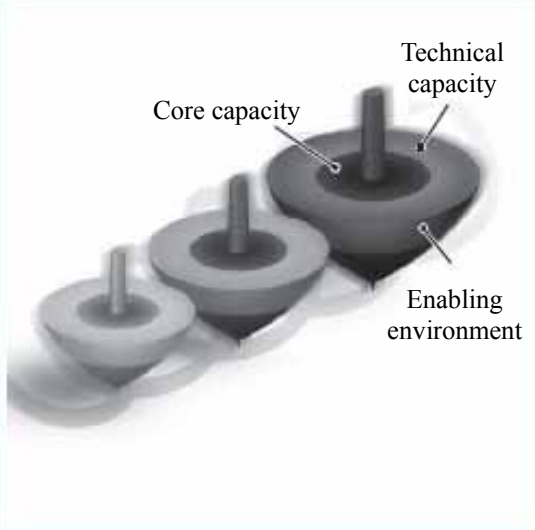
Capacity Assessment Handbook

– Project Management for Realizing Capacity Development –

September 2008

JICA Research Institute
Japan International Cooperation Agency

<About the Cover>



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, and 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
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Explanation of Abbreviations

ADB	Asian Development Bank
BSC	Balanced Scorecard
CA	Capacity Assessment
CB	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.[1] 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 ○" which summarizes each chapter, and go on to

[1] 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.

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 utlizing 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.[2]

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)

[2] 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

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

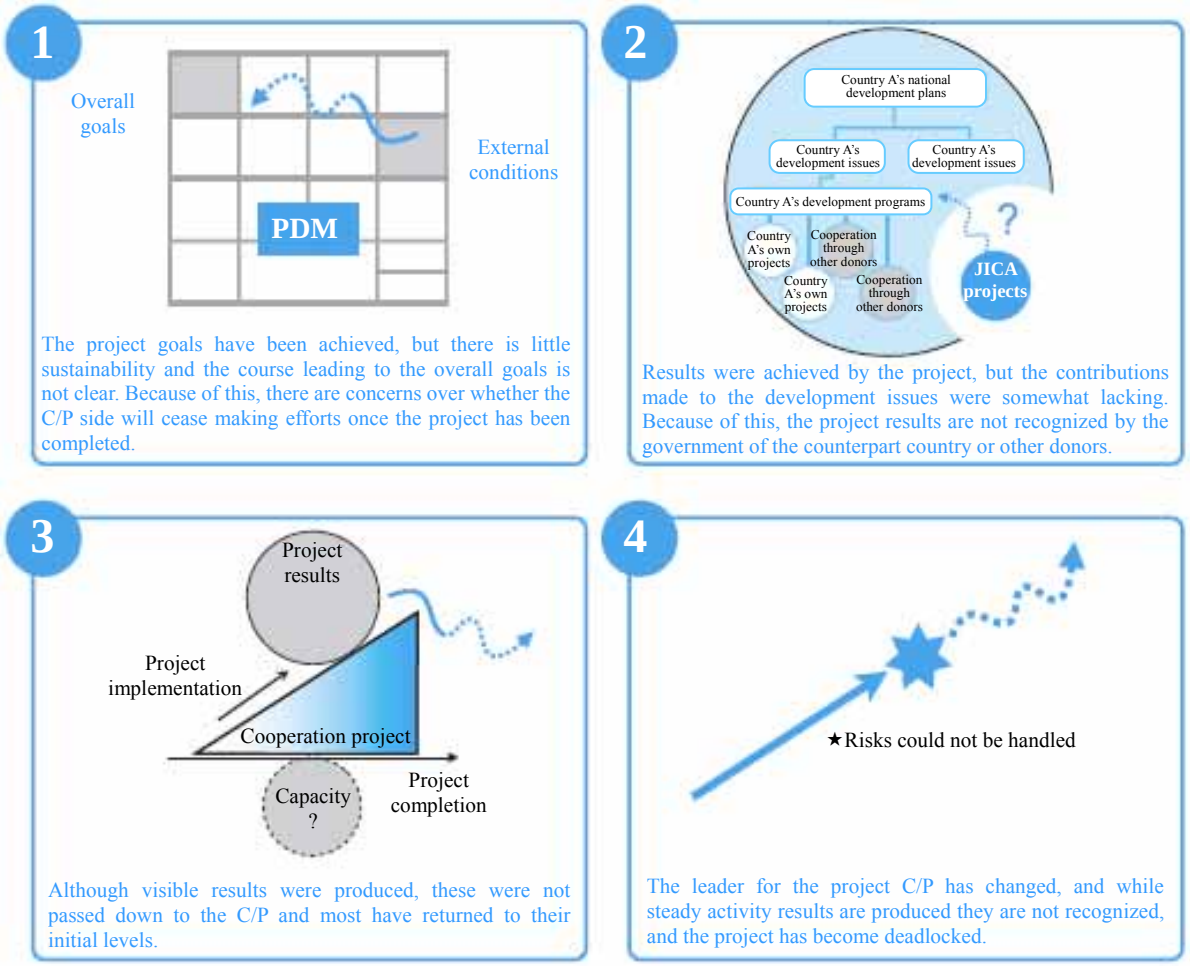
■ **What Should Be Assessed?: Three Perspectives**

- **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



Source: Created by the authors

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 offieces 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.[3]

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**."[4] Capabilities whereby the developing countries identify issues, set goals, and achieve these are deemed "capabilities for handling issues" (=capacity).

[3] JICA (2005) p.20
[4] 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**.[5]

- 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**

[5] JICA (2006) p.20

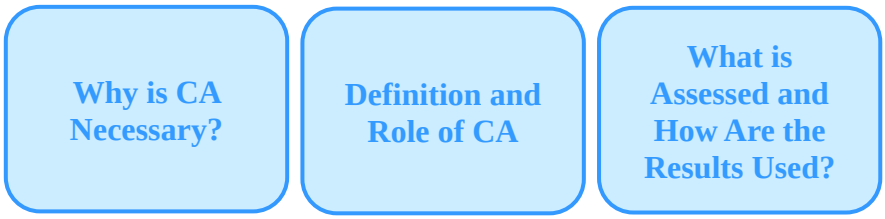
diagnosing the capacity of the partner country from the perspective of both sides, as well as what goals are to be set and what sort of support should be provided to achieve these. This is needed in order to formulate the development strategies of developing countries and the support strategies of donors 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



1-2-1 Why is CA Necessary?

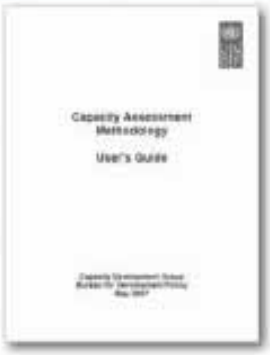
As was stated in the previous section, when carrying out CD support it is necessary to understand issues from a comprehensive perspective that looks over individual, organizational, and institutional and social system respectively, and also determine capacities and the environment, rather than having 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 (2006) Capacity Assessment PRACTICE NOTE



UNDP (2007) Capacity Assessment Methodology User's Guide

BMZ (2007) *Guidelines for Capacity Development in the Education Sector*

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

Definitions of CA differ in their line of reasoning and phrasing depending on aid agencies. Nontheless, common premise is that it is a means of comparing the desired future capacity level with the current one and analyzing the gap between them. While there are differences over whether CA is viewed as one step in the CD cycle or as an analytical tool for the entire CD process, CA is regarded as the first, essential step to design and facilitate CD.

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

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 feasible.

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?

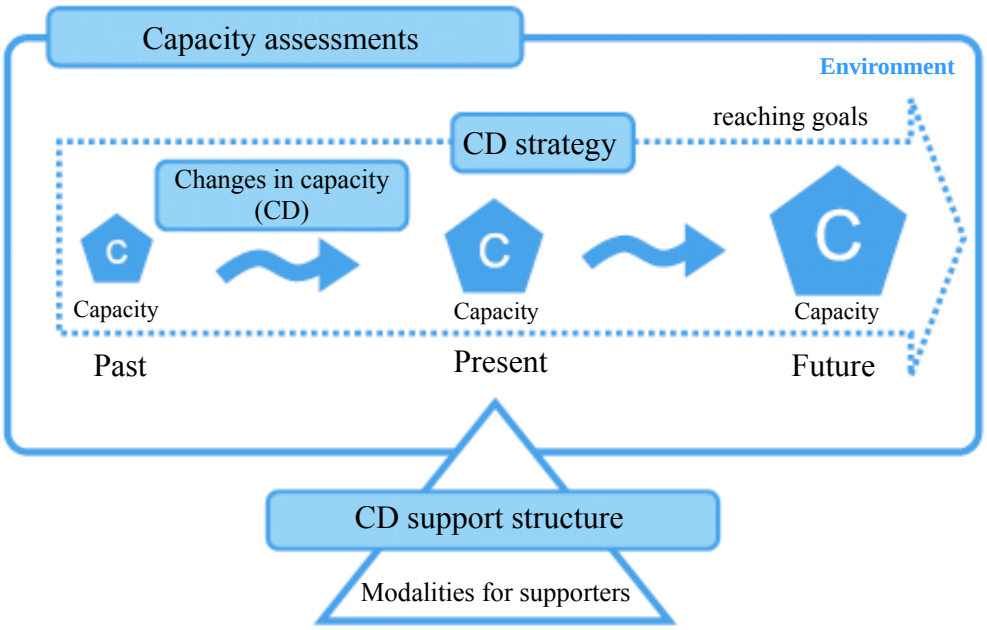
(2) CA is not only for understanding the baseline for the capacity of the country (organization) in question, but for understanding the process in which it develops and considering possible modification of the CD strategy as needed. Since development in capacity is neither uniform nor linear, overly 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	• Determining the developing countries' strategies • Determining the current state (baseline), establishing indicators • Determining the CD environment	• Detailed assessment of the current state of capacity • Changes in capacity • Determining the results	• Changes in capacity • Level of results achievement • Impacts
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	• Feedback for inputs and activities • Confirming the validity of CD support	• 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 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)