation association support is continued after project completion, it will be necessary to seek policy improvements while simultaneously upgrading distribution for agricultural produce, with ensuring budgets being vital for this.

Here we would like to reaffirm the necessity of constantly considering what the ultimate impacts will be, identifying the various different capacities, and examining approaches and internalization to the extent possible despite the limits in the project scope.



Source: Created by the authors

Fig. 2-18 CPI Example (5) Energy Conservation

### < Example of Energy Conservation>

The government of one country developed laws related to energy and set energy policy goals at the national level in the aim of strengthening competitiveness in industry and protecting the environment. This was attempted to respond to energy problems that were growing increasingly severe in the wake of the growing consumption of oil and gas.

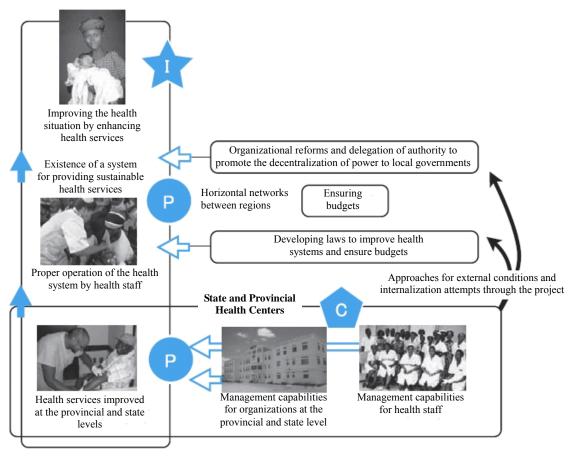
Therefore, technical cooperation was carried out with the objective of disseminating energy conservation techniques through the establishment of the Energy Conservation Center, and fostering the human resources who would bear responsibility for energy conservation activities. The project's goal was mainly to improve the diagnostic capabilities of energy conservation in private sector companies by enhancing the training functions of the center.

In order for the center to further contribute to resolving this development issue, training requests must be made from a broad range of companies, and it will also be necessary to improve the capacity for the operation execution capabilities of the C/P for conducting training in response to these.

At the same time, never-ending technical innovations are sought when it comes to energy conservation. Because of this, knowledge and techniques (skills) must be acquired and training implementation capabilities have to be improved along with the growing sophistication of the training content. Simultaneously, changes in the awareness of the public

and private sectors which underpin this and specific proposals from the field for the Energy Conservation Law that is already being examined are needed.

For the resolution to the development issue, the type of results that are sought and the type of capacities that are required and of whom they are required will be fleshed out to weave a CD story.



Source: Created by the authors

Fig. 2-19 CPI Example (6) Health and Medical Care

### < Example of Health and Medical Care>

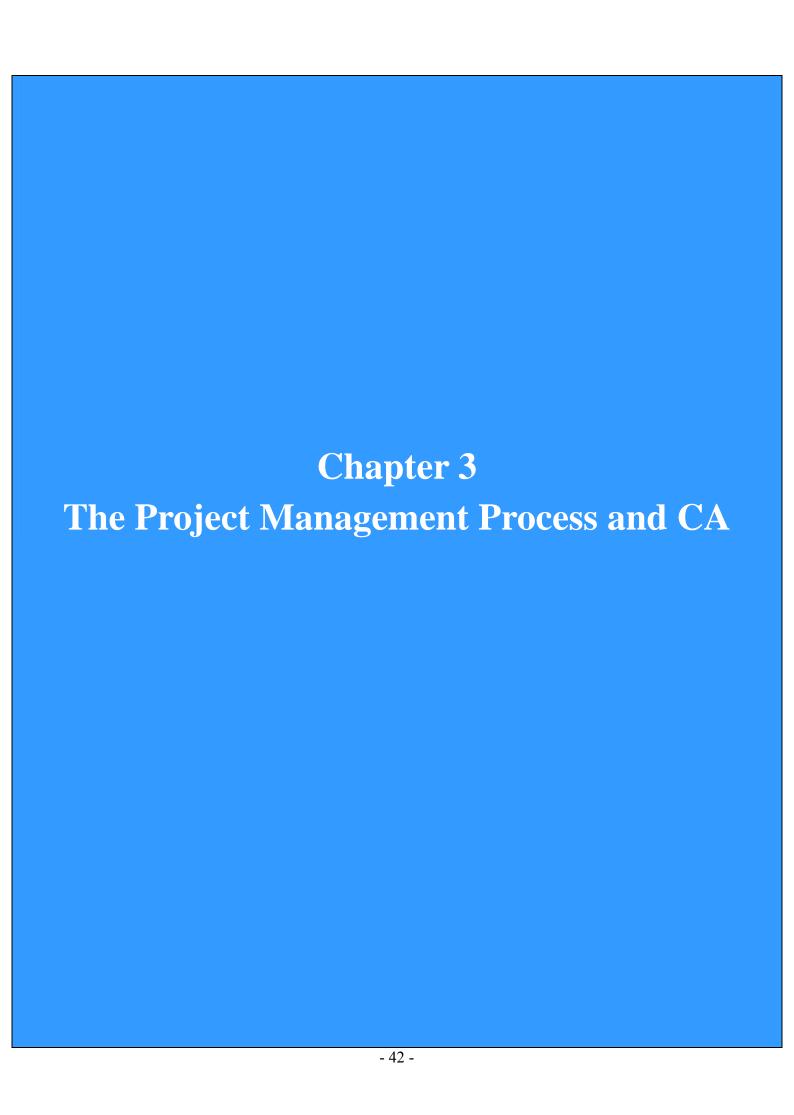
In a certain country where efforts have been made for strengthening local health administration, while its policy framework and financial foundations were begun to develop, health services for local residents were not yet being provided. Therefore, management-style technical cooperation for more efficient management was implemented that gave consideration to the creation of local health care systems. Top priority for this was given to promoting the strengthening of management capabilities for state and provincial health administration organizations.

Specifically, one of its goals is to improve the function of local health administration systems as a whole. This is to be done by improving the management capabilities of health

administration officials and strengthening the organizational functions of regional health administration. Its other goal is to improve the quality and quantity of health services by constructing horizontal collaborative networks.

The visible results of the project have been acknowledged by the higher ranked organization, other local administration officials, and the general public. This in turn has expanded the commitment at the level of provincial and state governors. They have begun to consider allocating project cost within the annual budget of local health administration.

Responses have already been taken for the policy foundations and financial foundations, such as utilizing shared financial resources (basket funds) through SWAp and beginning to apply these as independent financial resources for local health activities. However, there is a need to once again clarify the necessary actors and capacities leading to the development goal of "Improving the health situation by enhancing health services." Questions like whether decentralization is being promoted so that flexible and prompt management can be carried out in areas closer to local communities, and whether the establishment of financial foundations is actually proceeding, must also be confirmed. As CD is a process, rather than a single 'event,' it should be noted whether the project is supporting step-by-step solutions to problems.



# The Project Management Process and CA

This chapter will explain how CA is put into practice within the project management process and how the results of this are reflected in CD strategies.

### Main Points for Chapter 3

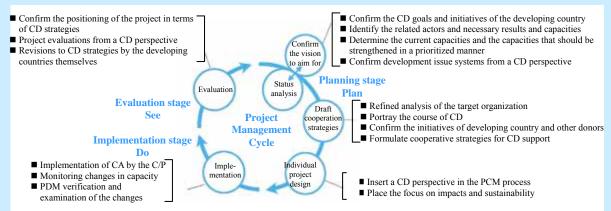
### ■ CA Perspectives in Project Management: Relationship between the Forest and the Trees

The major focus of CA in the project management process is **providing an overview of development** issue strategies looking at the projects (trees) from the program (forest).

The roles of individual projects (trees) expected to play should be considered within a broader view of programs (forest) for the development issues of developing countries. It is necessary to make overall cooperative strategies and individual project design responsive in an appropriate manner. This is to be done by monitoring the results of CD from individual projects (trees) and assessing the process in which programs (forest) and the environments surrounding development issues are changing.

### **■** Specific Steps for CA in the Project Management Process

The type of specific basic tasks for CA that should be carried out in project management processes are shown in the figure below.



It is imperative to keep in mind the fact that, in reality, modalities for CA will vary drastically depending on the level of development and capacity status of the target country, as well as the extent to which related information has been accumulated by the concerned parties.

### ■ Points to Keep in Mind for CA by Project Type

- Assessments of CD support from hub functions
  - What is expected for the hub organization in question within the partner country's policies?
  - Involving the supervisory authority for the hub organization in CA
- Assessments of CD support from communities
  - Is there initiative at the field level for project implementation?
  - What sorts of norms, organizations, and resources exist in the communities?
  - What are the scenario for replicating model projects and its implementation structure?
- Assessments of CD from policies and institutions
  - Strong ownership on the part of the partner country's government is a major premise
  - How far has the support made inroads into policies and institutions?
  - What capacities are involved in the creation of policies and institutions and their implementation?

### **■** CA and Indicators

- Refer to the technical, core, and enabling environment categories
- Refer to the characteristics of capacity
- Refer to CPI
- Consider the setting of indicators through mutual complementarity between quantitative indicators and qualitative observations

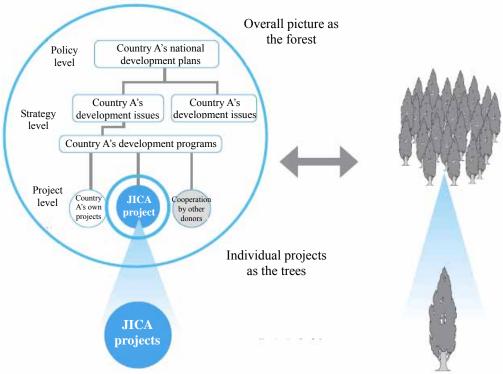
## 3-1 Project Management Based on the Notion of CD

CA perspectives in project management:
Relationship between the forest and the trees

CA and project management

Upward spiral for CD and CA

# 3-1-1 CA Perspectives in Project Management: Relationship between the Forest and the Trees



Source: Created by the authors

Fig. 3-1 Relationship between the Overall Picture and Individual Projects

Before considering specifically how CD is carried out within the project management process, we will touch on the CA perspective that should constantly be kept in mind throughout the project management process.

Resolving development issues on the basis of a CD philosophy requires mid to long-term efforts. Therefore, for CA the first stage is to consider programs (forest) at the level of development issues for the developing country as the premise, and to examine how individual projects (trees) should be positioned within this at the planning stage. Next, at the implementation stage it is necessary to make overall cooperative strategies and individual project design responsive in an appropriate manner as needed. This is done by monitoring the results of CD from individual projects (trees) and assessing the manner in which the environments surrounding development issues and programs (forest) are changing.

In other words, providing an overview of development issue strategies, looking down the projects (trees) from the program (forest) is the central perspective in CA undertaken in the project management process.

### 3-1-2 CA and Project Management

At the project level, its management needs to correspond to the overall program management and its progress, taking into account of facilitating the CD process. The conventional application of PCM should be re-considered over how to enhance CD in its cycle, clarifying a direction for achieving the overall goal (impact). Also, CD is expected to contribute to improving sustainability by considering ownership in its process.

The following points are positive effects that CA could offer for conventional project management.

### ◆ What CA Offers for Project Management ◆

- ⇒ Clarifies the positioning of JICA projects within the partner country's priority policies
- ⇒ Makes it possible to conduct planning, operational management, and evaluations over a mid to long-term perspective based on the results of CA
- ⇒ Makes it possible to search for a course for achieving the overall goals by complementing the perspectives that spill over from PCM
- ⇒ Makes it possible to consider mechanisms for improving sustainability and incorporating these within project formulation

### 3-1-3 Upward Spiral for CD and CA

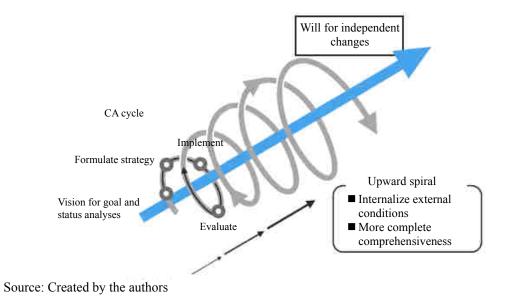


Fig. 3-2 Upward Spiral for CD

CD is not something that can be completed through a single project management cycle (planning  $\rightarrow$  implementation  $\rightarrow$  evaluation), it is more of a mid to long-term development process.

If you consider the project management cycle as a single rotational phase through status analyses for capacity – strategy formulation – implementation – evaluation, then it is envisioned that each time you progress from one phase to the next the targets of the CD strategies enlarge and improvements are made in a step-wise fashion (upward spiral) (refer to Figure 3-2). More specifically, a broad range of stakeholders comes to be involved through approaches for CD. By doing this, conditions that lie outside of the organization targeted for cooperation are gradually internalized, which allows for more comprehensive CD initiatives.

The upward spiral for CD could be said to be premised on the will of the developing country to change and improve. Yet conversely, strategic CD support from external agencies has the potential to bring about the essential change of imbuing the developing country with the will to make proactive changes. Accordingly, lookint carefully at these changes is the most important point to keep in mind when carrying out CA in the project process.

# 3-2 The Project Management Process and CA

Overview of CA in the Project Management Process

Independent CA by Developing Countries and JICA's Involvement

# 3-2-1 Overview of CA in the Project Management Process

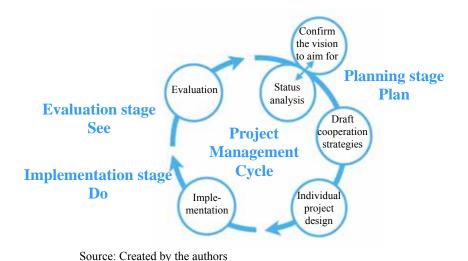


Fig. 3-3 CA Steps in the Project Management Process

Figure 3-3 illustrates an overview for conducting CA by reflecting CD concept in each stage of the project management process. The detailed CA steps for each stage will be described in 3-3.

Whether or not CA will assign an additional task on the current project processes depends on the development level of the targeted country and the current state of its general capacities, as well as the extent to which related information has been accumulated by the division in charge at our overseas offices and headquarters.

Patterns such as the following can be considered for incorporating CA tasks into drafting strategies and formulating projects.

### CA for revisions to project implementation planning and program planning

Incorporating a CD perspective into surveys by headquaters and overseas offices and mid-term surveys by people like project formulation advisors with regard to initiatives for revisions to individual project implementation planning and program planning.

### **CA** at the implementation and evaluation stages

Adding monitoring in the implementation stage and evaluations from the CD perspectives of comprehensiveness and ownership particularly for the perspectives of impacts and sustainability, in the evaluation stage must be kept in mind. It is also necessary to give advice that would lead to revisions to the vision to aim for and strategies. These are not anything special, and the content of status reports should be perceived through an overall program perspective and should be thought of as having been arranged through a CD perspective.

### **CA** for improving the strategies for existing projects

It is often difficult to make substantial changes to projects that have been already undertaken, involving the partner country and other donors. In such cases, efforts are made to improve more strategic approach for the projects by gradually strengthening the relationship between projects that are being carried out in the same field and region by using the results of CA.<sup>8</sup>

<sup>&</sup>lt;sup>8</sup> Refer to JICA (2007c) p.41

#### **BOX 3-1 Improvement Cycle, or Reform Cycle?**



As a management cycle, PDCA (Plan-Do-Check-Action) produces enormous advantages in terms of determining and improving problems in the field, but it is insufficient in environments where drastic reforms are needed for cross-cutting issues.

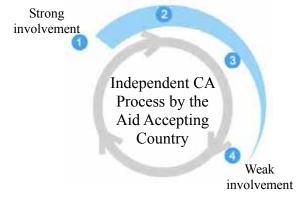
Therefore, the SPDLI Cycle has been proposed. This aims for Innovation (I) rather than Action (A) by laying out a Strategy (S) before the Plan (P), adding in a Check (C) on management thinking, and through Learning (L) that encourages mobilizing the intellect of those involved.



From the perspective of the overall capacity of the developing country, the SPDLI Cycle perspective—which perceives CD over a long time span and brings about changes in the awareness of those involved and reforms to the developing country's systems—will be necessary in addition to the PDCA Cycle through individual projects.

Source: Partially quoted from Takahashi (2006)

#### 3-2-2 **Independent CA by Developing Countries and JICA's Involvement**



Source: Created by the authors

Fig. 3-4 Strength of JICA's Involvement in CA

Just as developing countries themselves are those who make efforts for CD, CA is also premised on the fact that it will be conducted under the leadership of the developing countries. But depending on the development stage of the developing country and the state of affairs in said country, efforts are needed to conduct CA through collaboration in a manner that is initially facilitated by the donors at the start of cooperation, and where a CA perspective is incorporated into the other side's project processes.

The strength of the donors' involvement changes over the mid to long-term. Even in cases where relatively strong involvement is sought at the initial stages, the goal should be for CA to gradually come to be carried out solely by the developing country, with donors expected to work as facilitators (refer to Figure 3-4).

Moreover, as a developing country comes to take initiatives for CA tasks at each of the stages over a single cycle of the project management process, the extent to which JICA is involved in CA tasks will change in the long run. For "Confirmation of the vision to aim for" in Table 3-1, this refers to the task of JICA itself confirming the development strategies of the developing country which have already been formulated. Afterwards, it is preferred that CA be carried out under the leadership of the developing country to the extent possible by sharing the results of CA.

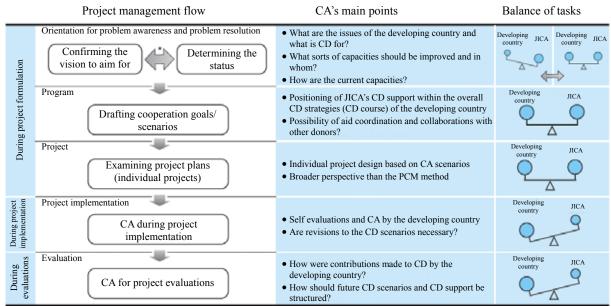


Table 3-1 Image of the CA Entities in the Project Management Process

### 3-2-3 CA and Tools

Using the appropriate analysis tools was recommended in conventional project management. For CA as well, it is preferred that a variety of tools be applied in order to ensure the comprehensiveness of CD and to perceive capacity characteristics. The use of a variety of tools for CA is also envisioned for other donor agencies as shown in Table 3-2. The following CA tools are described in Attached Material 1, which readers are encouraged to refer to.

The important thing is not to newly develop and apply one-size-fits-all tools that can equally evaluate every sort of situation. Rather, it is important to selectively use the appropriate tools effectively according to the situation that the developing country is facing, or to combine these tools together.

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<sup>\* =</sup> This starts from determining the status, or in some cases it starts anew from confirming the vision to aim for from the results of determining the status Source: Created by the authors

When a developing country does not have development strategies, or when these are lacking in part, then JICA's involvement consists of indirect support for conducting CA at the policy and strategy levels which is led by the developing country.

Table 3-2 Examples of Tools for CA

■ Tools for analyzing policies	■ Tools for analyzing status
Policy characteristics analyses, country-specific policy and institution evaluations, policy environment mapping, administrative/public service assessments	Environmental scans, capacity/vulnerability analyses, SWOT analyses, participatory self-analyses by organizations, organizational and institutional capacity assessment-related matrices
■ Tools for drafting strategies	■ General tools
Basic Scorecards (BSC), wants/able analyses	Analyses of concerned parties, risk analyses

Source: Created by the authors

# 3-3 Specific Steps for CA in the Project Management Process

Confirmation of the vision for goal and determination of current status performance

Formulating cooperation strategies

Design for individual projects

CA during project implementation

CA in project evaluations

This section will show the basic steps for how CA should be carried out for project management. In reality, modalities for CA will vary drastically depending on the development level and current state of capacity of the target country, as well as the extent to which related information has been accumulated by the concerned parties.

### 3-3-1 Confirmation of the Vision to Aim for and Determination of Current Status

CA Confirm the goals of CD and identify capacities that should be strengthened in a prioritized manner by determining the gap between the current status



### -Main Points in This Section

JICA once again confirms the development policies and strategies of the developing country and nurtures a shared outlook with the other government regarding the background for these issues and the CD goals

Identify the actors related to the CD goals and the desired results and capacities

Diagnose the current state of capacity and identify the capacities that should be strengthened in a prioritized manner

Confirm development issue systems from a CD perspective

### **Utilizing the Steps and Tools**

For the CA here, the goal is to confirm the CD goals while also broadly understanding the environmental elements to achieve those. The strategies of the developing country, concerned parties in sectors, and overall environments are determined by using tools such as policy analyses and analyses of the concerned parties. This is the stage prior to focusing on a specific organization, and a perspective of looking at the problem structure and various elements in a holistic manner is needed for this.

### **Step 1** Confirm the Development Policies and Strategies

• In forming specific CD support projects, it is essential that the CD supporter (=donor) first understand the development policies and strategies (=vision to aim for) of the country in question at the national level and sector level. The content of mid to long-term development policies and strategies in the applicable sector of the country in question is also determined and confirmed by referring to items such as those in Table 3-3.

Table 3-3 Policy Characteristics Analysis

Regarding (the enactment of) this policy	
What does the policy do?	What is the nature of the costs of the policy reform, and who bears them?
What is the desired impact of the policy reform; what is it expected to accomplish or facilitate?	What is the degree and complexity of the changes brought about by the new policy—both for the public and the bureaucracy?
Where did the impetus for the policy come from?	What is the duration of the policy change process?
Who decided the policy, how, and why?	What institutions are involved in implementing the policy?
What is the nature of the benefits, and to whom do they accrue?	How administratively intense or technical complex is the new policy (in and of itself, not including the changes that it brings about)?

(Refer to p.85 of Attached Material 1 for details)

Source: Created by referring to Gustafon and Ingle (1992)

• Perceive the orientation for development policies and understand the overall picture for development issues in the form of the CD goals, as well as the state of initiatives by the developing country for these, by confirming the development policies and strategies as shown above.

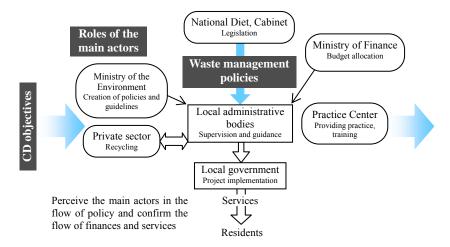
### Step 2 Identify the Main Actors and the Required Results and Capacities

• After confirming the development policies and strategies in Step 1, identify the actors that will implement these policies. Broadly identify the roles that are desired of the related actors (stakeholders playing a central role in project implementation) in order to resolve the issues.

Identify what sorts of results are required of the major actors in order to attain the CD goals (resolve the development issues) from the perspectives of the finances and budgets, decision-making, and responsibility for implementation needed to resolve the issues.

### **Required Results**

- ⇒ Entering legally binding force into effect through draft legislation related to waste
- ⇒ Ensuring budgets
- ⇒ Vitalizing organizations and developing
- infrastructural foundations



Source: Created by the authors by referring to Crosby (1992)

Fig. 3-5 Analysis of the Actors and the Required Results

### **Step 3 Determine the Status of Capacity**

- The actors arranged for each function in Step 2 should determine how much capability the affiliated institutions have in actuality (=current capacity). At this stage, it is important to conduct assessments jointly with concerned parties from the developing country in the sense of reaffirming one's own capacities. Here, the strengths and weaknesses in the capacity of the actors are exhaustively diagnosed and the relations between the actors are analyzed by using a checklist like in Table 3-4. Doing so lets you structurally perceive what is causing the weaknesses in capacity.
- The checklist should cover everything from a level that confirms basic items about the country and sectors in question and basic items about the related organizations, to items related to the general society, economic conditions, and specialized fields for sectors. The weaknesses and issues confirmed through this checklist should be taken down and arranged as functional items, such as institutions and organizations, finances, and technology.
- Rather than having JICA create an exhaustive checklist and impose it on the developing country, it is desirable that both sides first undergo sharing issues. Through this participatory process of making checklists, the potentials of practical use of those lists may increase.
- Moreover, it is also necessary to keep the following points in mind when determining the status.
  - The CD approach will naturally vary depending on factors like the development status of the developing country, which includes the level of economic development and that of poverty, as well as the capabilities of the central government and local administrative bodies. The most important thing is to confirm whether or not the developing country is ready to manage aid project and embark on CD.
  - In cases where the other side is in the midst of planning policy drafts, or cases where development plans are desired in new sectors, it is essential to examine the vision to aim for after conducting an analysis of the current situation.

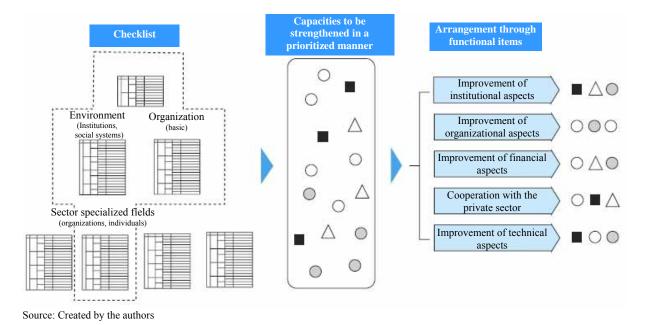


Fig. 3-6 Capacities to Be Strengthened in a Prioritized Manner and Arrangement through Functional Items

Table 3-4 General Checklist Items

Field	Major Item	Intermediate Item
General (basic) items	Macroeconomic and social conditions	Gross domestic product (GDP), per capita GDP, GDP growth rate, area, population, population density, population growth rate, Gini coefficient, urbanization rate, inflation rate     Progress in decentralization, progress in administrative and financial reforms
	Basic information, characteristics of the sector in question	(Example of the agricultural sector) Agricultural workforce/total workforce, exports of agricultural products/total exports, agriculture's proportion of GDP, topography and topographical maps, agricultural population (by gender), GDP growth rate of agricultural sector, land use, average annual rainfall, food self-sufficiency rate
	Related aid activities	Similar cooperation projects from the past, feedback from similar projects, situation of other donors, situation for past projects in the partner country's government
	Sector issues, indicators	Sector-specific issues, achievement status for the eight goals in the Millennium Development Goals (MDGs)
	Internal security, etc.	General internal security situation, political instability, activities by anti-government groups, major affairs in urban and rural areas from the past
Policies and legal system	System of policies and laws, presence or absence of public funds	<ul> <li>Current and past development policies, overviews of development plans, and goal structures such as national development plans, government ordinances, ministerial ordinances, administrative instructions, guidelines, and presidential ordinances</li> <li>Presence or absence of international agreements, white papers, and the like, as well as their enactment period and background</li> <li>Evaluation performance, period, and department in charge for development policies and development plans</li> <li>Maintenance status, maintenance methods, and period for statistical materials for the sector in question</li> <li>Systematic overviews of and compliance and enforcement status for related regulations</li> <li>Enforcement structure for related regulations and performance of the related implementing agencies</li> <li>Personnel, academic history, practical experience, and human resource development systems (presence or absence of OJT opportunities and training agencies, training performance) for formulating related regulations</li> </ul>

Field	Major Item	Intermediate Item
		<ul> <li>Transparency and reasonableness of the policy decision process</li> <li>Presence or absence of and enforcement status for institutions such as subsidies, preferential tax systems, and low interest loans for the related sectors</li> </ul>
	Capabilities for drafting financial policies	Budgets, subsidies, revenue, budget formulation procedures and period, and decision makers for the sector in question
Society	Politics	<ul> <li>Political system and current ruling and opposition party forces</li> <li>Similarities and differences between campaign promises, and the ruling and opposition parties' manifestos</li> <li>Period for the next general election and next presidential election, as well as the potential for a change in administration and the impact from this</li> </ul>
	Public, society	<ul> <li>Level of interest and problem awareness by the public in the applicable problem</li> <li>General relationships of trust between the government and citizens</li> <li>Status of responses by the government to things like complaints lodged by residents</li> <li>Status of women and the socially vulnerable</li> <li>The roles and size of stakeholders like NGOs and universities</li> <li>Points to keep in mind for social customs, tolerance for democratic conduct</li> <li>Handling of issues by the mass media, themes of high interest</li> <li>Community norms, related organizations</li> </ul>
	Private sector	Capabilities of related manufacturers and consulting firms     Swiftness of companies related to materials procurement and the fairness of their prices
Organization	Quantitative allocation for and capabilities of human resources (in specific technical fields such as final decision makers, C/Ps conducting technology transfers, and private sector human resources)	<ul> <li>Department composition and organization charts, number of employees in each department, employee retention rate, number of technical employees, number of administrative employees, reassignment status for employees</li> <li>Knowledge, skills, acquired qualifications, training experience, practical experience, contents of manager's training</li> <li>Behavioral patterns that express awareness and motivation (observation items)</li> <li>Items that can serve as incentives (observation items)</li> </ul>
	Finances	• Fund; Budget management status (maintenance status for budgets, account statements, and account ledgers), handling training income and income from diagnoses (fee structure, bookkeeping regulations, ledger management status) • Drafting budgets and diversifying finances
	Physical and intellectual resources (techniques)	Physical resources: Equipment, facilities, offices, and their management status     Intellectual resources: Basic materials, past performance, status for creating databases (DB) of technical data
	Project process and project implementation capabilities	Decision making mechanism     Personnel; Written operating instructions for employees, compensation system, personnel evaluation system, presence or absence of training systems     External affairs: Relation with the central government, relation with supervisory authorities     Plan drafting, project implementation, and monitoring and evaluation capabilities     Project operating methods; Presence or absence of a steering committee system
	Organizational quality	Organizational history, transformation of the organization's mission, clarity and concreteness of its vision, characteristics of the organizational culture, results of development stage analyses
Education and research status in related sectors	Status of occupational training, higher education, and research activities	Curriculum, number of teachers, number of students, number of facilities     Number of research institutes, number of researchers, track record for research theses, coverage range for research fields     Enhancement of research and educational facilities

Source: Created by the authors by referring to JICA (2005a), JICA (2006b)

### **Step 4 Determine the Development Issue Structure**

- Use the results from Step 2 of analyzing the main actors and Step 3 of determining the status of capacity to systematize the problems for the resolution of issues by the developing country (refer to Figure 3-7 "CD Issue Structural Diagram").
- In particular, what constitutes the major cause of problems (bottlenecks), mechanisms of deepening problems, and the countermeasures far should be determined from the perspectives of comprehensiveness and CD sustainability.

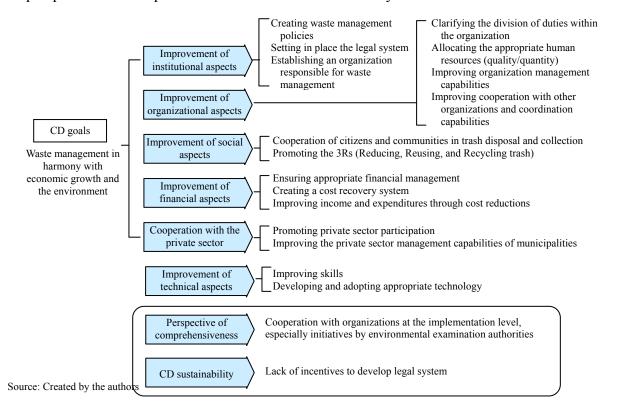


Fig. 3-7 Example of Arranging CD Perspectives in a Development Issue Structural Diagram (CD Issue Structural Diagram)

• When creating the CD issue structure, examine mechanisms for CD sustainability. In addition, examine the broad CD support phase together with the government of the partner country, such as through an analysis of the resource inputs for CD and CD support, as well as by inquiring into the extent to which carrying out long-term CD support is needed.

# **JICA's Support and Implementation Methods for CA Process**

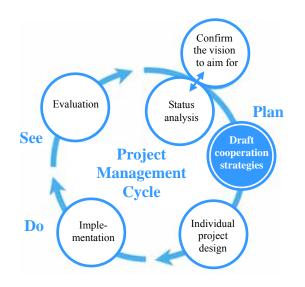
Confirming the vision to aim for is a process wherein JICA mainly understands the policies of the developing country and makes broad assessment of the environment. While this is mainly conducted independently by JICA, the participation of the developing country is encouraged at the stage of status analysis, and the creation of platforms for sharing CA results from joint work is required. Policy advisors, project formulation advisors, and local consultants may mainly work for undertaking CA.

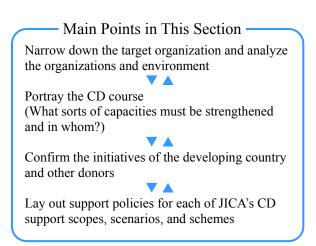
### Output

This consists of texts in which the CD goals that were confirmed by the developing country have been reflected (the "Background" section of plans for JICA Country Program and position papers, etc.).

### **3-3-2** Formulating Cooperation Strategies

CA Position JICA's CD support strategy within the overall CD strategies of the developing country



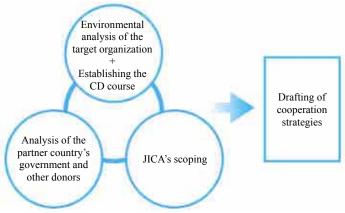


### Task Items and the Utilization of Tools

In this stage, the target organization that will play a leading role in resolving the issue is narrowed down and the CD course is confirmed in terms of what should be done to resolve the issue by referring to the results of the status analysis from the previous stage.

Specifying JICA's major roles and mapping within the development strategies of the developing country is carried out while performing broad organizational analyses of the target organization and environmental analyses of its environments.

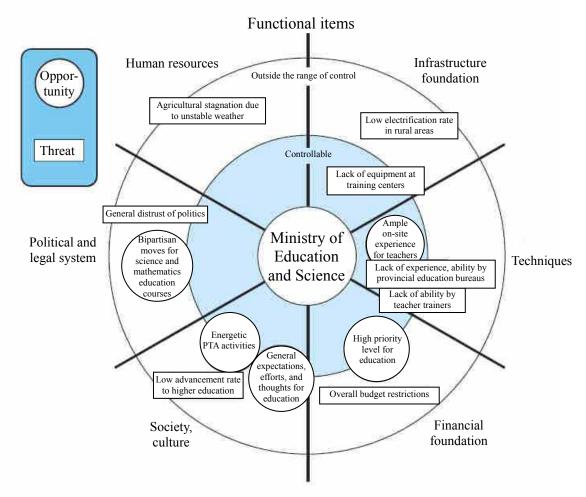
The image is that task items like environmental analyses of the target organization, trend analyses of the partner country's government and other donors, and JICA scoping are to be carried out concurrently and tie in with the drafting of cooperation strategies.



Source: Created by the authors

Fig. 3-8 Concurrent Tasks for Positioning and Mapping

# Task Item 1 Narrowing Down the Target Organization and Organizational Analyses and Environmental Analyses



Source: Created by the authors by referring to MDF (2005)

(Refer to p.92 of Attached Material 1 for details)

Fig. 3-9 Example of an Environmental Scan

- For the CD issue structure, examine what organization can serve as the target organization, and analyze the internal factors and external environments surrounding the organization by referring to the information thus far. Figure 3-9 is an example of conducting a Sector Environmental Scan to determine the current strengths, weaknesses, and environmental factors.
- More detailed analyses of the target organization are conducted as needed through the use
  of tools like SWOT analyses to determine the organization's internal and external factors.
  Based on this, an examination of which actors and factors must be worked on is carried
  out.
- The analyses of internal requirements and external environments also contribute to defining potential risk in formulating strategies and project. By examining internal and external factors related to the organizational environment, its strengths become clear. This is useful in the later steps in which cooperation plans are designed, especially aiming at compensating weaknesses.

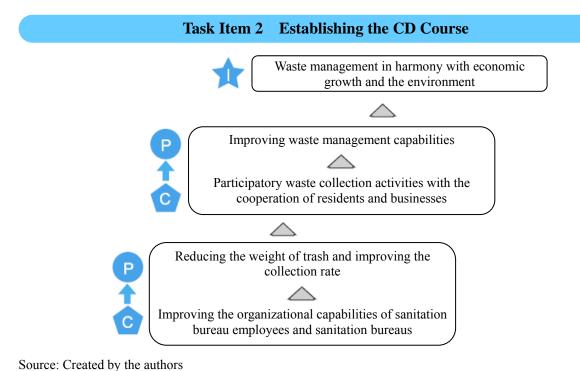


Fig. 3-10 Examining the CD Course

The analysis results which have flowed from CD goals  $\rightarrow$  actor analysis  $\rightarrow$  CD issue structure  $\rightarrow$  narrowing down the target organization are re-portrayed as the CD issue resolution story. Even though the target organization is taken as the central focus, various different capacities are strengthened in a manner that incorporates other stakeholders. The course leading to the resolution of the issue through achieving goals is portrayed as the CD course, and it is important to share this vision for solving problems between the developing country and JICA.

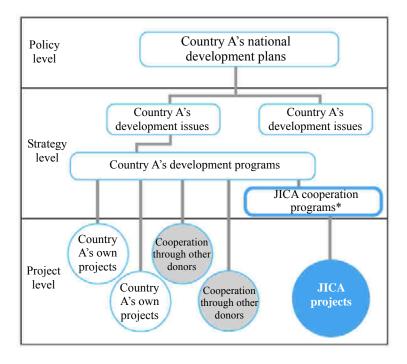
In cases where the CD course here cannot be clearly defined, this is possibly due to insufficient analyses in the previous stage, or because there are numerous uncertainties. Since the CD course is the overall picture for solving problems, it is preferred that project planners somehow understand the overall direction to follow.

#### Task Item 3 Trend Analyses of the Partner Country's Government and Other Donors

• The possibility of collaborations, coordination, and a division of roles with the partner country's government and other donors is examined. This is explored through participation in donor meetings and sector coordination conferences, as well as approaches for collaboration and coordination with concerned parties by means of direct negotiations and the like.

#### Task Item 4 Scoping and Mapping of JICA Cooperation

- The selection of areas which would produce synergistic effects without overlapping with the initiatives of the partner country's government or other donors is performed within the developing country's overall CD strategies (scoping) to examine cooperation programs by JICA, with reference made to the CA results to date. When doing this, it is necessary to examine a number of options while keeping the following points in mind.
  - (1) Have the necessity of broad-ranging stakeholder initiatives that aim for even greater multiplier effects from CD and approaches for institution building been assured, and have CD initiatives been examined from a comprehensive perspective (comprehensiveness)?
  - (2) At this point in time, have there been adequate dialogues with the developing country regarding issues like CD goals, CD approaches, and the exit strategy?
  - (3) Has a CD story for JICA's scope been developed, such as through what sort of steps should capacity be strengthened within the cooperation strategy?
  - (4) After adding on examinations of the possibility of achieving the goals and the amount of inputs (is this the manageable scope?), explore dividing the phases and partitioning programs if necessary.
- Based on these results, things like program plans and position papers are created.



\*Refer to p.38 of JICA (2007c) regarding the definition of "JICA cooperation programs" Source: Created by the authors

Fig. 3-11 Scoping for Cooperation Programs

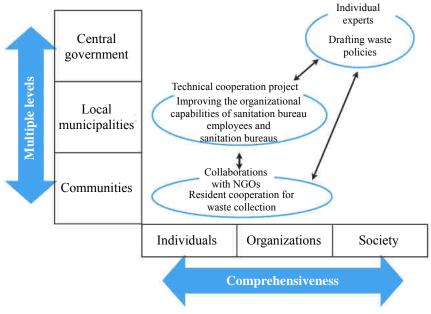


Fig. 3-12 Scoping through a Comprehensive Perspective

#### **JICA's Support and Implementation Methods for CA Process**

While JICA carries out consensus building with the government of the developing country regarding appropriate application of project schemes within overall national development plans, the developing country is responsible for the CA.

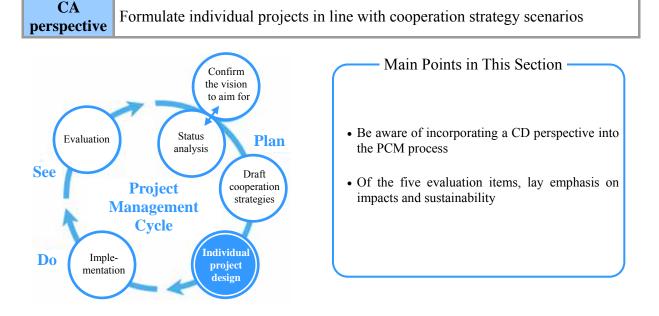
In this stage there are platforms for gathering and examining information like those mentioned below, and this is sometimes carried out in the form of program planning and individual project design.

- Donor meetings, sector coordination conferences
- Cooperation preparation surveys (workshops, hearings through checklists, field surveys)
- Workshops by stakeholders
- Surveys by policy advisors, project formulation advisors, and local consultants, etc.

#### Output

Program plans, position papers

#### 3-3-3 Individual Project Design



#### **Utilizing the Steps and Tools**

Project formulation is conducted here by using PCM techniques as tools, as has traditionally been done. In its process, it is critically important to have a perspective of how to integrate the project into the overall development goals of the developing country (=CD story). To put it another way, those who are responsible for formulating a project need to be well aware of the impacts and sustainability (CD sustainability) at the time of planning. To do this, it is necessary to incorporate CD perspectives as follows into the PCM process.

Moreover, whereas PCM techniques generally have an inductive role following the emergence of discrete problems in the field, CA offers the structure itself for the overall whole through the previous steps. In some cases the capacities that act as constraints and indicators for results are made clear through CA, and sometimes entry points for the programs are presented. Within the PCM process, such results are perceived as playing a type of facilitation role. Overlapping both the deductive approach and inductive approach for CA mentioned above in a complementary manner allows for the possibility that the overall plan will be set up successfully. <sup>10</sup>

#### **Points to Keep in Mind in the PCM Process**

- Confirm what roles the project is expected to play within the overall picture for resolving the issue once again and confirm the project's scope through the concerned parties (*validity*).
- Think about the positioning of the project from the perspective of those involved. This includes not only the project C/P, but also **what sort of meaning stakeholders such as policy departments and local people find in the project**. Clarify the division of responsibilities between the respective concerned parties based on this (*internalization of external conditions = comprehensiveness*).
- Confirm what sort of risk factors there are in project implementation from the reciprocal relationships among actors, and examine countermeasures.
- Stress is also placed on examinations that proceed from the perspectives of what sorts of initiatives on the part of the actors project implementation will be tied in with, and how mechanisms for ensuring sustainability can be incorporated to accomplish this. To put it another way, this is shared as a hypothesis between the concerned parties with regard to the sorts of mechanisms that are being considered as courses that lead up to the overall goals following the implementation of the project (impacts, sustainability).

The following denotes the conventional PCM perspective, the perspective for CA when carrying out the PCM process based on the philosophy of CD, and the perspective of CA for five evaluation items in the ex-ante evaluation stage. In the five evaluation items, "Validity" is evaluated as whether or not it will contribute to achieving the overall strategies for resolving issues. At the same time, whether the course leading to the overall goals following the completion of the project is specific or not is evaluated in the "Impact" item. "Sustainability" can be assessed through evaluating mechanisms for ensuring comprehensiveness and ownership of development projects for lasting effects.

<sup>&</sup>lt;sup>10</sup> JICA (2005b)

Table 3-5 PCM Perspective and CA Perspective

	PCM Perspective	CA Perspective
Analysis of the concerned parties	Analyze the relationships between stakeholders → identify the target group	Involve various stakeholders in the project. Analyze the actors at three levels. Analyze actors/capacities
Problem analysis	Analyze the logical relationship between cause → effect	Make the problems that came into view from determining the status of CD the central problems. Project thinking → program thinking. Analyze problems from a comprehensive perspective. Analyze actors/capacities (individuals, organizations, institutions/society). Analyze problems by considering the characteristics of capacity. Think through "problems ↔ capabilities for handling issues"
Objectives analysis	Examine the relationship between actual means → objectives for resolving issues	Determine entry points for CD support → create project development scenarios. Examine solutions that aim to improve capacity. Countermeasures that are alert for the driving forces for CD, which are incentives and leadership
Project selection	Select approaches for resolving the issue	Clarify the positioning within the partner country's priority policies and the potential for collaboration and coordination with other donors. Determine a scope that gives consideration to fostering ownership on the part of the partner company
Risk analysis	Examine prerequisites and external conditions for fulfilling vertical logic	Sort out the risks at the program level
PDM creation	Compose vertical logic. Substantiate activities	Examine internalizing external conditions such as the partner country's policies/institutions and budgets and working on these from an early stage. Consider the balance between capacity indicators and performance indicators

Source: Created by the authors

Table 3-6 Five Evaluation Items and the CD/CA Perspectives

Five Evaluation Items	CD/CA Perspectives	
Validity	<ul> <li>How is the project in question positioned in relation to the overall picture for resolving the issue (=CD story)? (Alignment with priority policies)</li> <li>From the perspective of the targeted communities, what sort of meaning does the project in question hold and what will it leave behind in the future?</li> </ul>	
Effectiveness	• Can the project results and activities be flexibly revised according to institutional and social changes?	
Efficiency	<ul> <li>Are ownership and incentives on the partner's side promoted in order to realize results?</li> <li>To what extent has the utilization of existing local resources and networking between the concerned parties been carried out in order to produce results?</li> </ul>	
Impact	• Have examinations of initiatives and scenarios (institutionalization, etc.) aimed at achieving the overall goal, and examinations of internalizing external conditions, been carried out?	
Sustainability	• Have the initiatives on the partner's side after the cooperation ends (policies, budgets, implementation structure) been clarified, and have examinations of internalizing the external conditions been carried out?	
<points in="" keep="" mind="" to=""></points>	Confirm whether mechanisms for securing sustainability are being created in light of the comprehensive frameworks for the issue in question. In particular, internalizing external conditions is an issue in conventional PCM. Assessments that include these perspectives are essential.	

#### **JICA's Support and Implementation Methods for CA Process**

PCM workshops and PDM creation are carried out by the government of the developing country and joint evaluation teams.

- Preparatory survey, preliminary survey at the individual project level (workshops, interviews with checklists, field surveys)
- Workshops through stakeholders
- Surveys by policy advisors and project formulation advisors, as well as surveys through the use of on-site consultants, etc.

#### Output

PDM, project documents, organizational charts for project implementation, provisional activity plans, S/W (development surveys), terms of reference for consultant

#### 3-3-4 CA During Project Implementation

#### CA perspective

Understand one's own capacity and create activity strategies



#### Main Points in This Section

CA by the C/P itself in its own organizations, affiliated institutions, and institutions and society

- Determine one's own capacities and confirm what is needed.
- Determine the positioning of one's own activities, and lay out specific strategies and plans.
- $\Rightarrow$  CA serves as the first step for CD (improving independence)



#### Monitoring

- Change (deepen) the capacities of the C/P itself
- Change (expand) the capacities of the comprehensive actors related to the C/P

+

- Change the progress of project activities
- Change the positioning of the project from the external environment (→ internalize external conditions)
- ⇒ Assess PDM as a tentative hypothesis and examine changes

#### **Utilizing the Steps and Tools**

There are time limitations for the procedures and management processes at the preparatory stage in the project formulation. At this stage, planning of CD within the project design may be understood as tentative, and it is more realistic to conduct detailed CA during the actual project implementation, as in many cases the government officials in charge of the project are assigned after the implementation stage has been reached. In reality, instilling awareness in the central players in project activities is not necessarily something that can be adequately done in the short time span of the project formulation stage. Even more so for the local administration and community development sector, it is even conceivable that this will potentially have the opposite effect unless the norms and characteristics of the organizations found in said region are well understood, and the inputted resources and activities are planned based on these.

Therefore in the process of the project implementation, the concerned parties from the developing country conduct CA themselves at its initial stage while obtaining instructions or advice from JICA experts. By doing so, said parties understand the baseline for their own needs and capacities and independently create activity strategies. The C/P, which is the central player in the activities, and the concerned parties lay emphasis on the fact that the central players conduct CA independently. By doing so, they can be positioned as the first step of an endogenous CD process.

#### Step 1 CA by the C/P Itself (Through the Creation of Detailed Activity Plans)

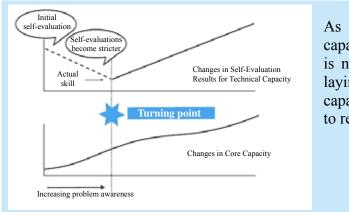
- The C/P conducts analyses of the concerned parties and organizational analyses to reexamine the positioning that the project has been placed in from the perspective of the organization's specific weaknesses and threats in the external environment.
- The C/P conducts diagnoses of its own technical capacity and core capacity to confirm their baselines. Diagnoses are also performed on the environments surrounding the organization, and examinations are also made on how these environments can be worked on. In doing so, it is preferable that it be possible to visualize the changes later on by referring to things like the spider map shown in Figure 3-14 (refer to BOX 3-3).
- It is necessary to analyze the levels of core capacity, technical capacity, and enabling environment through such tools as SWOT analyses to identify weakness at present (refer to p.96 of Attached Material 1 regarding SWOT analyses).

#### **Step 2** Monitoring and Feedback for the Strategy

As project activities are implemented, it is necessary to perform monitoring on **how capacity** is **changing** (**the deepening of capacity**). Here, the capacities of the actors targeted for activities are compared to the baseline assessed in the project formulation stage to determine how far they have risen. It is essential to measure how much the technical capacities of the partner have improved through technical cooperation.

#### **BOX 3-2** Points to Keep in Mind for Self Evaluations – Key Effects

The figure below illustrates the sorts of self-evaluations given by individuals in learning processes such as routine work and training. It is understood that in most cases evaluations of oneself become stricter in the first half of the learning processes, and so the evaluation results decline. It is believed that capabilities related to the core capacity of "increasing problem awareness" improve dramatically in this process. This ties in with true improvements in capacity by the fact that the desire to learn increases and the setting of goals is made clear. Since taking a look at oneself leads to improving capacity, it could be called a "mirror" effect.



As this shows, to determine how capacity on the partner's side has risen, it is necessary to perform assessments by laying emphasis on both technical capacity and the core capacity that leads to results.

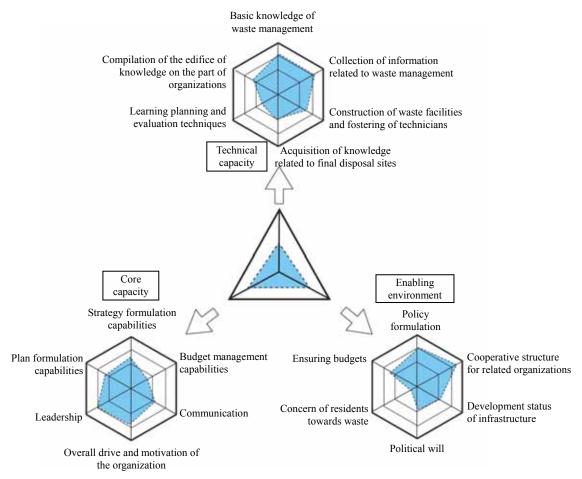


Fig. 3-13 Example of Visualizing Capacity

Conversely, it is essential to examine broadening in the sense of how the activities of said project contribute to not only the C/P, but also **the extent to which they contribute to improving the capacities of other related stakeholders**. In other words, this refers to analyzing how the related actors perceived in the project design stage have come to think about the project's significance as it progresses, as well as what sorts of action they are taking for this and whether they are fulfilling their roles. Furthermore, moves in which the related actors capitalize on their individual roles while creating networks for jointly handling issues should serve as benchmarks for determining the **broadening of capacity** according to need.

To measure the aforementioned deepening and broadening of capacity, it is best to visualize this as in Figure 3-13 and share the changes in the C/P's technical skills (technical capacity), management (core) capacity, and the organization's enabling environment among the concerned parties to promote their own awareness. Specific methods for visualization are described in 3-5-4 and BOX 3-3.

In doing so, it is necessary to confirm not only the status of the individual items, but also whether a balance has been struck between technical capacity, core capacity, and the enabling environment. However, as was mentioned in 2-4-1, these three elements can be thought of as having completely different growth speeds. Therefore, it is important to flexibly change which element's capacity to focus on through the monitoring period.

- Movements in the driving force behind CD are observed for development issues as a whole. This includes not only changes in the capacity of the concerned parties through direct approaches, but also indirect multiplier effects like showing signs of changing to a course that is good for applying stimulus to affiliated institutions other than the C/P through the implementation of the project.
- Rather than simply achieving the project goals by referring to these effects, how such activities tie in with mid to long-term CD should be reaffirmed and the activities and approaches that will be required in the future should be reassessed.

#### **JICA's Support and Implementation Methods for CA Process**

- CA for activities (surveys, workshops) and activities for creating detailed action plans
- Project administrative management, monitoring
- Holding joint coordinating committees
- Administrative instruction surveys, mid-term evaluations

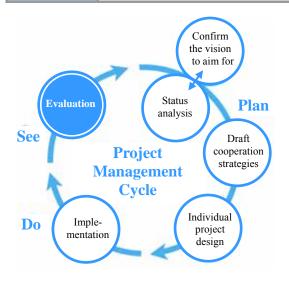
#### Output

Revised PDM, detailed action plans, mid-term evaluation reports

#### 3-3-5 **CA in Project Evaluations**

CA

Examine the mid to long-term initiatives and scenarios of the developing **perspective** | country itself and future CD support



#### Main Points in This Section

Confirm the (change in the) positioning of the project (program) within the CD strategies as a whole

Project evaluations from a CD perspective

- Evaluate the project itself (PCM evaluation)
- Evaluate the project's contributions and suggestions for the CD strategies as a whole
- Evaluate the significance of project initiatives from the individual perspectives of comprehensive actors

Revise CD strategies through the developing country itself

- Validate the vision to aim for once again
- Plan individual initiatives for the actors
  - → Revise CD support strategies for donors

#### **Utilizing the Steps and Tools**

Evaluate the positioning of the project

Validity

Evaluate the project within the CD strategies and program approach

Evaluate the project itself

Impact Sustainability

Impact on lessons, issues, and the overall program (degree of contribution)



Think about the next strategy based on the stakeholders' roles and capacities

Upward spiral for CD

• Examine the CD strategies and CD support for the next stage

Fig. 3-14 Main Point of Evaluations

The main point of project evaluations from a CD perspective is to view the project through the overall CD framework of the developing country while still being a project level evaluation. To put it another way, this means not only thinking about the project's scope, but also evaluating how JICA's CD support can effectively contribute to formulating the next CD strategies. The modalities for evaluations through a CD perspective consist of not only questioning the merits and demerits of JICA projects, but also recognizing the extent to which feedback can be provided to the long-term initiatives of the partner country based on the awareness that JICA is involved as a part of such initiatives.

Even if the project goals have been achieved there will be less effective unless these initiatives can be integrated into the overall CD process of the partner country. Conversely, even if the achievement of project goals has been insufficient, the project can be said effective as long as some efforts for CD are ensured within national, regional and local development planning.

#### **Step 1** Confirm the Positioning of the Project in the CD Strategies

• In this stage, confirmation is made on whether or not the positioning has changed within the development strategies of the partner's country and the CD support scenarios envisioned during the CA at the project formulation stage. Confirmation is also made on whether the CD scenarios themselves of the country have changed due to various factors (once again changing the perception from the forest to the trees).

#### Step 2 Evaluate the Project and Evaluate the Involvement of the CD Supporters

#### **<Evaluate the Project>**

Evaluations are conducted through the five items to measure the progress of CD (*how are the trees growing?*).

For examinations of validity at the program level, and with regard to impacts and sustainability, which are essentially considered items that are to be given a full-scale evaluation through the ex-post evaluations, these must be evaluated by taking into consideration the role that the project has played within the CD story and its future potential (what have changes in the trees brought about for the forest?).

It is also important to change perceptions of the meaning of said project from not only the perspective of those implementing the project, but also the perspectives of its various stakeholders. Such stakeholders include those drafting policies and local residents who are involved in the project.

#### <Evaluate the Involvement of the CD Supporters>

Conversely, the question of whether JICA's role as a facilitator was appropriate based on the principle of CD support should be evaluated. The positive and negative effects in the CD support process should be discussed by the concerned parties to acquire lessons.

#### Step 3 Examine the CD Strategies and CD Support for the Next Stage

The evaluation results from Steps 1 and 2 are used to produce evaluation results for designing CD strategies and CD support strategies, and to examine how the mid to long-term initiatives of the developing country itself should be structured in the future.

Specifically, at this point in time confirmation is made on whether there have been changes in the vision to aim for. Based on this, for the CD story the stakeholders that should be involved in the next stage are discovered and an examination is conducted on what sorts of capacities should be focused on and in whom.

#### Revising CD Strategies

- ♦ Validate the vision to aim for once again
- ♦ Revise one's own mid to long-term CD strategies
- ♦ Examine the necessity of CD support

Improve ownership
Independent changes

Internalize external conditions
Improvements in capacity at the social level, etc.

More complete comprehensiveness Broadening of stakeholders, etc.

Source: Created by the authors

Moreover, examinations of the pros and cons and the content of future CD support by JICA are conducted, and so are reexaminations of modalities for CD supporters.

It goes without saying that efforts for the success of the project should be made. But over and above this, emphasis should be placed on getting the concerned parties to take note of questions such as: What sorts of capacities in which actors should be worked on by taking the opportunity presented by the JICA project? How should mechanisms for increasing ownership be implanted? Doing so, and also emphasizing facilitating the will for independent development, serves as aid management that reflects the concept of CD.

Fig. 3-15 Applying Evaluation Results

#### **JICA's Support and Implementation Methods for CA Process**

- Evaluations at project completion, program evaluations + joint coordinating committees
- Additional surveys and the like through policy advisors and project formulation advisors

#### Output

Evaluation at completion reports, plans relating to next stage strategies

#### 3-4 Points to Keep in Mind for CA by Project Type

Assessments of
CD support
from the hub's
functions

Assessments of
CD support
from
policies and
institutions

In Chapter 2 we considered the characteristics of capacity from the relationship between capacity and output from activities, but in actual projects the relationship between capacity and output varies significantly depending on the sector or the project type. Because of this, the main points in the CA process and the main points for the type of CD involvement through the use of the results of CA also vary.

Here we will indicate the three basic project types and consider points to keep in mind for CA implementation for each of these.

The three types of CD support projects each have their own characteristics in terms of the aimed for performance and capacities that are worked on. But specifying the points to keep in mind for CA that are shared by the three types would demonstrate the need to assess the **technical foundation** (=technical capacity) of the targeted organization, its managerial foundation (=core capacity), and the policy and institutional foundations and financial foundations (=enabling environment) that prescribe the capacities of said organization. It is also necessary to think about policies for improving overall capacities by having these foundations mutually complement one another.

#### 3-4-1 Assessments of CD Support from Hub Functions

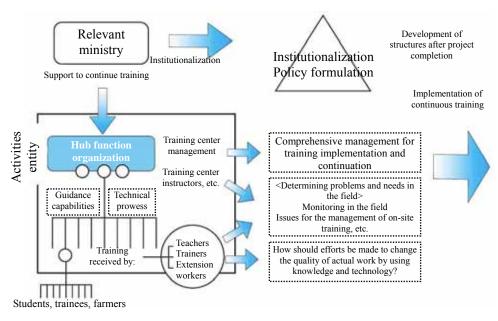


Fig. 3-16 CD Support from Hub Functions

The most common pattern for JICA technical cooperation projects is to implement hub activities like those of central occupational training centers and agricultural extension centers. This oftentimes includes conducting training for instructors and extension workers (training of trainers) and creating curriculums and teaching materials. This is a scenario in which better occupational training and extension work comes to be carried out in the field by means of training.

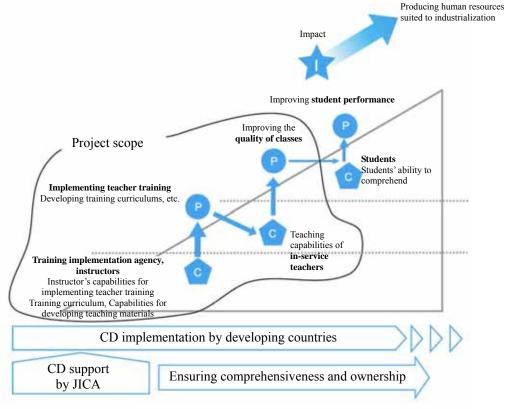
#### **Points to Keep in Mind for CA Implementation**

- It is necessary to begin by clarifying how the hub organization in question is situated within the policies of the partner country (for example, industrial policies and employment policies in the case of an occupational training center). In conjunction with this, it is also necessary to continuously assess how much trust the said organization has gained within the surrounding community and among the ultimate recipients.
- The staff members of the occupational training center, which is the hub organization, serve as the C/P themselves. Not only do they have **technical capabilities** (=technical capacity) for carrying out occupational training, but they also have comprehensive management capabilities (=core capacity) for thinking about what is needed to continue to implement training. These capabilities also consider the implementation structures, budgets, management, and backup from ministries that will be needed in order to carry on with training following project completion. Both of these aspects should be continuously assessed from the project formulation stage until up through the implementation stage. Which agencies and departments on the partner's side should be worked on is clarified based on the results from this.
- It is essential to collect and respond to information for resolving issues at the bottommost level. This includes structures for monitoring the results of teaching in the field by trainers who have undergone training, the managerial issues required for implementing training and extension work at the field level, or determining the future needs for a diverse array of actors.
- It is important to not only convey CA results to the supervisory ministry of the hub organization, but to involve it in the CA tasks themselves. It is important that the higher ranked organization share the significance of the ongoing project which may have influence on employment policies and economic policies. Assessing whether or not the structure is one where the development of systems can be independently performed so that training operations can be carried out autonomously in the future is also vital.

Table 3-7 What Sorts of Capacities In Whom? (Example of Strengthening Hub Functions)

		Comprehensiveness —		
		Individual	Organization	Society (Including policies and institutions)
Multi-layeredness	Central government (macro)	Ministry of education officials  Ensuring budgets, capabilities for building institutions  Capabilities for perceiving problems at the front lines of education and with teacher training agencies	Ministry of education departments  Capabilities for consensus building among concerned parties for institutionalizing teacher training  Capabilities for institutional proposals	Central government  Institutional implementation, capabilities for ensuring budgets
	Teacher training agency School facility (mezzo)	Instructors  • Technical guidance capabilities  • Capabilities for creating instruction manuals  Teachers  • Guidance capabilities  • Personality that gains the trust of students, aspiration, and industriousness	Teacher training agency  Management capabilities for training agencies School (principle)  Capabilities for promoting the holding of evaluations for teacher's instruction abilities and a feedback structure	
	Students (micro)	Students  Capabilities for affirming one's own values  Will to continue independent learning	Community  Complementary institutions enabling commuting to school through complementary organizations  Support for PTA activities	Community  Culture that allows girls to go to school  Improving the sense of values over children's education
•	Major Actors for Activities  Targeted by approaches other than for the activities entity			for the activities entity

Source: Created by the authors by referring to JICA (2007)

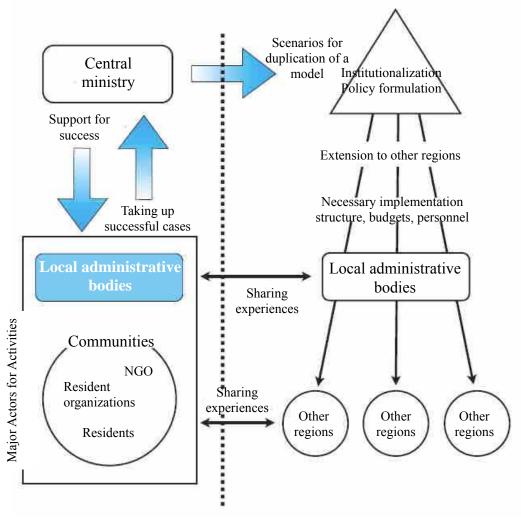


Source: Created by the authors by referring to JICA (2007b)

Fig. 3-17 Case Example of CP for Hub Functions (Example of Training for In-Service Teachers)

For in-service teacher training projects, experts give technical guidance to instructors at agencies that conduct training. As a result, the capacity of the instructors and the implementing agency are strengthened, which in turn raises the quality of the teacher training itself. Conducting better teacher training raises the capacity of in-service teachers to conduct classes and improves the quality of the classes. This is a scenario in which doing this contributes to improving the capacity and performance of the students.

#### 3-4-2 Assessments of CD Support from Communities



Source: Created by the authors

Fig. 3-18 CD Support from Communities

This type is exemplified by regional rural development projects. When it comes to pilot projects, the typical pattern is that they promote rural development in regional areas jointly through local administration, residents, and non-governmental organizations (NGOs). The results of this are then formed into policies and institutionalized by the central government that serve as rural development models, and are then extended to other regions.

#### **Points to Keep in Mind for CA Implementation**

- While JICA's project is generally formulated based on a request from a central ministry, it is actually carried out at the local level. As such, it should be confirmed whether the local administration and community that will implement the pilot project have firm initiative with regard to the project. It is necessary to facilitate their understanding of significance of the project.
- When the actual target of cooperation is a local administrative body, it is closer to local people. Thus it can be more effective to have a collaborative relationship with their community, local organizations and NGOs. To do so, there is a need for assessments of what sorts of norms, organizations, and resources exist in the community as a whole.
- It is necessary to reflect the model project over the system or policies and to replicate it in other regions. To do this, the central ministry must share not only outcomes of the models, but also the process by which they were achieved, and any problems in the actual implementation of the project. It is necessary to assess the capabilities of the central ministry in going through all these, and also explore whether the relationships between central ministry and local administrative bodies are effective to expand the model project. By doing so, realistic scenarios for model extension should be prepared, owing to which resources such as the implementation structure, budget, and personnel that will be needed in the future will come under consideration.
- It is necessary to constantly confirm the roles of model projects within the CD strategies and programs of the developing country as a whole. Whether or not there have been changes in the policy and institutional environment, as well as whether the initial tentative hypothesis for the model is valid or not must also be verified. For this reason, the aim is to broadly share the roles and results of the pilot project through joint reviews with and the mutual participation of not only concerned parties in the developing country, but also other donors working in the same sector.

Table 3-8 What Sorts of Capacities In Whom? (Example of Community Development)

	Comprehensiveness			
◆ Multi-layeredness	Actor	Individual	Organization	Society (Including policies and institutions)
	Central government (macro)	Central ministry officials  • Capabilities for determining regional problems  • Capabilities for resolving actual issues	Central government departments, affiliated institutions  Capabilities for carrying out stable budget acquisition and budget allocation  Capabilities for approaching related organizations, higher ranked organizations, and policy formulators	Government Capabilities for policy formulation and execution Capabilities for budget allocation
	Local municipalities (mezzo)	Local municipality employees Initiative to try to resolve their own problems Capabilities for drafting development plans that involve communities	Local municipality departments     Capabilities for making trial runs with development models and establishing them     Capabilities for approaching the central government	
	Community (micro)	Local residents, NGO employees  • Capabilities for recognizing their own problems  • Will to implement solutions	Resident organizations, NGOs     Capabilities for raising opinions in administrative bodies     Capabilities for gathering residents together	Local society, communities  Regional norms  New moves to revise conventions and accept reforms
•		Major Actors for Activities	Targeted by approaches other than fo	r the activities entity

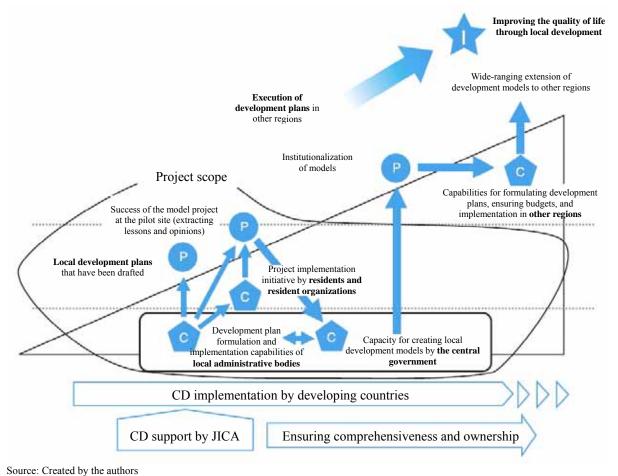
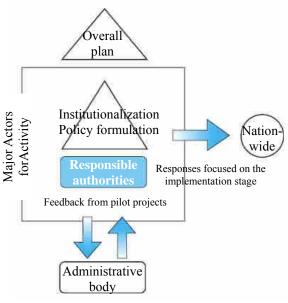


Fig. 3-19 Case Example of CPI for Communities (Example of Community Development)

With this type, local administrative bodies that promote community development serve as the direct cooperation partners (C/P). For this reason, local administrative officials support the capacity to create development plans while sympathizing with the needs of the residents. Consequently, this results in local development plans being formulated, while at the same time it leads to improvements in the capacity of the residents who are involved in community development in cooperation with the local administration. Models for community development are formed in this way. At the same time, it is important that the central government acquires the capacity to replicate model projects and extend them to other regions. This is done by having the central government stay in continuous communication with the local administration during the implementation period for said models in the local region.

#### 3-4-3 Assessments of CD from Policies and Institutions



Source: Created by the authors

Fig. 3-20 CD Support from Policies and Institutions

This type of cooperation is characterized by the fact that it attempts to start by first creating institutions and policies, rather than first strengthening individuals and organizations to gradually improving institutions. Specifically, it starts from dispatching policy advisor-type experts to policy departments, conducting surveys to collect the information needed to create new policies and institutions, and technical cooperation projects designed to conduct joint examinations between Japan and the partner country.

#### **Points to Keep in Mind for CA Implementation**

- This is support that pertains to the bedrock of nation building, which consists of creating policies and institutions at the national level. In light of this fact, stronger ownership on the part of the partner country's government and responsible authorities serves as a major premise when implementing any project. The ownership of the other side should be prudently assessed, and a posture of joint thinking, rather than imposition, should be sought while using Japan's experiences as the basis for this.
- It is important to make the **scope of support** clear in terms of how far the cooperation project's goals extend. Is it just to policy proposals? The adoption of proposals? The execution of the adopted policies? Does it go as far as resolving problems in the execution? Or does it also include parts of the extension work?
- How are the institutions and policies that have been developed into a legal system to be executed and implemented? When doing this, various types of CA will be needed that target the implementation structure, ensuring budgets, local agencies and the private sector, and civil society.
- It is necessary to assess the capacities of various actors involved in the implementation stage to consider the two pillars of institutions and implementation. This includes: What are the current problems in the field? What are the problems that are likely to occur when carrying out the project within the policy and institutional framework of the partner countyr? What steps are needed in order to resolve these problems?
- Since the capabilities of the human resources and organizations which make up policies and institutions are expected to be strengthened, CA is required for the candidate individuals and organizations.

Table 3-9 What Sorts of Capacities In Whom? (Example of Strengthening Policies and Institutions)

		+	Comprehensiveness —	<del></del>
	Actor	Individual	Organization	Society
	Policy level (macro)	Ministry officials  Capabilities for recognizing problems in reality and feeling the need for policies and institutions  Capabilities for drafting policies and institutions	Responsible departments at central ministry, affiliated institutions  Capabilities for carrying out stable budget acquisition and budget allocation  Capabilities for approaching related organizations, higher ranked organizations, and policy formulators	Government • Strong ownership for taking action that recognizes the need for policies and institutions
sequess		Personnel at other agencies  • Ability to learn from models	Other agencies (sector authorities, etc.)  • Capabilities for enforcing institutions and policies	
◆ Multi-layeredness	Authorities (mezzo)	Personnel at the authority  Capabilities for understanding and acting on the need for policies and institutions  Capabilities for focusing on the execution stage and learning from the pilot project	Authorities     Capabilities for enforcing institutions and policies     Structure development, ensuring of budgets, and enforcement capabilities for enforcing institutions and policies	
	Administrative body (mezzo) Pilot	Municipality, local field agency personnel  • Capabilities for understanding the significance of policies and institutions and carrying out projects  • Capabilities for accurately determining current problems and giving feedback	Municipalities, local field agencies  • Implementation capabilities for producing results through policies and institutions	Civil society and the private sector  • Need to raise awareness on participatory development
		Major Actors for Activities	Targeted by approaches other than i	for the activities entity

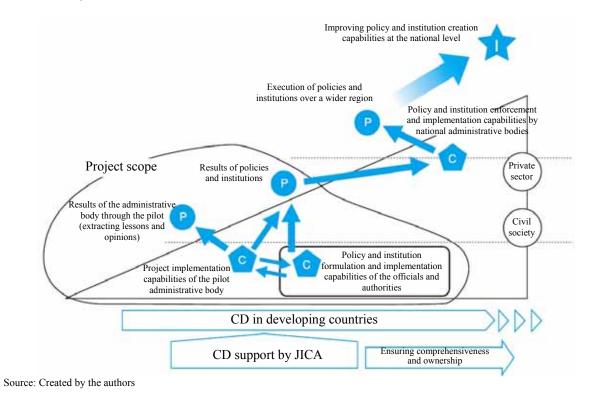


Fig. 3-21 Case Example of CPI for Institutions and Policies (Example of Improving Policy Capabilities)

This type of cooperation first starts by aiming to strengthen the capacities of agencies (mainly the central government) that formulate policies and institutions and of the officials of these agencies. For developing institutions, in some instances pilot projects are implemented in order to implement on a trial basis. These are expected to lead to improvements in the capacity of the agencies that implement the pilot projects, while simultaneously providing feedback on the results and lessons from said pilot project. Then this contributes to building more effective institutions. This forms a scenario in which once the policies and institutions have been formed, the capacities of the agencies that will enforce and implement these policies and institutions in the future are improved to raise the implementation effectiveness of said policies and institutions.

#### 3-5 CA and Indicators

Refer to the technical, core, and enabling environment categories

Refer to the characteristics of capacity

Refer to CPI

Setting indicators through mutual complementarity between quantitative indicators and qualitative observations

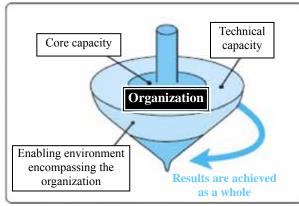
This section will think about how CD indicators should be considered by referring to the points explained thus far. This is designed to look at cross-sectoral issues, and does not present specific indicators that can be immediately applied for individual projects. It is important to clarify the CD stance in terms of improving the situation by developing the capabilities for handling issues (capacity) of the developing countries themselves. It is also vital to take an approach that perceives raising capacity as an important result of cooperation, and to continue to consider how appropriate CD indicators should be discussed among the concerned parties. Moreover, since the indicators are set in conjunction with the social and economic background to the project in question, there is no validity in applying any specific indicators created by various agencies. It is not the goal of the description here to indicate specific, uniform indicators, but rather indicators that should be used as reference in thinking about future individual cases.

When thinking about CD indicators, referring to the description to this point should offer the following perspectives.

- ◆ Perspectives for Considering CD Indicators ◆
- ⇒ Refer to the technical, core, and enabling environment categories
- ⇒ Refer to the characteristics of capacity
- ⇒ Refer to CPI
- ⇒ Consider the setting of indictors through mutual complementarity between quantitative indicators and qualitative observations

#### 3-5-1 Refer to the Technical, Core, and Enabling Environment Categories

One of the perspectives for understanding capacity is to focus on the core capacity (=core area for capabilities for resolving issues by the target organization and individuals) needed to enable technical capacity. Placing the focus on the target organization and analyzing and arranging indicators for technical capacity, core capacity, and the enabling environment makes it possible to set indicators that perceive the three levels of individuals, organizations, and institutions and society from a comprehensive perspective.



Source: Created by the authors

Fig. 3-22 Technical Capacity, Core Capacity, and the Enabling Environment
- With the organization as the base point -

With regard to the setting of indicators in PDM as well, the level of appropriateness of the project design can be noted by taking a look at matters such as: Has a well-balanced focus on these three been achieved? Have the indicators been set with a bias toward technical capacity? Are attempts made to recognize the enabling environment and internalize external conditions? Table 3-10 considers indicators involved in capacity that place the focus on the organization.

Table 3-10 Perspective of Setting Indicators that Places Focus on the Organization

	What changes are known?	Options for measurement methods
Technical capacity	C/Ps' knowledge and skills (Including other agencies)  Knowledge within the organization, presence or absence of information sharing systems and their quality	[Quantitative/qualitative] Hearings with the actual people and concerned parties Presentations by the C/P Observations by concerned parties Self-evaluations Project and organization records
Core capacity	Organization's conduct and way of thinking (Speed and efficiency of decision-making process, degree of implementing decisions, etc.) Organization's various systems (Incentive system, personnel, management institutions, etc.)	[Qualitative] Project and organization records Group interviews Observations by concerned parties Self-evaluations
Enabling environment	Institutional environment, human resources, physical resources, social capital	[Qualitative/quantitative] Literature, materials, and information on the organization
Performance	Emergence of results through the organizational efforts (Supported afforestation activities by farmers, project planning and implementation performance by the organization as a whole, recipients' satisfaction, etc.)	[Quantitative/qualitative] Project records Evaluations by the concerned parties (observers) Interview with the actual people and concerned parties

#### 3-5-2 Refer to the Characteristics of Capacity

Some of the individuals' work attitude or disposition such as motivation, commitment, creativity and awareness toward problems, which are invisible in nature, are difficult to assess in terms of capacities by quantitative indicators. In such cases, it would be better to closely observe the individuals to obtain some sort of quantitative evaluation, according to nature of the capacities which are to be measured, rather than to make quick judgementa at glance.

#### 3-5-3 Refer to CPI

The reason that setting indicators (for capacity) is difficult in CD is because changes in capacity do not connect up to changes in performance right away. Even if capacity has developed and is about to contribute to future performance, this still may not appear as visible results in the present. In such cases, the degree of the progress in CPI, if the model is well understood among the concerned parties, may be taken as a measure to should be understood among the concerned parties, even if it does not appear in the form of visible results. By doing so, changes in capacity should be seen as assurances for future changes in performance.

As this shows, a strategy for CPI is first shared among the concerned parties, and it is likely that even for minor changes in performance these will be adopted as indicators in the form of assurances for future results.

There have been case examples of irrigated agriculture used in the section of CPI model where the participation rate of farmers in irrigation association meetings was used as an indicator leading to future improvements in the quality of irrigation association activities. This sort of indicator may be applicable to other projects working on CD.

# 3-5-4 Setting Indictors through Mutual Complementarity between Quantitative Indicators and Qualitative Observations

The quantitative approach is to make comparison between numerical indicators assigned before project implementation and the outcomes. For instance, by setting an increase in the number of occupational trainees as an indicator to be achieved, it may potentially indicate that efficiency in training couse have been improved, fulfilling demand for increasing human resources through training.

In addition, quantitative approaches also have the following characteristics.

- Surveys can be carried out in a short time period if hypotheses are set
- With a certain level of training in terms of avoiding biases, setting of quantitative indicators can be performed by anyone to some extent.

However, the risk of applying quantitative approaches is that issues related to qualities other than the quantified elements may be eliminated. For this reason, the qualitative approach described next is necessary.

On the other hand, there are two ways of handling qualitative approaches (these are also referred to as qualitative study methods). The first is to convert qualitative content to quantitative indicators and use these, and the other is to handle qualitative content (text data)

as it is. The former of these is a method of quantifying things that cannot inherently be accomplished with numbers through the use of an ordinal scale, such as by expressing satisfaction/dissatisfaction and like/dislike for things like favorability evaluations on a five stage evaluation. The latter of these is a method of using text data based on information like statements by informants through interview records and the observer's records as is and adding in a certain amount of analysis.

In addition, qualitative approaches also have the following characteristics.

- They require a certain degree of close observation of the target, and take time.
- Trained surveyors are required, and the abilities of the surveyors have an enormous impact on the quality of the survey results.

Table 3-11 is a compilation of these points.

Table 3-11 Comparison of Quantitative and Qualitative Approaches

	Quantitative	Qualitative	
Basic approach	Hypothesis verification	Hypothesis creation	
Connection with the target	Cases where the quality of the target is already known	Cases where knowledge of the target's quality is insufficient	
Surveyor	Requires a certain degree of knowledge	Trained surveyors are required, and the quality of the surveyors has an enormous impact on the quality of the survey results	
Time required	A snapshot for understanding the situation at that point in time is fine as long as it can be measured	Surveys and participant observation with some degree of closeness to those targeted are required	

Source: Created by the authors

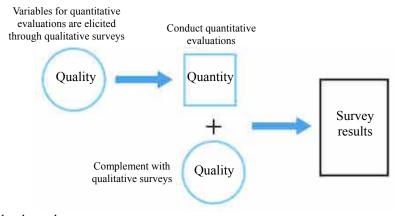


Fig. 3-23 Process of Mutual Complementarity between Quality and Quantity

When the characteristics of the target are not clear, then first grasping an overview of the target through the qualitative approach enables you to set practical indicators for the targets. This is a method of conducting qualitative tasks such as interviews with specific targets and then considering quantitative indicators based on their results. Moreover, conducting additional qualitative surveys as needed while undertaking monitoring through quantitative indicators in this manner makes it possible to improve the indicators and complement the results of quantitative observations. As this shows, it is possible to perceive and evaluate the existence of and changes in the capacity of the CD target from a more multifaceted viewpoint by using quantitative and qualitative data in a mutually complementary manner.

An example of the project management tasks from CD support project formulation and establishment through to its implementation and evaluation is shown as a summary of the explanation thus far (Figure 3-24).

- (1) Analysis of the C/P and organizations are conducted via interviews in the project formulation stage and immediately after the start of the project. Which capacities are required and in whom they are required are listed up and an inventory for assessment items is created by referring to the results of this. This is done by referencing checklists for other similar projects and holding workshops by the concerned parties.
- (2) CA for self-evaluations are conducted based on the inventory from (1), and these are used as the baseline. In addition to these, CA is also conducted for objective evaluations by the concerned parties. The CA results from these two are arranged into tables separately.
- (3) In the implementation stage, monitoring is carried out by using this inventory. What is more, periodic observation records (journals) are created to note down changes in the capacity of the targeted C/P to complement qualitative information.
- (4) For the monitoring and evaluations, the quantitative information from the assessment results based in the inventory is visualized (BOX 3-3 Hexagon Spider Web Diagram, etc.) and summarized. Moreover, qualitative information is also included in the observation records as reference. On top of this, group interviews are conducted on the target group and concerned parties, opinions are exchanged over the quantitative results, and the monitoring (or evaluations) is summarized.

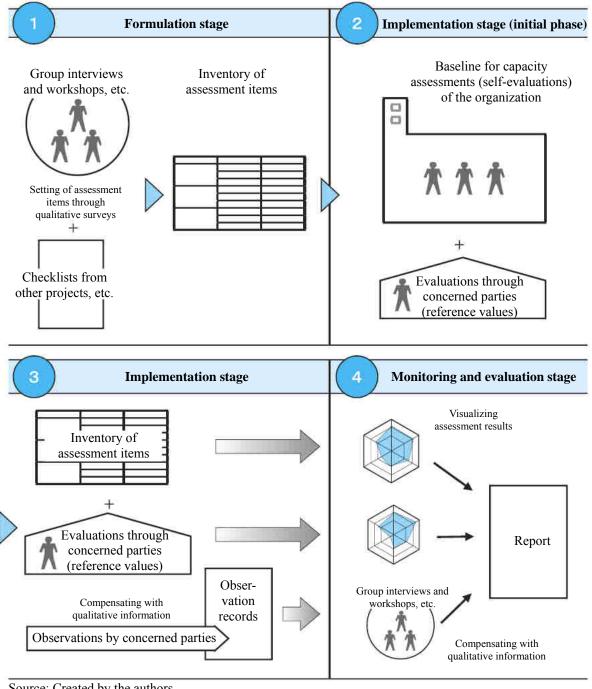
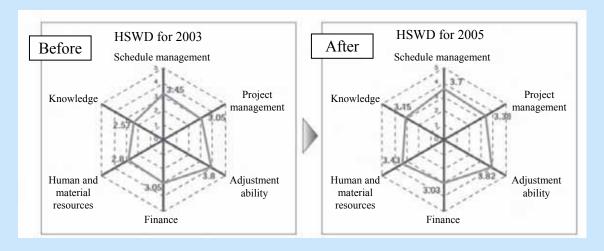


Fig. 3-24 Example of the Process for Monitoring and Evaluation for Setting Indicators

# BOX 3-3 Example of Visualizing Capacity Hexagon Spider Web Diagram (HSWD), etc.

The following diagram is an example of a Hexagon Spider Web Diagram (HSWD) that was used in the Project for Strengthening District Health Services in the Morogoro Region, Tanzania. In this project an attempt was made to set indicators together with the C/P for management abilities, which formed the foundation of the project and were considered qualitative and difficult to catch sight of.

Aside from this, the same project had the goal of creating visible outcomes through working group tasks by the C/P which served as a means for effective transmission, extension, and strengthening the confidence and motivation of the C/P. Owing to this, the costs borne by the other side expanded for project completion, and so a burden of cost sharing was sought. Because the C/P acquired techniques for visualizing changes in its own capacity improvements, ownership took root in the concerned parties, and the resolute stance of having the Japanese side reduce the cost burden of the project was broken through.



Source: Referred to JICA (2008)



## Chapter 4 How is CA Used?

This chapter will touch on points that should be kept in mind to actually use the CA frameworks and tools discussed so far.

It has heretofore been explained how the task of CA is a powerful tool for CD. But if CA or the CD philosophy are not adequately reflected, or if they are promoted as simple procedures, then the functions expected of them as tools will not be fulfilled. Not only that, but this also has the potential to interfere with the ownership of the other side.

We would like to once again reflect back on what constitute modalities for CA through the philosophy of CD for CD supporters, and to consider our own modalities for cooperation.

#### **Main Points for Chapter 4**

#### **■** CA in the CD Support Process

- For CA, the goals of the project in question (trees) and the positioning of the cooperation in question is perceived from the partner country's programs (forest). Cooperation scenarios are then recreated in terms of how to connect these up to the programs of the partner country as a whole through the implementation of the project.
- CA should be used as a dialogue tool for thinking about CD support modalities together.
- Conducting CA functions as the first step for the independent CD of the partner side.
- The CD supporters must have a posture of encouraging independent learning and awareness on the partner side. This is to be done by implementing CD jointly with the partner side to the extent possible and thinking about the CD strategies together.

#### ■ Reexamining Modalities for CD Support Based on CA

- CA is not only for determining capacity and its changes and examining CD strategies. It is also used to revise modalities for CD support on the donor side.
- Making CA implementation and approaches for diverse actors that lead to CD the Terms of Reference (TOR) for experts and consultants can also be examined.
- The operational system of JICA's headquarters to support its overseas offices as well as organizational design for providing aid must also be revised in a flexible manner whenever necessary, and there is a need to reexamine cooperative structures between these offices and headquarters and their affiliated institutions.

#### ■ Orientation for Future Cooperation Projects from the Perspective of CA (For **Raising Problems**)

- It is impossible for a single donor to carry out comprehensive CD and CA. As such, it is argued that the relevant donors should promote CA jointly based on the ownership of the developing country. How should this effectively lead to formulation, monitoring, and evaluation of JICA project?
- In thinking about support for CD by developing countries over the mid to long-term, the side providing support must clarify input strategies and commitments by taking a mid to long-term perspective that is based in the results of CA.

### 4-1 CA in the CD Support Process

CA for comprehensive CD support CA for independent CD by developing countries

#### 4-1-1 CA for Comprehensive CD Support

Items that CD supporters should keep in mind when implementing CA were mentioned in 3-2-3 and 3-5. These include the fact that CA tools and indicators cannot be uniform, but rather must be optimally selected and combined in accordance with the economic and social conditions on the partner's side and for individual cooperation cases. In this sense, this handbook is not a manual which claims that goals can be achieved if assessment is strictly practiced. It is nothing more than a means of providing perspectives for properly assessing capacity to contribute to CD on the partner's side. While specific methodologies are introduced, these are nothing more than examples for reference. In reality, consideration should be provided individually according to the content of the cooperation project (program / project).

The point that is most emphasized in this book for implementing CA is to look at **trees as individual components that make up the forest**. In other words, the outcomes of the project (trees) are not the ultimate goal that are to be achieved, but rather it is essential to think through what the project is expected to contribute to realizing the overall development program (forest) of a partner country. Defining the strategy, even if tentative, is critically important by having such a broad point of view.

On the other hand, CD is a process for improving the mid to long-term capabilities of developing countries for solving their problems. As such, CA is expected to be used as a **communication tool** between the concerned parties in the partner country and the supporters. CD support strategies are hypothetical scenarios outlined at certain points, having mid-to long-term viewpoint. In light of this fact, it is desirable to collaborate with the partner country on how to manage its CD process and revise it, depending on the progress of CD.

#### 4-1-2 CA for Independent CD by Developing Countries

As was mentioned in 3-2-2 and Step 4 of 3-3, through CA, a partner country would be able to understand its strength and weakness, and what it needs to do for solving problems it is facing. Therefore, **CA** is the first step for the independent **CD** of the partner side.

As such, the CD supporters may initially undertake a leadership role according to the partner's situation. However, they must facilitate its learning on the partner side through the cooperative CA process and outlining CD strategies. Doing this enables the partner side (individuals / organizations) to recognize their problems and issues and the necessity and significance of the project, while also making it possible to further raise their incentive and motivation for striving to develop the project.

#### 4-2 Reexamining Modalities for CD Support Based on CA

Reexamining CD support measures Reexamining CD support structures

#### **4-2-1 Reexamining CD Support Measures**

As stated in 1-2-3, the goal of CA is not simply evaluating capacity and its changes and outlining CD strategies, but also to revise CD support modalities of the donor based on the assessment. This is the main significance of having the donor participate in CA. As CA is continuously carried out, the donor may find factors that were not noticed in the beginning. The CD scenarios can change through environmental changes. Through this, the donors are pressed to change the CD support methods which had been designed during project formulation.

Specifically, the activity contents and timing, as well as the resource inputs associated with this are to be revised based on the CA results. It is also necessary to revise the original cooperation scope and reexamine results and their indicators.

#### **4-2-2** Reexamining CD Support Structures

In some cases it will be necessary to reassess more fundamental CD support structures themselves through CA. There is a stage where the CD supporter leads as a facilitator in CA tasks. However, a process of further fostering ownership on the part of the developing country through CA is important so as to gradually have CA be carried out under the leadership of the developing country. But currently such roles for CD supporters in the field for actual JICA projects are not necessarily stipulated clearly within the Terms of Reference (TOR) of experts and consultants. Because of this, in reality such roles are difficult to recognize and there are individual differences in undertaking CA. In order to operationalize CA by donors, CA may be included in such TOR. This, in turn, broadens roles of experts and consultants in fostering ownership on the partner's side that could potentially lead to CD involving various actors.

Just experts and consultants alone could not suffice roles of facilitating CD of the partner. In actuality, support of overseas offices and headquarters are essential to backup the process. Accordingly, cooperative structures must be created between overseas offices, headquarters, and their affiliated institutions. This is to enable the results of CA conducted at various different times to be broadly shared among the concerned parties within JICA, and would allow JICA to revise support strategies in the form of budgets, personnel, and activities as flexibly as possible.

# **4-3** Orientation for Future Cooperation Projects from the Perspective of CA (For Raising Problems)

Potential for Joint CA

Improving the Predictability of Projects Based on CA

#### 4-3-1 Potential for Joint CA

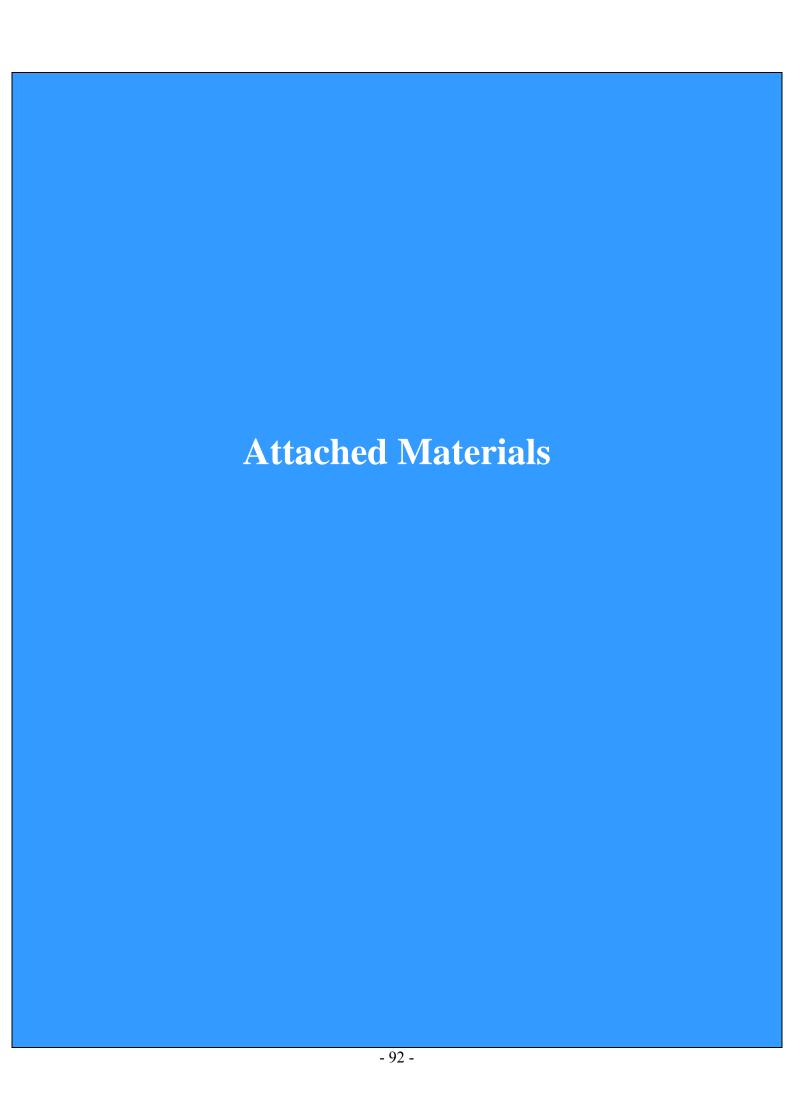
CA is a process to formulate effective CD strategies to achieve goals of comprehensive programs by the partner country. Accordingly, it is not easy to conduct comprehensive CD through just a single donor. As such, the development of a joint CA tool that is based on the ownership of the developing country and premised on jointly promoting CA among donors has been discussed at the Development Assistance Committee (DAC). However, as of yet there have been almost no examples of proposed CA tools that have been jointly developed and practiced by developing countries and donors, and so the implementation of joint CA will be an issue for the future.

If CA were to be implemented jointly between the government of the partner country and related donors, then its scope would not necessarily encompass project base formulation, monitoring, and evaluation. It would most likely be focused more on connections with the overall goals. In this case, how this joint CA should be coordinated with JICA's own project base formulation, monitoring, and evaluation will probably become an issue.

However, not only questioning the merits and demerits of the cooperation project in question as was seen in Step 5 in 3-4, but also thinking about what is to be obtained from a mid to long-term CD perspective on the partner side and what the partner itself will gain from said cooperation, as well as how these are connected, are important points to consider in implementing joint CA.

#### 4-3-2 Improving the Predictability of Projects Based on CA

There is a rising need for a donor to make clear its input strategies on a mid to long-term basis for the sake of mid to long-term CD by the developing country. Specifically, countries are appearing wherein Joint Assistance Strategies are being formulated by donors in a manner that accompanies the development strategies of the partner country. How should plans for JICA Country Program and specific cooperation program plans be linked with such movements? In addition, the extent to which commitments can be made over the mid-term with regard to cooperation content such as specific cooperation projects and the budgetary measures accompanying them poses an issue. Furthermore, with the birth of the new JICA there are increased expectations to work out a mid to long-term support scheme that utilizes aid modalities based on CA, with this including not only technical cooperation but also grant aid and ODA loans.





### **CA Tools**

These materials will introduce various tools that can be utilized when carrying out CA.

## Policy Analysis<sup>1</sup>:Policy Characteristics Questions

These are questions for confirming basic factors regarding the policies that one is trying to enact (or which have already been enacted), including: Through what sort of course were they designed, and in what type of context will they be enacted? What sort of changes are they trying to bring about and for whom?

Below are 10 basic questions, but more detailed questions can be prepared depending on the sector and policy content by considering these as the overriding categories.

Regarding (the enactment of) this policy...

- 1. What does the policy do?
- 2. What is the desired impact of the policy reform; what is it expected to accomplish or facilitate?
- 3. Where did the impetus for the policy come from?
- 4. Who decided the policy, how, and why?
- 5. What is the nature of the benefits, and to whom do they accrue?
- 6. What is the nature of the costs of the policy reform, and who bears them?
- 7. What is the degree and complexity of the changes brought about by the new policy—both for the public and the bureaucracy?
- 8. What is the duration of the policy change process?
- 9. What institutions are involved in implementing the policy?
- 10. How administratively intense or technically complex is the new policy (in and of itself, not including the changes that it brings about)?

<sup>1</sup> Partial changes made to Gustafson and Ingle (1992)

## Policy Analysis: Country Policy and Institutional Assessment (CPIA)<sup>2</sup>

CPIA is a tool for examining which sectors cooperation should be inclined toward in striving to improve the policy and institutional environments in various countries. It has been developed and improved as an evaluation method that serves as the base for the Performance-Based Allocation System (PBA System: for country-specific allocations of aid funds, per capita aid funds are allocated according to how good the policy and institutional environment is (performance)) of the International Development Association (IDA).

The priority level for the improvements can be decided by sharing evaluations on the policy and institutional environments of the country in question between the recipient country and the donor.

Specifically, graded evaluations from one (low) to six (high) are given for a total of 20 items in the four sectors of: economics and management, structural policies, policies for social cohesion and fairness, and public sector management and institutions. The simple average for all of the items serves as the CPIA grade for the country.

#### A. Economics and management

- 1. Inflation and macroeconomic inequality management
- 2. Financial policy
- 3. Public debt (external debt and domestic debt) management
- 4. Development program management and sustainability

### B. Structural policies

- 5. Trade policy and foreign exchange system
- 6. Financial stability
- 7. Financial sector depth, efficiency, and resource mobilization
- 8. Competitive environment for the private sector
- 9. Factor market and product market
- 10. Policies and institutions for environmental sustainability

### C. Policies for social cohesion and fairness

- 11. Gender (gender equality)
- 12. Fairness in the use of public resources
- 13. Formation of human resources
- 14. Social protection and labor
- 15. Supervision and analysis of results and outcomes in terms of poverty

### D. Public sector management and institutions

- 16. Governance based on property rights and rules
- 17. Ouality of budgets and financial management
- 18. Efficiency of revenue mobilization

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<sup>&</sup>lt;sup>2</sup> Reference made to Meguro (2003).

- 19. Quality of administrative agencies
- 20. Transparency, accountability, and corruption in the public sector

The following is a case example from Vietnam.

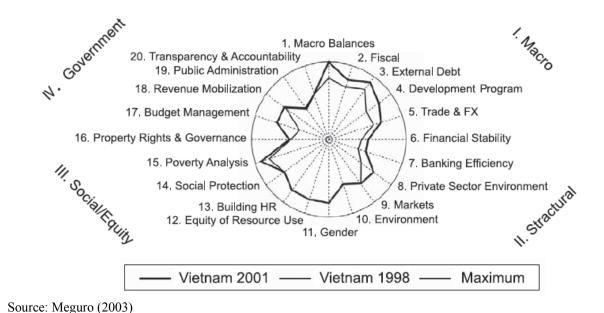


Fig. A1-1 Changes in CPIA in Vietnam from 1998 to 2001

## **Policy Analysis: Policy Environment Mapping3**

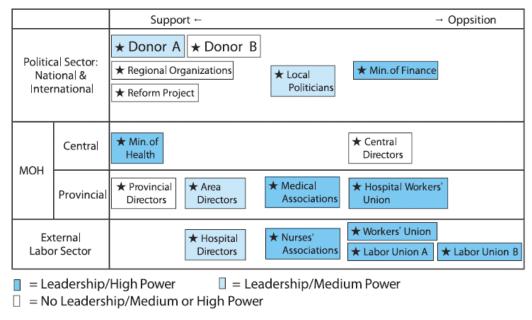
Policy environment mapping is an analysis of the concerned parties that visualizes the degree of impact from and interest of said parties in development issues and policies with special characteristics. It is a tool for clarifying positions of the government and relevant ministries concerning the policy environment, whether they are likely to support or oppose. as well as the forces that support or oppose these actors. It is designed for facilitating common understanding among the concerned parties about how a certain policy is formulated in a particular context.

From the results of the mapping, entry points in a political economy are defined after in terms of what should be worked on.

The horizontal direction of the map is divided into "Support" and "Opposition," and external actors, actors within the congressional structure, administrative agencies, civil groups, interest groups, and so on are allocated according to their current standing (refer to Figure A1-2).

When there are numerous actors, the maps are sometimes divided up vertically as well. Moreover, network diagrams are also created when there is a desire to express complex relationships (refer to Figure 3-5).

<sup>&</sup>lt;sup>3</sup> Crosby (1992)



Source: Schmeer (2000)

Fig. A1-2 Policy Environment Mapping

### **Policy Analysis:** Reform Readiness Analysis: Preliminary Assessments of Borrower Commitment<sup>4</sup>

These are surveys that look at the state of preparedness for the side borrowing World Bank loans. They are questionnaires designed to obtain an overview of matters like understanding and support in the political arena, political feasibility, and the sustainability of reforms when it comes to the developing country's commitment for promoting reforms. Weak spots in the developing country's commitment are elucidated through preliminary surveys, and then more detailed studies are performed via full-scale surveys.

The following are the items in the preliminary survey.

#### A. Political Desirability

This project or conditionality requirement is enthusiastically and publicly supported by all of the members of the political leadership of the country (i.e., all of the political actors [executive, legislative and judicial] whose support is necessary for the project or reform to be accepted).

- 1) No, there is serious opposition to the reforms from several important leaders.
- 2) There is both serious resistance from some and moderate support from other leaders.
- 3) There is both moderate support from some and moderate opposition from other leaders.
- 4) There is moderate support from most important actors and enthusiastic support from a
- 5) Yes, the reforms have universal, enthusiastic support of leaders.

World Bank Website, "Assessing cliants' Commitment to Sectoral Reforms: A Reform Readiness Analysis"

- II. Lack of money and/or technical capacity are the only reasons why this project or conditionality requirement has not been undertaken by this country before now.
  - 1) No, money and/or expertise are not real obstacles.
  - 2) These are minor obstacles, there are other, more important ones.
  - 3) These are important obstacles but there are other, more important ones.
  - 4) These are the major obstacles, but there are other less important ones.
  - 5) Yes, these are the only obstacles to reform.
- III. No members of the political leadership in the country will experience a loss of support if they embrace the project or conditionality requirement.
  - 1) False, all members of the political leadership will lose significant support.
  - 2) Many of the political leaders will lose significant support.
  - 3) Many leaders will lose some support but the extent of the loss is not known.
  - 4) A few leaders will lose some support but it is not likely to be significant.
  - 5) True, none of the political leadership will lose support.
- IV. There has been a significant change in the composition of the political leadership and/or in the level of public pressure that makes the project or reform support much more likely, relative to past years.
  - 1) No, there has been no change in either leadership or public pressure.
  - 2) There have been minor changes in leadership and/or a small increase in public pressure.
  - 3) A few new lower level leadership changes and/or a moderate increase in public pressure.
  - 4) Some new mid-level leadership changes and/or increasingly vocal public pressure.
  - 5) Yes, there has been significant change in critical political leadership and/or dramatically increased public pressure for reform.

### **B.** Political Feasibility

- I. There is no opposition to this project or reform inside of the government (e.g. non-cabinet members of the governing coalition, legislature, judiciary).
  - 1) False, several important parts of these groups are very opposed to the reforms.
  - 2) Many of these groups are very opposed while others are indifferent.
  - 3) Some groups strongly oppose the reform while others are mildly in favor.
  - 4) Some groups strongly oppose while others strongly favor the reform.
  - 5) True, there is no opposition to the reforms.
- II. There is no opposition to this project or reform outside of the government (among labor unions, consumers, user groups, the elderly, others).
  - 1) False, most of these groups are very opposed to the reforms.
  - 2) Many of these groups are very opposed while others are indifferent.
  - 3) Some groups strongly oppose the reform while others are mildly in favor.
  - 4) Some groups strongly oppose while others strongly favor the reform.
  - 5) True, there is no opposition to the reforms.

- III. Opposition to the project outside of the government will not disrupt approval of the project or reform through strikes, other extra-institutional actions.
  - 1) False, opposition actions will be very disruptive.
  - 2) There is a high risk of serious disruption.
  - 3) There is a moderate risk of some disruption.
  - 4) Some groups may try to disrupt the reforms.
  - 5) True, there will not be any disruptions.

### C. Sustainability of Reform

- I. The answers to all of the previous questions are expected to be the same into the foreseeable future.
  - 1) No, the answers will almost definitely change in the near future.
  - 2) It is likely that a significant number of answers will change in the short to medium term
  - 3) Some answers will probably change in the short term and more in the medium term.
  - 4) Few answers will change in the short term but some may in the medium term.
  - 5) Yes, the answers are likely to remain the same in the foreseeable future.
- II. The key govt. actors are expected to remain in office over the life of the project or reform.
  - 1) No, most of the key actors are expected to change in the near future.
  - 2) It is likely that a significant number of actors will change in the short to medium term.
  - 3) Some actors will probably change in the short term and more in the medium term.
  - 4) Few actors will change in the short term but some may in the medium term.
  - 5) Yes, all key actors are expected to be in place throughout the reform.
- III. How easy will it be for future govts. to reverse or not enforce this reform?
  - 1) reversal and non-enforcement would be relatively easy for an incoming govt.
  - 2) reversal will be difficult but non-enforcement will be relatively easy for an incoming govt
  - 3) both reversal and non-enforcement would be opposed but possible
  - 4) reversal would be very difficult and non-enforcement opposed but possible.
  - 5) reversal would be very difficult and non-enforcement would be strongly opposed.

This Assessment was developed by Luke Haggarty (DECRG) and Yasuhiko Matsuda (HDDED)

## Policy Analysis: Administration and Civil Service Assessment (Tool)<sup>5</sup>

The situation for public sector recruitment and human resource management is elucidated in terms of how its organizations and institutions are formally and informally structured through questions from five aspects.

Specific questions on about 20 detailed items have been prepared below each of the following major items. These are used to clarify the areas that should be improved. These consider responses with a set order of priorities, rather than all-around reform measures.

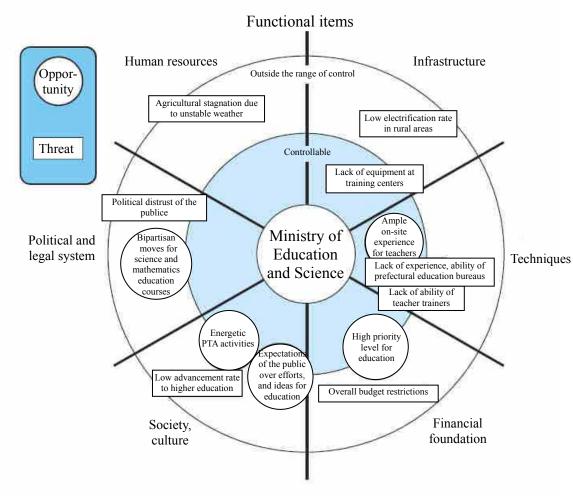
- A. Size of the Public Sector
- B. Architecture of the Public Sector
- C. Personnel Rules
  - 1. Recruitment and promotion
  - 2. Career paths and training
  - 3. Establishment control and pay determination
  - 4. Pension arrangements
  - 5. Individual performance management
  - 6. Enforcement and disciplinary issues
- D. Agency and Sector Issues
  - 1. Accountability and participation
  - 2. Service Standards and performance measurement
  - 3. Alternative service and delivery mechanisms
  - 4. Organizational culture
- E. Common Problems
  - 1. Government employment and wage concerns
  - 2. Patronage
  - 3. Perceived corruption and low public respect
  - 4. Poor responsiveness to changing priorities
  - 5. Difficulties with autonomous agencies
  - 6. Staffing in countries with limited human resources
  - 7. Poor service delivery

<sup>&</sup>lt;sup>5</sup> World Bank Website, "Administration and Civil Service Assessment Tool"

# Situational Analysis: Environmental Scan<sup>6</sup>

Environmental scans offer a systematic overview of the important elements in the environment (external factors) in which organizations, sectors, and programs/projects are situated through mapping. In doing this, major categories are set and the elements are divided into those which can be controlled (approached) to a certain extent, and those which cannot be controlled (true external conditions). By recording whether each of the elements functions as an opportunity or as a threat, the scans serve as SWOT analyses of external factors, and also make it possible to mark down important internal factors.

While it is a simple tool, it is good for broadly determining the environment. What is more, it can also be specialized for use as a risk analysis tool.



Source: Created by the authors by referring to MDF (2005)

Fig. A1-3 Example of an Environmental Scan

<sup>&</sup>lt;sup>6</sup> MDF Tool (2005) http://www.mdf.nl/

## Situational Analysis: Capacities and Vulnerabilities Analysis<sup>7</sup>

In aiming for sustainable development, it is not enough to simply seek out the current problems. It is also essential to perceive the vulnerabilities (weaknesses) that individuals, organizations and communities are exposed to as they encounter different types of situations in the form of future risks, and to explore means for risk reduction.

A look should be taken at questions like: What sorts of weaknesses in oneself will pose a problem for development processes and their results? And what sorts of capacities must be furnished to respond to changes in the environment?

These are considered through a matrix in order to view one's own or an organization's capacities (strengths) and vulnerabilities (weaknesses) in a more multifaceted, participatory way. The vertical matrix items change depending on the awareness of the problem, and in the following example these are considered by dividing them into social, physical, economic, and environmental elements.

Table A1-1 Example of a Capacities and Vulnerabilities Analysis

Sectors	Vulnerabilities	Capacities
Social	occupation of unsafe areas     high density occupation of sites and buildings     lack of mobility     tow perceptions of risk     vulnerable occupations     vulnerable groups and individuals     corruption     lack of education     poverty     lack of VCA     poor management and leadership     lack of disaster planning and preparedness	social capital coping mechanisms adaptive strategies memory of past disasters good governance ethical standards local leadership local NGO's accountability well-developed disaster plans and preparedness
Physical	buildings at risk     unsafe infrastructure     unsafe critical facilities     rapid urbanisation	* physical capital  * resilient buildings and infrastructure that copes with and resists extreme hazard forces
Economic	mono-crop agriculture     non-diversified economy     subsistence economies     indebtedness     relief/welfare dependency	economic capital     secure livelihoods     financial reserves     diversified agriculture and economy
Environmental	deforestation     pollution of ground, water and air     the destruction of natural storm barriers, (such as mangroves)     global climate change	natural environmental capital     the creation of natural barriers to storm action (such as coral reefs)     natural environmental recovery processes, (such as forests recovering from fires)     bio-diversity     responsible natural resource management.

Source: Davis, Haghebaert and Peppiatt (2004)

Davis, Haghebaert and Peppiatt (2004)

# Situational Analysis: Power Distribution Matrix<sup>8</sup>

This determines the progress status for the decentralization of power and responsibility regarding structural elements of governance by using a matrix, while at the same time identifying targets for promoting decentralization for development issues.

In general, it contains the areas of policy making, administration, financing/budgeting, policy implementation, and monitoring. One of the outputs expected through such a task is that the participants understand what decentralization is.

Table A1-2 Power Distribution Matrix

Component	Central Govt.	Regional Govt.	Local Govt.	NGO	CBO/PO
1. Policy making					
guidelines to set guidelines					
guidelines for implementation					
agriculture, etc.					
2. Administration					
hiring/fining					
approval plan of operations					
per sector (if differentiated)					
3. Financing/budgeting					
distribution of lumpsums					
distribution of earmarked funds					
collection of (local) taxes					
revenue collection					
per sector (if differentiated)					
execution of work					
4. Implementation					
priority setting (identification of criteria)					
execution of work					
per sector (if differentiated)					
5. Monitoring					
identification indicators					
per sector (if differentiated)					

Source: SNV Website, "SNV Report on Inventory of Analysis Instruments for Local Governance"

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<sup>&</sup>lt;sup>8</sup> SNV Website, "SNV Report on Inventory of Analysis Instruments for Local Governance"

# Organizational Analysis: Assessment of Institutional Capabilities<sup>9</sup>

This tool figures out factors that lead to achieving CD objectives, identifying the actors and actions that should be connected with this. Based on this, issues like the incentives needed to keep the respective actors involved in a continuous manner are examined.

On the basis of these results a status analysis is performed, and the necessary measures by the CD implementers and CD supporters to fulfill discrepancies between the current state and the desired levels of capabilities are considered. This is a framework that was originally developed by the World Bank.

Table A1-3 Example of Assessments of Institutional Capabilities

CD issue	Perspective	Required results (factors)	Actors	Behavior required of actors	Required capacities	Incentives
	Establishment of the financial foundation	Continuously ensuring budgets	<ul> <li>Ministry of Education and Science</li> <li>Officials</li> </ul>	Budgeting, intra-office coordination, consensus building	<ul> <li>Long-term commitment</li> <li>Relationship management for persuading senior organizations</li> <li>Capabilities for budgeting work</li> </ul>	<ul> <li>Evaluations within the ministry based on results and performance</li> <li>Exhibiting administrative capabilities by improving budget amounts</li> </ul>
			<ul> <li>Provincial education authorities</li> <li>Personnel</li> </ul>	Appeals for validity that draw attention to results	<ul> <li>Management capabilities for objectively evaluating and reporting results</li> <li>Relationship management for persuading the ministry level</li> </ul>	<ul> <li>Brandishing authority by expanding the project scope</li> <li>Evaluations of performance from the ministry level</li> </ul>
Training for in-service teachers		Proper budgeting and execution management	<ul><li>Ministry of Education and Science</li><li>Officials</li></ul>	Budget plan drafting, execution, and monitoring		
			<ul><li>Provincial education authorities</li><li>Personnel</li></ul>	Execution management based on the budget		
	Fostering human resources qualit quant human r	Ensuring the quality and quantity of human resources	Ministry of Education and Science	Establishment of human resource management systems		
		at teacher training centers	Teacher training center			
	Management	Proper allocation, administration, implementation, and management of resources				
		hy referring to DEID				

Source: Created by the authors by referring to DFID (2003)

<sup>&</sup>lt;sup>9</sup> DFID (2003)

### **Organizational Analysis: SWOT Analysis**

While a SWOT analysis is essentially an environmental analysis method, it can be used in a variety of contexts. When analyzing one's own organization and the environments surrounding the organization, it perceives these from the four entry points of strengths, weaknesses, opportunities, and threats, from which strategies and action plans can also be derived.

First, the situation for one's organization is clarified through the four entry points via a Simple SWOT. Next, the responses that should be taken are considered from within a Cross SWOT matrix (refer to Figure A1-4).

SWOT is a simple tool that merely provides a framework. So if simply internal analyses (strengths, weaknesses) and external analyses (opportunities, threats) are conducted then this may result in analyses with omissions and overlaps. It is necessary to prepare the check items for what sort of perspective to perform the analysis from in advance. Here, an internal analysis perspective as seen from the category of "resources" and PEST analysis items are shown (Table A1-4 and Table A1-5).

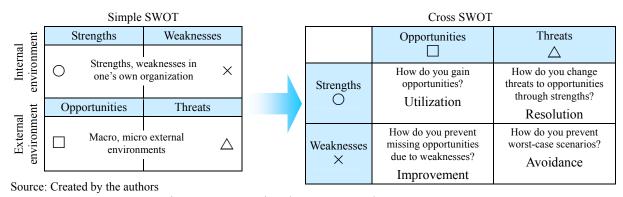


Figure A1-4 Simple SWOT and Cross SWOT

Table A1-4 Internal Analysis – Resource Perspective

Human resources	Financial resources	Natural resources
Social capital	Information resources	Physical resources

Source: Created by the authors

Table A1-5 External Analysis – PEST Perspective

P Politics Political/legal factors	E Economics Economic factors	
Political trends, institution creation, legal	GDP index, economic trends, fluctuations in	
amendments/deregulation, support policies,	exchange rates and interest rates, tax revenue,	
elections	export and import environment	
S Society Social and cultural factors Social/cultural impact, modernization, urban concentration and disparities between urban and rural regions, natural environment, conflict	T Technology Technically innovative factors Appropriate technology, progression of IT, desired technical innovations, potential for entrenching the latest technologies	

Source: Created by the authors

### Organizational Analysis: Discussion-Oriented Organizational Self-Assessment (DOSA)<sup>10</sup>

The results of organizational analyses by an external agency generally have the drawback that, to the extent that they contain negative elements, those involved tend to not want to accept them and do not take seriously the fact that problems exist. Moreover, it is difficult to understand an organization's characteristics through a snapshot-like overview, and so generally organizational analyses for development aid are carried out through a method using self-assessments

It is important to go through a process whereby the concerned parties add in and examine entry points for organizational analyses in a participatory manner. While doing this, they are to refer to general organizational analysis items such as those below with regard to what sort of perspective to conduct evaluations from. By going through such a process, they come to understand what constitutes an organization and to recognize their own weak points. Moreover, with regard to the scores, the standard deviation in the scores of the concerned parties is taken and techniques are introduced for determining how much variance (dispersion) there is between the concerned parties. By doing this, the degree of the problem awareness and approaches for resolving problems will come to vary. The approaches must be kept in mind, particularly in cases where there is a low level of consensus.

### 1. Relationship with external actors

Communication with the concerned parties for the program/project, society in general, policy makers, and the private sector. In the case of NGOs and the like, capacity for managing various channels for ensuring budgets and financial sources is also evaluated.

### 2. Financial resource management

Thoughts and actual action guidelines for balance of payments, budget allocation and execution status, accuracy and practicality of various reports, and procurement efficiency

### 3. Human resource management

Human resource recruitment and allocation, fostering general human resources and management level staff, wage standards, personnel evaluations, providing opportunities for improving expertise, unfair treatment

### 4. Organizational learning

Information flows (flat, vertical directions), quality of work, adherence to timelines, degree of information sharing, supportive measures for improving teamwork, degree of participation in management, productivity of staff meetings

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<sup>&</sup>lt;sup>10</sup> EDC Website, "The DOSA Page"

#### 5. Provision of services

Level of participation by concerned parties in needs analyses, project formulation, project implementation, monitoring and evaluations; effectiveness of monitoring and evaluation systems; whether or not the project implementation aims for sustainable development, appropriate advice for field activities

### 6. Strategic management

Strategies of project and organizational management, whether or not there are specific goals based on the organizational vision, responsiveness to environmental changes, degree to which strategic relationship building is practiced

Just as with the majority of CA tools, the objective is to perceive changes over time and to visualize changes in capacity.

This section introduces Discussion-Oriented Organizational Self-Assessments, which are a participatory style of organizational analysis. It should be sufficiently explained that members who have come to thoroughly know about the organization must have an objective and candid attitude. In addition, for the analysis of one's own organization it is best to have participants from a more crosscutting array of departments, rather than just participation from specific sections.

The DOSA questionnaire can be found in annex be found on the USAID Web site.			OSE Tool nformation a	nd instruction	ons can
The following is a brief example drawn from the questionnaire:	Human Re	esource Mar	nagement se	ction of the	DOSA
Discussion Questions a. When was our most recent staff training? b. How often over the last 12 months have we he	ld staff trai	ning events	?		
Questionnaire items for individual response	Chanal	Discourse	Norther		Chanal
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Discussion Questions a. What are three primary, ongoing functions (e.g.		2 ng and evalu	3 uation, propo	sal writing,	5 resource
Discussion Questions	sion? requisite s	ng and evalu	ation, propo	sal writing,	resource
Discussion Questions a. What are three primary, ongoing functions (e.g mobilization) that we carry out to achieve our mis b. To what extent does staff, as a group, have the c. To what extent is the number of employees cardemands?	sion? requisite s	ng and evalu	ation, propo	sal writing,	resource
Discussion Questions a. What are three primary, ongoing functions (e.g mobilization) that we carry out to achieve our mis b. To what extent does staff, as a group, have the c. To what extent is the number of employees cardemands?  Questionnaire items for individual response	sion? requisite s rying out the	ng and evalu skills to carry nese function	y out these fi	sal writing, unctions? urate with v	resource work Strongly
a. What are three primary, ongoing functions (e.g mobilization) that we carry out to achieve our mis b. To what extent does staff, as a group, have the c. To what extent is the number of employees cardemands?  Questionnaire items for individual response  2. We have the appropriate staff skills to achieve	sion? requisite s rying out the Strongly disagree	ng and evalues in the skills to carry nese function disagree	y out these fins commens	sal writing, unctions? urate with v	resource work Strongly agree

Source: Lessik and Michener (2000)

Fig. A1-5 DOSA Example

# Strategy Drafting: Balanced Scorecard $(BSC)^{11}$

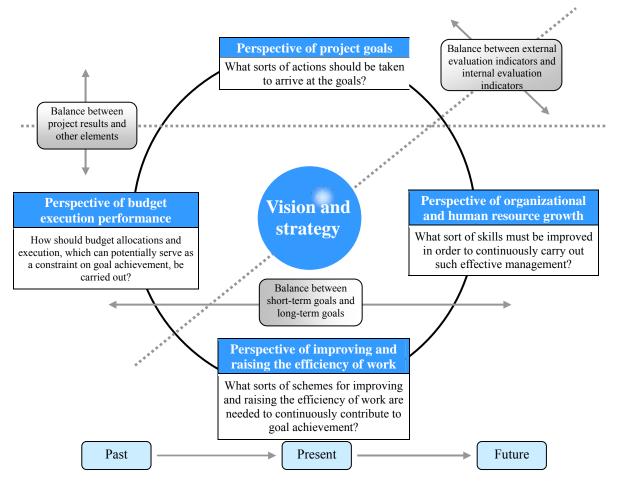
The Balanced Scorecard (BSC) was originally a performance evaluation system for companies. It is a tool for conducting complex evaluations, which include external evaluations and internal evaluations, short-term perspectives and long-term perspectives, and financial and nonfinancial aspects. For this it makes use of four perspectives; a financial perspective, customer perspective, internal process perspective, and learning and growth perspective.

In recent years it has begun to be incorporated into administrative bodies on an experimental basis, and administrative management that makes use of the BSC concept has also begun to arise.

One of the reasons that administrative bodies are focusing on BSC is that it uses balanced indicators that narrow in on four perspectives. As was previously mentioned, administrative bodies are forced to expend enormous amounts of energy in using numerous indicators in their performance evaluations. By organizing the using four simple perspectives in a structural manner, BSC makes it simple to control the work and also enable communication with the residents. However, when applying these to administrative bodies it is necessary to skillfully rearrange the four perspectives. Figure A1-6 is an example that was set for development aid. Specifically, it considers the "Customer Perspective" to be the goal terminus point, and the "Financial Perspective" as constraints, and arranges it so that both of these preserve their balance between efficiency and effectiveness and fiscal leeway.

With BSC, short-term perspectives and long-term perspectives are combined together. For this reason, this allows the implementing organization to grasp its organizational behavior, and indicate the sorts of values that the human resources who are to be set in place must have for evaluating the project goal and for the overall goal.

<sup>11</sup> EDC Website", The DOSA Page"



Source: Created by the authors by referring to Kaplan and Norton (2004)

Fig. A1-6 Example of BSC for Development Aid

# Concerned Party Analysis: Wants/Able Analysis<sup>12</sup>

There may be a case that a developing country gives up reforms due to lack of resources, despite its willingness and capabilities to pursue. But rather than doing nothing in such cases, it is essential that they seek out what they can do on their own and turn small outcomes into reform trends. It is also important to take a fresh look at what an individual as a part of the organization can do at present within the range of his or her responsibility in order to effectively use the resources the organization have been given.

The objectives of a Wants/Able Analysis are to enumerate "able" for what can be done within the range of responsibility based on "wants" at the individual level. It also aims to create short-term action plans for the tasks that one has been given, and to accumulate practice so as to become capable of shouldering greater responsibility.

While it is an extremely simple tool, it is also a practical one in terms of producing specific action plans.

- Enumerating "Wants" (more than 15 items given)
  - What is the problem?
  - What would you like to change?
- Enumerating "Able"
  - What can be done within one's own range of responsibility?
  - What can be done in collaboration and jointly with colleagues, bosses, decision makers, and other concerned parties?
- Creating action plans
  - What can be done for the problem?
  - What can be done for improvements and reforms?
  - What sorts of things should be accomplished and by when?

<sup>&</sup>lt;sup>12</sup> Material by Mitsuo Yoshido, International Cooperation Expert, JICA

# Concerned Party Analysis: Stakeholder Analysis<sup>13</sup>

Stakeholders refer to all of the people and organizations that affect and are affected by the program/project either directly or indirectly. This tool allows you to understand the degree of importance of the stakeholders for the program/project depending on how much interest and influence they have, manage relationships with them, and determine the actions needed to mitigate risks.

Stakeholder analysis is the tool that forms the foundation for all other analyses. For external agencies, by collaborately working with the concerned parties of the partner country, it is an important tool that allows the former to examine the degree of understanding of the latter regarding various relationships among stakeholders.

For the stakeholder analysis, the concerned party analysis methods and processes vary according to the purpose, including some that use Venn diagrams and some that use matrices. The three basic processes will be described here.

### 1. Identify the stakeholders

First, enumerate all of the stakeholders, while simultaneously identifying what types of stakeholders there are in which sorts of fields, such as by dividing them up by categories. In doing so, there will be comparatively few omissions if you examine them by dividing them into primary stakeholders, who are likely to be affected by the program/project, secondary stakeholders, who will have an affect on the project, and other external stakeholders.

### 2. Analyze the stakeholders' influence and degree of interest in a specific issue

Consider who has an interest in the program/project and from what perspective, as well as the strength of their level of interest and the impact they could have on the program/project. Think about these by broadly classifying them into roughly four quadrants.

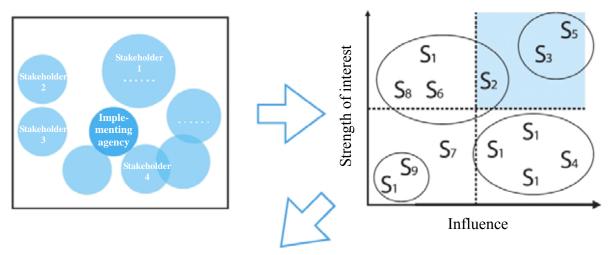
### 3. Analyze the risks and examine responses

Once again examine whether the building of relationships with indispensable stakeholders who have a direct relationship with the program/project has been satisfactory. From a risk analysis standpoint, attention should also be paid to stakeholders who have little interest in the program/project but enormous influence on it, as well as those who are seemingly unimportant to the program/project, but who will have enormous influence via their actions.

<sup>&</sup>lt;sup>13</sup> Reference made to Schmeer (1999), etc.

### Identify the stakeholders

## Analyze their influence and interest



Source: Created by the authors

Fig. A1-7 Flow of Stakeholder Analysis

Table A1-6 Risk Analysis and Examination of Responses through Stakeholder Analyses

Stakeholder	Degree of influence	Degree of interest	Risks and responses
S1	+++		There is the possibility that the information for decision making to carry on with the project is insufficient. Take every opportunity to draw attention to the results of the program/project.
S2	++	++	Continue with ongoing exchanges of information, and conduct examinations for creating cooperative institutions.
S3			Be sure to not miss sending out information at milestones.

Source: Created by the authors by referring to Schmeer (1999), etc.

# Concerned Party Analysis: Collaboration Matrix<sup>14</sup>

The collaboration matrix is one type of stakeholder analysis. In aiming for mutual understanding with organizations that have the potential for collaboration, the organization's mutual strengths, interests, and mandates are confirmed, and the need for and possibility of collaboration is examined. At the same time, it is also a tool for confirming points to keep in mind when forming partnerships.

While it generally is for examining collaborations between two organizations, it can also be applied to analyses of multiple relationships of mutual collaboration.

### <<Steps>>

- 1. Set the collaboration assessment items (Example: joint service provision for the target group, mutual exchange of services by organizations, exchange of information, etc.)
- 2. Search for binding factors and unbinding factors
- 3. Assess the impacts from the abovementioned binding factors and unbinding factors
- 4. Examine opportunities for collaboration
- 5. Analyze any risks and threats that are likely to be caused by collaboration

Table A1-7 Example of a Collaboration Matrix for Collaboration Between Two Organizations

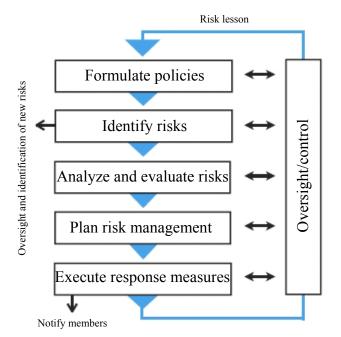
Type of collaboration	Binding factors	Impact assessn	ment	Unbinding factors
Periodic exchanges of information and opinions	Overlap with the target area	<==== =>		Differences in development approaches
Implementation of joint programs and joint projects	Largely identical specialty areas	<== ===	==>	Differences in organizational culture and formal procedures

Source: Created by the authors by referring to the SNV Website, "SNV Report on Inventory of Analysis Instruments for Local Governance"

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<sup>&</sup>lt;sup>14</sup> FAO (2006)

# Risk Analysis: Risk Analysis<sup>15</sup>



Risk is comprised of outcomes which are expected to hinder the attainment of the goals of the project/program, the probability that they will occur, and the degree of their impact.

The risk analysis procedures are as follows.

### << Risk Management Procedures>>

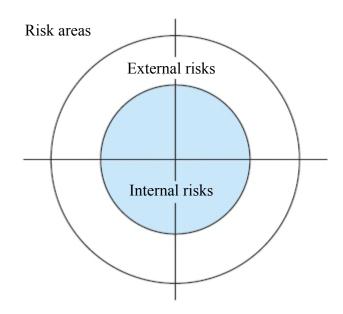
#### **■** Formulate Policies

Formulating policies refers to determining the categories for data sources, responsibility clarification, RM costs, timing, and risks.

Source: Created by the authors by referring to the Project Management Association of Japan (PMAJ) (2007)

Fig. A1-8 Risk Analysis Procedures

### **■ Identify Risks**



When it comes to risks, there are "internal risks" that can be controlled by the project/program, and "external risks" which consist of outside factors. What a risk is like varies significantly according to the conditions in the developing country and the sector. As such, the overall whole is broadly determined by using a framework like the one in Figure A1-9, on top of which basic information (information policies. institutions, social environments, projects) past for identifying risks is collected. Based on this, the risks are clarified through the use of the methods such as follows.

Source: Created by the authors by referring to the PMAJ (2007)

Fig. A1-9 Identify Risks

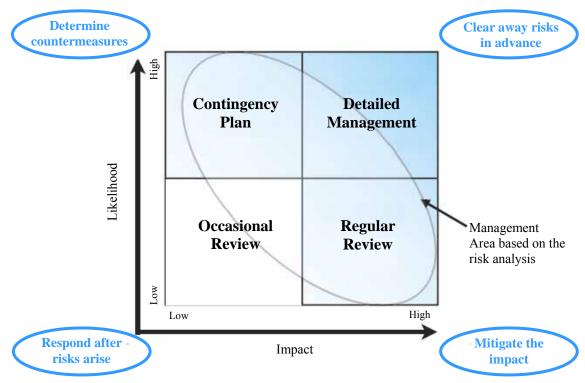
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<sup>&</sup>lt;sup>15</sup> Project Management Association of Japan (PMAJ)

- 6W1H method (adds "to Whom" to 5W1H)
- Brainstorming methods
- Tree method (problem trees, etc.)
- Interviews with experts
- Reviews of various different literature and materials

In the case of JICA projects, while there is a comparatively slim range for risk compared to those for businesses and these are narrowed down to specific problems, risks that are unique to development aid do exist. The knowledge accumulated on-site and the lessons from similar projects in the past are accumulated into checklists.

### ■ Analyze and Evaluate Risks



Source: Created by the authors by referring to the PMAJ (2007)

Fig. A1-10 Analyze and Evaluate Risks

The likelihood and impact of risk are evaluated, and response measures are examined. Such examinations exclude two areas: the area that should be cleared up prior to project implementation, and a section for which responses are examined after the risk arises (Figure A1-10).

- For analyses and evaluations, it is common to decide types of response by considering possible impact and likelihood of the risk
- Risks with a high likelihood and a large impact should be cleared away in advance or the project should be abandoned

- Risks with a low likelihood and a minor impact can be responded to after they occur
- Aside from these, there is also risk management which conducts management by considering response plans

### **■** Respond to Risks

For responding to risks, there are plans like avoidance, mitigation, dispersion, and imputation. None of these are able to indicate general response measures for development aid and other forms of public management on account of the fact that the circumstances vary enormously depending on the project.

### • Basics of risk response

Avoidance Clearing away risk factors. Change the scope, pull out

Mitigation Minimizing the likelihood of risk or its undesirable outcomes. Training,

active prevention, avoiding new technologies

Dispersion Increasing the bearers of risk and sharing the impact with others

Imputation Imputing responsibility to third parties through contracts and the like

• Finances that are prepared in case risks materialize are called risk finances

Transfer Transferring specific risks to third parties by paying expenses, mostly in

a form of insurance.

Retaining one's own risks on the premise of a certain degree of response

measures. Contingencies (hazard prevention costs), etc.

# **CA of Other Donors**

Trends by Other Donors for Capacity Assessment (CA)

## 1. Characteristics of the CD and CA Techniques of Aid Agencies

The characteristics of the CD and CA techniques of aid agencies can be organized as follows.

Table A2-1 Characteristics of the CD and CA Techniques of Aid Agencies

Organization	Characteristics of CD	Characteristics of CA Techniques
WB	Establishes reform processes at the governance level and country level, and CD frameworks at the sector level. Since it is a financing institution, at the governance level, assessments are carried out from a risk analysis perspective when providing financing on whether or not it should be provided.	Covers CA at the governance level, sector level, and so on. Establishes frameworks for governance assessments of countries at the governance level. Also has case examples of CA for organizations at the sector level.
ADB	Establishes a framework for assessments at the governance level. Also stresses results-based management (RBM), and lays emphasis on improving the capacity of organizations in order to implement RBM.	Establishes frameworks for governance assessments of countries at the governance level. In addition, it has adopted tools for measuring capacity improvements in government agencies in order to implement RBM.
IDB	Creates frameworks for governance indicators and organizational assessments, but no literature was so far found with mention of the CD cycle and process.	At the governance level, it constructed a database called DataGob which allows visitors to browse approximately 400 governance indicators over the Web. These indicators were created by referring to 30 indicators issued by international agencies, NGOs, and private companies.  Recommends implementing assessments at the organizational / institutional level by placing the focus on organizations and analyzing the relationships between external environments and the organization's incentives, motivation, and performance.
UNDP	Advocates CD at the level of positive policy and institutional environments, organizations, and individuals. But since CD for individuals is included in CD for organizations, its main targets for support are institutional and organizational aspects. Issues CD guidelines which define the CD process.	Sets CA frameworks through three-dimensional items, and designs it so that CA is performed via a multi-faceted perspective. Utilizes matrix techniques since the focus is essentially placed on quality for CA. Considers it necessary to classify items that deal with linear and quantitative aspects, such as needs assessments.
EC	Consider improving organizational performance as a major goal of CD, and undertake organizational and institutional analyses based on this idea.	Perceives organizations as open systems and implements external environment and internal analyses. Analyzes how external environments have an imapet on the organization, and adopts techniques for examining CD options for organizations and institutions.
ECDPM	Implements studies concerning monitoring and evaluation for CD and capacity. Interested in points such as: Have capacity improvements occurred through the development project? What sorts of reforms have occurred as a result of this? Has the performance of the organization improved?	Adopts a systems thinking approach, and implements assessments with the focus placed on CD process monitoring and evaluation. The assessment items are similar to those of other aid agencies.
USAID	No literature that summarizes the concept of CD was so far found, but there is always a recognition for improving the capacity of the partner country through USAID projects. Research related to organizational and institutional analyses is performed in collaboration with NGOs and universities.	No literature introducing CA tools was so far found, but since the 1990s the TPIS Series and technical notes, which compile tools such as stakeholder analyses, institutional analyses, and organizational analyses, have been issued to program managers, and these are made correspond to program drafting and capacity improvement.

Organization	Characteristics of CD	Characteristics of CA Techniques
DFID	Perceives the objectives of CD as being to strengthen organizations and improve the quality of the services produced by organizations.	Perceives organizations as open systems and implements external environment and internal analyses. Analyzes how external environments such as institutions have an impact on an organization, and adopts techniques for examining CD options for organizations and institutions.
GTZ	Established the Capacity Building Needs Assessments (CBNA) method as a means of supporting decentralization in Indonesia. Defines the CB cycle and roles of assessment within project/programs.	Conducts assessments targeting capacity at the three levels of systems (institutions), organizations, and individuals, and encourages CA at these three levels. Has arranged analytical tools and the like which can be used in the preparation and analysis phases, but specifically which capacities are to be analyzed has not been set. A set of standard questions are customized to the state of capacity building of the local government in Indonesia.
Sida	Perceives CD as the core of strengthening organizations, and thinks that improving organizational performance (output) leads to achieving development goals.	Focusing on strengthening organizations, it recommends implementing CA through organizational analyses, taking into account of possible effects that institutions have on organizations. It states that an emphasis should be placed on the effectiveness of development projects, and that indicators should be set so as to preserve consistency between the CD process and log frame approach.
DANIDA	Perceives CD as the core of strengthening organizations, and thinks that improving organizational performance (output) leads to achieving development goals.	The CA framework is basically the same as the EC open system analysis model, but the target of the analysis is the organization. Emphasizes M&E for CD, and places emphasis on reviewing whether DANIDA's support is effective and what items can be improved.

Source: Created by the authors

### 2. CA Frameworks of Other Donors

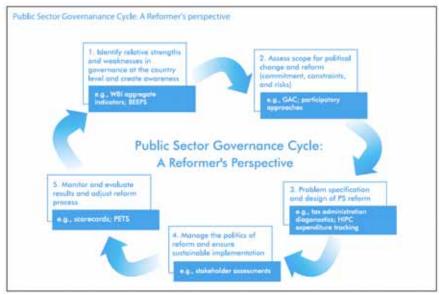
The capacities that donors focus on vary depending on the nature of the aid agencies, and whether or not the capital assistance and the technical cooperation level are relatively large. These can largely be divided into two types: (1) **Governance level CA frameworks** that aim to improve capacity at the country level, and (2) **CA frameworks that aim to improve the capacities of institutions and organizations**.

Of the three levels of social systems and institutions, organizations, and individuals, aid agencies are likely to consider improving the capacity of individuals contribute to improve the capacity of organizations. Because of this, they tend to focus on organizational capacity as a whole. For example, DFID (2003), Sida (2005), Boesen et. al. (2002), and others mention giving consideration to improving individual capacity by placing the focus on organizations and using their frameworks.

### (1) CA Framework at the Governance Level

Making the governance level the target of CD is a case of making the national and local governments and administrative organizations the target of CA. For CA at the governance level, while the assessment items vary depending on which sorts of aspects of governance are focused on, each of the aid agencies covers areas that are largely identical. Assessment items related to governance are primarily used by organizations that provide loans, such as the World Bank (WB) and Asian Development Bank (ADB). But governance assessments are also implemented by the United Nations Development Programme (UNDP), which provides governance support, as well as some bilateral aid agencies.

### **Governance Assessments: Governance Assessments by the World Bank**



Source: Wilhelm and Kushnarova (2004)

Fig. A2-1 The World Bank's Public Sector Governance Reform Cycle

The objective of the World Bank's Public Sector Governance Reform Cycle and its tools is to assist users in understanding the essence and root cause of governance problems and constraints on capacity, and in drafting strategies to address these. This cycle was proposed on the recognition that the scale of the impact had on policy debates and capacity building depend on the needs, openness, level of participation, and transparency of the borrowing country. It also came from the recognition that it is important to monitor the progress of implementation of reforms towards the goal of reducing poverty, rather than concluding with a diagnosis of governance.<sup>16</sup> The framework of the Public Sector Governance Reform Cycle is a governance cycle for conducting self renewal. It is composed of five phases as indicated in Figure A2-1.

- Phase 1: Identify strengths and weaknesses in governance and raise awareness.
- Phase 2: Assess the scope for political change and reform (commitment, constraints, and risks).
- Phase 3: Specify problems and design reforms.
- Phase 4: Manage the politics of reforms and ensure sustainable implementation.
- Phase 5: Monitor and evaluate results and adjust the reform process.

### **Governance Assessments: ADB's Governance Assessment**

The ADB has implemented Country Governance Assessments (CGA) since 1997 to systematically assess the quality of governance in its developing member countries, thereby strengthening the link between the quality of governance and the level and content of aid. Assessments of governance have the two objectives of: (1) Being used for formulating Country Strategy and Programs (CSP) and for addressing governance issues through the CSP, and (2) Making the target levels and sectors for the ADB's support thoroughly known to the ADB members. For the CGA's assessment framework, it is presumed that assessments of the country's governance will be performed based on the quality of particular governing institutions, and a certain set of appraisal items is created accordingly.

Table A2-2 Basic Framework for CGA

- (i) Administration
  - (a) Governing institutions
  - (b) Civil services
  - (c) Local municipalities
- (ii) Financial management
  - (a) Revenue management
  - (b) Public expenditures management
  - (c) Accounting
  - (d) Accounting audits
  - (e) Fiscal relations between governments
  - (f) Measures to eliminate corruption

- (iii) Legal and regulatory frameworks
- (iv) Legal and judicial system
- (v) Civil society and governance
  - (a) Freedom of election
  - (b) Freedom of speech
  - (c) Organizational structure

1.6

Source: ADB (2001)

<sup>&</sup>lt;sup>16</sup> Wilhelm and Kushnarova (2004)

ADB Website, "Country Governance Assessments" http://www.adb.org/Governance/gov\_cga.asp

<sup>&</sup>lt;sup>18</sup> ADB (2003)

### (2) CA Frameworks at the Institutional and Organizational Level

CA frameworks at the institutional and organizational level are in widespread use among international agencies like the WB, Inter-American Development Bank (IDB), UNDP, and European Union (EU). They are also widely used by bilateral donors who provide technical cooperation such as the Swedish International Development Cooperation Agency (Sida), Denmark International Development Assistance (DANIDA), and US Agency for International Development (USAID). If you were to further break down these approaches into types by this CA framework, they could be classified as follows: (1) Open systems approach, (2) Three-dimensional approach, (3) Systems thinking approach, (4) Approaches linked to results-based management (RBM), and (5) Others. The aid agencies which have adopted these respective approaches are shown below.

Table A2-3 List of CA Approaches by Donors

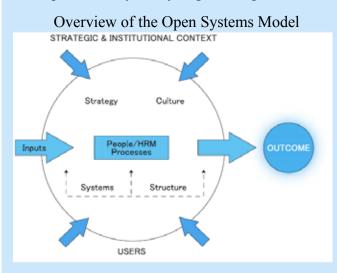
Open systems approach	IDB, EC, DANIDA, Sida, DFID
Three-dimensional approach	UNDP
Systems thinking approach	ECDPM
Approaches linked to results-based management	ADB
Others	GTZ-SfDM

Source: Created by the authors

### **BOX A2-1** Open Systems Model

The open systems approach does not just view an organization by its constituent elements of people, goods, money, and information. Rather, this model sees organizations of all sorts (stand-along organizations or networks of organizations) as "open systems" that come about through the reciprocal relations

and mutual interdependence with the various elements surrounding them. It not only analyzes the organization's internal aspects, but also provides perspectives for comprehensively analyzing the organization's interactive properties with the society,



policy environment, and institutions within which the organization is situated. This approach analyzes the external environments surrounding the organization (policy and institutional environment, general environment, stakeholders, etc.) and the outcomes produced by the organization's activities (impacts). It also analyzes external impacts that environments have the on organization's internal elements in the form of its strategies and organizational culture.

Source: DFID (2003)

### Open Systems Approach: The IDB's CA Framework

### Overview

The IDB considers economic and social reforms necessary for effective support, and says that organizations need to change their behavioral patterns in order to achieve these. <sup>19</sup> It states that it views an organization as the focus for receiving CD support and implements organizational CA in order to thereby examine in which sectors and functions it should invest for effectively improving organizational performance.

### **Assessment Items**

The IDB's organization assessment framework can be classified as follows into the four categories of: (1) Organizational environment, (2) Organizational capacity, (3) Organizational motivation, and (4) Organizational performance.

Table A2-4 The IDB's Organizational Assessment Items

Org	Organizational environment				
1.	Administration				
2.	Policies	The items listed at left are major aspects for analyzing environmental			
3.	Society/culture	factors, and conceivably it would be possible to replace them with other items or add others on. Those items are analyzed from the three points of:			
4.	Economy	(1) Formal regulations, (2) Institutional climate, and (3) Capabilities.			
5.	Stakeholder				

Org	Organizational Capacity		
1.	Leadership	Leadership, strategic planning, niche management	
2.	Organizational structure	Governance structure, management structure	
3.	Human resources	Planning, personnel allocations, human resource development, rewards system, interpersonal relations	
4.	Financial management	Financial planning, responsibility for finances, accounting reports, accounting system	
5.	Infrastructure	Facilities management, technology management	
6.	Program service management	Program and project design, implementation, monitoring, and evaluation	
7.	Process management	Problem solving, decision making, communication, monitoring, evaluation	
8.	Networks with other organizations	Planning, implementing, and monitoring partnerships with other organizations	

<sup>&</sup>lt;sup>19</sup> IDRC/IDB (2002)

Org	ganizational Motivation	
1.	History	Understands organizational competencies, characteristics and lifecycle, by examining the organization's history.
2.	Mission/vision	Assesses the degree to which an organization's official mission statement is understood by its members and stakeholders, and whether or not it is consistent with those stakeholders' view. This facilitates better understanding on the organization's unique attributes and analyze whether these have any effects on its organizational performance.
3.	Organizational culture	Determines the characteristics of corporate culture and assesses the ways in which this affects organizational motivation and ultimately organizational performance.
4.	Incentives	Determines an incentive mechanism of the organization to function effectively (incentive structure). For example, in the case of public bodies this would be the provision of services to residents, and for NPOs confidence in public trust on their contributions in the society. When assessing incentives, an attention needs to be paid to whether they involve economic or noneconomic rewards and punishments.

Org	Organizational Performance		
1.	Effectiveness	Assesses the extent to which performance of the organization is fulfilling its goals. For example, assessment items could be listed which include the degree of goal achievement, service/product quality, access to and usage of services, and the program/service/customer coverage rate. Assessment items for effectiveness will vary depending on the organization.	
2.	Efficiency	Efficiency is measured by the proportion of inputs to outputs, but it is difficult for nonprofit organizations to measure their outputs. As such, the IDB recommends searching for indicators that can measure service quality as much as possible.	
3.	Validity	Assesses whether or not the residents receiving services are satisfied. In other words, it verifies whether the organizational performance proves any validity to the stakeholders (same perspective as customer satisfaction offered by private enterprises).	
4.	Financial feasibility	Assesses the soundness of the organization's finance.	

Source: IDRC/IDB (2002)

<sup>\*</sup>Applicable reference indicators have been listed in these materials regarding the four items listed above.



Fig. A2-2 The IDB's Organizational Assessment Framework

#### **CA Tools**

In IDB/IDRC (2002), there are no recommendations concerning the use of specific CA tools, all that is mentioned are considered as points to keep in mind when collecting data. Management tools for practicing self-assessments and collections of sample questions for staff members and donors are listed in Enhancing Organizational Performance: A Toolbook for Self-Assessment, <sup>20</sup> which is issued by the IDRC.

### Open Systems Approach: The EC's CA Framework

#### Overview

The EC defines CD as "the process whereby people and organizations create and strengthen their own capacity over many years," and applies a concept of CD particularly on organizations. It points to its tendency to set the target for analysis not on individual organizations alone, but rather on networks of organizations (for example, when the agricultural sector is the target of support, farmer's associations, financial institutions, sales organizations, and so on are included as well), through the advancement of the program approach.

#### **Assessment Items**

Analyzing CA by incorporating the open systems model is divided into two stages: (1) View the organization as an open system and analyze the environments surrounding the organization and the organization's internal aspects. (2) Perform an analysis of the organization's "internal aspects" and "external aspects" via a matrix of the "functional-rational dimension" and "political dimension."

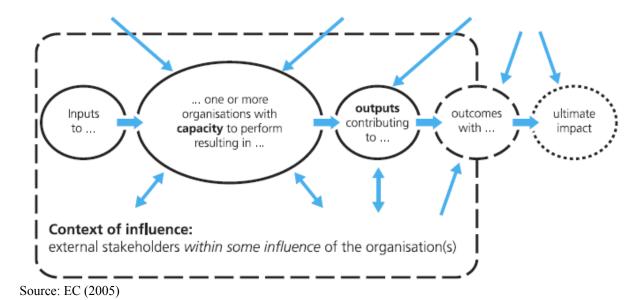


Fig. A2-3 Conceptual Diagram of the EC's Open Systems Model

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<sup>&</sup>lt;sup>20</sup> Lusthasu, Adrien, Anderson and Cardern. (1999)

<sup>&</sup>lt;sup>21</sup> EC (2005)

- (1) View the organization as an open system and analyze the capacity within the environments surrounding the organization and the organization's internal aspects.
  - Step 1: Determine the organization or network of organizations that will serve as the target for analysis
  - Step 2: Analyze the products and services generated by the organization (or the network of organizations) and performance of the organization
  - Step 3: Analyze the organization's external environment (stakeholders, policies, etc.)
  - Step 4: Analyze the organization's inputs and resources
  - Step 5: Six analysis items for the organization's internal aspects, which analyze the organization's internal aspects and the networks that it maintains, are shown in Table A2-5.

Table A2-5 Organization's Internal Items Analyzed via the Five Steps (Six Box Model)

Items	Specific questions and detailed items
Strategy	Are missions, goals, and strategies clear and can they be agreed upon? Are they commensurate with the inputs and environments?
Leadership	Are there staff members keeping a balance within the organization?
Internal relationships	Are there positive relationships between superiors and subordinates, males and females, colleagues, and divisions, or are there conflicts?
Organizational structure	How is the work allocated?
Rewards system	Are there incentives for fulfilling key functions?
Mechanisms	Are internal controls and coordination appropriate (for planning, budget management, accounting management, monitoring, etc.)?

Source: EC (2005)

(2) Perform an analysis of the organization's "internal aspects" and "external aspects" via a matrix of the "functional-rational dimension" and "political dimension."

Using the results from 1) above, analyze each of the four areas in the matrix in the following diagram.

The two points of the "functional-rational dimension" and "political dimension" are useful for performing the penetrating diagnosis on the phenomena occurring in the organization and the external environment which is implemented through 1) above. For example, the EC posits that it is possible to diagnose the causes of an organization's low performance through these two points.

For the "Functional-rational dimension," the organization is the target of analysis, and focus is placed on functional aspects. For example, items pertaining to organizational efficiency are dealt with, including the appropriateness of planning, the clarity of job content, the appropriateness of the organizational structure, and the appropriateness of the workflow.

The "Political dimension" focuses on power-loyalty systems, and for the target of analysis it lays emphasis on sub-groups that pursue personal gain. For example, it indicates the characteristics of the sociopolitical systems that make up organizations and institutions, and deals with factors like policies, interests, social control, and governance mechanisms.

Table A2-6 Analysis Matrix that Aligns Analyses of Organization's Internal and External Aspects with Functional-Rational and Political Dimensions

	Focus on the "functional-rational" dimension	Focus on the "political" dimension
Focus on factors within the organisation(s)	1. Getting the job done	Getting power right and accommodating interests
Focus on factors in the exter nal envir onment	Creating an "enabling environment" for doing the job	Forcing change in     the internal power relations

Source: EC (2005)

Specific items for performing assessments in the four areas mentioned above are as follows.

Table A2-7 The EC's Assessment Items

	Focus of Assessment	Possible CD Activities
Getting the job done	Technology, procedures, task flow, information and feedback processes, organizational structure, skills, human resource development management	Change systems, renovate organizational structures, introduce new procedures, training to improve skills, improve communication, improve interpersonal relations, etc.
2. Getting power right and accommodating interests	Statuses for the allocation and exercise of power and authority, internal conflicts, pursuing interests (includes job security, but does not necessarily include interests for the organization's goals)	Promotions, disemployment, special support for groups promoting reform, results-oriented rewards for core staff members, etc.
3. Creation and "enabling environment" for doing the job	External elements and incentives which have an impact on organizational activities. For example, environmental regulations which have a negative impact on organizational activities, etc.	Establish autonomous government-related institutions (protected from political influence, free from the low wages seen in the public sector, etc.), introduce an achievement-oriented budget system, introduce external audits, etc.
4. Forcing change in the internal relations	Factors and incentives that determine the allocation of power and authority, the pursuit of divergent interests. For example, recruitment is only performed from certain regions and ethnic groups, and classes with political connections, etc.	Create alliances with powerful external stakeholders who are strong enough to impose changes, increase pressure from the lower classes for accountability and performance, advocacy and lobbying group training, etc.

Source: EC (2005)

After analyzing the assessment items for the four areas above, the area with the highest priority is selected and specific CD activities are determined. The concept paper mentioned above says to not focus on only one area. But rather, if areas that are not high priorities have important elements in order to improve organizational performance, then they should also be included in the CD activity items as well.

#### **CA Tools**

The EC does not recommend the use of particular tools, it only introduces literature issued by other aid agencies in the form of research on tools or tool compendiums.<sup>22</sup>

### Open Systems Approach: Sida's CA Framework

#### Overview

Sida (2005) mainly discusses issues such as what Sida considers to be CD targets, frameworks, and Sida's role. However, the term "capacity assessment" is not used in this text, nor is there profound mention of the importance and significance of CA. Nonetheless, it notes that the CD process and goals should be established by taking the current capacity as the point of departure for CD, and indicates to be aware of the importance of CA.

Sida thinks that the projects/programs it implements should bring about changes in the living conditions of the poor, and defines the ultimate target of CD as the poor. Within this process, it frequently selects governments, local governments, and community organizations as partners for its projects/programs. Accordingly, CD projects that are centered around the organizations which serve as its development cooperation partners are to be conducted. As such it places these organizations at the center of its analyses.<sup>23</sup> Sida also views organizations as open systems, and has adopted an approach which analyzes their external environments and internal aspects.



Source: Sida (2005)

Fig. A2-4 Sida's Analytical Framework

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<sup>&</sup>lt;sup>22</sup> EC (2005) introduces DFID (2003), ECDPM & Netherlands Ministry of Foreign Affairs (2004), etc.

<sup>&</sup>lt;sup>23</sup> Sida (2005)

Table A2-8 Sida's Assessment Items

Items	Overview/Examples	
External environmental factors	Economic situation (macroeconomic policies), quality of infrastructure, status of development and access to equipment, political situation (corruption, human rights problems)	
Institutional framework	Refers to the philosophy, approach, and situation pertaining to the powers which have come to comprise entrenched configurations. They are classified as either "formal" or "informal." Formal institutional frameworks include elements like political systems, laws, ordinances, strategies, power structures, responsibility structures, administrative systems, and procedures. Informal institutional frameworks include elements like values, attitudes, traditions, status for exercising power, behavioral norms, faith, and behavioral patterns.  For analyses concerning organizational groups, these are divided into "actors within the sector" and "influential actors outside of the sector." For actors within the sector, it is important to identify their role within the sector, and to analyze their management structure, the services generated by the organization, administrative structure, and organizational activities. For influential actors outside of the sector, their functions and the sorts of impacts they have are analyzed.	
Organizational systems		
Organization	This is divided into three parts: organizational structure, organizational culture, and performance.  Organizational structure: Strategic leadership, organizational structure, human resources, financial management, infrastructure, program/process management,	
Groups within the organization	relations with other organizations Organizational culture: History, vision and mission, culture, reward system Performance: Productivity, cost-effectiveness, efficiency, validity	
Individual knowledge/ specialized skills	Not only is knowledge needed to solve problems, but so too is the capacity to take action and predict the results produced by said action. Accordingly, Sida recognizes five skills—learning skills, strategic skills, specialized skills, functional skills, and related skills—as skills that are necessary for achieving organizational goals.	

Source: Sida (2005)

### **CA Tools**

Sida neither references nor introduces any particular tools for analyzing the above items. There is no mention made with regard to methods for selecting analytical tools; only a framework for CD analysis is indicated. Sida emphasizes CD support that reaches the poor. It has stated that it can conduct analyses on which impoverished groups certain activities have an impact on by utilizing stakeholder analyses. This is designed to analyze how the implementation of policies and projects/programs bring about benefits for the poor. <sup>24</sup>

<sup>24</sup> Sida (2005)

### Open Systems Approach: DFID's CA Framework

### Overview

The Department for International Development (DFID) believes that "Institutions sometimes become extremely powerfully discriminatory against the poor, and if they are not reformed then poverty reduction programs and policies will reach an impasse."<sup>25</sup> It states that the focus should be placed on strengthening institutions for the sake of executing DFID Poverty Reduction Strategies. Moreover, it also believes that raising technical competitiveness is not enough to lead to the success of development projects, but that it is also necessary to improve institutional aspects at the same time. It asserts that capacity building<sup>26</sup> of organizations should be implemented by taking institutional aspects into consideration as a whole.

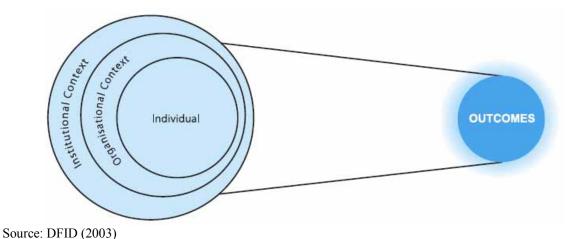


Fig. A2-5 Overview of DFID's Capacity Building

### **Assessment Items**

The assessment items indicated in DFID guidelines are divided into an institutional component and an organizational component, with the items for each of these as follows.

Table A2-9 DFID's Assessment Items

Institutional Components	Organizational Components
Priorities	Inputs and resources
Policies	Strategies
Incentives	Culture
Laws and ordinances	Staff/human resource management
Culture	Systems/processes
Keys to facilitating change	Organizational structure
Resident's opinions and partnerships	Outputs/performance

Source: DFID (2003)

The phrase "capacity building" is used in DFID (2003) mentioned above, and is treated as synonymous with CD in the

#### **CA Tools**

Since it is not always the case that a single framework or tool can be applied to all situations,<sup>27</sup> DFID introduces some of the general tools that may be applicable in its source book (2003). In this text it divides these into: (1) Analysis and diagnosis of organizational and institutional frameworks, (2) Analysis and diagnosis of organizational assessments within institutions, (3) Review and planning, (4) Implementation, and (5) Monitoring and evaluation. It then describes about four or five tools for each of these. The major tools for this are shown below,<sup>28</sup> but in reality it is unclear which tool is being applied and to what extent.

Table A2-10 List of Tools Introduced by DFID

	Category	Introduced Tools
1)	Analysis and diagnosis of organizational and institutional frameworks	Assessments of organizational and institutional capacity
2)	Analysis and diagnosis of organizational assessment within institutions	SWOT analysis
3)	Review and planning	Risk management matrix
4)	Implementation	Force field analysis
5)	Monitoring and evaluation	None in particular

Source: DFID (2003)

## **Open Systems Approach:**

# **DANIDA's CD Monitoring and Evaluation Framework**

#### Overview

DANIDA advocates a CD monitoring and evaluation framework that uses the concept of the open systems model. Basically, it has adopted a framework that is the same as the open systems model indicated for the EC, but DANIDA emphasizes the fact that it is "results-oriented," in the sense that it calls this approach the Results-Oriented Approach to Capacity Development and Change (ROACH).<sup>29</sup> DANIDA also views organizations or networks of organizations as the direct targets of CD, and for the "results" spoken of here it refers to the outputs produced by said organizations or networks of organizations. In other words, in the case of the public sector and administration this refers to civil services, and in the case of the health sector it refers to health services, and so on.

DANIDA's reasons for thinking that the focus for CD should be placed on the organization's outputs are as follows.

• It is apparent that improved public sector outputs should contribute to outcomes for and impacts on development issues. The issue is one of measuring the extent to which improved outputs have an effect on the materialization of outputs and impacts. Since other external elements are generally also involved, ROACH places the focus on the organization's output.

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<sup>&</sup>lt;sup>27</sup> DFID (2003)

<sup>&</sup>lt;sup>28</sup> Tools selected from DFID (2003) are listed in Tsumagari (2004). Aside from the above, tools like the open systems model, 7-S, benchmarking, and stakeholder management are listed and briefly explained.

<sup>&</sup>lt;sup>29</sup> Boesen and Therkildsen (2005)

- If focus is placed on improving public sector outputs, then issues like which organizations should be targeted in practicing CD, and what sorts of external elements should attention be given to, become apparent.
- Improved outputs can be viewed as a direct result of CD. Rather than the conventional approach which emphasized inputs (TA and resources), this focuses on the organization's internal commitment and posture which produce results.
- Changes in an organization's output can be considered indicators which rephrase changes in the organization's capacity.

#### **Assessment Items**

In terms of specific assessment items, these are the same as the content indicated in the EC's items. However, DANIDA conducts research on Capacity Development Evaluations (CD Evaluations) and has released a series of literature on it. 30 It also conducts research that relates not only to assessments of the departure points for CD, but also frameworks and implementation steps for CD Evaluations. Since the CD Evaluation framework is the same as the EC's analytical framework, the steps for its CD Evaluations will be indicated here.

<DANIDA's 15 Steps for CD Support Evaluations<sup>31</sup>>

\* DANIDA has indicated Steps 1 through 15, but states that there is no particular need to implement them in this order.

## **Organize the Evaluation Process**

- 1. Consider and establish the evaluation process and target participants.
- 2. Identify the organization targeted by DANIDA's CD support (analyze them separately when there are several).

#### **Understanding facts (What has Changed?)**

- 3. Identify (quantify/qualify) what has changed at the output level for the organization or organization group targeted by CD support.
- 4. Identify changes in the outcomes at the customer and user level.
- 5. Identify external elements which might have affected changes in capacity, outputs, and outcomes.
- 6. Identify changes in the capacity of the target organization.
- 7. Identify changes in the inputs for and resources of the target organization.

 $<sup>^{30}</sup>$  Steps 1 through 4 for Capacity Development Evaluations have been announced by DANIDA. Step 1 is the analytical framework for CD Evaluations, Step 2 is a desktop evaluation, Step 3 is methods for CD Evaluations, and Step 4 organizes CD for the public sector.

<sup>&</sup>lt;sup>31</sup> Boesen and Therkildsen (2003)

8. If possible, evaluate changes in the organization's efficiency and effectiveness (cost/output ratio, relevance of outputs for the expected outcomes).

## **Analysis: Have Changes Actually Occurred?**

- 9. Identify important factors that can explain changes in outputs from among the actual data mentioned above
- 10. Identify all of the major CD support activities from domestic and overseas sources which had an impact on the important factors confirmed in Step 9.
- 11. Identify Denmark's CD support for sector program support, and analyze its efficiency and direct results.
- 12. Identify analytical and strategic foundations for Denmark's CD support through sector program support, as well as their processes, leadership, and commitment.

#### Conclusion: Why has Change Occurred? What Lessons Are There?

- 13. Evaluate the extent to which changes in the capacity of and outputs from the target organization can be thought to have occurred on account of Denmark's CD support, and to what extent other factors had an impact. Evaluate the effectiveness of Denmark's support.
- 14. Evaluate technical aspects, institutional aspects, and aspects of sustainability regarding changes in capacity and outputs.
- 15. Draw on lessons for the partner country, organizations, donors, and key stakeholders.

DANIDA conducts case studies by using the 15 steps mentioned above.<sup>32</sup> As a result, the following recommendations have been issued by the teams that actually implemented the surveys.

- (1) Several of the steps overlap. For example, Steps 6 and 7, and Steps 11, 12, and 13 can be combined respectively.
- (2) There is no step that verifies the relevance of the outputs themselves that have been improved through CD support. Whether or not the outputs are relevant to the organization and sector policy mandate should be verified. In addition, outputs are limited to outputs from organizations, but an examination should be made of including sector program outputs and unexpected outputs in this as well.
- (3) The focus is placed on outputs more than outcomes, but for organizations that directly provide services it is beneficial to verify outcomes and impacts (regarding service quality and reliability).

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<sup>&</sup>lt;sup>32</sup> Larbi, Jackson, House, Ghartey (2005)

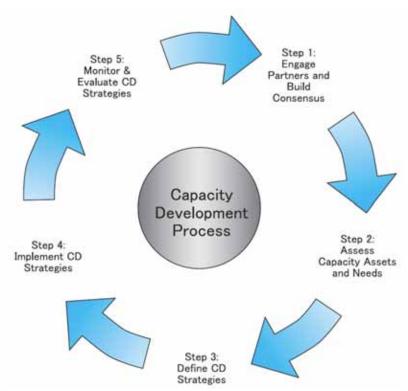
#### **CA Tools**

No specific tools for assessments in particular are introduced through DANIDA's series of literature, nor are other tools mentioned. The primary methods for in the aforementioned case studies of CD Evaluations include surveys of the literature (material reviews), interviews, and so on.

## Three-Dimensional Approach: The UNDP's CA Framework

#### Overview

For the UNDP, CA serves as the point of departure for the CD cycle, and is positioned within the initial stages of the CD process. CA is not an individual activity for itself, and planning and implementing CA is already a part of the CD process. In order for CA to be successful, it needs to be thought that CA activities themselves are elements for good management; support concerned parties through the process of improving capacity and performance; and perceive it as something that adds value in the project needs identification, planning, implementation, and monitoring and evaluation processes.<sup>33</sup>



Source: UNDP (2006)

Fig.A2-6 CA in the UNDP's CD Process

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<sup>&</sup>lt;sup>33</sup> UNDP (2006)

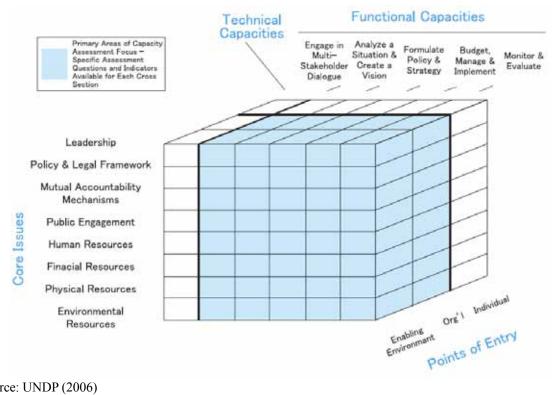
#### **Assessment Items**

The UNDP has formulated the UNDP's "Default" Capacity Assessment Framework, which introduces capacities to assess and survey procedures. This CA framework is divided into the three categories of "Points of entry," "Core issues," and "Crosscutting capacities," and identifies one capacity area for the three axes in order to perform assessments of said capacity (refer to Table A2-11). Subcategories are established within the three categories here. For example, detailed questions and indicators are established for the capacities of "organization," "leadership, and "capabilities for situational analysis/creating a vision" in order to assess these capacities. It is not necessary to cover all of the combinations, just to be able to cover the necessary areas according to the circumstances.

Table A2-11 The UNDP's Points of Entry and Cross-Cutting Functional Capacities

Points of Entry	Core Issues	Cross-Cutting Functional Capacities			
1) Good policies/ institutional environment	1) Leadership	Capacity to engage in multi-stakeholder dialogue			
2) Organization	2) Policy & legal framework	2) Capacity to analyze & create a vision			
3) Individual	3) Mutual accountability mechanisms	3) Capacity to formulate policy and strategy			
	4) Public engagement	4) Capacity to budget, manage & implement			
	5) Human resource development	5) Capacity to monitor & evaluate			
	6) Financial resources				
	7) Physical resources				

Source: UNDP (2006)



Source: UNDP (2006)

Fig. A2-7 The UNDP's "Default" Capacity Assessment Framework

#### **CA Tools**

The UNDP does not recommend any particular analytical tools, but states that social scientific data collection methods which are in common use can be utilized.<sup>34</sup> It enumerates specific data collection methods such as semi-structured interviews, individual interviews, sample surveys, focus group discussions, end user surveys, workshops, self assessment tools, and so on. It recognizes that out of these, workshops are an effective means for providing opportunities for a group to deliberate deeply over a particular issue via a more analytical method. In particular, it can also be used as a method for reform processes in cases where there is a desire to encourage ownership on the part of the stakeholders, where there is a desire to pursue the causes of a problem and draft solutions, and for similar purposes. When it comes to tools that are used in workshops, it lists SWOT analyses, environmental analyses, process flow charts, problem and objective analyses, Institutiogrammes, and stakeholder analyses. Furthermore, it also briefly introduces tools that are used by aid agencies, NGOs, and private enterprises for capacity assessments in A Brief Review of 20 Tools to Assess Capacity.<sup>35</sup> This is to enable the people who implement assessments and UNDP task managers to refer to them.

# Systems Thinking Approach: The ECDPM's CD Monitoring and Evaluation Framework

#### Overview

Upon consignment from GOVNET in 2002, the ECDPM initiated the Study on Capacities, Change and Performance as a study to verify how organizations and systems in mainly developing countries have improved their own capacity and performance. The research results related to this study were released in a series, and an analytical framework for CD monitoring and evaluation was established as part of this.<sup>36</sup> The ECDPM has erected a CD evaluation framework that partially adopts a systems thinking approach. Systems thinking is defined as, "A technique that regards organizations as living systems in order to find solutions to problems wherein various different elements are mutually interrelated in a complex manner and that could not be solved with conventional methods of analytical thinking alone." <sup>37</sup>

#### **Assessment Items**

As shown in Figure A2-8, for the ECDPM's analytical framework for CD the three core variables of "Capabilities," "Endogenous change and adaptation," and "Performance" have been established. Four elements that have an effect on the core variables were also established. They are the "External context," "Stakeholders," "External intervention," and "Internal features and key resources."

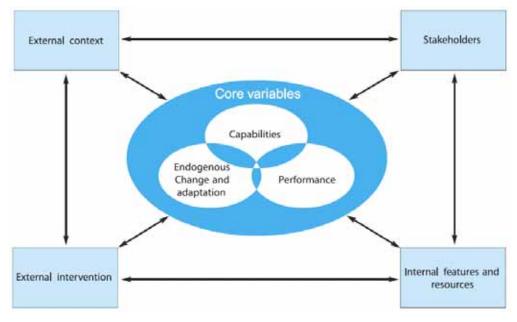
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<sup>&</sup>lt;sup>34</sup> UNDP (2006)

<sup>&</sup>lt;sup>35</sup> Publicly disclosed as of August 2005, but the links to some of them have been deleted and so not all of them can be referenced. The descriptions are also extremely terse, and things like images of specific outputs have not been listed. Various tools from the governance level to the community level are covered.

<sup>&</sup>lt;sup>36</sup> Since Morgan (2003) onward, slight alterations have been made to things like terminology as the series literature has been issued

<sup>&</sup>lt;sup>37</sup> From the homepage of Human Value (http://www.humanvalue.co.jp/learning/systemthinkingl/). Systems thinking was developed mainly by the Massachusetts Institute of Technology (MIT) in the United States and a number of top companies from around the world, and has attracted a great deal of attention in the global business community since the 1990s.



Source: Watson (2006)

Fig. A2-8 The ECDPM's Analytical Framework

Table A2-12 The ECDPM's Analytical Framework Items

Items	Matters for Analysis	
Capabilities	How are the capabilities of the group, organization, or network of organizations invested into organizational capacity?	
Endogenous change and adaptation	How does the reform process occur within organizations and within systems?	
Performance	What have the organization or system accomplished? What has it currently become capable of providing? Place the focus on assessing the effectiveness of the CD process	
External context	In what way does the external context (history, culture, policies, institutional environment, and the opportunities and threats that these engender) have an impact on the capacity and performance of the organization/system	
Stakeholder	In what way do stakeholders (recipients, providers, supporters) and their interests, expectations, behavior, resources, mutual relationships, and level of involvement have an impact?	
External intervention	In what way have outsiders impacted the reform process?	
Internal features and key resources	What is the pattern like for internal features such as formal and informal regulations, organizational structure, resources, culture, strategies, and values? What impact have these had on the organization and multiple organizational levels?	

Source: Watson (2006)

The ECDPM defines competencies, capabilities, and capacities in the following manner.<sup>38</sup>

Competencies: The skills and abilities of individuals

Capabilities: The broad ranging collective skills of an organization/system; these are

interpreted as the discrete constituent elements which create the capacities

which assist the organization in functioning.

Capacities: Refers to the overall abilities for a system to function and sustain itself, and

serves as a close union of competencies and capabilities

Based on the aforementioned definitions, the ECDPM believes that it is necessary to combine the five core capabilities as shown below in order to form the overall capacities of the organization/system.<sup>39</sup>

## Five Core Capabilities

- Capability to act
- Capability to generate development results
- Capability to relate
- Capability to adapt and self-renew
- Capability to achieve coherence

Zinke (2006) indicates that while the five core capabilities are separate they are mutually dependant, and cannot make an organization function in isolation. It also states that inevitably consideration is given by organizations and systems in order to maintain the five core capabilities in a well-balanced manner. Moreover, it also states that for the points of departure for the monitoring of capacity, the manner in which these five core capabilities interact with and influence one another should be verified.

#### **CA Tools**

The ECDPM has not standardized any specific tools for capacity assessment. The techniques that were mainly used when implementing CD evaluations through the use of the 20 case examples from Morgan, Land and Baser (2005) include reviews of the literature, desktop evaluations, questionnaire surveys, interviews, focus group discussions, workshops, and more.

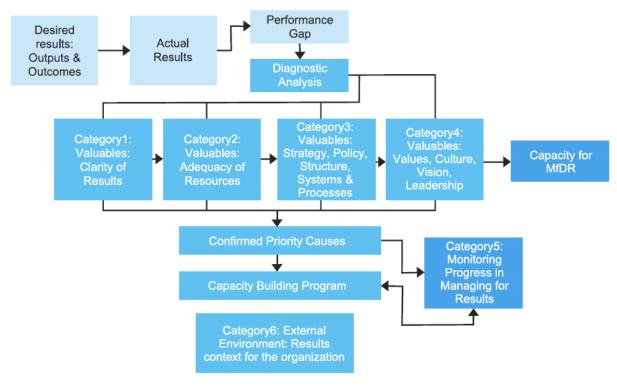
<sup>59</sup> Zinke (2006)

<sup>&</sup>lt;sup>38</sup> Morgan, Land and Baser (2005)

## Approaches Linked with RBM: The ADB's CA Framework

## Overview<sup>40</sup>

Managing for Development Results (MfDR) is the RBM approach that has been adopted by the ADB. Its aims are to place emphasis on the outputs, outcomes, and impacts of development projects; to improve responses for its developing member countries; to promote partnerships and collaboration with other international agencies; and to improve internal efficiency. The introduction of MfDR is a long-term process, and requires reform at the institutional and organizational level. The first stage in the MfDR introduction process is to introduce a results-oriented standpoint into the country's plans, and in the creation of sector-level log frames and the setting of indicators. The second stage is to spread a results-based principle and implementation into the government agencies tasked with the responsibility of providing the planned sector results. In particular, in the second stage it is essential that the degree of importance of the results-based concept be understood and put into practice by the government organization or target organization. Therefore, the ADB applies the Technical and Capacity Readiness Assessment Tool, which provides assessments of whether or not the organizational and technical reforms necessary for results-based implementation have occurred.



Source: ADB Website "On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306)"

Fig. A2-9 Capacity Assessment Framework for Implementing MfDR

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<sup>&</sup>lt;sup>40</sup> ADB Website "On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306)"

#### **Assessment Items**

As shown in Figure A2-9, first the desired outcomes and results are compared with the actual outcomes and results and their gap is analyzed. Next, in order to pinpoint the factors that give rise to this gap, analysis is performed through the following six categories.

Table A2-13 Six Categories for Assessments

	Analytical categories	Details			
1	Clarity of results	Identify the results, outputs, outcomes, and activities and verify the technical process. In doing so, refer to the log frame binding these and the indicators that have been set.			
2	Adequacy of resources	Combine these three categories and assess the capacity for implementing			
3	Strategy, policy, structure, systems & processes	MfDR, including things like resources, vision and leadership.			
4	Values, culture, vision, leadership				
5	Monitoring process in managing for results	Verify the capabilities for identifying, collecting, and utilizing information to manage overall organizations and MfDR systems.			
6	External environment	Verify the external environments in which organizations are active.			

Source: ADB Website "On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306)"

Specific diagnostic items for each category have been listed in the On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306), and so organizations are diagnosed in line with these questions and their level is comprehensively judged for each category. Levels 1 through 5 have been set up and standards for judging the level have been listed for each category. The levels are judged in line with these. The results are compiled in the following table.

Table A2-14 List of Assessment Results

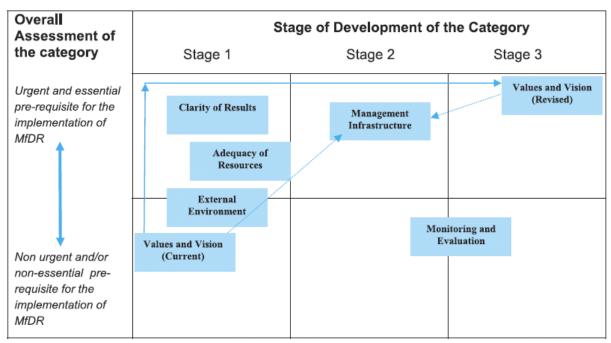
Example - Level of Development of the Categories

Level of Development									
5 (High)									
4									
3									
2									
1 (Low)									
Categories	Clarity of Results	Adequacy of Resources	Strategy / Policy	Systems and Processes	Structure	Values / Culture	Vision / Leader- ship	M&E	External Env.
	1	2	3		4		5	6	

Source: ADB Website "On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306)"

Using the following format, mapping is performed of the stage of development of the category (referred to as the level above). For each category, mapping is performed on whether they are situated closer to either "Urgent and essential prerequisites for the implementation of MfDR" or "Non-urgent and/or non-essential prerequisites for the implementation of MfDR." As shown in Figure A2-10, which is given as an example, arrows are indicated for the mapped categories. The arrow indicated via the dotted line (the arrow from "Values and Vision

(Current)" to "Management Infrastructure") indicates that even though "Values and Vision (Current)" itself has a low priority for MfDR, it has an impact on "Management Infrastructure." In other words, it indicates that to improve "Management Infrastructure," which has a high priority for the implementation of MfDR, then the strengthening of "Values and Vision (Current)" must be addressed at the same time (there is also an arrow shown with a solid line, which leads to "Values and Vision (Revised)). Mapping in this manner allows you to set the order of precedence for activities that will be necessary in the future.



Source: ADB Website "On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306)"

Fig. A2-10 Example of Readiness Assessment Mapping

#### **CA Tools**

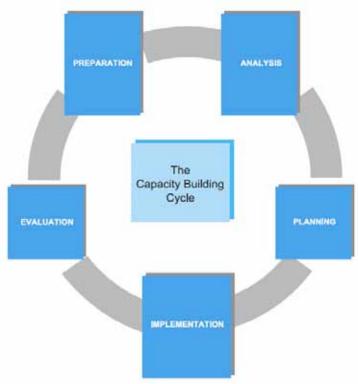
The ADB has not indicated any instructions for the sorts of techniques by which these assessments should be implemented in its On-Line Technical and Capacity Readiness Assessment Tool (RETA 6306), nor does it introduce or recommend any particular tools.

## Others: The GTZ's CA Framework

#### **Overview**

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) implemented the Support for Decentralization Measures (SfDM) Project as a local decentralization support project in Indonesia beginning in August 1992. In the 2002-05 phase, the project was implemented with the three goals of: (1) Policy advice, (2) Local decentralization monitoring and information maintenance support, and (3) Local government support for good governance. As part of this, GTZ-SfDM established the method in its Capacity Building Needs Assessment (CBNA) for local governments, and publicly released guidelines on this.<sup>41</sup>

In the guidelines, it is thought that Capacity Building (CB)<sup>42</sup> should be practiced at the three levels of systems (institutions), organizations, and individuals, and that these three levels lead to improving the capacity of local governments. Similar to how it is defined by other aid agencies, GTZ considers capacity building to be a process rather than an output, and states that it should be considered over a long-term perspective. A cycle for capacity building as shown in Figure A2-11 has been established in the guidelines.



Source: GTZ-SfDM (2005)

Fig. A2-11 CB Cycle Shown in the Guideline for Capacity Building Needs Assessments

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<sup>41</sup> GTZ-SfDM (2005)

<sup>&</sup>lt;sup>42</sup> In the GTZ-SfDM guideline the term CB is used, and its definition is expressed as: "A process to increase the ability of individuals, groups, organisations, communities or societies to (i) analyse their environment, (ii) identify problems, needs, issues and opportunities, (iii) formulate strategies to deal with these problems, issues and needs, and seize the relevant opportunities, (iv) design a plan of action, and (v) assemble and use effectively and on a sustainable basis resources to implement, monitor and evaluate the plan of actions, and (vi) use feedback to learn lessons." Accordingly, this can be thought of as being close to the definition of "capacity development" which is used by other aid agencies.

It states that capacity needs assessments should be covered through the initial phases of "Preparation" and "Analysis" through the CB cycle, and that the following steps should be taken.

Table A2-15 Operating Steps for GTZ-SfDM

## Preparation Phase:

- 1. Identification of needs for CB (Why is CB necessary? Unsatisfactory quality of services, etc.)
- 2. Determining objectives and scope for CB (including explanations to stakeholders)
- 3. Determining the responsible agencies and responsible content for the CBNA process
- 4. Devising the CBNA process (tools used in CBNA, examining whether external support is necessary, operating plans, etc.)
- 5. Formulating plans for allocating resources for the CBNA process

## **Analysis Phase:**

6. Identification of CB issues

- 7. Implementing analyses of governance-related processes
- 8. Implementing organizational analyses
- 9. Implementing analyses of capacity gaps
- 10. Summarizing CB needs

Source: GTZ-SfDM (2005) Module B

#### **Assessment Items**

Assessment items for the CB of local governments have not been identified in the GTZ-SfDM manual. But specific questions which are to be applied to capacity assessments of local government administrations in Indonesia have been set up through the use of assessment items that were established via organizational assessment techniques such as OCAT and PROSE <sup>43</sup>

#### **CA Tools**

The guidelines recommend using the following techniques and tools in the preparation phase and the analysis phase.

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<sup>&</sup>lt;sup>43</sup> GTZ-SfDM (2005) Module B: Methods and Instruments for the Capacity Building Cycle (Toolkit)

Table A2-16 Analytical Tools Recommended by GTZ-SfDM

	GTZ-SfDm	Points to Keep in Mind				
Preparation Phase						
Identification of needs for CB						
2. Determining objectives and scope for CB	Focus group discussions Interviews Literature reviews	-				
3. Determining the responsible agencies	Team building & task formation	Determine the 5W1H (Who, Why, What, How, When, Where).				
and responsible content for the CBNA process	Determining the CBNA implementation framework	Establish and determine the roles of the steering committee, coordinating roles, and technical teams.				
4. Devising the CBNA process	Process planning	Plan the operating process. The technical team is useful in identifying the objectives and operating range of the needs assessment.				
	Gantt charts	Table that expresses the operation implementation time for each operating plan item via bars.				
5. Allocating resources	Fund adjustment matrix*	_				
	(Implementing stakeholder analyses is recommendate this is to be done in)	ementing stakeholder analyses is recommended, although it is not specified which phase to be done in)				
Analysis Phase						
6. Identification of CB issues	Interview discussions Literature reviews	-				
7. Implementing analyses of governance-related processes	Process mapping	Express the operation and service processes in a flow chart and determine the status of and problems with the processes.				
	Semi-structured interviews Surveys of customer satisfaction Literature reviews	-				
8. Organizational analyses	Organizational Capacity Assessment Tool (OCAT)	A tool developed by USAID that analyzes organizational capacity from seven areas to clarify strengths and weaknesses.				
	Participatory, Results-Oriented Self-Evaluation (PROSE)	A tool developed by the Education Development Center that uses DOSA as a tool. It is a technique of assessing an organization by performing comparisons with several of its fellow organizations.				
	Benchmarking	-				
	Force field analyses	_				
	SWOT analyses	-				
	Local development plan capacity assessments	A spreadsheet-based self-assessment tool developed by PERFORM, which is supported by USAID.				
	Training needs assessments	After the CB needs at the individual and organizational level have been identified, identify the training needs of individuals.				
9. Capacity gap analyses	Capacity gap analyses	Refer to the following				
10. Summarizing CB needs	CB needs format	Refer to the following				

Note\*: No detailed explanations have been listed in the source literature. Source: GTZ-SfDM (2005) Module B

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