

APPENDIX F

Capacity Assessment Process

This appendix describes the process for assessing current capacity for a program or project and determining whether additional capacity is necessary for its success. The capacity assessment process establishes a baseline of what capacity may be necessary to implement a program or project and promote sustainability of a program or project after transition or handover to the host nation or service recipient. The capacity assessment is conducted for the purpose of identifying, understanding, and estimating the “risk” to program or project sustainability resulting from unmet capacity needs, also referred to as “capacity gaps”. The assessment process is used to evaluate the current capacity, identify areas in which capacity should be enhanced to meet the program or project objectives, and to identify the potential for restructuring programs or projects so they can be met by existing capacity.

Section 1 provides general background for conducting a capacity assessment for any type of program or project. Section 2 describes the process of estimating capacity risk through a qualitative method and the use of a standard worksheet.

1. Background. The capacity assessment is used to estimate the risk to the program or project based on current or unmitigated conditions. It should be repeated, as necessary during the course of the program or project to reassess the risk as mitigation actions are employed by the stakeholders or to account for major changes in program or project conditions.

a. The United States Army Corps of Engineers (USACE) Program or Project Manager (hereafter referred to as “USACE Manager” in this appendix) and other stakeholders should determine the need for capacity in a program or project by considering various capacity categories in the Capacity Development (CD) framework (Figure 2). This determination should include the extent to which sufficient systems, assets, and processes must be in place during program or project execution and upon completion to promote the objectives and sustainability. Capacity needs should be addressed through a systems approach, where consideration is given to interrelationships and linkages of CD needs at all levels of the framework.

b. Capacity categories to consider include, but are not limited to:

(1) Communications: Methods and value of vertical and horizontal communications within the government and between/among stakeholders to support informed decisions about the activities and operations needed to support the program or project.

(2) Funding: Financial resources for the development, implementation, and sustainment of the program or project.

(3) Governance: National, regional, and local government stability, access to information and financial resources, and levels of commitment to the program or project.

(4) Institutions: Political, educational, professional, economic, market, religious, cultural, and recreational systems needed to support and sustain the program or project.

(5) Labor pool: Capability and availability of local labor (public and private sector) to meet the quantity and skills requirements of the program or project.

(6) Legal framework: Laws and regulations and their enforcement, decision processes (e.g., government transparency, accountability.)

(7) Physical infrastructure: Physical assets of the key host nation organization(s) that are either internal to the program or project or external to the program or project. These are the physical assets necessary for success and include structures and layout, computer systems, transportation, telecommunications, work environment, and other key infrastructure necessary to sustain the program or project.

(8) Organizational processes: Operations of the key host nation organization(s) that are either internal to the program or project or external to the program or project. These processes are necessary for success and include statements of objectives, goals and methods, administrative structure (e.g., human resources, accounts, budget, finances, contracting, payroll, staff salary and support), leadership and management, decision processes, timely delivery and schedule adherence, problem identification and resolution, roles and responsibilities, monitoring and evaluation, incentives, accountability, feedback and learning, internal/external communications, health/safety organization, research and development, general operating environment, independent audits, and interactions with stakeholders and product/service customers.

(9) Personal behavior: Personal attitude toward ethics, accountability, management, responsibility, work in general, problem and/or conflict resolution, and other people that may affect the program or project.

(10) Personal skills: Current personal capabilities, and desire for continuous improvements to support the success of the program or project.

(11) Social norms: Community behavior and attitude toward the program or project, cultural and societal values of the host nation and service recipients, local customs, discrimination, and corruption that may affect the success of the program or project.

(12) Stakeholder processes: Stakeholder operations, decisions, commitment, capabilities, availability, interactions with other stakeholders, and funding that affect the success of the program or project.

(13) Support infrastructure: Materials, services, and information that are external to the key host nation organization(s), and may affect the success of the program or project, including technologies, security, economic, communications, transportation, natural resources (water, air, land, and minerals), energy, housing, medical, food, agriculture, raw or processed materials, supply/contracting/consulting vendors, and water/wastewater utilities.

(14) Other: To be defined as appropriate for the program or project setting.

c. Not all the categories listed above may be relevant to a specific program or project. Those that are relevant will become the benchmarks against which existing capacity is measured. The USACE Manager and stakeholders should compare their collective assessment of existing capacity against these benchmarks to identify areas that require improvement during the course of the program or project. Any benchmarks must be set in consideration the societal and cultural values of the host nation and the political context under which the work will be performed.

United States Government (USG) values or other western norms may or may not be appropriate for certain aspects of the program or project. The following elements should be considered and estimated by the USACE Manager and the stakeholders:

- (1) probability or likelihood that a capacity gap will occur;
- (2) consequence that a capacity gap may have on program or project completion and viability;
- (3) risk to program or project completion and sustainability for each capacity gap; and
- (4) risk to program or project completion and sustainability through cumulative impact of all capacity gaps.

d. The USACE Manager and stakeholders should jointly plan a risk mitigation strategy for each capacity gap that will improve the chance of meeting program or project objectives and sustainability. Evaluation of probability and consequence should take into account any risk mitigation actions that are in place when the assessment is conducted.

2. Capacity Assessment Worksheet. The capacity assessment is conducted by the USACE Manager and other stakeholders in a workshop setting or other forum appropriate for the program or project. It is documented on a simple worksheet, shown on Table F-1. The capacity assessment worksheet serves as a uniform program or project template for information related to each capacity gap. This worksheet is maintained as a “living” compilation of data and information and should be updated as significant new information becomes available, as mitigation actions are undertaken and completed, and as external factors alter the conditions under which the program or project will be implemented and sustained.

a. The USACE Manager should use the following information during a stakeholder workshop setting to complete the capacity assessment worksheet:

- (1) objectives in conducting the capacity assessment at this time;
- (2) basis for including specific stakeholders;
- (3) description of the assessment process and the capacity assessment worksheet;
- (4) background and context of the program or project, including its goals and objectives, description, funding sources and levels, and current status;
- (5) summary of previous capacity assessments, if any; and
- (6) host nation strategy, USG strategy, Commander’s Intent, or other guidance materials.

b. The capacity categories shown in Section 1 should be considered as appropriate for the program or project, along with additional categories that may be necessary. The capacity categories should be considered in terms of all three levels of the USACE CD framework (Figure 2). The USACE Manager and stakeholders should consider the example issues and basic lines of inquiry shown in Figure 3 as a starting point in completing the capacity assessment worksheet, expanding as necessary, to meet the specific program or project attributes.

c. The USACE Manager and stakeholders should focus their CD planning to close the capacity gaps that result in the highest risk to the program or project (i.e., “critical” or “high” risk rating). They should also consider addressing gaps that present any level of risk if

implementation of the mitigation action can be quick, easy, and inexpensive (i.e., “low-hanging fruit”) and sustainable. The USACE Manager and stakeholders should strongly question mitigation actions for which implementation is difficult, expensive, and time consuming relative to the potential for significant risk reduction. Mitigation actions to address “medium” risk capacity gaps are addressed next, in an effort to further strengthen the program or project. Mitigation actions to address “low” or “minimal” risk capacity gaps are addressed in the context of optimizing the results after more serious threats have been addressed or as other CD specific opportunities arise. The presence of multiple “critical” or “high” risk capacity gaps should cause the USACE Manager and stakeholders to consider wholesale changes to the program or project, or even question program or project viability and timing. Mitigation actions may or may not result in reduction of risks to acceptable levels in these cases. The USACE Manager should report these conclusions back through the management chain to senior leadership, as appropriate.

d. The USACE Manager and stakeholders should determine whether there are opportunities within the program or project to increase the capabilities and capacity of the host nation or service recipient, even if the increased capacity is not required to directly support the program or project. The program or project may provide an excellent platform to enhance the capabilities of individuals so they can work more productively and efficiently on other programs and projects. This creates a win-win scenario in which the program or project benefits from the direct input and contribution of host nation resources and the host nation benefits by acquiring expanded capabilities for its resources (e.g., host nation government staff, private sector within the host nation, or host nation university staff). The steps for the capacity assessment process and completing the capacity assessment worksheet (Table F-1) are described below.

(1) Enter Program or Project General Information. Enter the program or project name, program or project number, start date and scheduled completion date at the top of the capacity assessment worksheet (Table F-1).

(2) Identify Capacity Needs. The USACE Manager and stakeholders should agree on the capacity needs to support the program or project during the initiation phase of the program or project. This is a key step in the process, because everything that follows is dependent on an accurate identification of capacity needs. The USACE Manager and the other stakeholders (including the host nation or service recipient) identify capacity needs related to the program or project and evaluate whether sufficient capacity exists for the completed program or project to be sustainable. The capacity categories shown in Section 1 serve as the guideline for consideration of capacity needs at each of the three levels in the USACE CD framework level (Figure 2). The capacity assessment worksheet (Table F-1) does not include space to record capacity needs, so this step should be performed prior to beginning the worksheet.

(3) Determine Framework Level and Capacity Category. The USACE CD framework level (Figure 2), and general capacity categories (Section 1) should be considered in the process of identifying capacity gaps and this information should be entered on the capacity assessment worksheet (Table F-1). This will quickly indicate whether there is a trend toward gaps at a certain framework level or within certain capacity categories.

(a) A capacity gap may exist at multiple framework levels (e.g., funding may be a limiting factor or gap at both the enabling environment level and at the organizational level). The enabling environment factors are comprised of issues such as host nation government structure, laws, regulations, and national policies.

(b) The organizational factors include such items as ministerial, regional, or local systems, including administrative, business, and infrastructure. The individual level would consider items such as availability of an adequately trained workforce, on-the-job training provisions, and equipping facilities with adequate spare parts.

(4) Identify Program or Project-specific Capacity Gaps. This is the process in which the USACE Manager and the stakeholders identify the capacity gaps that have the potential to substantively impact the short-term and long-term program or project sustainability. A capacity gap is simply the difference between the capacity need, described above in (2) and the existing capacity of the host nation to meet that need. A capacity gap may be a gap in the ability of the host nation to support the program or project during the design or implementation phase or it may be a gap in the ability of the host nation to maintain the program or project after handover without assistance from external organizations. The group should use judgment on whether a gap has the potential to significantly impact the program or project outcome and should achieve consensus on whether to carry each gap through the subsequent steps. A short summary of the capacity gap should be entered on the capacity assessment worksheet (Table F-1).

(5) Estimate the Probability that the Capacity Gap Will Occur. The USACE Manager and stakeholders should assign a probability rating to each of the identified capacity gaps. This is a qualitative process, based on rating options of minimal, low, medium, high, or critical; the rating criteria are provided in Table F-2. Credit should be taken in the probability rating for the mitigation actions if a gap has been identified and actions are planned to mitigate or reduce the likelihood of its occurrence. The unmitigated risk should be used to compare and evaluate the anticipated efficacy of the mitigation actions.

(6) Estimate the Consequence of Capacity Gap. The USACE Manager and stakeholders should assign a consequence rating for each capacity gap. The initial rating should reflect existing conditions and subsequent ratings should reflect the effectiveness of stakeholder mitigation actions that will be undertaken to reduce the consequence of the capacity gap.

Table F-1. Capacity Assessment Worksheet

Program/Project Name:			Program/Project Start Date:				
Program/Project Number:			Scheduled Program/Project Completion Date:				
Capacity Gap		Capacity Gap Rating Scores: Minimal, Low, Medium, High, or Critical			Selected Mitigation Action(s)	Lead Stakeholder for Mitigation Action	Comments
		Description	Framework Level and Category	Probability			
1							
2							
3							
4							
5							
6							
7							

Table F-2. Guidelines for Assigning Probability Score for Each Capacity Gap

Score	Description of Probability
Minimal	<p>Mitigation action is assigned to stakeholder with commitment for schedule and funding. - AND - Mitigation action has achieved 80% or more of the benefit expected at this time. - AND - Prime contract, if applicable to the program or project, contains incentives or provisions to mitigate capacity gap.</p>
Low	<p>Mitigation action is assigned to stakeholder with commitment for schedule and funding. - AND - Mitigation action has achieved between 60% and 80% of the benefit expected at this time. - AND - Prime contract, if applicable to the program or project, contains incentives or provisions to mitigate capacity gap.</p>
Medium	<p>Mitigation action is assigned to stakeholder with commitment for schedule and funding. - AND - Mitigation action has achieved between 40% and 60% of the benefit expected at this time. - AND - Prime contract, if applicable to program or project, contains incentives or provisions to mitigate capacity gap.</p>
High	<p>Mitigation action assignment to stakeholder is unresolved or mitigation action is assigned to stakeholder, but without commitment for schedule and funding. - AND - Mitigation action has achieved between 20% and 40% of the benefit expected at this time. - AND - Prime contract, if applicable to the program or project, to contain incentives or provisions to mitigate capacity gap, but contract language is not yet developed or problems are foreseen with inclusion of such language into contracts.</p>
Critical	<p>Mitigation action is not assigned to stakeholder and resolution for assignment is unlikely. There is no schedule or funding commitment to implement mitigation action. -OR - Mitigation action has achieved less than 20% of the benefit expected at this time. - OR - Prime contract, if applicable to the program or project, has been issued and does not contain incentives or provisions to mitigate capacity gap.</p>

(a) The guidelines for developing consequence ratings are contained in Table F-3. The risk ratings range from “minimal” to “critical”. A consequence rating of “minimal” indicates an insignificant impact to the program or project and a rating of “critical” indicates that the consequence will have a significant impact to the program or project. The scores for unmitigated and mitigated consequences provide a comparison of the consequence impact to the program or project for each capacity gap and address the efficacy of the mitigation strategy for each capacity gap.

(b) The rating for each capacity gap should be entered on the capacity assessment worksheet (Table F-1).

Table F-3. Guidelines for Assigning Consequence Score to Each Capacity Gap

Score	Description of Consequence
Minimal	Capacity gap will have no impact or very low impact on program or project design, construction, and/or sustainability. Capacity gap will result in small, acceptable change in program or project performance; risk is minor threat to mission; possibly requires minor operations or maintenance changes without redesign.
Low	Capacity gap will have low impact on program or project design, construction, and/or sustainability. Capacity gap will result in small change in program or project performance; risk is small threat to mission; possibly requires minor redesign or repair.
Medium	Capacity gap will have medium impact on program or project design, construction, and/or sustainability. Capacity gap results in medium change in program or project performance; risk is serious threat to mission; possible completion of only portions of the program or project, or requires major redesign or rebuilding.
High	Capacity gap will have high impact on program or project design, construction, and/or sustainability. Capacity gap will result in substantial change in program or project performance; risk is high threat to mission; risk may cause loss of mission.
Critical	Capacity gap will have very high impact on program or project design, construction completion, and/or sustainability. Capacity gap will result in very substantial change in program or project performance; critical threat to mission; risk will likely result in loss of mission.

(7) Estimate the Total Capacity Risk for Program or Project. The total risk to a program or project presented by capacity gaps is a function of the risk ratings for probability and consequence for each capacity gap. A capacity gap that scores “low” on probability and “minimal” on consequence, for example, will likely present a minimal risk to a program or project. A capacity gap that scores “critical” on both probability and consequence will likely

have a substantial impact on the success of the program or project.

(a) The USACE Manager and stakeholders must use judgment to qualitatively characterize the total risk by considering the probability and consequence ratings for each capacity gap. The total risk should be characterized for each gap as minimal, low, medium, high, or critical and that value should be entered on the capacity assessment worksheet (Table F-1). The objective is not to develop a quantitative score, but to provide a relative rating system from which decision-makers can develop appropriate and effective mitigation actions to reduce capacity risk to an acceptable level.

(b) The success of the program or project in meeting objectives for long-term sustainability must be estimated in terms of cumulative capacity risks; i.e., the sum of the risks posed by all the capacity gaps. Program or project success will be only as strong as the weakest link. A single capacity gap in the “critical” risk range can be sufficient to jeopardize program or project success. Senior leadership must be apprised of any critical gaps that place the entire program or project in jeopardy.

(8) Develop Capacity Risk Mitigation Actions. The USACE Manager and stakeholders should develop a mitigation strategy for each capacity gap identified. The strategy should be accompanied by specific mitigation actions aimed at reducing the probability and/or consequence presented by the unmitigated or existing capacity gap. A succinct description of the mitigation strategy should be entered on the capacity assessment worksheet (Table F-1). A more detailed description of the mitigation actions should be entered into the Program or Project Management Plan, the Program or Project Risk Management Plan, or other appropriate document. A specific capacity gap may have more than one mitigation action and implementation of the action may involve more than one stakeholder. The mitigation actions should be numbered within the worksheet cell if more than one action is required.

(9) Assign Mitigation Actions to Stakeholders and Establish the Schedule. The USACE Manager and stakeholders should identify a single stakeholder that will have the primary role for leading the mitigation action for a specific capacity gap. A mitigation action may require the efforts of multiple stakeholders, but one stakeholder should always have the lead role. Identify a date by which the mitigation action will be complete and enter these dates on the program or project schedule to ensure they are not overlooked as the program or project progresses. This information should be entered on the capacity assessment worksheet (Table F-1).

(a) Stakeholder commitment is very important at this point. The lead stakeholder and other stakeholders who may be involved in the mitigation action should each commit to provide the scope of the mitigation action, resources necessary to carry out the mitigation action, and the schedule for the mitigation action.

(b) This commitment should be agreed upon by the stakeholders and formally documented through a Memorandum of Understanding (MOU) or other similar commitment document.

(10) Enter Comments. Comments, as necessary, can be added to the capacity assessment worksheet (Table F-1). It is likely that comments will change during the execution phase of the program or project and during capacity re-assessments. The comment field provides a location to document whether the gap may prevent successful completion of the project (i.e., up to the

point of handover to the host nation) or whether the gap pertains to the objective of sustainability after handover to the host nation.

(11) Conduct Capacity Re-assessment of Program or Project. The capacity assessment work does not stop at the end of the program or project initiation and planning phases; it continues through the execution phase. The initial capacity assessment is conducted in the initiation and planning phases to establish baseline conditions. A periodic review of capacity assessment and risk during the execution phase is necessary to identify new issues that may arise and to judge the efficacy of the mitigation measures that were put into place.

(a) The method of capacity assessment during the execution phase should be developed to fit the program or project. Capacity assessment and CD have the greatest potential for payback on the larger, more complex, and higher-budget programs or projects and these should be re-evaluated on a regular basis to maximize the chance for success and to identify and mitigate any new critical capacity gaps.

(b) The USACE Manager and available stakeholders should repeat the steps shown above on a routine basis during program or project execution until it becomes apparent that continued assessment no longer has the potential to impact program or project success. Each time the program or project is re-assessed, a new benchmark is established. It is essential that host nation or service recipient representatives are directly involved in the re-assessments. A mitigation strategy should be reconsidered, altered, enhanced, or replaced if the re-assessment indicates that it is not achieving the expected reduction in capacity risk.

(c) The frequency of re-assessments should be at the discretion of the USACE Manager and other available stakeholders, as appropriate for the scope, should be scheduled in consideration of program or project characteristics. Examples of characteristics include size, duration, complexity, near-term milestones, number of capacity gaps, timing of expected benefits from the mitigation actions, previous assessment risk ratings, and the dynamic nature of the program or project.