

**For Improving the Effectiveness and
Sustainability of JICA's Assistance,**

**Capacity Development Handbook
for JICA staff**

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**Task Force on Aid Approaches
Japan International Cooperation Agency**

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Introduction

JICA is carrying out a series of reforms including improvement of operational efficiency, reorganization, reform of the personnel system and so forth. It is imperative that all JICA staff put their utmost effort into improving each of these areas. The ultimate goal of these reform efforts is the qualitative improvement of JICA projects. Toward this end, all aspects of work require reconsideration, and the management of **JICA's technical cooperation (TC) must be reexamined** in parallel with – or even in advance of such reforms.

The JICA Task Force on Aid Approaches has prepared this handbook to share the concept of 'Capacity Development (CD),' which provides a useful framework for improving the management of JICA programs/projects. This preliminary handbook is intended as the starting point for discussion.

Note, that the content of and views expressed in this handbook are those of the JICA Task Force on Aid Approaches, and do not necessarily represent the views of JICA.

This handbook consists of three chapters and three appendices.

Chapter 1 This chapter, titled **JICA's Philosophy on Technical Cooperation and Capacity**

Development, briefly explains that the CD perspective is similar to JICA's philosophy on Technical Cooperation, which is familiar to JICA staff. However, there are some marked differences.

Chapter 2 This chapter, titled **CD and its significance for JICA**, defines CD and then lists several key points from the CD perspective that demand careful consideration in TC implementation. The goal of this chapter is to highlight some of the major implications of CD that will help us further improve JICA's TC operation in terms of greater social impact and sustainability.

Chapter 3 This chapter, **Our Role**, recommends the strategic roles of JICA as an organization and those of individual JICA staff members, experts, and other JICA project-related staff in further improving JICA's assistance with the CD perspective in mind.

Annex 1 This section, titled **CD – Concept and Theory**, overviews the definition of CD and some of its conceptual aspects.

Annex 2 This section, Application to a **Sample TC Project** examines actual examples of vocational training projects and illustrates hypothetically what would have been different, how those areas would have been different, and whether changes could have been made when reexamined from the CD perspective.

Annex 3 This section on **Individual Project Cycles and Guiding Points** suggests how JICA staff can take action and make improvements toward CD in each step of the project cycle, including planning, implementation, and evaluation. This section is based on the Technical Cooperation

Project, but the concepts are useful references for other modalities, such as study projects (Development Studies and Basic Design Studies for the Grant Aid Project), training courses, Grassroots Technical Cooperation, and volunteer projects.

1. JICA's Philosophy and Capacity Development

1-1 Reexamining JICA Projects

- The term capacity development (CD) is used in this document to refer to **the process in which individuals, organizations, institutions, and societies develop “abilities” either individually or collectively (to respond to issues) to perform functions, solve problems, and set and achieve objectives.** (For more detailed information, please refer to Annex 1 on page 17.)
- This concept is familiar to JICA, an organization that has long advocated “human development and nation-building.” We often hear the remarks, “This is nothing new to us. We’ve been carrying out capacity development for a long time.” Yet, if we review our human development and nation-building projects from the CD perspective, we can see more clearly various challenges in improving the effectiveness of our assistance. Take for example, the following:
 - **Approach to cooperation:** Hasn’t our thinking on our development and cooperation been based on the thought that “We should simply transfer know-how (technology and knowledge) and provide infrastructure from the outside (in other words, have experts “teach” counterparts) since partner countries are just lacking particular skills and abilities? There have been numerous examples of this “simply filling the gap in technical skills” approach not working out very well, not having an assigned counterpart, having counterparts that were frequently transferred elsewhere, partner countries not having sufficient budgets or project management having been driven by the Japanese side in order to be completed on schedule. In other words, **in many cases, the CD process has not taken place as originally expected.** After asserting that technical assistance that fills the “gaps” is ineffective, and in some cases detrimental to partner countries’ development, some donors have concluded that the technical assistance should be replaced by budget-support type assistance.
 - **Scope of cooperation:** The scope of CD in JICA projects has been relatively narrow. In many cases it has taken the form of technical support to the governmental organizations of partner countries. There has been a tendency to dismiss CD assistance outside the field of technical support such as policy, finance, institution and management as “partner countries’ responsibilities.” In fact, cooperation outside governmental organizations has been very limited. By recognizing the challenges above, **we can consider possible measures for improving the situation.** From the CD perspective, the process of sustainable development is made possible in partner countries, through an endogenous and holistic process that encompasses all levels including institutions, organizations, and individuals. This provides a very useful insight for JICA as we are looking at our projects from a different perspective.
 - **Level of cooperation:** In reviewing many of the projects that have failed to achieve the expected output and impact at their completion, it is often found that they have been carried out at individual

and organizational levels without due consideration to policy regarding the institutional and social environment both at the sector and at the macro level. In some projects, no strategic measures were taken to ensure that the project impact is effectively raised within the project environment. The CD perspective indicates that more attention should be paid to the broader perspective such as the linkages with macro and sectoral levels and the institutional, social and political environments whenever we try to support the CD process in partner countries.

- **Timeframe for cooperation:** CD takes time and requires steady and long-term effort. Among JICA projects, there have been many examples of long-term and continuous cooperation that have brought successful results. This is not to say that the longer the time frame of the project the better, but when considering the desirable **time span for cooperation** in the future, the concept of CD may prove useful.
- In order to improve the capacity of partner countries to solve problems, JICA is trying to strengthen its program-based approach by strategically combining aid modalities, such as Technical Cooperation Projects, individual experts, training courses, study projects and Grant Aid Projects. However, if the methods are simply assembled at random, the desired impact will not be achieved. What has been the secret of projects that have achieved greater results in terms of sustainability or impact? What kind of JICA cooperation projects is effective? What can we do to formulate effective programs? JICA is now required to analyze its lessons learned to incorporate them in the formulation, planning, and implementation of its programs. The **concept of CD and the perspectives described above may be useful in answering such questions.**

Did you know?

CD has been incorporated into JICA's Mid-Term Objectives and Technical Cooperation Implementation Guideline.

JICA Mid-Term Objectives (excerpt “In order to promote self-help efforts of developing countries to solve their problems, Japan’s approach should emphasize cooperation toward comprehensive capacity building in such areas as human resources development and the design of policies and systems. In this regard, the Agency’s role as the primary executing body for technical cooperation within Japan’s ODA system has vital importance.”

Article 3 of the JICA Technical Cooperation Implementation Guideline provides the following as the basic policy of CD: “By assisting in establishing systems, strengthening organizations, and supporting human resources development in developing regions for the development and reconstruction of their economies and societies, technical cooperation projects aim to support the endogenous CD initiative at the various CD levels by the partner countries to address their various development challenges.”

1-2 Is Technology Transfer Outdated?

- The concept of CD is in harmony with approaches such as technical cooperation, technology transfer, or other approaches that have been central to JICA's past operation. By putting technical cooperation and technical transfer within the broad framework of CD, this concept further enhances the effectiveness and efficiency of these two approaches as shown below.

Capacity Development (CD assistance)	>	Technical cooperation (as one form)	>	Technology transfer (as one element)
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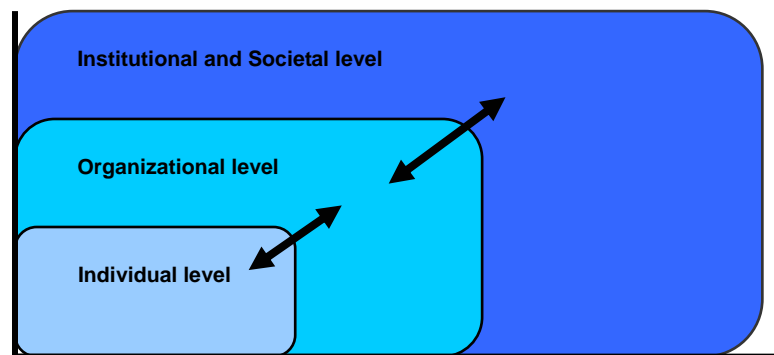
- In other words, **technical cooperation is a very effective form of assistance for enhancing partner countries' ability to solve problems**. It can produce impacts with combined effects from related initiatives such as ODA assistance other than technical cooperation, development activities by the partner countries themselves, contributions from abroad through channels outside ODA including private sector investment. It is for this reason that **it is important to clearly identify the role and appropriate positioning of JICA's technical support** within the overall CD framework. It is also important to gain a clear understanding of technical aspects and to examine how JICA's technical cooperation can be effectively mobilized in CD assistance by considering technology transfer as an important element. In this context, we must examine the status and surrounding environment of the planned technical cooperation in the partner country, in terms of policy and institutions, as well as necessary organizational strategies and partnerships with other agencies and donors.

2. Capacity Development and Its Significance for JICA

2-1 What is Capacity Development?

- The UNDP defines CD as **the process by which individuals, organizations, institutions, and societies develop “abilities” (individually and collectively) to perform functions, solve problems, and set and achieve objectives.** This is a widely used concept, although the definition of CD varies slightly from donor to donor. This handbook follows the UNDP definition.
- Within the general CD framework, there are three layers– individual, organizational, and institutional or societal levels. These layers are not mutually exclusive, but rather each level is interconnected in a systemic way. (For more detailed information, please refer to Annex 1 on page 17.)

The three layers of capacity development (conceptual framework)



Did you know?

What ever happened to Capacity Building?

- ★ Capacity development (CD) is not the same as Capacity Building, a term that was used quite frequently. The concept of CD used in this handbook is as follows (and this concept is also commonly used among donors).
- ★ Part of the reasoning behind the word “development” taking the place of the word “building” is to stress the “endogenous development process of partner countries.” In other words, since the term “building” connotes “creating something that does not exist”, this terminology might increase the tendency to subconsciously underestimate the ownership and potential of the partner country itself. It is vital that we recognize the fact that our role is to capitalize on the possibilities that exist in a partner country without undermining the initiative of the partner country itself. Our role is also to create an enabling environment to contribute to the sustainable development of the partner country.

2-2 Messages from the Concept of CD

By mainstreaming the CD perspective into JICA's basic operational principles of TC projects JICA projects will have a greater socio-economic impact without hindering the endogenous CD process of partner countries. This section presents some of the basic messages of the CD concept as it relates to JICA projects.

1) Basic principle: Outside actors cannot directly develop capacities in a partner country

CD is a process toward achieving objectives through which the people and organizations of a partner country recognize their own problems, develop a vision for solving them, and use their own resources and strengths for overcoming such problems. Although outside actors are able to fulfill roles of facilitators (or catalysts), such actors are not able to directly develop capacities.

2) Ownership by the partner country is vital

All societies have their own local institutions and their own resources including local knowledge and human resources, which can be mobilized for development initiatives. Past experience reveals that an initiative that is not firmly embedded in local institutions cannot produce sustained outcomes. In other words, it implies that the knowledge and institutions developed in a donor country cannot simply be "transferred" or "imposed" on a partner country, which has different socio-economic conditions. A donor-driven approach (from planning to project management) without respecting local knowledge, resources and ownership is not conducive to sustainable CD in the partner country. It is therefore essential for donors to make a conscious effort to help partner countries to strengthen local ownership by promoting local participation and empowerment whenever appropriate.

3) Joint efforts with the participation of stakeholders in the partner country are important

When stakeholders in the partner country join a TC project from its beginning (planning, implementing, and evaluating it) through participatory consensus-building and decision-making involving the various stakeholders, the counterparts (people and organizations) gain a greater understanding of their own problems, the need for and significance of the project. They will have also stronger incentive and motivation to execute the project. The proactive involvement and participation of the local side ensure that every project is carried out in line with local needs.

4) A long-term commitment is required

Since the endogenous process of CD slowly progresses over time in many cases, it is important that development assistance be carried out based on a long-term vision and framework. If donors dwell too much on short-term results, such assistance may jeopardize both the medium to long-term objectives and the sustainability of project outcomes.

5) **Creating a sustainable mechanism after project completion**

In order to achieve the medium to long-term objectives, it is important to strategically examine the post-project scenario upon JICA's exit and incorporate certain mechanisms for ensuring the sustainability of TC outcomes as early as possible (i.e. strategic communication and partnerships with related organizations and donors, policies and institution-building, fiscal autonomy). In this way, it becomes possible to create an environment in which the TC project can contribute more meaningfully to help partner countries achieve medium to long-term objectives at the national, sectoral, and regional levels. In case mechanisms such as policy dialogue and cooperation with other donors cannot be incorporated into the project design, alternative strategies should be explored.

6) **Systemic thinking and program approaches**

- It is common for JICA's cooperation to be limited to a specific organization within a specific government ministry. Although there is no problem with such focus in cooperation; overly narrow focus without sufficient attention to the broader context could lead to unsustainable project outcomes and poor impacts. For this reason, in order to achieve the medium to long-term objectives (program level outcomes and socioeconomic impact) in a sustainable manner, it is vital to design projects with a strategic understanding of the dynamic system and the society of the partner country where various development actors such as the public sector, civil society, and the private sectors are mutually interacting.
- At the same time, it is not usually realistic for a single donor alone to cover all the major CD aspects. Here, **a Program Based Approach becomes very important**. JICA's cooperation is integral to the wider program of the partner country. In addition, the cooperation should respect common regulations and the planning cycle of partner countries, based on strategic partnership, in order to promote CD at the national, sectoral, and regional levels.
- "Approaches for Systematic Planning of Development Projects" published by the Institute for International Cooperation provides useful guidance in this area.

7) **A flexible approach responsive to the development needs and conditions of each country, issue and sector**

- The direction and focus of CD vary depending on the status of development in the partner country (i.e. the level of poverty and economic development, the maturity of the market economy, institutions and civil society, as well as the strength of the political, administrative and fiscal systems). Therefore the contents of CD assistance vary accordingly. For instance, the approaches to CD will clearly differ between more developed countries (in which there are well-established administrative bodies and organizational frameworks exist and are functioning, and governments have sufficient revenues) and low-income countries where the administrative and fiscal frameworks are very fragile.
- In many low-income aid dependent countries such as Heavily Indebted Poor Countries (HIPCs), aid projects have proliferated without sufficient coordination, which has resulted in administrative and

financial burden on the already limited government capacity of the partner countries. In order to mitigate these situations, new initiatives have already started in a number of countries. For example, some partner countries have embarked on a larger scale CD initiative, mostly through PRS (Poverty Reduction Strategy) approaches and SWAs (Sector-Wide Approaches), at the macro and sectoral level with closer coordination between the government and donors.

- In other instances, some donors have started to harmonize their procedures among themselves and also begun to align their aid procedures with the administrative and financial mechanism of the partner countries to reduce related transaction costs. In recognizing the importance of these efforts, JICA has also participated in these initiatives in some countries such as Tanzania and Vietnam.
- Depending on the situation, various approaches to support CD could be employed such as the creation and provision of knowledge and data, financial support and provision of the equipment and facilities.

8) Measuring and evaluating the long-term CD process

In the context of result-based aid management, which demands a concrete time-bound outcome, measuring and evaluating CD assistance remains a major challenge. First, the CD process takes a long time to produce tangible development results. Furthermore, strategic elements that form an integral part of the CD process such as the sense of trust, motivation, awareness, creativeness and cooperative spirit are difficult to quantify. As a result, measurement and evaluation represent a challenge to all those involved in CD assistance including JICA. In collaboration with other actors in development aid, the JICA taskforce on CD is planning to undertake a review and a stocktaking exercise to identify indicators and benchmarks that appropriately indicate meaningful changes in the CD process. The table below presents the important elements that characterize the CD process.

■ Table 1: Key capacity features and elements to be developed in the three CD levels

Levels of capacity	Key capacity features to be developed	Elements on which the capacity is based at the three levels
Individual	The will and ability to set objectives and achieve them using one's own knowledge and skills	Knowledge, skills, will/stance, health, awareness
Organization	The decision-making processes and management systems, organizational culture, and frameworks required to achieve a specific objective.	Human assets (capacities of individuals comprising organizations)
		Physical assets (facilities, equipment, materials, raw materials) and capital
		Intellectual assets (organizational strategy, management and business know-how, manuals, statistical information, production technology, survey and research reports, household precepts, etc.)
		Form of organizations that can optimally utilize assets (human, intellectual, physical), management methods (flat organizations, TQC (total quality control), KM (knowledge management), personnel systems, etc.)
		Leadership
Institution Society	The environment and conditions necessary for demonstrating	Capacities of individuals or organizations comprising a society

	capabilities at the individual or organizational level, and the decision-making processes, and systems and frameworks necessary for the formation/implementation of policies and strategies that are over and above an individual organization.	Formal institutions (laws, policies, decrees/ordinances, membership rules, etc.)
		Informal institutions (customs, norms)
		Social capital, social infrastructure

3. Our Role

3-1 Role of JICA

Japan (and hence JICA as a technical cooperation agency) has unique development resources to offer such as knowledge, development experiences unique to Japan and the Japanese aid approach*. However, so far, we have not thoroughly reviewed under what circumstances such resources can meaningfully contribute to the CD process in partner countries. Thus, one of the immediate tasks in further strengthening JICA's international effectiveness is to formulate a guideline describing Japanese own available CD resources (incl. Japan's knowledge, experiences and lessons learned and the unique Japanese CD assistance approach) and to provide strategic guidelines on the application of such resources towards more effective CD assistance.

* Characteristics of the Japanese approach:

The Japanese approach is characterized by decision-making methods that value the process of consensus-building among interested actors, behavior that focuses on relationships of mutual trust, respect for local knowledge, emphasis on trial and error and hands-on learning, and a focus on long-term relationships between organizations. For more detailed information, please refer to the project research report entitled "Capacity Development and JICA's Activities" (February 2003).

3-2 Role of JICA Staff

- JICA staff, especially those in the regional departments at the Headquarters and at the field offices, have an important role to play in ensuring that JICA's program/projects support partner countries' CD processes. First, these staff should have a broad knowledge and understanding of the country context including the latest status of development and the country's policy environment and direction such as economic liberalization and governance reform. Second, the staff needs to have a vision of JICA's cooperation in the CD process such as, when and how JICA can contribute to the process. With such a broad knowledge and understanding, the staff will be able to ensure the relevance and effectiveness of JICA's programs and projects through all its stages.
- As part of the vision explained above, JICA staff is responsible for **appraising appropriate project objectives and approaches** (which approach is appropriate for each recipient, how large the scale should be, and when the cooperation should start.). While it is difficult to grasp these elements from the project formulation stage, it does not mean that projects are designed and started only based on limited information. In the past, we've seen projects with an ad-hoc, haphazard approach based on the idea that it is preferable to first dispatch a short-term expert to check things out, then dispatch two or three long-term experts, and once things have settled down consider overseas training. Even in the difficult situation where the necessary information cannot be easily obtained, JICA staff has to make every effort to gather at least minimum CD related information for planning and also ensure dialogue with the counterparts of each partner country.
- In designing TC projects using PCM (Project Cycle Management), it is important to apply PCM in a flexible and strategic manner. Annex 2 contains a more detailed discussion of this point. (Page 25)
- Since various project schemes have been arranged in a compartmentalized manner, JICA staff have tended to think in an "input, procedure or scheme-oriented" manner. The approach should be shifted to focus on effectiveness and efficiency in development.
- In order to formulate priority programs and projects that are consistent with the development planning of a partner country, we must **have close dialogues with all relevant actors including the government of the country and other donors. Through such dialogues**, we should identify overlapping or complementary areas to coordinate with others. Although JICA dispatches numerous experts and consultants, it is the role of JICA staff to be proactively engaged in coordination at the front line, and thus should not simply delegate such tasks to experts and consultants.
- In order to formulate and implement a strategic TC project in support of the CD process, overseas offices should be always alert to track any major changes in the country situation and gather necessary information. Such strategic information does not only mean data from the Internet or official documents, but also includes information on (formal and informal) networks, the power relationships among organizations at the governmental level, policy-making process, and activities of other donors and NGOs. This information should also cover the organizational capacity of the counterpart agency, potential counterpart organizations, key stakeholders, and required procedures or effective approaches for cooperation and development.

3-3 Role of JICA Experts

- The **key role** of a JICA expert in the CD process is to act as a “**facilitator**” (or “**catalyst**”) to allow for mutual interaction between individuals, organizations, institutions, and social systems.
 - Experts can play an intermediary role between policy-making bodies and local sites by helping to promote communication with related organizations and partners. They can act as facilitators (or catalysts) by helping partner countries to identify and mobilize local experience and knowledge through assisting the review of existing knowledge, helping to combine them with outside knowledge with necessary adaptation to suit the local context. In most cases, simple technical transfer in which the role of experts is to only transfer technology and leaving it up to the government of the partner country whether to utilize the transferred technology is insufficient for stronger impacts and sustainability of project output.
- In summary, experts have the following roles: 1) consultant, advisor, coach, 2) linking counterparts with other resources, 3) provider of encouragement and support, 4) finding areas where counterparts expect obstacles and improving their skills and 5) drawing out and making optimum use of valuable local knowledge.
- CD assistance **requires that experts be**: 1) highly committed to projects, 2) hard-working, 3) strategic and deliberate in carrying out their work, 4) able to lead by example and be effective in the use of OJT, 5) understand the local conditions and other cultures, and 6) respect counterparts’ opinions.

■Contribution to CD by experts (technology transfer is not the only role of experts)

Case: Change in counterpart's attitude ("XYZ Province Local Revitalization Project" in Country X)

One of the factors that hinders the ability of public institutions to fulfill the recipients' needs in participatory-development is the tendency of government officials to neglect the opinions and abilities of the population. In this project, the problem was that the provincial government official, who was the counterpart, had never been to the rural areas. When the expert took the counterpart around the site and showed him how enthusiastically the community was participating in the project, the provincial government official's awareness and attitude greatly improved.

Case: Enhancing commitment to the public role ("Elementary and Secondary School Science and Math Improvement Project" in Country Y)

The importance of sharing information between project participants created an environment in which joint learning and information sharing between participants occurred frequently. Soon after, the habit of regularly sharing ideas to improve the project was established among the participants.

Case: Outside perspective used to draw out local needs ("Pharmacopoeia Project" in Country Z)

The following *outside* perspectives of experts discovered the local needs of the pharmacopoeia project, which is currently being carried out under strong national ownership in country Z: 1) awareness of the need to have a national "pharmacopoeia," to secure quantity and quality drugs in line with the national pharmaceutical policies and to carry out steady pharmaceutical administration, 2) recognition that the pharmaceutical administration and pharmaceutical industry of Country Z are adequately mature to develop their own pharmacopoeia, 3) risk of Country Z losing competitiveness against neighboring countries, and 4) knowledge that Japan's experience of developing a pharmacopoeia with external assistance from the Netherlands and Germany.

1. Capacity Development (CD) – Concept and Theory

This section reviews the basic concept of Capacity, Capacity Development, and CD Assistance with reference to international discussion on CD.

1-1 What are Capacity and Capacity Development? The Basic Concepts

(1) Basic Definition of Capacity

The word “capacity” is often used when referring to improving an individual’s ability, becoming certified, or receiving training or education. In this handbook, however, “capacity” and “Capacity Development” are used to encompass organizations and even whole societies.

What is the difference, then, between this holistic concept of “CD” and the concept of “development”? The major difference is that the concept of CD firmly places **the perspectives of endogeneity and sustainability** at the center of the focus in the development process. Western donors have started to understand such perspectives, which have been the central principle of JICA’s assistance for many years. Although donor organizations use slightly different definitions of CD, the definition given by the UNDP is the most commonly cited one. The UNDP defines “Capacity” as follows:

The ability (problem-solving ability) of individuals, organizations, institutions, and societies to individually or collectively perform functions, solve problems, and set and achieves objectives.

(2) Levels within Capacity and CD

Table 2 represents a further breakdown of capacity into three levels: individual, organizational, and institutional/societal.

■Table 2: Ways of thinking about capacity

Level of Capacity	Definition of Capacity
Individual	Knowledge or skill of an individual. Motivation and ability to appropriately set behavioral objectives and achieve those objectives using that knowledge and skill.
Organization	The leadership, administrative structure (including personnel payroll system, decision-making processes), and organizational culture required to achieve goals set for the organization (or set by the organization itself).
Institution, society	The enabling environment and conditions required for the manifestation of capacities at the individual or organizational levels. Includes policy frameworks, legal systems, political institutions, and market economy institutions.

Note: Organization – A group that exists to achieve specific objectives under institutional norms.
Institution/Society: Norms that make up a framework for mutual relationships between people and organizations. Includes undocumented practices and customs.

These CD levels are closely interconnected. CD should be considered from a holistic and systemic

perspective, even when dealing with a particular CD level. This means that the performance of staff members cannot be separately considered from their surrounding environment including their organizational and institutional setting. For institutions to properly function, organizations and individuals must have sufficient understanding and be able to manifest their capacities within the institutional setting.

(3) Capacity Development and CD Assistance

Building on the definition of capacity described above, CD is the process through which capacity is conserved, created, strengthened, adapted and maintained over time. It is **an endogenous process in which partner countries take the lead**. What is then the role of donors in the endogenous CD process? In JICA's experience, the initiative and ownership of the partner country have been consistently respected to the greatest extent possible in projects that were sustainable and able to produce larger impacts (in other words, ones that resulted in CD). **The role of development assistance in CD is thus to support the endogenous CD process of the partner country, to act as a catalyst, and provide opportunities and space for that process.**

(4) How Should We View the CD Process? (See Figure 1 and its explanation on page 20)

- **Looking at imbalances between the three levels of capacity**

This section presents a method of looking at the situation of partner countries and organizations when thinking about assistance for the CD process, identifying particular levels with deficient capacity among the three capacity layers from the dynamic capacity development perspective (social change). In other words, the dynamic CD process is considered by focusing on imbalances in the three capacity levels.

As described previously, each capacity level is closely interconnected. But this does not assume that the actors in each of the three levels are equally equipped with the necessary capacities to respond to the needs of society. Rather, in many cases it is appropriate to suppose that there are imbalances in the capacities of each of the development actors in the three levels.

- **Looking at imbalances in capacity**

Where analysis of capacities at each level shows that the organizational and individual levels are insufficient to meet the new societal needs in the process of the country's transition to a market economy, although progress is being made on the institutional side, CD at the organizational and individual levels should be strategically supported.

However, the CD process itself does not end there even after the organizational and individual capacities are enhanced through JICA assistance. Capacity at the institutional level will then need to be adjusted accordingly with further dynamic social changes. In such context, it will then become necessary to further undertake CD assistance in new areas in order to ensure that the individual and organizational levels are in line with the new societal needs.

- **Imbalances in the three levels of capacity and role of CD assistance**

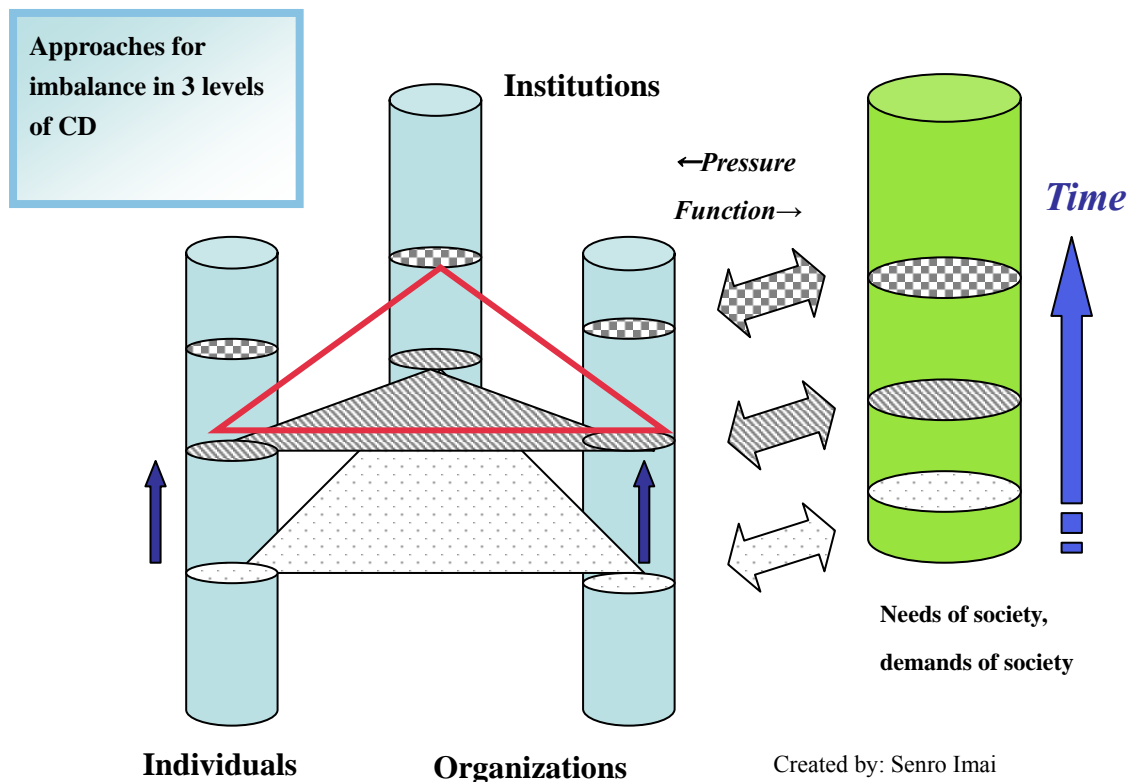
Imbalances in capacities provides an important opportunity for CD where the society is faced with the

urgent necessity to respond to rapid changes in societal needs and when taking on a specific development objective in the CD process. The role of aid organizations here is to provide support to partner countries in their own efforts to address these imbalances. Going one step further, when capacities at each level in society are at a low equilibrium and thus unable to adequately meet the changing needs of society, CD assistance by aid organizations may be able to help create opportunities for endogenous change to take place.

- **Timing of CD assistance**

It is vital to strategically judge whether the time is ripe for the partner country to receive particular CD assistance. The timing of CD assistance is a key factor in the success or failure of a project.

Figure 1







Created by: Senro Imai

Explanation of Figure 1

First phase  


[Assessment of the situation]

The capacities of organizations and individuals  do not meet the demand level of the institutions 
[CD target]


- Organizations and individuals acquire the capacity to meet the needs of the institutions (three levels achieve a balance ).
- Institution is functional (functions in society at the  level)

Second phase  

[Assessment of the situation]

- The institution is no longer able to meet the needs and demands ( level) of society (pressure for institutional reform from society)
- The capacity for making current institutions work is held by organizations and individuals.

[CD target]

- Consideration of institution on how to meet societal needs and demands ( level)
- Trial run of new institution (while keeping an eye on new CD for individuals and organizations to cope with new institution)

1-2 Actors to CD, Resources and Elements of Capacity: Whose Capacity and What Kind of Capacity?

This section overviews the potential actors in capacity development (whose capacity?) and the elements and type of “capacity” (what kind?) with reference to the holistic concept of “capacity” and “CD”.

(1) Diverse Actors of CD: Who’s Capacity?

JICA has extended its assistance mainly to public sector organizations. On the other hand, there has been a greater recognition among development organizations and practitioners that it is necessary to adopt a more comprehensive approach by involving non-governmental actors such as private sector organizations both for-profit and those not-for profit (i.e. NGOs) as well as informal citizen groups. (Please see Table 3)

This does not necessarily mean, however, that JICA itself must provide direct support to the private sector. JICA should strategically formulate projects/programs based on the overall situation of each partner country and of the roles and capacities of all the various actors in the partner country. For example, while the direct counterpart for a JICA’s Technical Cooperation Project is a public sector organization, the project may need to pay attention to its beneficiaries and stakeholders in order to attain project objectives. In such case, the project (or a program comprising multiple projects in some cases) may strategically extend assistance to promote the CD of individuals and organizations.

■ Table 3: Examples of Capacity Actors

Category	Capacity Actors
Public sector	<ul style="list-style-type: none"> ■ Individuals: public servants (decision-makers, middle-management, field managers), parliamentary representatives, heads of local governments ■ Organizations: organizations and affiliated bodies in the country or municipality ■ Society: country, local governments
Private for-profit sector	<ul style="list-style-type: none"> ■ Individual: corporate executives, employees ■ Organizations: companies, business organizations ■ Society: private sector, individual industries
Private not-for-profit sector	<ul style="list-style-type: none"> ■ Individuals: citizens ■ Organizations: NGOs, NPOs, community groups ■ Society: civil society, individual local communities, individual occupational societies

(2) Resources and Elements Critical in Developing Capacity: What Kind of Capacity?

The concept of capacity now encompasses an extremely wide array of elements such as knowledge, skills and physical resources.

More specifically, at the individual level, the elements of capacity could include knowledge, qualifications and skills; at the organizational level they may include physical assets (facilities, equipment, and material) and financial capital, leadership, organizational strategies, management and business know-how, and organizational formation, and at the institution/society level, they include the market economy

framework, legal systems, even social customs. Table 1 (page 10) lists some of the items that are fundamental in developing capacity.

1-3 Implications of the CD Concept on JICA Project/Program

The following section presents the main implications of the CD concept on a JICA project/program? A more detailed description of these points in the flow of the project cycle is given in Annex 3.

(1) CD and JICA Projects

● Towards mainstreaming the CD Concept into JICA Project/Program

To improve aid effectiveness, it is vital to strategically manage a project/program in order to contribute to sector level objectives. In this regard, a CD concept that takes into account the individual, organizational, and institutional/societal level is useful for strengthening such strategic management. This implies that projects must be strategically managed throughout the cycle (planning, implementation and evaluation) in reference to the CD concept. The following challenges must be tackled on mainstreaming the CD concept.

- Basic research on the theoretical framework of CD
- Dissemination of the CD concept
- Review of JICA projects from the CD perspective
- Development of capacity assessment tools (in line with JICA Pre-Evaluation system)
- Introduction of the CD perspective into operational guidelines for JICA projects
- Introduction of the CD perspective into JICA Evaluation system (including the development of possible CD related indicators)

● Introduction of CD-targeted project/program

In addition to improvement of ongoing JICA projects from the CD perspective as illustrated above, formulating a more CD-targeted project/program is another challenge for JICA. A CD-targeted project/program sets the goal of developing capacity at the organization and/or institution level (i.e. development of the market economy systems, strengthening of the management of public organizations).

(2) Comprehensive Concept of CD and the Scope of JICA's Assistance

Comprehensiveness of the CD concept does not imply that JICA must provide assistance to all CD aspects from society and institutions to the individual level. A single donor organization including JICA cannot support all CD aspects required, especially at the society level. This indicates the strong necessity of strategic collaboration with other donors. In other words, we should look at into the partner country's capacity, the efforts of the government and donors, and JICA's strengths and weaknesses. Then we can analyze what approaches to support what capacities are effective with the autonomy and the sustainability. As a result of the analysis, JICA's intervention may become very comprehensive programs or just the dispatch of a short-term expert.

(3) Technology Transfer and CD

The concept of CD does not contradict JICA's core concept of technology transfer in Technical Cooperation Projects. Rather, technology transfer is an extremely important means of comprising CD assistance.

Technical Cooperation Projects that focused too narrowly on transferring Japan's experience and technology to partner countries has often resulted in being too donor-driven rather than responding to the needs and ownership of the recipient country. For your reference, we have provided below a comparison of technology transfer-oriented thinking and CD-based thinking (Table 4).

■ **Table 4: Technology Transfer and CD**

Areas that tend to be trouble spots with technology transfer-dominated thinking	But when technology transfer and technical cooperation are reexamined from the CD perspective...
<p><u>Transferring Japanese technology is the most important</u> This way of thinking (tending to be donor-driven) place focuses on technologies for transfer, rather than on addressing recipient needs.</p>	<p><u>Assistance that will contribute to CD in the partner country (recipient-driven) and selection of knowledge, and technology</u> Making decisions on the content of technical cooperation, based on a joint-consideration with the partner country, of the kind of knowledge that is most suitable for the conditions of the target country or organization. Also consider adding to technology transfer from Japan, possibilities such as South-South cooperation, and in some cases, a catalytic role in identifying unexpected sources of knowledge in the partner country.</p>
<p><u>Cooperation ends when technology is transferred to counterparts during the cooperation period. After that, assimilating and disseminating technology is left up to the partner country.</u> Technology that has been transferred may remain at the individual level without being spread. The impact of technology that has been transferred may be lost because it is not sustained, as a result of the fiscal constraint of partner countries.</p>	<p><u>Carry out strategic cooperation that leads to CD at all three levels (individual, organizational, and institutional/societal) in respecting the development conditions in the partner country.</u> When carrying out technical cooperation, look into strategic cooperation that includes the assimilation and dissemination of results of technical cooperation covering technology transfer in a broad sense.</p>
<p><u>Technology transfer is the main focus and other types of cooperation, such as provision of equipment, are merely incidental.</u> As described above, there is a likelihood that the results of cooperation based on this technology transfer-dominated thinking will result in the transferred technology not being assimilated or disseminated.</p>	<p><u>Strategically combine a variety of cooperation schemes</u> It is important to set targets in line with goals, to have flexible methods of input, and to decide input/resources that correspond to the conditions of individual capacity. For instance, in low-income countries that have severe fiscal conditions, considerations should be made from the beginning to keep in mind cooperation programs that strategically combine technical cooperation with other schemes such as financial aid.</p>

1-4 Differences between JICA and Other Donors in Approaches to CD Assistance

In recent years, there has been a marked difference in aid approaches between western aid organizations (the World Bank, UNDP, DFID, CIDA etc.) and Japan/JICA.

(1) Characteristics of Other Donors' Efforts

One trend in CD assistance by many other donors is to place strong emphasis on transformational reforms in major institutional or organizational frameworks, including supporting reforms toward a market economy or democratic government system and administrative and financial reforms. This arises from a reflection of past experience in which the impact of stand-alone assistance has mostly been limited and such impact has remained at the level of individual skills or at best localized capacity building in a specific organization. In addition, there is the recognition that the international tide of economic liberalization, democratization, and the concomitant change of the role of the state, invariably necessitates transformational changes in the partner countries.

(2) Characteristics of Japan's Efforts

Japan's CD assistance so far has mainly adopted approaches such as learning by doing and on-the-job training at the organizational (particularly in operation/production units) and individual (particularly middle-level public officials) levels. In other words, this approach aims to encourage gradual change in the target countries and organizations through focused support. This type of approach is in some ways a reflection of the Japanese general stance of refraining from being involved in major changes in a partner country that may be considered external interference in the country's sovereignty. Furthermore, one of the reasons behind focusing on middle-level public officials may also reflect from the Japan's past experience in which middle management played strategic roles in strengthening Japanese organizations by linking the top management and the operation/production units.

(3) The Future Direction of JICA's Efforts (Building on the characteristics of the West and Japan)

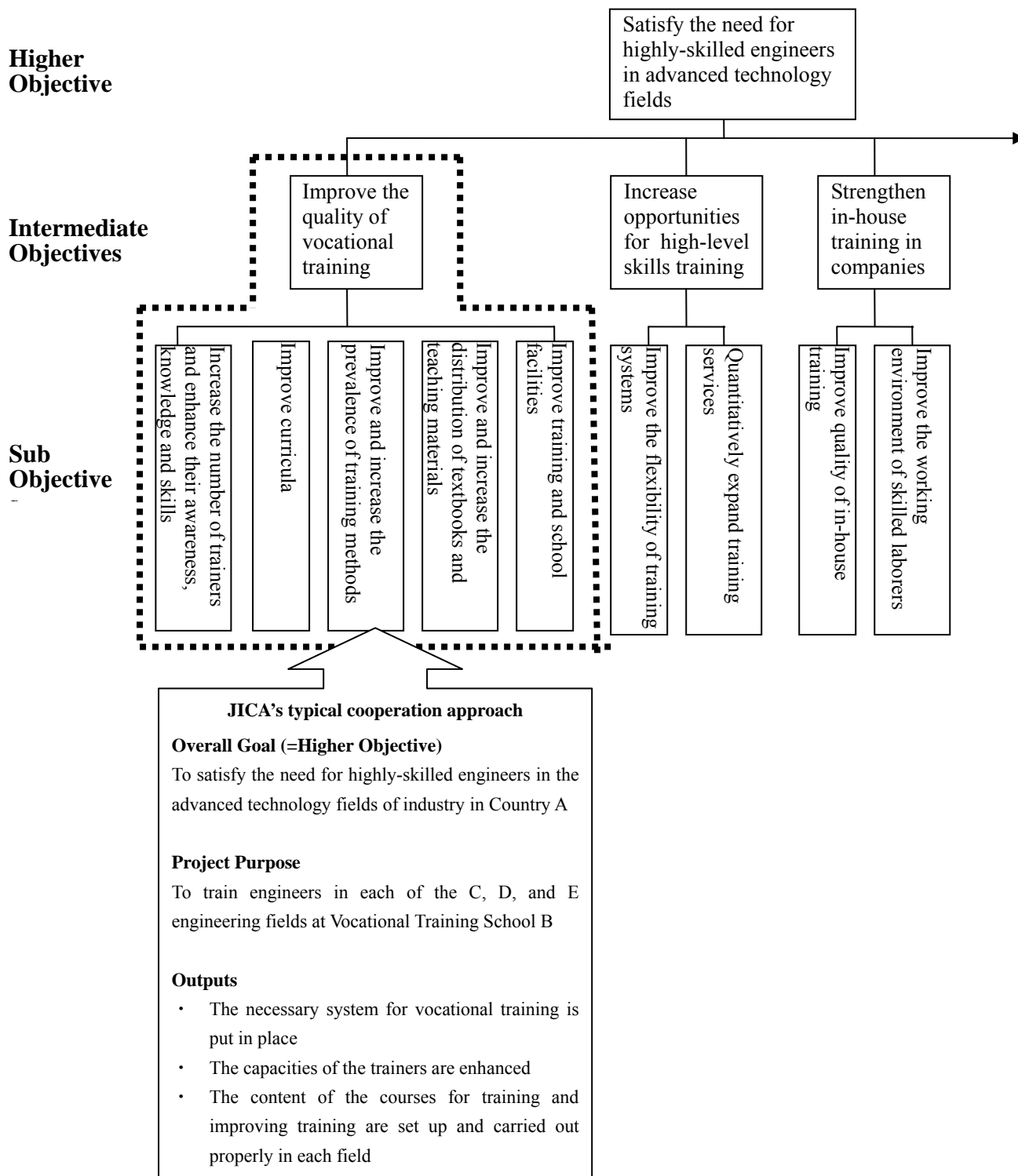
This is not an either-or situation that forces a choice between the transformational change methodology often employed by Western donors, and the incremental change methodology of Japan that encourages gradual changes from the bottom up. Rather, these two approaches are mutually complementary given the diverse conditions existing in partner countries. Due to varying situations in countries or regions, there may be cases in which encouraging major reforms is preferred, while in others more focused gradual CD assistance is appropriate. The method of combining these approaches should be considered on a case-by-case basis taking account of the current conditions and needs of the partner country, locality, or organization, and of the strengths and weaknesses of Japan as well.

2. Application to A Sample Technical Cooperation Project

This section presents an example vocational training project.

The diagram below shows the relationships involved in the various mechanisms for solving a problem.

JICA conventionally employs the mechanism shown in the dotted lines.



Now, imagine that you are in charge of the project. Can you answer the following questions regarding this approach?

**Q1. Why was the project purpose selected?
(Does the project purpose really solve the intermediate goal?)**

Note, the following reasons are no longer a sufficient explanation:

- Because the recipient government requested the project purpose.
In fact, JICA is formulating projects together with the recipient government at a variety of phases.
- Because JICA's counterparts are public institutions.
There is no need to be limited by precedents. Not all counterparts are public institutions. If the partner country's government agrees to our involvement and if we can explain that the actor has the fairness and public interest of the project in mind, it is possible to have counterparts other than public institutions.
- Because a standardized period and input determine the achievable project purpose.
By introducing Technical Cooperation Projects, we are now able to be receptive to new ways of thinking.

Q2. Does the project purpose contribute to achievement of the higher objective?

- Aren't there too many prerequisites and external conditions that challenge the achievement of the objectives?
- Is the degree of contribution to the objectives commensurate with the cost of the project?

Bearing the above two key questions in mind, now we review the project design from the CD perspective to address the higher objective of "satisfying the need for highly-skilled engineers in advanced technology fields."

Why was the project purpose selected?**(Does the project purpose really solve the intermediate goal?)**

The following table of capacities to be developed by the project described on page 25 was created based on the premise that the necessary personnel will be allocated for that purpose.

Note: The items outlined in bold are capacities developed through the project

Definition of capacity Capacity actor	<Individual> Ability to use one's own knowledge and skills to set and achieve objectives	<Organization> Decision-making processes, management systems, and frameworks necessary for achieving specific objectives	<Institution/Society> Decision-making processes and systems for the formulation and implementation of policies and strategies over and above an organization
Public sector	<u>Principal of Vocational Training School B</u> <ul style="list-style-type: none"> • Able to manage the vocational school in line with outside opinions (commission) • Secures necessary personnel and budgets <u>Trainers at School B</u> <ul style="list-style-type: none"> • Able to evaluate and improve teaching methods • Able to create training materials 	<u>Vocational Training School B</u> <ul style="list-style-type: none"> • Able to establish management system • Able to set up and maintain necessary equipment and materials • Able to grasp corporate needs and make decisions on course content • Able to create and revise curricula and syllabi 	N/A
Private for-profit sector	N/A	N/A	N/A
Private not-for-profit sector	N/A	N/A	N/A

From this table we can see the following:

- The target of CD is extremely limited. It does not consider the institutional reform and the involvement of the private sector.
- Moreover, since the target of cooperation is limited to Vocational Training School B, there is no mechanism for spreading the outcomes made at that school and improving the quality of other vocational training schools as a whole.
- There is a high likelihood that the project objective of “training engineers in each of the C, D, and E engineering fields at Vocational Training School B” benefit only School B and that it may not achieve the intermediate objective of “improving the quality of vocational training.”

In order to achieve the objective of “improving the quality of vocational training”, it must be made possible to develop successful outcomes by positioning the project in question as a “model project”. Or, make sure that the outcomes of “trainers training” run through to the end-user. In other words, institutional CD must be made part of the activities of the project from the beginning, without leaving it to the decision of the recipient government.

Case 1: Review of the Project Purpose to Meet the Intermediate Objective

How to create models that are easy to disseminate

Incorporate a dissemination model into the project.

When creating a model, aim to incorporate wisdom and ingenuity cost effectively instead of spending a lot of money on the display.

Revised project design based on the CD perspective

Overall Goal:

To meet the demand for highly-skilled engineers in advanced industrial technology in Country A

Project Objective:

For vocational training schools throughout the country to be able to offer vocational training courses for acquiring high-level skills by the year 2009.

Outcomes:

- The government formulates and puts into effect an action plan for training highly-skilled engineers.
- Standard curricula and educational materials for high-level skills training are developed at Vocational Training School XX.
- A commission is established to review the usefulness of the model and then it is disseminated to other training schools

Definition of capacity	<Individual> Ability to use one's own knowledge and skills to set and achieve objectives	<Organization> Decision-making processes, management systems, and frameworks necessary for achieving specific objectives	<Institution / Society> Decision-making processes and systems for the formulation and implementation of policies and strategies over and above an organization
Capacity actor			
Public sector	<p><u>Director General and Director in charge in the Ministry of Labor</u></p> <ul style="list-style-type: none"> • Able to recognize specific issues related to lack of engineers • Able to work out appropriate countermeasures for problems <p><u>Principal of Vocational Training School B</u></p> <ul style="list-style-type: none"> • Able to understand the significance of government strategies • Able to effectively manage the commission that is reviewing the model project <p><u>Trainers</u></p> <ul style="list-style-type: none"> • Able to provide training in advanced technology fields 	<p><u>CD Dept., Division, Ministry of Labor</u></p> <ul style="list-style-type: none"> • Able to gather information and make analyses required for policy decisions and strategy development • Able to create a national strategy for resolving the shortage of engineers • Able to implement strategies <p><u>Vocational Training School B</u></p> <ul style="list-style-type: none"> • Able to develop standard curricula and educational materials for skills courses <p><u>Vocational Training Schools other than B</u></p> <ul style="list-style-type: none"> • Able to implement the government's action plan • Able to secure required personnel • Able to set up and maintain necessary equipment and materials 	<p><u>Government</u></p> <ul style="list-style-type: none"> • Able to officially recognize action plans for encouraging the development of highly-skilled engineers
Private for-profit sector	N/A	<p><u>Business Organizations</u></p> <ul style="list-style-type: none"> • Able to voice opinions on government policies • Able to forecast future demand for engineers 	N/A
Private not-for-profit sector	N/A	N/A	N/A

Does the project purpose contribute to achievement of the higher objective?

In order to answer this question, we must first understand the situations of the individual, organizations, and institutions / societies that are relevant to achieving the higher objective, and then examine what capacities already exist, and which ones are lacking.

Some of the capacities necessary for “satisfying the need for highly-skilled engineers in advanced technology fields” have been entered in the table below. The capacities listed here become prerequisites depending on the approach.

Definition of capacity Capacity actor	<Individual> Ability to use one’s own knowledge and skills to set and achieve objectives	<Organization> Decision-making processes, management systems, and frameworks necessary for achieving specific objectives	<Institution/ Society> Decision-making processes and systems for the formulation and implementation of policies and strategies over and above an organization
Public sector	<p><u>Director General and Director in charge in the Ministry of Labor</u></p> <ul style="list-style-type: none"> • Able to recognize specific issues related to lack of engineers • Able to work out appropriate countermeasures for problems <p><u>Principals of Vocational Training Schools</u></p> <ul style="list-style-type: none"> • Able to understand the significance of government strategies • Able to manage the training school in line with company requirements • Able to effectively manage the commission that is reviewing the model project <p><u>Trainers</u></p> <ul style="list-style-type: none"> • Able to provide training in advanced technology fields 	<p><u>CD Dept., Division, Ministry of Labor</u></p> <ul style="list-style-type: none"> • Able to gather information and make analyses required for policy decisions and strategy development • Able to create a national strategy for resolving the shortage of engineers • Able to implement strategies • Able to develop standard curricula and educational materials for skills courses <p><u>Vocational Training Schools</u></p> <ul style="list-style-type: none"> • Able to secure required personnel • Able to set up and maintain necessary equipment and materials • Able to plan and manage courses that are in line with company requirements • Able to implement the government’s action plan 	<p><u>Government</u></p> <ul style="list-style-type: none"> • Has a plan for encouraging the development of highly-skilled engineers that is officially recognized by the government

Private for-profit sector	<u>Corporate Executives</u> <ul style="list-style-type: none"> • Has a desire to solve the shortage of engineers in own company 	<u>Companies</u> <ul style="list-style-type: none"> • Able to provide re-training opportunities to employees <u>Business Organizations</u> <ul style="list-style-type: none"> • Able to voice opinions on government policies • Able to forecast future demand for engineers • Able to popularize in-house training 	<u>Private Sector</u> <ul style="list-style-type: none"> • More favorable treatment for highly-skilled engineers than for generally-skilled workers <u>Private Sector</u> <ul style="list-style-type: none"> • Has trust in vocational training schools • In-house training is conducted at some companies
Private not-for-profit sector	<u>Unemployed</u> <ul style="list-style-type: none"> • Able to take courses at the vocational training schools 	<u>Labor Unions</u> <ul style="list-style-type: none"> • Able to understand the need for re-training of engineers • Able to make rational decisions when negotiating with corporate executives 	<u>Job Market</u> <ul style="list-style-type: none"> • Persons with advanced skills are able to find employment easily

An analysis of individual, organizational, and institutional/societal capacities makes it possible to determine whether the chosen approach will really be effective in achieving higher objectives and allows for a comparison with other approaches. We need to analyze how much time it takes to develop each capacity. See [Example 2](#), [Example 3](#)

Case 2: Review of the Project Purpose to Meet the Higher Goal

How to review the project purpose under the situation that the partner country needs to achieve the higher goal within a short period?

The model project approach may not be the best choice; it may be better to follow an alternative approach:

- ⇒ Increase opportunities to offer as much vocational training as possible within a short period
- ⇒ Re-train personnel who already have basic skills

Revised project design based on the CD perspective

Overall Goal:

To meet the demand for highly-skilled engineers in the advanced industrial technology in Country A

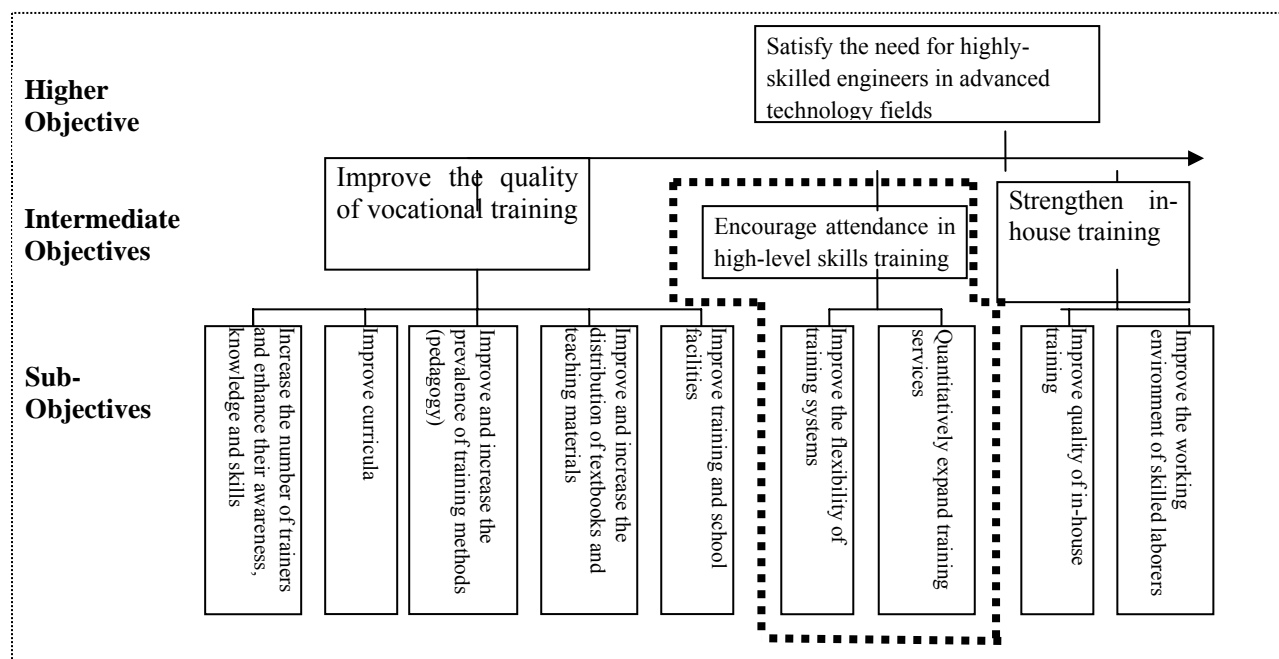
Project Objective:

To increase the number of engineers in fields C, D, and E by X number of people by the year 2009.

Outcomes:

- By the end of the project, X number of engineers are offered high-level skills training.
- Standard curricula and educational materials for skills training courses are created.
- Corporate training (including re-training) is able to be provided at vocational training schools throughout the country.

In this case, the main objective is to “encourage attendance in high-level skills training” while keeping in mind improving the quality of technical training.



Definition of capacity / Capacity actor	<Individual> Ability to use one's own knowledge and skills to set and achieve objectives	<Organization> Decision-making processes, management systems, and frameworks necessary for achieving specific objectives	<Institution/Society> Decision-making processes and systems for the formulation and implementation of policies and strategies over and above an organization
1. Public sector	<p><u>Principals of Vocational Training Schools</u></p> <ul style="list-style-type: none"> • Able to understand the significance of government strategies • Able to manage the training school in line with company requirements <p><u>Trainers</u></p> <ul style="list-style-type: none"> • Able to provide training in advanced technology fields 	<p><u>CD Dept., Division, Ministry of Labor</u></p> <ul style="list-style-type: none"> • Able to develop standard curricula and educational materials for skills courses <p><u>Vocational Training Schools</u></p> <ul style="list-style-type: none"> • Able to secure required personnel • Able to set up and maintain necessary equipment and materials • Able to plan and manage courses that are in line with company requirements 	<p><u>Government</u></p> <ul style="list-style-type: none"> • Has a plan for encouraging the development of highly-skilled engineers that is officially recognized by the government
2. Private for-profit sector	N/A	<p><u>Companies</u></p> <ul style="list-style-type: none"> • Able to provide re-training opportunities to employees 	N/A
3. Private not-for-profit sector	N/A	<p><u>Labor Unions</u></p> <ul style="list-style-type: none"> • Able to understand the need for re-training of engineers 	N/A

Case 3: Review of the Project Purpose to Meet the Higher Goal (2)

How should CD be approached in a partner country where in-house training in companies is more popular than the training in public institutions?

⇒ Why not focus on CD for companies and business organizations?

Revised project design based on the CD perspective

Overall Goal:

To meet the demand for highly-skilled engineers in the advanced industrial technology in Country A

Project Objective:

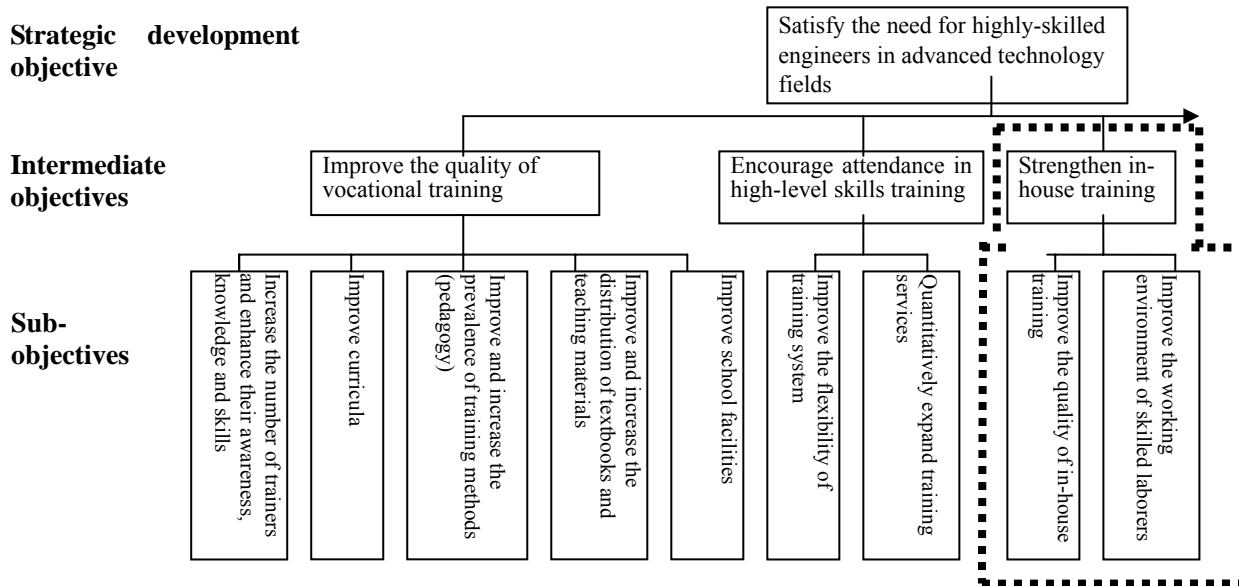
To improve the rate at which the need for engineers in fields C, D, and E is met

(Intermediate objective is to strengthen in-house training in company)

Outcomes:

- A system for promoting in-house training in companies is created by the Ministry of Labor
- The Ministry of Labor provides companies with a standard curricula and educational materials for skills training courses to companies

In this approach, “promoting in-house training in company” becomes the main objective.



Definition of capacity Capacity actor	<Individual> Ability to use one's own knowledge and skills to set and achieve objectives	<Organization> Decision-making processes, management systems, and frameworks necessary for achieving specific objectives	<Institution / Society> Decision-making processes and systems for the formulation and implementation of policies and strategies over and above an organization
Public sector	<u>Director General and Director in charge in the Ministry of Labor</u> • Able to work out appropriate countermeasures for problems	<u>CD Dept., Division, Ministry of Labor</u> • Able to implement strategies • Able to develop standard curricula and educational materials for skills courses	<u>Government</u> • Introduces incentives for carrying out in-house training
Private for-profit sector	<u>Corporate Executives</u> • Has the desire to solve the shortage of engineers in own company	<u>Companies</u> • Able to secure necessary personnel for in-house training <u>Business Organizations</u> • Able to popularize in-house training	<u>Private Sector</u> • Supports and shares the policy direction of business organizations
Private not-for-profit sector	N/A	<u>Labor Unions</u> • Able to understand the need for re-training of engineers • Able to make rational decisions when negotiating with corporate executives	N/A

3. Improvement of Operation based on CD Concept

Higher CD awareness and change of behavior of JICA staff and experts will improve our way of operation. It relates to (i) planning of country program and (ii) formulation, implementation, monitoring and evaluation of project/program.

3-1 Incorporation of CD Perspective into JICA Country Programs and Priority Programs

We are about to formulate / revise our JICA country program. How do we incorporate CD perspectives into the program? What are the key CD points we should keep in mind?

● Capacity Assessment

In order to formulate JICA Country Programs and specific programs on priority areas that incorporate CD, we must maintain an overview of the entire system. Specifically, we need to consider whether identified aid programs are incorporated strategically in the CD process of the partner country that covers the institutions, organizations, and individuals. From that perspective, the analysis described below is very important in order to assess the capacity gaps in a partner country for addressing the critical development issues.

- ▶ Overall information regarding the current policy and institutional environment as well as future direction. It includes information on political, administrative, and fiscal reforms, and movement to a market economy.
- ▶ Current and expected roles of the government/public sector, private for-profit sector, civil society sector, and community in the framework described above: Current capacity level of each development actor in fulfilling those roles: Interactive relationships among those actors.

● Prioritizing and Sequencing

In formulating CD focused programs, clarification of a medium-to-long term strategic aid vision is the first step: Is the program based on an overall picture and strategic overview, instead of jumping into consideration of detailed inputs and activities?; Which actors are target groups to lead to desirable impact?; When is the best timing and how is its sequencing?; Do we expect to see changes in the institutional and societal environments during and after the project?.

In approaching the partner country, there may be three types depending on the administrative and social situation of the target sector.

Case 1: The relevant actors in the partner country are not fully aware of the necessity of an improved system, institution or policy

We can provide comparable information such as related policies of Japan or other countries so that the actors are able to recognize the problem and take initiative in choosing and implementing a solution option.

Case 2: The actors do not have sufficient skills to introduce the selected option to improve their system, institution or policy.

We may assist in a pilot project to consider its feasibility.

Case 3: The existing system, institution or policy is appropriate but not functioning.

We may provide advice or support human resource development to enable the existing system institution or policy to operate within the context.

What steps and processes should we take in order to mainstream the CD perspective into JICA Country Programs upon its formulation / revision?

While the steps and processes for incorporating the CD perspective into JICA Country Programs will vary according to the different status of the Country Program in each country. Below we've listed two approaches for your reference.

- ▶ In case there will be a full-scale revision of Country Programs, the information-gathering, surveys, analyses, and program planning should be carried out in such a way as to incorporate the CD perspective.
- ▶ When major revisions of Country Programs are not scheduled in the near future, rolling plans should be re-examined from the CD perspective.

Is it necessary to carry out additional special studies on CD?

The need for additional study on CD in the country depends on a variety of factors; those include the status of development and overall capacities of the partner country and the extent to which relevant information has already been sufficiently accumulated at the JICA country offices and/or division in charge at headquarters. One suggestion would be to integrate a CD study component into the TOR of the planned Project Formulation Study or related Project Formulation Advisor prior to the revision of Country Programs.

3-2 Incorporation of CD Perspective into Projects

What key aspects in formulating program/projects that fully reflect CD perspectives?

The planning stage is extremely important in order for our partner countries to fully identify their own problems by themselves, to develop a medium- to long-term vision, and to ensure the necessary motivation to effectively execute the program/project under their ownership. For those of us involved in development assistance, it is useful to remember the following key points with reference to CD perspectives.

- ▶ A holistic understanding of the environment and capacities surrounding the proposed program/project covering social and institutional systems, organizations and individuals
- ▶ Participatory project planning by involving the actors in the partner country (Proactive engagement and participation of the stakeholders in the partner country can enhance the local motivation and meet local needs at a low cost.)
- ▶ Program/Project design that fully takes advantage of the existing knowledge in the partner country
- ▶ Exit strategy that adequately takes into account sustainability and scaling-up aspects upon the program/project completion
- ▶ A strong commitment to a long-term timeframe.

Should we extend our assistance to all three levels, including individual, organizational, and institutional/societal at one time?

Since individuals, organizations, institutions and social systems are all mutually interrelated, it is important to analyze each level and assess how to achieve outcomes at the social level effectively and efficiently. Then we should set the target of our efforts as broad as possible, taking limitations of resources into consideration. However, this does not necessarily mean that we should cover all three CD levels in our program/project design. In many cases, other donors will have already extended or will be planning to extend their assistance to the areas related to our proposed program/project. In such cases, we need to try to strategically collaborate with those programs/projects.

We are planning a program/project. How should we assess/analyze capacity status at the institutional/societal, organizational, and individual levels in planning specific projects?

- Planning program/project usually requires more detailed capacity assessment of the proposed counterpart organizations and actors than the case of country program formulation. It is important to gather and analyze information on the (economic/social/political/ organizational etc.) Environment or context in which the project takes place. Relevant analytical tools are being developed in the

business sectors (i.e. Context analysis, capacity assessment, stakeholder analysis, policy environment mapping and SWOT analysis), and some donors have already started to use some of these tools in their operations¹. Our next challenge is to develop tools for JICA staff and experts.

- While JICA has already undertaken stakeholder and problem analysis at the planning stage as part of the PCM methods, the introduction of other capacity assessment tools such as organizational assessment and SWOT analysis will help us improve in getting a better understanding of the CD aspects.
- The following points are selected CD aspects that require special attention:
 - leadership of the target organization;
 - role of the target organization in the related sector and its credibility;
 - relationship with other organizations;
 - capacity for fiscal management;
 - technical capacity;
 - incentive level of the organization;
 - capacity of individual staff to plan, implement, manage, monitor, and evaluate activities;
 - incentives and turnover of staff; and
 - human resource development programs for staff.
- It is desirable to conduct the joint capacity assessment with the stakeholders of the partner country. Projects designed without taking care of the environment tend to be unsustainable since they lack a strong commitment and ownership on the side of the partner country. The assessment stage itself is an important part of CD assistance.
- Overseas offices play critical roles in maintaining a close relationship with the actors in the partner country and gathering important CD related information. These roles include the reputation of the target organization in the sector, the political influence of the organization, the relationship between local customs/culture and the project, and the relationship of the organization with the stakeholders.

JICA's past assistance mostly targeted (or extended assistance through) public sector organizations. If we mainstream a holistic CD perspective into our operations, should we target more at civil sector organizations (incl. NGOs) or private sector (for profit)?

- Not necessarily. In most developing countries, the public sector still plays the lead role in providing various services and will continue to do so in the foreseeable future. Even in a country with a very active large private sector, the government has an important role to play in creating and maintaining its enabling environment. In this regard, our assistance approach emphasizing public sector support is still valid in respect of CD perspectives. However, we also need to keep in mind that the changing

¹ For example, "Capacity Development Operational Guide for Program Managers" (May 16, 2001, CIDA)

role of the state in this global trend of economic liberalization and democratization is causing a shift in TC needs.

- In other words, we must think about how best to ensure the capacity development of individuals/organizations and social impact in respect of the specific situation of recipient countries/sectors.

JICA's past TC projects mostly stopped at establishing pilot or demonstration projects with policy recommendations to partner countries government in the belief that they would perform appropriate follow-up on the completed program/project. If we introduce a more holistic CD perspective, do we need to further extend our assistance to such a follow-up stage such as on a national scale or replication etc.?

- It is vital that we plan with the partner country regarding the positioning of the project in a medium- to long-range vision to disseminate its impacts on the sector as a whole and on the social system. Necessary mechanisms should be set up in the project accordingly.
- It is often too late to consider project sustainability issues at the end of a project. It is thus essential to incorporate an “exit strategy” with necessary mechanisms to ensure the sustainability of project output from the inception stage. Project follow-up without a clear vision of exit strategies should be avoided.

What should we keep in mind when carrying out model/pilot/demonstration projects?

- Model, pilot or demonstration projects are carried out in the expectation that the established pilot models and the lessons learned would be reflected in the policy making process or replicated to other regions. Projects with limited timeframes and areas need to be positioned in the development plan of the partner country including the activities of other donors. Early involvement of key stakeholders such as policy makers and advisors well before the start of the project further enhances the acknowledgement and understanding of the project.
- In addition to close communication with senior government officials through the project cycle, the involvement of other stakeholders such as beneficiaries and related group will further enhance the sustainability and replicability of the project by strengthening the ownership of those stakeholders and helping to develop more locally-suited models.
- Strategic collaboration with other donors including proactive dissemination of project information is also a way to increase the scale of project outcomes.

Case 1: Environment Center in Country X

The capacities of environment management in Country X can be divided into three phases.

Phase 1: The system formation phase

Major needs are in public institutions: enacting environmental laws, establishing administrative

institutions and setting up environmental information system.

Phase 2: The full-scale operation phase

The formed system works and pollution is controlled.

Phase 3: The autonomous phase

Companies and citizens work actively and a system develops autonomously with inter-relationship among government, company, and citizens.

When the project started, Country X was just entering the end of Phase 1. The environmental laws and environmental administrative systems of Country X were almost in place and an environment white paper was in the review process. Therefore, the project started at the stage of supporting the full-scale operation of that system: monitoring, research, and training to effectively carry out pollution control.

As social systems evolved into Phase 3, citizens and companies showed increasing awareness of the environment, especially regarding pollution, under a rapid shift to a market economy and privatization. Following these changes, the JICA team strategically assisted in introducing Japan's (company) pollution prevention management system into Country X, with increased interests and ownership of the partner country. Subsequently, the agency for the environment instructed five cities to introduce the same system on a trial basis.

Case 2: Improving Maternal and Child Healthcare Service in Country Y

With support from a range of donors, the headquarters divisions and the local branch offices of the Ministry of Health have been executing many and varied in-service training programs for the Ministry's officials. However, in spite of a large investment so far, these programs have not produced the expected impact. One of the major factors behind this has been the uncoordinated nature of these "stand-alone" training programs driven by donors. As a result, these investments have been inefficient such as overlapping of training contents and inequitable provision of training to a limited number of officials.

In the health sector in Country Y, holistic health sector reform started since 1996 through Sector-Wide Approaches (SWAP) with the participation of the government, donors, and NGOs. In this JICA project, the following activities were carried out with the objective of creating a national in-service training system that would encompass most of the national health system within this sector-wide program framework and rationalize the proliferated training courses.

- Creation of a framework and formal classification for in-service training courses
- Development of an in-service training information system for participants and budgets
- Development of a training logbook that registers individual training records and can be used as a resource for promotion
- Development of a monitoring system for the in-service training program at the national and provincial levels

The counterpart had a general idea of the policy level in Country Y, but lacked:

- the know-how to create effective strategies;
- implementation framework;
- sufficient technical knowledge and information; and
- equipment, materials, and sufficient budget

In Japan, no similar system exists and there was no expert with sufficient experience. The JICA team spent a long time building mutual trust with the Health Ministry in the process of implementing this

project.

The project drew the idea out to a feasible level, presented a detailed process for translating the idea into reality, decided on the budget, and then involved numerous actors in the activities. Once both had a better understanding of each other, the activities unfolded more smoothly, and in just one year and a half the project was able to complete the work of developing the core system of the project. Following completion, the Health Ministry adopted the in-service training officially and applied to the training courses executed by other donors.

3-3 Incorporation of CD Perspective into Implementation and Monitoring

What important lessons can be learned in the implementation phase from the CD perspectives?

In the report “Capacity Development and JICA’s Activities” (2003), JICA reviewed several technical cooperation projects. The following factors were found to be important in the implementation phase from the CD perspective.

- ▶ Build trust with counterparts
- ▶ Promote creation of networks with beneficiaries and related organizations
- ▶ Enhance the motivation of individuals who are involved (respect for ownership through participatory decision-making, sharing the significance of the project, enhancing confidence and motivation in the job by giving a sense of improving knowledge and skills, and on-the-job training)
- ▶ Share knowledge
- ▶ Do not impose Japanese ideas on the recipient
- ▶ Obtain a good understanding of the partner country’s knowledge
- ▶ Be flexible in reviewing the objectives and methods for achieving those objectives according to the environment
- ▶ Explicitly prepare opportunities for hands-on learning experience in projects

Should JICA transfer Japan’s technology and experience in its technical cooperation?

- This is an important perspective, but it should not restrict the approach. External technology, knowledge, and experience all play a role as information sources, triggers, and catalysts for partner countries to use when thinking about solutions to their problems.
- However, technology transfer does not merely involve experts giving advice to counterparts. It is insufficient for Japanese experts or consultants to impose solutions based only on Japanese technology, knowledge, and experience on the partner countries to fill in the gaps where partner countries have no technology, information, or experience.
- CD concept values ownership and an endogenous development process. We need to consider what kinds of solutions are suitable for the conditions of a particular country, and what kinds of technology, knowledge, and experience in the partner country, Japan or even another country can be utilized. Then, we should support the partner country in choosing the best solution option.

The more we emphasize the concept of CD, the more the project must become dependent on the partner country activities with its ownership. Does this inevitably mean that the project will not progress smoothly as we planned? Can we satisfy both the result-orientation and CD perspective?

In many cases, undertaking the CD perspective demands flexibility to adapt the objective and approach of the project to the environment rather than simply following a blueprint. There will certainly be cases in which cooperation does not progress smoothly according to the original plan. However, undertaking the CD perspective does not mean that there was no result framework at the beginning, it rather means to have a longer-term result-oriented perspective that allows a more flexible approach. It is also important to keep an eye on each change that occurs as a result of activities during the project.

From a CD perspective, how should the issue of recurrent project expenses be handled?

- In JICA projects, we offer in-kind assistance including the provision of equipment and materials and dispatch of experts based on the principle of self-help. The partner country, as the project's owner, is requested to assign counterparts to the project and to bear necessary recurrent expenses. However, in countries that face numerous development issues under very severe fiscal conditions such as Heavily Indebted Poor Countries (HIPCs), strict application of the self-help principle might not be a realistic option.
- While we need to keep conformity with JICA's accounting policies and a long-term strategic vision for CD, we may need to employ a more flexible approach especially in the difficult situation of our partner countries from a short- and medium-term perspective. One possible measure is to collaborate strategically with grant aid schemes funded by the Ministry of Foreign Affairs such as sector program grant aid.

Case 3: Dentistry Education Project at X University in Country Z

The project purpose was to improve the technical, educational, and research capacities of X University, the only organization that is training dental practitioners in Country Z. Due to revisions of the country's laws during project implementation, treatment fees at public institutions became free of charge, and it was expected that the resulting rapid increase in patients at the medical center of X University would result in managerial difficulty in terms of finance, operation, and administration. At that point, an expert in hospital management was dispatched under the same project to analyze the management. Then the project decided that the medical center should aim to be an independent corporation and supported its lobbying of the national assembly and related government organizations.

The medical center succeeded in becoming an independent administrative entity and that ensured the sustainability of the organization, which was targeted under the project.

3-4 Incorporation of CD Perspective into Evaluations

Incorporating the CD perspective fully into JICA's current project evaluation system is still our remaining challenge. The below are points for consideration.

Why is it necessary to incorporate the CD perspective into evaluations?

- At JICA, a result-based approach has become the core principle of program/project management. We are now asked to achieve project objectives within a certain period that have been identified in the Project Design Matrix (PDM). In addition, in this result-based management, more tangible output and outcome such as quantitative indicators have become the preferred choice for ease of fulfilling accountability.
- However, excessively rigid application of short-term results-orientation may contradict the CD concept as an endogenous long-term process. Therefore, we need to further examine how we can incorporate the CD perspective into evaluation and result-based management.

Is there an internationally established method of evaluation based on the CD perspective?

- At present, there is no international standard in terms of evaluation methodology based on the CD perspective. Currently, a number of multi-lateral and bi-lateral donors are exploring appropriate and practicable methods of evaluation within the CD conceptual framework through activities such as field-testing and research.
- The following major issues need to be tackled for integrating the CD perspective into evaluation:
 - ▶ The CD concept involves many intangible aspects such as sense of trust, loyalty, commitment, motivation, awareness, creativity, cooperative spirit, etc. All these aspects are critical to CD but at the same time difficult to measure, especially using quantitative methods.
 - ▶ Ensuring consistency between the CD perspective usually requiring a long time until tangible results are obtained and most project evaluation methods that demand concrete results in a relatively short time-frame.
 - ▶ Difficulties of establishing clear attribution of program/project outcomes to changes at the wider organizational, institutional and societal level.

What role can evaluation activities play in promoting the CD process?

- According to Practical Methods for Project Evaluation (2004, JICA), there are three objectives of project evaluation: (i) to improve project management; (ii) to promote learning process of JICA staff and counterparts in the partner countries; and (iii) to ensure accountability.

- Participation of the partner country enables effective evaluation. The experience of JICA and other donors shows that the participation of stakeholders in the partner country throughout the evaluation process ensures feedback of lessons learned and increases the motivation for sustainability after completion of the project. On the other hand, donor-driven evaluation is likely to risk lowering the partner country's motivation toward CD.
- Evaluation can be regarded as the learning process both for the partner country and JICA. In the evaluation cycle, involvement of the counterpart in the partner country is critical through planning, monitoring and evaluation. The Project Management Cycle (PCM) helps the participatory cycle, as a project management tool.

What points should we consider when setting evaluation indicators or conducting evaluation?

- Evaluation Indicators
 - ▶ Planning is the first step. The project purpose, activities, and evaluation indicators in the Project Design Matrix (PDM) need to be designed so as to reflect the CD perspective. It is desirable to clarify the project purpose whether CD is the primary goal or a means to achieve certain development objectives. The significance of CD has an effect on selection of evaluation indicators or evaluation of the project.
 - ▶ Select evaluation indicators jointly with actors from the partner country. (This is an area in which JICA has accumulated practical experience through the application of PCM.)
 - ▶ In projects in which CD is incorporated as a means, combine concrete development indicators (health, education, etc.) with indicators for CD.
 - ▶ Set development objectives and indicators at the program level from a more holistic and long-term perspective that corresponds to the CD process. Meanwhile, set more concrete and short-term indicators that are consistent with higher objectives in specific projects that comprise a program. When doing so, the project objectives at the project level and the related indicators should be incorporated as a step toward the achievement of objectives at the program level.
- Project Evaluation
 - ▶ Encourage participation from the actors in the partner country throughout the project evaluation process to provide valuable opportunities for those partners to learn lessons and areas for consideration when taking over the project. Share evaluation results with those actors.
 - ▶ Take into account both qualitative and quantitative indicators to adequately reflect CD results.

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