



Sida

Guidance on Capacity Development

How to assess, support and monitor capacity development
among partners in Swedish development cooperation

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Guidance on Capacity Development

HOW TO ASSESS, SUPPORT AND MONITOR CAPACITY DEVELOPMENT AMONG PARTNERS IN SWEDISH DEVELOPMENT COOPERATION

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GUIDELINES FOR CAPACITY DEVELOPMENT

PURPOSE OF THIS PAPER

This paper presents the minimum requirements for assessing and monitoring capacity development.¹ It is a hands-on guidance regarding:

- how to assess the capacity of partner organisations in development cooperation;
- how to design support to capacity development of partner organisations; and
- how to monitor and evaluate development contributions which aim at supporting capacity development in partner organisations.

The document is a methodological guideline that, together with the Cooperation Strategy Guidelines, replaces Sida's previous "Policy for Capacity Development" (2000). It is a complement to the "Manual for Capacity Development" (2005) and to OECD paper on "The Challenge of Capacity Development – Working towards Good Practice".

1. ASSESSING CAPACITY

WHEN TO ASSESS CAPACITY?

The Development Analysis conducted when drafting a new Swedish Cooperation Strategy with a country or region includes elements of 'capacity analysis.' However, most of Sida's capacity assessments take place in relation to the organisations that Sida chooses to support.

All Sida's contribution assessments should include an assessment of the partner organisation's capacity in order to establish whether additional support for capacity development is needed to reach the programme objectives. This means that Sida's assessment of partner capacity **primarily takes place in the preparation phase** of a contribution. When dealing with large Programme Based Approaches (PBAs), a subsequent more in-depth assessment may be conducted during the implementation phase of the programme.

¹ **Capacity** is the ability of people, organisations and society as a whole to manage their affairs successfully. In this context capacity can be seen as the measure of how well an organisation is able to define and achieve its goals in both the short and long term. **Capacity Development** is understood as the process whereby people, organizations and society as a whole unleash, strengthen, adapt and maintain capacity over time. OECD/DAC, The challenge of Capacity Development, 2006.

WHY ASSESS CAPACITY?

The **purpose of assessing the capacity** of the partner organisation is to ensure a successful implementation of the contribution by:

- identifying the needs for capacity development, and what role external support could play in addressing these;
- promoting the use of country and organisation systems in the implementation, and identifying risks associated with a certain development contribution
- enhancing the sustainability of the development contribution.

WHO SHOULD DO THE ASSESSMENT?

- **The partner organisation**

As a rule the partner organisation should lead or commission the assessment

- **The partner organisation with the help of external support**

If needed, Sida² should provide support to the organisation when commissioning the assessment

- **External support with partner organisation ownership**

As a last resort Sida³ should commission the assessment while assuring partner ownership

It is essential that the partner and its stakeholders to the greatest extent possible get to lead the capacity assessment process, which should be based on a framework that it is comfortable with. Keeping it simple is a good motto.

Sida must always make its own documented appraisal of the assessment conducted by the organisation. This is a crucial element in the assessment of the contribution as a whole.

² Sida, preferably jointly with other donors and development partners in the sector or region as deemed relevant.

³ Again, Sida preferably jointly with other development partners as deemed relevant.

WHAT SHOULD BE ASSESSED?

MINIMUM REQUIREMENT FOR SIDA'S ASSESSMENT OF PARTNER CAPACITY NEEDS

- Assess to what extent (if at all) the partner organisation needs to strengthen its capacity in order to achieve the defined programme objectives, including an assessment of existing capacity as well as other existing or planned capacity development initiatives.
- Assess to what extent (if at all) any remaining capacity constraints can be effectively addressed through additional external support, and if Sida should play a role in this.
- Assess to what extent any additional measures are needed in order to mitigate risks related to the current capacity situation of the organisation.
- Identify and prioritise key factors that need to be addressed for the organisation to meet its objectives.
- Remember that the assessed factors can be internal or external and of a formal or informal character.

The scope and depth of the analysis will depend on the extent of the contribution's capacity development focus, the complexity of the programme, Sida's and other donors' previous history of cooperation with the organisation in question, and other related issues.

Ideally, partner organisations are actors with strong legitimacy in relation to target groups, democratic practices etc. However, in reality many supported organisations are not perfect role models in terms of legitimacy and democratic performance. The organisational ownership should therefore be considered in broad terms, be democratically anchored, and include relevant stakeholders both inside and outside the organisation.⁴

Sida's starting point when assessing, promoting and monitoring capacity development in relation to its partners is a three level approach:

1. The **organisational level** (which includes the important dimension of individuals within the organisation and their competence, professional skills, attitudes etc.⁵)
2. The **institutional framework and system of organisations** i.e. other agents, agendas, actions and relations that can be proactively influenced – by the organisation itself or sometimes by external support.

⁴ This approach is based on the Accra Agenda for Action 2008.

⁵ Hence this does not imply any major step away from the previous view of Sida's policy and the OECD/DAC good practice paper, but rather a clarification of the fact that the knowledge, skills etc. of individuals are analysed *in the context of* an organisation, rather than on a more general level.

3. The organisation's **environment and contextual factors beyond influence**, i.e. appreciable factors to which the organisation can merely react or adapt (at least in the short to medium term).

The different levels interact with and influence each other and the analysis should ideally include important relationships between these levels, rather than just list opportunities and challenges under each “heading”.

2. DESIGNING SUPPORT TO CAPACITY DEVELOPMENT

GUIDING PRINCIPLES

Support to capacity development should always

1. **Apply a programme based approach as the first option**

- Support to capacity development should be an integral part of a programme plan and budget and the starting point should be to use the organisation's own system. The cooperating partner should be encouraged to include capacity development activities as part of its regular plan and budget.⁶

2. **Have a results oriented framework in place**

- Ensure that the cooperation partner is given the opportunity to **formulate its own development objectives and needs**, including the possible need for external support. If the partner has problems doing that, Sida should provide support e.g. through providing meeting spaces, training or financing a facilitator for the process. As a dialogue partner Sida could share examples from other countries or organisations, different models for assessing capacity and ways of defining relevant and feasible capacity development objectives.
- Encourage the partner organisation to identify **two to three measurable objectives** for the capacity development activity that should be part of the overall results framework of the programme/organisation at the output level.

6 See Guidance paper on Programme based approaches (2008).

ASPECTS TO CONSIDER IN A CAPACITY ASSESSMENT



The table provides a guide on aspects to consider when assessing capacity. Not all aspects need to be analysed in-depth; focus on key factors and ensure that no important change barriers have been omitted in the assessment. Try to identify *underlying causes* to current performance in the below mentioned areas, and not merely the *symptoms* of weak/strong capacity. The aspects should be used both as a basis for dialogue with the partner and as the basis for Sida's own assessment of the partner organisation's capacity. The assessment should strike a balance between strengths, weaknesses, opportunities and threats.

	FORMAL DIMENSIONS	INFORMAL DIMENSIONS
INDIVIDUAL AND ORGANISATIONAL LEVEL	Performance track record – delivered outputs/services/products. Individual Knowledge, professional skills and attitudes of staff. Quality of Organisational systems (finance; staffing; competence provision and development; monitoring and evaluation; organizational learning; transparency; formal incentive systems etc.). Access to infrastructure and financial resources.	Informal incentive systems. Organisational culture and leadership. Power relations within the organization. Legitimacy in relation to relevant stakeholders. Informal structures (including eg. Ethnicity). Patron-client relationships/networks. Donor influenced incentives.
INSTITUTIONAL FRAMEWORK SYSTEM OF ORGANISATIONS	Legal framework. Institutional/organisational relationships, mandate and salary/incentive system, pay reform etc. Knowledge systems in country (education system, training institutions etc.). Accountability structures.	(Informal) institutional/organisational relationships. Power structures/relations etc. Political and institutional factors related to sector/organisation. De facto organisational integrity.
ENVIRONMENT CONTEXTUAL FACTORS	Socio-economic, demographic, geographical, historical, cultural factors etc. Depends on context/scope of system and time frame.	Socio-economic, historical, cultural factors etc. Depends on context/scope of system and timeframe.

3. **Build on existing capacity**

- Reform plans that are too ambitious may hamper the regular activities of the organisation since it is often the same key people that are involved in the change process and the regular operational activities.
- Strike a balance between short-term quick wins and longer term results.
- Carefully prioritise and sequence the activities of its change processes. Trying to change everything at once may do more harm than good.
- Allocate (sufficient) human and other resources, and ensure that the organisation has proper political support and a minimum level of own staff to drive the change process. If needed, assist the staff of the partner organisation in acquiring competence in change management, which is a knowledge area in itself.

IDENTIFYING OPTIONS FOR EXTERNAL SUPPORT

Once objectives for capacity development have been defined, and a need for external support established, Sida should assist its partner in identifying different options for external support.

- **Encourage joint approaches to capacity development support among donors.** Try to include capacity development funding in the financing of regular operations or programmes. If financing is separate it risks undermining ownership and unduly isolate the planning of reform activities from regular organisational activities, and thereby undermining sustainability.
- **Ensure ownership and sustainability** when deciding the type of external input to be provided. Especially when parallel financing is deemed necessary, make sure the programme/project plan addresses how achieved results will become sustainable.

For Sida there are several ways to support the partner organisation. These are divided into three main groups:

1. Programmes (core support, sector budget support, sector programme support, support to specific programmes and funds managed by an organisation)
2. Projects (contributions with a well-defined purpose in relation to the partner's work area as well as well-defined and limited time frames, resources and activities.)
3. Experts (technical cooperation, training/scholarship in Sweden and partner countries, resource base development).

Sida should **assist in addressing factors outside the organisation in question.** If possible involve civil society organisations through dialogue or support another institution,

legal reform or regional initiative, which may assist in the removal of external obstacles to the partner organisation's capacity development. Sida should explore such opportunities, but be humble about the extent to which Sida as a donor can influence factors beyond the organisation.

3. MONITORING AND EVALUATING CAPACITY DEVELOPMENT

WHY TO MONITOR AND EVALUATE CAPACITY DEVELOPMENT

The main reasons to monitor and evaluate capacity development are to:

- 1) **Learn and improve practice** (learn what works, what not and why)
- 2) **Meet demands for accountability and results**
 - a. To stakeholders/beneficiaries
 - b. To donors/external financiers

WHAT SHOULD BE MONITORED?

The starting point for the monitoring of results shall be the agreed results framework for the supported programme, from which the main capacity development objectives shall be identified by the partner. The cooperation partner owns the programme and is responsible for its implementation and for analysing and monitoring the development of the programme and the conditions under which it is implemented. The partner shall also report on progress made, results achieved and costs. It is important to ensure that the main capacity development objectives in the result framework are monitored and included in the reporting. In order to get to improved outputs a number of steps usually need to be taken. Internal issues such as knowledge development, organisational culture and management, as well as external factors such as the institutional framework or legislation, may need to be addressed during a period of time, before any changes in organisational performance can be noticed.

For accountability purposes the measurement of progress on capacity development objectives should not strive to go beyond the organisational output level. This does not mean that the ultimate outcomes for people living in poverty are not important, but merely that this is not monitored at the contribution level when monitoring capacity development results. Rather, it is subject to the follow-up and monitoring made in the development analysis at country or sector level.

Sida is responsible for monitoring whether the cooperation partner complies with the provisions of the agreement. The cooperation partner and Sida are jointly responsible for undertaking evaluations and learning from experience and ensuring that results are well documented and communicated.

HOW TO MONITOR AND EVALUATE CAPACITY DEVELOPMENT

There are a number of methods for monitoring and evaluation of capacity development and change processes. Sida should not promote any particular model, but allow its partner to choose a suitable method. The following aspects should be kept in mind when engaging in dialogue with the partner organisation regarding the choice of model.

ASPECTS TO CONSIDER WHEN MONITORING AND EVALUATING CAPACITY DEVELOPMENT

- The M&E system/results framework should be designed in a way which promotes internal learning, and ensures accountability both to in-country stakeholders and to donors.
- What to monitor & evaluate and how to do it needs to be defined at the planning stage.
- Assess both qualitative and quantitative aspects, and monitor/evaluate planned as well as unplanned results.
- To assess capacity development results, monitor a combination of changes in organisational output, and organisational qualities such as e.g. human and organisational behaviour.
- Ensure that the assessment framework used by the organisation is understood by the organisation's members and stakeholders.
- Encourage the involvement of stakeholders affected by the change process.
- Encourage the organisation and its stakeholders to conduct self-assessments.

Important documents and links

As part of Sida at Work a web based version of these guidelines will be available. This version includes links to methods for assessing organisational capacity, examples of capacity development contributions and reading instructions for other documents such as the EU Operational Framework, the OECD/DAC “Challenge of Capacity Development – Working Towards Good Practice” and Sida’s “Manual for Capacity Development”.

Sida works according to directives of the Swedish Parliament and Government to reduce poverty in the world, a task that requires cooperation and persistence. Through development cooperation, Sweden assists countries in Africa, Asia, Europe and Latin America. Each country is responsible for its own development. Sida provides resources and develops knowledge, skills and expertise. This increases the world's prosperity.

Communication for development

GLOBAL ISSUES

This is a short methodological guideline on Capacity Development, which presents the minimum requirements how to assess, support and monitor capacity development among partner organisations in the Swedish Development cooperation. It is a hands-on guidance to be integral part of the Contribution Manual and operationalized in "Sida at Work". This document is a complement to Sida's "Manual for Capacity Development" (2005) and to OECD/DAC paper on "The Challenge of Capacity Development – Working towards Good Practice (2006).

The "Guidance on Capacity Development" replaces Sida's previous "Policy for Capacity Development" from 2000.



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