

# **HANDBOOK**

**ON**

**CAPACITY ASSESSMENT METHODOLOGIES:**

**AN ANALYTICAL REVIEW**

Prepared for

United Nations Development Programme

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8 August 1994

## CAPACITY ASSESSMENT METHODOLOGIES:

### AN ANALYTICAL REVIEW

#### PART ONE: INTRODUCTION AND BACKGROUND

Among the components of the capacity building process, the capacity assessment is the least well developed or understood. Most technical assistance programmes and projects focus on meeting capacity needs, without undertaking the analysis that would normally be required to ensure that the solution is the most appropriate one in the circumstances. At the same time, the UNDP has come to recognize the need for sharpening the concept of and improving techniques for capacity building. Several initiatives have been carried out during the past few years.

Among the conclusions of this work is that the gaining a better understanding of capacity building is closely related to development management, which falls under the purview of the Management Development and Governance Division (MDGD). For this reason, the

issue of refining a methodology for capacity assessment has taken on particular importance for MDGD. To date, several missions have been testing different approaches to the capacity assessment process including in Sierra Leone and Guinea Bissau.

UNDP is not the only agency involved in capacity building, and there are several other approaches which have been developed for capacity assessment, notably by the World Bank. Outside the technical cooperation field, the business sector in particular, capacity assessment methodologies are relatively common. To this end, therefore it would be of interest as the first step of MDGD's goal of refining a capacity assessment methodology to undertake a fairly detailed review of the various approaches and their usefulness to UNDP. This report is the result of the capacity assessment methodology review.

## 1. Capacity Building and UNDP

The primary mandate of the United Nations Development Programme (UNDP) is to support the building of national capacity for self-reliant development. Specifically, this means to promote self-reliance in developing countries in terms of the managerial technical, administrative and research capabilities required to formulate and implement development plans and policies.

"At all times it should be borne in mind that the basic purpose of UNDP assistance is to help the Government achieve the objective of self-reliance through strengthening its capacity to become so. Thus, country programme assistance should be aimed not directly at meeting production or output targets but at establishing or further developing the country's capacity to meet those targets, especially by making human resources development their central concern."

Development practitioners and analysts are increasingly asking the same question: Why

has so few countries been able to promote and sustain economic and social development? Increasingly, they are focusing on a similar response: because governments have often failed to identify appropriate roles for the state in development and have been unable to organize and manage systems for identifying problems requiring public action formulating policies to respond to them, implementing activities in pursuit of policy goals, and sustaining these activities over time. The capacity to carry out a wide range of development tasks has not been effectively generated or sustained.

Because of such question and responses, capacity building has emerged as a major concern for international institutions and foreign assistance agencies. The United Nations General Assembly, in Resolution 44/211, instructed its agencies to stress the building of national capacities and to come up with a more coherent approach for implementing that emphasis. The UNDP then took steps to place capacity building at the center of programming for the Fifth Program Cycle.

## 2. Historical Perspective: Elusive Solutions

The early 1990s, for UNDP, was in a period of serious reflection, uncertainty, and rigorous self-examination. Although UNDP has been in the Capacity Building business for many decades, report after report that many of the assumptions were wrong, the modalities were ill best. What many have now come to realize, the World Bank included, is that Capacity Building is difficult. It is more than the desire to assist It is more than concentrating massive amounts of funds on perceived specific problem. And, it is more than sending an external "expert" to implement the old apprenticeship model. In May 1993 the World Bank joined "new awareness renaissance" and articulated "Capacity Building" as the "Missing Link" in development.

UNDP, for years, felt uneasy about the prevailing modus operandi and trends of the time. In 1992 it commissioned a rigorous and comprehensive study with the mandate to objectively analyze the Capacity Building results of past 30 plus year. To the surprise of

few, the results of the study were not positive. By virtually every criterion UNDP Capacity Building projects had failed to meet their objectives. Sustainability was alien or non-existent.

The 1993 publication by UNDP/ RBA of "Rethinking Technical Cooperation: Reforms for Capacity Building in Africa" provides a comprehensive review of the literature and evidence to date and an in-depth analysis of the issues facing development efforts during the 1990's and into the early 21st Century. Likewise, the UNDP/RBA seminar paper "Beyond Rethinking Technical Cooperation: New International Cooperation for Capacity Building in Africa" builds on the previous material. This introduction relies heavily on these two sources.

Capacity building has been a principal focus of development cooperation during the past thirty years, and technical cooperation has been considered its main instrument. Capacity building solutions have proven to be very elusive. The track record of technical cooperation and its key issues are well known and documented. They can be briefly summarized here as follows:

- (i) The project approach which has been the dominant form for delivering technical cooperation has led to a myriad of poorly interconnected small projects. Often, also, their time frames were too brief to produce any sustainable results.
- (ii) Technical cooperation programmes tends to be effective in provided direct, operation support, and can be a reliable tool for 'getting the job done';
- (iii) However, the record is poor when it comes to training and transfer of know-how and building sustainable capacity for managing development. Most of these criticisms are leveled at the resident expatriate personnel element of technical cooperation, a concept

which seems fundamentally flawed because it tends to discourage 'learning by doing'.

(iv) During the 60s, 70s and early 80s, many institutions were developed or strengthened but little attention was given to the managerial and financial conditions under which they were required to operate. TC focused on the transfer of techniques without giving sufficient attention to the institutional environment surrounding its subject; that is the various macro systems such as legal and budgetary systems which impacted on the TC project and to the operating systems and procedures of the institution itself;

(v) The development agenda was mostly donor-driven and consequently, ownership and commitment by developing countries tended to be weak. It is often seen as donor driven, and motivated particularly by concerns for financial accountability. The absence of a national strategy and leadership for developing national capacities has been missed. In this regard, continued over-reliance on technical assistance, even when local expertise existed, also undermined the building of national capacities. On the recipient side, the demand for technical cooperation comes less from the need for technology transfer and more from the need for operating materials, as TC provides a disguised form of budget support. The recipients have little control over TC resources and are not able to manage it well;

(vi) Institutions were built in the public sector but very little was done to develop similar capacities in the civil society. In other words, an excessive reliance on state centralization and personalized systems of governance has contributed to the crowding out of capacities in the profit and non-profit sectors. This left the central administration free, without any checks on its powers which otherwise might have been balanced by institutions developed in the civil society;

(vii) The poor impact of TC programmes lies, to a large extent in the overall environment. When national institutions do not function well, donors are tempted to pump technical cooperation into situation. However, the civil service in many poor countries is in a crisis situation. They are experiencing severe budgetary constraints leading to reduced pay,

retrenchment, reduced operating budgets. The fluid political environment of a transition process tends to increasing politicization of the civil service and weakens it. Political crises and weak administration, combined with economic decline have deterioration of governance. Positive experiences in technical cooperation tend to be in countries where the overall environment has not deteriorated and may not be replicated in situations where the minimum conditions of good governance do not prevail.

### 3. New Awareness

In his presentation of "Building a new UNDP: Agenda for Change", the Administrator of UNDP articulated an "emerging vision of development as human centered, equitable and socially and environmentally sustainable", or "sustainable human development". He called for a reform of development assistance and a 'den Point plan for New International Cooperation for Development". Among these points is the need for effective development assistance for "building national capacities, both in government and in civil society, for sustainable human development".

UNDP now views capacity building as both a means and an end for sustainable human development. It is the foundation on which a country and its people can tackle, by their own will and their own efforts, the development challenges for a better future. In essence' capacity building should empower people to realize their potential and utilize their capabilities, and assure ownership, and sustainability of the development process.

Therefore, capacity building is not just a matter of providing people -with the skills and know-how to accomplish tasks and solve problems; it also means providing the environment in which individuals can exercise their capabilities. Also, these skills and know how need to be mobilized and applied, involving factors such as the motivation and efforts of individuals to improve their livelihood and the mobilization of people to reach common goals that are mutually beneficial to a society.

## 4. The Search for New Approaches

New approaches to capacity development are being advocated. The capacity constraints of today are unlike those of yesterday and the tools of the past are proving to be obsolete. There is strong indication that a strategy for capacity building should focus less on doing technical cooperation better, but more on its environment. Certain minimum conditions are required for creating the appropriate legislative, financial and economic environment for capacity building, retention and utilization.

An agenda for capacity building must go beyond reforming TC but also address the institutional and policy environment which affects its effectiveness. It should be based on the following:

(i) Empowerment of people and ownership by the people primarily concerned should be a key goal for a capacity building strategy;

(ii) Good governance should be promoted through measures such as support to the judiciary, mass media, democratic institutions, etc..

(iii) Capacity development should not be equated with training, education and technology transfer. Attention should be shifted to the environment in which people apply their skills. An environment conducive to mobilizing social groups and motivating individuals as basis requirements for promoting capacity utilization and retention. The focus should also particularly be on strengthening management systems for improved capacity utilization. Throughout the world managers are constantly trying to improve productivity through improved management practices, to achieve more out of their human and material



resources.

(iv) Capacity development for sustainable human development includes not only public sector management but straightening of civil institutions and investments in social capital.

New approaches to capacity, building have expanded analytical and increased strategic possibilities. For example, the concept of national capacity building is relatively new. It should not to be confused with the notion of self reliance which dominated the thinking of the 60s and 70s. Although there are similarities between the two concepts in terms of their overall, long term objectives, capacity building is quite different for three principal reasons:

- Because it does not take for granted the emergence of an national capacity,
- Because it advocates the need for a strategy for building such a capacity,
- Because it recognizes the need for ownership of the strategy by the developing countries.

In contrast, self reliance was implicitly conceived as naturally resulting from a stream of two main activities on the one hand, human resource development and transfer of skills and expertise, and, on the other hand, institution building. In both cases, the agenda was often donor-driven.

There is now a wide recognition that the strengthening of national capacity for policy formulation, policy implementation, coordination and evaluation has been an important

missing link.

UNDP has responded by taking important steps to articulate its mission and to improve the focus and impact of its technical cooperation. Sustainable human development, with its emphasis on poverty, gender, employment and environment, has become the cornerstone of this improved focus and the 1990 Human Development Report signaled UNDP's return to the global debate on development cooperation. National execution (NEX), since its introduction in the early 1980s, is proving to become another pillar in UNDP's TC approach, while the programme approach instruments (Programme Support Document and Programme Support Implementation Arrangements) are helping to focus and better coordinate the implementation of UNDP supported national programmes. The PSD and PSIA require quantifiable "capacity targets". The attainment of "capacity targets" will become one major indicator of successful programme implementation and impact.

UNDP is currently attempting to broaden the concept capacity development into a national definition. It is felt that as currently operationalized "capacity development" predominantly focuses on capacity for public sector management. In essence the definition needs of shift from a public sector organization biased one to what is termed a "national" approach to capacity development.

This would broaden the approach to be more sustainable, strategic and dynamic, and to take into account:

- The importance of identifying national objectives, strategies and priorities (i.e. capacity development for what?);

- The different capacity requirements facing developing countries at various levels of development;

-The development of capacity to respond to and manage change in an interdependent world; and,

-The development of capacities to obtain the most relevant information and technical advice nationally and globally.

## 5. Capacity Assessment for What and How?

This question has seldom been addressed, or even asked. Most discussions and papers tend to focus on "the need for capacity building", "the need for sustainability", "the desire for self-reliance", and "the need for new approaches and models". These are issues that find a broad agreement. However, after thirty years of relative discouraging results there is a need to revisit and rethink technical cooperation and capacity building in general, including the methodological point of view in particular. It is the methodology aspects that adds substance to policy initiatives.

The new thinking must include capacity assessment frameworks and methodologies (strategies, data collection, presentation formats, analytical matrixes, compute analysis, data base management, etc.). The possibilities are vast. The need for reliable institutional profiles based on fairly rigorous data has never been more self-evident. The most simple planning approach "...one must know what is before, he/she can determine what should be" is still appropriate. Capacity Assessment for what? For the design of better capacity building strategies and programmes. How? Through the use of fairly rigorous assessment strategies, data collection and dissemination methods. This document attempts to survey the capacity assessment landscape, determine what others are doing, and note areas of applicability and utility for the evolving UNDP approach.

The next section of the report, Selected Approaches will review several capacity assessment strategies and methodologies.

## PART TWO: SELECTED CAPACITY ASSESSMENT APPROACHES

In Part One, of this report, UNDP reviewed and exposed problems of traditional technical cooperation capacity building efforts. It is noteworthy that UNDP commissioned the study, contracted respected consultants, and assembled an excellent in-house study support team. In essence, UNDP was willing to publicly share its shortcomings and initiate a problem-solving process. However, what continues to be a "missing link" is the "capacity assessment" methodology that provides realistic "baseline" data of what is the current state of affairs and what it will take to move from point (a) to (b) to (c) etc. . Traditionally, the current condition of an institution/organization was assumed, or was determined through a quick "walking tour" with a key government official. Serious analysis was missing from this approach.

### 1.0 SOME ACADEMIC & CONSULTANT FIRM PUBLIC SECTOR APPROACHES

UNDP supported a number of efforts to not only study the Capacity Building dilemma but to locate, design, and develop options for capacity building frameworks in general, clearly articulated methodologies in particular. In this section and later in section ??? some UNDP sponsored efforts are reviewed.

In this section two important strategies and methodologies are presented. The Harvard Study and Development Alternatives, Inc. (DAI). The Harvard Institute for International Development (HIID) was commissioned in 1993 to design a sustainable Capacity Building Strategy. Likewise, DAI was contracted to recommend a framework and indicators for

measuring institutional capacity. The reader is advised to keep in mind such concepts as; practical, possible and feasible; and for methodology issues timeframe, reliability and validity.

1.1 Building Sustainable Capacity: Challenges for the Public Sector, Prepared for the United Nation Development Programme, Pilot Study of Capacity Building (Project INT {92/676}), Harvard Institute for International Development, Harvard University, M. Hilderbrand and M. Grindle, November 1994.

### Purpose:

This study is part of an effort to assess and support more effective capacity building initiatives in developing countries. The goal is to find ways to contribute more effectively to capacity building for sustained development. While economic and social development requires a wide range of capacities that reach far beyond the public sector, e.g. characteristics of civic society and the markets; historical, cultural, and international conditions, this study focuses primarily on public sector capacity. The- study believes that the ability of government to perform effectively is central to the challenging demands of new global and domestic conditions. Therefore, one should begin by considering the role of capable states in general, the new challenges for the capable states in particular.

### Scope

Although organizations are the principal unit of analysis, five sets of factors are identify -- from conditions in the economic, political, and social contexts, in which organizations work, to the human resources that are available to carry out particular tasks that affect organizational performance.

## Key Definitions

**Capacity** -- The ability to perform appropriate tasks effectively, efficiently, and sustainably.

**Capacity Building** -- Improvements in the ability of public sector organizations, either singly or in cooperation with other organizations, to perform appropriate tasks. Capacity Building implies the development of local capacity in developing countries.

**Appropriate Task** -- Beyond a basic set of irreducible functions, establishing law and order and setting the rules of the game for economic and political interaction, the study does not develop a universal list of what such tasks are. Appropriate tasks are those defined by necessity, history, or situation in specific contexts. This means that in operationalizing the concept for research, the task for which capacity is needed must be specified and assessed for its appropriateness within a given context.

## Methodology

## Strategy

"A Framework for Analysis"-- Harvard designed an analytical framework composed of five dimensions, and correspondingly, five levels of analysis, that affect capacity and capacity building interventions. The dimensions incorporate a panorama of factors that influence the ability of specific organizations to achieve specified goals, without isolating them from consideration of the human resources they have available to them or the larger

environments in which they are expected to achieve results. The five dimensions are described below and represented schematically in Figure 1.

The central unit of analysis in the framework is an organization charged with performing all or part of a task. They argue that organizations do not exist in a vacuum. That they are embedded in complex environments that affect their ability to carry out tasks effectively and efficiently. The first two levels of analysis in the framework assess the range of factors in these complex environments that affect organizational performance.

This framework is designed to be a tool for decision makers and managers. It can be used to assess constraints, capacity gaps, and opportunities and also as the basis for developing intervention strategies to build more effective capacity. The assessment can be focused on any level-contextual, institutional, interorganizational, organizational, or individual.

### The Five Dimensions of the Framework

(i) The Action Environment -- At the most general level of analysis is the broad action environment. This refers to the economic, social, and political milieu in which organizations attempt to carry out their activities and the extent to which conditions in the action environment facilitate or constrain performance. Within this dimension, a broad set of factors must be considered in terms of their impact on the ability to carry out particular tasks at the organizational level such as the following:

- Broad Economic Factors -- the level and growth rate of GNP, conditions in international markets for commodities and capital, conditions in the labor market, the level of development of the private sector, and the nature and extent of development assistance impinge on virtually all activities carried out by government.

- Political Factors -- task performance is affected by factors such as the degree of leadership support it has, the extent to which civic society is mobilized politically, the degree to which the government generally enjoys widespread legitimacy or faces significant threats to its stability, and the nature and development of political institutions such as political parties, elections, representative institutions, and interest groups.
  
- Social Factors -- the overall level of human resource development in the country, the degree of tolerance and tension among social groups, the extent of social mobilization and needs, the development of non-governmental organizations, and the degree of participation in economic, social, and political life at national, regional, and local levels are also important.

(ii) The Public Sector Institutional Context -- A second dimension of capacity is the institutional environment within the public sector that facilitates or constrains organizational activities and affects their performance. This dimension of capacity includes the following:

- The laws and regulations affecting the civil service and the operation of government i.e. hiring, promotion, and remuneration policies, general operating procedures, and standards of performance.

## FIGURE 1: Dimensions of Capacity

## ACTION ENVIRONMENT



## Economic Factors

- growth
- labor market
- international economic relationships conditions
- private sector
- development assistance

## Political Factors

- leadership support
- mobilization of civic society
- stability

- legitimacy

- political institutions

## Social Factors

- overall human resource development

- social conflict

- class structures

- organization of civic society

- The financial and budgetary support that allows organization to carry out particular tasks.

- The policies in effect that constrain or hinder the achievement of particular development tasks.

Also, the laws and regulations defining responsibilities and power relationships among

organizations as well as the informal power relationships that often mean that some ministries or agencies are more able to acquire resources than others or to influence policy more effectively than others.

(iii) The Task Network -- This dimension relates to the coordinated activities of several organizations that are required to accomplish particular tasks--the task network. The interactions of organizations within this network can facilitate or constrain organizational performance.

- Primary organizations for performing the task -- Those organizations, within a task network, that are more central to the accomplishment of a given task than others or that are more effective in carrying it out than others.
- Secondary organizations -- these may have a less central role in accomplishing the task but are nevertheless essential to it.
- Supporting organizations -- provide important services or support that enables a task to be performed, such as institutes that provide specialized education or training services or those that provide information and data analysis, communications, or computer services.

How these organization networks function and the nature of formal and informal interactions among them are important aspects of organizational performance for particular tasks.

Organizations within a single task network can be public or private and can represent diverse levels of government, from central to provincial to local. In addition, any particular organization can belong to several task networks.

(iv) Organizations -- The fourth and fifth dimensions of capacity are the organization and the human resource based the organization has to work with are closely intertwined. The fourth, organizations, focuses on organizational structures, processes, resources, and management styles that affect how individual talents and skills are used to accomplish particular tasks. This is-an important dimension because organizations:

- Establish goals, structure work, define authority relations, and provide incentives and disincentives that shape the behavior of those who work within them.
  
- Define and encourage management practices that increase or decrease the productivity of officials and component units.
  
- Provide the environment within which officials are able or unable to develop their skills and careers. Also, the physical resources and conditions that enable or deter people from carrying out their assigned duties, including mundane but nevertheless essential inputs such as desks, vehicles, pencils, and telephones.
  
- Encompass both formal and informal forms of communications and behavior that facilitate or obstruct effective action by individuals and entire organizations.

(v) Human Resources -- This dimension of capacity relates to the training, recruitment, utilization, and retention of managerial, professional, and technical talent that contribute to task performance at the organizational level.

- The focus here is on the training and recruitment of skilled personnel to fill middle and upper level positions within public sector organizations.

- Training means higher and specialized professional education required for filling particular roles within organizations as well as in service training activities required for the performance of role specific activities.
- Recruitment refers to the process of locating and attracting skilled individuals to fill critical roles and positions in public sector organizations.
- Also, this dimension focuses attention on how talents are used within organization--how well positions and responsibilities are matched with skills.

## Data Collection

This framework was applied, monitored and analyzed in six selected countries (Bolivia, Central African Republic, Ghana, Morocco, Sri Lanka, and Tanzania). The results are presents in case studies which documents the experience.

Three data collection methodologies were used:

(i) Interviewing Key Informants -- The methodology used to collect primary source data for the case study research was the interviewing of key informants (high-level officials, their counterparts in organizations with which it interacts, managerial, professional, and technical personnel, persons in charge of personnel planning, recruitment, and training; clients and other stakeholders; and officials of donor agencies through focused discussions). A questionnaire (interview guide) was designed and the interviews were

relatively focused, in-depth discussions aimed at eliciting specific information as well as perceptions and interpretations of the situation.

(ii) Documentary Research -- The interviews were supplemented by documentary research.

(iii) Organizational Mapping -- used data collected from documentary research and interviewing.

The data was analyzed and placed into case study formats and published as country specific reports.

## Experience

The six case studies mentioned above represent the experience to date.

1.2 Institutional Self-Reliance: A Framework For Assessment, Development Alternatives, Prepared for the United Nations Development Programme, J. VanSant, Development Alternatives, Inc. (DAI), January 1989.

## Purpose

The primary mandate of the UNDP is to support the building of national capacity for self-reliant development. Specifically this means to promote self-reliance in developing

countries in terms of the managerial, technical, administrative, and research capabilities required to formulate and implement development plans and policies.

There is the need for an analytical framework to assess progress in strengthening of national capacity which is straight-forward and operational. This has been the missing link of the UNDP Capacity Building mandate.

Development Alternatives, Inc. (DAI), a consultative firm on contracted by UNDP to develop a Capacity Assessment Approach, designed and purposed the "institutional Self-Reliance Framework for Assessment". This is an analytical framework with indicators for measuring institutional capacity to perform valued functions and to determine an institution's own policies, need, and relationships.

## Scope

This approach, while institutionally based, focuses its analytical attention on both external and internal factors. In essence it is concerned about public sector institutions, their systems resources, internal operations, external relations and impact.

While this framework was designed to be generic -- that is, to be applicable to institutions across the spectrums of size, locale, level, and function -- institutional analysis always must be bound to context.

## Key Definitions

Institution -- while acknowledging that the development literature is replete with definitions of the term institution, DAI defines institutions as an entity (or group or related entities) having a legal framework, an organizational structure, operating systems, staff, and resources and constituted to fulfill a set of related functions valued by a client or constituent group. To fulfill these functions, an institution incorporates, fosters, and protects normative relationships, rules, and action patterns. To the extent that an organization succeeds over time in demonstrating the value of its functions and has them accepted by others as important and significant, the organization acquires the status of an institution. The key factor is a recognized, continuing, and valued role at some level of the society.

Measuring Institutional Capacity -- as a working definition capacity is the extent of competence that institutions have to perform effectively the functions for which they exist, with self-reliance as the ultimate goal. Broad elements of this competence include the ability to anticipate, influence, and make change, to make informed decisions, to attract and absorb resources, and to manage resources to achieve objectives. From a measurement standpoint, the challenge is to reduce the elements of institutional capacity to a meaningful set of indicators that can be measured with some consistency and comparative significance.

## Methodology

## Strategy

There are several perspectives from which to approach the issue of assessing institutional capacity. They can be clustered into the categories of systems resources, internal operations, external relations, and impact. These categories are in accord with the "development sequence" in which planned use of human and financial resources (inputs) leads to some intended and valued benefits or impact. However, there are many intervening stages between applying resources and achieving sustainable benefits -- institutions usually play a major role in each step of this sequential process. See Figure 2



## "Approaches to Institutional Assessment"

While each of these approaches offers a valuable perspective on organizational capacity, no single approach is appropriate in all situations or for all institutions. DAI argues that a dynamic, and more comprehensive framework is needed to link the various perspectives in a flexible way. One means to capture the multiple facets of institutional measurement is to think of institutional capacity as having three broad dimensions:

- (i) Institutional Formation-- defined to capture systems resources and internal operations components. This is what organization has to work with or use in delivering goods or services and in generating external support.
- (ii) Institutional Function -- defined to capture external relations and impact components. This refers to how formation factors are applied to the particular mission of the institution.
- (iii) Institutional Condition -- captures the additional element of the effectiveness of the institution, as it evolves over time. This involves the way the formation and function interacts to make the institution more self-reliant. In addition to overall effectiveness, it is reflected in such factors as institutional values, leadership, and the sustainability of valued impacts.

## Data Collection

A set of indicators or variables must be added to the above framework in order to measure progress. DAI designed the following "Indicators for Assessment".

## Dimension One: Institutional Formation

### Category I A: Institutional Stock

•••The institution's legal framework, policies, rules, & procedures provide a consistent referent for operations.

•••Appropriate facilities and equipment are available to support operations.

The institution has access too logistical and communications needs (vehicles, telephone, telex, FAX, etc.)

The organizational structure meets needs of efficiency and control.

•••Organizational subsystems for administration, production, financial management, and other operations operate efficiently.

- The institution possesses needed technological resources.

### Category I B: Human Resources

• The institution has adequate staff in all key positions.

Compensation is adequate and equitable.

Monetary and non-monetary incentives support targeted behavior.

- The staff turnover rate is low.
- Opportunities exist for staff professional development and on the job training.

Staff is held accountable for getting work done according to clear performance standards.

Staff needs are analyzed in the planning process.

Recruitment and promotion policies provide for internal and outside staff growth.

### Category I-C: Financial Resources

• Fiscal data are up-to-date and accurate.

• The institution has access to resources in line with planned budgets (including credit, where appropriate).

• The institution has control over its own budget.

• The institution has awareness of its future resource needs.

• Effective financial management and accounting procedures are in place.

• Budgets are used as a planning and monitoring tool.

## Dimension Two: Institutional Functioning

### Category II A: Management

• Institutional management has a high degree of autonomy.

• The institution has adequate management depth.

• The institution's management style is participatory and enabling.

• Managers have a clear sense of realistic goals and priorities.

• There is effective delegation of management responsibility to second level managers.

• Managers have a high level of fiscal and operational awareness.

• Staff can clearly describe their roles and responsibilities.

### Category II B: Environmental Mastery

• Appropriate links exist with other institutions.

• Bureaucratic support is evident for the institution's activities.

• Major environmental influences are identified and assessed for relative degree of influence and are accurately forecast.

• The institution has controlled access to essential natural resources and other inputs.

• The institution has access to needed technologies.

## Category II C: Program Delivery

- &#9;--The institution maintains reliable evidence of the degree of client or constituent satisfaction.
- The institution has structures of accountability to clients and constituents.
- The institution's scope of program or other activities is appropriate to its financial and management capabilities.
- Program outcomes are measured and documented and widely known to institutional managers.
- The institution's program contributes to institutional condition.
- If market-driven, the institution has measurable "bottom-line" results.

## Dimension Three: Institutional Condition

### Category III A: Institutional Character

- &#9;--The institution has a documented mission that is clear and understood by staff and/or members.
- Institutional activities mesh with institutional mission and priorities.
- Staff morale is high and regularly evaluated by the institution.

- "Critical Events" analysis indicates that the institution is effective at defining and acting on those opportunities of most significance to its development and impact.
- High job satisfaction is evident at all levels of the institution.
- Information is shared openly within the organization.
- The institution's policy contributes to achievement of institutional goals and strategies.

### Category III B: Leadership

- Management effectively represents the institution to external interests.
- The institution has a clear vision, affirmed at all levels in shared values.
- There is evidence of institutional innovation.
- The institution employs effective staff involvement and teamwork in planning and work.
- The institution's leadership philosophy is clear.

A range of information gathering methods, selectively based on local circumstances, is necessary to address the analytical questions suggested above. The major strategies appropriate for institutional assessment include the following:

- Review of documentation: Internal institution reports, correspondence, organization and staffing charts, personnel records, administrative reports, contracts and agreements, transaction records, information system outputs, and other files are a major source of information. Documented information is especially important for assessing Dimension One (formation) factors. Planning documents, budgets, and financial and accounting

records are particularly useful. Information heavily represented in institutional record keeping is likely to emphatically shape decision making. Information not collected suggests issues of lower perceived importance to the institution. Documents are relatively easily reviewed and are a valuable source before interviews with key persons in the institution. Documentation is less useful for analysis of priorities or predicted behavior.

- **Key Informant Interviews:** Questioning knowledgeable persons (for example institutional managers, key representatives of client or constituent groups, and leaders of related or linked external organizations or groups) is an important information gathering step. Interviews provide an opportunity for open-ended inquiry and for probing issues of particular importance. The ability to identify and gain access to key informants and to extract accurate information from them are intuitive processes that require skill and sensitivity on the part of the investigator. It usually is necessary to build rapport with informants and perceive complex factors, patterns, and relationships. Interviews are particularly important for assessment of Dimensions Two (function) and Three (conditions).

- **Group Interviews:** Talking to staff or other stakeholders of an institution in groups provides a uniquely valuable opportunity to elicit new information or check impressions gained by other means. A good interviewer can be less obtrusive or intimidating in a group setting than in one-on-one interviews. Group process can take advantage of interactions within the group to stimulate participants and generate new material. In many respects, group interviews are similar to the common "focus group" method of research used in the private sector.

- **Observation:** Observation can expose information not otherwise obtained by the investigator or validate information gained by other means. Observation of physical assets of an institution is an important way to assess physical assets of an institution stock (for example, inventory, equipment, facilities, and so forth). Observation of the behavior of institution members is much more difficult, especially if the time available is short, but can provide important insights, especially for Dimension Three (condition).

An institutional assessment will need to blend use of each of these techniques, combining and balancing the findings to derive a score for each category.

## Experience

The actual field experience of this approach is unknown based on the information available. While DAI presents an extensive reference review, specific case studies, using this specific methodology, was not included or referred to.

## 2.0 SOME WORLD BANK APPROACHES

With the publication and distribution of Edward Jaycock's "Missing Link" speech the Bank publicly joined the Capacity Building effort. The World Bank, like UNDP, had designed and promoted development strategies premised on faulty assumptions. To simply focus on the "upstream" level and base assumption on economics rationality "does not a sustainable institution develop". Obviously, in hindsight, there are other factors necessary for sustainability.

The Bank is now very involved in Institutional Capacity Development and Governance. Note governance is something we, not too long ago, referred to sovereignty. The concern now, and rightly so, is about something called good governance. No doubt this is a challenge worthy of pursuit. In this section two approaches by the World Bank are presented; one is looking at and for the "patrimonialism linkage" between the political elite and the civil service and the impact on civil society Sounds a bit like 1920s - 30s New York, 1950s - 60s Chicago and 1995 Russia! A creditable process is initiated (including ownership and sustainability concerns) that in time could results in sustainable



projects. What is encouraging is the Banks enlightenment about the power of human processes and human empowerment. The second approach is more methodologically oriented. It attempts to generate data that can be quickly structured, distributed and acted upon.

2.1 Projectizing the Governance Approach to Civil Service Reform; An Institutional Environment Assessment for Preparing a Sectoral Adjustment Loan in the Gambia (IEA), World Bank, R. Pinto, June 1994.

## Purpose

This paper discusses the first experience with the World Bank's approach to operationalizing of the Governance Approach to Civil Service Reform. It describes how to undertake the upstream diagnostic work required; how this work was done in The Gambia; and what process as well as substantive lessons was learned from the outcomes of the pilot effort.

The central hypothesis of the governance approach to civil service reform is that Sub-Saharan public bureaucracies are by and large "patrimonialized" by the ruling elites, which use them as control tools to ensure their own permanence in power at the expense of serving the public interest. The remedial approach calls for.

--Greater insight into the effect of patrimonialism on public bureaucracies; and

--More operational knowledge about the bureaucracies' response to an environment that confers on them little or no legitimacy and places them at odds with the society they are to serve.

By achieving a thorough understanding of the institutional environment and the contextual idiosyncrasies of each country (upstream diagnostic work) prior to the design of civil service reform strategies is an important feature of the operationalization phase of the governance approach. A diagnostic assessment of the context and environment for civil service reform -- an Institutional Environment Assessment (IEA) -- is proposed as the point of departure. The IEA should clarify issues relating to:

- (i) The role of the state;
- (ii) The governance environment; and
- (iii) Existing dysfunction in the standards for civil service performance.

It should provide the basis for designing projects intended to achieve the required adjustments in the civil service. The diagnostic assessment required by the governance approach is based on the information generated by the inquiry into these variables and the explanatory power of the relationships established between environmental information and the functioning of the civil service.

## Scope

The IEA focuses on the upstream level of decision-making in a government and its effects on the bureaucracy.

## Key Definitions

Patrimonialism -- A system of leadership characterized by the inability or unwillingness of rulers or ruling elites to distinguish between personal and public patrimony (property). The power and authority of office is used as a form of "currency," and loyalty of subordinates is exchanged for parcels of power or for privileges from office.

Environment -- The sum of factors found outside the immediate confines of the civil service that have a significant bearing on it. It includes policy considerations, cultural values, and donor assistance, among other factors.

## Methodology

## Strategy

Institutional Environment Assessments (IEA), the upstream diagnostic work called for by the governance approach, follows the conceptual framework described below:

- (i) Tiered (vertical) analysis of information on the proposed variables; and
- (ii) Analysis of the dynamic interaction between governance and institutional variables on the one hand and the civil service on the other (horizontal).

Below are the major characteristics of an IEA:

- (i) Undertaken primarily in the context of World Bank (and/or donor partner) project preparation or as part of economic and sectoral work on institutional development;
- (ii) Government-driven and donor-assisted;
- (iii) Sequenced either top-down or bottom-up;
- (iv) Diagnostic of both the institutional and the governance dimensions of the civil service environment, focusing on three levels of analysis: structural, administrative, and technical;
- (v) Group-based, allowing ample participation, ownership, and sustainability of outcome;
- (vi) Geared to building consensus around the institutional profile drawn or problems identified, and corrective actions; and
- (vii) Directed to review and reformulate on-going strategies or reform programs as well as prospective design and projectization, regardless of funding source (action planning oriented).

While IEAs build on commitment at the highest level, they are designed to ensure ownership by all concerned. Accordingly, the IEA provides a participatory process involving both senior and mid-level government officials for project preparation. It creates opportunities for full understanding and shaping of project objectives. The logical starting point for a participatory process bound for ownership is the engagement of midlevel actors in diagnostic activities -- a central objective of the IEA Workshop. This allows mid-level and rank and file actors to be mobilized for the collection and analysis of information that pertains to the environment to be targeted by a project. The IEA ensures that participants are brought in at the ground level of the project preparation to genuinely contribute to the shaping of the project.

The Conceptual Framework-- The rationale for the proposed upstream diagnosis is based on a systems approach. The approach places the civil service or public bureaucracy at the center of the system as characterized in Figure 4. The civil service has the primary responsibility for performing the core economic management functions of government and

for providing service delivery to society. The civil service is seen as part of a larger environmental whole, and its performance is determined not only by its internal workings, but also by its external environment. In this context, the goal of civil service reform is to change the system as a whole -- and especially the interactions between the civil service and its environment. In essence civil service reform should go beyond public management to concern itself with the role of the civil service as a primary instrument of the state at the service of civil society.

Given the importance of the environment in determining the capacity level of the civil service, it is essential that the diagnostic exercise shed light on the interactions among sets of variables (governance and institutional) and the civil service. This "interface" is best understood if examined by levels. , or example, if one wants to know about the institutional health of a given state agency, e.g., the legislature, one needs to determine how legitimate the legislature is by assessing its accountability, access to and participation in it by the public, and the transparency of its deliberations -- in addition to looking at the rules, roles, norms and structures of the local national assemble. Likewise, the prevalence of the rule of law will suggest how norms and rules are made and enforced within the civil service.

The framework vertically segments the environment into the following three analytical levels, from the top down:

- Political-structural level (organization of the state)
- Administrative systems level (public bureaucracy); and
- Technical level (service deliveries and core economic functions).

Each level is seen in both institutional and governance dimensions, each of which includes its own set of distinct variables. It is generally accepted that the higher levels have a

determining effect over the lower ones. For example, the system-wide administrative features of a given civil service are by and large determined by the nature of the political structures and institutions -- the context of influences and expectations surrounding and involving the state in which the civil service is embedded. Similarly, the service delivery technical capabilities of a given sector are a function of the quality of system wide administrative functions. The proposed variables for each environment dimension are grouped by levels of analysis under their respective clusters as follows:

•I. The Political Structural Level -- Inquiry is appropriate for assessing state institutions, e.g., the legislative or the judiciary.

•A. Institutional Dimension

•(i) Norms/values

(ii) Organizational structures

(iii) Roles

(iv) Rules

•B. Governance Dimension (Legitimacy)

•(i) Ascribed role of the state

(ii) Accountability

(iii) Access

- (iv) Participation
- (v) Transparency
- (vi) Representation

### C. Other Environmental Factors (which influence A and B)

- (i) A free press;
- (ii) An independent judiciary;
- (iii) Opposition parties;
- (iv) Free and fair elections;
- (v) An active legislature, adequately supported with technical staff;
- (vi) Laws and regulations that promote transparency in government financial operations and decision-making;
- (vii) A functioning system of courts;
- (viii) Sufficient intra-governmental checks and balances; and
- (ix) An active and involved "civil society" made up of local communities, non-governmental institutions (NGOs), professional and labor associations, academic and legal circles, and other groups that are sufficiently organized for various forms of popular participation.

### •II. The Administrative System Level (variables targeted for inquiry)

## &#9;A.&#9;Institutional Dimension

### Public Personnel System

&#9;(i)Employment

(ii)Compensation

(iii)Career

(iv)Training & development

(v)Work conditions

(vi)Civil service statues

(vii)Code of ethics

### Financial System

&#9;(i)Budget

(ii) Accounting/audit

(iii) Procurement

(iv) General Services



(v) Internal Regulatory framework

•B. Governance Dimension

Rule of Law

•(i) Universal rules

(ii) Equal application

(iii) Enforcement and redress

(iv) Rule making and amendment

(v) Balance of power/authority

Public Service

(i) Leadership

(ii) Efficiency

(iii) Effectiveness

(iv) Professionalism

(v) Service quality

### III. Technical Level

#### A. Institutional Dimension

##### Sectors

- (i) Economic development strategies
- (ii) Sector agency norms
- (iii) Sector agency structures
- (iv) Technical skills and capacity
- (v) Management skills and capacity
- (vi) Economic management systems
- (vii) Programs/projects

#### B. Governance Dimension

##### Role of the State

- (i) Macroeconomics policies

- (ii) Regulatory framework
- (iii) Sector policies
- (iv) Burden of costs
- (v) Beneficiaries
- (vi) Resource Mobilization
- (vii) Resource allocation

The diagnostic assessment required by the governance approach is based on the information generated by the inquiry into these variables and the explanatory power of the relationship established between environmental information and the functioning of the civil service.

## Data Collection

The IEA is a diagnostic process where senior civil servants systematically collect, analyze and internalize information on structures and functions of the civil service, and their interface with the external environment. The process is intended to allow agreement to be reached on corrective change, providing the basis for a systematic plan of action.

Stage I -- The IEA starts with preparatory work undertaken by three working groups expected to participate in the workshop and follow through with the implementation of its conclusions. The composition of the working groups is critical in ensuring the successful design and ownership of the expected project.

The working groups will collect and analyze data of the proposed variables for the three levels of analysis so as to reach consensus around the institutional profile and/or the symptomatic problems and their root causes. The specific input activities of the IEA are:

- (i) A Desk Review conducted at the World Bank
- (ii) A Field Review by government officials on issues under the three levels of analysis; and
- (iii) An in-country Governance Survey focusing on the variables identified under the governance environment.

Figure 5 summarized the preparatory tasks undertaken by the three parties and their relationship to the workshop. Stage I concludes with an Institutional Environment Assessment Workshop (Figure 6 describes the activities of the workshop), which serves to summarize and prioritize the data collected and to review on-going reform strategies. By providing a framework and process which take the workshop group from symptomatic problem identification through impediment identification and corrective action a local and informed strategy evolves in a way to ensure not only validity of assumptions, but ownership and effective implementation.

Stage II -- Follows up on the first EA Workshop to reach agreement on a strategy and proposed change activities that can be internalized by the government and subsequently projectized jointly with the Bank. The specific input activity consists of retaining the syndicate groups brought together during the First Review and first Workshop for complementary work on strategy and project design in preparation for pre-appraisal and/or appraisal. This stage may require several follow up missions and/or workshops.

Stage III -- consist of the preparation of a project, jointly with one or more donors, on the

basis of products and outcomes of Stages I and II.

This phased method generates products, activities and outcomes. Products are the building blocks in the formulation of an appropriate reform strategy supporting the design of the project. Activities represent the sequenced inputs required to complete a product. Outcomes are impacts of immediate value to the participating country, as they contribute to the review or formulation of contextual relevant reform strategies.

## Experience

As of the date of this review IEAs (comprehensive or a modified version) have been conducted in The Gambia, Ghana, Zambia, Cape Verde, Botswana and Malawi. Others are planned.

### 2.2 Institutional Capacity Analysis and Development System (ICASA), World Bank, A. Tobelem, July 1992.

The need for carrying out systematic institutional capacity analysis (ICA) has been acknowledge by World Bank reviews and operational evaluations in every sector and across regions. The effectiveness of institutional development activities increases substantially when capacity is assessed before hand, with development inputs and institutional strategies designed in conformity with the nature and scope of the identified institutional capacity gaps.

The system reviewed, the Institutional Capacity Analysis & Development System (ICASA), is in response to the perceived need. It was developed during the late eighties

and tested in many countries, sectors, and projects.

## Scope

The ICASA could be useful to any development activity. This would include a simple development activity, the decision to improve the productivity of public administrative, management or technical processes, or broader development activities such as a structural adjustment programme and even entire country or sector development plans.

However, the up- and mid-stream activities and focus appear stronger than those downstream.

## Key Definitions

**Procurement tasks** -- The tasks describing what to do to acquire the goods and/or services within a given activity.

**Development tasks** -- The tasks describing how to use efficiently these goods and/or services.

**Sustainable tasks** -- Describes what is going to be done to ensure the sustainability of the benefits obtained out of the efficient use of these goods and services.

## Methodology

### Strategy

ICADS provides five management tools in one institutional development instrument. It can be used for:

- (i) Project preparation and/or design from the conceptualization stage;
- (ii) Institutional capacity analysis -- during the preparation stage, then continuously monitored;
- (iii) management of project implementation;
- (iv) Personnel management, especially for those who are responsible for executing project tasks; and
- (v) monitoring and evaluation of project activities.

This system is actually a flow of information that any decision-maker can initiate, develop, continuously update, and then institutionalize whenever a decision has been made to do more of something or to do it better or both. ICADS helps to clarify:

- (i) What was agreed as development or performance objectives;
- (ii) The resources required to fulfill the objectives;
- (iii) Who should do what to realize stated development objectives and use resources

effectively;

(iv) What are the identifiable institutional capacity gaps; and

(v) How to bridge these capacity gaps in time to ensure that these objectives will be achieved cost effectively.

Information for the above is collected through interviews with selected informant, cross-checked with their respective line supervisors (and possibly others), widely circulated for transparency, and periodically updated as warranted.

An institutional development program and implementation strategy are then designed to help bridge the identified capacity gaps in a cost effective manner. The corresponding information is presented on an Inter institutional Relationships Map and a set of 11 forms listed below in the sequence of step to be followed:

• Form A. Objectives (expected outcomes)

• Form B. Activities (spending categories) and related resources

• Form C. Tasks (how the objectives will be met using these resources)

• IIRMap Inter-institutional Relationships Map (who is responsible

• & accountable for what)



Form Di. Capacity Gaps from the Rules-of-the-Game viewpoint

Form Dii. Capacity Gaps from the Inter-institutional Relationship viewpoint

Form Diii. Capacity Gaps from the Internal Organization viewpoint

Form Div. Capacity Gaps from the Personnel Policy and Reward system viewpoint

Form Dv. Capacity Gaps from the Skill viewpoint

Form Ei. Consolidation of non-skill-related to Capacity Gaps

Form Eii. Consolidation of skill-related Capacity Gaps

Form F. Synopsis of the corresponding institutional development strategy and program.

ICADS Principles -- To understand the proposed system and use it efficiently, seven important interrelated principles must be followed:

Principle One -- When a government, an administration, or an entity does not intend to change anything, when it does not want to do anything more or anything better, the related

installed institutional capacity is by definition sufficient and does not need to be assessed.

Principle Two -- When a government, an administration, or an entity wants to do more of something or do it better, or both, it should identify the institutional universe in charge of achieving the intended objectives. The institutional capacity of this universe should be carefully analyzed to verify whether it (they) can do it. .

Principle Three - Institutional capacity must always have an explicit purpose.

Principle Four -- When a government, administrative unit, or an entity determines it lacks sufficient capacity to achieve an objective, it must either withstand or modify this objective, or increase its capacity to the level required by its nature and scope, or somehow lower the ambition behind the objective while at the same time increasing its capacity accordingly.

Principle Five -- Institutional capacity is highly volatile and must be assessed and adapted continuously; it is easier to weaken capacity than to build it.

Principle Six -- Any institutional capacity assessment should generate capacity as the analysis progresses instead of being limited to a factual, static, contemplative description. At the end of any ICA process, the institutional universe analyzed should have substantially stronger capacity than before the analysis began.

Principle Seven -- Development decisions made in any cultural environment should build on the institutional capacity currently available in the environment and reflect local capacity criteria. In other words, a good capacity analysis system should be culturally

unbiased.

For the first three principles, ICADS can only be activated when the decision has been made to increase or improve specific outputs or processes. Indeed, the first step of ICADS is to clarify precisely what the decision makers want to improve or enhance. This should be considered the bottom line of institutional capacity: everything starts when an administration (government, administrative unit, public enterprise, or other entity) has carefully defined what it wants. This can be called the base level of institutional capacity.

## Data Collection

The ICADS designed a "Check List for the Analyst" which highlights the area where data or clarification is needed. When analyzing the institutional capacity of any institutional universe, aiming at designing an institutional development action plan the following steps should be followed:

1. Help decision makers clearly formulate their development objectives at stake (Form A);
2. Obtain information on allocated financial resources per category of development input to be acquired with these funds (Form B) for the achievement of the stated development objectives;
3. Help describe thoroughly how these funds are going to be used in the form of a list of tasks (Form C), that is, describing who is going to:

- (i) Acquire the goods/services for which financial resources have been allocated;
- (ii) Use them efficiently towards achieving development objectives;
- (iii) Ensure minimum sustainability of the benefits obtained through using efficiently corresponding goods/services.

4. Ensure wide circulation of the information (Forms A, B & C) thus defined so as to obtain comments to be incorporated in accepted by the decision makers, and that all parties, directly or indirectly involved or interested in the development benefits or have to suffer from its possible negative side-effects, will have been informed and given a chance to participate in the decision process.

5. Prepare an inter-institutional relationships map showing the exact universe of entities and their administrative units in charge of carrying out the work program defined in Form C, Using the funds described in Form B, the ultimately achieved development objectives set in Form A. This map should also mention the precise role of every entity/ administrative unit, how the relationships are going to work, and what is the legal or regulatory basis for them to work as described.

6. Identify "informants" per capacity element that is going to be analyzed. Usually this would include informants in the following areas:

- (i) Governance, legislation, regulations
- (ii) Inter-institutional relationships
- (iii) Organization and internal distribution of functions
- (iv) Civil service issues and personnel policies in general

(v) Skills

7. Carry out the institutional capacity analysis (ICA) using Forms Di to Dv, ensuring that the information obtained accurately describes a potential (or actual) problem (institutional capacity gap: ICG) that is going to affect the execution of a task; in what way is going to affect the execution of the final task output; and the severity of the particular ICG identified.

8. Consolidate the information thus obtained from the viewpoint of non-skilled-related institutional capacity gaps (Form Ei) and of skilled-related institutional capacity gaps (Form Eii)

9. Discuss findings with decision-makers until they recognize the accuracy of the consolidated institutional capacity gaps.

10. Propose to and discuss with the decision-makers a synopsis of possible solutions to the identified ICGs (Form F) with or without modification the initial development objectives.

11. Prepare a working paper where the institutional development action plan for the elimination or mitigation of the identified ICGs is thoroughly de'scribed. Ideally, such a working paper should have an outline similar to

the following example:

(i) Background information:

--Development objectives (description and rationale)

--Lack of institutional capacity to achieve them (general statement and description of information included in Forms Ei and Eii)

--Decision to include an institutional development action plan to mitigate ICGs, and possibly, at the same time reduce or somehow modify initial development objectives.

(ii) Institutional Development Plan:

-Government decisions, that is activities not requiring any additional efforts in acquiring specific goods/ services, but simply specific decisions from the executive or the legislative powers, including where and how the corresponding measures are to be effectively taken.

-Specialist assistance for those ICGs that require that the entities in charge "import" some kind of "technology" to resolve them.

-Training activities to eliminate most of the ICGs listed on Form Eii.

-Funding to eliminate ICGs related to physical/financial capacity.

(iii) Project Management and the Institutional Development Function

-Project management origination and functions

-The institutional development function (IDF) as a management tool for:

\* preparing the annual work program

\* distributing the tasks to every individual within a unit \* monitoring the periodic evaluation activities

\* personnel management

\* IDF for the monitoring of the institutional environment and updating of the available institutional Capacity.

(iv) Institutional Development Action Plan, Detailed Costing and Financing

## Experience

Since its development in the late 1980's it has tested in many countries, sectors and projects. It has been more frequently used in Latin America and the Caribbean Countries than elsewhere and especially in the agriculture sector.

## 3.0 A BI-LATERAL APPROACH

Due to time limitations only one Bi-Lateral approach was reviewed for this exercise. For several years The United States Agency for International Development (USAID) has

supported the Implementing Policy Change (IPC) Project. The IPC programme, under the leadership of Management Systems International (MIS), has developed a coherent capacity development strategy based on the generic "strategic planning model". MIS has, however, adapted the strategic planning approach to the various countries USAID assists. The reader is advised that the "strategic planning approach" has a tendency to become a belief system and if one is not careful the balance between belief and assumptions on one hand and rational, reliable and valid data on the other could become distorted.

### 3.1 Implementing Policy Change -- USAID Project #936 5451, Management System International (lead contractor), 1994.

#### Purpose

The Implementing Policy Change (IPC) Project, funded by the U.S. Agency for International Development (AID), assists developing country managers with the implementation of policies using a strategic management approach. There are two primary components of the IPC Project: IPC technical cooperation, which uses participatory approaches and management techniques to improve the prospects for successful policy implementation through short-term or extended technical assistance; and IPC research, which uses findings from Project's interventions, as well as other comparative data, to provide lessons on the substance and process of policy implementation. The IPC consortium (10 consultant firms and academic institutions) has gained extensive experience through work in over twenty-five 25 countries.

Strategic Planning and Strategic Management, the core of the IPC approach will be presented and reviewed.

#### Scope



According to IPC, strategic planning and management can work anywhere on any level because it is more than an analytical and operational tool, it is also a "way of thinking", a mind-set.

## Key Definitions

**Strategic Planning and Management** -- There is a certain degree of confusion regarding these terms.- The two terms are often used interchangeably which then leads to confusion regarding the appropriate use of each. The distinction between strategic planning and strategic management rests primarily on where one ends the process or the emphasis one puts on particular parts of the process. Strategic planning places more emphasis on the development of the strategic plan and often "assumes" implementation. Strategic management specifically includes and emphasizes implementation. This, of course, does not mean that the planning element is any less important, rather, implementation is regarded as just as important. In the literature, there is little interest in this distinction, however, and quite often, when the term strategic planning is used, it also includes the "management" components of implementation. Likewise, when strategic management is used, it also implies the "planning" components as well.

## Methodology

## Strategy

Strategic planning and management are more than a set of managerial tools. They constitute a mine-set, an approach to looking at the changes in the internal and external environment that confront the manager. For strategic management to be effectively used

the manager must develop a strategic mentality or outlook. The strategic approach or mentality consists of four main elements:

(i) The strategic approach is oriented toward the future. It recognizes that the environment will change. It is a long range orientation, one that tries to anticipate events rather than simply react as they occur. The approach leads the manager to ask where the organization wants to be after a certain period, what it will need to get to where it wants, and how to develop strategies and the means to get there, and finally, how to manage those strategies to achieve the organization's goals and objectives. It is recognized that the future cannot be controlled, but argues that by anticipating the future, organizations can help to shape and modify the impact of environmental change.

(ii) The strategic approach has an external emphasis. It takes into account several components on the external environment, including technology, politics, economics and the social dimension. Strategic thinking recognizes that each of these can either constrain or facilitate on organization as it seeks to implement policy. Politics will determine the policies that are to be implemented, economics will determine the organization's level of resources, and social factors might well determine who the organization's beneficiaries will be. Strategic thinking recognizes and emphatically takes into account politics and the exercise of polity authority. Managers are not free to do anything they decide. Managers must be sensitive to the needs and respond to demands on constituents over whom they have little or no control. Among the constituents, political actors are perhaps the most important.

(iii) The strategic approach concentrates on assuring a good fit between the environment and the organization (including its mission and objectives, strategies, structures, and resources) and attempts to anticipate what will be required to assure continued fit. Under conditions of rapid political economic and social change, strategies can quickly become outmoded or no longer serve useful purposes; or the resources traditionally required by the organization to produce its goods and services may suddenly become unavailable. The strategic approach recognizes that to maintain a close fit with the environment, the different elements of the organization will need to be continuously re-assessed and

modified as the environment evolves.

(iv) Finally, the strategic approach is a process. It is continuous and recognizes the need to be open to changing goals and activities in light of shifting circumstances within the environment. It is a process that requires monitoring and review mechanisms capable of feeding information to manager continuously. Strategic management (or planning) is not something that can be applied only once and forgotten or ignored.

## Data Collection

The IPC strategic management process is dynamic and uses a mixture of data collection methods for analysis and action planning. The approach described below is suggested as a guide:

**Step One: Agreement on the process** -- the first step is to get agreement, not only to carry out the process, but to get agreement on how and when and by whom it will be carried out. Since the process is not a one-shot exercise, commitment is vital; without commitment, the exercise will be sterile and likely regarded as a waste of time.

--Who should be included in the strategic management process? At least three different types of individuals should be considered for inclusion; the organization's top decision-maker and those officials who will have direct responsibility in implementation of policy; those who have a major stake in the outcome of the policy, whether from within or outside the organization, whether supportive or in opposition, clients or resource suppliers; and those with specialized knowledge that can add to the analysis of the policy to be decided or implemented. Although relatively broad involvement in the process should be encouraged, care must be taken that such groups not be expanded to the point of incapacity to make agile decisions.

--How should the process be initiated? First, agreement to carry out and commitment to the process of strategic management must be obtained from one or more of the organization's key decision makers. Once such agreement and commitment are accomplished, then decisions about what should be considered and who should be involved can be addressed. If issues are complex and there is a need to involve a relatively wide spectrum of actors and stakeholders, then workshops might be considered. If the issues are less complex or fewer actors need to be involved, then direct consultations or small group arrangements might prove more efficient.

**Step Two: Identification and Clarification of the Organization's Mission, Objectives and Current Strategies** -- Once an organization has agreed to engage in a strategic process, the first task is to determine what and where the organization is.

--What are the needs that the organization attempts to satisfy, whose needs are they and what is the value of satisfying those needs: All too often organizations develop a service or a product and then fail to periodically examine whether the product actually satisfies a demand or whether satisfaction of that demand actually matters.

--Who are the people that compose the organization, what are their values, and what needs does the organization satisfy for them? (In resource-poor environments, agencies that satisfy only marginal or peripheral demands are vulnerable to budget cuts, abolishment, or absorption by other organizations.)

--What are the objectives of the organization and how well do they mesh with the needs and demands of clients, stakeholders and constituents? What strategies does the organization employ to achieve the objectives it has set for itself? Is the organization being asked to make fundamental changes in what it does, or in the kinds of clients it benefits? If so, what are those changes?

--Clarification of the mission, objectives, and strategies is fundamental to initiation of the strategic process. It amounts to a statement of where the organization is, what it does and how it goes about its business. It should also help clarify which policies or demands can be facilitated by the organization and which will be impeded.

Step Three: Identification of the Organization's Internal Strengths and Weaknesses -- One way to examine these are to look at the organization's resource base (skill base, capital or financial resources, etc.)

--Does the organization have the capacity to achieve its stated objectives or to put into motion its strategies?

--What are the levels of internal resources possessed by the organization? How available are they?

--Analysis of resources by itself is not sufficient, the organization must also assess its task performance. What tasks does it do well, which does it not? This will give a better idea of how the organization's resources are organized and how effectively those resources are put to use.

--One should not automatically make the assumption that idle capacity it should be dispensed with. Such skills may will be quite useful if the organization should need to make changes to be more compatible with its environment.

Beside skills and resources, other elements of the internal organization need to be examined:

--What is the nature of the organizational climate (are there cleavages, are they conflictive?),

--How adaptable are the participants would they readily take on new tasks, how long have they been doing the same thing?

--What is the nature and flexibility of the organizational structure -- is it rigid, have significant changes been made in the past, and what has been the reaction?

--Is there an informal structure how does it work and is it more cogent than the formal structure?

--What is the nature of the incentive structure is it designed to encourage innovative behavior, can it recruit and maintain a sufficiently high level of personnel? Which elements facilitate and which impede performance of the organization's tasks and which might facilitate or impede organizational change?

Step Four: Assessment of Threats & Opportunities in the External Environment -- While there is frequently a tendency by managers to focus on the internal dimensions of the organization, policy change and the often volatile nature of politics in countries undergoing major policy changes requires conscious exploration of the environment outside the organization.

--Political, economic, social, and technological changes will influence the direction and shape of an organization's policies and objectives. What are the major trends that can be detected in each of these areas that will have some bearing on the activities of the organization?

--How might macro-economic measures being instituted affect the financial resources of the organization?

--What is the nature of political support for the policy under consideration?

--How politically stable is the current regime? Is policy leadership about to change? Will key officials within the cabinet be changed and what will that mean to the development and implementation of the proposed policy change? To what extent have the government's primary political coalitions begun to change? Does this signify impending changes in policy priorities? How effective is the political opposition?

--What role do international forces or actors play in the determination of policy? To what extent has the social composition of the organization's primary clientele group changed? Has it outgrown the resources of the organization? Has its needs changed over the years?

--An important factor in the organization's external environment is its bureaucratic and institutional setting. Is the organization autonomous? Or is it linked to a ministry, or must it coordinate its actions with other entities and what is the nature of those mechanisms?

--Are other organizations involved in the same activity, what are their roles? Are there

incentives for cooperation?

**Step Five: Identification of Key Constituents and Stakeholders, their Expectations and Resources** -- The expectations and demands of constituents are key ingredients for decisions about what an organization will do and how it goes about carrying out its tasks. Stakeholders or constituents are those who have a direct interest in and are capable of influencing in some measure the outcomes or actions of the organization. Stakeholders provide the primary base of political support for the organization. A rather wide range of actors might be included: competitors, beneficiaries, directors, employees, political parties, consumers, international donors, etc.. Only those who have a realistic and reasonable significant impact should be considered in the stakeholder's analysis.

--What do these particular groups want from the organization?

--Are they satisfied with the current array of services and level of performance?

--Are their interests shifting? In which direction? And if so, will the organization be able to react favorably?

**Step Six: Identification of Key Strategic Issues** -- The information generated by the preceding steps should identify a set of fundamental questions or key problems regarding the fit of the organization with its environment. These problems might concern the organization's mission, its product or services, its clients, financing mechanisms, management, or relationship to certain stakeholders. Strategic issues are the principal problems that must be dealt with effectively or the organization can expect undesirable results. The effective treatment of strategic issues can signify fundamental change in how the organization goes about its business. Such issues may generate conflict within the organization since their resolution will produce winners and losers both internally and



externally. The organization must be prepared to deal with that conflict.

--In identifying strategic issues or problems, care must be taken in specifying exactly what the problem or issue is, why it is a problem for the organization, and the organizational consequences of inaction.

--Can the organization do anything about the problem? If not, it is not an issue.

--Problems should be identified according to short, medium or long-run importance and the urgency of action needed.

Managers will find that energy expended in problem and issue identification and clarification will have payoffs in the development of strategies for their treatment.

Step Seven: Design, Analysis, and Selection of Strategy Alternatives and Options to Manage Issues Identified in Step 6 -- Once issues and problems have been identified, strategies to solve those problems need to be identified. Generally, more than one option for dealing with the problem will be identified; then options must be examined for their comparative viability, feasibility and desirability.

--Can the strategy work form a practical as well as theoretical stance?

--Is the organization capable of carrying out the strategy?

- Is the strategy acceptable to those carrying it out and to those to whom it is directed?
  
- Does the organization have the human and material resources, does it have the know-how necessary, and is the appropriate organizational structure available for implementing the strategy?
  
- Will the strategy accomplish what the manager wants and benefit those intended?
  
- Can the strategy be sustained, and can it adapt to the projected changes in the environment? Is flexibility built into the strategy? Can the necessary resource base be sustained over the life of the strategy?
  
- Is the strategy compatible with the implementing institution's mission or its fundamental objectives, and/or with the mission and objectives of collaborating organizations? Is the strategy targeted to the most appropriate beneficiaries?
  
- Is it compatible with the legal and bureaucratic setting?
  
- How well will the strategy adjust to forecast trends in the medium and in the long term?
  
- How will key stakeholders be affected, how compatible is the strategy with their values and expectations?

## Step Eight: Implementation of the Strategy -- Two major parts are:

--The development of an action plan, a statement of what, who, when and how the actions necessary will be done. Performance goals and objectives will also be specified.

--Actions aimed at marshaling and applying resources to affect the desired change. The manager's task is more than just the internal operation, they must also manage its fit with the environment.

## Step Nine: Monitoring and Review of Performance -- Strategic management assumes continual change. Therefore mechanisms must be developed for monitoring and analyzing the performance of the organization according to the action plan.

--The monitoring process should be continuous, regular, and capable of feeding into the decision-making process.

--It is vital that the monitoring process be timely and usable.

The above focuses on the IPC comprehensive strategic planning and management approach. IPC designed some analytical tools which generates data for the framework which where not review for this presentation:

-Stakeholder Analysis

- Policy Characteristics Analysis
- Political Mapping
- Policy Environment Mapping
- Using Workshops for Strategic Management of Policy Reform

## Experience

Although no specific case studies were presented, the IPC consortium claims to have experience in twenty-five countries on a range of policies, including economic, governance, and natural resources management policies.

## 4.0 SOME UNDP APPROACHES

As mentioned earlier, UNDP has taken the initiative to correct some of the faulty assumptions of earlier eras. Three relatively recent efforts are presented below. Zwanikken and colleagues, utilizing the framework of the Harvard Study, assess Sierra Leone (Sierra Leone has had serious political instability for several years). A comprehensive data collection instrument was designed and a practical methodology implemented. As a pilot UNDP, in-house study, this merits special attention because it combines the rationality of the Harvard Approach with UNDP sensitivity.

National Execution (NEX), over the past four years, has been a hot UNDP policy issue from the perspectives of donors and beneficiaries countries. Hopkins designed and implemented a methodology to conduct an Institutional Management Capacity Assessment for National Execution. The approach, building on previous work by Griffin,

is narrowly focus on NEX and the ability of the major institutions to adequately implement the required management activities and tasks. The approach does attempt to discuss "an enabling environment" or go "upstream" it simply takes a "snap-shot" of an institution's ability to do something now or in the near future.

Lastly, Glovinsky, attempts to take all the above and place it into an interactive computer programme that is user friendly to any programme office in the field. The various windows and the inactive computer environment of this approach are very seductive -- actually an interesting question is why computerization had not been previously attempted. The structure and rationality of the Glovinsky approach merit particular attention. In essence, this approach is not only practical it is flexible, country-specific and relevant to future technology.

4.1 Sierra Leone: December 1994 Public Sector Management Capacity Assessment & Decentralization Mission; Draft Mission Aide Memoire & Back-To-Office Report, UNDP/MDGD, M. Zwanikken, Technical Adviser, February 1995

## Purpose

According to this report the "human side" of organizations and institutions in terms of e.g. national skills and absorptive capacity, staff motivation, training and retraining opportunities, and an adequate civil service incentive system has often been ignored in the design and implementation of Technical Cooperation programmes and projects. Capacity Building (CB) for Public Management (PM) has increasingly been recognized as an important instrument for promoting Sustainable Human Development.

The assessment of the existing national capacity should be the first step in the capacity building process to ensure that TC provided is tailor made to the absorptive capacity for

TC and addresses the critical gaps in national capacity that persist. This Public Sector Management Capacity Assessment (PSMCA) is the first of a series of PSMCA exercises. UNDP/MDGD objective is to conceptualize, develop, and operationalize the concept of capacity assessment for sustainable human development in general, and public sector management in particular.

The specific purpose of this PSMCA exercise was to make an objective assessment of the present capacity for Public Sector Management in Sierra Leone. This objective can be achieved through identification of those elements which assist efficient and effective PSM, as well as critical elements in the overall environment and at the institutional and organizational levels which hinder the development and the effective use of national capacity for PSM.

Scope

See Harvard Study

Key Definitions

See Harvard Study

Methodology

Strategy

A methodology for PSMCA was developed and based on previous and ongoing research on the subject, in particular the UNDP Studies: "Rethinking Technical Cooperation, Reforms for Capacity Building in Africa", and the Harvard study "Building Sustainable Capacity: Challenges for the Public Sector".

The methodology developed for the PSMCA is summarized as a through review of previous reports, documents and research on the overall environment for capacity building in the country, complemented with a series of interviews and consultations with high-level representatives from core-ministries, economic and social interest groups, and political parties at both the central and de-centralized level. Both public and private sector leadership and non-governmental organizations were involved in the identification of major gaps in national capacity for public sector management, including structures, systems, and procedures.

A questionnaire (using Harvard's five dimensions) was developed by the mission team. The questionnaire was used as a tool for identifying and measuring critical elements or bottlenecks in the overall enabling environment, and at the organizational and institutional levels for the building of national capacity for public sector management, and which served as a guide during interviews and discussions with the various governmental and non-governmental officials. Refer to Figure 1 in the Harvard Study review.

The questions formulated as a basis for the interviews related to the following five critical dimensions or levels of analysis for capacity in the public sector:

- (i) Human Resources Development
- (ii) Organizational Structures, Processes, Resources, and Management Styles;
- (iii) Network of Organizational Interactions; (iv) Institutional Environment; and

## (v) Broad Action Environment

The questionnaire or "interview guide" was sent to the Development Secretary of the Government of Sierra Leone six months before the mission's arrival, who circulated the document among several Ministries and private institutions for their review and comments.

UNDP/MDGD prepared a research paper on Sierra Leone which served as a basis for the PSMCA mission. The paper provided a summary of the status of public sector management and the overall enabling environment for public sector management capacity building in Sierra Leone, including the country's economic, social and political situation and background, on the basis of information collected from a variety of sources.

Finally, the mission team engaged itself in detailed discussions at the end of each set of interviews during discussion meetings. The purpose of the discussion meetings was to further conceptualize the PSMCA methodology, reach a common understanding of the issues at hand, and discuss eventual follow-up action.

## Data Collection

The following questionnaire/interview guide was used by the PSMCA team to collect the data used in the assessment.

## 9.1. TRAINING AND RECRUITMENT

### A. Training



1. Is there a public service training policy and is it appropriate? What capacity is there to make and implement training policy?
2. What needs to be done in order to develop the necessary training capacity?
3. What types of training courses are offered by the various training institutions and how are they conceived and organized; what is the quality and relevance of these courses in relation to the practical needs of the various civil services; what opportunities do civil servants have to undertake these courses; has there been an evaluation of their impact and relevance?
4. What are the interactions between the various training institutions in making training policy?
5. What is the relationship between training needs and training providers? Has there been a survey for training needs?
6. What is the relationship between performance evaluating and training providers? List types of training programmes offered by each institution for performance improvement and additional training.
7. What is the in-house capacity for training and retraining civil servants? What mechanisms exist for on-the-job training?

8. What are the resources allocated to national training. and civil service training in particular?
9. Who selects participants for courses and how are they selected? What is the average number of participants?
10. Is their regular evaluation of training programmes?
11. How often are the courses conducted? To what extent does the training relate to the performance of daily tasks; is there a relationship between the completion of these courses and career development?

## B. Recruitment

1. What is the numerical size of the civil service?
2. What are the recruitment mechanisms in place; are they open, transparent and competitive, or do more political and/or clientele practices prevail?
3. What is the structure of civil service personnel in terms of the levels of academic training and professional experience required for various posts?

4. What can be said about the overall composition of the Civil Service and the way in which higher-level managers acquired their positions (e.g. on the basis of merit or on the basis of belonging to a certain influential group or faction); to what extent do employees who do not belong to such factious have access to positions of higher level management?
5. Should all managers and directors and related positions be attained by promotion or appointments? Is seniority a factor?
6. Is ethnicity a factor in the recruitment process?
7. To what extent does politics impact on the recruitment process?
8. What initiatives are taken by the government to attract Sierra Leonean expatriates?

### C. Human Resources Capacity and Available Skills

1. How well are the various departments equipped with the necessary human resource skills?
2. What are the major gaps/critical shortage areas in human resource skills?
3. To what extent is there a match between job description and skill requirements of the

job?

4. What is the composition of the civil service in terms of nationality, race, gender, and age?

5. What is the educational base for civil service recruitment?

## II. ORGANIZATIONAL STRUCTURES

### A. Goals of Public Service

1. How are public service goals articulated? How are these goals defined and prioritized?

2. What is the current mission and purpose of the Public Service?

3. What policies and plans (programmes) are there to achieve the goals?

4. What human and financial resources are allocated to the implementation of the goals?

5. How is implementation monitored?

6. To what extent is Public Service client-oriented?

7. To what extent are efficiency and effectiveness in the use of human and financial resources seen as a goal?

### 9.B.9;Civil Service Incentive Systems

1. What is the civil service salary structure? Is the level of salaries an incentive for the retention of staff, or do civil servants frequently hold other jobs besides their official assignments in order to complement their meager salaries?

2. What is the promotion system; to what extent are rewards linked to performance; what is the performance appraisal system in place; is it open, objective and transparent or do political and/or clientele factors play a role?

3. What non-wage incentives are offered to civil servants who perform relatively well (e.g. training, travel abroad, credits for housing, etc.)?

4. What is the remuneration/pay scales of civil servants like? To what extent does this contribute to low morale in the public service?

5. What factors are the organizational and institutional levels contribute positively or negatively to staff morale and motivation. How do these factors affect the motivation and

capacity of the Administration to attract and retain qualified staff?

### C. Structure of Work

1. To what extent is the organizational structure of the public service in harmony with its major goals and objectives?
2. To what extent are the major goals and objectives reflected in the allocation of human, financial and physical resources to the various sectors?
3. To what extent are departmental organizational structures in harmony with their mandates?
4. To what extent are job descriptions available and to what extent do they reflect the nature of the work required?
5. To what extent do civil servants get clear instructions on the tasks to be performed?
6. How many sections/units are in each department?
7. Is there an overlap between various departments and sections / units?

## D. Authority Relationships

1. What is the relationship between the civil servants, politicians, academic, and the military?
2. What is the relationship between administrative and professional staff?
3. What is the history of these relationships?
4. What is the relationship among the various units in the departments?
5. What is the chain of command like and how effective is it?
6. What is the reporting relationship like in the departments?

## E. Management Practices and Attitudes

1. What is the cultural context in which manager operate; what "Management Styles" are in place and what is their impact on participation and performance?
2. What are the power structures in place and how is power exercised? To what extent can employees participate in decision making processes? Are there directive

management styles or are there more participatory managerial systems in place?

3. What is the position of women in the organization and what is the ratio between male and female employees; to what extent do women occupy positions of power and high-level decision making; do women get equal opportunities in recruitment and career development?

4. To what extent are managers aware and make use of modern management techniques; what are the managerial methods and practices in place?

5. What understanding do managers have of the strategic management objectives; to what extent are they made aware of these objectives? '

6. How are existing resources, especially human resources used for the realization of objectives; how many staff are needed in every category to implement a specific task, starting with the highest possible level; how many of them are suitable for the task, i.e. able to implement the task efficiently by themselves by the due date; what is missing from the task implement's information, knowledge, and/or know-how that would enable him/her to implement successfully this task?

7. To what extent are managers held accountable for the way in which they manage the financial and human resources to attain organizational objectives?

8. How transparent is the organizational structure; is there an adequate system of performance evaluation and managerial audits?



9. What is the attitude of civil servants towards work? What is the difference in attitude towards work between private and public sector?

10. What is being done or could be done to bring about attitudinal change?

## F. Physical Resources

1. Are physical facilities and resources available and adequate for attaining organizational goals? (Buildings, office equipment, phones, electricity, furniture).

2. What efforts are being made in terms of meeting shortfalls in the physical resources?

3. Are physical resources available and accessible to the public?

## G. Communications

1. What are the channels of communication like vertically and horizontally?

2. How effective are they?

9;3. How and how well are employees and the public informed about national organizational goals and objectives and the respective roles they are expected to play in the implementation of goals and objectives.?

9;4. To what extent is the formulation of national goals/objectives participative?

5. Which channels (formal or informal) are commonly used disseminating information and how effective are they?

6. What mechanisms exist for both formal and informal communication?

7. To what extent are physical resources conducive to formal communication?

8. What type of Management Information System exists and how do the various departments access it?

## H. Technical Assistance and Aid Coordination

1. What is the form, nature and magnitude of present technical assistance?

2. How is technical assistance coordinated and managed?

3. What institution(s) is/are responsible for the management of external technical and capital assistance; to what extent has aid management been integrated with the realization of national, sectoral or project development objectives, and with the improvement of the management of human and natural resources in general?

4. How are externally supported technical assistance programmes implemented? What use is made of national and regional expertise in the identification, formulation, and implementation of technical assistance programmes?

5. What is the capability of the country to provide counterpart staff?

6. How are counterpart staff paid?

7. What is the level of discrepancy between those salaries and national salaries?

8. Where do counterpart staff go upon termination of the project?

9. What is your experience with technical assistance? Has it been mainly gap-filling?

### III. INTER-ORGANIZATIONAL STRUCTURES AND INTERACTIONS

## A. Inter-Organizational relationships

1. What is the relationship between primary, secondary, and support organizations in terms of bringing about desirable organizational performance?
2. What is the relationship between organizations at the center and decentralized levels?
3. What are the core organizations of public sector management?
4. How do these core organizations relate to each other?
5. What are the main communication channels among organizations? What are the major deficiencies and how can they be overcome?
6. How well are the functions of key organizations defined and separated?
7. Are there any overlapping roles and functions and lapses in public sector management?

## B. Public Service Commission

1. What initiatives are taken to revise the role of the Public Service Commission (PSC) in the light of modern management practices?
2. What are the channels of communication between PSC and line departments regarding relevant issues (training needs assessment promotion)?
3. What are the existing mechanisms for performance appraisal and promotion?
4. What incentives are there to attract, motivate, and retain competent personnel?
5. What are the present minimum salary scales in relation to the minimum household requirements?
6. Does PSC participate in formulating policy for training and retraining civil servants?
7. Does PSC participate in the formulation and design of a comprehensive human resources management policy?
8. What feedback mechanism does PSC have to know how well public service is performing?

9. Does this feedback have an impact on human resources management and development policy and strategies?

A. Department of Establishment

1. How does the department coordinate manpower need of the various organs?
2. What changes are being proposed and why? What are the prospects pushing PSC reform through?
3. How does the department ensure that its policy recommendations are implemented?

#### IV. INSTITUTIONAL ENVIRONMENT

##### &#9;A.&#9;Laws and Regulations Governing Public Service

1. To what extent are the existing laws and regulations governing the public service appropriate for an efficient and effective public sector management in accordance with modern management practices?
2. How well known are the rules and regulations?
3. When were the rules and regulations last reviewed?

4. To what extent do they promote participatory decision making at all levels?
  
5. To what extent do they promote participatory and innovative decision making?
  
6. To what extent are they conducive to the delegation of managerial authority, both at central and decentralized levels?
  
7. To what extent are constitutional provisions conducive to meeting modern management requirements in light of the need for the public sector to meet current national challenges and development objectives?
  
8. What guarantees are provided in the constitutional framework and legal and judicial arrangements to safeguard civil servants from political interference and maintain civil service neutrality?
  
9. What loopholes exist in the constitutional/legal arrangements that are conducive to mismanagement and to the absence of submission of executive powers to the constitution?
  
10. Wage Policy: Is the Civil Service Code adequate and up to date? Is there a minimum system of rules and guarantees?

9;B.9;Financial and Budgetary Support

1. To what extent are tax collection, budgeting, accounting, and auditing systems effective and modernized?
2. In view of the move towards decentralization what should be done to ensure effective financial decentralization to the provinces and districts?
3. What financial resources are available to support decentralization?
4. What percentage of the total budget is allocated to public sector management?
5. To what extent does government promote financial independence and sustainability of centralized, decentralized, public, private and non-governmental organization?

## &#9;V.&#9;ACTION ENVIRONMENT

### A. Political Factors

1. What are the stated national development objectives?



2. What is the direct interest and involvement of government in public sector management at the highest political level?
3. To what extent is professionalism valued by public servants?
4. To what extent is there a feeling of common national identity among the people?
5. Are there threats to the current political systems e.g. wars, civil unrest, etc.?
6. How do these impact on national development?
7. What are the aspirations of government in the areas of governance, public sector management, democratization? What have been the achievements so far?
8. How effective are the various political institutions such as the legislature, the judiciary, the media, and NGOs in ensuring accountable and transparent public sector management?
9. Is capacity building a priority? How widespread is the demand for capacity building in the public service?

## B. Economic Factors

1. What are the resources available:

- Human
- Financial (National Income, Tax Revenues)
- Natural

2. What is the GDP per capita and how has it fluctuated over time?

3. How does the country rank in the UNDP Human Development Index?

4. How are the resources distributed? What is the state ownership of national wealth and resources and how flexible is the definition of ownership?

5. Does the country have a vibrant private sector? Are the enterprises majority national and foreign owned?

6. Does the government implement policies for the active transfer of technology and know-how from foreign private to national employees?

7. Do investors have confidence in the country? Does the country have policies to attract foreign investors?
  
8. Employment Opportunities (in the public and private sectors; chances and opportunity costs of labour abroad)
  
9. Level of popular participation in development process
  
10. What policies are in place to promote national investment and joint ventures between nationally owned and private companies?
  
11. What is the state of infrastructure especially between urban and rural areas?
  
12. What has been the impact of past and present economic policies on economic performance and what has been the impact on public sector management?
  
13. What electoral systems are in place? Are they open and fair elections at national, district and municipal levels?
  
14. Are there initiatives to reform present electoral system?

## C. Social Factors

1. What forms of traditional leadership exist in the country and what is their role in the development process?

2. What are the sociological and anthropological structures that exist and how do they impinge on the public service?

3. What is the degree of tolerance or tension among the various ethnic groups?

4. What is the extent of social mobilization for development projects; and what is its impact on public sector management?

5. What is the degree of participation in economic development at the national, regional, and local level?

## D. Cultural Conditions

1. Norms, values and a set of common beliefs; what is the national "work ethic", and how does it relate to the performance of the public sector?

2. How strong is the sense of a national cultural identity; is there a strong society and sense of national belonging or is society weak and fragmented?

3. What is the position of women in society?

4. To what extent do cultural factors affect professionalism in the public service?

The PSMCA could have three possible outcomes or applications: (a) Broadening the intensifying the national debate on development objectives and strategies, (b) Stimulating the policy dialogue between UNDP and the Government, and (c) The design of Tailor-Made technical cooperation projects and programmes by UNDP and other donors.

## Experience

The PSMCA exercise is the only one to date. However, more are planned.

4.2 Management Capacity Assessment For National Execution (Ghana), UNDP/RBA, T. Hopkins, Consultant, duly 1993.

## Purpose

During the early 1990s National Execution (NEX) was a subject of much discussion at annual sessions of the UNDP Governing Council, resulting in important decisions which promote a shift towards greater use of the NEX modality. In 1990 the

Governing Council stated that the Fifth Programme Cycle, starting in 1992, provided "an opportunity to pursue and accelerate vigorously the process of National Execution".

National Execution was introduced through the United Nations General Assembly Resolution 3045 or 28 November 1975 which urged that Governments of recipient countries be increasingly entrusted with the responsibility for executing UNDP funded projects. Its original objective was to increase the capacity of recipient Governments to solve technical assistance problems, with the promotion of self-reliance being the key purpose. The use of the NEX modality has seen a constant growth ever since.

The purpose of this NEX Management Capacity Assessment was to provide UNDP staff, Government officials and relevant others with a transparent, focused management capacity assessment that identifies strengths and weakness and provide an organizational/institutional profile.

## Scope

This capacity assessment is highl focused. It is focused on UNDP National Execution (NEX) policy and tte necessary management capability

## Key Definitions

National Execution -- is a cooperative operational arrangement whereby the Government assumes responsibility for the effective management of all aspects of

its' UNDP-financed technical assistance projects and programmes as requested by it and agreed to by the United Nations Development Programme (UNDP).

Under National Execution, Governments are responsible for the conduct of all project and programme activities including those implemented by the Specialized Agencies of the United Nations, the Office of Project Services (OPS) of UNDP, or other organizations or institutions on their behalf. Governments are accountable to the Administrator of UNDP for ensuring the most appropriate implementation arrangements, the quality of technical cooperation funded by UNDP and its judicious financial management.

Fundamentally, this definition of National Execution distinguished between Execution and Implementation:

Execution -- the overall management, by national government authorities, by a United Nations Agency, of the programme/project, along with the assumption of responsibility and accountability for the production of outputs, achievement of programme/project objectives and for the use of United Nations Development Programme resources.

Implementation -- the procurement and delivery of all inputs and their conversion into programme/project outputs.

In essence, Implementation refers to procurement of project inputs, carrying out a Project Work Plan and producing the desired outputs; Execution refers to overall management of all stages of the project cycle, including upstream as well as downstream activities. "Execution" is thus a broader concept and recognizes "ownership" of the development process.

## Methodolgy

### Strategy

Management capacity building is a fundamental strategy for sustainable development. NEX institutions must have the managerial capacity or be involved in a capacity building process to meet viable development criteria. Logically, without an acceptable managerial capacity base or a willingness to improve there can be no efficient and effective project execution or implementation. Therefore, an assessment of the current management situation must be made. Following the assessment would come the, negotiations, design and implement a capacity building strategy.

To design a managerial capacity building strategy and/or programme it is important have certain fundamental data concerning the current state of the institutions regarding its ability to manage UNDP funded programmes. Early in the project formulation process, ideally, following the identification of the potential institutional participants' an assessment of the managerial and administrative capabilities of the institution is needed. The assessment should note the new demands that would be placed on the executing institution and the various other requirements of UNDP.

While at UNDP/OPS, Hopkins in consultation with Griffin designed a Managerial Capability Assessment Guide for NEX, as a beginning effort, to standardize the data collection task. During the past four years, this guide and approach was used in India, Ghana, Mauritius, Seychelles and Ethiopia The major assessment categories follow:



## MAJOR COMPONENTS OF A MANAGEMENT CAPABILITY ASSESSMENT

### I. PREREQUISITES

### II. PROJECT PLANNING CAPABILITY

### III. INPUT MOBILIZATION CAPABILITY

### IV. PROJECT IMPLEMENTATION CAPABILITIES

--Project management

--Research

--Training

--Conferences

--Publications/ Information Dissemination

--Advisory Services

--Other Services (if any)

### V. FINANCIAL MANAGEMENT CAPABILITY

The components relate to the key in-house management systems. While narrowly focused a NEX capacity assessment, at this level, can pragmatically determine NEX

or not.

Field data, professional experience and assumptions suggest that the institutions/ organizations fall into one of the following four categories:

•(i)•Institutions that are managerial and administratively capable of executing and/or implementing a UNDP project with minimal assistance;

(ii) Institutions that by taking actions-to meet prerequisites or by upgrading their management capabilities through self-help or professional assistance could meet the minimum managerial and administrative standards in a relatively short period of time;

(iii) Institutions that have shortcoming in most categories but the senior management has demonstrated the political will and an ability to bring about institutional reform; or

(iv) Institutions that are not capable and would have great difficulty either meeting managerial prerequisites or developing the required capabilities.

Once potential institutional participants in project execution and implementation have been identified their technical and administrative capabilities need to be assessed considering the demands of the proposed programmes/projects and the

requirements of UNDP. In order to make this assessment, programme/project formulators will have to visit the organizations that have been identified and acquire relevant organizational information related to the tasks and activities of executing and implementing a National Execution programme/project.

The NEX institution Capacity Assessment should be divided into three interrelated phases:

Phase I -- to identify and priorities the institutions/organizations to be assessed. Such information can be acquired for programme/project formulator (Govt. and UNDP). It is advisable to prioritize the institution into two levels

(i) Critical Institutions (critical to the execution and implementation of NEX) and,

(ii) Target Institutions (potential implementing institution who could enhance the implementation process). Also, the institutions should be categorize by sector (Govt., Private, NGO and Training Institutions).

Phase II -- to do a fairly rigorous capacity assessment using the NEX Institutional Capacity Assessment Guide to systematically acquire relevant data. A team of qualified national counterparts should modify "The Institutional Capacity

Assessment Guide" specifically for their Context.

Lastly, Phase m -- to analyze the data, place it into a format (written report or computer data base) which will produce a NEX Institution Profile and make the assessment. The analysis of the data will produce salient issues, themes and identify capacity "gaps" which is the rationale for a Capacity Building Strategy and Specific Recommendations.

Relevant NEX information should provide information about an institution's ability to adequately carry out the common NEX activities. There are tasks and activities which are fundamental to the efficient and effective implementation of a NEX programme/project. The common NEX activities follow:

(i) Project Management

- Establishing and reviewing work plans
- Project start-up and monitoring missions
- On-site project supervision
- Project trouble-shooting and redesign

(ii) Personnel

- Preparing reviewing and/or revising terms of reference

--Identifying and/or short listing consultants and experts

Negotiating and administering contracts Reviewing progress reports

(iii) Contracts for Services and Works

--Preparing, reviewing and/or revising terms of reference

--Processing contracts (services offered include: pre qualification and short listing; calling for tenders and evaluating bids; contract preparation and monitoring)

(iv) Procurement of Equipment and Materials--Preparing equipment specifications

--Processing contracts (services offered include: identifying potential suppliers; calling for tenders and evaluating bids; purchasing; inspection, shipment, custom clearance & delivery)(v) Training--Identifying appropriate programmes and institutions

--Placing and paying stipends to government-selected trainees

--Paying institutions

--Monitoring academic performance

(vi) Financial Administration (maintained in US dollars)

--Accounting Services

--Converting project financial statements to a bank's required

format

--Preparing quarterly disbursement requests, audited statements

and account closure information for a bank or donor

(vii) Reporting

--Preparing substantive reports (quarterly, final) or financial statements (quarterly) for a government and/or a bank or donor

--Preparing annual reports of non-expendable equipment purchased on behalf of the government

--Preparing annual financial statement of expenditures incurred in the previous years for a government and/or bank or donor.

These activities as well as the organizational structure and physical capacities should be systematically assessed in order to present a fairly rigorous NEX Capacity Profile of an institution.

Data Collection

The following questionnaire/interview guide is used, with appropriate contextual

modifications, to collect relevant information. This instrument may be used for public, private and NGO organizations with appropriate modifications.

This questionnaire should be used to collect information from organizations being considered to execute and implement UNDP-assisted projects. Data gathered here should be analyzed and used as the basis for an assessment of the organization's capability and appropriateness to execute and implement the specific project under consideration.

The data may also be used to assess training and other institution building needs of the organization related to project execution and implementation that could be met by UNDP with supplementary project funds.

Some of the items under Input Mobilization 'Capabilities and Project Implementation Capabilities may be irrelevant to the project being formulated and therefore may be omitted.

#### A. Prerequisites

1. What is the organization's legal status?

2. Is the organization legally authorized to make agreements with international agencies?

3. Are there any legal or regulatory limitations on the organization's capacity to engage in international operations?

4. Can the institution open and use bank accounts in local and foreign currency?

5. Is the organization financially healthy? Are the funds provided adequate to cover the current programme and administrative costs? Does the organization have an endowment or reserve fund? Is the organization facing any financial problems?

## B. General Information

1. What is the institution's mandate?

2. How is this institution organized to carry out its work? Request and organization chart and describe the chain of command.

3. Does the organization have a Governing Board? If so, who is on it? What are the board's functions?

4. What are the director's duties? How is the director selected? How long is his term of office?



5. What are the objectives of the current work programme?
6. What clientele is served by the current programme?
7. What are the major activities (projects) in the current programme?
8. How was the programme developed? (i.e. the process)
9. How and by whom is the work programme managed?
  1. What experience and credentials do mid-level programme managers have for their work? Do programme managers (division chiefs?) and Technical staff have job descriptions? Request sample job descriptions from the supervisory and technical levels.
11. How is decision-making authority allocated between among the institution's director and key managers or supervisors?

## 9;C;Project Planning Capabilities

1. What is a project in this institution's definition? Is the work programme made up of projects or are there other components or activities?

2. Which personnel are responsible for project formulation? What experience and qualifications do the personnel have in project formulation?

3. Does the institution have its own project formulation or planning format and procedures? If so, Request a copy. Request examples, if available, of documents prepared for UNDP or other donors.

4. Does the institution have experience with UNDP project formulation procedures? With the procedures of other donors?

Request examples, if available, of documents prepared for UNDP or other donors.

#### D. Input Mobilization Capabilities

1. What unit is responsible for international personnel recruitment? What experience and qualifications do the personnel have for this work? What is the current workload of this unit? -

2. Are there established procedures for personnel recruitment and administration?  
Procedures for written terms of reference? A

salary scale? Request samples of TOR and a copy of personnel regulations.

3. Is there a roster of names of potential consultants?

4. Does this unit handle Visas and International travel arrangements? If not, who does?

5. What are the steps in a typical international personnel recruitment? How long, on the average, does it take to recruit a consultant or a long-term expert?

6. Repeat items 1-3 and 5 for domestic personnel recruitment.

## Procurement

1. What unit is responsible for procurement of goods and services in both domestic and international markets? What experience and qualifications do the personnel have for this work?

2. Are there established procedures for procurement of goods and services and safe-keeping of equipment? Who prepares

equipment specifications? Do procurement personnel handle

customs clearance tax exemption, shipping, inspection and

insurance claims? Are equipment inventories prepared? By

whom?

3. Are procedures for competitive bidding (both domestic and international) established and in use? Describe the process. Request a copy of these procedures.

4. What is the current workload in procurement and contracting?

Describe a sample procurement transaction.

## Contracting

1. What unit is responsible for contracting expert services from firms in domestic and international markets? What experience or qualifications do the personnel have for this work?

2. Are there established procedures for contracting? Do these procedures include competitive bidding? Request a copy of these procedures. Describe a sample contracting procedure.

3. How are contracts administered? Who is responsible?

4. What is the current workload in contracting?

## Fellowships and Study Tours

1. What unit is responsible for fellowships and study tours? What experience and qualifications do the personnel have for this work?

2. Are there established procedures for identification of candidates, language testing, selection of candidates, identification and selection of institutions that will be visited or provide instruction, administration of travel arrangements (passport, visas, tickets) and financial arrangements?

## ¶E.¶Project

### Implementation Capabilities

#### Project Management

¶1. Who is responsible for project management and implementation? What experience and qualifications do personnel have for this work?

2. How are projects managed? What reporting is required?

¶3. Is there a project management handbook or set of procedures? If so, request a copy.

4. What projects have been carried out recently? Who sponsored these projects? Are reports available? If so, request copies.

5. What personnel, facilities and equipment would be available for UNDP project implementation?

6. Who is responsible for project monitoring and evaluation?

7. Does the institution have experience with UNDP monitoring, reporting and evaluation procedures? With the procedures of other donors?

## Research

1. What unit is responsible for carrying out research? What are the experience and qualifications of personnel for this work? 2. Is research carried out according to established protocols? Request a copy of the protocol or describe research Methodology. Request a sample study proposal (If different from project format).

3. Is there bibliography of the institution's research?

4. Has the research programme been adequately described in the section above on the work programme of the institution?

5. What research personnel and facilities would be available for UNDP project implementation?

## Training

1. What unit is responsible for organizing and conducting training? What

experience and qualifications do the personnel have for this work?

2. Are there established procedures for the assessment of training needs?

3. Are training objectives established? How are training curricula prepared?  
(Provide samples)

4. What training methodologies are used?

5. What training personnel, equipment (including training aids) and facilities would be available for training in UNDP project implementation? What is the training capacity? (How many trainees?)

6. Are training courses evaluated? How?

7. Describe recent training courses. Request copies of reports on training,  
If any.

Conferences

1. What unit is responsible for the organization of conferences? What



experience and qualifications do the personnel have for this work?

2. What facilities would be available for conferences for UNDP projects? What is their capacity

3. Describe conferences held in the past two years. Request copies of reports of conference proceedings.

## Publications / Information Dissemination

1. What unit is responsible for publications and information dissemination? What experience and qualifications do the personnel have for the work?

2. Does the institution publish an annual report? If so, request the past two year's reports.

3. Does the institution have a regular mailing list for its publications? If so, describe the scope of this distribution

4. Does the institution have a publication's list? If so, provide a copy. Provide sample publications.

5. What printing and reproduction facilities does the institution have?

6. Is information disseminated by other (non-print) media? If- so, describe.

### Advisory Services

1. Does the institution provide technical advisory service? If so, what unit is responsible? What experience and qualifications do the personnel have for this work?

2. Who are the clientele for these services? Would these services be available for UNDP projects?

3. Are services provided free or on a fee basis?

4. The volume of advisory services provided in the last two years?

### Other Services

1. Does the institution provide any other services? If so, describe these services, their clientele and the volume provided.

### F. Financial Management Capabilities

1. What unit is responsible for financial management? What experience and credentials do the personnel have for this work?
  
2. Are financial management procedures codified? If so, request a copy of the accounting handbook.
  
3. Can the organization maintain separate accounts for UNDP projects? Can these accounts be maintained according to the UNDP fiscal year?
  
4. Who has financial approval authority? Who has financial disbursement authority?
  
5. Does the organization select and employ a recognized auditor? When are books audited? Request a copy of the most recent audit report.
  
6. Does the organization have experience with UNDP financial procedures prescribed in the "Guidelines for National Execution", including a) the required forms and procedures for advances from direct payments by UNDP, b) the required reports (the Government Disbursement Report and the Reconciliation of Outstanding UNDP Advance/Status of Funds Report), and c) the required ledger for

non-expandable property. Are financial management staff of the organization able to implement these procedures in full compliance to the requirements?

The data should be analyzed and distributed in a report format that is the result of several weeks of intense work. Hopefully, the assessment will elicit debate, discussions, further analysis, and at some appropriate time a NEX Capacity Building Strategy including an action plan. Again, recommendations regarding institutional participation should be prepared for each institution in a "NEX Institution Profile".

Besides establishing a basis for the recommendation on execution and implementation arrangements, the assessment procedure serves a valuable educational function for the potential programme/project authorities. The potential programme/project authorities are usually very appreciative of the clarification of roles, responsibilities and procedures that occurred during the assessment. The assessment procedure also brings home the advantages of NEX, greater control over a project and the disadvantages, additional administrative burdens.

The report should be viewed as a working document to help facilitate rational NEX decision-making. Only the Government in dialogue with the UNDP field office will determine what NEX will be now and in the future. The NEX Institutional Capacity Assessment will merely provided an informed insight and a possible direction.

## Experience

This approach, which was first documented by B. Griffin in 1992, "Determining Arrangements for Execution and Implementation of UNDP Regional Projects", has been used (in adapted/modified form) by UNPPA, UNDP/RBAP, UNDP/RBAS, UNDP/OPS, in India, Ghana, Ethiopia, Mauritius, Seychelles, Kenya, Malawi either

as actual NEX Capacity Assessment or as a training module. The driving force behind the intense interest in NEX Capacity Assessment is obviously NEX (from both the country's and donor's perspectives)

4.3 CAPBUILD for Institutions: UNDP's Design. Assistant For Institution Building Projects, UNDP/MDGD, S. Glovinsky, October 1994.

## Purpose

Institution building projects are common in most technical assistance agency portfolios. They are usually complex undertakings, and often produce mixed results. By putting the experience and technical know-how of UNDP into a computer program, it is possible to provide all persons involved in designing institution building projects with professions guidance.

CAPBUILD is specifically geared to institution building projects. An institution building project is called for if the need identified is to improve the efficiency and/or effectiveness of an organization or a group of related Organizations (i.e., an "institution") to serve the purpose for which the institution has created. Other types of capacity building projects for strengthening human capacity, technological capacity or environmental capacity, are constructed somewhat differently, and call for a different CAPBUILD tool.

This computer methodology should be a useful tool for:

The Sponsor -- the Programme Officer(s) of the agency(ies) financing the project, to

help ensure the feasibility of the initial project request, and to help prepare the project documentation in the format called for.

The Client -- the director of the organization being strengthened, to help ensure that the assistance provided is the most appropriate and cost-effective means of reaching the director's goals.

The Adviser -- the Technical Specialist designing the project interventions, to help ensure that the project meets the expectations and standards of both sponsor and client.

## Scope

CAPBUILD is an interactive institution capacity building project

Preparation computer program. Therefore, it is organized around the following project preparation process: (i) Identification, (ii) Examination, and (iii) Design. The output is a rational UNDP project/programme document.

## &#9;Key Definitions

An Institution -- is an organization or a group of related organizations created to serve a specific purpose.

**Institutional Capacity-Building** -- is the process of providing the organizations of an institution with the capabilities and the resources necessary for each to better serve its purpose within the institution.

**A Project** -- is a set of inter-related tasks amenable to unified management which is aimed at achieving specific objectives within a given budget and a given period.

**A Project Document** -- is the documentation required to describe and justify the project, to obtain the agreement by the three parties to the project contents, and to authorize the commitment of expenditures against the project's budget.

**The Project Preparation Process** -- is the series of tasks carried out by the three concerned parties, sponsoring agency programme officer director of the client organization, and technical specialist, to identify, examine the elements of, and design and institution building project, and to prepare the project documentation.

## Methodology

## Strategy

**CAPBUILD** takes a user through each step in the process of designing a project to strengthen an organization's institutional capacity -- an "institution building project." Each aspect of the design process is addressed, identifying the feasibility of a project request, defining the existing capacity of the organization, and determining the elements of the capacity building project.

The computer programs combine the templates and instructions for preparing the documentation with expert guidance and commentary. The CAPBUILD User's Guide consists of four parts:

- i. How to use the software program
- ii. A CAPBUILD Primer
- iii. A Help Manual

(iv) Examples/Models The two CAPBUILD sections which specifically focus on capacity assessment, is the focus of the following review. The Project Identification process begins with a request and the information available at this stage usually contains three elements:

--Name of the organization to be strengthened;

--A brief justification for putting the effort forward as a proposal, and

--From the government and donor sponsoring agencies, a general indication of the financial earmarking for the project.

Based on this information, the government's aid coordination agency and the donor agency makes a determination (Feasibility Report) whether to sponsor this project.

CAPBUILD presents a step-by-step method for a sponsor to prepare a Feasibility Report using an interactive computer process called the "Feasibility Report Builder." It covers which persons to interview and the kinds of information to obtain from them, and offers advice on how to proceed based on the information obtained. CAPBUILD then organizes the information into a Feasibility Report.



Once the sponsoring agency(ies) agree to support an institution building project, the next step in the preparation process is to examine the existing capacity of the client organization and to obtain the views of the Director (as "owner" of the project) on how the organization should be strengthened. This information forms the baseline for the project, and is presented in the form of a Capacity Report for subsequent use in the design of the project.

Similar to the Feasibility Report CAPBUILD presents a step-by-step method for the client organization to carry out this examination, called a "Capacity Report Builder". It determines the existing capacity of the organization on the basis of the current state of each one of its individual organizational elements. CAPBUILD then organizes this information into a Capacity Report Format.

## Data Collection

(i) The Feasibility Report examines six environmental factors. The absence or presence of these factors will affect the prospects of the project being successful, but the inputs applied through the project will not affect them:

--Political will for a strengthened organization, to help determine the project's priority

--Management commitment for having an institution building project, to help determine the project's ownership

--Staff Morale within the organization, to help determine the prospects for staff buy-in to the project

--Support Structures of an organization, to help determine the scope of an institution building project effort

--Beneficiary demand for a strengthened organization, to help determine the project's sustainability

--Policy Framework for the strengthened organization, to help determine the project's relevance

To prepare a Feasibility Report, the programme officer asks questions of various persons, political authorities concerned with the organization, the organization's director, its staff, staff of the other units which rely on the organization or which the organization relies-on, beneficiaries served by the organization, and specialists knowledgeable about the sector, to develop an opinion on each of the parameters mentioned above. The programme officer obtains a better understanding of the environment within which the project was identified and will be implemented.

(ii) The Capacity Report is used to determine the current state of the seven institutional factors which define the existing capacity of the organization:

--Purpose of the Organization -- the organization's "deliverable"

--Functions the Organization Performs -- the process producing the deliverables

- Systems the Organization Uses -- the tasks & procedures to perform its functions
- The Structure of the Organization -- linkages between component
- The Staff Level and Qualifications
- The Recurrent Operating Budget

¶ Unlike the environmental factors which were determined in the Feasibility Report, these factors are the ones amenable to change through an institution building project. The efforts required to change these factors translate into the project's outputs, activities and inputs. It is therefore important to correctly establish the current state of these variables before designing the project's components.

To prepare a Capacity Report, the Head of the organization examines each of the factors, and records them in the Report Builder. Here, the Director has an opportunity to record his/her own expectations on the project's intended result, which elements should be improved, and to what degree. During the project design stage these elements will be examined by and discussed with the technical specialist.

## Experience

CAPBUILD is currently in the Beta stage of development and is ready to be field tested.

## 5.0 SOME BUSINESS APPROACHES

Business has a driving force that public sector bureaucracies don't -competition and profit. This is important because in business when mistakes are made the business suffers, sometimes to-the extent of going out of business. This is not so in the public sector -- strategy, plans and implementation have little to do with ones public sector's career. The business literature deals with and is very concerned about competition and profit. To be competitive and maximize profit requires a strategic plan. This strategic plan must be based on good reliable data, about your business and your competitors. The objective is to maximize your strength while minimizing your weaknesses, attack your competitors' weaknesses and constantly be aware of the dangers of the marketplace.

This section starts with the seminal material of M. Porter from the Harvard Business School. To many, he is the strategic business guru of our times and his disciples are many. His approach is presented as the overall framework for a business capacity assessment. There are some lessons to be learned from the business sector.

Two approaches, used by practicing management consultants, is then presented. First, Berger views this last decade of this century and the coming first decade of the 21st century as period of rapid marketplace transformations which requires serious monitoring and an ability to make the appropriate moves at the appropriate times. Rationality, flexibility and, above all, actions are the major ingredients of his approach. Later, Flamen offer a fairly straight forward approach to strategic business planning. He argues the need for good data, an appropriate understanding of the environment, knowledge of one's strength and weaknesses, and a clear understanding of your goals and objectives.

5.1 Competitive Strategy: Techniques For Analyzing Industries & Competitors (New York: The Free Press, 1980), M. Porter.

## Purpose

Every firm competing in an industry has a competitive strategy, whether explicit or implicit. This strategy may have been developed explicitly through a planning process or it may have evolved implicitly through the activities of the various functional departments of the firm.

There are significant benefits to gain through an explicit process of formulating strategy, to insure that at least the policies (if not the actions) of functional departments are coordinated and directed at some common set of goals. Porter presents a comprehensive frame of analytical techniques to help a firm analyze its industry as a whole and predict the industry's future evolution, to understand its competitors and its own position, and to translate this analysis into a competitive strategy for a particular business.

## Scope

The book is written for practitioner, managers seeking to improve the performance of their business, advisor to managers, teachers of management, security analysts or other observers trying to understand and forecast business success or failure, or government officials seeking to understand competition in order to formulate public policy. The focus is on businesses of any size, location or type.

## Key Definitions

**Competitive Strategy** -- A combination of ends (goals) for which the firm is striving

and means (policies) by which it is seeking to get there. Different firms have different words for some of the concepts, for example, some firms use terms like "mission" or "objective" instead of "goals," and some firms use "tactics" instead of "operating" or "functional policies." The essential notion of strategy is captured in the distinction between ends and means.

**Industry** -- The group of firms producing products that are close substitutes for each other.

**Product and/or Service** -- The output of an industry

**Methodology**

**Strategy**

Developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals. Figure 7, the "Wheel of Competitive Strategy," and Figure 8 Context in Which Competitive Strategy is Formulated represents the classic approach to strategy formulation.

The "Wheel of Competitive Strategy", is a device for articulating the key aspects of a firm's competitive strategy on a single page. In the hub of the wheel are the firm's goals, which are its broad definition of how it wants to compete and its specific economic and non economic objectives. The spokes of the wheel are the key operating policies with which the firm is seeking to achieve these goals. Under each

heading on the wheel a succinct statement of the key operating policies in that functional area should be derived from the company's activities. Depending on the nature of the business, management can be more or less specific in articulating these key operating policies; once they are specified, the concept of strategy can be used to guide the overall behavior of the firm. Like a wheel, the spokes (policies) must radiate from and reflect the hub (goals), and the spokes must be connected with each other or the wheel will not roll.

Figure 8 illustrates that at the broadest level formulating competitive strategy involves the consideration of four key factors that determine the limits of what a company can successfully accomplish. The company's strengths and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological posture, brand identification, and so on. The personal values of an organization are the motivations and needs of the key executives and other personnel who must implement the chosen strategy. Strengths and weaknesses combined with values determine the internal limits to the competitive strategy a company can successfully adopt.

The external limits are determined by its industry and broader environment. Industry opportunities and threats define the competitive environment, with its attendant risks and potential rewards. Societal expectations reflect the impact on the company of such things as government policy, social concerns, evolving mores, and many others. These four factors must be considered before a business can develop a realistic and implementable set of goals and policies.

The appropriateness of a competitive strategy can be determined by testing the proposed goals and policies for consistency, as shown below:

•A. Internal Consistency

- Are the goals mutually achievable?
- Do the key operating policies address the goals?
- Do the key operating policies reinforce each other?

### &#9;B.&#9;Environmental Fit

- Do the goals and policies exploit industry opportunities?
- Do the goals and policies deal with industry threats (including the risk of competitive response) to the degree possible with available resources?
- Does the timing of the goals and policies reflect the ability of the environment to absorb the actions?
- Are the goals and policies responsive to broader societal concerns?

### &#9;C.&#9;Resource Fit

- Do the goals and policies match the resources available to the company relative, to competitors?
- Does the timing of the goals and policies reflect the organization's ability to change?



## 9;D.9;Communication and Implementation

--Are the goals well understood by the key implementers?

--Is there enough congruence between the goals and policies and the values of the key implementers to insure commitment?

--Is there sufficient managerial capability to allow for effective implementation?

These broad considerations in an effective competitive strategy can be translated into a generalized approach to the formulation of strategy. The outline of questions below gives such an approach to developing the optimal competitive strategy.

## 9;A.9;What is the Business Doing Now?

### 1. Identification

What is the implicit or explicit current strategy?

2. Implied Assumptions What assumptions about the company's relative position, strengths and weaknesses, competitors, and industry trends must be made for the current strategy to make sense?

## 9;B.9;What is Happening in the Environment?

## 1. Industry Analysis

What are the key factors for competitive success and the important industry opportunities and threats?

## 2. Competitor Analysis

What are the capabilities and limitations of existing and potential competitors, and their probable future moves?

## 3. Societal Analysis

What important governmental, social, and political factors will present opportunities or threats?

## 4. Strengths and Weaknesses

Given an analysis of industry and competitors, what are the company's strengths and weaknesses relative to present and future competitors?

## C. What Should the Business be Doing?

1. Tests of Assumptions and Strategy How do the assumptions embodied in the current strategy compare with the analysis in B above? How does the strategy meet the tests in Figure 8?

2. Strategic Alternatives What are the feasible strategic alternatives given the analysis above? (Is the current strategy one of these?)

3. Strategic Choice Which alternative best relates the company's situation to external opportunities and threats?

Although the process shown above may be intuitively clear, answering these questions involves a great deal of penetrating analysis. Porter's approach attempts to facilitate answering these questions. During this review two fundamental analytical frameworks will be presented (i) The Structural Analysis of Industries and (ii) A Framework for Competitor Analysis.

## The Structural Analysis of Industries

The essence of formulating competitive strategy is relating a company to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspect of the firm's environment is the industry or industries in which it competes.

The intensity of competition in an industry is neither a matter of coincidence nor bad luck. Rather, competition in an industry is rooted in its underlying economic structure and goes well beyond the behavior of current competitors. The state of competition in an industry depends on five basic competitive forces, which are shown in Figure 9. The collective strength of these forces determines the ultimate profit potential in the industry. The goal of competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against these competitive forces or can influence them in its favor. Since the collective strength of the forces may be apparent to all competitors, the

key for developing strategy is to delve below the surface and analyze the sources of each. Knowledge of these underlying sources of competitive pressure highlights the critical strengths and weaknesses of the company, animates its positioning in its industry, clarifies the areas where strategic changes may yield the greatest payoff, and highlights the areas where industry trends promise to hold the greatest significance as either opportunities or threats. Structural analysis is the fundamental underpinning for formulating competitive strategy.

The five competitive forces -- entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among current competitors -- reflect the fact that competition in an industry goes well beyond the established players. Customers, suppliers, substitutes, and potential entrants are all "competitors" to firms in the industry and may be more or less prominent depending on the particular circumstances.

All five competitive forces jointly determine the intensity of industry competition and profitability, and the strongest force or forces are governing

and become crucial from the point of view of strategy formulation. The focus of structural analysis is on identifying the basic, underlying characteristics of an industry rooted in its economic and technology that shape the arena in which competitive strategy must be set. Firms will each have unique strength and weaknesses in dealing with industry structure. A number of important economic and technical characteristics of an industry are critical to the strength of each competitive force. These will be reviewed in turn

### •I.•Threat of Entry

New entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources. The threat of entry into an industry depends on the

barriers to entry that are present, coupled with the reaction from existing competitors that the entrant can expect. If barriers are high and/or the newcomer can expect sharp retaliation from entrance competitors, the threat of entry is four.

A. Barriers to Entry - There are six major sources of barriers to entry:

(i) Economies of Scale -- the declines in unit costs of a produce (or operation or function that goes into producing a product).

(ii) Product Differentiation - means that established firms have brand identification and customer loyalties, which stem from past advertising, customer service, product differences, or simply being first into the industry.

(iii) Capital Requirements -- The need to invest large financial resources in order to compete creates a barrier to entry, particularly if the capital is required for risky or unrecoverable up-front advertising or research and development.

(iv) Switching Costs -- the one-time costs facing the buyer of switching from one supplier's product to another.

(v) Access to Distribution Channels -- the new firm need to create or secure distribution for its product.

(vi) Cost Disadvantages Independent of Scale -- such as proprietary product

technology through patents or secrecy, favorable access to raw materials, favorable locations, government subsidies, and the learning or experience curve (there is a tendency for unit costs to decline as the firm gains more cumulative experience in producing a product).

(vii) Government Policy -- Government can limit or even foreclose entry into industries with such controls as licensing requirements and limits on access to raw materials, and the implementation of standards (air and water pollution, product safety).

B. Expected Retaliation—the potential 'entrant's expectations about the reaction of existing competitors will influence the threat of entry.

## II. Intensity of Rivalry Among Existing Competitors

Rivalry among existing competitors takes the familiar form of jockeying for position, using tactics like price competition, advertising battles, product introductions, and increased customer service or warranties.

A. intense rivalry is the result of a number of interacting factors:

--Numerous or Equally Balanced Competitors

--Slow Industry Growth

--High Fixed or Storage Costs

- Lack of Differentiation or Switching Costs
- Capacity Augmented in Large Increments
- Diverse Competitors
- High Strategic Stakes
- High Exit Barriers

### III. Pressure From Substitute Products

All firms in an industry are competing, in a broad sense, with industries producing substitute products. Substitutes limit the potential returns of an industry by placing a ceiling on the price firms can profitably charge.

A. Identifying substitute products is a matter of searching for other products that can perform the same function as the product of the industry. Substitute products that deserve the most attention are those that:

- Are subject to trends improving their price-performance tradeoff with the industry's product, or
- Are produced by industries earning high profits.

### IV. Bargaining Power of Buyers

Buyers compete with the industry by forcing down prices, bargaining for higher quality or more services, and playing competitors against each other -- all at the expense of industry profitability.

A. A buyer group is powerful if the following circumstances hold true:

--It is concentrated or purchases large volumes relative to seller sales.

--The products it purchases from the industry represent a significant fraction of the buyer's costs or purchases.

--The products it purchases from the industry are standard or undifferentiated.

--It faces few switching costs.

--It earns low profits.

--Buyers pose a credible threat of backward integration.

--The industry's product is unimportant to the quality of the buyers' --products or service.



--The buyer has full information.

#### IV. Bargaining Power of Suppliers

Suppliers can exert bargaining power over participants in an industry by threatening to raise prices or reduce the quality of purchased goods and services. Powerful suppliers can thereby squeeze profitability out of an industry unable to recover cost increases in its own price.

A. A supplier group is powerful if the following apply:

--It is dominated by a few companies and is more concentrated than the industry it sells to.

--It is not obliged to contend with other substitute products for sale to the industry.

--The industry is not an important customer of the supplier group.

--The suppliers' product is an important input to the buyer's business.

--The supplier group's products are differentiated or it has build up switching costs.

--The supplier group poses a credible threat of forward integration.

**Structural Analysis and Competitive Strategy** — Once the forces affecting competition in an industry and their underlying causes have been diagnosed, the firm is in a position to identify its strengths and weaknesses relative to the industry. From a strategic standpoint, the crucial strengths and weaknesses are the firm's posture vis-a-vis the underlying causes of each competitive force. Where does the firm stand against substitutes? Against the sources of entry barriers? In coping with rivalry from established competitors?

An effective competitive strategy takes offensive or defensive action in order to create a defensible position against the five competitive forces. Broadly, this involves a number of possible approaches:

--Positioning the firm so that its capabilities provide the best defense against the existing array of competitive forces;

--Influencing the balance of forces through strategic moves, thereby improving the firm's relative position; or

--Anticipating shifts in the factors underlying the forces and responding to them, thereby exploiting change by choosing a strategy appropriate to the new competitive balance before rivals recognize it.

The above has identified a large number of factors that can potentially have an impact on industry competition. Not all of them will be important in any one industry. Rather the framework can be used to identify rapidly what are the crucial

structural features determining the nature of competition in a particular industry. This is where the bulk of the analytical and strategic attention should be focused.

## A Framework for Competitor Analysis

Competitive strategy involves positioning a business to maximize the value of the capabilities that distinguish it from its competitors. The objective of a competitor analysis is to develop a profile of the nature and success of the likely strategy changes each competitor might make.

There are four diagnostic components to a competitor analysis: future goals, current strategy, assumptions, and capabilities. Understanding these four components will allow an informed prediction of the competitor's response profile, as articulated in the key questions posed (see Figure 10). Most companies develop at least an intuitive sense for their competitors' current strategies and their strengths and weaknesses. Much less attention is usually directed at the left side, or understanding what is really driving the behavior of a competitor, its future goals and the assumptions it holds about its own situation and the nature of its industry.

Although the framework and questions presented will be in terms of competitors, the same ideas can also be turned around to provide a framework for self-analysis. The same concepts provide a company with a framework for probing its own position in its environment.

A discussion of the components of competitor analysis, future goals, assumptions, history, current strategy and capabilities follows:

## 1. Future Goals

The diagnosis of competitors' goals and how they will measure themselves against these is obviously very important. The following diagnostic questions help to generate important data.

### A. Business Unit Goals

--What are the stated and unstated financial goals of the competitor?

--How does the competitor make the trade-off inherent in goal setting, such as the trade-off between long-run and short-run performance? Between profits and growth in revenue? Between growth and ability to pay regular dividends?

--What is the competitor's attitude toward risks? If financial objectives essentially consist of profitability, market position, rate of growth, and desired level of risk, how does the competitor appear to balance these factors?

--Does the competitor have economic or non economic organizational value or beliefs, either widely shared or held by senior management, which importantly affect its goals? Does it want to be the market leader? The industry statesman? The maverick? The technological leader? Does it have a tradition or history of following a particular strategy or functional policy that has been institutionalized into a goal? Strongly held views about product design or quality? Location preferences?

What is the organizational structure of the competitor (functional structure, presence or absence of product managers, separate R & D laboratory, etc.)? How does the structure allocate responsibility and power for such key decisions as resource allocation, pricing, and product changes? Where responsibility for decisions is assigned will give clues about the perspective top management wants to bring to bear on them.

What control and incentive systems are in place? How are executives compensated? How is the sales force compensated? Do managers hold stock? Is there a deferred compensation system in place? What measures of performance are tracked regularly? How often? All these things yield important clues about what the competitor believes is important and how its managers will respond to events in view of their rewards.

What accounting system and conventions are in place? How does the competitor value inventory? Allocate costs? Account for inflation? These sort of accounting policy issues can strongly influence the competitor's perceptions of its performance, what its costs are, the way it sets prices and so on.

What kinds of manager comprise the leadership of the competitor, particularly the Chief Executive Officer? What are their backgrounds and experience? What kinds of younger managers seem to be getting rewarded, and what is their apparent emphasis? Are there any patterns in the places from which outsiders are hired into the company as an indication of a direction the company might be taking? Are retirements imminent?

How much apparent unanimity is there among management about future direction? Are their management actions favoring different goals? If so, this may lead to sudden shifts in strategy as power shifts. Unanimity, conversely, may lead to great staying power and even stubbornness in the face of adversity.

What is the composition of the board? Does it have enough outsiders to exercise effective outside review? . What kind of outsiders are on the board, and what are their backgrounds and company affiliations? How do they manage in their own firms, or what interests do they represent (banks? lawyers?)? The composition of the board can provide clues about the company's orientation, posture toward risk, and even preferred strategic approaches.

What contractual commitments may limit alternatives? Are there any debt covenants that will limit what goals can be? Restrictions due to licensing or joint venture agreements?

Are there any regulatory, antitrust, or other governmental or social constraints on the behavior of the firm that will affect such things as its reaction to moves of a smaller competitor or the probability that it will try to gain a larger market share? Has the competitor had any antitrust problems in the past? Has it entered into any consent decrees? Such restraints or even just a history may sensitize a firm so that it foregoes reacting to strategic events unless some essential element of its business is threatened.

### &#9;B.&#9;The Corporate Parent and Business Unit Goals

If the competitor is a unit of a larger company, its corporate parent is likely to impose constraints or requirements on the business unit that will be crucial to predicting its behavior. The following questions need to be asked in addition to those just discussed:

--What are the current results of the parents company?

--What are the overall goals of the parent?

--What strategic importance does the parent attach to the particular business unit in terms of its overall corporate strategy?

--Why did the parent get into this business?

--What is the economic relationship between the business and others in the parent company's portfolio?

--What are the corporate-wide values or beliefs of top management?

--Is there a generic strategy that the parent has applied in a number of businesses and may attempt in this one?

--Given the performance and needs of other units in the corporation and the overall strategy, what sorts of sales targets, hurdles for return on investment, and constraints on capital might be placed on the competitor unit?

--What are the parent company's diversification plans?

--What clues does the organizational structure of the competitor's corporate parent provide about the relative status, position, and goals of the unit in the eyes of the corporate parent?

--How is divisional management controlled and compensated in the overall corporate scheme?

--What kinds of executives seem to be rewarded by the corporate parent, as an indication of the type of strategic behavior reinforced by corporate senior management and thereby of divisional management's goals?

--Where does the corporate parent recruit from?

--Does the corporation as a whole have any antitrust, regulatory, or social sensitivities which may spill over to affect the business unit?

--Does its corporate parent or particular top managers in the organization have an emotional attachment to the unit?

## •II. Assumptions

The second crucial component in competitor analysis is identifying each



competitor's assumptions. These fall into two major categories (i) The competitor's assumptions about itself, and (ii) assumptions about the industry and the other companies in it. Every firm operates on assumptions, also through examine assumptions it is possible to identify biases or blind spots.

A. The following questions are directed toward identifying competitors' assumptions as well as biases or blind spots.

--What does the competitor appear to believe about its relative position--in cost, product quality, technological sophistication, and other key aspects of its business--based on its public statements, claims of management and sale force, and other indications? What does it see as its strengths and weaknesses? Are these accurate?

--Does the competitor have strong historical or emotional identification with particular products or with particular functional policies, such as an approach to product design, desire for product quality, manufacturing location, selling approach, distribution arrangements, and so on, which will be strongly held to?

--Are there cultural' regional, or national differences that will affect the way in which competitors perceive and assign significance to events?

--Are there organizational values or canons which have been strongly institutionalized and will affect the way events are viewed?

--What does the competitor appear to- believe about future demand for the product and about the significance of industry trends?

--What does the competitor appear to believe about the goals and capabilities of its competitors? Will it over- or underestimate any of them?

--Does the competitor seem to believe in industry "conventional wisdom" or historic rules of thumb and common industry approaches that do not reflect new market conditions?

### III. History as an Indicator of Goals and Assumptions

One of the often powerful indicators of a competitor's goals and assumptions with respect to a business is its history in the business

¶A.¶Some key questions follow:

--What is the competitor's current financial performance and market share, compared to that of the relatively recent past?

--What has been the competitor's history in the marketplace over time? Where has it failed or been beaten, and thus perhaps not likely to tread again?

--In what areas has the competitor reacted to particular strategic moves or industry events in the past? Rationally? Emotionally? Slowly? Quickly? What approaches have been employed? To what sorts of events has the competitor reacted poorly, and why?

## IV. Managerial Backgrounds and Advisory Relationships

A. Another key indicator of a competitor's goals, assumptions, and probable future moves is where its leadership has come from and what the managers' track records and personal successes and failures have been.

--The functional background of top management is one key measure of its orientation and perception of the business and appropriate goals.

--The types of strategies that have worked or not worked for them personally in their careers.

--Other businesses they have worked & what rules of the game & strategic approaches have been characteristic of those businesses.

--The major events they have lived through such as a sharp recession, traumatic energy shortage and so on.

--Examples of their writing/speaking, their technical background, the boards they sit on, and their outside activities can give clues.

--The management consulting firms, advertising agencies, investment banks, and

other advisors used by the competitor can be important clues.

### V. Current Strategy

The third component of competitor analysis is developing statements of the current strategy of each competitor. A competitor's strategy is most usefully thought of as its key operating policies in each functional area of the business and how it seeks to interrelate the functions. This strategy may be either explicit or implicit one always exists in one form or the other. The principles of strategy identification have been discussed earlier. ...

### VI. Capabilities

A realistic appraisal of each competitor's capabilities is the final diagnostic step in competitor analysis. Its goals, assumptions, and current strategy will influence the likelihood, timing, nature, and intensity of a competitor's reactions. Its strengths and weaknesses will determine its ability to initiate or react to strategic moves and to deal with environmental or industry events that occur. Broadly, strengths and weaknesses can be assessed by examining a competitor's position with respect to the five key competitive forces discussed earlier. Below is a summary framework for looking at a competitor's strengths and weaknesses in each key area of the business.

### I. Areas of Competitor Strengths and Weaknesses

#### A. Products

- Standing of products, from the user's point of view, in each market segment
- Breadth and depth.of the product line

#### &#9;B. Dealer/ Distribution

- Channel coverage and quality
- Strength of channel relationships
- Ability to service the channels

#### C. &#9;Marketing and Selling

- Skills in aspect of the marketing mix
- Skills in market research and new product development
- Training and skills of the sales force

#### D. Operations

- Manufacturing cost position — economies of scale, learning curve, newness of

equipment, etc.

- Technological sophistication of facilities and equipment
- Flexibility of facilities and equipment
- Proprietary know-how and unique patent of cost advantages
- Skills in capacity addition, quality control, tooling, etc.
- Location, including labor and transportation cost
- Labor force climate; unionization situation Access to and cost of raw materials
- Degree of vertical integration

#### &#9;E. Research and Engineering

- Patents and copyrights
- In-house capability in the research and development process
- R&D staff skill in terms of creativity, simplicity, quality, reliability, etc.
- Access to outside sources of research and engineering

#### &#9;F. Overall Costs

- Overall relative costs
- Shared costs or activities with other business units
- Where the competitor is generating the scale or other factors that are key to its cost position

## &#9;G. Financial Strength

- Cash flow
- Short and long-term borrowing capacity
- New equity capacity over the foreseeable future
- Financial management ability, including negotiation, raising capital, credit, inventories, and accounts receivable

## H. Organization

- Unity of values and clarity of purpose in the organization
- Organizational fatigue based on recent requirements
- Consistency of organizational arrangements with strategy

## I. General Managerial Ability

- Leadership qualities of CEO; ability of CEO to motivate
- Ability to coordinate particular functions or groups of functions
- Age, training, and functional orientation of management
- Depth of management
- Flexibility and adaptability of management

### &#9;J. Corporate Portfolio

- Ability of corporation to support planned changes in all business units in terms of financial and other resources
- Ability of corporation to supplement/reinforce units strengths

### &#9;K. Other

- Special treatment by or access to government bodies
- Personnel turnover

### &#9;II. Core Capabilities



- What are the competitor's capabilities in each of the functional areas?
- What is it best at?
- Worst at?
- How does the competitor measure up to the test of the consistency of its strategy?
- Are there any probable changes in those capabilities as the competitor matures?  
Will they increase or diminish over time?

### III. Ability to Grow

- Will the competitor's capabilities increase or diminish if it grows? In which areas?
- What is the competitor's capacity for growth in terms of people, skills and plant capacity?
- What is the competitor's sustainable growth in financial terms? Can it increase market share? How sensitive is sustainable growth to rising outside capital? To achieving good short-term financial results?

### IV. Quick Response Capability

- What is the competitor's capacity to respond quickly to moves by others, or to mount an immediate offensive? This will be determined by factors such as the following:

- Uncommitted cash reserves
- Reserve borrowing-power
- Excess plant capacity
- Unintroduced but on-the-shelf new products

## V. Ability to Adapt to Change

- What are the competitor's fixed versus variable costs? Its cost of unused capacity? These will influence its probably responses to change.
- What is the competitor's ability to adapt and respond to changed conditions in each functional area? For example, can the competitor adapt to:
  - Competing on cost?
  - Managing more complete product lines?
  - Adding new products?
  - Competing on service?
  - Escalation in marketing activity?

Can the competitor respond to possible exogenous events such as:

-A sustained high rate of inflation?

-Technological changes which make obsolete existing plant?

-A recession?

-Increases in wage rates? The most probably forms of government regulation that will affect this business?

-Does the competitor have exit barriers which will tend to keep it from scaling down or divesting its operations in the business?

-Does the competitor share manufacturing facilities, a sales force, or other facilities or personnel with other units of its corporate parent? These may provide constraints to adaptation and/or may impede cost control.

## VI. Staying Power

-What is the ability of the competitor to sustain a protracted battle, which pressure earnings or cash flow? This will be a function of considerations such as the following:

-Cash reserves

-Unanimity among management

-Long time horizon in its financial goals

-Lack of stock market pressure

## Data Collection

Answering these questions about competitors creates enormous needs for data. intelligence data on competitors can come from many sources: reports filed publicly, speeches by a competitor's management to security analysis, the business press, the sales force, a firm's customers or suppliers that are common to competitors, inspection of a competitor's products, estimates by the firm's engineering staff, knowledge gleaned from managers or other personnel who have left the competitor's employment' and so on. It is unlikely that data to support a full competitor analysis could be compiled in one massive effort. The data to make the subtle judgments implied by these questions usually come in trickles rather than rivers and must be put together over of time to yield a comprehensive picture of the competitor's situation.

Compiling the data for a sophisticated competitor analysis probably, requires more than just hard work. To be effective, there is the need for an organized mechanism, some sort of competitor intelligence system, to insure that the process is efficient. The elements of a competitor intelligence system can vary according to the particular firm's needs, based on its industry, its staff capability, and its management's' interests and talents. Figure 11 diagrams some data sources and the functions that must be performed, in developing the data for sophisticated competitor analysis and gives some options for how each function might be performed. In some companies all these functions can be performed effectively by one person, but this seems to be the exception rather than the rule. There are numerous sources for field data and published data, and many individuals in the company can usually contribute. Furthermore, compiling, cataloging, digesting, and communication these data in an effective fashion are usually beyond the capabilities of one person.

Gathering data is a waste of time unless they are used in formulating strategy, and creative ways must be devised to put these data in concise and usable forms to top management.

## Experience

This approach is based on the authors' years of research at the Harvard Business School and draws upon detailed studies of hundreds of industries with all varieties of structures and differing states of maturity.

## 5.2 The Change Management Handbook: A Road Map to Corporate Transformation, Irwin Professional Publishing, Lance A. Berger

## Purpose

The company of the 1990s and the early 21st century that is seriously interested in revamping itself must simultaneously deal with such issues as leapfrogging technology, globalization, political upheavals that have opened new markets, consolidation in major industries, environmental problems, dynamism in world population demographics, and alterations of legal systems. The need for and the ability of companies to successfully revamp a business is greater than ever.

The purpose of the "Change Management Approach is to empower a business with a systematic process to detect the need for change, to align its operations with the change, and to manage the desired change.

## Scope

Relevant to any type and size of business

## Key Definitions

**Change Management** -- the continuous process of aligning an organization with its marketplace and doing it more responsively and effectively than competitors. This concept is grounded in the principle of continuous measurement and feedback on the people, processes and systems within the organization.

**Alignment** -- the continuous synchronization of four key management levels strategy, operations, culture and reward.

**Change Trigger** -- actual and/or potential opportunities or threats that affect the company and destabilize it if not dealt with.

## Methodology

## Strategy

Figure 12 is the Change Management Model which illustrates the flow of development in a change situation. The inside circle represents the sequential execution of actions that begin with the detection of change triggers and run through steps leading- to the decisive responses that culminate in restabilizing the company, at least until the next change trigger.

The outside circle tracks the environment in the company that either stifles or encourages change. The most critical is the zone of self-deception, which invariably is mapped immediately after the change trigger is found. Staying in the zone too long can be fatal. It is a time of inaction when the competition and internal dysfunction may be increasing and the losses in the marketplace may become irretrievable. The sooner the company gets into the action phase the better off it is and the more effective its response to change.

The trigger can begin in the company's market—either in the company's customer base or through an action taken by a competitor. The change trigger can also come in-house, through a need to change alignment in one or more of the four levers of company management. There is no limit to the origins of change triggers. Government policy, such as deregulation, can be a- major source.

Regardless of where the trigger comes from, it must be recognized as an actual or potential destabilizing agent. The proof of destabilization usually is registered in phase 2, when the company starts to suffer, and forces even the well-managed company into phase 3, where it will reassess its alignment to the market. Destabilization means that the four key elements of alignment are no longer synchronized with the market situation. Realignment isn't that easy, however, because change is often an unpleasant message that touches off self deception and denial that change is needed, especially among managers who are smug from years of living off the fat of the land. As a result, every organization must have a crop of change agents who recognize the impact of a change trigger and champion the cause of change until the organization becomes aware of it and acts. The right percentage of change agents is very important. An organization needs a certain number of

people in key roles, and these people should have some level of protection so they can be effective.

A very important interim step before moving to the action phase is to determine the company's business situation. Different situations require different responses in both change management and alignment. The framework illustrated in Figure 13 links a company's market situation--the conditions in the market it serves--with the business situation, which is at least partially cued by the market situation. The market situation emerges in part from the type of customer in the marketplace, their aggregate demand, and their special requirements and demands. The second component is the competition--how many competitors are out there and the basis on which they compete: volume, market share, pricing, niche, profitability, and other factors. It is noteworthy that the competition component also includes what is happening in adjoining markets where product and service substitutes may be developing to act as destabilizers.

The market situation invariably influences the individual company's business situation as determined by its mode (grow, earn, or harvest). The company can be in a grow mode-- invariably riveting on the top line -- because the market is growing or there may not be much competition, or both. Earnmode companies operate in markets of slower growth or virtually no growth, where emphasis may be on market share or cost cutting. In the harvest mode, the company's market is stagnant or in decline.

In each mode, the types of strategies, operations, culture, and reward systems are different, as are their alignment and the way they are aligned to the market. Change triggers can force change by affecting either the market situation or the business situation.

Figure 14 is a variation of M. Porter's Industry Attractiveness Screen, this version



emphasizes the role of the customer base as a greater determinant of business classification or investment strategy. Each business classification has a unique alignment pattern. It is this classification that drives the various alignment sequences outlined in Figure 15. When a business classification change vertically, so must the alignment sequence. The early detection and plan for rapid realignment become essential ingredient for successful change management. The reassessment of the market situation leads to a reassessment of alignment.

Once an organization recognizes actual or potential destabilization prospects, it must begin the reassessment of its alignment- to market (phase 3). This inverse process consists of the following steps:

- Establishing the current and projected business classification (grow, earn, or harvest).
- Creating an ideal alignment model to describe the set of relationships between strategy, operations, culture, and reward required by the market situation.
- Ensuring that the organizational readiness in each dimension corresponds to a new or existing alignment model.

This process can take place only through the implementation of a well designed process driven by a group of change agents and change managers (including members of the board) who will perform the assessments and make the final decision on whether a business classification change is demanded or whether the existing classification will continue.

Once the analysis of market and internal alignment is complete, an organization must make one of three decisions:

- Do nothing or make minor adjustments
- Create a set of major vertical alignments adjustments to ensure continuation within a given classification.
- Create a major set of horizontal adjustments

Phase 4 begins the zone of resolution, which is signified by the issuance of an alignment- blueprint (Figure 16) that describes a realistic representation based on "the are of the possible". This alignment blueprint aeates the framework for the change plan.

Four types of change are most likely to emerge from the change decision, Each type describes the degree of gradation in the change, although in each case the change is significant. The four types are as follows:

-Linear change -- Generally, this is a major move within the same market, production line, or business but the move is into an area not previously penetrated.

-Geometric change -- The change an individual company must make is part of a very significant change trend within an industry or market.

-Quantum change -- This term refers to a move by a company into a related market or technology to support or extent its core business.

--Metamorphosis -- The company totally remakes itself, invariably by leaving the industry in which it was born.

As the organization passes through the zone of resolution, it moves into the zone of action. The organization is now ready to restabilize itself against the change triggers. An illustrative change plan is outlined below:

-Formally communicate the new alignment blueprint to all stakeholders in ways appropriate to each group.

-Make a visible symbolic change in the organization to signify the enhancement or change in a business classification and the basis for the resulting alignment model. These changes could involve replacement of key executives and/or structure change.

-Introduce a new performance management system (the main change driver) focusing on goals, measures, and rewards necessary for the realignment of the organization to its market situation. Use cascading goals, measurements and rewards to drive the company objectives to the lowest levels of the organization while creating training programs to introduce new skills and competencies; initiate technology, process, and facilitates restructuring and team development.

-Create a vision group made up of change agents and change managers around key customer, competitive, or internal alignment issues. These people will take scanned information and drive it through the organization-in the form of proposed action plans.

-Gain control of the gatekeepers (recruitment, promotion and termination processes) and immediately link them to the requirements of the alignment blueprint.

-Train people in self-discipline and the process of managing change. People must see the benefit of managing change or they will resist it.

-Make sure you have the correct distribution and positioning of change agents, change managers, facilitators, buffers, and resisters for your business classification. This will ensure that the change will be introduced and managed in an orderly way.

-Establish and promote a core set of business ethics (change stabilizers).

-Continually communicate the status of the company's market and internal alignment in an open and constructive way.

-Codify the trigger scanning process to continually assess opportunities and threats to the customer - base, competitive position, and internal alignment. Empower the scanners and make sure that the board is part of the scanning process. There must be continual assessment of the market and internal alignment as well as assessment of readiness to change.

-Don't be afraid to experiment with change. Some changes will be linear, others geometric, others quantum, and still others will be metamorphoses.

-Remember the underlying principles of alignment to market: continual and

pervasive measurement, reward for achievement, and continual cultural adaptation.

Before this plan can begin the board must reevaluate the CEO and COO to determine whether their current competencies and style fit that of the projected business classification.

Each company culture's readiness for change can be expressed in terms of its distribution of change types. Without the proper mix of these change types, a company will probably not be able to make the required adjustments to continually align itself with its market. No, CEO will succeed without managing the mix through recruitment, promotion and termination. Five profiles of change types are defined below:

-Change Agents -- These are people who have recognized a change trigger and its impact and who have a passion to force an organizational response.

-Change Managers -- Change managers go beyond the old concept of leadership because they incorporate authority conferred from above and respect from below with a capacity to plan, organize, and implement change plans quickly and decisively. Unlike change agents, they are able to develop flexible processes for change and tend to rely heavily on others rather than solely on themselves. They are capable of using the system to gain results.

-Change Facilitators -- All individuals who actively support change manager are change

facilitators. They can be located at any organizational level and any function. They commit to,

rather than comply with, the change plan and thereby ensure its success. The majority of people

in any organization must be change facilitators.

-Change Buffers -- People who passively resist change or comply without commitment are change buffers. They typically deny the need for change, and when change programs are implemented, they feel that they've "been through this before." Change buffers can serve a role in forcing the organization to consider all options before actions are taken.

-Change Resistors -- These are people who campaign against change because of their perceptions that change will have a severe negative impact on them personally. Change Resistors can and do destabilize existing organizations.

Equal only to goal-setting and measurement in driving change are the gatekeepers (those processes involved in recruitment, promotion, and termination). Few organizations adequately address management of gatekeepers. These are the entrances, elevators, and exits of the institution. The tenets of the alignment blueprint must be embedded in gatekeeper processes.

## Data Collection

No specific data collection methodologies were reviewed. The power of the process will generate appropriate data collection methods.

## Experience

This approach is based on two decades of experience of the author who is the head of the Lance A. Berger & Associated Ltd. consultancy firm.

5.3 20 - Minute Primer- Accommodation Investment Strategy, Richard C. Flaman, FMP/Flaman Partners, Ottawa, ON Canada, October 1991.

## Purpose

To help a client(s) develop a sound and comprehensive Investment Strategy responsive to the rapidly changing external investment environment.

## Scope

This particular example was designed for a specific client, however the approach is generic (strategic planning) and relevant for any business.

## Key Definitions

Strategic Market Management -- the management philosophy or function within an organization whose objective it is to ensure that an acceptable return on investment (profit) is realized through the organizing of the organization's resources and other

functions in meeting the needs of its customers, clients or consumers.

**Business Strategy** -- specific statement of an organization's business (products, services, structure), its status and where it is headed. A business strategy identifies and details external threats and opportunities, internal strengths and weaknesses, set objectives and goals and the means by which these are to be met in realistic and practical ways.

**Methodology**

**Strategy**

Planning for success requires that certain key factors are in place. The following factors reflect the fact that it is the process of planning which is of prime importance:

-Get top management support

-Ensure that there is a "buy-in" -- not only must senior management be supportive, but impacted colleagues must "buy-in" to the process and clearly see the need.

-Nominate the "champion(s)" -- ultimately the responsibility, the drive and motivation for developing the strategy will rest on the shoulders on one person or a small group of people, the people that must "drive" the process. The selected individuals must be right for the task and enjoy a high level of credibility within the organization.



-Have a "dynamic" methodology -- The development of a strategy is a complex and dynamic process, requiring substantial discipline and analytical procedures. Remember that the strategy must be developed internally and not by an outside resource. Developing a strategy is not a one-time process. Some training may be required on the part of managers and staff.

-Avoid "technocratic" language and excessive details — The strategy analysis and final document must be saleable, it must not be excessively voluminous, detailed or turgid. Prepare it in plain "high-level" language and use much graphics to explain more complex issues. It is important to keep the focus strategic and not to get caught up in the day-to-day details of the business. Both the planning process and the strategy document must be concise and well-organized.

-Be realistic and pragmatic -- All too often, managers do not accept the environmental realities around them. A successful plan will be realistic, pragmatic and implementable. It is no use devising financing and funding strategies based on unrealistic expectations when the climate will simply not support them.

-Make sure the information is available -- The planning analysis will depend on substantial information and intelligence for both internal and external sources. Make sure you know what information you need and where to get it. The better the quality of information, the better the quality and credibility of development strategies. A proposed Framework for the analysis follows:

•I. Introduction -- The introduction is key in establishing the purpose and stating the objectives of the strategy. Some of the key topics which need to be addressed are:

- the context and need for the strategy
- the scope of the strategy
- the planning period or horizon
- the relationship of the strategy to other strategies and/or plans
- identifying the-various audiences for the strategy
- identifying the process used and participants involved

&#9;II.&#9;Notes on The National Environment -- It is important to place the strategy within a national context.

- re-capping any national policies and/or objectives
- stating the objectives of your Investment Management
- articulating the principles of Investment Management
- listing the national set of business priorities
- highlighting national issues or constraints that will have a impact

III. External Environmental Analysis— A good strategy begins with a substantive - assessment of those factors external to the investment function. This analysis must focus on what are commonly referred to, in the domain of strategic planning as threats, opportunities, problems and issues. An external analysis must be disciplined and focused, it should concentrate on only those areas that are deemed to impact the

strategy and that are deemed to impact the investment decision. For most investment strategies at least three dimensions of the external environment should be analyzed:

- Client Analysis (Demand)
- Industry/Market Analysis
- Government and Macro-Economic Analysis

IV. Internal Analysis -- To assess strengths, weaknesses and capabilities of your organization. The more that this is understood the greater the likelihood of the formulation of a practical and realistic strategic responses to the threats and opportunities that have been identified in the preceding analysis, by building on strengths and neutralizing weaknesses.

- Current Asset Base Analysis (supply)
- Investment Performance Analysis
- Strengths and Weaknesses Analysis (see below)

A Checklist of Strengths and Weaknesses follows:

Management

- Quality of management, headquarters and regions

- Quality of strategic planning and decision making
- Knowledge and understanding of the "business"
- Entrepreneurial/client orientation style
- Ability to communicate, horizontal and vertical

### Professional Resources (staff)

- Degree of professionalism and attitude
- Motivation, morale, loyalty
- Training and education
- Commitment and service orientation
- Turnover

### Marketing

- Product/ service quality and reputation
- Client orientation
- Advertising and promotion
- Client service support

- Product/service characteristics & superiority
- New product/service capability, R&D, Technology Credibility with clients

## Organization

- Adaptability and flexibility
- Communications
- Staffing and resourcing flexibility
- Flat and collegial, team oriented
- Responsiveness to changes
- Promotional/job change opportunities
- Efficient & effective utilization of resources
- National distribution and network capability

## Financing & Funding

- Access to capital
- Funding from operations
- From other sources

## -Central agency relationships

¶ V. Alternative Investment Strategies -- The first important step in moving from analysis to strategy is to carry out a full assessment of identified threats and opportunities in light of known strengths and weaknesses. This is important in developing strategies that will be realistic, pragmatic and implementable. The major elements of alternative strategies analysis follow:

**Problem and Opportunities Analysis** -- The key focus here is to determine the set of problems which will negatively impact the investment management function. A problem could be viewed as any threat, risk uncertainty or difficulty which, if left unattended, could prevent one from achieving your-stated objectives and goals. An opportunity is any situation or event that, if exploited, will positively impact the achievement of your objectives. There are various methods available to support a problem and opportunity's analysis. Problems would require a structured analysis involving such activities - as: identification and ranking; determination of causal relationships; which can and cannot be solved; actions required to solve the solvable problems; which problems can be turned into opportunities; risk assessment; etc.. An analysis of opportunities could follow a similar format.

**Planning Assumptions** -- The problem and opportunity's analysis will assist you in identifying and describing the various planning assumptions that will apply to the investment strategy. The planning assumptions will put certain boundaries around the developed strategies.

## -Financing/Funding Options

## VI. Strategy Implementation

- Implementation Strategy -- Steps required for approval and implementation
- Priority Ranking Process Communication Plan Control, Monitoring and Updating

## Data Collection

While no explicit data collection methods were presented, implicitly the implementation of the strategy will dictate the utilization of appropriate methods.

## Experience

The author is an experience management consultant and the document presented is the draft of an actual strategy developed for a client. However, this is, more or less, the author's generic strategic planning approach.

## 6.0 ENVIRONMENTAL APPROACHES

Environmental issues and the strategies for environmental policy/programme preparation touch all segments of society, nationally and, to a lesser extent, internationally. This is the premise of the two environmental capacity building approaches reviewed in this section. The first "Capacity Building -- National Approaches to Bringing About Change" presents a strategic perspective and a programming instrument. The second "Indicators for Capacity Development in the Environment" presents an analytical framework and searches for relevant indicators.

## 6.1 Capacity Building - National Approaches to Bringing About Change UNDP Capacity 21, P. Dobie, Coordinator.

### Purpose

This approach joins the search for new and improved means of building national capacities which focus on environmental issues. It describes the evolution of the political relationships between donors and recipients, and how this affects the delivery of aid. It describes the evolution of political processes taking place and how this leads to a change demand for development assistance. The approach is primarily strategic in nature;and offers a strategic policy/programme planning framework, however it does not detail data collection methodologies.

Particular attention is focused on the challenge of achieving sustainable environmental management, the complexity of issues involved and the number of actors involved. The strategy offered pays particular attention to these factors.

### Scope

Theoretically, this policy/programme strategy covers all country levels, all sector, and relevant TC donors.

**Capacity Building** -- A term that is valuable in directing attention to the need to ensure that any development assistance that is delivered should result in an increase



in the capacity of the recipient to do something.

## Methodology

## Strategy

Through evolution or revolution there is a wide consensus that new ways of doing things are needed. The world has changed since it entered the second half of the twentieth century, and new approaches are needed as we approach the twenty-first.

Possibly the most important change is in the way that societies operate. It has been suggested that nations grow through a number of definable stages.

(i) The creation of governmental institutions for the control of the state.

(ii) The country attempts to improve the institutions that are seen as vital for economic growth and social development.

(iii) The increasing complexity of society leads to the pattern of institutional development to be extended to the private sector. New organizations appear at different levels of society making it more institutionally complex.

(iv) Government slowly devolves authority to local authorities or to the private

sector.

(v) In the fifth stage, society begins to re-invent government, with the decline of command and control state leadership and the growth of more results oriented entrepreneurial public institutions that try to respond to customer demand.

Most societies are now at the fourth stage and feeling the need for new nation capacities.

In order for societies to manage themselves in their newly evolved forms, they need to find very different ways of going about business. During the stages when decisions were made in central institutions, capacity to act consisted of strong institutions, focussed operations, specialized skills and a strong legal framework to support the operations of the central authorities. Today, societies are too complex, too flexible and too sophisticated for the old methods.

Environmental management is an area in which the inadequacies of centralized control and command structure are frequently shown to be lacking. Environmental management is not the preserve of any single ministry. Industry pollutes water, agriculture uses water, agriculture pollutes water, health authorities treat water, fishermen depend upon water, people contaminate water, local authorities are called upon to treat human effluent before it contaminates water. The decisions needed to protect water must be made in numerous places in government and society, and ultimately must be made at the personal level. The capacities needed to deal with such issues are different from those needed under older systems.

An environmental authority may be needed to provide central guidance and ultimate control, but capacities must equally be build up in all the ministries, authorities and

civil structure that are involved in each aspect of environmental management.

Ministries must learn to work together and make their decisions in the knowledge of how they will affect others. People at large must be allowed to participate if they are to be called upon to play their part in managing the environment. Above all, the legal and institutional base of the country must be reformed to support these new ways of doing business.

The need for a new approach to development cooperation for environmental management is perhaps nowhere more apparent than in forestry. Global forest destruction is undoubtedly one of the most serious and urgent environmental problems facing us today.

UNDPs forest related activities have centered around capacity building to help programme countries formulate and implement national forest programmes. This experience, together with the other national and international forest related frameworks and activities, has highlighted certain principles and procedures as being essential for effective forest strategies. These include the need for:

-Country-led, and country executed programmes

-Policy and institutional reform, both within and outside the forestry sector. This should include policies relating to alleviation of poverty, illiteracy, and gender inequity; and the provision of adequate health services, all of which are key to preventing forest loss.

-Participation of the private sector, including NGOs and CBOs, in productive activities.

-Capacity building to ensure an enabling environment for both public and private sector forest related activities.

-Conflict resolution amongst all stakeholders through participation, dialogue and transparency.

Wide ranging and innovative donor support (in the form of debt management, favorable terms of trade, capacity building, technical assistance) to countries to meet the short and long-term costs of combating deforestation.

National commitments and donor support for the above can come together in a new type of partnership between countries and the donor community, which we refer to as Forest Partnership Agreements (FPAs) The notion of an FPA is based upon the premise that the international community has an interest in preventing large-scale forest loss in countries.

An FPA would specify the actions to be taken by a country within and outside the forest sector to combat deforestation, and the nature and extent of the support to be provided by the international community to the country. It would require pro-forest programmes that would reach far beyond activities in the traditional forestry sector, to include, as mentioned above, crosssectoral and macro-economic changes necessary to stem forest loss. Broad national commitment to undertaking cross-sectoral policy and institutional reform would be essential.

While encouraging the above, the FPA would not constitute yet another isolated initiative for forests. Rather, it would incorporate within it the principles and processes identified as necessary for successful national forest programmes from past experience, and would provide a vehicle by which to put these into practice, and to continually assess them for their adequacy.

Capacity building will be a vital element of these partnerships. However, the array of social and technical issues that need to be addressed in a coherent fashion to achieve sustainable development precludes the old control and command approach, and demands the development of a new range of capacities.

Capacity 21 offers a modern approach to capacity building that focuses on three areas of society:

A. In Government -- government needs to develop institutions that work collaboratively and are

outwork looking and not insular. New laws are needed to respond to new circumstances. Staff need to be trained in new ways.

•(i) Capacity building can be brought about by reviewing policy, reviewing and reforming existing institutions and processes, by strengthening institutions to do their newly defined jobs and by training staff in the new way of doing business.

(ii) Workshops can be held for officials. South-south and north-south exchanges of experience

and information can be encouraged. Government can develop new procedures and

increase its

partnership with NGOs, industry and communities. School, college and university curricula

must respond to change and help provide people trained to operate in the new world. The

accountability and efficiency of public sector institutions in systematically developed: In

addition to traditional capacity building (for example, training, education, research, development

of management systems), the activities should focus on three key issues:

- Establishing the necessary conditions (e.g. financial sustainability, appropriate legal and policy mandates) which enable the public sector institutions to achieve and maintain high standards and attract competent individuals,

- Developing adequate skills and procedures for administering and supervising implementation by the private sector at national and local levels, and

- Developing monitoring systems for assessing the effectiveness and efficiency of the policies and programmes proposed in the sector plan.

• B. In Society -- Complex problems of government need to be decentralized. Local authorities need to be empowered to take on an increased and relevant role in government. People must be empowered to play their parts in development. The private sector must become a partner in development. Capacity building can be

brought about by developing new decentralized processes and creating or strengthening the institutions involved. Programmes of awareness and empowerment are needed, and participatory exercises of many kinds. Capacity building support should no longer be directed exclusively at the

public sector, but must address the needs of NGOs, societies and the private sector.

9;C. In Sectors -- Capacity building is extended beyond public sector institutions to the private sector, NGOs and community groups which are assuming an increasing role in the formulation and implementation of development activities. The actions should

include:

- Providing improved access to training and education opportunities,
- Assistance in the establishment and management of interest groups and association,
- Assistance in setting up mechanisms to engage in a consultative process, and resolve conflicts of interest at local and national levels.

Considerable strengthening is needed in the established sectors (industry, agriculture, water, energy etc.) Effective capacity building should emphasize a multi-sectoral and participatory approach to forest use. It should aim to develop methodologies and skills of the various actors to set up participatory and cross sectoral framework for the iterative process of forest sector planning. These frameworks should support coordination between national institutions and other stakeholders, as well as coordination of donor activities Capacity building can be

brought about by in service training, developing means by which sectoral staff influence decision making, forging partnerships between the private sector, government and communities, by helping to define how sectoral agencies can be contribute to the growth of the societies they serve. Sectoral needs assessment exercises can help to identify where there are specific gaps in existing capacity.

The Forest Partnership Agreements (FPAs) between countries and the donor community could provide the vehicle by which support for policy/programme can be acquired. The FPA is based on the premise that the international community has an essential interest in preventing the large scale disappearance of forests in developing countries. These interests include:

- (i) Concern for the basic needs and well being of present and future generations;
  
- (ii) Prevention of conflict and social disorder which often follows widespread land and forest degradation;
  
- (iii) Conservation of biodiversity; and
  
- (iv) Stabilization of global climate

An FPA would specify the actions a country would take both within and outside the forest sector in order to halt the destruction forest resources, and to address the underlying causes of deforestation. Each FPA would include realistic targets, and would focus on all key national and international policies bearing on forest loss.



Initiation of an FPA would begin with a government's cabinet level decision to prevent on-going or future destruction of a country's forest resources. Such a decision would include, at a minimum, analysis and policy change related to:

(i) The ownership and control of land and all its resources;

(ii) The pricing and distribution of water and other goods and services provided from the forested land base; and

(iii) Basic services and improved agricultural productivity for families subsisting from conversion of forested [and.

Further, actions relating to the elimination or alleviation of poverty, illiteracy, and gender inequity, and the provision of health services, all of which are key to reducing deforestation, would have to be supported.

A national commitment to sustain forest resources will range far beyond even the broadest current forestry sector programmes underway in country.

Depending of the needs of the particular country, the negotiated programme and financial package the following activities could be supported:

-Training and capacity building for forest management;

- New concessional and other development assistance financing;
- Phased debt reduction or other creative debt management arrangements;
- Increased support for developing country exports, especially of forest products;
- Incentives for private investment;
- Access to needed technology;
- Support for raising agricultural productivity, and promoting agro-forestry;
- Carrying out land reform; and
- Creating job opportunities and protecting the livelihoods of indigenous peoples

## Data Collection

No specific data collection methodologies were identified.

## Experience

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No case studies or field examples were identified.

6.2 Indicators for Capacity Development in the Environment, Background paper prepared for the OECD/DAC Working Party on Environment and Development, April 1995

## Purpose

The OECD/DAC Task Force on Capacity in the Environment (CED) recognized the need for devising new indicators and evaluation criteria to reflect quantitative, qualitative and process elements of CDE to measure efficiency and efficacy.

A consultancy firm was commissioned to develop indicators, which would facilitate the efforts of donor organizations in planning, implementation, monitoring and evaluation of capacity development projects and programmes.

This document does not offer self contained instruments, which can be applied to assess institutional capacity or the impact of CDE programmes in any given situation. What the document does offer is a meaningful contribution to the ongoing discussion on how to operationalize the common approach towards Capacity Development in the Environment as developed by the OECD/DAC Task Force on CDE.

## Scope

By nature environmental issues are large in scope. However, regardless of the country level or region, standardized and reliable indicators would validate an intervention strategy.

## Key Definitions

Capacity in the Environment -- The ability of individuals, groups organizations and institutions in a given context to address environmental issues as part of a range of efforts to achieve sustainable development.

## Methodology

## Strategy

The OECD/-DAC Task Force identified the following basic orientations of Capacity Development in the Environment (CDE):

- CDE is based on promoting sound environmental considerations and criteria in the development process, with an emphasis on cross-sectoral relationships;

- CD is an integrative approach. It sets out to reinforce processes that lead to self-reliance, equity and justice in ways that enhance environmental management;

-CDE is a multi-faceted process. It includes in a given context, consideration of the ethics, norms and culture that apply, the different stakeholders in particular environmental issue and the resources (human, economic and natural) that are in play;

-CDE is process oriented rather than product oriented. It includes calling for a better balance between process and product, interactive and learning cycles, consultation with and participation of affected groups, adaptation to changing circumstances and great flexibility;

-CDE is a systemic approach. Any particular intervention will need to take account of the relationships and interactions that prevail in a given task;

-The process of CDE belongs to and is driven by the community in which it is based;

-CDE strengthens institutional pluralism in civil society through, for example, supporting professional associations, academics, advocacy groups, the media, entrepreneurs, trade unions, etc., as well as the various levels of government;

-CDE must take gender issues fully into account in all aspects and levels of development;

-CDE must actively attempt to include all disadvantaged groups in society;

-CDE is comprehensive in terms of modalities. It will involve a variety of management techniques, analytical tools, incentives, and organizational structure for achieving a given policy objective.

The approach for CDE as developed by the OECD Task Force consists of a broad analytical framework, which integrates five components and their linkages:

- (i) Functions-- such as networking, planning, regulating and communicating;
- (ii) Actors -- such as formal organization, individuals and informal institutions;
- (iii) The Normative Context -- including democratization and incentives;
- (iv) The Societal Context including conditions at the global, regional, national and community levels;
- (v) Resources -- including human, informational, financial and technological.

The institutional Capacity in the field of Environment (ICE) is a further operationalization of the OECD/DAC Task Force approach. It is based on the same definitions of capacity and the components identified by the OECD/DAC (functions, actors, resources, societal and normative context) are integrated in the ICE approach. However, compared to the OECD/DAC approach the components are arranged in a different manner, which facilitates the assessment of capacity in the environment.

ICE is composed of a number of parameters: collective knowledge; human resources and human resource development; policy circles; policy instruments and policies. These parameters are defined as:

-Collective Knowledge-- Gives an overview of available and use of relevant information which is available concerning the situation in a given region or concerning the situation in a certain sector. Included in the parameter is the ability to generate and distribute information.

-Human Resources and Human Resource Development -- Gives an overview of the availability and quality of expertise in environment relevant fields, including information on initiatives to expand expertise.

-Policy Formulation & Implementation Circles— Provides information on the communication, coordination and cooperation which takes place between formal organizations, informal organizations, interest groups and individuals who are active in the environmental arena.

-Policy Instruments -- Refers to the instruments which are available to regulate environmental behavior of the different segments of society. This also includes indirect instruments available for the formulation and implementation of environment relevant policies. A special' category of environment' relevant policy instrument is formed by traditional and informal arrangements developed by the population at large to regulate environmental behavior.'

Policies -- Relates to the complex of policies available to- regulate environmental behavior.

The quality of ICE is determined by the synergy between the composing parts of ICE. The nature of the relationships between the different composing parts and the possible synergy between them will be case specific. Likewise, the shape and contents of ICE is determined by the contexts in which ICE is situated such as:

-Political-administrative context

-Socio-cultural context

-Economic Context

-Technological context

-Legal context

-Donor context

The functions of capacity in environment are expected through implementation of environmental policies to contribute to improved environmental management. This in turn is expected to lead to improvements in the State of the Environment.

Improvements in the performance of functions identified are dependent on improvements in:

- i. The Institutional Capacity in the field of Environment and



ii. (ii) the Organizational Capacity in the field of Environment.

## Data Collection

The integrated OECD/DAC Task Force and the ICE approach, consist of assessment of the five ICE components. The assessment can be carried out at the overall national level, but it is expected that this will seldom be done. In practice, the identified environmental problems will function as a starting point for such an analysis and will determine the scope of indicators included in the assessment. Below is an overview of the indicators which can be used to assess the five main components of Institutional Capacity in the Environment.

The ICE Assessment Indicators and the -Organizational Capacity in the Environment assessment indicators are presented below. A third "Impact Assessment" indicators (not reviewed for this paper) make-up the total data base.

## ICE ASSESSMENT INDICATORS

### I. Collective Knowledge

#### A. Knowledge on the State of the Environment

##### (i) Types of environmental media covered by regular monitoring

(ii) Frequency of monitoring

(iii) Geographic coverage of monitoring

(iv) Level of detail and intensity of monitoring of. preservation factors

(v) Level of detail and intensity of monitoring of consequences of environmental degradation

## B. Research Capacity

•(i) Available equipment

(ii) Range of equipment

(iii) Staff (members, and level of expertise in data collection and data processing)

(iv) Funds available

(v) Short and medium term priorities

## C. Dissemination of Information

•(i) Number and type of documentation centers

(ii) Number and type of users documentation centers

(iii) Number and type of environmental databases

(iv) Number and type of research reports produced

(v) Distribution by type and number of formal and informal organization, individuals, etc..

## D. Knowledge on Appropriate Response Strategies

•(i) Range of technical solutions

(ii) Range of non-technical solutions

(iii) Amount of information concerning effectiveness of past efforts to address environmental problems.

## •II. Human Resources and Human Resource Development

### A. Environmental Skills/Expertise

•(i) Ratio demand-supply environmental professions in different functions: environmental awareness raising & impact assessment, legislative, economic, accounting, planning and monitoring.

(ii) Distribution of environmental expertise over different types of formal and informal organization in the governmental and the private sector, and civil society

### •B. •Environment Related Training and Education Programmes

(i) Training capacity by type and level of training

(ii) Availability and capacity of formal and informal organizations which could take up environmental training

(iii) Type and level of attention for environment related issues in primary, secondary and tertiary level education

### III. Policy Formulation and Implementation Circles

#### A. Allocation of Environmental Responsibilities

(i) Coverage of environmental functions in mandates of governmental organizations; non-governmental organization, and private sector organizations.

#### B. Policy Formulation Structures

(i) Types and content of policy formulation structure and procedures

(ii) Types and content of project/programme planning structures and procedures

## C. Communication Coordination and cooperation- Networks

- (i) Types and composition of information exchange networks (round-tables, seminars, institutionalized social gatherings, professional associations, etc.)
- (ii) Type and participation (formal and informal organizations, governmental non-governmental and private sector) or coordination structures and mechanisms
- (iii) Type, composition and objectives of implementation oriented networks

## IV. Policy Instruments

### A. Legislative and Regulatory Instruments

- i. Existence of environmental laws for different environmental media (sanctions and fines)
- ii. Type and level of detail of environmental standards
- (iii) Public litigation procedures

### B. Economic Instruments

- (i) Types of subsidies available
- (ii) Types of incentives available

(iii) Structure of Environmental. taxation

(iv) Availability and contents of natural resource pricing method

## C. Communicative Instruments

•(i) Public hearings

(ii) Type and scope of awareness raising instruments used

## •D. Traditional Community Based Resource Management Instruments

- i. Existence and contents of arrangements aimed at water-sharing
- ii. Existence and contents of arrangements aimed at communal exploitation of land and forests
- i. Existence and contents of voluntary contributions (labor) to community projects

## E. Planning Tools

i. Availability and structure of environmental impact assessment procedures

(ii) Availability and structure of environmental profiles

(iii) Use and structure of permit system

## &#9;V.&#9;Policies

### A. National Environmental

- (i) Objectives (short, medium, and long-term objectives)
- (ii) Proposed activities for capacity development
- (iii) Means-end relationship between available resources and envisaged goals
- (iv) Type and orientation of implementation modality

### B. Sectoral Policies

- (i) Objectives (short, medium, and long-term objectives)
- (ii) Proposed activities for capacity development
- (iii) Mean-end relationship between available resources and envisaged goals

### Regional and Local Policies

- (i) Objectives (short, medium, and long-term objectives)

(ii) Proposed activities for capacity development

(iii) Mean-end relationship between available resources and envisaged goals

The assessment of ICE should ideally result in:

-Strengths and weaknesses analysis of individual components of ICE ,

-The amount of congruency between the different components of ICE

-Identification of main hampering and facilitating factors for the strengthening of ICE in the concerned problem situation

-Priority setting for CDE programme planning

## THE ORGANIZATIONAL CAPACITY INDICATORS

Assessment of the Organizational Capacity in the Environment, the second major analytical component, is presented below:

An important contribution of the discussion on capacity development and in the



general theoretical literature on Institutional Development has been the emergence of a broad based awareness that Capacity Development should not be limited to the strengthening of capacity of individual organizations. This awareness should, however, not lead to a situation, in which the development of organizational capacity of organization is ignored. Organizations play a critical role in the development of Institutional Capacity in the Environment. They will have to act as the carriers of capacity.

The approach presented below is relevant to formal or informal organizations and institutions from the governmental or private sector or from civil society.

The first step in the assessment of the Organizational Capacity in the Environment is a stakeholder analysis to identify important current and potential actors involved with problem under study. The identification;of current and potential actors can be based on their (potential) involvement in the five composing components of ICE. Are they involved in carrying out environmental research? Do they possess environmental expertise which can or should be mobilized? Are they (potential) members of communication, coordination and communication networks? Are they involved in the development or application of policy instruments? Are they involved in policy formulation and implementation.

The following indicators should be utilized in carrying out an organizational analysis

•A. •Direction of Development of the Organization

-Mandate (main functions, priority setting in objectives)

-Importance attached to process or organizational development (overview of

strengths and weaknesses, availability of concept on which to base strengthening organization)

-Innovative ability (openness of discussion on performance of organization and future direction, willingness to change at different levels in the organization, learning ability)

## &#9;B. Leadership

-Quality of leadership (credibility, continuity, level of delegation, motivational capacity, style of leadership)

## C. Information

-Availability and accessibility of information (Management information System, filing systems, information flows)

-Structure of and adherence to system of meeting (internal and external)

## &#9;D. Planning Capacity

-Structure of planning methodology (frequency, level of detail, process orientation, participants)

-Application of planning methodology (linkage of planning to mandate and objectives -- organizations linkage with planning of other organizations, frequency

of re-planning, monitoring and evaluation)

### &#9;E.&#9;Implementation Capacity

-Implementation modalities (allocation of responsibilities, budgeting powers, standard cooperation procedures)

-Ability to expand scale of implementation

-Ability to institutionalize activities, which started as ad-hoc, one time activities

-Monitoring of implementation (integration of co-implementors and target groups in monitoring procedures, use of financial monitoring as management tool to strengthen implementation modalities)

### F. Networking Capacity

-Enabling conditions for networking (priority, procedures, information on and perception of (potential) cooperating organizations

-Track record in networking (information sharing, joint policy formulation, joint implementation)

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### G. Financial Sustainability

- Availability manpower (ratio permanent-temporary employees, relative manpower shortages in relationship to functions and planning of organization)
- Recruitment procedures
- Quality of staff; technical and subject related knowledge (central programme management functions and the ability to identify starting points for integrating environment and development)
- Quality of staff: methodological skills
- Quality of staff: interpersonal skills, personal qualities
- Human resource development (staff training)

Carrying out the assessment of the organizational capacity of relevant organizations should lead to:

- (i)•An overview of the relative strengths and weaknesses of involved organizations
- (ii) Identification of general patterns of strengths and weaknesses in the different types of organizations analyzed
- (iii) Priorities for organizational development based on priorities identified for strengthening Institutional Capacity. Which organizational parameters of which organizations need to be strengthened to be able to achieve the desired improvements in institutional capacity?

The following is a list of some of some data collection techniques available for assessing CDE.

## Participatory techniques

- Rapid rural appraisal
- Participatory rural appraisal
- Policy action planning method
- Round tables and search conferences
- SWOT analysis (strengths, weaknesses, opportunities, threats)

## Capacity Mapping Techniques

- Capacity mapping
- Rapid institutional appraisal for the environment.
- Institutional assessment
- IDEA (Institutional Development for Environment Appraisal)

## Contextual Analysis

- Cultural analysis Political analysis
- Programme Design Techniques

## Programme Design Techniques

- Logical framework analysis
- Stakeholder analysis
- Network analysis
- Organizational design techniques
- Training needs analysis
- Cost benefit analysis
- Capacity indicators
- Sustainability analysis
- Force field analysis
- Expert systems
- Natural resources modeling
- Environmental impact assessments

## Management Techniques

- Management by results

- Evaluation grids
- programme management
- strategic management analysis
- participative monitoring and evaluation

These techniques vary in effectiveness depending on the nature of the task and context concerning CDE.

## Experience

The comprehensive approach presented is still theoretical. Actual case studies were not presented. This is due to the following factors:

(i) Insufficient knowledge on the inter-relationships between the various components of institutional capacity

(ii) The limited experience with CDE programs which were planned and implemented with this specific orientation and framework.

(iii) The CDE approach developed by the OECD/DAC Task Force puts a strong emphasis on the implementors of CDE programmes for the development of indicators. Therefore there is no standard approach.

## PART III: THE FIELD OF ORGANIZATION &: A THEORETICAL PERSPECTIVE

### 1. What is known in this Field

The field of organization and management (hereinafter O&M) is relatively new. Some study and writing began in the 1930s and 1940s' but the during which large numbers of people studied, wrote and worked in these fields is only the last two decades. The first bibliography on organizational development was published in 1975. The latest in 1992 contains only 1800 selected entries most of which are articles, not books. Both organization and management as terms and in what they represent in writing, thinking, and actions have been included in this discussion because they are so closely related that it seems impossible to effectively separate them when considering an entire organization. Yet most of the current writing tends to be about either organizations or management, each implying but not fully addressing the other. At this point, there are a number of conflicting views regarding the perspective from which issues and functions related to O&M are conceived, analyzed, and used as the basis for decision making in making O&M changes. The vary recent literature has begun to recognize these disparities and analyzing perspectives and values of the differences.

There are four groups of research, thinking, and resultant literature which relates to O&M. First, in the organizational area there are two major groups: organizational development (OD) and organizational theory (OT) literature. These vary considerably as indicated by the following table:

### ISSUE



Primary Focus:

Main Levels of Analysis:

Practical Implications:

OD LITERATURE

Specific planned change

Individual groups and/or sub-systems within organizations

Extensive

OT LITERATURE

Specific causes and types of changes

Organization environment interface and groups of organizations

Limited (thus far)

In the management area there are also two major groups of research, thinking, and literature. These relate to management systems (MS) and management development (MD). These vary in focus, but are not necessarily incompatible in application as indicated in the following table:

ISSUE

Primary Focus:

Main Level of Analysis

Practical Implication:

MS LITERATURE

Planned decision making systems(s) change (and hopefully improvement) within organizations

Whole organization decisions making systems or major subsystems

Extensive

## MD LITERATURE

Improvement of individual and groups of managers' managerial skills (usually, but not always, in the context of management system improvement)

Individual and/or group on-the-job behavior and performance factors; learning concepts and practices

Extensive

Some, in the field, argue that OD and OT work have not converged to explain large scale organizational change. Organizational development tends to be too 'micro' in its orientation and organizational theory too 'macro' - despite the emphasis on intra-system structure and functioning in both bodies of literature. What the authors mean by large-scale organizational change is that it must have the following:

- a. The depth of change as to affect the most fundamental aspects of the organization;
- b. The change must be pervasive both in terms of it eventually impacting the entire

organization and that the fundamental types of change which are implemented are irreversible (this does not imply that some aspects may not be altered or reversed during the change process); and

c. Finally, that large-scale change applies to complex organizations of reasonable size - one could not conclude that an organization of 25 persons would undergo a large-scale organizational change.

The OT literature is usually done by researchers pursuing a theoretical understanding, while the people writing in OD are largely practitioners whose writing tends not to deal with extensively conceptual underpinnings and much more with the "how to" of making a particular type of change happen. However, as stated above each is focusing on certain parts of organizations not the whole complex organizations.

The MS and MD literature and practice tends to be most like the OD type with many practitioners working in both or having worked as a management consultant or trainer and then as an OD consultant. There should be extensive overlap between OD and MS work-and there often is. The problem is that often there is not. While OD work is not yet as whole organization focused as it should be, it is much more concerned with total organization impacts than much of the MS work; Much of the MS work is also driven by the writers and consultants to "sell" their books or services. The implication on the cover of many books is, "buy the One Minute Manager and all your problems as a manager will be over." The problem is whether one is the top manager or a middle manager in an organization one is not the only manager and getting reasonable consistent managerial performance is what the MD specialists are trying to achieve. While they should base the management development programs (training and other manager development activities) on new, enhanced and/or agreed management systems, only recently, has this been the approach.

Over the past 30 years millions upon millions of resources (any currency) has been spent on general management training with little performance change. This is because general management training isn't based management system(s) which is to be implemented within the organization. Management training should be just as job-specific as technical and operator training programs. The new system must not only have top management's approval, but also their full support during implementation otherwise changed tasks, behaviors and overall performance of middle managers will not be reinforced .

The conclusion is that all four, highly-related specialties should be integrated and sequenced in practice. The ideal integration and sequence should be the following:

- a. The OT work should give us the conceptual basis for investigation, analysis and prediction;
  
- b. The OD work should guide us in the "how to" of planning all aspects of organizational change;
  
- c. The MS work should provide practical descriptions of evaluated options for a variety of decision making systems and subsystems needed as part of an planned organizational change effort; and
  
- d. The MD work should provide us with methodologies for both assessing managers' developmental needs as well as methods to most effectively achieve requisite changes in knowledge and skills leading to change in performance needed for the managers' OD and MS tasks.

While it seems these sub-fields are moving in this integrated direction, there is probably a decade to go. In the meantime those planning and implementing O&M interventions are probably going to approach the process from any one of these sub-fields and bias the efforts accordingly. Currently it is therefore necessary for anyone working in this area to make clear their perspective and premises at the onset. Some fundamental premises follow:

- a. Most organizations, particularly large public sector bureaucracies, are moving toward a more organic than mechanistic concepts and design which mirror the realities of their operations and their environments.
  
- b. There are many different ways in which organizations are structured and each of them may be valid for the environment in which it operates and the functions which it performs. However, many organizations, particularly in the public sector, have evolved as opposed to being analytically planned, into a structure that they now have which may no longer be appropriate.
  
- c. How and why organizations change depends on many factors and as a result the way they change often tends to be reactionary to a particular short-term circumstance. Some- authors are currently arguing that these chaotic multi-faceted influences are rapidly becoming the norm or have become so in some sectors and countries.
  
- d. Because this field is relatively new, a high proportion of managers making organizational and managerial system decisions, are not familiar with what is known in these fields or only a very small part of it (e.g. they may have read one of Peter Drucker's books or gone to one management training program). More knowledge could assist them in deciding what is justifiable rationale for change (what is likely to improve performance); how organizations could change (the options); and the

likely counterproductive changes, (the risks). This' lack of informed managers are particularly true for the public sector.

e. One of the recent understandings, which accepts that most organizations are organic and complex, is that one can view the processes and operations of an organization from quite different categories of perspectives. Again all of these are valid and it now seems useful to apply a variety of perspectives in understanding and organization. While the labels used by different people vary, four categories seem to embrace the major perspectives:

(i) Rational Structures and Systems: This view emphasizes organizational goals, policies, roles, and technology. Managers with this perspective try to develop structures and systems that best fit between organizational purposes and environmental demands.

(ii) Human Resources: To emphasize the interdependence between organizations and people;. The premise is that organizations exist to serve human needs (rather than the reverse). The organizational design need is to better fit people's needs, skills, and values with their formal jobs, roles, and relationships.

(iii) Political Systems: View power, conflict, and the distribution of scarce resources as the central issues. The belief is that there are enduring differences among individuals and groups in their values, preferences, information, and perceptions of reality and that these must be constantly managed. Further they believe that the most important decisions involve allocation of scarce resources -- they are decisions of who gets what. Because of scarce resources and enduring differences, conflict is central to organizational dynamics and power is the most important resource.

(iv) **Symbolic Systems:** These concepts focus on the problems of meaning -- what is most important is not what is done, but . what it means. Many of the most important events are ambiguous and uncertain, it is often difficult or impossible to know what happened, why it happened or what will happen next. Faced with uncertainty and ambiguity, human beings create symbols to resolve confusion. These managers believe that the most important part of their job is inspiration, giving staff something they can believe in. The premise is that people will be loyal to an organization with a unique identity and that makes them feel that what they do is really important. Symbolic phenomena are particularly visible in organizations with unclear goals and technologies. The connections between cause and effects, goals and activities are as easily predicted from a table of random numbers or a crystal ball as from technical or systems logic. The symbolic frame is especially helpful in understanding the dynamics of legislatures, public agencies, educational organizations religious orders, and even health care organizations. Certainly the US health care system operates largely from the symbolic perspective. While the landscape is littered with hospitals and health staff (with the symbol of the stethoscope hanging around many of their necks), the reality is that there is no systematic strategy for improving health status.

f. For an organization of any size there are many sub-systems which need to work together in order to be effective. Therefore, collectively managing these in an integrated manner is difficult to understand how to do and even more difficult to achieve.

g. A high percentage of both public (organizational unite) and private organizations fail in less than five years of operation. The ones that survive must learn not only how to perform a valued function, but also in doing that how to adapt to its operating environment. The way that organizations learn about and how to deal with their operating environment varies with the situation and the organization's values.

h. In organizations of any size there is a constant dynamic problem of the need to divide the work and the difficulty of coordinating the work after it has been divided.. This general problem is further complicated by their being two vary



different ways to departmentalize tasks of the organization. It can be done with a process basis grouping similar activities such as planning, operations/manufacturing, research, administration, etc. Equally the basis can be purpose focused where objectives, products or services, clients, and/or geographic areas are used as the primary dividers. The combination of the two leads to a third method, the matrix approach which combines both the process and the purpose bases.

i. The public sector, both by definition and by experience, is a highly political environment in which vagueness is often preferable to clarity. To be clear means running the risk of offending some individual or some special interest group. Regarding performance, there are advantages to equal treatment for all and disadvantages to recognizing differences in performance.

j. Responsibility, authority, accountability for managers, working groups, and individuals are often not dear, vary with time or the circumstance, and frequently are inappropriately separated. Frequently in the public sector staff are given responsibilities and held accountable without the requisite authority to effectively implement their responsibilities.

k. Public sector organizations are budget-based and budget driven, not performance driven. Therefore, organizational units, managers, and their staff both as groups representing their units and as individuals are motivated more by survival than achievement.

l. There are two types of people in the public sector: those who are going to leave -- politicians and political appointees, and those who are going to stay -- civil servants. These two groups will have natural conflicts.

m. The time and effort of good organizational planning in most cases should be worth the cost. However, unless a good organizational planning unit has been in operation for some time and performs well, there may not be time for a quality planning job considering the organization's environment. While most change is rather slow, some situations emerge quite rapidly.

n. While a department, ministry or divisions within them may want to make major managerial and administrative changes, they are often unable too due to the larger government-wide administrative system rules and regulations. For example, many governments have rules about financial authorities directly linked to civil service grades. Therefore, if decentralization of authority was a diversion's desire, this could be effectively blocked by larger rules. These - rules would disallow peripheral (usually lower) grade officers from assuming the

requisite financial authorities needed to effectively operate at decentralized levels.

o. "Successful" managers simply don't do the same things that "effective" managers do. It is argued, by some, that there is a major issue of success versus effectiveness. Success is defined in terms of moving up the managerial ladder; as opposed to effectiveness which is defined by manager's unit's levels and quality performance including staff satisfaction and commitment. Successful managers focus and time was spent on relating to peer and superior managers (lateral and upward), whereas effective managers' efforts were focused on their supervises (downward). The types of tasks and proportions of time spent on various tasks were almost diametrically opposed.

p. "inside the not-for-profit, one finds a web of regulations and reporting relationships. There are often two or three management structures, not one. In local government there is a board of trustees or a board of supervisors in addition to administration. There is a personnel commission separate and distinct from both the administration and the board. There are civil service positions and elected positions. There are employee unions, professional and management associations, advisory

groups, and benevolent associations. Who runs government? Elected and appointed managers come and go, but the civil servant carries on.....

q. Unlike the financial institution, which have money and people to work with, or the manufacturing company, which can manipulate physical resources as well as money and people, the public sector's only hope for improving performance is to improve the people and their operating systems. It is especially important for the government to view people as resources and to manage them with care. The public sector managers who are getting the best results are those who are emphasizing personnel motivation. They are not ignoring other tools, such as cost accounting and management information systems, but they are intentionally following a style of management designed to get the most out of their people.

r. Public sector organizations tend to focus staff and managerial attention inward and upward instead of downward and outward -- the latter being required for good quality performance in service type organizations.

The authors, of the above, believe that strategic organizational changes are necessary and that re-orientation types of change are associated with success. Further they think "re-creations" are risky. Research, they reviewed, indicated that less than 10 per cent of re-creations succeeds.

Although, relatively young, the OD&OT field has made substantial contributions to the understanding of organizations and their behavior. As we approach the 21st century, this field will probably grow at a faster rate due to increasing demand. An approach to initiating organizational change and two change assessment tools will now be presented.

## 2. Initiating Organizational Change

Planning on paper is one thing. It's quite another to actually implement a plan within an organization. Introducing any new plan is likely to mean that something will have to change -- from the routines of an individual to the functioning of the entire organization -- and change, for most is not always easy to accept. As a planner trying to behave rationally the experience of implementing change is trying at best. Therefore, it is better to do rational implementation planning than to assume the "logic and rationality" of the plan is self-evident. This section concludes some ideas to help one think about the overall problem of introducing a carefully designed plan into the organization. Some steps one might use follow:

- a. Analyze the organization's capacity for change and various attitudes toward change;
  
- b. Think about the process of change as it typically occurs in organizations;
  
- c. Based on the analysis of the organization's capacity for change and the organizational change process, anticipate what problems might occur in introducing the plan; and .
  
- &#9;d.&#9;Prepare a realistic change strategy.

&#9;3.&#9;Analyze the Organization's Capacity for Change and your Attitude toward change

At this point you will have a chance to assess your own beliefs about change and your own typical responses to change. Following are two checklists for you to use to measure your personal "change quotient."

### Reliefs About Change

Check whether you believe the following statements are true, sometimes true, or false.

True Sometimes False

1. People tend to resist change.
2. Only large or momentous changes are worthwhile.
3. Nothing can be changed overnight.
4. Change means improvement.
5. Change brings hardships for some.
6. Change brings reward for the instigators.
7. No change is possible in a bureaucracy.
8. Technological change should be slowed.

1. Change usually comes by chance.

## 2. People can adapt to any change.

This exercise should get one thinking about change attitude and your role. If you answered "true" to questions 2, 4, 6, and 10, it may indicate a need to be a little more realistic. If you answered "true" to question 7 and 8, this may indicate a pessimistic attitude that may make it hard for you to work energetically for change. If you answered "true" to questions 1,3, and 5, it indicates a recognition of the real problems involved in change.

### Your Change Quotient

Answer "yes" or "no" to these questions. (You may also want to consider how these questions apply to your supervisor, peers, and subordinates; or you may want to have other staff members rate you with this checklist to see how their ratings compare with your self-rating.)

Yes/No

1. Can you get enthusiastic about problems outside your specialized area?

2. Do you feel the excitement and challenge of finding a solution to problems in many areas, regardless of whether they are major or minor challenges?

3. When a problem seems to hold little or no interest, do you nevertheless try to develop an interest in the problem's possibilities? . .

4. Do you know what is expected of you by management?

5. Do you seldom assume limitations and lack of freedom in your work?

6. Do you sometimes set the problem aside temporarily to get a new perspective, without closing your mind to it or giving up?

7. Do you resist "blocking" a project even though you think it trivial and distracting from problems more to your taste?

8. Do you accept the occasional illogic of your mind, recognizing that it can lead you to solutions in managing change?

9. Do you carry a notebook to put stray ideas in writing?

10. Do you seek many ideas, rather than becoming satisfied with one or a few?

11. Do you know how to simplify and organize your impressions?

Your quotient is high if you answered "Yes" to at least eight of the eleven questions. innovators of change need great tenacity of purpose and stubborn resistance to discouragement. They need initiative, curiosity, and the ability to simplify the many reactions and events that occur during a change process.

Some organizations are more open and receptive to change than others. The organizational diagnosis in Figure 17 may help assess an organization's general operating style and what potential blocks to change one might run into. For each question circle the answer that best fits the organization. You may also want to get your supervisor, your co-workers, and your subordinates to try this exercise so that a comparison of perceptions of the Organization is possible. A good approach in one organization may be totally inappropriate in another. Here are example change strategies appropriate to each of the four types of organizations shown:

System 1: One would have to make the boss think the new idea is his/her own.

System 2: Time must be spent thoroughly selling the new ideas to the boss.

System 3: The boss expects to be consulted before action.

System 4: Need inputs, during early stages of a project, from all levels of the organization.

### 3. The Change Process



One way to visualize the "process of -change in an organization is to imagine an ice cube melting, turning into water; and then being frozen again into ice. In organizational terms, the process can be seen as three stages: "unfreezing" the existing status quo, "changing" through set of actions, and "refreezing" into a new stable pattern. Figure 18 illustrates the change process.

There are a number of conditions that tend to indicate whether an organization will accept or reject specific changes.

### Conditions for Accepting and Supporting Change

- a. When the change will contribute to reaching an important goal, when the individual identifies with the organizational goal.
  
- b. When there is dissatisfaction with the status quo
  
- c. When the change will further the professional or personal interests of the individual.
  
- d. When the change seems "right" because it fits the way things are usually done or when the logic of the situation is overpowering.
  
- e. When the change reflects the group's thinking, especially where conformity seems important or where the individual has helped make a decision and feels obliged to

support it.

f. When the change involves small changes in behavior that are active) reinforced.

### Conditions for Rejecting and Resisting Change

a. When the change endangers organizational goals or security (and the individual identifies with the organization)

&#9;b. When the change would endanger the individual's sense of personal security.

c. When the change would violate what the individual sees as an important standard of behavior or performance.

d. When the change is contrary to what the group thinks should be done.

To review the preceding steps to Change an Organization:

a. Characterize the organization as being in one of the following stages: Unfreezing - Changing - Refreezing. This will affect the success of planned change. Le. if the organization has just experienced a major reorganization, this is probably not the time for more innovation.

b. Stimulus -- Reaction Concerns: Where does the impetus for new ideas usually come from? Where does resistance to new ideas usually come from? How do management. and staff usually respond to proposed changes? How are new practices usually integrated into the normal work routine?

c. Conditions for Accepting/Resisting Change -- Which conditions exists in the organization under review.

#### 4. Reactions to Change

Personal attitudes toward change may produce a number of collect) reactions to a given innovation. Group reactions may range along the following scale:

&#9;0 Sabotage&#9;4 Indifference&#9;8 Commitment

&#9;1 Slowdowns&#9;5 Acceptance

&#9;2 Protests&#9;6 Support

&#9;3 Apathy&#9;7 Cooperation

Having gained a perspective of the change process, a discussion of two analytical tools that may help design an implementation strategy is now presented. The following (i) Force-Field Analysis and, (ii) Political Mapping will be discussed. Knowing how an organization is likely to react to planned change is obviously important strategic information that may determine success or failure. The analytical

tool, force-field analysis is designed to shed light of this concern.

(i) Force-Field Analysis -- In some organizations, certain human forces resist the necessary changes by which the unit must adapt to its changing environment. An understanding of these forces can help to top management and/or change agents facilitate the changes they want to bring about.

One of the strongest blocks, unfortunately, can be the attitudes of one or more members of the top-management team toward the prospective change and toward the perceived status quo. The chief executive, for example, may have such a strong emotional stake in the organization's traditional product or service that he refuses to believe that the world no longer needs or wants it as strongly as before. He may not actively resist a movement toward expansion into other areas, but his lack of active support can often spell defeat for the prospective change.

Factionalism within the top management team can also dissipate their resources and weaken the effects of change processes. For example, a very financial comptroller can put the brakes on an aggressive decentralization strategy in many subtle ways.

Many healthy organizations can languish for months or even years while the grim drama of a palace war runs its course. The top management group may split into two warring factions and clients, waiting until they have sufficient strength to force the others out of the ring. A major government agency may stagnate in the face of a rapidly changing environment, while the chief executive and one or two "hatchet men" force a second-level executive out of the organization, usually by a long process of paper work, harassment, and increasing discomfort. Another significant source of emotional blockage is the general population of the organization the work force.

Kurt Lewin one of the first researchers to make a systematic study of human behavior in organizations, referred to the human arena as a "force field," wherein the interplay of various pressures either brought about change or kept the organization in the status quo. His notion of "force-field analysis" called for diagramming the major forces operating in an organization, as illustrated by Figure 19. In studying the various ways of bring about change. Lewin identified "helping forces," which act to facilitate the change in question, and "resisting forces," which act to impede the change. This kind of analysis clarifies the major change processes within an organization and suggests approaches managers can use to accelerate a desired change.

This practical view of the human nature of organizations suggests that top managers must do several things to bring about an adaptive change to meet a changing environment. First, they must have a very clear and specific idea of the change they want to bring about. They must clarify the benefits of the proposed change, and they must be prepared to minimize the undesirable impacts the change may have.

Second, they must combine their ideas and energies and concentrate their organizational resources to make the change come about. They must minimize factionalism and counterproductive personal clashes and develop a strong sense of group commitment to a clearly stated goal.

Third, they must gain the general commitment of the work force to the prospective change by whatever means they can. They must be prepared to compromise, to move at a controlled pace, to re-evaluate the objective from time to time, and to develop employee attitudes which will help the change come about.

And fourth, they must keep their collective attention focused on the organizational processes involved in the change and keep doing the necessary things until the change has become acceptable and permanent.

The forces over which the group is perceived as having some control are then ranked in terms of potency and acceptability. Strategies for overcoming the problem are devised and implementation procedures are tentatively designed. A similar analysis is then directed to those forces under someone else's control. An advantage is that it begins the action process at the very same time as the planner is engaged in assessing the problem and possible strategies to overcome it.

Having identified the helping and hindering forces, the next step is to write a short summary of how people will react to the plan. Indicate what problems are anticipated in getting the plan accepted and where these are most likely to come from such as:

1. Co-workers
2. Other staff
3. Managers
4. Policy makers

(ii) Political Mapping -- Generally, managers and professionals in the public sector are poorly equipped to deal with either political analysis or the formulation of political strategies. When injected into the budget process for the first time many discover that their sector's needs are not automatically met. The rapidly declining levels of budget authority for the more vulnerable sectors such as education and health, attest to their inability to defend themselves against more able, though perhaps less need, competitors for budget resources.

Political Mapping is an analytical technique aimed at developing management skills in designing improved strategies for achieving goals and objectives. These techniques help in assessing the level of competition faced by the public manager, the channels of access to critical decisions, and the possibilities for coalition arrangements to help achieve objectives. The technique can be used on the macro or micro level and if used with force field analysis can provide very a powerful analysis.

Some premises about politics and politicians:

- No government can stand entirely on its own.
  
- To keep office a government must have the support of key actors.
  
- Without support, governments do not have authority.
  
- Without authority, governments cannot implement decisions.
  
- Support cannot be obtained with cost.

The offer of support may be used to obtain benefits or increase influence in the government.

Political mapping need not be confined solely to the macro or national level as discussed above. Two other useful techniques are micromapping and network mapping. Micro mapping diagrams the relationships between actors at a micro political level, and is especially useful to illustrate relationships among actors in a particular sector. (e.g., health, education, agriculture).

Although a macro political map shows overall support for the government, it does not necessarily reveal support on specific issues. It is possible that though a government has solid overall support, on specific issues there may be massive or particularly intense opposition. A micro political map can clarify the distribution of support for specific issues, indicate how certain sectors will react to particular policies and clarify the positions of different organizations within the same sector.

In effect, politics may be viewed as a transaction in which support is traded for benefits or influence. But the important message here is that support is vital (decisions cannot be implemented without it), there is always a cost to obtain it, and there is generally competition for that support. Looking at politics this way helps one understand which actors are important and provides insight into the factors that affect the capacity of a government to implement decisions.

Two elements that complicate political analysis are the large number of actors present in any given political system and the vast quantity of information about politics available. The purpose of the political map is to organize and reduce the amount of information available regarding politics to a manageable quantity in order to focus on those aspects of the terrain most important to the decisions managers must make. The map organizes and identifies the most important political actors and spatially illustrates their relationships to one another.

The political map, (Figure 20) like the geographical map, has two dimensions: a horizontal (latitudinal) dimension and a vertical (longitudinal) dimension. At the



center of the map is the government. The primary reason for locating the government at the center is simple because the government is the primary focus of decision making regarding how the benefits of society will be distributed. Political activity is centered on and directed toward influencing the government and its policy decisions.

Along the vertical axis, the different types of political actors are organized into four sectors: external actors, social groups, political parties, and pressure groups. The purpose of the horizontal axis is to assess the degree to which each group supports the government. Support for the government varies from core-or central support to ideological or mild support while opposition is differentiated as either legal or anti-system opposition.

A criticism sometimes made regarding political mapping is its lack of dynamism. Unlike the geographical map, changes in the political terrain occur often and sometimes rapidly. Thus, a single political map may be likened to a snapshot -- it is a loyal interpretation of the political system at a particular point in time, but not at another. While it is certainly true that a particular map represents a particular point in time, by combining a series of maps over time, we can begin to appreciate the dynamics of politics. Actors begin to take on movement; we can see how support for the government waxes and wanes; and we can see coalitions take shape and later fall apart.

The major political actors follow:

**The Government:** The government, or more precisely the head of government, is the single most important political actor. It is the actor ultimately responsible for deciding between different and/or conflicting alternatives and demands, and the source to which other actors turn when they cannot resolve disputes among themselves.

**Social Sector:** These consist of large, social groups of individuals that share some general, but loose, characteristic or affinity. Such groups are amorphous and unorganized, with very poor mobilization capacity.

**Parties:** These are groups often composed of several social sectors, whose main objective is to influence public policy through the direct exercise of the instruments of power.

**Pressure Groups:** Pressure groups are groups of individuals that share a relatively narrow set of interests and that seek to defend or promote such interests by influencing the direction of public policy. But unlike political parties, pressure groups do not seek the direct exercise of the instruments of power and authority.

**External Actors:** In many regards, these groups are similar to and frequently play a role nearly identical to pressure groups. The primary difference is that such actors are not "natives", their origins are from outside the country. Nevertheless, they seek to influence the direction of public policy in defense or promotion of their own particular interests.

Once actors have been categorized, attention may then be turned to analyzing their support or opposition to the government. Support for the government is broken into two categories: central or core support and moderate or "ideological support". Opposition is also divided into two types: legal or "loyal" opposition and anti-system opposition.

**Core Support:** Core support is the type most vital to the maintenance of power or the

government and the most important to the assurance of power and decisional authority. Groups in this sector are unequivocal in their support- for the regime and their interests are the most closely identified with the government's objectives and policies. They tend to

be powerful actors such as the major political parties, the military, or major pressure groups.

**Moderate Ideological Support:** Groups located in this sector agree with the government on most issues, but their support is much weaker and less committed than core support, and is often characterized as "silent support."

**Legal Opposition:** Because they do not share common goals and objectives, groups in the legal opposition sectors generally disagree with policy decisions of the government and have no vested interest in the government; nevertheless, they are strongly in agreement with the fundamental rules of the political system. They oppose the government but not the system.

**Anti-system Opposition:** As implied in the name, these groups not only do not share the same values and objectives as the government, they are opposed to the system as a whole.

The location of a group or actor on the map depends on a number of variables, and not simply the degree to which the group supports the government. In locating a group on the map there are two dimensions to be considered: first, the location of the group in terms of its support or oppositions to the government and second, the position of the group to the left or the right of the regime on the map. With respect to the first factor, a group will be located toward the core support area to the degree that it conforms to the following indicators:

- The group is in basic agreement with the fundamental rules of the political game.
  
- The group agrees with the objectives, goals, and policies of the regime.
  
- The group is important or critical to the government's permanence in power.
  
- The group is influential in the determination of important policies.
  
- The group is influential in the determination of important benefits.

The placement of a group to the left or the right of the government will depend on whether the analyst believes that the group is "more progressive" OF more "conservative" than the government; whether the group is more "interventionist" or less "interventionist" than the state; whether the group is more "leftist" or more "rightist" than the government. These are informed subjective decisions.

Mapping can serve several purposes. First, it can provide a graphic representation of the health of a government. Second, it can tell us something about the vulnerability of the regime. Third, the map can detect the existence of opposing alliances and potential support coalitions. Finally, the map can detect new directions in policy. Although a political map can be an extremely useful instrument for clarification, it is neither a crystal ball nor a substitute for good analysis or judgment. The map is merely a tool, and like other tools, its usefulness will depend on the quality of data that goes into the construction of the map and the seriousness and quality of interpretation given to the data. If either are poor, the map loses utility and the decisions based on the map will suffer.

## PART IV: A BRIEF ANALYSIS

¶ This analysis will not present conclusions or a list of recommendations, it will place the reviewed methodologies into a matrix format for analytical purposes. Since there is no such thing as a universal capacity assessment methodology this should help the reader review focus and rigor, two key factors in methodology applicability.

Figure 21 "Levels of Capacity Assessment & Gaps" illustrates the various levels of capacity assessment from the narrow Human Capacity to the Comprehensive (National) Capacity Assessment levels. This Figure demonstrates that if the focus is narrow there are, potentially, major gaps in the assessment.

### 1. Capacity Assessment Primary Focus Levels

There are levels of capacity assessment from narrowly focused to comprehensive. The comprehensiveness of an assessment relates to many factors such as: assessment resources (time, funds, staff,) assessment rigor (primary and secondary data sources, data collection, data reliability and validity). The more comprehensive the more resources needed and the less rigorous; the more focused the fewer resources needed and the more rigorous. However, the more comprehensive the more likelihood that the causative variable(s) will have been assessed. The more focused the more chance that the causative factor(s) has not been assessed.

Figure 22, Levels of Primary Focus, illustrates the relative primary focus of the various methodologies. The analysis is based only on the reviewed materials. Some approaches, are quite clear of their primary while others see their approach as a "way of thinking" that would be relevant in any problem identification or planning

situation. The following scale is used to rank the "focus" of the methodology:

1. A Focus

1. Somewhat of a Focus

3 No/Marginal Focus

This chart demonstrates that the majority of the approaches reviewed had an "upstream" focus, concerns such as enabling environment, policy dialogue, leadership and consensus building. Two UNDP oriented approaches focused more on the mid-stream level "Building Organizational Capacity" while the third, UNDP/MDGD, approach attempts to focus more "upstream". The environmentally oriented approaches tended to be more universal, including concerns for Building Human Capacity.

The concept "Human Capacity" is very elusive, there is the perspective that all levels (governance, institutional, organizational and human) are Building Human Capacity. All are ways of organizing humans of the society to carry out specified functions. They - are human structures, designed,

controlled and managed by humans. Their goals and results are not always humanitarian. In the context of this review Building Human Capacity is congruent with the economic concept Human Resources Development (education and skill enhancement training).

The World Bank's approaches primary focused on two levels, the Governance and Institutional Capacity. The Tobelem approach 'was more focused on generating

good data concerning the Institutional Level, while the other Pinto focused primarily on governance issues and viewed the process of problem-identification, leadership, ownership and consensus building and the major result of the assessment activity.

The business approaches are unique, particularly, within the public context of this review. Business, the private sector, enterprise, industry regardless of the concept used, are driven by competition and the profit. Their' perspective to maximize their competitive advantage (strength) and minimize risk (weakness). At any time governance issues could be good or bad for business depending on the policy, problem and the specific business. Organizational and Institutional Capacity is the instrument of competitiveness and profitability.

## 2. Methodologies and Selected Characteristics

There are four characteristics that merits special consideration in terms of the methodology's usefulness to UNDP. Figure 23 plots the methodology in relation to the following characteristics, Scope, Strategy, Experience and Applicability. The following scale is used to rank the methodologies:

All but one approach had either a broad or balance scope. The UNDP/NEX was the most narrowly focused approach. -'NEX is an active UNDP policy and this approach attempts to help operationalize it. The environmental approaches were considered to have \* very Broad scope.

Environmental concerns can easily become national issues. The World Bank was viewed to have a balance scope mainly because the Pinto and the Tobelem approaches balance each other. While Pinto is more process and consensus building oriented, Tobelem focuses more on the institutional and organizational levels. Both

Harvard and UNDP/MDGD focus on the Public Sector and cover five interrelated dimensions. Again, the strategic planning approach of USAID IPC is useful in any context and/or situation. Again, the private sector is unique because of its value orientation and motivating forces. Although, CAPBUILD is within the UNDP camp it is balanced because it follows the project planning process that is relevant and familiar to any programme officer. It places capacity assessment -within the project planning context.

All approaches articulated their assessment strategy, some in more detail than others. The USAID IPC was viewed to have a "loose" strategy due to its use of the "strategic planning process". The context will determine what data collection and analytical tools to use. Harvard, DAI, World Bank, CAPBUILD, UNDP/NEX and Business had well-defined strategies. UNDP/MDGD approach was viewed rational because it used the Harvard framework, however, the situation in Sierra Leone was not conducive to rational planning or assessment at the time of the field work. Again, the Business Approach the most focused and clearly defined strategy.

It is interesting that most of these approaches have very limited experience. Only business and USAID IPC have noticeable experience. Also, it is noteworthy that both use the strategic planning process one for the private and the other for the public sector.

As expected the UNDP oriented approaches are very applicable to UNDP, however each is very different in terms of strategy and focus. Likewise, the Harvard approach is very applicable to UNDP, however, Harvard only focuses on the public sector while UNDP definition of national capacity includes the civil society and the private sector. The scope of the environmental approaches, is so broad and the variables too numerous to count that it requires appropriate adjustments and focus. The "upstream" work of the World Bank while rational would be somewhat difficult for UNDP to adapt. Due to the Bank's sizable resources it is able to attract "key" stakeholders and maintain their attention. Strategic planning has a role to play in UNDP, however, it is a process, one must believe in it, there is the need to acquire



the appropriate planning tools and install the necessary M system, and be prepared for mid to long term results. Strategic planning is not a one-shot, ad hoc activity.

### 3. Capacity Assessment Data Source Rigor

All the methodologies reviewed collect, assess and distribute data. Some appear to be more rigorous than others. Some attempt to quantify what is quantifiable and structure qualitative data to maximize control. Some believe the data gathering process is more important than the actual data, this is promised on the notion that "ownership" and "commitment" are the results of a good process and that faulty data can be corrected later.

Some familiar data sources are: interviews, questionnaires, observation, ratings (by peers, staff, experts), tests of attitudes, values, personality, preferences, norms, beliefs, institutional records and reports, projective tests, clinical examinations, financial records, documents (minutes of board meeting, newspaper accounts, transcripts of trials), tests of information, interpretation skills, use of knowledge, government statistics. Figure 24 represents a summary of the dimensions, data source and rigor used by the various approaches. Rigor is the quality of procedures used in data collection that affect the reliability and validity of the data.

Most attempted to be fairly rigorous given the limitations of social science research rigor in general, in a global context in particular. In essence, what was attempted is much better than what is currently being done. However, all had reliability and validity problems and was, more or less an informed "snapshot" of a social situation. The Harvard Study was put into a well-conceived research design and it used standard social science data collection methods. However, to conduct such a study in six counties in a relative short time brings up the reliability and validity problems. DAI's approach, theoretically, could be fairly rigorous, the focused groups' interviews and observation methods, if done correctly by trained staff can be quite powerful. However, how this will be standardized, what the training would be, and how the data would be compiled, catalogued, digested and communicated is

unknown.

The World Bank, like Harvard, has a well-conceived research strategy what makes the Bank's approach somewhat unique is that the "process" is more important than the "product". How one measures a "good process" and when measurement takes place has always been problematic for "process" oriented research. Social science research "state of the art" in reliability and validity, is below the goals and objectives of the environmental approaches. The rigor of strategic planning approach of USAID/IPC could be high or could be low depending on the training, experience and belief of the user. Time and cost are major factors to consider alone with Rigor. This is where the strategic planning approach has an advantage because it is a continuous process. Again, the motivating force behind the business approach promotes and rewards high rigor.