

Capacity Assessment and Capacity Development in a Sector Context Tool Kit

—Draft—

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Introduction

This tool kit is developed to assist practitioners working with capacity development (CD) processes. The target group is staff and managers in public organizations who are or want to be change agents or change managers, as well as staff from the Asian Development Bank (ADB) or other development partners who wish to support CD processes.

The tool kit is intended to serve in the context of a broad sector perspective, where several organizations may be part of a sector-wide CD process. The tools may also serve narrower CD processes in individual organizations. The focus is on organizational CD, not on CD for individuals.

The tools are designed to serve decision making and overall operational planning at the strategic level, helping to find answers to questions such as the following:

- What explains the present capacity situation in sector organizations, and what does that mean for the options for CD?
- Is there a local demand for CD and change that is bigger than the resistance to change?
- Is there local capacity to manage a CD process?
- How can local stakeholders design an output-focused CD process?
- Given the local situation, how can external development partners support CD?

In detailed implementation processes, practitioners are likely to draw on other tools from disciplines of organizational development, management, and process consulting.

The conceptual framework outlined in the tool kit as well as some of the tools (particularly tools 1-5) may be helpful in the initial sector assessment that forms part of country programming processes leading to country partnership strategies and programs agreed between countries and their external partners. The other tools (6-10) are more closely linked to operational planning.

The tools have to be used selectively based on sound judgment—they are NOT intended to be applied one by one in a short and compressed period of time. The dynamics of a dialogue, analysis, and formulation process related to CD must guide the use of the instruments, not the other way around.

The tool kit builds on the conceptual framework in the ADB document *Integrating Capacity Development into Country Programs and Operations. Proposed Medium-Term Framework and Action Plan* (ADB 2007a), as well as on other recent CD documents, including *The Challenge of Capacity Development: Working Towards Good Practice* (OECD-DAC 2006) and the reference document "*Institutional Assessment and Capacity Development—Why, What and How?*" (EuropeAid 2005).

A central argument of these frameworks is that **CD must be owned by those whose capacity is undergoing development**. An obvious, but not always respected consequence of this is that external partners such as funding agencies cannot drive or push CD through. They can support, encourage, and stimulate CD processes, but they cannot "do" CD.

Ownership is everything

Capacity development (CD) must be owned (wanted and managed) by those whose capacity is undergoing development. External partners such as funding agencies cannot drive or push CD through—and this *essential* lesson also implies that partners must be leading and driving assessment and formulation processes aiming at CD!

Staff members of funding agencies may want to assess current capacity as part of due diligence in country programming, the country partnership strategy, or upstream loan preparation and can use the CD tools for this purpose and support partners working on CD.

Most of the tools in this kit are therefore intended for use by partners in government and/or civil society. ADB staff may assist their partners in applying the tools, and the tools may also serve ADB staff to assess whether a CD support proposal seems feasible. One tool—Tool 6: Partners' Roles in CD Processes—is intended to help to clarify the most adequate role that local and development partners can assume in relation to capacity issues.

The tool kit starts with an overview that places the tools in a CD cycle, including an introduction to the conceptual framework on which it builds. After that, the individual tools are presented.

A word of warning: Capacity development and support to it are complex processes. The tools here deliberately try to reduce this complexity. The tools should therefore be used with care—they are not problem-solving tools, but at best help clarify what the problems are.

Reducing complexity can be helpful, but it can also be harmful: The wrong person using the wrong tool on the wrong issue in the wrong moment may destroy trust and mutual understanding. Sometimes people who have substantial knowledge about CD will find that the tools offer a cumbersome way of getting to superficial diagnosis compared with their knowledge. People with little insight may find that the tools after all only left them with some more order in what may still be insufficient information to guide decision making.

Therefore, **use the tools with caution**. The tools may ease communication, order information, and remind users about what they should pay attention to in and around CD processes. They can be used to facilitate analysis, dialogue, and decision making, but do not substitute for these processes.

The tool kit was commissioned by ADB and prepared by Nils Boesen. It gratefully draws on numerous sources of inspiration and has copied elements from multiple similar tools available in ADB, in other organizations, and among practitioners. A draft version of the tools was tested in a workshop for ADB sector specialists in March 2007.

Comments about the use of the kit and suggestions for improvements are most welcome and should be addressed to Claudia Buentjen (cbuentjen@adb.org).

Capacity Development—Overview of Tools

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

When is CD likely to take place? Three essential ingredients must be present for CD to happen:

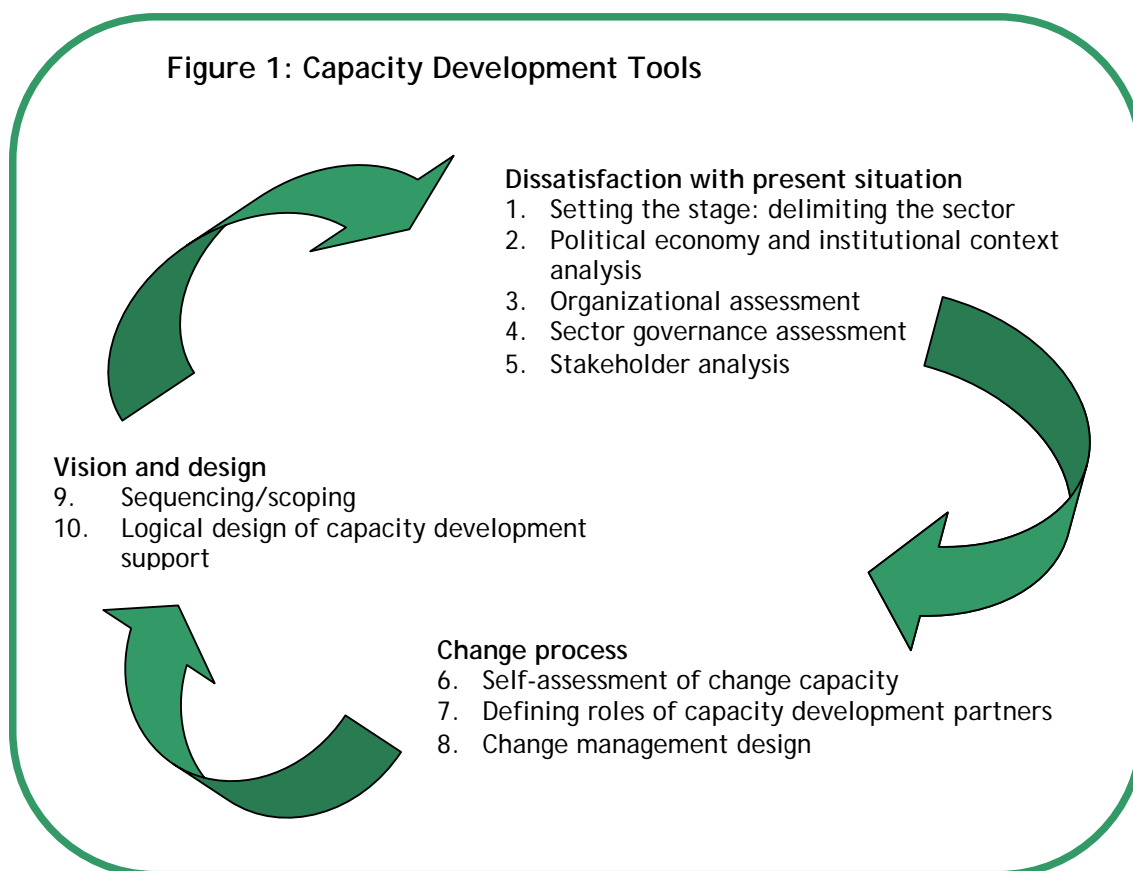
- **Dissatisfaction** with the present situation: Some actors inside and/or around an organization must find the current capacity to be too low, or misdirected. And, since others may think that the present capacity and performance level is good enough, the dissatisfied people must carry more weight than those who are satisfied.
- A **credible change process** to get from the present situation to a future state: The connect between the present dissatisfying situation and a vision for the future is a credible change process, where those who are supposed to develop or change are confident that commitment, competence, and resources are committed behind the change. If change management is poor or poorly prioritized, then the hope of getting to a better future quickly fades, even if everybody can see how much better capacity and performance could become.
- A shared **vision** about the future: Dissatisfaction, however acute, and good change management are not enough. If there is no idea of and belief in a realistic, better future with enhanced capacity, then dissatisfaction will only lead to frustration and passivity.

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

These three basic elements are not independent of each other—and they must be balanced. If the dissatisfaction is present, but not very strongly felt, then a very ambitious vision may be beyond what actors will support. If capacity to manage change processes is limited, then even deeply felt dissatisfaction will not easily be transformed into an inspiring vision.

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

The tools in this tool kit help work on these issues. But because CD—or change—is not a one-time effort, and because decisions and processes in one area affect the other areas, the tools enter into a cycle as illustrated in Figure 1.



Source: Author's construction.

The figure illustrates that an initial problem situation is transformed through a process to a new, less problematic situation, which will be the starting point for a new cycle.

The tools included in this tool kit are listed in the order of the cycle illustrated in the figure. However, the tools cannot be applied in a linear fashion. Users have to go from one to another, go back, and jump forward until a balanced overall picture emerges.

The kit presents 10 tools with additional guidance in the Appendix. Some of the tools overlap, and as stated, not all tools may serve for a given situation or at a given time.

An overview is presented next, and is followed by a section that introduces the basic CD concepts behind the tools.

1. Setting the Stage: Delimiting the Sector

This tool allows an initial mapping of the sector organizations that would have to be involved in a CD process. It helps to avoid a too narrow—or too broad—set of organizations to be included.

2. Scanning the Institutional and Political Economy Context

This tool supports an analysis of the context factors that will drive or constrain CD in a sector or an organization. The tool is intended to provide inputs for strategic level decision making.

3. Assessing Organizational Capacity

This summary tool can help to check whether critical assessment areas have been considered.¹ Funding agencies and partners may often agree to assess organizational capacity, including these elements—a guide for making terms of reference for such an assessment is included in the Appendix.

4. Sector Governance Assessment

Sector performance and capacity depends critically on adequate governance, accountability, and transparency. This tool allows mapping of the existing governance set up.

5. Stakeholder and Actor Analysis: CD Readiness

The level of dissatisfaction with the present situation and the perception of costs involved in CD and change depends on the interests, the power, and the voice of different stakeholders and actors. This tool allows a mapping of these interests and resources, and serves strategic decision making.

6. Partners' Role in CD Processes

In the context of external support to CD, it is important that all partners are aware of the roles they can and should play to maintain and strengthen local ownership of the CD or change process. This tool helps all involved partners to consider and discuss their roles in detail.

7. CD Change Management Design

This tool is for planning purposes and allows users to detail typical tasks and responsibilities in change processes. It is helpful at the operational level by prompting users to identify the persons who will be in charge of different aspects of CD processes.

8. Self-Assessment of Change Capacity

This tool helps people who will be key change agents and managers to assess their capacity to manage the process in terms of resources, skills, external and internal commitment, and links to key stakeholders.

9. Sequencing and Scoping of CD and Reform

It is not possible to generalize about how best to sequence and scope CD processes, but a number of factors have to be considered. These reflect the strategic scenario, which some of the previous tools have helped clarify. The sequencing/scoping tool brings all of this together.

10. Logical Design of CD Processes and Support to CD

This tool is the well-known logical framework approach adapted to the logic of output-oriented CD. It serves to avoid the limited focus on inputs (and particularly inputs of funding agencies) that has plagued so many CD efforts supported by external funding agencies. The tool allows an operational formulation of specific CD processes and support to these processes.

¹ Tools for making the specific assessments can be found in mainstream organizational development literature and are available on the capacity development web site of the Asian Development Bank (ADB)—currently under construction.

Capacity Development—Basic Concepts

Capacity—the Concepts

Capacity is the ability of people, organisations and society as a whole to manage their affairs successfully. (OECD/DAC 2006b)

Capacity is an attribute of people, individual organizations, and groups of organizations. Capacity is not something external to these units—it is internal.

Thus, CD is a change process internal to organizations and people.

Therefore, most importantly, **external partners cannot “do” CD of others**. Partners can support CD processes, and they may choose to manage that support, but they cannot manage the actual CD of others. This basic insight has two important implications:

- CD must be owned by those who develop their capacity—otherwise it simply does not happen.
- External partners cannot design and implement CD. They can support processes or create the right external incentives for CD processes, which have been, as a minimum, actively endorsed by those who want to develop their capacity.

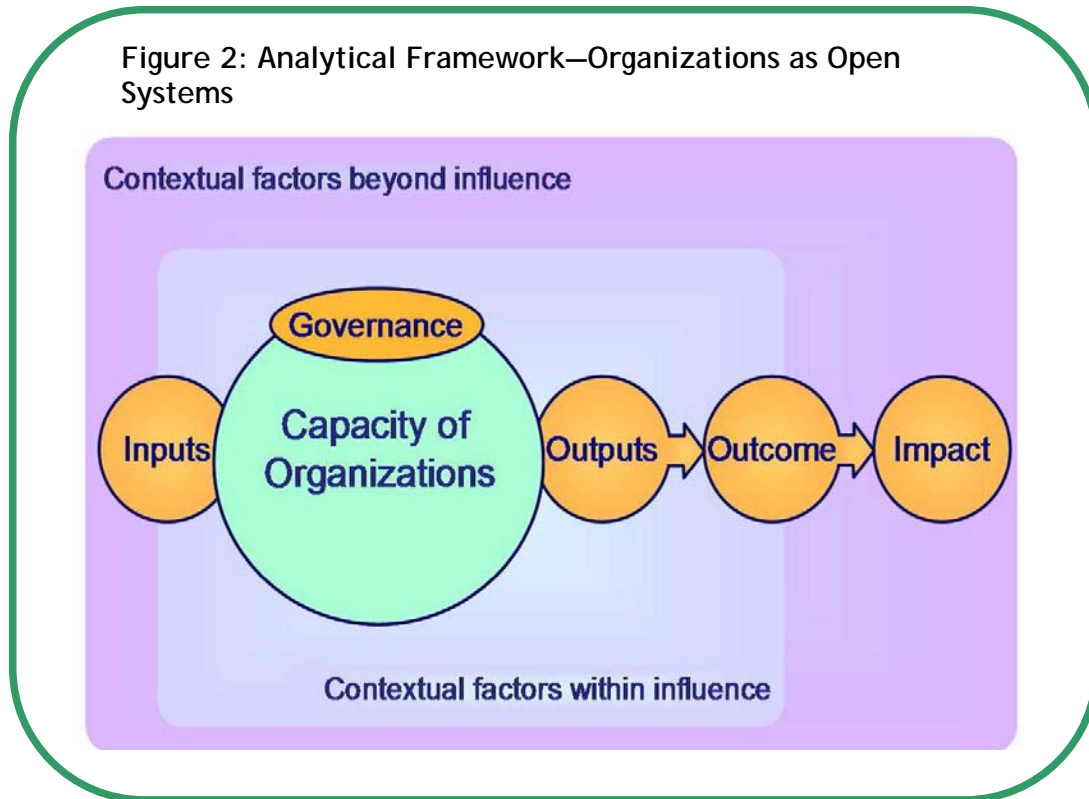
Dissatisfaction with the Present Situation

How can the present situation and the relative satisfaction and dissatisfaction with this situation be diagnosed, analyzed, or assessed? First, a framework for understanding organizations is presented, then the issue of satisfaction versus dissatisfaction is dealt with.

Capacity—An Open Systems Approach

Consistent with the broad definition just presented, the capacity of one or more organizations can be seen as an element in a wider system, as illustrated in Figure 2.

Figure 2: Analytical Framework—Organizations as Open Systems



Source: Author's construction.

The framework underscores the following key points about organizations and capacity:

- **Organizations operate in a context.** Their capacity does not develop independent of the context in which they are embedded and with which they interact all the time, through formal as well as informal mechanisms.
- **Performance leads to outputs.** There can of course be capacity without outputs (a car without gasoline will not take you far)—but when capacity is in use (“performing”) it is at least intended to lead to certain outputs.
- **Output leads to outcomes and impact.** Soap—an output—when demanded and used properly leads to improved hygiene (outcome) and may have an impact on health. But—crucially—the chain of causality from “capacity” to “impact” is long and increasingly influenced by a host of other factors. For a discussion of capacity, outputs are the immediate step in the chain and therefore a good proxy indicator for capacity.
- **Capacity resides and develops internally—but whether and how capacity develops may largely be determined by the “demand-side” or external factors.** The effectiveness of the governance of organizations (see more in Tool 4) and the corresponding strength of external demand for performance and accountability may provide the most important incentives or disincentives to CD.

The open systems approach is sometimes criticized for being “functional” in the sense that it assumes that organizations and capacity are pursuing official mandates and goals, and seeking to produce formally defined outputs. Therefore, it is important to stress that organizations have a “functional” and a “political” dimension as described in Table 1.

Table 1: Two Dimensions of Organizations

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

Source: Adapted from Mastebroek (1993).

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

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

The functional and political dimensions of organizations blend with the formal and informal aspects, as well as with the hidden and disclosed aspects of organizational life. Again, all organizations have a formal and an informal side, and like people, no organization wants to or should share everything with outsiders. The key question is whether there is an adequate balance between what is formal and informal, hidden or disclosed. In cases where public organizations have been captured for the narrow purposes of a powerful elite, they may have a formal façade with a mission, vision, outputs, plans, budgets, structures, and systems, but the informal capacity behind the formal façade may serve totally different purposes and produce hidden outputs that do not cope well with the true purposes of the organization.

The open systems approach and the additional dimensions just outlined serve as a framework allowing practitioners to assess present capacity and the dynamics that explain present capacity and output levels. Simplified, the framework has four dimensions, as shown in Table 2.

Table 2: The Four Dimensions Shaping Capacity

	Functional Dimension	Political Dimension
Internal Dimension	Internal, functional dimension: Systems, structures, work processes, etc.	Internal, political dimension: Leadership, power distribution, material and nonmaterial incentives, rewards and sanctions, possible vested interests, conflicts...
External	External, functional dimension: Legal	External, political dimension: Political

	Functional Dimension	Political Dimension
Dimension	framework, timeliness and adequacy of resources, results-based performance targets, oversight bodies, formal accountability requirements.	governance, possible vested interests, pressure from clients/customers, competitors, media attention...

Source: Author's construction.

Assessing organizational performance: Looking at present realities—ask why this is right rather than why this is wrong.

In practice, capacity assessments often end up describing what is missing, rather than explaining why capacity is what it is. Typically, “assessments” include findings such as

- lack of resources,
- lack of planning,
- poor monitoring,
- lack of skills, and
- lack of leadership.

At the surface, all of these may be correct “negative” observations: there may not be a plan, there may not be monitoring. The typical answer from development partners and consultants is then to introduce planning or monitoring, with procedures, formats, and training, often to discover that despite the best intentions, plans are not followed anyway, or monitoring results are not fed into decision making. The limited success may reflect that the real authority structure is such that the senior executive cannot and will not let him or herself be tied by a plan (a plan is an instrument of formalizing control), because he or she needs very wide room for discretionary decisions to be able to keep his or her place in the power game intact, both upward and downward. Technocratic planning exercises are unlikely to change such root causes to what appears to be “lack of planning.”

Understanding the dynamics that explain present capacity is neither easy nor straightforward, and development partners must carefully consider what they need to know, what they need to share with others, and what partners should deal with in their own efforts to develop their capacity. The Appendix to this tool kit gives advice on why, how, and when development partners should assess organizations or support partners own efforts in this direction.

Analyzing Satisfaction and Dissatisfaction

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

These stakeholder preferences or interests can be mapped in relation to the existing situation: who is winning, who is losing as things are? This is only the first step: a change in one direction will create a new scenario with new winners and losers, while a change in another direction will create another set of winners and losers. Therefore, stakeholder dissatisfaction, satisfaction, and preferences need eventually to be mapped in relation to a broad direction of possible change (Box 1).

Box 1: Summary and Tools—Assessing Organizations and Dissatisfaction

The Open Systems Approach entails five key elements for assessing one or more organizations:

- focus on outputs as a proxy for capacity;
- assessment of the context (the demand side) as well as the internal elements;
- assessment of the supply side, including, when multiple organizations are involved, the networks and relations between organizations and stakeholders;
- assessment of both functional and political dimensions in and outside the organization(s); and
- assessment of what is there and why it is as it is before looking at what should be there.

Tools 1-5 address the assessment of organizations, including the crucial stakeholder analysis that gauges the interests in changing or maintaining the present situation.

Source: Author.

Change Processes and Change Management

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

Such questions are all too often not asked by development partners seeking to support CD in a sector. Is a project implementation unit a feasible way of ensuring higher level buy-in, oversight, and strategic guidance? Or should a high-level line manager stay firmly at the helm? Who and what will appease public officials standing to lose influence, or even jobs? Who will ensure that a specific powerful senior minister is kept informed and happy about developments? Etc.

Linked to the crucial planning tasks is the question of the role of local and external partners, including but not limited to development partners and technical assistance (TA) with contractual links to development partners: how much should they push, suggest, decide, control? Or should they keep arms length, including when things go less well or progress is less than impressive? When will they undermine ownership; when will they be perceived and accepted as trusted partners?

The good news is that these questions can be discussed and addressed, plans can be made, agreements reached.

Tools 6, 7, and 8 help address the change management challenges of CD.

Vision and Design of CD Processes

The final element in the change equation is the vision for CD, and the more detailed design of CD processes.

How comprehensive and ambitious will the vision be? How will it be expressed? What should be the time horizon? Can CD be thought of as a number of successive platforms to be reached, increasingly addressing more complex or controversial issues?

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

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

All too often, operational design has focused excessively on inputs from development partners, thereby in reality planning the external support to the process only and bypassing the planning of the CD process itself. This is like planning what the assistant surgeon will do without knowing what the chief surgeon is up to! Following the conceptual framework outlined here, a planning approach is recommended that

- takes its point of departure in the objective of the CD process by defining the changes in organizational outputs that will be achieved, and then working backwards to the activities and inputs, rather than departing from the inputs (or, even worse, departing only from inputs supplied by the funding agency); and
- plans the local CD process and eventual external support as one process, and therefore specifies the crucial local leadership, management and other inputs (staff time, etc.) required—planning this up front is required not only to make a realistic and feasible plan, but also to make the mutual commitments to the CD process clearly visible.

Tools 9 and 10 are helpful for these steps. However, no tools will lead the involved actors to any right answers—they may at best help actors to consider a fuller range of data and issues in a structured manner as inputs to their decision making process.

Tool 1: Setting the Stage—Delimiting the Sector

What Is the Purpose of the Tool?

This tool aims at clarifying CD priorities at sector or subsector levels. It does so by helping users to identify

1. the **core organizations** with a significant direct role in delivering a set of outputs considered essential in relation to current and future policy outcomes in a sector;
2. the **contributing organizations** with an important, but not significant direct role; and
3. the **outer layer of organizations**, which has a less important and less significant role.

When and By Whom Should the Tool Be Used?

The tool is most relevant at the early stages of sector assessment, capacity diagnostics, and dialogue about possible CD processes and support to CD. In later phases, the tool can be used to review directions and scope of sector CD priorities.

- Local actors can use the tool to clarify strategic options regarding which organizations to target for priority CD action.
- Development partners can use the tool in country strategy programming processes.
- The tool may also be used in the dialogue between local stakeholders and development partners.

How to Use the Tool

The tool enables a simplified graphic presentation of the sector. Follow the steps below:

1. Identify the broad current or desired policy impact and outcome to which CD should eventually contribute.
2. Identify the key current outputs, as well as potential additional ones, required to achieve the outcomes.
3. Identify the core organizations with a significant role in delivering the key outputs; the contributing organizations with an important, but not significant, direct role; and the outer layer of organizations with a less important and less significant role.
4. Consider the following types of organizations:
 - a. civil society organizations and interest groups representing voice and demand for services, or to whom accountability is or should be important;
 - b. frontline agencies and units actually delivering services, both public and private suppliers;
 - c. central level agencies with roles in policy making and governance of subsidiary levels;
 - d. checks and balances organizations that keep the “operating system” to task; and
 - e. the political system.

5. Locate the organizations graphically, and insert key explanatory text about outcomes and outputs. The graphic can be drawn on a flipchart or prepared by using the model in Figure 3.

Background and Details

The tool permits identification of the organizational boundaries of the sector or subsector where CD is being or should be considered (Box 2). It applies a logic moving from policy impact and outcomes backward to the key outputs (services, products, and regulations) required to achieve the outcomes and the impact. From here, the core, contributing, and outer layer of organizations are identified. Different categories of organizations are considered (frontline agencies, central level agencies, checks-and-balances bodies, the political system, and civil society organizations representing voice and demand for services (see Figure 3).

Box 2: Organizations to Consider—Transport Sector Example

Civil society organizations and interest groups: Transport associations, road users (if organized), environmental groups, unions of drivers, suppliers of goods and services to the sector.

Front line agencies and units actually delivering services: Public and private road maintenance or supervision units, police units, toll station operators.

Central level agencies: Transport ministry, public works ministry, central police authority, environmental authority.

Checks and balances organizations: Auditor general, ombudsmen, complaint and redress system, the judiciary.

The political system: Transport and environmental committees in parliament, finance committee, infrastructure committee.

Source: Author.

The tool invites reductionist thinking in three ways:

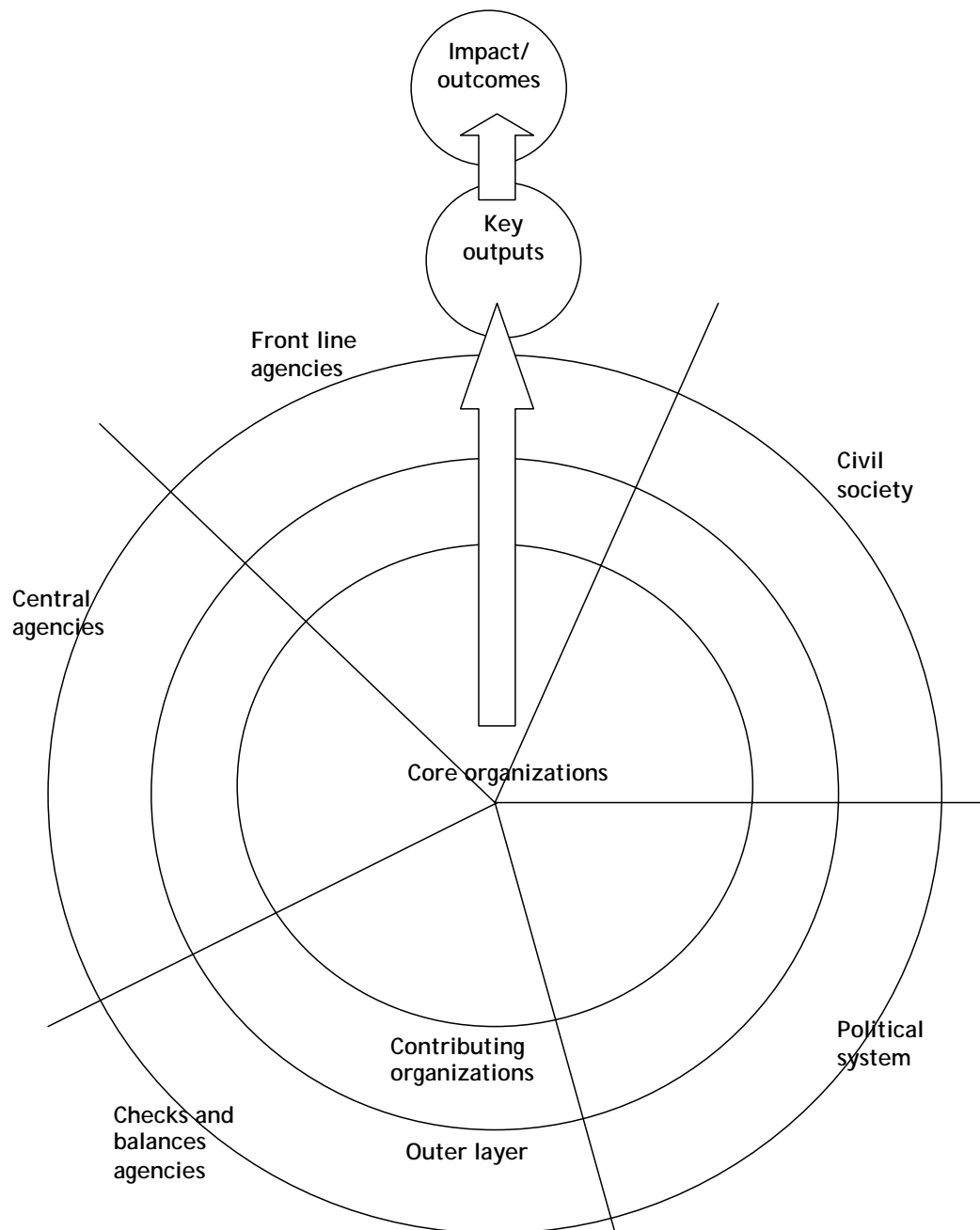
- First, outcomes may be identified at a subsector level (e.g., in transport, the focus could be on the primary road network). Policies, budgets, and other sector management instruments could encompass a wider set of outcomes, but narrowing the outcomes may be necessary to ensure operational efficiency of CD processes. This is particularly so if the narrower set of outcomes eventually points to key outputs from organizations that are specialized in delivering these outputs (e.g., a road fund might only cover the primary road network). It is more problematic to narrow outcomes if that eventually means addressing CD for a part of an organization only (e.g., if primary and lower secondary schools are integrated, using the same schools, same teachers, etc. then a focus on primary education outcomes alone would be likely to create severe problems).
- Second, by focusing on key outputs, some less crucial outputs may be omitted (e.g., ensuring that the road weights controlling axel loads are regularly verified and approved by the weight and measurement control agency may not be a crucial output in the short and medium term). The focus on selected outputs will lead to the exclusion of organizations in the subsequent step.
- Third, distinguishing between core, contributing, and outer layer organizations leads to a final process of reduction and simplification.

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

Warning. Going through this simplification process at the beginning of a dialogue process or analytical phase is obviously risky—and this emphasizes that the tools cannot be used sequentially (first finish with one, then take the next...). Users have to go back and forth until the combined picture is satisfactory and clear.

Links. This tool is closely linked to Tool 4: Sector Governance Assessment and Tool 10: Logical Design of CD Processes and Support to CD.

Figure 3: Tool 1. Setting the Stage: Delimiting the Sector



Source: Author's construction.

Tool 2: Scanning the Institutional and Political Economy Context

What Is the Purpose of the Tool?

The tool aims at enhancing the realism and pertinence of sector CD ambitions and interventions. The tool does so through a quick scanning of significant context factors that enable and constrain the capacity and performance of sector organizations.

When and By Whom Should the Tool Be Used?

The tool is most relevant at the early stages of sector assessment, capacity diagnostics, and dialogue about possible CD processes and support to CD.

- Local actors may often know the institutional and political playing field. The tool can help make this explicit among, e.g., a group of reform-minded actors, and stimulate strategic level thinking about reform opportunities and dead ends.
- Development partners can use the tool to inform country strategy programming processes, as background for dialogue with local actors, and to inform decision making about strategic reform opportunities and dead ends.
- The tool may also be used in the dialogue between local stakeholders and development partners.

How to Use the Tool

The tool consists of two matrixes:

- Tool 2.1 (tables 3 and 5), an analytical matrix allowing the identification of institutional and political economy factors shaping sector performance, and
- Tool 2.2 (tables 4 and 6) a summary matrix that allows users to draw strategic conclusions from the analysis.

Information for the analytical matrix can be drawn from one's own knowledge, key informants, and special studies. The history of previous CD or reform attempts may also inform the second matrix.

The analytical matrix can either summarize results of a proper analysis or serve as a pointer to the need for more thorough analysis.

Background and Details

The tool focuses on how the capacity of key sector organizations to perform key functions is influenced positively or negatively by broader institutional and political economy factors, which reach beyond the sector. It focuses on middle to longer term factors, and does not invite a look at individual actors and stakeholders (Tool 5 has this focus). The tool helps to answer the question: Which context factors explain why the current capacity is what it is?

Analytical Matrix. Each row includes an area that can usefully be considered in a broader diagnosis of the performance of a sector such as education or agriculture. In sector-wide approaches, the areas indicated by the rows often form a core part of the dialogue between local sector stakeholders and external development partners.

The columns allow consideration of institutional factors and factors of the political economy.

Institutional Factors. “Institutions” refer normally to “the rules of the game in a society.” Some are formal (e.g., codified in laws or in organizations, which have become institutions), others are informal (e.g., customary land rights). Most institutional factors only change slowly, but for example the legal and organizational setting in which an individual organization operates may change quickly. Factors to look for include institutional factors that are changing, whether slowly or quickly, are as follows:

1. **formal and informal rules** shaping the performance of sector organizations, including the formal legal framework for the public sector, and the degree of compliance with and/or enforcement of this framework: for example, are laws in general enforced and respected by citizens? Are oversight bodies and the judiciary providing effective checks and balances? Are informal rules dominating the formal rules?
2. **cross-cutting and public-sector-wide incentives for civil servants**; competition with the private sector for scarce skills, character of recruitment processes; and
3. other **cross-cutting policies**, systems and factors on which sectors depend (e.g., government political platforms, poverty reduction strategies, public financial management, decentralization, other cross-cutting administrative reforms such as privatization and outsourcing).

Political Economy Factors. Such factors are broadly related to the legitimate as well as nonlegitimate pursuit of private or group interests in the sector, whether through formal or informal channels and means. Interests can include acquiring or keeping resources, power, and/or status. “Politics” is used in relation to interests because politics determines “who gets what.”

It is probably useful to distinguish between political economy factors, even if they may overlap.

1. **Political or “public” interests** include, for example, pursuing regional, sector, political party, or constituency goals through the use and/or abuse of the public financial management system, including, for example, election time grants to constituencies and government employment expansion. Both can be perfectly legitimate and good for the economy (infrastructure constructed to attract voters from a region may serve them and their economy well; public employment may expand demand for private sector goods). But they can also be harmful.
2. **Private gain (rents or power)** may be pursued by individuals and groups, e.g., influence and privileges (trade and farmer unions and employers’ associations), direct rent-seeking and corruption. (This can be part of a patronage system actually underpinning the power structure, and thus also include, for example, “ghost workers” on the payroll.) Again, this can be legitimate (e.g., lobbying for own interests) or not, and mostly beneficial or mostly harmful.
3. **Bureaucratic interests** include, for example, the relative power of sector ministries versus the finance ministry and central versus local governments in budget allocation processes; and the power of budget, accounting, and internal audit units in allocation processes. The power a sector ministry may struggle to maintain vis-à-vis the ministry of finance may be used for good purposes (e.g., an overzealous ministry of finance wanting to introduce rigid performance measurement in schools may do education a

disfavor), or not so good purposes (e.g., through overspending of budget and uncontrolled reallocations of funds).

An example of a completed matrix and summary table is given (tables 3 and 4), followed by an empty matrix and summary table (tables 5 and 6).

Tip & Tricks

- Leave cells blank when there is nothing important to put in. You control the matrix—don't let it control you!
- Do not worry about choosing which column a factor should go in. The purpose of the matrix is to invite broad thinking about important contextual factors, and it does not matter much which cell a factor is put in.

Warning. The results of an analysis of institutional and political economy factors may be contested and evoke negative reactions, particularly if the analysis is made by external partners. Before performing the analysis, consider whether it is intended to be shared with others or thought of as part of the internal preparation for strategic decision making, whether in a sector organization or in a funding agency.

Links. Tool 5: Stakeholder and Actor Analysis: CD Readiness (identifying concrete “carriers” of interests and influence) and Tool 9: Sequencing and Scoping of CD and Reform should be informed by the strategic and tactical summary conclusions reached here.

Table 3. Sample Tool 2.1. Which Context Factors Explain and Influence the Current State of Education Sector Capacity?

Sector Capacity Area	Institutional Factors	Political Economy Factors
A. Wider context influencing policy making	Formal sector policies in general not endorsed upward by cabinet and parliament. Formal policies tend to be symbolic and are not effectively driving behavior. Change most often driven by a team of people rather than by formal policies transformed to plans.	Middle class/elite protect excess university spending. Teachers' unions have effective veto power. Indigenous groups press for reform and increased primary access and bilingual education. Education not really high on the president's agenda.
B. Wider context influencing sector resources, budget allocation mechanisms and public financial management	Cash budget management makes budgets largely illusory. No effective forecasting and imposing of sustainable sector funding levels by ministry of finance. Investment and recurrent cost budgeting processes fragmented and incoherent.	Considerable leakages and diversion of funds. Ghost workers largely purged from payroll thanks to centrally imposed computerized system. Public financial management system used to sustain political party patronage system.
C. Context factors shaping organizational implementation capacity (including civil service reform and decentralization)	Semi-authoritarian leadership tradition with centralized power and weak consultation of staff. Systems and planning have little room in prevailing culture. Civil service reform stalled. Decentralization has fragmented responsibilities in the sector, but also enhanced local anchoring of school system.	Teachers often have to buy position, headmasters politically appointed. Civil servants change with changing government. High level of discretionary power at different levels is part of patronage system.
D. Wider framework for accountability and monitoring (including demand-side pressure for performance)	National institute of statistics delivers high quality outcome studies. No tradition for use of evidence to press the education sector for performance.	Some parent associations exercise governance, others use power to extract rent for admission of students. Parliament not calling the executive to account in any systematic manner
E. Networking and relations to critical stakeholders, including development partners	Ministry of planning not effectively steering aid, sectors go fishing and funding agencies take the bait. Strong inward-focus in government agencies, lacking adequate consideration for the broader picture.	Sector ministries are handed out to political parties as part of prize for supporting majority coalition, few political incentives to improve networks. Important development partners pursue own foreign policy agendas and/or global agendas.
F. Other		

Source: Author's construction.

Table 4: Sample Tool 2.2. Summary Conclusions

Sector Capacity Area	Strategic Implications and Broad Directions –Potential Avenues and Likely Dead Ends for CD/Reform	Tactical Implications - Shorter Term Means to Strengthen Balance in Favor of CD/Reform	Other Conclusions, Information Needs, Communication Needs, Etc.
A. Wider context influencing policy making	University reform not feasible in short term. Build indigenous peoples' demands. Stimulate education debate among political parties.	Seek alliances with urban middle class for improved quality. Engage segments of teachers' unions in policy debate.	
B. Wider context influencing sector resources, budget allocation mechanisms and public financial management	Increase transparency of flows of nonsalary budget to school level. Bring sector affordability on political agenda within 2-3 years.	Pilot test new models (citizen report cards, voucher systems, and tracking exercises) in stronger municipalities. Bring in regional experiences.	Seek more information on promising regional approaches to ensure minimum funding of operating costs at school level, and increased transparency.
C. Context factors shaping organizational implementation capacity (including civil service reform, decentralization)	Include merit as criteria for head masters' selection. Introduce tradition for orderly transfers when power changes. Give incentives to rural bilingual teachers.	Strengthen contacts with indigenous movements and urban middle class to increase pressure for performance.	
D. Wider framework for accountability and monitoring (including demand-side pressure for performance)	Strengthen local demand for data from universities, think-thanks, and media.	Organize "moving data exhibition." Feed political parties with key data.	Explore relevant similar attempts to get data "from data tables to policy tables."
E. Networking and relations to critical stakeholders, including development partners	Work on minimum policy coherence in the sector, but keep separate programs with focus on a reduced number of issues. Get the five major development partners in line.	Arrange joint high-level headquarters visit from three main development partners to observe aid fragmentation and lack of progress in "donor harmonization."	
F. Other			

Source: Author's construction.

Table 5: Tool 2.1. Which Context Factors Explain and Influence the Current State of the Sector Capacity?

Sector Capacity Area	Institutional Factors	Political Economy Factors
A. Wider context influencing policy making		
B. Wider context influencing sector resources, budget allocation mechanisms and public financial management		
C: Context factors shaping organizational implementation capacity (including civil service reform, decentralization)		
D: Wider framework for accountability and monitoring (including demand-side pressure for performance)		
E: Networking and relations to critical stakeholders, including development partners		
F. Other		

Source: Author's construction.

Table 6: Tool 2.2. Summary Conclusions

Sector Capacity Area	Strategic Implications and Broad Directions – Potential avenues and Likely Dead Ends for CD/Reform	Tactical Implications –Shorter Term Means to Strengthen Balance in Favor of CD/Reform	Other Conclusions, Information Needs, Communication Needs, Etc.
A. Wider context influencing policy making			
B. Wider context influencing sector resources, budget allocation mechanisms and PFM			
C: Context factors shaping organizational implementation capacity (including: civil service reform, decentralization)			
D: Wider framework for accountability and monitoring (including demand side pressure for performance)			
E: Networking and relations to critical stakeholders, incl. development partners			
F. Other			

Source: Author's construction.

Tool 3: Assessing Organizational Capacity

What Is the Purpose of the Tool?

The tool aims at ensuring that the most critical areas of organizational capacity are considered when an assessment is planned.

When and By Whom Should the Tool Be Used?

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

- Local actors may use the tool to specify the scope of an assessment that would identify priority areas for CD in one or more organizations.
- Development partners can also use the tool to specify the scope of assessments to inform country strategy programming processes, as background for dialogue with local actors, and to inform decision making about strategic reform opportunities and dead ends.
- The tool may also be used in the dialogue between local stakeholders and development partners.

How to Use the Tool

The tool has two parts:

- a checklist of issues where a deliberate decision should be taken regarding whether and how thoroughly the organization(s) should be assessed: the checklist can also be used to verify if a previous assessment has included the issues recommended; and
- a guide for preparing terms of reference (TOR) for an assessment of organizational capacity (Appendix).

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

The guide for preparing TOR addresses a number of additional considerations about when and how to make assessments, who should make them, and for what purpose.

Background and Details

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

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

Tool 3.1: Checklist. The checklist (Table 7) focuses on the following assessment areas:

- organizational outputs (services and products, including regulatory services/products);
- inputs (monetary, human, and physical/technical resources);
- leadership;
- motivation and incentives;
- balance between functional and political dimensions of the organization(s); and
- fit between the formal and informal organization(s);

For more details about the areas listed, refer to the introduction to this tool kit and to *Institutional Assessment and Capacity Development—Why, What and How?* (EuropAid 2005).

Assessment tools with special reference to developing countries include *Organizational Assessment: A Framework for Improving Performance* (Lusthaus et al. 2002).

The most widely applied detailed operational tools are likely to be found in the mainstream organizational development and management consulting industries and research communities.

Tool 3.2: Guide for Preparing Terms of Reference for Capacity Assessments (Appendix). This guide gives more detailed help when considering why and how to make a capacity assessment. The guide was developed recognizing that development partners often need such assessments, and that external technical assistance is often thought to be well suited to performing capacity assessment. The guide accepts this reality while helping authorities and partners to carefully consider alternatives, as well as specific objectives, results, participation, and process aspects that are sometimes overlooked.

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

Links. This tool feeds particularly into Tool 6: Partners’ Roles in CD Processes, Tool 9: Sequencing and Scoping of CD and Reform, and Tool 10: Logical Design of CD Processes and Support To CD.

Table 7: Tool 3.1. Checklist for Organizational Assessment

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

B. Assessment Area: Inputs and Resources	Cover	Cover In Detail	Do Not Cover	Notes
Past and present levels of budgeted resources, and sources				
Past and present levels of actually available resources, and sources				
Predictability of resource availability in time/quantity				
Degree of flexibility of resource allocation (e.g., salaries/operational costs/investment)				
Possible bottlenecks and/or unbalances in resource availability				
Match between goals and targets and actual resource availability				
Supply side situation (staff, materials, information, capital goods)				

C. Assessment Area: Leadership	Cover	Cover In Detail	Do Not Cover	Notes
Leadership characteristics (style, culture)				
External leadership effectiveness compared to peers				

Internal leadership effectiveness compared to peers				
Effectiveness and practices of delegating authority				
Predictability of senior-level decision making				
Internal and external consultation practices				
Effectiveness of internal communication from leaders				
Effectiveness of motivating staff and solving conflicts				
Openness about leadership issues				

D. Assessment Area: Motivation/incentives	Cover	Cover In Detail	Do Not Cover	Notes
Clarity of tasks and purpose				
Match between tasks and individual capabilities				
Delivery of means and support for performance by the organization and by leaders/managers				
Fair, adequate, and nondistorting material compensation package				
Credible threat of sanctions for wrong-doing and non-doing				
Credible praise and recognition based on performance				
Adequate status and career opportunities with merit counting appropriately				

E. Assessment Area: Balance Between Functional and Political Dimensions of the Organization(s)	Cover	Cover In Detail	Do Not Cover	Notes
Balance between pursuit of formal goals and goals not related to organizational performance				
Checks and balances on the use of power inside the organization				
Balance between importance of personal loyalties and performance of formal tasks				
Degree of dependence on external power structures and networks				
Actual criteria for hiring, firing, promotions, and demotions				

Appropriateness of concentration and/or fragmentation of power in or between the organization(s)				
Culture/climate in the organization in relation to power holders and sources				

Assessment Area: Fit Between Formal and Informal Organization(s)	Cover	Cover In Detail	Do Not Cover	Notes
Is there broad goal agreement?				
Is work actually done following the formal structures, or are they systematically bypassed "to get things done"?				
What is the balance between formal and informal communication channels?				
What kind of networks is the basis for informal communication/exchanges?				
What are the implicit, informal rewards, and how do they count compared to formal ones?				
What is the balance between formality and informality of actual leadership and management functions?				
What are formal systems (budget, information technology, planning, control) actually being used for?				
Are formal systems subverted? If so, how?				

Source: Author's construction.

Tool 4: Sector Governance Assessment²

What Is the Purpose of the Tool?

This tool serves for taking stock of governance relations in the sector, thereby prompting a dialogue on options for enhancing the governance capacity. Dialogue is crucial for the present capacity and possible CD of the sector organizations.

When and By Whom Should the Tool Be Used?

The tool can serve at any time to prompt a dialogue on governance issues in a sector, the results of which would feed into design of activities to enhance governance as part of enhancing sector capacity.

- Local actors may use the tool to get an overview of existing governance and accountability relations in a sector, and to discuss desired changes.
- Development partners can use the tool to inform country strategy programming processes, as background for dialogue with local actors, and to inform decision making about specific support to a sector.
- The tool may also be used in the dialogue between local stakeholders and development partners.

How to Use the Tool

The tool consists of a checklist-type matrix with questions that can be considered. Not all questions may be relevant, and the matrix may simply be used as a reminder, a primer for discussion, or with data and assessment being written up separately.

Background and Details

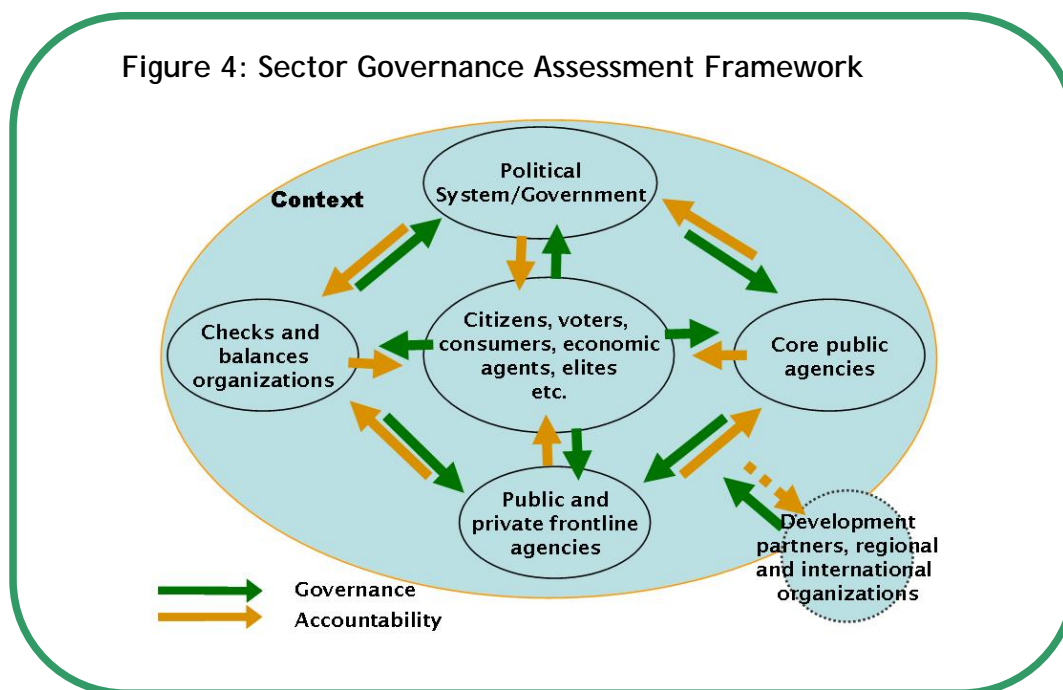
“Governance” describes the “rules of the game” in the sector: who decides priorities, how are resources distributed, how is authority exercised, who, formally or informally, are accountable to whom? This is based on the (simplified) notion that governance and accountability are two sides of one coin: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

The sector governance assessment framework (Figure 4) presents the main elements that count when assessing governance in a particular sector. This framework calls for a focus on two factors that are key to assessing governance in a sector.

² ADB is preparing guidelines for sector governance and anticorruption risk assessments to support regional departments in addressing mandatory requirements spelled out in the Governance and Anticorruption Action Plan II.

Actors. Who are the key players in governance at sector level? What are their powers and authorities, their interests, and the incentives they have for maintaining the governance status quo or for change?

Governance and Accountability Relations. What are the characteristics of the governance and accountability relations between actors in the sector? Are formal or informal mechanisms dominant? How strong is rule-based governance compared to person-based governance? How transparent are the governance relations? Who are linked to whom, who have fought with whom, and by which means?



Source: "Addressing Governance in Sectors" - Draft, EuropeAid, 2007

The framework locates sector governance in a wider context that enables and constrains both actual governance and possibilities for introducing change (see Tool 2). The mapping of stakeholders and their broader interests will be covered in Tool 5; Tool 4 focuses on the governance and accountability mechanisms and relations.

Assessing Governance and Accountability Relations. Governance in a sector can be exercised by different mechanisms. A governance mechanism governs the relation between those governing and those governed (the principal and the agent). Four governance mechanisms are often at work in a sector.

- **Governance by hierarchy:** In a hierarchy, subordinates are dependent on decisions taken at the higher level where formal power has been granted to decide (or to delegate). The subordinates are accountable to their bosses. This is the formal, rule-based governance mechanism assumed to be dominant in public sectors.
- **Patrimonial governance** is based on loyalty to the patron who normally commands quite wide discretionary powers simply because he or she is the patron. The patron can count on the loyalty of the clients, who are dependent on the resources and patronage of the patron.

- **Market governance** is the famous “invisible hand,” ensuring governance through the forces of supply and demand. This mechanism is often sought to be strengthened in sector governance (through outsourcing and quasi-competition) because it is thought to compensate for some of the weaknesses of governance by hierarchy or patronage.
- **Governance in voluntary networks** takes place when there is no apex authority and the governance mechanism is predominantly based on trust and mutual adjustment. With increasing complexity and multiple organizations and actors in sectors, network governance often assumes increased importance. But it is also very difficult to maintain, as exemplified by coordination processes between funding agencies in a sector, which are characterized by network governance.

When looking at sector governance relations, five aspects should be considered.

1. **The “mix” of governance mechanisms:** The mix determines the functioning of a sector. This means looking at the relative strength and importance of patrimonial, hierarchical, market, and network mechanisms. A mixture of all four mechanisms is usually present.
2. **Information about and clarity of sector governance:** Are the “rules of the game” in the sector fairly clear, comprehensive, and available, and do the actors know them? Is when, how, and by whom decisions are taken clear and transparent, and are the remits for decision making for different actors fairly well defined?
3. **Responsiveness of governance:** Are actors and agencies subject to fairly predictable central guidance in line with formal policies, or is decision-making more arbitrary, discretionary, and ad hoc?
4. **Accountability set-up and responsiveness:** What are the mechanisms that keep people entrusted with power from abusing that power, and to what extent is oversight effective? Does the presentation of accounts have any consequences for those held accountable? Do accountability systems have any impact on the behavior of duty or power holders?
5. **Capacity for governance and accountability:** Are resources and capacity available in the quantity, quality, and timeliness necessary to enable agents to follow governance directives and to meet accountability obligations? Are resource flows and management transparent?

The assessment of the five aspects can be brought together in a summary matrix (Table 8). The matrix is not a “scorecard,” nor does it prescribe how enhancement should take place, how far it should change the current situation, or how quickly it should accomplish change. Its purpose is mainly to help people engaged in enhancing governance to identify feasible and realistic options for practical change, e.g., increasing transparency about specific aspects of decision-making processes (making decisions explicit and formally recorded would in some cases increase governance effectiveness in relation to an organization) or introducing some measures of competition in the production of services (e.g., outsourcing of information technology [IT] maintenance or management in government sector agencies assuming that there is a competitive offer of suppliers and a procurement process putting a premium on value for money).

Warning. Governance relations reflect and underpin power relations, which are often not subject to easy or quick changes.

Links. The tool should be seen in connection with Tool 5: Stakeholder and Actor Analysis: CD Readiness.

Table 8: Assessing Sector Governance Relationships—Issues

Parameters	Issues/Questions	Assessment (give details of the key actors referred to)
Mix of governance mechanisms	<p>What are the roles of patrimonial, hierarchal, market, and network mechanisms in the key governance relationships?</p> <p>To whom is loyalty primarily owed by key agents (boss, patron, funding agency, goal of the organization, external agents (e.g. , professional association, trade-union, or political party)?</p> <p>Is it clear who exercises formal governance?</p> <p>Are formal governance mechanisms stronger or weaker than informal mechanisms?</p> <p>Are informal governance mechanisms largely complementing or are they competing with formal governance?</p>	
Information on governance	<p>Are clear, comprehensive, and detailed governance directives provided for the sector?</p> <p>Is there a timely and ongoing inflow of governance directives?</p> <p>Are governance directives publicly available and relevantly shared in the organization?</p>	
Responsiveness of governance	<p>Is the actor/agency subject to predictable central guidance or to arbitrary/discretionary orders and control?</p> <p>Are the governance directives in line with overall formal policies?</p>	
Capacity for governance	<p>Are resources and capacity available in adequate quantity, quality, and timeliness to enable agents to follow governance directives?</p> <p>Are resource flows and management transparent? ¹</p>	
Accountability set-up	<p>Is the accountability system (responsibilities, frequency, format, and processes for presenting accounts) congruent with the governance mechanisms?</p> <p>Do governors effectuate and enforce sanctions, rewards, or</p>	

Parameters	Issues/Questions	Assessment (give details of the key actors referred to)
	other measures based on the presentations of accounts?	
Information with regard to accountability	Is information pertaining to the accountability function publicly available and pertinently distributed to relevant stakeholders in and outside the public sector? Is accountability related information available in a timely manner?	
Accountability responsiveness	Is accountability responding to the key governance directives, allowing assessment of the fulfillment of the directives? Is accountability relevantly covering inputs, processes, and results?	
Capacity for accountability	Are resources and capacity adequate to fulfill accountability obligations? Are the resources and capacity dedicated to accountability appropriate as a proportion of overall resource availability?	

¹ The subject of governance and accountability in relation to public financial management is dealt with extensively by specific detailed tools, e.g., the Public Expenditure and Financial Accountability Performance Measurement Framework.
Source: Author's construction.

Tool 5: Stakeholder and Actor Analysis—CD Readiness

What Is the Purpose of the Tool?

The purpose of the tool is to enable change agents to assess the likely support for and resistance to CD, to devise means to strengthen support and overcome resistance, and to design CD that is realistic given stakeholder positions.

When and By Whom Should the Tool Be Used?

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

- Local actors may use the tool to enhance their strategic and tactical approach when wanting to foster CD processes.
- Development partners can use the tool to gain understanding of the playing field, and as background for a realistic dialogue with local actors about CD and CD support opportunities.
- The tool may also be used in the dialogue between local stakeholders and development partners.

How to Use the Tool

The tool has two parts.

- **Tool 5.1 Actor Assessment Matrix/Stakeholder Analysis.** The matrix invites the user to consider possible stakeholders, their interests, and resources. Not all stakeholders may be relevant or important in all sectors/contexts. The matrix serves for detailed analysis.
- **Tool 5.2 Circle of Influence Graphic.** This tool is useful for providing an overview graphically. It builds on the details from the Actor Assessment Matrix.

Background and Details

The tools enable a simple mapping of the key actors or stakeholders who will influence the success of any CD or change process. Without the active support and involvement of certain key players the CD or reform process will not succeed. If powerful actors will work against the CD, actively or passively, then it will not work.

The picture of support for and resistance against CD or change is not static. The map created using this tool is likely to change over time, and it can be influenced.

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

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

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

The tools included here do not detail how to get accurate information about the interests, positions, and power resources of stakeholders.

While an initial picture can be built in a workshop setting based on perceptions and anecdotal evidence, qualitative data collection methods must be applied to get to a more accurate estimate. For comprehensive CD and reform efforts, collection of qualitative data is clearly required and analysts with intimate knowledge of the actors would have to be involved.

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

Tool 5.1 Actor Assessment Matrix

The tool consists of a matrix with five columns and as many rows as necessary to cover all significant stakeholders (Table 9).

Actors can be organizations (e.g., ministry of finance, employers associations), but this level of generalization would often be too high. The analysis should extend to relevant individuals/positions, or small groups (e.g., “reform-minded parliamentarians from government”). In the matrix, several stakeholder groups are suggested, which might be relevant from a sector perspective—this is purely indicative and is only included to invite broad thinking about potentially important stakeholders.

- **Interests pursued.** Why does the actor have stakes in CD and change? What interest does the actor pursue, what aims are he/she/they striving to achieve? Note that most actors may pursue a mixture of also conflicting interests, and that the interests will change as the objective and scope of CD is modified or specified. Initially, the interests mapped may be broadly at stake in the policy arena of CD and reform in the sector. The analysis of interests may be summarized on a three point scale: supportive (+1), undecided/neutral (0), or opposing (-1)
- **Resources/power for influencing.** Resources for influencing include formal authority (a primary secretary can issue orders to subordinates), formal rights (parliamentarians can vote), formal access (to cabinet, to the head of civil service, etc.). Resources also include informal networks, alliances, and patron-client relationships (around a political party, an ethnic group, or an “old boys’ network”). Knowing who knows whom, why, and how may be essential to understand the patterns of influence.

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

- **Importance or salience of issue.** Stakeholders may have interests in the outcome of CD processes, and they may have considerable resources, but they may assign higher or lower importance to the issue and thus be more or less engaged in whether the CD/reform moves ahead. This column serves to indicate the salience that a stakeholder attaches to the issue, again on a three point scale: high (3), medium (2), or low (1).
- **Stakeholder ranking.** The ranking combines the interests, power, and salience for each stakeholder. Multiplying the scores in each of the other columns will combine into a single digit between +9 (high power, high salience in favor of CD/reform), 0 (not effectively a stakeholder) and -9 (high power and high salience against CD/reform).

The ranking will give a rough idea about both the overall balance for or against CD/reform, and the controversy levels to be expected (high scores both for and against

reform would indicate likely high levels of conflict/controversy). Obviously, a stakeholder analysis would be unlikely to be precise enough to be summarized in one digit showing the overall balance—but looking at that one digit when adding the scores for all stakeholders might indicate the chances of success for CD/reform.

Tool 5.2 Circle of Influence Graphic

The Circle of Influence Graphic (Figure 5) creates a useful overview of the more detailed analysis. Stakeholders are located closer to or further from the center according to the ranking. The circle has the advantage of depicting the “undecided,” a group that may come to a position and make or break a CD process. Influencing those stakeholders may therefore be crucial.

Warning

Stakeholder analysis is not an objective science. Though most stakeholders have legitimate reasons for being for or against CD and change, an analysis may be contested and considered controversial. Stakeholder analysis can also risk becoming trivial and superficial, particularly if made in a short time in a workshop setting. Key players operating at senior level in a sector often have a tacit, but very nuanced stakeholder analysis and may not find it in their interest to share this analysis with others.

Links

The stakeholder analysis feeds into Tool 7: CD Change Management Design and Tool 9: Sequencing and Scoping of CD and Support to CD.

Table 9: Tool 5.1 Actor Assessment Matrix

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

A. CD/Reform Issue or Element:

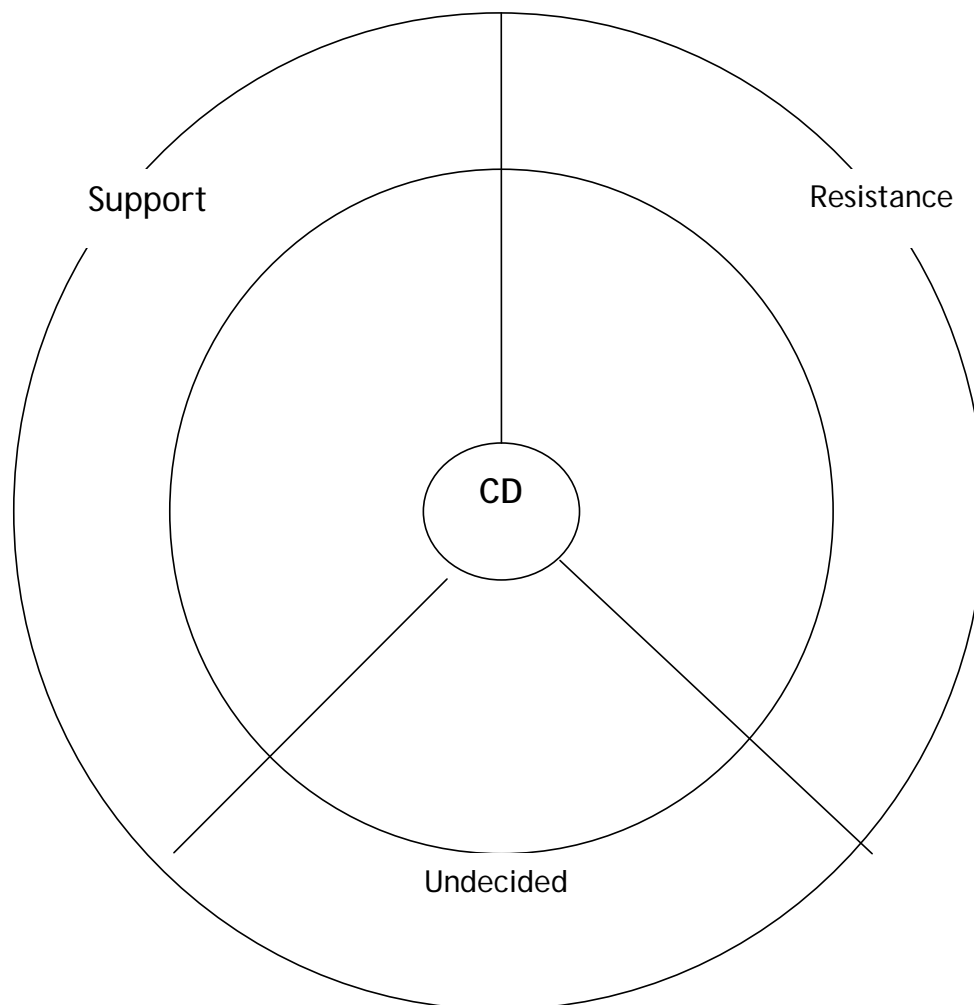
Actors by Category	Interests Pursued	Resources/Power for Influencing	Importance/Salience of Issue	Ranking
Legislative and political parties				
The executive/cabinet and top echelons				
Finance/planning/cross-cutting entities				
Executive and civil service in the sector				
Frontline agencies				
Checks and balances bodies/legal system				
Labor unions/professional/industrial associations				
Popular/social/ethnic/religious movements				
Academics, media,				

Actors by Category	Interests Pursued	Resources/Power for Influencing	Importance/Salience of Issue	Ranking
nongovernment organizations (NGOs)				
Informal economic elites/groups				
Local power holders				
Funding agencies				
Regional/international actors				
Others				

Source: Author's construction building on Grindle (2004), Hyden (2006), and Nurnberg (2004).

Figure 5: Tool 5.2. Circle of Influence Graphic

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



Source: Author's construction.

Tool 6: Partners' Roles in CD Processes

What Is the Purpose of the Tool?

The tool aims at informing dialogue among partners—typically local stakeholders and development partners—about the appropriate role that each should play in CD processes.

When and By Whom Should the Tool Be Used?

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

- Local actors may use the tool to define their own role and their expectations to possible external partners.
- Development partners may use the tool to reflect on whether their role is effectively promoting CD.
- The tool is particularly relevant for a dialogue between Local stakeholders and development partners, enabling both parties to level expectations and discuss trade-offs in different scenarios for distributions of roles.

How to Use the Tool

Indicate in the columns in the matrix (Table 10) the roles actually assumed or proposed to be assumed by partners. For simplicity, the matrix only specifies two broad groups of actors; more columns can be added.

The two ways of using the tool are as follows:

1. Insert words characterizing the role of each group, e.g.,
 - waiting to be approached,
 - approving ex ante,
 - approving ex post,
 - coaching/mentoring,
 - full responsibility,
 - consulted,
 - facilitating,
 - leading coproduction, and
 - assisting coproduction.
2. Mark with an “x” where on the scale the role would be located.

In both instances, estimate the likely consequences for commitment, sustainability, effectiveness, and efficiency in the columns.

Use the results when working on tools 7, 9, and 10.

Background and Details

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

The vertical dimension of the matrix details (some of) the tasks in preparing and implementing support to CD. There may be other tasks and other ways of listing tasks in your organization.

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

- **A largely active role** can range from calling a meeting largely on one’s own initiative, preparing the agenda, writing and circulating minutes from a meeting, deciding that a review or CD assessment must be made, drafting TOR, contracting a consultant, deciding that a peer review or training will take place, writing a progress report, reallocating funds in a budget, or making spending decision. This can be done with or without consulting others, with or without formal approval, and on the request of others. It can also be done together with others, but in any cooperation there is normally *de facto* and/or *de jure* a leading partner, and that partner would be considered “active” here.
- **A largely passive role** can imply the “junior role.” It can also imply a formal approving authority that can be *ex ante* or *ex post*, or a call in authority. Coaching and mentoring are active roles, but they are explicitly intended to leave authority, responsibility, and initiative with the people coached and mentored. At the extreme, a passive role is simply waiting for someone to ask for advice or support, or listening without proposing.

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

Warning. Language invites evasion and formality: “consultation” may have happened formally, but in reality may have given the consulted party little real voice. “Working as partners” and “doing things together” may be euphemisms for one party steering and deciding, with the other doing little of importance. Tool 6 can cover up differences in roles against the purpose, which is to foster a frank dialogue about the differences.

Links. This tool links directly to Tool 7: CD Change Management Design, Tool 9: Sequencing and Scoping of CD and Reform, and Tool 10: Logical Design of CD Processes and Support to CD.

Table 10: Tool 6. Roles in CD and CD Support Processes

Task\Role	Domestic Sector Stakeholders in Public/Nonpublic Organizations		Development Partners and Agents Acting on their Behalf		Effects of Choice on Commitment and Sustainability	Effects on Task Efficiency and Effectiveness
	Active ←-----→	Passive	Active ←-----→	Passive		
Upstream—broad dialogue Dialogue between funding agencies/authorities Involving Civil Society Organizations						
Upstream—sector/capacity analysis Proposing process Producing terms of reference Contracting resources if required Managing process Disseminating results Shaping reform/CD agenda						
Upstream—get CD on agendas Mobilizing domestic stakeholders Mobilizing funding stakeholders						
Upstream—preparing CD design Proposing process Producing terms reference Contracting resources if required Managing process Disseminating results Consulting/building consensus						
Upstream—approval Getting on political agenda						

Capacity Assessment & Capacity Development—Tool Kit

Task\Role	Domestic Sector Stakeholders in Public/Nonpublic Organizations		Development Partners and Agents Acting on their Behalf		Effects of Choice on Commitment and Sustainability	Effects on Task Efficiency and Effectiveness
	Active ←-----→Passive		Active ←-----→Passive			
Getting on -funding agencies' agenda						
Disseminating approval						
Public commitments						
Downstream—organizing process						
Appoint/mobilize human resources						
Prepare terms reference for external resources						
Mobilize logistics/funds						
Define management structure						
Define governance of CD/reform						
Define consultation processes						
Downstream—implementation						
Operational tasks						
Managerial tasks						
Supervising management						
Downstream—monitoring						
Defining monitoring process						
Organizing monitoring						
Ensuring feedback from monitoring						

Source: Author's construction.

Tool 7: CD Change Management Design

What Is the Purpose of the Tool?

The tool aims to help key change agents define functions and distribute responsibilities for important change management elements.

When and By Whom Should the Tool Be Used?

The tool should be used for planning change management functions. As an overview tool, it may require that more detailed action plans are made separately.

- Domestic change agents or change sponsors can use the tool to define their own roles.
- External partners and process facilitators may use the tool to assist those in charge of the change management to specify their roles and functions.

How to Use the Tool:

Insert specific tasks in the cells in the matrix (Table 11), and the names of people responsible for performing the tasks. As necessary, transform the matrix to a time-bound action plan and bar-chart.

Background and Details

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

The **vertical dimension** of the matrix details dimensions in CD, reform, and implementation processes. The dimensions are not sequential or clearly delineated. Rather, they should be expected to be dynamically interdependent as the CD/reform process unfolds and requires renewed agenda-setting, change of design-parameters, etc.

- **Agenda-setting.** CD needs to be on a domestic political agenda. This includes more political aspects (e.g., nurturing dissatisfaction by key actors with the existing state of affairs), as well as more technical aspects (e.g., providing evidence about poor performance, or convincingly demonstrating that progress is possible).
- **Formulation/design of CD/reform.** This includes technical aspects (scoping and sequencing). It is also a communication exercise and a political exercise to ensure that the CD/reform, once approved, can be implemented.
- **Approval.** This includes the public commitment to the CD/reform at the appropriate level. The more comprehensive the reform, and the more it affects well-established interests and norms, the stronger and higher level should the commitment be.
- **Implementation.** This stage includes technical aspects and maintaining the momentum necessary to achieve and consolidate CD results, to overcome resistance as it emerges, and to herald wins and harness supporters.

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

The **horizontal dimension** specifies a number of tasks (which may have different weight in different stages):

- **Managing and communicating with stakeholders.** Through all CD/reform stages, this is maybe the most important planning to do. A poor technical design, insufficient funding, or poor management of the process will of course undermine support. But even an excellent design, funding, and management of the technical aspects of implementation will not create support or diminish resistance.
- **Getting content right.** The first column covers marketing functions and the second focuses on the quality of the products required to enable credible and meaningful marketing. Product and marketing personnel should often not be the same people!
- **Ensuring overall change management.** Change needs adequate management of processes, staff, and stakeholders. Questions should include the following: How will the CD process be implemented, and who will lead it? Does it require short-term organizational changes: Will it be best served by an independent CD/reform unit or a task force drawing only partly on members’ time? To whom will it report. How will it coordinate with other actors?

Warning. Many CD efforts supported by external partners suffer from over-specification of technical inputs to “get content right” and under-specification of the change management tasks and functions. That more comprehensive change demands considerable leadership resources (including time and capacity) and requisite support from higher levels is often overlooked.

Links. This tool links particularly to Tool 5: Stakeholder and Actor Analysis: CD Readiness and Tool 8: Self-Assessment of Change Capacity. It feeds into Tool 10: Logical Design of CD Processes and Support to CD.

Table 11: Tool 7. CD Change Management Design

Specify tasks and people responsible for handling them.

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

Source: Author's construction building on Grindle (2004).

Tool 8: Self-Assessment of Change Capacity

What Is the Purpose of the Tool?

The tool serves (1) to adjust ambitions for CD and change processes to the available capacity to manage change, and (2) to change and/or prompt actions to increase the capacity to manage change.

When and By Whom Should the Tool Be Used?

The tool is most relevant at the earlier stages of CD strategizing and design.

The tool is primarily intended for self-assessment, e.g., by stakeholders who intend and have the option to play a significant role in CD or change processes.

How to Use the Tool?

The tool allows a qualitative assessment of the strengths and weaknesses of the available capacity to change, as well as an optional quantitative scoring in a graphic presentation (“change capacity diamonds”).

To use the tool, assess your own or your team’s strengths and weaknesses in each relevant parameter using the “360 degree assessment.”

The four dimensions (Table 12) are the

- “Northern corner”: the position of formal or informal superiors, authorities and “governors” (commitment, support, trust) as well as your own access to and ability to influence them;
- “Southern corner”: own team capacity, assessing leadership, resources, competing priorities, and clarity of change tasks and roles;
- “Eastern corner”: positions of users, clients, or customers in relation to the CD/change, and your access to and ability to influence them; and
- “Western corner”: position of important stakeholders in the broader “supply side” network of colleagues, peers, other organizations, and external partners, and your access to and ability to influence them.

Assign a score for the strengths and weaknesses in each dimension:

2—significant strengths or significant weaknesses

1—some strengths or some weaknesses

0—few strengths or few weaknesses

Consider the resulting picture and the possible implications for altering objectives, scope, or speed of the CD process, or for seeking ways to increase your change capacity strengths and diminish your weaknesses.

Background and Details

The tool adopts the “open systems approach” advocated in this tool kit—the capacity of a change team is not only defined by its own internal strengths and weaknesses, but also by stakeholders in the context and the ability of the team to relate to these stakeholders—which depends on the team’s skills and the choices of the stakeholders.

The tool builds therefore on the notion that change management is about managing and modifying relations. By mapping current strengths and weaknesses of the relations of the change team to key external players, and by mapping the internal strengths and weaknesses of the team to improve these relations in favor of CD and change, the tool helps the team to establish a realistic picture of whether it will be able to handle the change process successfully.

If the scoring is applied, two “diamonds” will appear in the graphic (Figure 6): A **green** one showing the strengths of the team in the four dimensions, and a **red** one showing the weaknesses.

Warning. Some strengths and some weaknesses may be critical for success or failure, and cannot be outweighed by others. Thus, “summing up” scores to get to an overall figure is not recommended.

Links. The tool builds on information about significant actors gathered through Tool 1: Setting the Stage, Delimiting the Sector; Tool 4: Sector governance Assessment; and Tool 5: Stakeholder and Actor Analysis. The results of Tool 8 feed into all the subsequent tools.

Table 12: Tool 8—360° Self-Assessment of Change Capacity

Northern Corner: Capacity Upwards

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

Southern Corner: Own Team’s Capacity

Parameter	Strengths	Score	Weaknesses	Score
Team leadership, motivation, and incentives				
Clarity for team about				

Parameter	Strengths	Score	Weaknesses	Score
goals, tasks, process, and roles				
Adequacy (timeliness, quantity, quality) of resources for CD/change				
Priority of CD/change compared to other present or future work priorities				
Technical competencies and support				
Other internal factors				
Overall assessment				

Eastern Corner: Capacity in Relation to Users/Customers/Clients

Parameter	Strengths	Score	Weaknesses	Score
Relevance and importance of CD/change for customers/users/clients				
Active support from customers/users/clients				
Team's access to customers/users/clients				
Team's ability to influence customers/users/clients				
Other factors in relation to customers/users/clients				
Overall assessment				

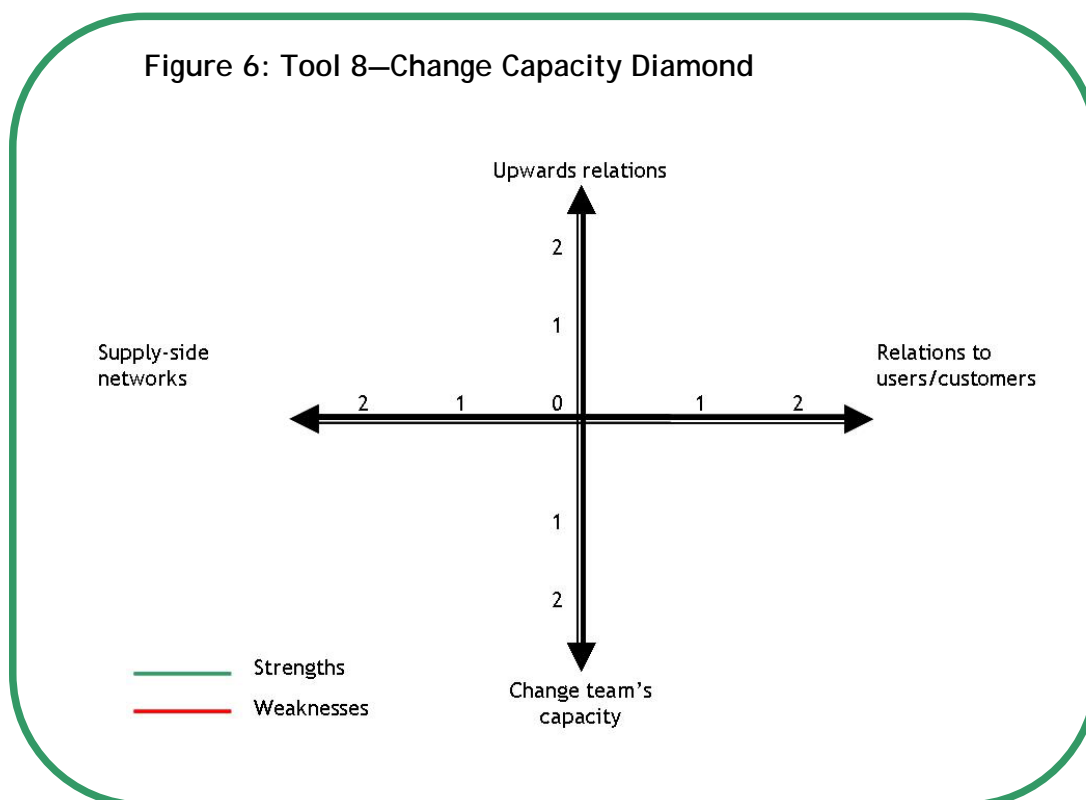
Western Corner: Capacity in Relation to Supply-Side Networks

Parameter	Strengths	Score	Weaknesses	Score
Commitment of important stakeholders in network				
Active support from peers/colleagues/external partners				
Trust of networks in the change team and process				
Team's access to networks				
Team's ability to influence networks				

Parameter	Strengths	Score	Weaknesses	Score
Other factors in relation to networks				
Overall assessment				

Source: Author's construction.

Figure 6: Tool 8—Change Capacity Diamond



Source: Author's construction.

Tool 9: Sequencing and Scoping of CD and Reform

What Is the Purpose of the Tool?

Tool 9 aims at ensuring that CD and reform endeavors are properly sequenced and scoped.

When and By Whom Should the Tool Be Used?

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

- Policy makers, senior managers, and change agents can use the tool to analyze options for sequencing and scoping.
- External partners and process facilitators can use the tool to assist domestic stakeholders in their analysis of options.

How to Use the Tool

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

Background and Details

Tool 9 is a “work in progress.” It is virtually impossible to generalize about how to scope and sequence CD and other reform efforts across country circumstances—and it is nearly as difficult to generalize beyond trivialities about the factors that should be considered when deciding how to sequence and scope.

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

- **the areas for CD/reform** in the sector or the organization(s), which are mostly needed to enhance service delivery and/or regulatory effectiveness (this will emerge from Tool 3);
- **the strategic level** conclusions about the drivers and constraints to CD and reform emerging from the analysis of the institutional and political context (Tool 2);
- the possible convenience of adopting a **“basic firsts”** approach to CD/reform;
- the inherent **complexity** of capacity (see below);
- the different, nonexclusive **options for promoting change** and CD;
- the **dissatisfaction** with the present situation and power behind (and resistance against) CD/reform elements (Tool 5);
- the **change management** capacity (from Tool 7); and

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

The tool is an overview table, which may help make decision making about sequencing and scoping more explicit and transparent.

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

“Basic Firsts” in CD (Box 3).

Capacity is Unlikely to Develop in Big Leaps. Sustainable capacity in the public sector is likely to develop only in parallel with the development of capacity among nonstate actors, notably as economic agents and citizens develop their capacity to produce and to demand a capable and responsive state.

If development partners push for overambitious CD/reforms based on their perceptions of public management standards in their own societies, they are unlikely to be helpful.

Box 3. Basic Firsts in Sector Capacity Development: What Could It Mean?

In public financial management, experience has shown that attempts to leapfrog from weakly performing systems to the most advanced approaches tested by a few industrialized countries do not work (OECD-DAC 2006a, Schick 1998). In the broader CD perspective, a “basic firsts” approach implies a focus on small, incremental steps.

- Work on sound management of and accountability for inputs and procedures before making managers accountable for results.
- Strengthen external controls, checks, and balances before relying on managerial accountability.
- Seek to formalize informal leadership and management practices gradually, rather than attempting to replace them by formal approaches in one strike.
- Increase basic transparency in how the organization operates, targeted directly to people with a direct interest in the matter (employees and key stakeholders), rather than everybody.
- Strengthen emerging domestically rooted demand for performance. Such demand may not come most strongly from the poor, but pro-poor alliances with powerful groups may be possible on certain issues.
- Strengthen the role of the political system as oversight of the executive, and do not focus exclusively on the executive.
- Get merit as additional criteria when basic selection is based on loyalty and patronage, rather than seeking to replace loyalty-based with merit-based recruitment.
- Work on increasing predictability and gradually reducing discretionary behavior before introducing comprehensive and integrated planning and monitoring systems.
- Work on enforcing formal contracts in the market sector before introducing performance contracts in the public sector.

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

Source: Author.

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

Some of this capacity is less demanding, some is more.

- Basic fiscal and monetary policy, though complex, can be formulated and conducted by a small team of high-powered economists.
- A school lunch program or a vaccination campaign is not complex in itself, even if it involves thousands of operators and demands good organization and logistics. Critically, the interaction between the service provider and the citizen is simple: serving the lunch or injecting the vaccine does not require highly individualized treatment.
- However, the interaction is highly complex when dealing with quality of education in the classroom. Thousands of teachers need to have the right skills, the right tools, good supervision—and children with basic motivation and support from their parents.

Table 13: Complexity and Contact—What Changes Easily and Less Easily

Contact Level	Low Complexity/High Specificity of Services	High Complexity/Low Specificity of Services
Little contact with users required	Computerized teacher payroll system	Fiscal/monetary policy management
Intense contact with users required	School lunch program	Classroom teaching quality

Source: Author's construction.

When scoping and sequencing CD interventions, the complexity of the capacity to be developed can be assessed using the parameters in Table 13 (as well as other parameters). In general, start with complexity and contact levels, which do not greatly surpass what is already fairly well managed in the sector.

CD and Change Intervention Options. Traditionally, CD has been seen as a very technical, organization-internal process, which development partners have supported (or tried to drive) through technical assistance and training. Such a narrow focus on CD is unlikely to yield results—in most cases it will be important that a CD process counts on a number of simultaneous, parallel interventions.

Table 14 outlines four nonexclusive options for CD and change interventions (more details are provided in the introduction to this tool kit).

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

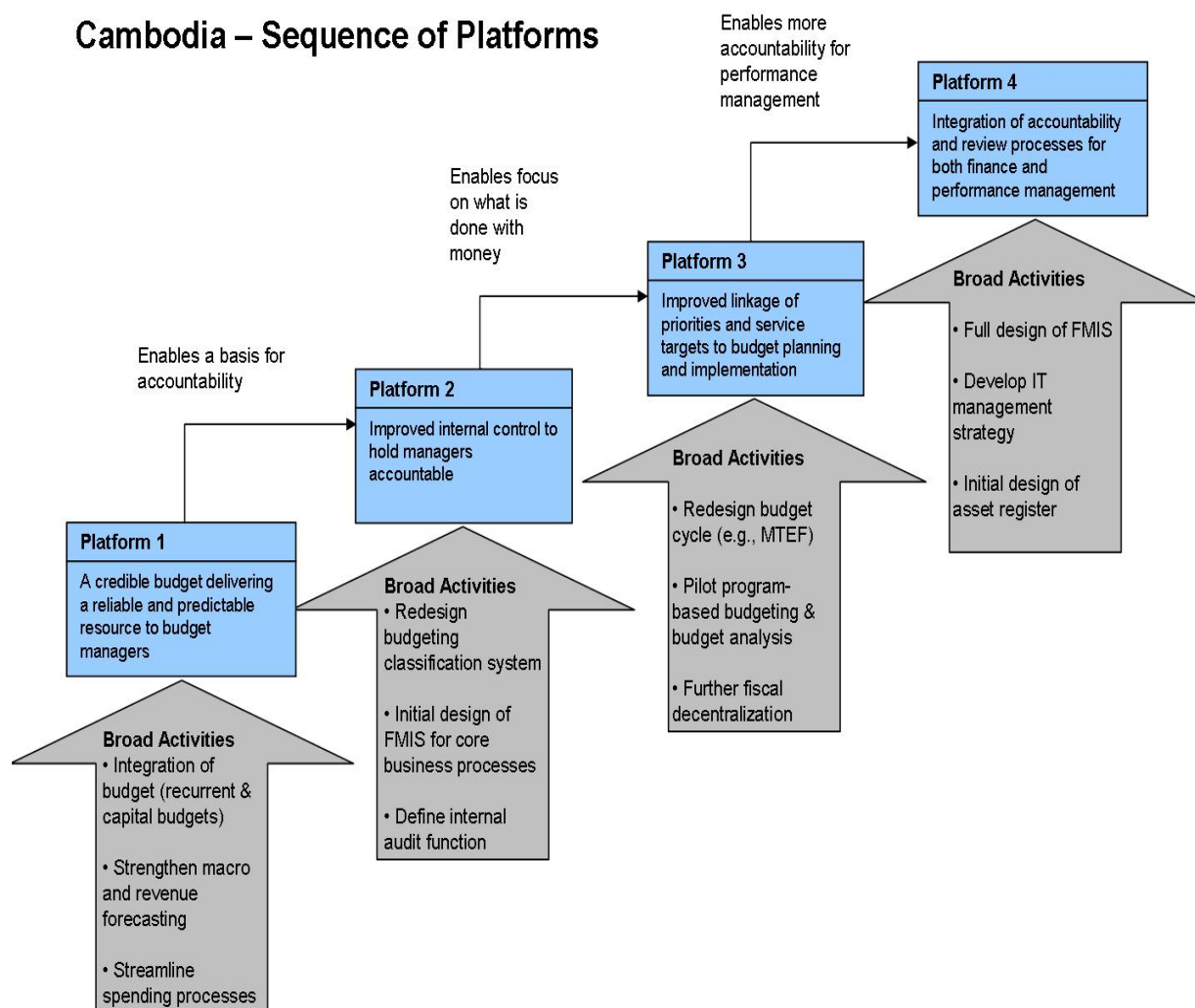
Table 14: Four Complementary Options for CD Interventions

	Predominantly Functional-Rational Perspective	Predominantly Political Perspective
Internal elements, supply side	<p>Focus on getting the job done</p> <p>Examples: Change structures, procedures, processes, technology, and skills</p>	<p>Focus on getting power, loyalties, and incentives right</p> <p>Examples: Ensure promotions, firing, support to groups of reformers, sanctions against “rent-seeking,” performance-based benefits</p>
Context or external stakeholders and factors, demand side	<p>Focus on creating an enabling regulatory and supervisory environment</p> <p>Examples: Modify resource envelope, legal mandate, supervisory agencies, external audits, formal governance</p>	<p>Focus on increasing external pressure for performance</p> <p>Examples: User pressure for accountability; strengthen advocacy and lobby groups; train politicians; journalists, and media; build network for change; provide knowledge products</p>

Source: Author's construction.

Figure 7: Sequencing of CD Interventions—Stages, Phases, or Platforms

Cambodia – Sequence of Platforms



IT = information technology, FMIS = Financial Management Information System, MTEF = Medium-Term Expenditure Framework.
Source: DFID 2005.

Example of a Platform Approach. A platform approach in CD will help define the broad sequencing (“platforms”) as well as more detailed scope and sequencing for each specific intervention area (“broad activities”). Figure 7 is an example of a platform approach in relation to public financial management that was developed in Cambodia (DFID 2005).

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

Summary Matrix. The matrix in Table 15 brings together the analytical steps outlined in the previous tools, and in the foregoing text, thereby allowing a dialogue about realistic scoping and sequencing options. The first column describes the priority CD interventions identified. The remaining columns allow an assessment of the intervention according to the criteria just outlined. The final (right-hand) column is reserved for entering a conclusion about the stage or phase where an intervention could belong.

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

Links. The tool links directly to Tool 2: Scanning the Institutional and Political Economy Context, Tool 3: Assessing Organizational Capacity, Tool 5: Stakeholder and Actor Analysis, and Tool 6: Partners' Roles in CD Processes.

Table 15: Sequencing Matrix for CD/Reform Intervention

Priority CD Interventions (from tool 3 and wider policy/output priorities)	“Fit” With Context Drivers and Constraints (from Tool 2)	Basic, Intermediate, or Advanced Intervention (“basics first”)	Complexity of Capacity to be Developed	Intervention Area (external/internal , functional/ political)	Likely Power Behind and Resistance Against Change (from Tool 5)	Change Management Capacity to Ensure Process (from Tool 7)	Conclusion: Tentative Stage, Phase/Platform

Source: Author's construction.

Tool 10: Logical Design of CD Processes and Support to CD

What Is the Purpose of the Tool?

The tool aims at ensuring logical design of CD processes and support to such processes.

When and By Whom Should the Tool Be Used?

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

- Local stakeholders should use the tool to specify the change process they are committed to and to make sure that they maintain a leadership role, including when external support to the CD process is provided.
- External partners and process facilitators can use the tool to assist local stakeholders to specify their CD process and the possible external support in operational terms.

How To Use the Tool

Tool 10 is a results framework consistent with ADB's *Guidelines for Preparing a Design and Monitoring Framework* (ADB 2007b).

Background and Details

The tool applies the logical framework approach (comparable to ADB's Design and Monitoring Framework approach and the project cycle management tool) to the area of CD interventions and external support to CD (which are two different issues).

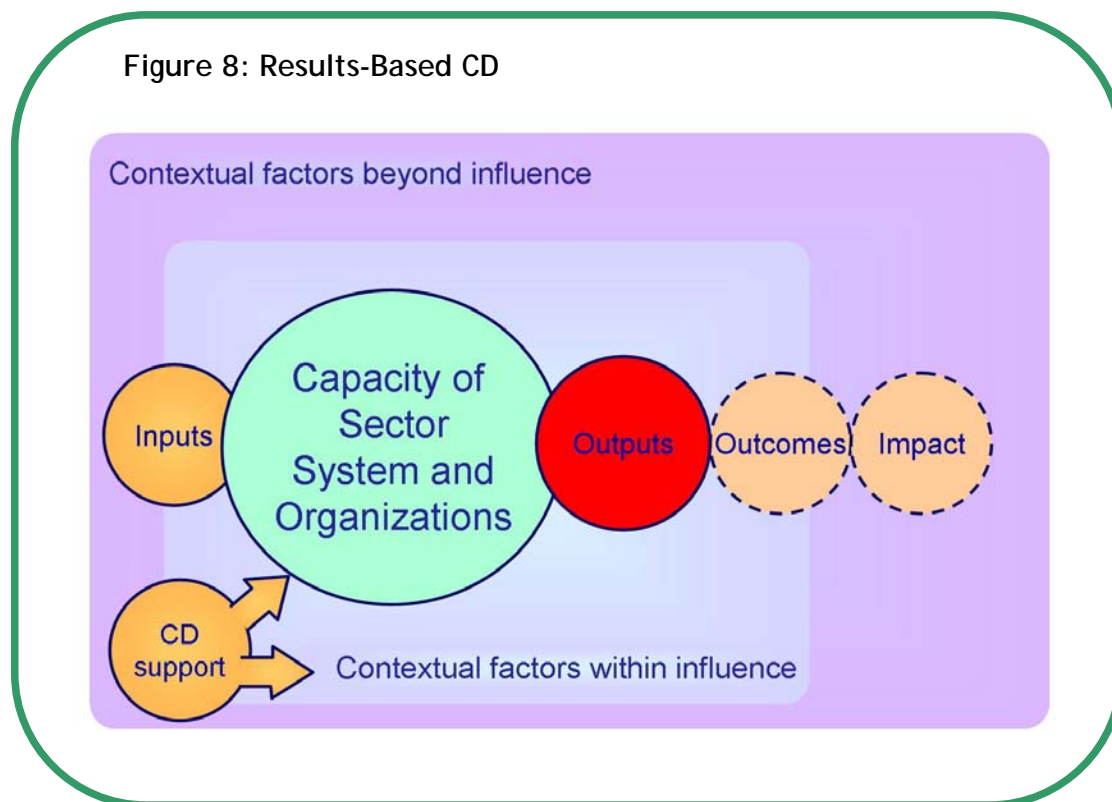
A key feature of the logical framework approach is that it requests intervention designers to start with outcomes to be achieved and then work backward through outputs and activities to inputs. In a CD perspective, this implies answering the following questions:

- Which organizational outputs can and should be achieved on a sustainable basis by one or more sector organizations once the intervention is over?
- Which capacity elements would have to develop to achieve these outputs?
- Which change and change management activities would have to be carried out to develop this capacity?
- Which inputs would be required to perform the change and change management activities?

These are the “general” questions in the design of results frameworks. They address how the operational design of CD outcomes (which should be phrased as specific changes in sector outputs or organizations) and CD outputs (phrased as specific changes in internal capacity elements or in external elements, which are assumed to lead to CD). Figure 8 illustrates the results framework for CD design.

Clarification: Outputs from the organization are the specific outcomes of the CD process.

This may sound confusing—how can an organizational output be an outcome? It can be because services, products and regulations are outputs of the sector organization(s), serving wider sector outcomes and wider impact. But here we are focusing more narrowly on the logical steps in CD processes. Capacity of sector systems and organizations is the output of successful capacity development, and the outcome of this is services, products and regulations. There are two logical chains which overlap - one for the sector organization(s), and one for the capacity development process.



Source: Author's construction.

An Example. An accountant trainee who has participated in training in double entry book-keeping (the CD activity) hopefully has new skills (able to keep books with double entries). This is the output of the CD activity. But the outcome of the CD activity is obviously that this enhanced capacity is applied and that double entry accounts are prepared correctly. The impact of the CD activity is that managers and external supervisors have an accurate picture of the financial situation.

From the perspective of the accounting section results chain, the enhanced capacity enables them to deliver a new result: Correct double entry accounts. The outcome of this is that managers and supervisors have an accurate picture of the financial situation.




Table 16 describes the logical elements and links between the sector development logic and CD logic.

Crucially, inputs cannot be limited to possible donor support—that would effectively imply that there is no ownership to the CD process. CD will not happen if those who are supposed to develop their capacity are reduced to passive objects of external interventions.

Historically, most so-called “CD projects” have only defined inputs of external funding partners and this has, in the worst cases, reflected that the local partners were not actively involved in designing the intervention.

Tables 16 and 17 combine the two logics in one matrix and can be used for summarizing a CD intervention and the possible external support that forms part of this intervention. An example is provided (Table 17), followed by an empty matrix (Table 18).

Table 16: CD Intervention Planning –Combining Logics

Open System Logic—The Desired and Feasible Vision of the Situation in the Sector		CD Intervention Results Framework
Sector impact This level of longer term objectives focuses on overall sector policy goals, e.g., Millennium Development Goals.		While eventually contributing, this would be beyond the scope of CD interventions.
Sector outcomes This level focuses on satisfying priority demands of citizens. This is the focus of sector programs and broad support from development partners.		CD impact The purpose of the CD interventions is to contribute to sector outcomes, but the contribution would only be a part of what it takes to achieve sector outcomes. CD impact should be at the level of sector outcomes.
Sector outputs This is the supply side of sector performance, detailing the concrete service levels, quantities, and qualities, and/or the regulatory framework.		CD outcome This is the critical focus for CD interventions: Which specific and tangible changes will it lead to in the outputs (services, regulatory products etc.) of organization(s) at which the CD is directed? A baseline (present outputs) and a target (realistic future outputs to be achieved) is required for effective accountability and learning during the CD process.
Sector capacity Sector capacity comprises the internal elements of individual organizations, their governance and accountability arrangements, their networking capability—as shaped by the context of drivers of and constraints on capacity. The “sector machinery,” in a context, will deliver the sector outputs.		CD outputs The outputs of CD interventions are measured in specific changes in capacity of the organization(s) going through a CD process. It is important to eventually focus on capacity-at-work rather than on “unassembled capacity elements,” e.g., having new procedures, new systems, and people who have passed training does not add to capacity unless these elements are actually used together—which often demands action such as management buy-in and pressure, changed incentives for staff, and external pressure for sector results.
Sector inputs The required steady and regular inputs in terms of capital and operating funds, entry level skills, technology, etc.		CD activities The activities will include CD/change management set up (defining structures, roles, and processes), as well as specific CD processes (preparing and conducting a workshop, coaching line staff in developing new procedures, courting and informing key stakeholders in the supporting coalition, and sidelining opposition).
		CD inputs Crucially, this must include the key inputs from the organizations undergoing planned CD, external resources from other government agencies,

Open System Logic—The Desired and Feasible Vision of the Situation in the Sector		CD Intervention Results Framework
		resources acquired by the organization(s), and those made available by development partners. A CD intervention only specifying inputs from external funding agencies is in all likelihood based on poor diagnosis, cannot be expected to be owned by local stakeholders, and is likely not to achieve a lasting impact.

Source: Author's construction.

Table 17. CD Intervention Results Framework —Example: Power Sector Reform

Design Summary	Performance Targets/Indicators/Means of Verification	Assumptions/Risks
Sector outcomes/CD impact Present and future demands for electrical energy met in [Year].	No load shedding by 2010 (Utility interruption reports). No applications for electrical connection pending for more than 2 months by 2010 (management information system report of sector entities).	Enough funds are available for implementation of power sector expansion. Sector entities' operations are Satisfactory.
Sector outputs/ CD outcome * Adequate revenue for operation and maintenance collected and for expansion. Sector's fiscal deficits reduced and the sector contributes to the fiscal consolidation of public finances.	Return on equity to be greater than 15%; self-financing ratio to be greater than 40%. Subsidization reduced to 0 by 2012 (annual accounts of power sector entities).	Tariff rationalization law approved by parliament. Government will to effect changes continues. External partners' support to the sector materializes as pledged.
Sector capacity/ CD outputs Sustainable and efficient power sector institutions through functional segregation of the Electricity Board (EB), establishment of an independent statutory regulatory authority. The regulatory authority, generation company, and transmission company operate as independent profit centers. Restructuring and improved management processes.	Incorporation of successor entities, board members to include experts from related fields. (Set out in memoranda and articles of association, board nominations, and registration certificates.)	Law passed for setting up the regulatory authority.
CD activities with milestones 1. Policy matrix approved by 1/12/2005 by Government. 2. First tariff award announced on 10/10/2005. 3. Corporatization plan prepared and delegation of powers/incentives revised by EB by 31/12/2006.		CD inputs (all sources)* EB managing director half-time for 3 years. Core change team of 3 from present EB ranks plus 2 new

<p>4. Distribution area for privatization identified, or other modes of reorganization as recommended by the plan.</p> <p>5. Studies conducted and documents necessary for inviting bidders prepared.</p> <p>6. EB's personnel rationalized.</p> <p>7. Unfunded liabilities of EB costs of adjustments identified.</p> <p>8. Business processes reengineered, management development undertaken, and human resources functions set up.</p>	<p>recruited future regulatory authority middle-level managers full time for 3 years.</p> <p>Consulting Services—50 person-months, \$50 million for early retirement and severance payments, debt restructuring, training, and misc.</p>
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Source: Author's construction.

* In this example, only CD oriented sector outputs, CD activities and CD inputs are mentioned. Capital investments in e.g. new transmission lines would lead to other sector outputs like e.g. "network expanded". A joint matrix for CD and non-CD sector development processes could be prepared if deemed useful, keeping all cells from Table 16.

Table 18: CD Intervention Results Framework

Design Summary	Performance Targets/Indicators/Means of Verification	Assumptions/Risks
Sector outcomes/CD impact		
Sector outputs/CD outcome		
Sector capacity/CD outputs		
CD activities with milestones		CD inputs (all sources)

Source: Author's construction.

Appendix: Terms of Reference for Capacity Assessment

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

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

- local actors' preparation of capacity development (CD) plans,
- joint dialogue about capacity issues and development options between local and external partners,
- joint preparation of support to CD from development partners, and/or
- development partners' preparation of country strategies.

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

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

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

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

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

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

- enhancing self-mobilization of staff and managers so that they speed up and energize their own CD efforts;
- creating fear of future downsizing, outsourcing, or privatization, with subsequent informal organization of resistance against such moves;
- creating fear of internal restructurings and/or loss of power or loss of rent-seeking opportunities for some staff, who individually and collectively may build up counter-strategies to work against future CD/change;
- fostering cynicism if the CA is perceived as poorly timed, poorly managed, or coming on top of several previous CAs that had little impact;
- fostering complacency and biased provision of information if external funding (or increased funding) is perceived as linked to certain outcomes of the CA; and
- fostering resistance if the CA is perceived to be driven by external funding agencies and insensitive to the local context.

For several reasons, it is very difficult to perform a solid institutional and CA during a short, concentrated period of time (1-2 weeks). Unless conducted by highly specialized

professionals with intimate knowledge of the country and the sector, such compressed assessments will most often not be able to thoroughly analyze informal aspects of the sector setup and the political factors that are shaping the drivers and constraints of sector performance.

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

The proposed structure of the TOR includes

1. the context of the assessment;
2. the overall organization of the assessment;
3. the objectives of the assessment;
4. the results of the assessment;
5. the content aspects of the assessment (scope of work);
6. the overall approach, including participation of stakeholders, clients, and staff in the assessment;
7. the roles and responsibilities in the management of the assessment process;
8. the competencies required of those performing the CA (including TA as appropriate);
9. the length and timing of work; and
10. bibliography.

1. Context of the assessment

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

- The key reasons why the CA is needed at the present time (see also the subsection on objectives).
- Brief background information about the sector, the key organizations, and the network, which are the subject of the assessment. Possible recent assessment and other key history issues can also be mentioned.
- Brief description of the wider process of which the CA is part (e.g., it could be part of a broader sector review in the context of a sector-wide approach, or of a public-sector-wide initiative to assess capacity issues).
- Rationale why specific organizations have been selected for assessment, if the selection has already been made. The organizations selected for assessment should be key to delivering the services/outputs that the agreed sector policy/the sector program are aiming to deliver. If the scope of organizations to be assessed can be modified as the assessment process moves forward, this should be stated.
- Brief description of key stakeholders whose relation to the key sector organizations should be part of the assessment. This could include, e.g., cross-cutting ministries (typically the ministry of finance), civil society organizations, user associations, oversight bodies, and media. (Tool 1 serves for identifying the organization to be considered).
- Brief description of the process leading to the TOR: who took the initiative to arrange the assessment; who drafted the TOR, based on which type of consultations and/or joint dialogue and work; who approved and endorsed them; who will fund the process if it requires funding; and who will contract TA if TA is envisaged.

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

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

2. The Overall Organization of the Assessment

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

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

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

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

3. Objectives of the Institutional and Capacity Assessment

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

Objectives are often phrased as follows: “The objective is to conduct an assessment...etc.” This formulation is NOT describing an objective—it is simply a description of an activity.

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

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

- enable sector authorities and/or funding agencies to decide on the feasibility, scope, and size of a sector program and of external support to this sector program (or a project within the program) so that it is commensurate with the implementation capacity in the sector;
- establish more firm collaboration modalities between several actors in the sector, based on a joint understanding of capacity and capacity constraints;

- create awareness among staff members and stakeholders about possible need for change;
- enable funding agencies to decide whether to finance a next phase;
- inform policy dialogue between sector partners, thereby achieving a better policy foundation;
- enable authorities to design and prepare a CD plan, including, as relevant, support from development partners;
- enable authorities to approach other important stakeholders (e.g., ministries of finance and local governance) to propose remedies for institutional constraints that cannot be solved at sector level; and
- enable authorities and development partners to decide on the scope and modalities for support to CD.

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

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

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

The more a CA is an input for future CD efforts, the wider is the CA’s scope: the CA is not only about assessing the capacity as it is, but also about assessing if and how it can develop, how much, and in which direction.

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

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

The CA process will also aim to create enthusiasm for subsequent CD and change, and to identify ways of dealing with resistance to change. (This is elaborated in section 5).

4. Expected Results

This section describes the tangible results that have to be delivered by people implementing the CA. The results are necessary, but unlikely to be sufficient on their own to achieve the objectives. That will most often require action by the owners of the assessment, as well as by others. Apparently simple matters like commenting on drafts and conducting dialogue and joint

decision making based on a final report may be required to make use of a CA report and achieve the objectives.

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

- a final workshop for core group/key stakeholders;
- orientation event(s) for external stakeholders;
- a debriefing event for senior executives;
- debriefing event(s) for staff members;
- a summary two-page overview in easily accessible form for wider circulation;
- confidential papers/reports on special issues;
- draft reports circulated as specified;
- a final report (with specified maximum length and, as required, provision for appendixes), distributed according to a list;
- compact disk (CD-ROM) versions of final reports and appendixes distributed as agreed; and
- web posting and/or publication of final reports, etc.

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

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

5. The Content of the Assessment/Scope of Work

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

- **the organizations** to be included (see “Context of the Assessment”), as appropriate, explaining why they are key to the success of envisaged or ongoing support to the sector;
- **data collection** about past and present outputs, their relevance, quality, and quantity (services, products, and regulations) from the sector/subsector/specific organizations included in the CA. If the assessment is also an input to consideration of future CD activities and CD support, then this baseline information is essential when a CD action plan will identify and specify desired future outputs, because they have to be realistically projected.
- **the sector context**, including structural factors relevant to capacity (e.g., extended territory and limited public resources are likely to have an impact on the ability to fund and deliver items such as health and education services territory-wide), institutional factors (including, but not limited to, the legal framework and how this is observed and enforced; public-sector-wide factors related to civil service conditions, etc.; decentralization; patronage/client systems affecting the public sector’s performance; and effectiveness and modalities of sector governance and accountability mechanisms);

- **drivers and constraints**, which are especially difficult but important to assess, but explain present performance and may explain why capacity may not grow easily;
- **inputs and resources available** to the sector and the organizations, including the balance between funds for different purposes and the past trends in areas such as spending on maintenance, operational costs, salaries, and staff numbers;
- **the internal elements** of the organizations under assessment (leadership, strategy, structures, rewards and incentives, internal relationships, and helpful mechanisms—several good ways of decomposing the internal capacity are available, and the choice may best be left to those performing the assessment and/or the organizations under assessment); and
- the sector **networks** and external networks and relations.

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

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

6. Methodology and Approach

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

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

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

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

- citizens/users/clients, e.g., people using the services from the sector or who should adapt their behavior according to sector regulations;
- people exercising formal or informal sector or organization governance (parliament, ministers, senior civil servants in key ministries, including ministry of finance and planning), supervisory bodies (e.g., superintendence agencies and supreme audit institutions), and influential lobbyist and interest groups;
- key staff involved in cross-sectoral reform initiatives shaping drivers of and constraints on sector capacity (civil service reform, public financial management reform, and governance reforms);
- management;
- professional staff;

- support staff;
- outside experts (sector researchers from think tanks and universities);
- media representatives (who may be able to furnish good descriptions of power issues in the sector); and
- funding agency staff with special sector knowledge or knowledge of cross-cutting issues.

Tips & Tricks

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

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

The Methods and Tools of Data Collection and Self-Assessment can be roughly indicated, such as

- documents and web sources; “data mining”—finding underused information—often yields significant results (both in terms of information and analysis of why the information was buried), but it is also a very time consuming process;
- broader surveys (e.g., self- or externally-administered questionnaires and open and/or multiple choice approaches);
- focus group interviews;
- individual interviews;
- observation of work processes and meetings;
- facilitated self-assessment processes;
- self-assessment processes organized by those assessing themselves;
- flowcharts of key business processes central to the value-addition chain; and
- the sequence in which the activities should take place, with stock taking exercises along the way.

Process Aspects Can Be Critical

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

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

7. Roles and Responsibilities in the Management of the Assessment Process

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

- defining how the essential preassignment dialogue between the CA team and the CA owners is to be conducted (with whom and through which media);
- defining who will be responsible for supplying documents to the team (and to others around the CA who might need them);
- defining to whom the team relates for all substance and approach aspects of the work, e.g., to whom the team reports while on site (who is the “manager” of the team?);
- to whom and how the team would have recourse for particularly important questions (a steering group, which might have predefined meetings with the team and/or a call in authority for both steering group members and the team);
- defining how and by whom appointments for the team will be set up, and how and by whom participatory events will be organized; and
- defining if and how logistic support will be provided to the team.

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

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

8. Required Team Competencies

The content of this section depends on the purpose and scope of the CA, as previously discussed. The section describes the necessary qualifications of the CA team. Details on the team would include number of team members and functions, e.g., team leader, human resources (HR) specialist, etc.

If the CA team is internal to the organization(s) under assessment, this section will list the people appointed to the team and detail their particular functions (e.g., team leader, financial specialist, HR specialist, etc.).

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

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

- track record in TA by sector, type of organization, and country;
- characteristics, e.g., experience with participatory assessment processes, knowledge of CD processes, and core business (which should be in advisory work);
- description of the required expertise of assessment team members—if several consultants will be employed, the special areas they should cover should be indicated (e.g., expertise in leadership and change management, public financial management, and HR management); and general qualifications could include knowledge and understanding of CD processes, skills in communication and facilitation, and attitude of respect and diligence with regard to client-organizations; and
- regions, cultures, and or sectors in which the contractor should have had experience.

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

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

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

Tips & Tricks

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

9. Length and Timing of Work

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

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

- **preparation:** selection and availability of team members and field work required;
- **execution:** time needed to achieve results and purpose of the assessment, correct distribution (including debriefing) of time in relation to the involved organizations and stakeholders, and field visits outside capitals to assess local level capacities or special regions with particular capacity problems;
- **reporting:** deadlines for draft and final versions of the report, a list of all stakeholders who will receive a each report, and procedures for commenting on the draft(s);
- **visits to be made** (relevant authorities, institutions, and beneficiary groups);
- **availability** of the important resource persons (also, and particularly, inside the host organization)
- **practicalities** on logistics that can influence the timing of visiting the necessary stakeholders, e.g., road conditions, weather conditions, local festivals, elections, and seasons.

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

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

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

A combination—if the objective and scope of the CA so warrants—may be preferable if the local consultant market is small. In such a case, the locally based consultant can add length to the assignment, but whether the international consultant should have only one in-country work period should also be considered carefully. Two 1-week visits with some weeks in between add to travel costs but may enable a process much more responsive to local conditions and capacities.

10. Bibliography

The last section of the TOR should provide information on the key documents the team will need to study (e.g., previous assessments, annual reports, organization charts, publications of the organizations to be assessed, relevant information on the sector, and the context).

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