



# Monitoring Guidelines of Capacity Development in GEF Operations



Capacity Development Initiative  
Global Support Programme  
National Capacity Self-Assessment

<http://ncsa.undp.org>

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## Introduction

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Capacity Development is a major concern and priority of the international community and it is now an officially declared key objective of international development. In recent years, the concept of capacity development also moved from a focus on building the capacity of individuals to support the capacity development of their respective organizations and the society within which these organizations are operating.

In line with the Global Environment Facility's (GEF) *Strategic Approach to Enhance Capacity Building* (2003) and their *Results-Based Management (RBM) Framework* (2007), this document proposes an approach to monitoring and evaluation in such a way that supports the integration of capacity development into programme and project design, as well as provides a framework for the use of capacity development indicators to establish baselines and monitor progress made. These indicators are intended to be flexible enough so that they can be tailored to specific programmes and projects.

The approach presented in this document contributes to the objective of the GEF RBM “*to design mechanisms to ensure the measurement of progress*” toward the specific goals of the GEF. In of itself, this framework provides also a tool to assess the existing capacities as well as to identify the capacity gaps within a programme or project.

As per the Paris Declaration, the partner countries will benefit from using this tool to strengthen their respective environmental monitoring system and improve the coordination of aid at the national level. Bearing in mind the need to operationalize capacity development indicators to help measure programme and project performance, this tool also captures the inherent process character of capacity development, being a ‘moving target’ influenced by many contextual factors.

This framework is based on a review of the most recent work on capacity and capacity development, from the GEF, its Implementing Agencies and from external research, mainly from work undertaken by Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD/DAC), United Nations Development Group (UNDG), United Nations Development Programme (UNDP), and the World Bank Institute. In 2006, UNEP published a *Manual on Compliance with and Enforcement of Multilateral Environmental Agreements* that provides detailed explanations and guidance to support broader capacity development efforts for countries to achieve environmental sustainability. This 800-page manual should be viewed as an important resource to practitioners in countries seeking practical examples of capacity development approaches to MEA implementation. In particular, each of these capacity development approaches can be tied to a particular set of indicators that could be used to assess countries' overall progress to achieving environmental sustainability.

Research and work on the development and testing of indicators to measure and assess capacities is on-going. Empirical data from GEF-funded projects will help the further development and improvement of the indicators described below. For this reason, this study should be viewed as an incremental step to a more robust and resilient set of capacity development indicators.

## Background

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Following the Declaration adopted at the High-Level Forum on Harmonization in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004), the OECD Paris Declaration on Aid Effectiveness (March 2005) committed to strengthen national capacities and national development strategies.

The Paris Declaration includes few partnership commitments, which are based on lessons of experience. They include:

- a) **Ownership:** Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions;
- b) **Alignment:** Donors base their overall support on partner countries' national development strategies, organizations and procedures;
- c) **Harmonization:** Donors' actions are more harmonized, transparent and collectively effective;
- d) **Managing For Results:** Managing resources and improving decision-making for results
- e) **Mutual Accountability:** Donors and partners are accountable for development results

As part of their commitment to align their support with other partners, the Paris Declaration recognizes that *“the capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives — from analysis and dialogue through implementation, monitoring and evaluation”*. Furthermore, *“capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources”*. (OECD 2005)

Within this context, the partner countries committed to integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed. The donors committed to align their analytic and financial support with partners' capacity development objectives and strategies, as well as to make effective use of existing capacities and harmonize support for capacity development accordingly.

A series of 12 progress indicators are included in the Paris Declaration that are to be measured nationally and monitored internationally. This list includes two specific indicators related to capacity development:

- a) **#4 Strengthen capacity by coordinated support:** Percent of donor-supported capacity development provided through coordinated programmes consistent with partners' national development strategies;
- b) **#6 Strengthen capacities by avoiding parallel implementation structures:** Number of parallel project implementation units (PIUs) per country<sup>1</sup>.

Following the Paris Declaration, Member States have called for the United Nations (UN) system to enhance its efforts particularly at country level to support national capacity development; they view capacity development as a comparative advantage of the UN development system. A UNDG position

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<sup>1</sup> This indicator must be reconciled with the need for some minimum redundancy or overlap, necessary to build resiliency and ensure sustainability in complex dynamic social systems characterized by a relative high degree of uncertainty and unpredictability. Increasingly more countries are establishing Programme Coordination Units, under which multiple projects implementation units are managed, reducing overlap, creating economies of scale, as well as creating synergies and enhancing exchange of lessons learned and best practices.



paper, *Enhancing the UN's Contribution to National Capacity Development* (October 2006), laid out a new framework for the UN's work at the country level to enhance its contribution to national capacity development. The paper emphasizes that UN country teams “will have to make capacity development the core of their work” and to “articulate capacity development and its underlying principles as the central thrust of the UN's role in the country, captured in the Common Country Assessment (CCA) and the UN Development Assistance Framework (UNDAF)”.

The UNDG position paper suggests four key entry points to guide and position the UN country teams' work and to make it more effective in terms of country level capacity development:

- a) Articulate capacity development and its underlying principles as the central thrust of the UN's role in the country, captured in the CCA and the UNDAF;
- b) Situate the UN's work on capacity development within national policy and development plans;
- c) Assess the level of national and local capacity assets and respond to the identified capacity needs by drawing on, or feeding into, national or sector capacity assessments and capacity development strategies; and
- d) “Unpack” capacity development into tangible components.

In order to integrate a capacity development framework in UNDAFs and country programmes, the UNDG suggests that a series of five (5) steps is followed:

- a) Engage partners and build consensus
- b) Assess capacity assets and needs
- c) Formulate capacity development strategies
- d) Implement capacity development strategies
- e) Monitor and evaluate capacity development efforts

## Capacity Development in the Global Environment Facility

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Multilateral Environmental Agreements (MEAs) define capacity development as an integral part of their agenda. For example, Parties to the United Nations Framework Convention on Climate Change (FCCC) decided to strengthen the monitoring of capacity development as part of FCCC implementation. Capacity development is also an integral element of the Convention Biological Diversity's (CBD) Strategic Plan and 2010 target, particularly with regard to national implementation.

Guidance from the conventions to the GEF assigns growing importance to developing countries' capacities. Guidance from the Conference of the Parties for the CBD and FCCC have requested the GEF to provide funding for country-driven capacity development activities by developing country parties, in particular, least developed countries and small island developing States. The FCCC has adopted a framework for capacity development in developing countries and requested the GEF and other organizations to support its implementation. The UN Convention to Combat Desertification and Drought (CCD), as well as the Stockholm Convention on Persistent Organic Pollutants both highlighted the need to emphasize capacity development to assist countries to meet the objectives of their respective conventions.

During the late 1990s and early 2000s, the Capacity Development Initiative (CDI), a strategic partnership between the GEF Secretariat and its three implementing agencies of UNDP, UNEP and the World Bank was a central part of the process to formulate and promote a conceptual framework for assessing and developing country capacities. The framework identified key capacity development dimensions at three levels – the *systemic*, *organizational*, and *individual* levels. The outcome of the CDI (2002) was to direct capacity development through the *GEF Strategic Approach to Enhance Capacity Building (2003)*. Under

this strategic approach, the National Capacity Self-Assessment (NCSA) was made available to GEF programme countries to assess their own capacity needs and prepare an over-arching national capacity development action plan. Between 2002 and 2010 a total of 146 countries have taken advantage of the NCSA programme, with 120 having completed their NCSAs by January 2010.

As part of the CDI's work in 2000, a review of the GEF portfolio concluded that 94% of all GEF-supported projects included at least one capacity development component, mainly aimed at strengthening capacities at the organization and system-wide levels. Subsequently, nearly all of the revised GEF focal area operational programmes explicitly state capacity development as part of their strategic objectives, programmatic strategies, or at least as a central element of the intended outcomes of the focal area activities.

The *Strategic Approach to Capacity Building* is built on the GEF's guiding principle and policy that the capacities necessary to provide global environmental objectives are closely related to and must be integrated with capacities to meet broader environmental goals at the national level. Capacity development is seen as essential to results and improving performance at the country level, and included as a key approach in the GEF business plan 2008-2010: "*New approaches and modalities will be developed to further operationalize the strategic approach to capacity building, support countries in implementing the Resource Allocation Framework<sup>2</sup>, align on-going activities to ensure cost-effective management, and to demonstrate impact.*" These include supporting the development of client countries' cross-cutting capacities with the skills, knowledge and tools necessary to respond to emerging global environmental challenges.

In 2007, the GEF took a step closer towards a results-based-management approach (RBM)<sup>3</sup>, shifting from a culture of project review and approval to one focused on delivering project outcomes and impacts during implementation. The RBM framework incorporates monitoring and reporting at three levels: organizational; programmatic (focal area); and project level. The RBM framework includes a set of performance and outcome indicators for each focal area and their strategic programmes to help measure expected outcomes and long-term impacts.

While capacity development appears to be omnipresent and integrated into GEF's work through the focal areas, it remains at the same time an elusive concept with multiple definitions and interpretations. Another gap in the knowledge and tools for capacity development is the lack of concrete analytical frameworks that would allow for the monitoring as well as a quantification of the contribution that capacity development makes to achieve a specific development goal. A number of organizations are proceeding to elucidate and elaborate the concept and best practices to assess and develop capacities for the global environment and to achieve environmental sustainability.

One such exercise is UNDP's Energy and Environment Group (EEG) in the Bureau for Development Policy (BDP). Since 2009, UNDP/BDP/EEG has been undertaking a consultative and in-depth analysis of the capacity assessment and development process with a view to further elaborate a conceptual approach and practical guidance to the organization and its partners' practitioners. This *Practice Note on Capacity Development for Environmental Sustainability* is expected to be completed by mid-2010, and will provide practical tools that agents for environmental sustainability, be they UNDP staff, partner organizations, or practitioners in non-state organizations, can use at each stage of the capacity assessment and development process.

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<sup>2</sup> The GEF established the Resource Allocation Framework in September 2005 to allocate resources based on a country's potential to generate global environmental benefits. This was replaced by the GEF's System for Transparent Allocation of Resources (STAR) in October 2009.

<sup>3</sup> GEF (2007), *Results-Based Management Framework*, GEF Council June 12-15, 2007, Washington, D.C., GEF/C.31/11

## What is Capacity?

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There is broad agreement that capacity in the context of development cooperation refers to “*the ability of people, organizations and society as a whole to manage their affairs successfully*” (OECD/DAC 2006). The OECD then defines capacity development as “*the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.*” UNDP defines capacity in a rather similar way as “*the ability of individuals, institutions and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner*” (UNDP, 2006a).

In addition to defining what is capacity and capacity development, the CDI process conducted by UNDP and the GEF Secretariat identified key capacity development at three levels of intervention<sup>4</sup>:

- a) At the *individual* level, capacity development refers to the process of changing attitudes and behaviors, most frequently through imparting knowledge and developing skills through training. However it also involves learning by doing, participation, ownership, and processes associated with increasing performance through changes in management, motivation, morale, and improving accountability and responsibility.
- b) Capacity development at the *organizational* level focuses on overall performance and functioning capabilities, such as developing mandates, tools, guidelines and management information systems to facilitate and catalyze organizational change. At the organizational level, capacity development aims to develop a set of constituent individuals and groups, as well as to strengthen links with its environment.
- c) At the *systemic* level, capacity development is concerned with the “enabling environment”, i.e., the overall policy, economic, regulatory, and accountability frameworks within which organizations and individuals operate. Relationships and processes between organizations, both formal and informal, as well as their mandates, are important.

Common to these definitions is the clear attribution of capacity to a specific objective: Capacity is a means to achieve something, not an end in itself<sup>5</sup>. For the GEF, this objective must be in accordance to the GEF Instrument, where GEF funds are additional sources of funds to meet the incremental cost to provide global environmental benefits in its focal areas. Further bounding of this objective is guided by policy decisions from the Conference of the Parties of the global environmental conventions, and incorporated into GEF strategic programmes and objectives. Capacity in the GEF context is therefore those sets of capabilities needed to strengthen and sustain functional environmental management systems at the global level (recognizing that these systems must build upon national governance and management systems).

With a view to contribute to GEF goals, there are two modalities of capacity development interventions, with one complementing the other:

- a. Targeted capacity development interventions: These projects support the development of foundational capacities, including management structures that will allow for focal area programmes to gain a foothold and make a sustained contribution; and

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<sup>4</sup> Lusthaus, C., M.H. Adrien, and P. Morgan (2000), *Integrating Capacity Development into Project Design and Evaluation: Approach and Frameworks*, GEF Monitoring and Evaluation Working Paper No. 5, Washington, D.C., Global Environment Facility

<sup>5</sup> Capacity development can be seen as both a means to an end as well as an end in of itself, depending on one’s perspective or approach. This is discussed in the European Centre for Development Policy Management’s *Study on Capacity, Change and Performance*, <http://www.ecdpm.org>.

- b. Regular focal area projects containing specific capacity development components: These projects take a more vertical integration approach to meeting focal area objectives, by building the set of foundational capacities up to the set of focal area activities.

Both approaches need to build on an agreed framework that outlines the main aims of capacity and capacity development, and establishes relevant operational indicators. Towards this end, the GEF in 2003<sup>6</sup> identified an initial typology of 11 capacities as key building blocks to improve an environmental management governance framework:

- a. Awareness and knowledge;
- b. National policy, legal and regulatory frameworks;
- c. Organizational mandates, coordination, and processes for interaction and cooperation between all stakeholders;
- d. Information management, monitoring and observation;
- e. Mobilization of science in support of decision making;
- f. Financial resources and technology transfer;
- g. Incentive systems and market instruments;
- h. Negotiation skills;
- i. Cooperation and networking within regions;
- j. Organizational management and performance; and
- k. Individual skills and motivation in key organizations.

Reconciling the above typology with UNDP's Capacity Development Approach that outlines the steps of the capacity development process<sup>7</sup>, interventions to achieve environmental sustainability should develop following types of measurable capacities:

**1. Capacities for engagement:**

- Capacities of relevant individuals and organizations (resource users, owners, consumers, community and political leaders, private and public sector managers and experts) to engage proactively and constructively with one another to manage a global environmental issue.

**2. Capacities to generate, access and use information and knowledge:**

- Capacities of individuals and organizations to research, acquire, communicate, educate and make use of pertinent information to be able to diagnose and understand global environmental problems and potential solutions.

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