Capacity Assessment for Enhancing Development Effectiveness: Application to JICA Program Management

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1. Introduction: Capacity Development (CD) and Capacity Assessment (CA)

Capacity development (CD) is a concept that emerged in the process of the international debate on aid effectiveness in the 1990s.   The process stemmed from the lessons learned from past experience on reforming technical cooperation (TC).   One major lesson is that TC achieves micro-level outputs such as an increased number of participants in TC programs but is short on macro-level outcomes, including improvements in capacities and institutions needed to realize sustainable development at the national level.   Another lesson is that although TC may be successful in gap-filling inadequate facilities and technologies at the project level, it is ineffective in developing the capacities and institutions of developing countries as a whole.

Against this background, JICA has defined CD as "the ongoing process of enhancing the problem-solving abilities of developing countries by taking into account all the factors at the individual, organizational, and societal levels" (JICA 2006).   CD represents the process of endogenous development by developing countries.   It means the enhancement of the overall capacity of a developing country, encompassing not only individuals and organizations but also the enabling environment covering the societal, policy and institutional aspects.

Capacity Assessment (CA) is an analysis of the current country's problem-solving abilities of all the factors at the individual, organizational, and societal levels and their changing process, which leads to the formulation of capacity development strategies as a communication tool among the partner country and donors[1].

This paper reviews the international and domestic arguments of why CA is needed and analyzes the characteristics of capacity to be assessed based on the products of JICA's research

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[1] UNDP defines CA as "an analysis of current capacities against desired future capacities". It also explains that CA generates an understanding of capacity assets and needs which in turn leads to capacity development strategy formulation and costing. (UNDP 2006)

activities.　It then discusses how to practice CA in managing JICA's projects and programs and how to reflect the results of CA in those designs.

2.　Domestic and Overseas Debate on CA

(1) International arguments

　　Capacity development (CD) regarded as one of the core issues in the Paris Declaration on Aid Effectiveness ("Paris Declaration"), which was endorsed by over one hundred donors and developing countries in 2005.　CD is also a major topic of discussions by Development Assistance Committee (DAC) and developing countries leading up to the Third High-Level Forum on Aid Effectiveness ("HLF-III"), which will be held in Ghana in September 2008 to provide an interim review of progress in implementing the Paris Declaration.　These discussions call on developing countries to take the driver's seat in formulating CD strategies, donors' alignment with these strategies, consideration for country contexts, and the effective use of country systems and local resources. They also stress the importance of incentives and drivers of change, as well as the significance of knowledge management and networking in CD (Miwa　2008).　These proposals all point to the importance of enhancing the predictability of CD in developing countries by (i) establishing medium- to long-term development strategies of the developing countries; (ii) clarifying the medium to long term support strategies of the donors ; and (iii) mobilizing human and financial resources of both the developing countries and the donors.

　　These discussions have highlighted comprehensive CA from the perspectives of both the developing countries and the donors, and consensus on what targets to establish and what kind of support is needed to achieve them.　In other words, CA is considered essential for harmonizing a country's development strategies and donors' assistance strategies, which set out common CD strategies.

(2) Domestic arguments: Reform of JICA's project/program management

　　Considering the above international arguments, JICA is shifting its emphasis from stand-alone project management to program based management aligned with the development strategies of partner countries.　The traditional approach to project management monitoring based on Project Cycle Management (PCM) is reaching its limits.　JICA endeavors to position its assistance aligned with the development strategy of the partner country and how to link the outcomes of its individual project with other JICA projects or activities of other donors and the partner country itself.　It is necessary to draw up a scenario that will lead to the impact and sustainability of a JICA project as early as the project formulation phase.　Project management should consider not only the technical relevance and effectiveness of a project but also factors that could possibly be regarded as "important assumptions" in the Project Design Matrix (PDM), such as the financial and institutional

resources to support the project activities.

In this sense, the process of formulating a CD support project/program should involve assessing not only the strategies and programs of the partner country but also its framework and capacity to implement them.   This assessment is necessary for the donor and the partner country to share the common understanding of the entry points—where the project/program should start to enhance the targeted capacities—and of the cooperation scenario.However, a single donor cannot provide CD support that fully accommodates the strategies and programs of the partner country. CA is essential to work closely with other donors to achieve synergy from a wider perspective.

3. Capacities to be Assessed

(1) What to assess?

In the CD process as a whole, CA has three steps.

The first step is, as its definition, analysing the current organizational capacity in the partner country.   An assessment is made of the capacity both at a given point in time and over time to track changes in the capacity.

The second step is the assessment of the approach to CD strategy.   An assessment is made of whether the course of change in the capacity and the methodology applied is appropriate.   The CD scenario will be revised as necessary.

The third step is the assessment of the approach to CD support based on the revised CD scenrio.   Although the first two steps concern the partner country, this step concerns the donor that provides CD support.   An assessment is made of the intervention approach, or more specifically, to what extent the amount and timing of inputs and the role and implementation framework of the intervener have contributed or constrained the CD of the partner.

(2) Basic characteristics of capacity

As discussed earlier, capacities at the individual, organizational, and institutional/societal levels are developed as a whole through the process of interaction.   Now let us take organizational capacities, which are mostly targeted by TC.   There are two types of organizational capacity.

The first type is "technical capacity".   This includes not only the knowledge, skills and other qualifications of individuals who form the organization, but also the tacit knowledge that is accumulated within the organization.   The second type is "core capacity".   This is the ability of the organization to solve its problems on its own by managing the technical capacity.   In other words, core capacity is the fundamental capacity to produce positive outcomes.   It represents the will/commitment, leadership and management that orient the behaviors of individuals and their organization.

Addressing these internal capacities alone is insufficient if the organization is to exploit its full potential.   It is also necessary to focus on the enabling environment, including the social framework surrounding the organization (social capital, etc.), the policy and institutional framework that determine its capacity and its own assets (budget, infrastructure, etc.).
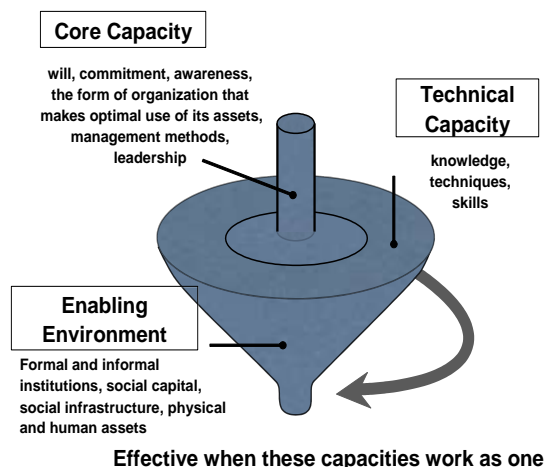

Figure 1.   Basic Characteristics of Capacity
Source: Author

Not all these capacities are conspicuous.   Technical capacities are often noticeable because they show linear changes within a rather short period of time.   On the other hand, core capacities, which support the development of technical capacities, may not be so easy to see.   This is because they take time to develop as the stakeholders' awareness needs to be raised first.   Core capacities have the potential for significant growth when a favorable mindset is formed after the trial-and-error process.   An enabling environment may be a given condition, rather than something to be developed easily.   The development of the enabling environment, which entails a major institutional improvement, is impossible without significant changes in technical and core capacities.

Each type of capacity has a different mode and rate of change, which should be considered in assessing current capacities and examining the scenario for improvement.

(3) CPI model

In this subsection, the characteristics of capacity are examined in relation to the outcomes of CD.   The goal of CD is to solve development issues (to reduce child and maternal mortality and to improve literacy, for example).   To this end, a few tangible outputs (improved public health services, improved classes at elementary school, for instance) are set as the "project purpose" of a technical cooperation project.

Achieving tangible outputs alone does not solve the development issues.   Tangible outputs will not last long if they are the results of gap-filling with inputs from the donor.   To ensure the sustainability of such outputs, it is essential to develop the capacity of the partner country to solve the issues on its own.

Fig. 2 charts the CD flow to the resolution of the development issues in the CPI model.   In this model, the goal or the resolution of the development issues is represented by Impact (I), the

tangible outputs by Performance (P), and the capacity of the partner country to achieve that performance by Capacity (C).
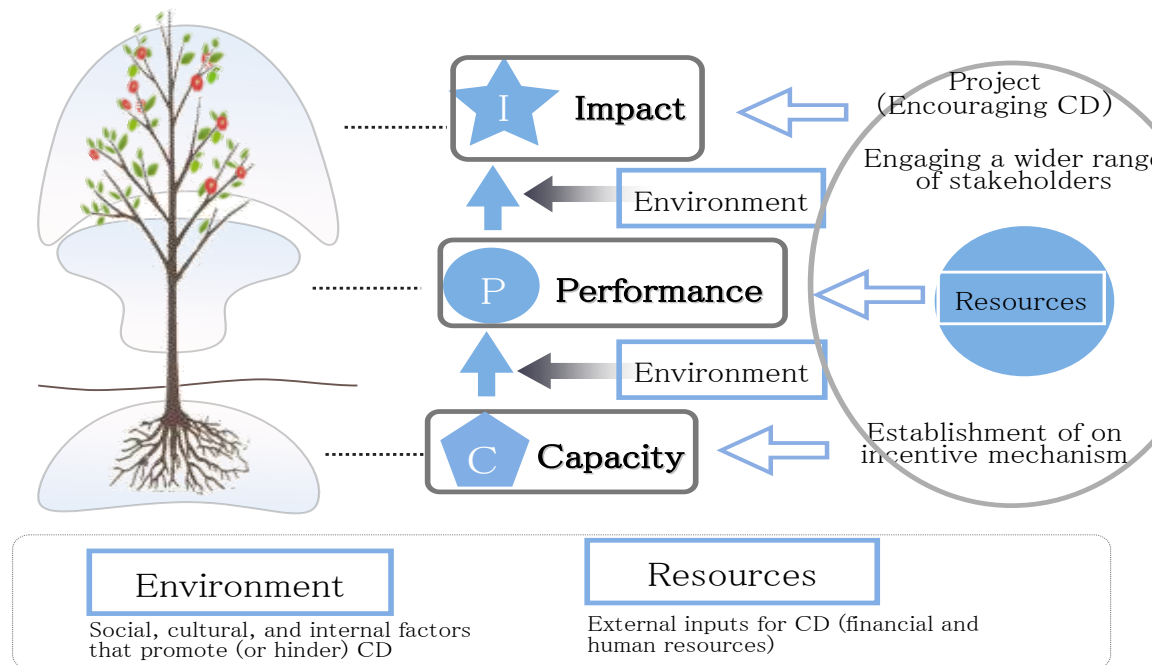

Figure 2. Conceptual Diagram of the Basic CPI Model

Source: Author

Establishing the flow from C to P and from P to I requires not only enhancing technical and core capacities, but also addressing the enabling environment in the partner country. This may involve encouraging actions by stakeholders other than the organization and promoting policy and institutional changes. Management for internalizing the enabling environment is required at each stage of the C-P-I scenario.

Major measures to this end are the strategic use of funds, manpower, knowledge and other inputs as resources (R). It is also necessary to remember that the CPI scenario and enabling environment vary depending on the level of capacity development in the partner country.

4. CA in the Project/Program Process

The next question is how to assess the above-mentioned characteristics of capacity? Since CD in developing countries is a medium- to long-term process, it is important to track changes in capacities over the whole project process including the implementation and evaluation stages, as well as assessing capacities at the project formulation stage.

(1) CA and the assistance design in the project formulation stage

(1-1) Determining the desired outcomes and assessing current capacities

The first step before formulating a CD support project/program is for the CD supporter (the donor) to recognize the partner country's development policies or strategies at the national and sectoral levels as the desired outcomes. The next step is to identify the actors that take charge of the roles in implementing these policies (financing, service delivery, and others). Tools useful in these steps have been developed. The United States Agency for International Development has developed Policy Characteristics Analysis as a tool for assessing policies (Gustafson and Ingle 1992) and Policy Environment Mapping Techniques (See Fig.3) as a tool for assessing relationships between the actors involved in these policies (Crosby 1992).
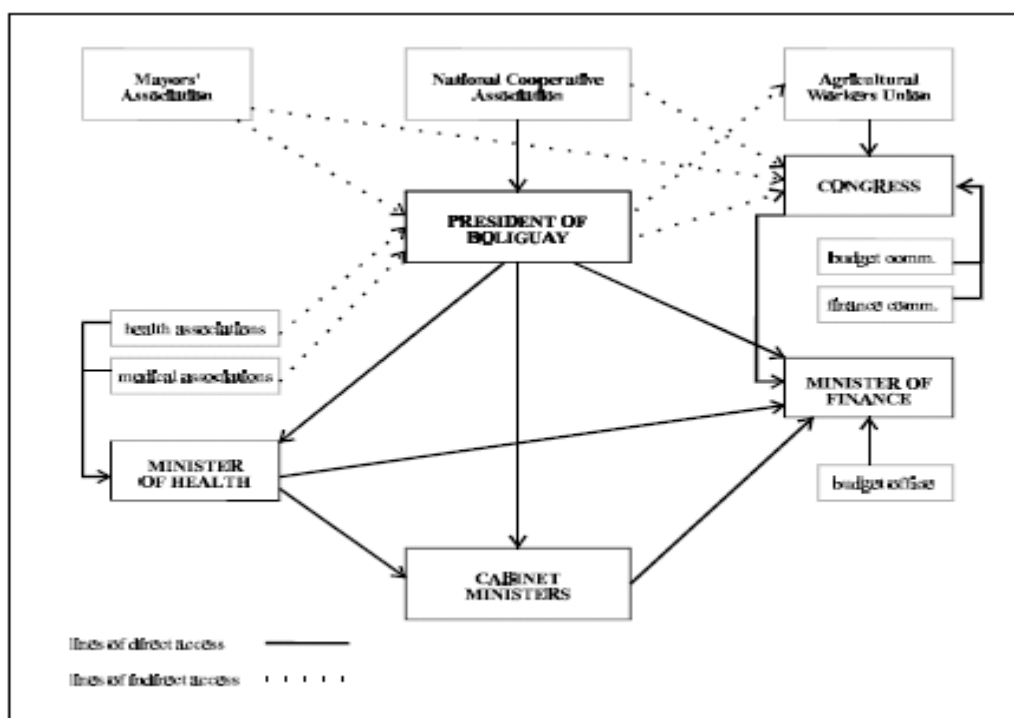

Figure 3. Policy Network Map: Health Sector in Boliguay

Source: Crosby (1992)

The third step is to assess the current capacities of the actors involved to play their expected roles. It is important here that the stakeholders in the partner country as well as the donors join the assessment process so that they will be able to reconfirm their own capacities. For the third step, the World Bank has developed a tool called the Assessment of Institutional Capacity. Using this tool, the Bank has identified the actions and actors for each policy purpose and analyzed incentives for these actors (Berryman, S, *et. al* 1997). Murakami and Matsuoka (2007) endorse

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Actor-Factor Analysis for Social Capacity Development.　They identify three factors necessary for formulating, implementing, and evaluating policies: "policy and measure"; "resource and management"; and "knowledge and technology".　They analyze how much capacity the three social actors—the government, the firms, and the citizens—have in relation to these three factors.　JICA has compiled a checklist for assessing capacities required in the sector of solid waste management (JICA　2005).

Analyzing the capacity strengths and weaknesses of each actor thus assessed in relation to interrelationships among the actors or their relative positions makes it possible to identify the causes of capacity weaknesses in a structural manner.

(1-2) Formulating an assistance strategy

The next step to engaging the partner country's stakeholders in analyzing the capacities of these actors is to define what functions of which actor should be strengthened by identifying the entry points and creating a subsequent CD scenario, which includes the efforts by the partner country and the domain of support by the donor.　Such a scenario serves as a national or sectoral development program or a joint assistance strategy.

JICA selects a domain of support that does not overlap with those of other donors and is likely to create synergy in designing a cooperation program.　The design process involves organizational environment analysis with the focus on the target sector and organization.　Specifically, this analysis may use such tools as a SWOT Analysis or Environmental Scan[2].　The cooperation program should be designed to take advantage of strengths and compensate for weaknesses of the targeted organization in consideration of its internal and external risks.

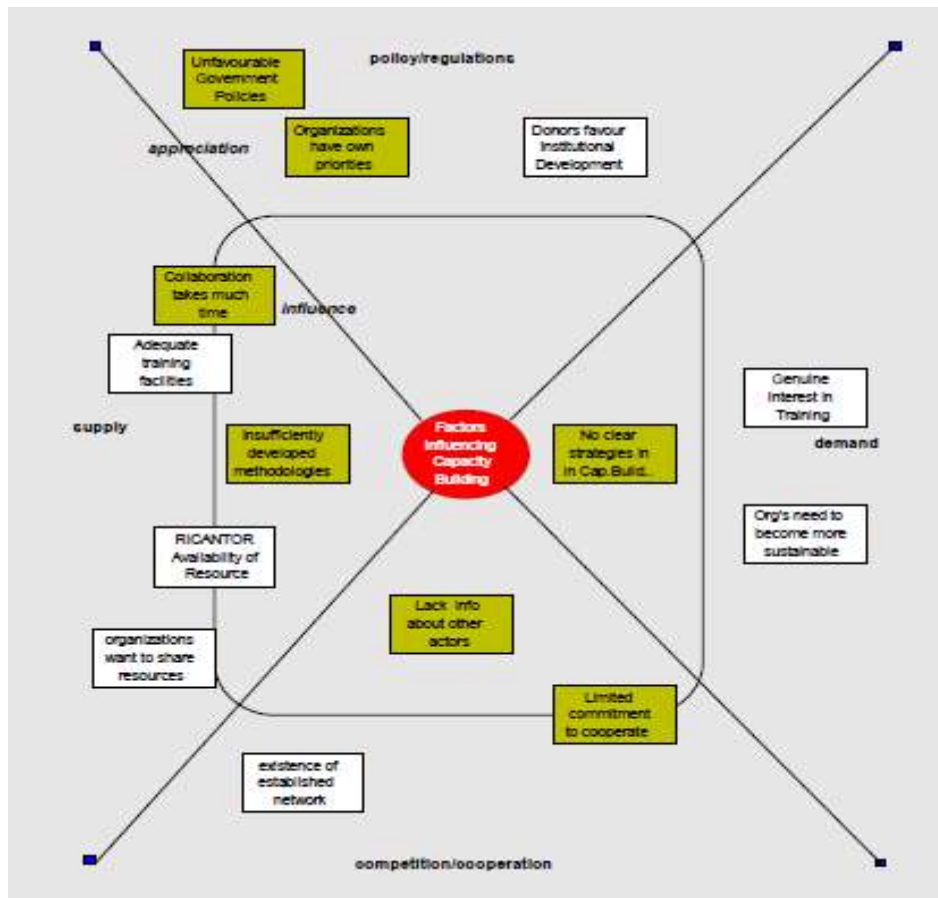[2] For Environmental Scan, see "MDF tool: Environmental Scan," 2005.

Figure 4. NGO Environmental scan: RINCANTOR

Source: MDF (2005)

In this way, JICA can then formulate a project that will target a specified level and produce specified outputs.

(1-3) Designing an individual project

The PCM approach is applied in designing an individual project. From a CD perspective, it is important to clarify the position of the project within the framework of the CD support program and to determine the scope of the project.

To define the project in a wider context is to define what the project means to each actor involved in the project (the service delivery department, the policy department, the beneficiaries, and other actors). The next step is to determine the roles and responsibilities of the actors (as well as the budget and implementation framework) and identify risk factors from the interrelationships between the actors. Furthermore, it is worth constructing or envisioning a post-project scenario. Such a scenario will make it easier for the partner country and the donor to share a common understanding of the purposes of the project.

Placing emphasis on "impact" and "sustainability" among the five evaluation criteria in PCM thus

allows a clearer course of action towards CD.

(2) CA and reviewing approach to CD support during the project/program implementation stage

CA in the project formulation stage assesses the relevance of the project from the perspectives of a variety of stakeholders, as it is aimed at defining the project within the CD support strategy. An important consideration here is that the period of the project formulation stage may be not be long enough to raise the awareness of the counterparts. In the sectors of local government and community development, development interventions can be counterproductive unless enough time is spent to assess local norms and organizations accurately and then determine project inputs and activities.

The project should therefore involve, at its early stages, a process in which the counterparts and other stakeholders estimate the baselines of their own needs and capacities and develop their own strategy for action. Placing emphasis on the ownership of the counterparts in carrying out CA can be considered the first step in the endogenous CD process[3].

It is necessary to monitor how the capacities change as the project activities proceed. An assessment is made of to what extent the capacities of the target actors have been enhanced against the baselines estimated in the project formulation stage. It is necessary to assess to what extent TC strengthens counterparts' technical capacities. The difficulty here is that they may consider that their capacities have declined from the self-estimated baselines. However, lower self-evaluation is interpreted as the result of the counterparts being able to broaden their horizons and assess their capacities from a wider perspective as a result of TC. This change reflects a change in their core capacities.

An assessment should also be made of how far the project activities have had effects beyond the counterparts on the actors around them. In other words, it is necessary to analyze how the actors who were identified in the project design stage have come to value the project, what action they have taken for the project, and what role they have come to play in the project. The actors may develop a network as necessary to address common problems while playing their own roles. Such a development can also serve as a benchmark against which the expansion of capacity is assessed.

These perspectives of CA lead not only to achievement of the project purpose but also better contribution of project activities to CD over the medium to long term. They also help to review development interventions and design new project activities.

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[3] UNDP regards CA as "a key input into the formulation of capacity development strategy" by integrated into the planning and programming process. (UNDP 2006)

(3) CA and reconstruction of the CD scenario in project evaluation stage

For a CD perspective, project evaluation should place emphasis on the contribution of the project in the whole CD scenario for the partner country as well as on the achievement of the project in relation to the project purpose.   In other words, a project that has not contributed to CD is irrelevant even if it has achieved the project purpose.   Alternately, a project is relevant enough if it has provided some kind of lessons to the CD strategy as a whole, regardless of its achievement in relation to the project purpose.

In this respect, it is important to review the project activities against the CD support scenario envisioned in CA at the project formulation stage.   Such a review may suggest that the project activities have become less relevant to the scenario.   In that case, the partner country's CD scenario itself may have somehow changed over time.   It is important to review the CD strategy so that the partner country will be able to learn lessons from the project in its CD efforts over the medium to long term and put these lessons to good use in a new CD scenario.

To this end, the significance of the project should be reexamined from the perspectives of not only the project implementers, but also other different stakeholders, including policymakers and local residents involved in the project.   The results of such reexamination will inform CA at the time of formulating a new project.

5. Important Considerations in CA for Different Types of Projects

The preceding chapter discusses CA in line with the project/program process of JICA.   In reality, however, different types of cooperation are extended for different development issues.   This chapter identifies important considerations in performing CA for three types of project in accordance with the CPI model in Chapter 3.

(1) Assessment of CD support from the local community

The first type is best represented by rural development projects.   In a typical project of this type, the local government, residents and NGOs jointly carry out a pilot project to develop a rural development model.   The central government institutionalizes this model for dissemination to other areas.

The characteristics of CD of this type suggest three important considerations in performing CA.   First, the requesting agency (the central government) does not match the implementing agency (the local government).   This makes it essential to assess not only the needs of the requesting agency, but also the needs and capacities of the local entities concerned and promote ownership by local stakeholders.   Second, enhancing the capacities of local government alone will not result in a

successful project.   The local capacity will not be developed as a whole without the development of the capacities of other local actors such as residents and NGOs.   These characteristics make it necessary to assess the norms, organizations, and available resources in the local community as a whole[4]. Third, in the case of a pilot project aimed at creating a rural development model, model creation is the role of the central government, not the competent local government.   For this reason, it is necessary to assess the involvement of the central government in the pilot project, the relationship between the central and local governments, and the capacity to institutionalize the model. It is also necessary to study the implementation framework and budget required to institutionalize and disseminate it.
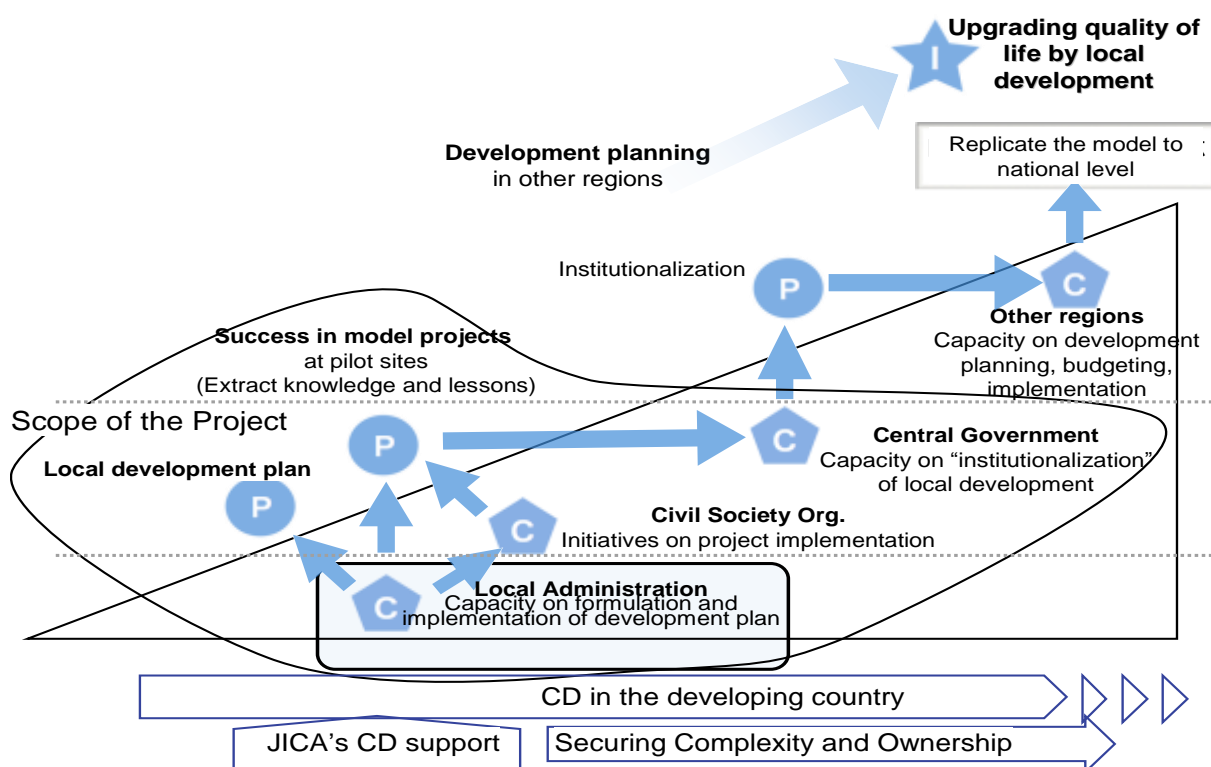

Figure 5. CPI image in CD support from the local community

Source: Author

(2) Assessment of CD support from a hub organization

The second type is exemplified by a project that establishes an agricultural extension center and develops necessary human resources (including training of trainers) at the center.

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[4] Ohama (2007) proposes a technique that pays special attention to the norms, organizations, and resources in the local community in his theory on Participatory Local Social Development (PLCD).

Two things should be considered in performing CA. First, an assessment should be made of the changes in not only the hub organization's technical capacities to provide training but also its overall management ability covering the manpower, the administrative framework, and the budget as core capacities. Second, in addition to the internal capacities of the hub center, it is also necessary to assess the enabling environment, including the changes in the capacities and needs of the training participants, and the capacities of the upper-tier organizations (central government offices) responsible for developing institutional foundations.
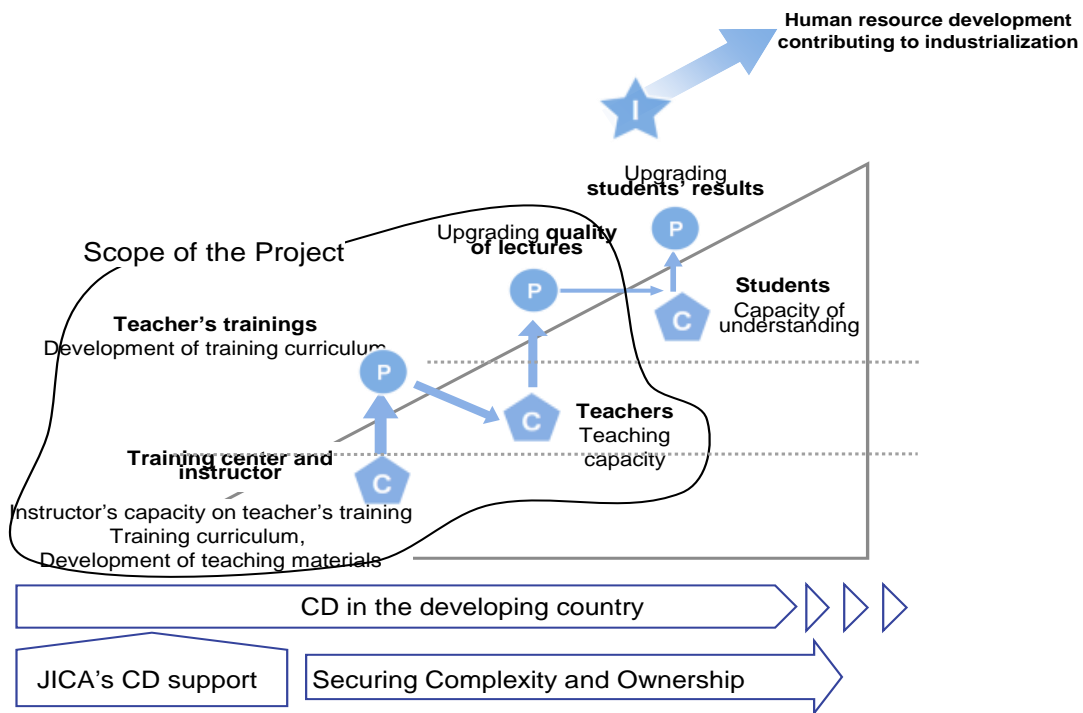

Figure 6. CPI image: CD support from a hub organization

Source: Author

(3) Assessment of CD support from policies and institutions

Unlike the first and second types, this type is aimed at policy and institutional development itself, rather than at enhancing individual and organizational capacities, whose results may be institutionalized. Typical examples include the provision of experts to policy-related departments as policy advisors, a study designed to gather information necessary for developing new policies and institutions, and a technical cooperation project aimed at joint research between Japan and the partner country.

Since this type concerns the basis for state building by the partner country, CA must confirm strong ownership by the counterparts. An assessment also needs to be made of the capacities and needs of the actors who administer institutions and those who are affected. This is because

policies and institutions to be applied must accommodate the needs in the field.

National institutions will not be built in the short term. It is necessary to encourage CD of the actors who build institutions and those who administer them and help these two types of actors to complement each other while always respecting ownership by the partner country.
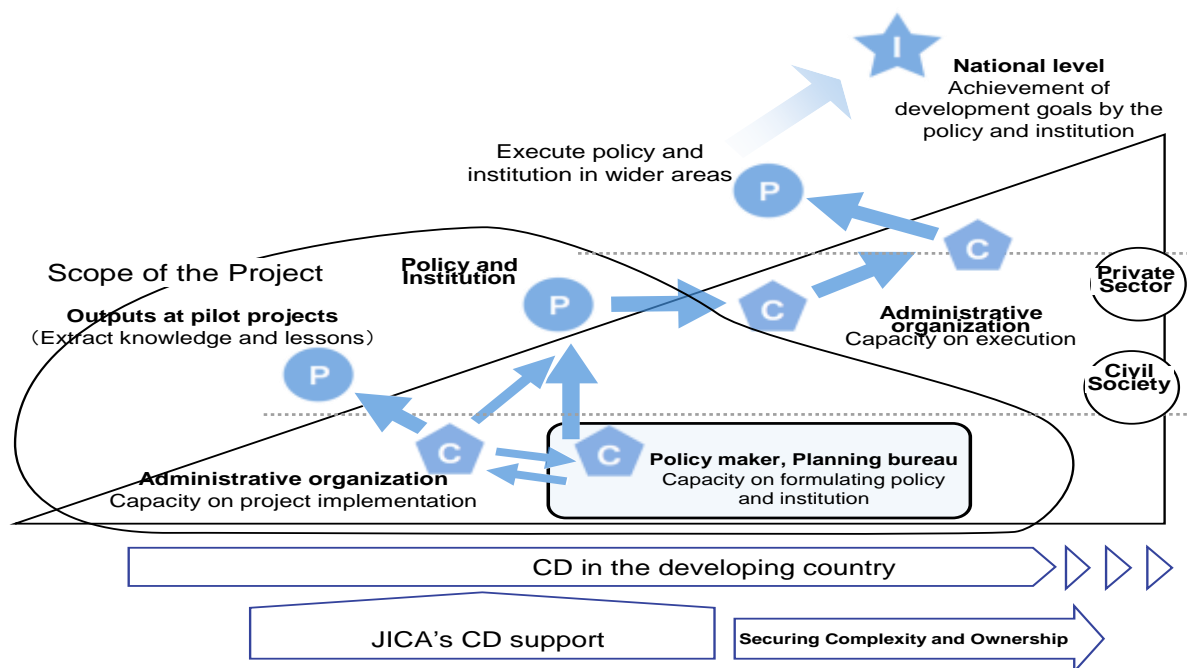

Figure 7. CPI image: CD support from policies and institutions

Source: Author

(4) Assessment point as a common factor for the three types

All these three types reflect the differences in the desired performance and the capacities to be focused on. Yet the important considerations in performing CA for the three types, when considered as a whole, point to the need to assess the organization's technical foundations (technical capacities), management foundations (core capacities), and policy/institutional and fiscal foundations that determine the capacities of the organization (the enabling environment) and explore ways to increase the overall capacity while ensuring that these different kinds of foundations complement one another.

It is extremely difficult to solidify all these foundations with JICA's TC alone. JICA is rather required to ensure JICA's position in coordination with other donors and the partner country within the partner country's national development framework, so that all these foundations will be strengthened as a national program.

6. Future Directions of Development Cooperation Activities from a CA Perspective

In sum, CA should be performed not by individual donors but by the donors concerned working together based on ownership by the partner country. The development of a joint CA tool is being discussed toward the HLF-III. However, CA tools so far proposed have rarely been used as joint tools for developing countries and donors. This should be addressed as a future challenge.

Discussion concerning medium- to long-term CD support for developing countries will likely increase the predictability for donors to define their intervention strategies from a medium- to long-term perspective. CA will be increasingly important for JICA as well, which will be soon be relaunched as a new agency, if it wants to set out a medium- to long-term cooperation menu that takes advantage of a range of aid modalities, including grant aid and loan aid as well as technical cooperation.

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