Integrating Capacity Development into Project Design and Evaluation

Approach and Frameworks

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Preface

The GEF Monitoring and Evaluation (M&E) team is tasked with analyzing and documenting GEF results. Until now, conclusions of these efforts have been in the form of evaluation and study reports, annual Project Performance Reports, and GEF Lessons Notes. With the introduction of the M&E Working Papers series, we are publishing reports that are not full-fledged evaluations, but nevertheless deserve attention. Many of the issues and early results that these reports identify will be pursued later in broader evaluations to arrive at more definite conclusions. We expect the M&E working papers to be a valuable catalyst for promoting dialogue on issues and results of importance within GEF’s operational areas and efforts. We therefore look forward to your feedback and suggestions. Please contact us through the coordinates listed below and visit the GEF Web site to find out more about the Monitoring and Evaluation program.

The present approach and framework paper on Integrating Capacity Development into Project Design and Evaluation is the result of work carried out under the auspices of the GEF monitoring and evaluation work program during 1999-2000. In the 1998 Project Implementation Review a need was identified to develop an approach for addressing monitoring and evaluation of capacity development in GEF projects in a more systematic manner. The M&E Team engaged the Canadian consulting firm, Universalia Management Group, to provide expertise for the work. Selected projects were included in a desk study of how they approached capacity development. Close communications were established with the GEF-UNDP Strategic Partnership on the Capacity Development Initiative (CDI). The approach paper is intended to make inputs to the CDI, but it is not a product of it.

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Juha I. Uitto
Task Manager
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Introduction

The Global Environment Facility (GEF) has previously reviewed its performance on capacity development and associated issues related to the design and management of its project portfolio. Definitions of capacity development still vary from one agency to the next. Although there is currently no single agreed definition of, or approach to, capacity development in GEF itself, a vision emerging in the international development community sees capacity development as a complex process of innovation and adaptation involving multiple changes at different individual, organizational, and institutional levels.

The 1998 GEF Project Performance Report reviewed progress on capacity development and recommended a series of actions that included giving greater attention to identifying capacity needs and assessing better the results and qualitative impacts of GEF’s work in capacity development. Despite this attention, the perception remains inside GEF that more needs to be done to integrate capacity development activities systematically into GEF-supported projects. This paper, commissioned by the Corporate Monitoring and Evaluation Team within GEF, addresses the issue once again. The objectives of the paper are:

- To identify ways to integrate capacity development objectives at the project planning stage; and

- To develop a framework and indicators for evaluating the performance of capacity development activities.

The limits of this paper should be made clear at the outset. The emphasis of the work is on operational issues. The intention is not to focus on strategic issues concerning the role of capacity development in the GEF context. Nevertheless, strategic concerns are highlighted when operational issues so require. No time was available to carry out a detailed review of the projects and practices of GEF, and this paper does not put forward detailed operational recommendations. It is also not intended to be an analysis of the larger strategic issues facing GEF, most of which will be addressed by the work of the UNDP-GEF Strategic Partnership, the Capacity Development Initiative (CDI), which began in 2000.

This paper does provide a brief review of the current status of capacity development work within GEF and highlights some areas for improvement that will require follow-up work. An associated purpose of the paper is to engage mid-level managers within GEF on the issue of capacity development and to contribute to the process of rethinking some operational approaches. A workshop was held in February 2000 in Washington to develop specific proposals for operationalizing capacity development within the GEF context.

Many of the conclusions in this paper stem from a GEF workshop held in Washington on October 22, 1999. The authors also reviewed a small sample of GEF projects, which GEF operational staff believe reflect some of the strengths, weaknesses, and constraints of GEF’s current approach to capacity development.

These projects are used as examples throughout the paper. The choice and selection of the project men-

tioned was made by the GEF Secretariat and implement- 
menting agencies as representative of their best prac- 
tices in planning, monitoring, and evaluating capacity development.

As an approach paper initiated by GEF’s Monitoring and Evaluation Team, this does not constitute an output of the ongoing GEF-UNDP CDI. It is, however, intended to contribute to it. Beyond this introduction, the paper includes three sections:

- A presentation of the GEF situation and how it affects GEF abilities to design, monitor, and evaluate capacity development;

- A discussion of implications and recommendations, which highlights several operational issues limiting the ability of GEF and its IAs to monitor and evaluate capacity development; and

- A series of technical annexes with tools and instruments to facilitate M&E of capacity development.
The GEF Situation: Its Effects on Monitoring and Evaluation of Capacity Development

Introduction

The way international funding agencies integrate or mainstream issues such as gender or capacity development appears to be shaped by a combination of factors including:

- Relationship of the issue to broader contextual factors and incentives that shape the purpose and behavior of the organization;
- Nature and workload demands of the particular issue;
- Complexity of the issue; and
- Professional background and inclinations of the staff.

The context within which GEF engages in capacity development is characterized by ten factors, which should be understood in order to provide guidance for improving planning, monitoring, and evaluation. These factors need to be considered when approaching capacity development in GEF.

Relations to Conventions

GEF is the financing mechanism for the Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (FCCC). The GEF operational strategy\(^2\) incorporates the policy guidance of the Conference of the Parties (COP) to the CBD and FCCC. It states that all GEF-funded activities in the focal areas shall be in full conformity with the guidance provided by the COP. GEF is, nevertheless, able to provide funding to eligible parties also outside of the convention contexts. In such a case, it must ensure that assistance is fully consistent with the guidance provided by the COPs of the two conventions.

Country-Drivenness

This issue relates to ownership. Countries identify their needs and GEF responds. It is in how the response takes place that we need to link the issue of capacity development.

The operational strategy states that:

GEF activities will be consistent with, and supportive of, the recipient countries' own actions for sustainable development. GEF programs and projects will be country-driven...and will be linked with national sustainable development efforts. Public consultation and effective involvement of local communities and other stakeholders will enhance the quality, impact, relevance, and national ownership of GEF activities.

The Tri-Agency Structure

In addition to the influence of its mandate and overall direction, the tri-agency structure of GEF makes reaching a consensus on approaches to cross-cutting issues such as capacity development more demanding. Each of the implementing agencies, however, has

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specific comparative advantages related to capacity development that can be built upon within the GEF context and that can provide complementarities between the actions of the various implementing agencies.

- UNDP tends to focus on strategic management and process approaches in the design and management of capacity development, as in the case of the Interim Assessment of Biodiversity Enabling Activities for National Biodiversity Strategies and Action Plans.

- UNEP gives more emphasis to technological improvements in support of environmental management, as in the case of the provision of Institutional Support for the Protection of East African Biodiversity.

- The World Bank, by contrast, works more from the perspective of institutional economics, and pays attention to incentives, competition, and the influence of institutions or the rules of the game on organizational effectiveness.

Given the organizational structure of GEF, it is difficult to settle on an operationally specific framework for capacity development that can accommodate all three perspectives, and yet still be sufficiently useful as a guide to decision making for operational staff. There is, nevertheless, need to agree upon a harmonized framework for capacity development within which all of the GEF entities would place themselves.

Reliance on Projects To Support Capacity Development

The effectiveness of capacity development is limited by GEF’s reliance on the project as a mechanism to transfer resources in support of capacity development. Project interventions are generally narrow, disconnected and short term, and GEF has tried to compensate for this deficiency by making specific provisions for capacity development in its project cycle.

Current guidelines state that projects will be reviewed by the GEF Operations Committee, taking into account the following considerations, as appropriate:

- Country eligibility;
- Policy and program framework of the proposed project;
- Technical review;
- Social assessment and consultation;
- Capacity building;
- Training, institution building, planning and policy development, targeted research, linkage of capacity building to enabling activities and to investment;
- Incremental cost; and
- Monitoring and evaluation.

Nevertheless, given the need of capacity development interventions for operational flexibility and a long-term planning horizon to achieve sustainable impact, the inherent limitations of the project approach remain. The 1998 Project Performance Report suggested GEF “move from an organizational culture based on project approval to one more focused on achieving and measuring project and program results.” This resulted in a new initiative—Driving for Results—that is in discussion between the various GEF entities.

A Means Rather Than an End

Capacity development is not considered a key objective or end result of GEF assistance, as indicated by its mission statement.

The Global Environmental Facility (GEF) is a mechanism for the purpose of providing new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the areas of biological diversity, climate change, international waters, and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to the four focal areas will also be addressed. In carrying out its mission, the GEF will adhere to key opera-

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tional principles based on the two conventions, the GEF instrument, and Council decisions.

GEF is, of course, aware of the importance of capacity development and most of the projects that it supports include components that focus on the issue. But GEF views capacity development primarily as a functional means toward more substantive program ends. More specifically, it sees capacity development as essential to “ensure the sustainability of global environmental benefits” and to “reduce the risks caused by uncertainty.” Capacity development as a means is grouped together with activities such as human resource development and institutional strengthening.

The combination of its formal mandate, the direction it receives from the Conference of the Parties, and the guidance of the GEF Council do not give GEF much specific direction on capacity building, either in terms of project selection and design, or in terms of operational management. However, under the ongoing GEF-UNDP CDI, an assessment of the convention guidance on capacity development is being undertaken.

Designing Capacity Development Interventions for GEF Projects

A 1998 consultation by the international working group on capacity development found that among the multilateral agencies interviewed, there was no commonly accepted approach to capacity development. However, there are new approaches to capacity development based on individuals, organizations, and institutions. These new approaches have as their foundation some of the following assumptions:

- Capacity development interventions frequently aim to improve the performance of complex “systems” (e.g., river basin or watershed protection) that involve individual and organizational actors at the group, community, organizational, network, and institutional levels. In this sense, capacity development is increasingly seen as a multi-dimensional activity that can involve reforms at each level, as well as efforts to alter the inter-relationships among actors at different levels.

- Capacity development is essentially a process of change or transformation that aims to induce various actors to take on new responsibilities, skills, behaviors, values, and policies.

- The transformation process addresses specific development problems or content areas. In the case of GEF, these can include all the objectives of the Convention on Biological Diversity (CBD) and the Framework Convention on Climate Change (FCCC), international waters, and ozone depletion. Capacity development can be seen as
  - an activity (e.g., workshop or training in land-use planning for biodiversity conservation);
  - upgrading of skills to collate, retrieve, manage, and use biodiversity data;
  - human resource development in the area of safety in biotechnology; training in information technology); or
  - a form of technology transfer (e.g., installation of eco-tourism management system to protect a targeted species, influencing the markets in benefit of renewable energy technologies).

The challenge for funders such as GEF is to help participants match the scope of their interventions to the nature and complexity of capacity development issues to be resolved. The keys to meeting this challenge are encouraging participant comprehension and ownership, managing technical and organizational complexity, and sequencing various activities.

Structural Constraints, Modes of Operation and Incentives

GEF faces many of the same “soft” constraints to progress on capacity development as do other funding agencies. Many GEF professional staff have technical backgrounds and training in the environmental and physical sciences or public policy subjects such as economics. The GEF Secretariat requires more training or familiarity with public management and program implementation.

The resulting lack of engagement with capacity development is compounded by a pattern of staff incentives that continues to emphasize 1) design and approval over implementation and delivery, and 2) the achievement of tangible, short-term objectives over the slower progress of ambiguous, longer term activities such as capacity development.
Furthermore, interviews with some staff indicate that the constantly increasing workload mitigates against staff engaging in the complexities associated with capacity development. Over the last years, the GEF portfolio has grown rapidly and a number of new requirements for project approval (i.e., incremental cost analysis, logframe analysis [LFA]) are now mandatory. As well, a medium-size funding window was added. The number of implementing agency staff did not grow at the same pace. Hence the time available for second level managers in the implementing agencies, an important target group for the proposed change process, is increasingly limited.

Many feel they do not have time to embrace and engage in the proposed change processes implied by capacity development. Indications are that the same is true for GEF Operations Committee managers. In order to bring these target groups on board as GEF explores improving project monitoring and evaluation associated with capacity development, serious thought should be given to freeing up time and energy through delegation, decentralization, and simplification within the GEF project cycle.

Limitations of Existing Tools for Monitoring Capacity Development

As the conceptualization of capacity building becomes clearer, many agencies are now devoting their attention to developing useful tools for engaging in capacity building. One contribution of this approach paper is to suggest operational tools for planning and evaluation of capacity building in GEF projects. A series of tools that might contribute to more systematic operationalization of capacity building was examined with this goal.

We set out some of these tools in the next section. While some tools are more advanced in their utility than others, they do represent a starting point for the development of such tools for GEF. The tools range from approaches to capacity development as change management to conceptual frameworks and indicators for individual, organizational, and policy level capacity building. In deliberating on capacity building, we concluded that more guidance was necessary to explain the functions underlying the needs implied by fulfilling convention requirements.

As such, we began to outline a tool that could support more systematic functional analyses. We were also asked to generate tools linking the targets for capacity building—namely organizational and policy change—and planning and monitoring tools such as the logical framework analysis or LFA. Increased emphasis needs to be placed on the operationalization of capacity building.

Appendix VI provides further discussions and instrument on this issue.

Application of Usable Knowledge

GEF, as well as its implementing and executing agents, needs to create a broader range of ways to learn from their experience with capacity development. This includes, among other activities, devoting more resources to analyzing and patterning insights from the field as well as sharing lessons across units and agencies. All three implementing agencies are currently trying to improve their capacity to learn from their experiences and manage the resulting knowledge. This leads, in turn, to changes in staff skills and incentives, project design, monitoring and evaluation techniques, and even the organizational culture and style of GEF. This paper does not go into detail on these points, but simply calls attention to the broader implications of any effort to improve learning and apply the resulting usable knowledge.

The situation is quite clear. Today, we recognize that many of the compliance problems faced by countries supported by GEF are linked to more general development issues. Piecemeal solutions generated externally are rarely successful. The GEF and donors need to work with partner countries to figure out the best ways of solving issues arising from implementing conditions within the convention areas. It is the countries themselves that need to create ways to learn from their experience. It is the countries themselves that need to create usable knowledge to apply to their setting.

4 For example in November 1999, the Canadian International Development Agency sent out a draft volume of articles, frameworks, and tools that they feel would be useful for operational staff. These will be tried and updated over the next little while.
Creating and using knowledge to solve complex development problems requires different ways of planning, monitoring, and evaluating project work. To begin with, it starts with the assumption that many of the problems faced by the countries supported by GEF cannot be solved simply with technological solutions. The solutions require process, interaction, learning, and problem solving. Also, they require funds to support the learning among GEF, its implementing agencies, and its executing agencies. Learning from experience and using knowledge to promote GEF goals in partner organizations is a crucial aspect of the capacity building agenda.

Need for Support Services

Any effort at mainstreaming new practices such as capacity development needs to be facilitated and supported in a number of critical areas within GEF. The issue must have committed advocates within the organization itself. The problem that capacity development is designed to solve and the benefits it intends to produce must be widely understood. Staff must have some incentives to engage themselves. Some reasonable level of organizational and technical support that helps staff at the operational level to deal with the added workload and skill demands must accompany its implementation.

The challenge then is one of capacity building within GEF, of managing a process of organizational innovation and change that results in altered patterns of behavior. A number of other donors and international funding agencies (e.g., the Department for International Development in Great Britain) have reviewed their practices on capacity development using a set of questions put together by the Development Assistance Committee of the OECD. This list of questions is attached as Appendix II.

Capacity Development: The Indicator Dilemma

In most of the interviews and workshops held in connection with this paper, one issue kept recurring: How can GEF better monitor and evaluate the outcomes of its capacity work and use that insight and information to generate more effective projects? How can processes of organizational change be monitored in ways that can convince skeptical observers obsessed about measurable results? And how can this be done when projects are managed in an iterative way?

In addition to the challenge of devising indicators to monitor such processes, GEF faces other constraints. Some capacity development indicators, as they relate to GEF and capacity development, are discussed in *Measuring Results from Climate Change Programs: Performance Indicators for GEF*.

Litwicks’s (1990) work has helped EDI [now WBI] evaluation teams to identify impact indicators for a number of the institute’s training programs. The approach proposed in this framework is simple. It starts from changes in knowledge, skills and performance, which can be observed in individual participants as the result of an intervention (training).
GEF might wish to consider two other principles with respect to the issues of performance monitoring and measurement of capacity development. First, GEF needs to supplement its focus on indicators (i.e., performance measurement) with a broader concern for performance management on projects. The use of indicators makes more sense when it is part of a wider effort to induce participants to manage strategically. This, in turn, leads to the second idea that the key objective of performance monitoring is better management at the field level. If that objective is achieved, then GEF must demonstrate that accountability requirements can also be met. But the reverse is not the case.

GEF needs to focus as much on process activities as it does on final results. It is the drivers of performance and capacity that, in many cases, should be the focus of monitoring attention. Identifying indicators and measuring the results of capacity development serves the needs of multiple stakeholders. As such, they should be designed and negotiated as part of a participatory process. Clarifying these processes and intended results is a capacity development activity in itself.
Implications for GEF

The GEF family should engage in more systematic dialogue on capacity frameworks.

The GEF family needs to agree on a framework to use at each of the levels. We suggest that the GEF Secretariat collaborate with the IAs on developing mutually acceptable frameworks. The design emphases and assumptions of UNDP, UNEP, and the World Bank all have strengths and comparative advantages that could inform a shared and aggregated approach to a capacity development framework. Given its mediating and connecting role among the three agencies, the GEF Secretariat could play a useful role in thinking through a more systematic approach to capacity development for the environment. Indeed, GEF could play a bigger role in international thinking about capacity development than it does now. As part of this exercise, GEF might wish to review the growing range of frameworks that are emerging internationally.

If GEF intends to give more priority to capacity issues, it will need to put in place some capacity development support services for staff, both in house and externally.

These would include some or all of the following:

- Employing some full-time technical expertise inside GEF; (It is difficult to imagine any organization making progress on an issue in the absence of any in-house technical expertise and capability.)
- Training or coaching GEF staff on capacity issues;
- Recruiting GEF operational staff with suitable experience or knowledge; and
- Sharing personnel with capacity development experience amongst the GEF Secretariat and its implementing agencies.

GEF will need to make efforts to increase staff skills and knowledge about the use and applications of any resulting framework for capacity analysis.

Once GEF has agreed to specific frameworks, IAs will need to use these frameworks to describe their capacity development initiatives. Even some basic shared principles and a more common vocabulary among the three implementing agencies would contribute to effectiveness. Both implementing agency and GEF Secretariat staff need training to make sure that they are able to 1) understand the frameworks and 2) use the frameworks in their design and reporting on the capacity development components of their GEF projects.

Similarly, as implementing agencies begin to include a strategy for change in the project design and then follow up by reporting on its implementation, there will be a need to orient implementing agency and GEF Secretariat staff on change management strategies. Some examples of staff skills enhancement include:

- Creating continuous capacity development learning opportunities for staff, e.g., creating opportunities where people will learn by being involved in capacity development activities; or learning through communicating about capacity development among agencies and inside agencies; or learning through coaching;
Promoting inquiry and dialogue about capacity development inside GEF;

- Encouraging collaboration or team learning on capacity development;

- Establishing systems (technological and procedures) to capture and share agency and inter-agency learning about capacity development;

- Encouraging staff to further skills and knowledge about capacity development; and

- Coordinating learning events between the GEF Secretariat and the IAs to enable them to link theoretical and operational knowledge about capacity development.

**GEF may wish to consider the idea that specific change processes need to be planned into a project for each individual, organization or societal group targeted by a project.**

If the desired result is improving the ability of a targeted government agency to engage in the protection of an area of biodiversity, it is as necessary to think through the logic of the change process—

- How to engage in participatory work

- How to create ownership

- How to develop new ways of thinking about problems, issues and solutions and so forth

—as it is to provide the content activities required within a log frame.

There needs to be an altered view of the length of the project cycle, or at least the flow of benefits. Project-oriented logical frameworks often do not adequately consider the time dimension of the change process. In most organizational development interventions, the results of change processes are seen only after three to five years. Effects on the performance of an organization often take even more time. The implication is that many of the benefits of capacity development will not be realized within a project cycle.

Financial implications need to be taken into account. Capacity development involves both a content aspect and a change strategy. To date, project budgets have taken into account the specific capacity development activities or the specific technology transfers, but not the cost of the change process. It is important that GEF recognize the need for planning adequate project budgets to ensure that the change process can occur. The budget increase per project will depend on the nature and scope of the change expected. For implementing agencies, the financial implication will center on ensuring that project designs include budgets that reflect the resources required to support the change process, and that project reports show expenses associated with the change process.

**The GEF family needs to do more thinking and work on implementing a more considered approach to iteration.**

Most projects resort to more ad hoc and iterative approaches through circumstance—as initial designs inevitably prove inadequate or incomplete. What might be helpful for GEF is the adoption of more participative and iterative approaches to project design, management, monitoring and evaluation. However, in order to work, these approaches require resources, both human and financial. All the implementing agencies have some form of iterative approach and could share experiences and lessons.

One of the key issues to resolve in such approaches is the apparent tension between the needs dictated by bureaucratic accountability (e.g., prediction, control, structure, short-term results, measurement, and reporting to stakeholders) versus those more suited for field management and performance (e.g., flexibility, adaptation, management, and longer time frames).
Appendix I

A framework for a change strategy

There is an increasingly impressive literature on change management. In general, it identifies four areas that need planning and thought in an iterative way. Our experience with capacity development parallels that of management of change.

In carrying out capacity development work, one needs to pay attention to each of the four components. The components, while linear, do not act as such on the ground. One is constantly clarifying expectations and communicating the vision as well as trying to get things done and managing the obstacles related to implementing the work required. Similarly, the processes of consolidation and exiting are central to the process of change.

Components of a Change Plan to Support the Project

<table>
<thead>
<tr>
<th>Change Strategy Components in CD Projects</th>
<th>Activities that Support the Component and Need to be Considered in Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry: Developing a shared vision of the desired change</td>
<td>Preparation—make sure organization or group is ready for change process</td>
</tr>
<tr>
<td></td>
<td>Collaborative definition of the problem or capacity development area</td>
</tr>
<tr>
<td></td>
<td>Identification of resistance, potential crisis agreement as to the course of action and preparation</td>
</tr>
<tr>
<td></td>
<td>Creating a guiding coalition to lead change</td>
</tr>
<tr>
<td></td>
<td>Communicating the vision for change</td>
</tr>
<tr>
<td>Implementing change</td>
<td>Empowering broad-based action</td>
</tr>
<tr>
<td></td>
<td>Getting rid of obstacles</td>
</tr>
<tr>
<td></td>
<td>Changing systems or structures that undermine the change process</td>
</tr>
<tr>
<td></td>
<td>Encouraging risk-taking and non-traditional ideas, activities, actions</td>
</tr>
<tr>
<td></td>
<td>Generating short-term wins and visibly rewarding those who made the wins possible</td>
</tr>
<tr>
<td>Consolidating change</td>
<td>Using increased credibility to change additional elements of the system that will not support the overall capacity development objectives</td>
</tr>
<tr>
<td></td>
<td>Reinvigorating the transformation process with new themes, change agents</td>
</tr>
<tr>
<td>Exit: Sustaining change</td>
<td>Anchoring new approaches in the culture</td>
</tr>
<tr>
<td></td>
<td>Articulating the connections between new behaviors acquired through activities, and organizational or societal success and sustainability</td>
</tr>
</tbody>
</table>
Appendix II
Planning and evaluating capacity development at the individual level

GEF projects often identify individuals or groups of individuals as the target of change, and changes in individuals are often a prerequisite to other GEF project and program outcomes. Although building individual capacity is often part of a larger GEF intervention, it is nevertheless important for those interventions to be clear about the type of change desired. The framework below was adapted from the work of Litwick; it identifies the different levels of change to consider when doing capacity development work with individuals and the type of change to plan and monitor.

Framework for change

<table>
<thead>
<tr>
<th>Targets for training</th>
<th>Explanation and indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Changes in individuals knowledge, skills or attitudes</td>
</tr>
<tr>
<td>Individual performance on the job</td>
<td>Application of training on the job</td>
</tr>
<tr>
<td>Department or organizational changes</td>
<td>Affect of application on department or group</td>
</tr>
<tr>
<td>Department or organizational performance changes</td>
<td>Affect on overall organizational performance</td>
</tr>
<tr>
<td>Policy process changes</td>
<td>Affecting policy process</td>
</tr>
<tr>
<td>Policy outcome changes</td>
<td>Changes to policy (the rules of the game)</td>
</tr>
<tr>
<td>Societal changes</td>
<td>Changes to target beneficiary populations</td>
</tr>
</tbody>
</table>

Although many GEF projects are part of larger interventions that support organizational improvement, there is no consistent framework used to help plan and monitor GEF projects that target organizations as an aspect of program work. In the absence of a framework, every GEF organizational capacity project uses its own approach and language in order to describe the changes it wants. While there is no inherent difficulty in using any type of framework at a project level, at a programmatic and fund level, it becomes difficult to learn and report on the results.

Applying a consistent framework, similar to the one suggested for individuals, can help improve communication, planning, and monitoring of the content of organizational capacity development work. While there are many approaches to organizational capacity development, IDRC and Universalia (1995, 1999) developed a flexible framework that captures many of the types of capacity interventions identified in GEF project work.

The Universalia-IDRC framework (shown on the following page) is an example of standardizing capacity development as it relates to the entity or organizational level. The framework suggests that the performance of an organization is affected by three main factors (the motivation of the organization, the capacities of the organization, and the external environment). The framework defines eight key capacities that affect performance. By inference, capacity development work in organizations is a process that helps organizations develop their abilities to improve performance.
### Universalia-IDRC Framework for Change

<table>
<thead>
<tr>
<th>Targets for organizational change</th>
<th>Explanations and key ideas to develop indicators</th>
<th>Examples of indicators</th>
</tr>
</thead>
</table>
| Changes to organizational performance | • Improvement in reaching mission or goals—environmental changes that are the organizational mission and linked to GEF program objectives  
  • More efficient use of resources  
  • More relevant to major stakeholders  
  • More financially viable | (Note: All effectiveness indicators are organization-specific and are not included in this table)  
  • Costs per client served  
  • Outputs per staff  
  • Timeliness of service delivery  
  • Stakeholder satisfaction  
  • Changes in reputation amongst stakeholders or competitors  
  • Quantity of changes in services and programs related to changing client needs  
  • Number of new financial contributors  
  • Level of innovation and organizational adaptiveness |
| Changes to capacity that affect performance | • Improved ability to:  
  - Lead strategically  
  - Structure and re-structure  
  - Plan, implement, and monitor financial systems  
  - Plan, manage and evaluate human resources  
  - Access needed infrastructure  
  - Manage organizational processes  
  - Plan, implement and monitor organizational programs and work  
  - Link to key stakeholders  
  - Manage and use information | • Existence and use of a strategy to drive the organization  
  • Organizational niche identified  
  • Roles and responsibilities clear  
  • Planning and monitoring processes embedded in all program management systems  
  • Training programs prioritize performance areas  
  • Decision-making processes appropriately structured  
  • Standardized work processes in place, and used  
  • Budget planning used as a management tool  
  • Personnel appropriately compensated to support productivity and motivation  
  • Organizational partnerships clarified through written agreement  
  • Adequate staffing plans in place to support strategies |
### Universalia-IDRC Framework for Change (continued)

<table>
<thead>
<tr>
<th>Targets for organizational change</th>
<th>Explanations and key ideas to develop indicators</th>
<th>Examples of indicators</th>
</tr>
</thead>
</table>
| Changes to organizational motivation that affect performance | • Improved organizational culture  
• Improved internal organizational incentive systems  
• Improved ability to make transition to new organizational stage of development  
• Improved mission and vision that is able to drive members’ performance | • Joint ventures established linked to performance priorities  
• Programs and services appropriately linked to mission and goals |
| Understand and interface with the environment within which the organization works | • Improved ability to understand the opportunities and constraints posed by:  
  - Legal/administrative system  
  - Political system  
  - Social cultural  
  - Economic systems  
  - Incentives  
  - Market situation and conditions (competitors)  
  - Technological systems  
• Improved ability to affect the environment within which the organization is operating | • National/local legislation adequate to pursue organizational mission  
• Political resources allocation system support organizational priorities  
• Values of civil society congruent with organizational mission  
• Degree of market orientation appropriate to support priority work of the organization  
• Labor market incentives provide appropriate pool of workers  
• Local infrastructure (road, electricity, etc.) reliable |
The implications for planning and evaluation when using such a framework are:

- The present and desired level of organizational performance must be identified as part of a planning exercise.

- Planning is based on a logical hypothesis, i.e., we can improve performance by building this system, training these people, et cetera.

- Using this type of framework requires a comprehensive profile of the organization concerned.

- There are many potential indicators that can be used to measure changes in capacity. This type of framework requires the involvement of the organization in developing indicators that best illustrate the changes they want in capacity and performance.
Some GEF projects involve capacity development at the societal level—either through direct policy reform or by engaging in building stakeholders’ awareness of the need for change. As is the case with individual and organizational change, the GEF and its partners need to agree on a basic flexible framework that can help in planning and evaluating societal change.

Some of the GEF projects reviewed indicate that changing the awareness of targeted groups is a critical factor in obtaining desired outcomes. At the most immediate level, we believe any GEF project that proposes to increase awareness should meet two basic conditions—first, clearly identifying the targeted stakeholder whose awareness needs to be changed, and second, indicating the “threshold of information” required for awareness. In other words, what is the level of knowledge people (targeted stakeholders) need in order to have a level of “awareness”? Since the level of threshold knowledge changes for each project, it is incumbent on the proposers to suggest the level of threshold knowledge needed by each group and why.

Some GEF projects propose to build capacity to create and enforce policies that support GEF work. Our review indicates that most of these projects stop at the level of activity and outputs, and do not identify the results desired beyond the output.

Framework for Change

| The ability to identify a problem or a need in which a new policy or a change in policy is thought to support a solution to the problem |
| The ability to create policy processes that generate interest in policy |
| The ability to research the problem and identify alternative solutions to the problem |
| The ability to choose amongst alternative solutions |
| The ability to create a policy if required that would support the solution to the problem |
| The ability to enforce policy |
Appendix V

Framework for conducting a functional analysis

Once a country identifies a problem that it wants to address, it is helpful to describe it in terms of broad tasks involved to address the problem. If the problem is in parks management, it is important to understand the functional responsibilities that are inherent in managing a park and to analyze how these functional roles are organized within a particular country. Are these functions managed within one organizational unit or several units?

In part, capacity development is based on a careful assessment of the functional needs required to solve a development problem. Too often, capacity development is designed as an add-on to projects that simply there to reinforce existing structures that may or may not be appropriate for the project’s purposes.

Also, capacity development is often construed as only training or equipment support to the entities designated to carry out project tasks. These inputs do not necessarily create the dynamic of change nor the dynamic related to learning that is central to capacity development.

An important aspect of capacity development analysis involves understanding the functional requirements for solving a country’s problem that are associated with fulfilling conventional obligations. The existing structures should not be taken as given. The capacity development needs assessment should address a series of important questions related to the functions that need to be performed.

- What functions need to exist and work effectively in order for us to carry out our obligations?
- Are these functions integrated into an organization or spread throughout many organizations?
- Are the people and organizations responsible for fulfilling the function capable of doing so?
- What do they need to fulfill their function?
- Are the functions adequately organized and coordinated?
- Are there critical bottlenecks and constraints hampering implementation of project actions and reaching its objectives? What needs to be done?
Appendix VI

Monitoring capacity development

The target of change is an important element of capacity development. As indicated in the paper, capacity development focuses on at least three levels of change—individual, organizational and societal—and their interface. Traditional log frame analysis (LFA) provide some insight into the change process, but do not adequately link the target of change to the system change process that is occurring. The table below is a tool used to link the target of change to the various inputs, processes and results of the change effort. It is meant to complement other tools such as the LFA.

<table>
<thead>
<tr>
<th>Target for capacity development</th>
<th>Input indicators</th>
<th>Process indicators</th>
<th>Output indicators</th>
<th>Outcome indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>System level indicators</td>
<td>Funds to support policy research</td>
<td>Collaborative arrangements created to encourage changes to environmental enforcement procedures</td>
<td>Policies related to hunting of endangered species more adequately enforced</td>
<td>Wide national support for enforcement of endangered species act</td>
</tr>
<tr>
<td>Organizational level indicators</td>
<td>Equipment purchased to do data entry and statistical analysis</td>
<td>Organizational leaders provide incentives that support use of equipment to meet informational needs</td>
<td>Organization's ability to manage and report on biodiversity data improved</td>
<td>Ability to adjust biodiversity data as required</td>
</tr>
<tr>
<td>Individual level indicators</td>
<td>Adequacy of training</td>
<td>Technology training encourages learning how to problem solve</td>
<td>Staff trained in targeted technology</td>
<td>Skills used on the job</td>
</tr>
</tbody>
</table>
Appendix VII
LFA and capacity development models

Below is an example of a generic logical framework for organizational and policy-oriented work. This should be looked at in the context of the other tools offered to facilitate monitoring the change process.
Appendix VIII
How to make judgments in order to identify appropriate benchmarks

One of the important issues involved in planning and evaluating capacity development is the determination of what is good capacity. What are good capacity development (processes)? This is an area in which the development community is just beginning to pay some attention.

The ideal is to have benchmarks like those within the ISO system. This way, we can link present levels of capacity and capacity development to a norm of behavior. Unfortunately, such generalized standards do not exist. Nevertheless, because you can interpret a set of data in many ways, it is important to understand how judgments are made with respect to the present state of the art of capacity development. From our experience, there are four main decision-making methods used to make judgments about the interpretation of data related to capacity development.

Comparisons. Comparisons are normally linked to baseline work. They involve a comparison of a present set of conditions with past data. In general, you look for improvements over what has occurred in the past and provide explanations for present gains and future potential. Sometimes, using statistical formulations, evaluators try to see if differences between past and present situations are significant. For example, we looked at the extent to which people learned material in training sessions using comparisons. Similarly we looked at the use of knowledge on the job using pre and post comparisons.

Expert opinion. Experts are those with good insights into the organization, those who are practitioners in the field required, and those with good sectoral experience. In GEF, we find many experts and types of experts who offer their opinion on a particular field. Expert judgment is used primarily when key stakeholders respect the "expert." In these situations, it is the expert who proclaims whether or not capacity is developed—or if it is developed sufficiently. Experts render opinions within a context as their basis of judgment. Of course, the down side of expert judgment is there are many people willing to judge in areas where they are not expert. This is particularly true in a new field such as capacity development. In using expert judgment as a basis for decision making, it is important to know what the expertise of the "expert" is!

Criteria reference. Criteria reference is quite familiar to the development community. We use it within the LFA as pre-established criteria or objectively verifiable indicators (OVI) upon which we judge projects and programs. In criteria reference judgments, we believe a project is successful if it accomplishes what it says it is to accomplish—it meets or beats its indicators. The difficulty with OVIs is that, a priori, you never know whether the "achievement bar" is set too high or too low for the context within which the project is operating.

Market forces. Finally, as more and more products and services move from the public to the private domain, market forces can provide insight into whether products and services are of value. In the private sector, the market's response will ultimately determine survival. In the public sector, we are just beginning to understand the link between markets and public goods.
Appendix IX

GEF cases and examples

Not surprisingly, GEF, along with many other international funding agencies, is still searching for a set of design principles or frameworks that can help staff and project participants to diagnose capacity constraints and develop strategies. The pattern of results to date seems mixed.

A large number of GEF projects are still focused on the provision of a limited package of conventional inputs that include training, equipment, and advice, mainly at the organizational level. The most effective projects in this category (e.g., African NGO-Government Partnership for Sustainable Biodiversity Action) accurately diagnosed the nature and source of the broader system constraints and intervened at an appropriate point of leverage.

In some cases, training assistance and capacity development are seen as interchangeable. The Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity Information projects were based on meeting an urgent need for capacity building, training and awareness creation in the area of biodiversity data management in developing countries. In the words of the final evaluation report:

[in] those countries where the national capacity in biodiversity data management is low, the project should focus primarily on capacity building and skills development through more training sessions.

Other projects reveal the underlying debate over capacity development strategies. In the Interim Assessment of Biodiversity Enabling Activities: National Biodiversity Strategies and Action Plans, the analysis describes the three implementing agencies and the GEF Secretariat participating actively in consultations about capacity development strategy prior to the implementation.

The critical cost benchmarks and their interpretation in the review and approval of the project proposals were the subject of debate, much of which highlighted strongly held, dissimilar views on the purpose, appropriate content, and resources needed for biodiversity enabling activities. Differences were mainly over the relative emphasis put on building the capacity for biodiversity planning versus developing strategies and action plans for more modest stepping stones toward the implementation of field projects.

A number of other projects did not seem able to match a capacity development solution to the problem. Capacity development was often used as a term to describe an activity, but the link between the activity and the development problem was rarely articulated. As noted earlier in this paper, the logical framework was not particularly useful in providing this type of analysis. For the purposes of planning and evaluating capacity development, GEF needs to have a better "theory-in-use." It must be clearer about the nature and source of the current capacity gaps and constraints, about the pattern and configuration of a desired set of new abilities and, finally, how the "system" in question can move from one state to the other. Those projects that had less success (e.g., Institutional Support for the Protection of East African Biodiversity) had difficulty devising a capacity development strategy that attracted participant support and ownership.

Appendices I, II, and III provide frameworks used to design and assess capacity development projects through different units of analysis: the individual, the organizational, and the systemic levels.

All three implementing agencies are involved in various efforts to learn from their field experiences. In the African NGO-Government Partnership for Sustainable Biodiversity Action project, 46 country programs from Iceland to Yemen have been implemented across Europe and the Middle East. Based on these experiences, a national model was shaped to take into account all the lessons learned since the work began in 1985.

The current program in Africa draws on these experiences, using and adapting field-tested survey techniques, technical database management skills, and established mechanisms to ensure data quality. In the Southern Africa Biodiversity Support Program project, sustained efforts were made to learn from other similar GEF projects. Priority was given, for example, to assessing the results of the first GEF/UNDP African Regional Biodiversity project and the Institutional Support Project for East African Biodiversity. The GEF East African biodiversity coordinator participated in one of the planning meetings and a member of the independent mid-term evaluation team for this project also contributed to the design of the southern Africa project.

The role of the GEF climate program was established by the UN Framework Convention on Climate Change, for which the GEF serves as financial mechanism. The GEF mandate is to contribute to the reduction of emissions of greenhouse gases in developing countries. Funding is provided through two basic channels, greenhouse gas reduction projects and enabling activities. The latter represent more than 95 percent of funding allocations to date, most often in the form of financial support and technical assistance for energy efficiency or renewable energy projects. Almost all such projects include capacity building elements as a central feature, although typically the majority of funds are devoted to financing investments in equipment, resource assessment, and other services. Diverse elements of capacity development are employed including curriculum development and training programs; institutional enhancement such as the creation of a renewable energy unit in a utility company; technical assistance for small business planning; support for information centers and services; quality assurance programs on a voluntary or regulatory basis; and public awareness campaigns.

The enabling activities, primarily full-cost financing provided for preparation of national reports required by the Convention, may be viewed as another form of capacity building. Grants of up to $350,000 are provided on an expedited basis, and larger countries have received grants in excess of $1 million. A minority of countries have completed the first communication and are requesting a second round of support. (Note: a review of GEF support for national communications has been completed and the report is final. It was submitted to the 6th Conference of the Parties to the Framework Convention on Climate Change in November 2000.) Funds are provided primarily for compilation of emission inventories and identification of climate impacts, and often support the creation of national climate teams and units within governments. These reports and the agencies that prepare them then become a continuing source of awareness within their countries.

The Convention has several times given guidance to the GEF to fund specific types of capacity building activities. For example, COP 4 directed the GEF to provide financing for, inter alia, identification of priority technology needs and capacity building for access to observational networks. This trend toward such narrowly defined guidance tends to be resisted by the GEF because it is perceived as overly specific and an intrusion on operational matters; it is also difficult to integrate this type of direction on an almost annual basis consistent with the administration of a global, multifocal program. Partly in response, the GEF developed the Capacity Development Initiative (CDI) in cooperation with UNDP in an attempt to provide a more holistic and coherent approach that would respond to capacity needs across the range of global environmental concerns (although there are locally based consultant experts for climate change and biodiversity for each of four regions). While the project will not be completed until the fall of 2001, a likely result is the preparation of national capacity development needs assessments and potentially a strategic framework for capacity development. The result may for the first time be a GEF focus on capacity development as an end itself, rather than simply as a project element.

The future of capacity building in the GEF climate program may still be the subject of further deliberations. At its last COP in the fall of 1999, the parties
began deliberations on a capacity building agenda that may result in further mandates to the GEF and/or general obligations to provide financial assistance and technology transfer to the developing countries. The potential content of this agenda remains unclear as the proposals so far introduced by Parties (as of June 2000) are wide ranging and without an overall framework (submissions can be viewed at the UNFCCC website, www.unfccc.de).

At present, GEF project documents do contain indicators associated with capacity development, but these are generally indicators for inputs and outputs and focus on completed activities. There are few examples of indicators that help targeted beneficiaries and donors better understand the growth or changes in individual, organizational and societal ability over time. The approach taken in the Southern Africa Biodiversity Support Program seems to reflect the standard GEF practice. It was agreed that progress reports are based on an established set of indicators of effectiveness, efficiency, and impact developed by the program implementation unit for approval by the technical committee within the first six months of the program. The indicators themselves would be reviewed periodically and updated on the basis of newly acquired information.
Appendix X
List of Assessment Tools

Organizational

Family Planning Management Development Project, Management and Organizational Sustainability (MOST), Status Assessment Instrument, Management Sciences for Health, 1996-1997


GTZ. Organizational Development assessment tools (GTZ53)


James, R., Demystifying Organizational Development: Practical Capacity-Building Experiences of African NGOs, INTRAC, 1998


Levinson, H., Organizational Diagnosis, Harvard University Press, 1972


Middleberg, M.I., Guide to Assessing Management Capacity Among Non-Governmental Organizations (NGOs), CARE, 1993


PASCA, Institutional Capabilities Assessment, 1996


Weisbord, M., Organizational Diagnosis, A Workbook of Theory and Practice, Addison-Wesley, 1978

Systems


United Nations Development Program, Building Sustainable Capacity: Challenges for the Public Sector, Office of Evaluation and Strategic Planning, 1996

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