

**Summary of PVC/PVO Dialogues
at October 24, 2002 Partners Conference**
Prepared by Management Systems International (MSI)
October 31, 2002

Background:

Under contract to the USAID Office of Private and Voluntary Cooperation (PVC), and in accordance with the Scope of Work (SOW) provided, on October 9, 2002 Management Systems International (MSI) delivered to PVC a Synthesis Report of the ten Matching Grant evaluations that had been conducted pursuant to this contract. The synthesis focused on the five themes identified as priorities by PVC staff:

1. Partnership
2. Networks
3. Measuring Capacity Building
4. Sustainability
5. PVC Management Issues

The SOW also called for MSI to “facilitate a series of five small dialogue meetings with key PVOs” to discuss the information that emerges from the synthesis and provide further input for the Office as it plans for the future.

Small Dialogue Meetings:

As requested by PVC, on October 24, 2002, MSI facilitated small dialogue meetings related to the first three themes listed. This occurred during the Annual PVC/PVO Partnership Conference, the afternoon of which was devoted to these discussions. The portion of the conference for which MSI was responsible ran from 2:15pm to 5:15pm, and included the following elements:

1. Overview of the purpose behind this series of Matching Grant evaluations, the methodology employed, the process followed and the resultant synthesis.
2. Presentation of highlights from the Synthesis Report as related to the three themes selected.
3. 12 small group dialogues on the three themes, involving a total of 120 participants. Conference participants chose the topics they wished to discuss and divided into groups of 10. Four groups chose Partnership; five selected Measuring Capacity Building; and three chose Networks. Participants were given two handouts previously prepared by MSI (copy attached): 1) a summary of synthesis findings related to the topic chosen; and 2) a sheet to guide the group’s work, with five questions to be addressed.
4. Following roughly an hour of discussion, each group gave a brief summary of results and handed in a more complete written report of the discussion.

Results of Small Dialogue Meetings:

Reports from the various groups are synthesized below within each of the three themes discussed and in response to the specific questions posed.

Partnership

1. Is partnership with indigenous NGOs part of your organization's official policy or program strategy? If yes, for what purpose?

The vast majority of participants reported that their PVOs have policies to partner with local NGOs. Some had written policies, but most did not. The majority view among participants was that partnering with local organizations is "standard operating procedure."

The purposes of partnerships included:

- ◆ Tap into local knowledge and expertise; work in communities, and share our expertise and resources
- ◆ Networking
- ◆ Sustainable programming after exit of the PVO
- ◆ Permit PVOs to focus on iterative strategies
- ◆ Expand programs; complement/fill gaps
- ◆ To achieve mission in a way that is financially realistic
- ◆ Partnerships of various kinds are used for sub-contracting and implementation
- ◆ NGOs/partnerships are created where none exist to accomplish program goals

2. Within your organization, what are the main incentives for establishing partnerships with local NGOs? Are there administrative or operational disincentives?

Incentives included:

- ◆ Field presence; networking
- ◆ Cross-pollination of knowledge
- ◆ Cost-effectiveness; ex-pat positions are not always economic
- ◆ Leveraging skills/strengths
- ◆ Diversification of funding
- ◆ Access to local input and buy-in
- ◆ Mission of the organization – long-term community development/empowerment
- ◆ Build net value for PVO growth
- ◆ Exit strategy; sustainability
- ◆ Help local people build capacity/build NGOs
- ◆ Local NGOs know their environment best, have the experience needed
- ◆ USAID⇒PVO⇒NGO: equalize size and power; diminish disparities

The administrative or operational disincentives reported were:

- ◆ Added risk
- ◆ Red tape/bureaucracy
- ◆ Reporting requirements
- ◆ Funds, accountability, education
- ◆ Increased financial and program management

3. In the field, what have been the main constraints to the establishment of partnerships with local NGOs?

Constraints/challenges included:

- ◆ Lack of knowledge at headquarters level
- ◆ Language barrier
- ◆ Conflicting goals and objectives
- ◆ Dependency of NGO on PVO; unequal partnership
- ◆ Lack of time to build relationships and meet goals; added effort
- ◆ Cultural conflict
- ◆ Corruption; levels of integrity on all sides
- ◆ Cultural misunderstandings; lack of mutual understanding of project (goals, values, accountability, etc.)
- ◆ NGOs sometimes non-representative of beneficiaries
- ◆ Dearth of capacity or effective capacity; lack of structure
- ◆ Lack of trust, mission compatibility
- ◆ Ex pat administration
- ◆ Local government issues
- ◆ Entering into partnership without full transparency; different operating styles
- ◆ Lack of mutual benefit
- ◆ Donors' unrealistic expectations (results vs. process)

4. What are some ways to overcome these constraints?

- ◆ For lack of structure, be a good model; make available best practice materials and training.
- ◆ In cases of very poor performance, disband the affiliation.
- ◆ For conflicting goals and objectives, work together up front and agree on goals and objectives.
- ◆ For poor management, move technically competent individuals from one organization to another group for mentoring.
- ◆ For corruption, set the standard from the beginning. Acknowledge the cause of corruption, but state it's not acceptable. Provide training on board development clauses in contracts – address this at the beginning of the partnership.
- ◆ Build capacity within the partner organization for a clear understanding of the responsibility that comes with partnership.
- ◆ Extend project cycles to build relationships and systems for accountability.
- ◆ Ensure local administration.
- ◆ Capacity building – NGO and PVO complementarity.

- ◆ Fluid communication.
- ◆ Official MOU; written document; partner agreement.
- ◆ PVO understanding of the local culture.
- ◆ Forming a relationship with someone on the ground.
- ◆ Joint formation of a decision-making process agreed to by both parties.
- ◆ Talk to other PVOs for lessons learned.
- ◆ Create a system of checks and balances.
- ◆ Regular organizational assessments/reflections.
- ◆ Find local staff.

5. Are there specific issues related to partnership that PVC should include in its Analytic Agenda?

The issues related to partnership recommended for inclusion in the Analytic Agenda were:

- ◆ Leadership succession in local NGOs.
- ◆ Is partnership a donor-client, sub-contractual relationship?
- ◆ Provide best practices and models that deal with constraints, challenges.
- ◆ There are fewer ideas and competitors in the marketplace as PVOs form consortia to bid (like airline mergers, leaving only a few large carriers).
- ◆ Partnerships are not always equal and need long-term support.

The groups dealing with partnerships also offered a number of other comments or recommendations for consideration by PVC:

- ◆ PVOs need TA on viable partnership building (to avoid pitfalls and build strengths).
- ◆ PVC needs to provide leveraging funds for nascent PVOs to establish partnerships.
- ◆ Provide incentives for larger PVOs to partner with small PVOs (mentoring).
- ◆ Simplify the application process and reduce the match.
- ◆ Offer training and financial support for training.
- ◆ Help us work through the “maze” of USAID. The website is not user-friendly; needs a better search engine and organization.
- ◆ Provide for realistic sustainability results measurement.
- ◆ Provide heads-up or advanced information on funding or RFPs.
- ◆ Extend project cycles to 5-10 years for some projects.
- ◆ Develop feasible outcomes for project within grant period and related long-term goals for NGOs.

Networks

1. Is the creation or strengthening of indigenous networks part of your organization’s program strategy? If yes, for what purpose?

Nearly all participants reported that networks are part of their organizations’ program approach. They spoke of both formal and informal networks, noting that they are for both short- and long-term purposes. Examples of the types of networks mentioned were:

educational, micro-finance, medical/technical, and cooperative business networks. One group asserted that local NGOs are ready and able to participate in networks.

Purposes:

- ◆ Cooperative development – bring coop principles to local coops; share lessons learned from successful (worker) coops
- ◆ Lateral learning, exchanging ideas and resources; technical exchanges for sharing information and knowledge within a specific sector
- ◆ Help mobilize CBOs based on need

2. Are these networks comprised only of indigenous NGOs or do they include other sectors, such as local governments and businesses?

The majority of the networks discussed included sectors beyond the indigenous NGO community. Some were described as “very formal, business-like,” while others were informal, comprised of individual volunteers from different walks of life. A number of networks were reported to have frequent interactions with local governments and businesses. One PVO representing coops reported that autonomy from government and remaining independent from other coops “has been a problem.”

3. In the field, what have been the main constraints to the creation or strengthening of these networks?

- ◆ Takes a long time to develop trust, transparency, mutual accountability for large organizations to work together and loose inter-institutional competitiveness.
- ◆ The cost-benefit of developing the network long term is open to question.
- ◆ Competition for funding among network members – coordination vs. implementation.
- ◆ Once the network is formed, difficulties in maintaining relations and momentum.
- ◆ Problem filtering best practices from HQ to the field; lack of clarity.
- ◆ Management of people, programs and funding.
- ◆ Lack of clarity about the value of a network.
- ◆ Need to curtail free-riders – i.e., extent to which non-members participate.
- ◆ Communication.
- ◆ Too political; lack of guidance.
- ◆ Fragility of network structure (e.g., maintaining value of network to its members).
- ◆ Financial sustainability.

4. How can these constraints be addressed?

- ◆ Have a good business manager
- ◆ Common purpose; good vision
- ◆ Good leadership and strategy for leadership turnover – rotation, accountability, reporting
- ◆ Umbrella grant to counter competition among network members

- ◆ Fluid communication
- ◆ Resources for start-up
- ◆ Trained and competent Board that provides advice but doesn't become too political
- ◆ The benefits of informal networks include: neighborhood-like network as a means of learning about/providing services to the indigenous population in a non-paternalistic way (helpful to PVOs)

4. How can the sustainability of indigenous networks best be ensured?

- ◆ Sustainability of indigenous networks depends somewhat on formal or informal Structure.
- ◆ Shared vision; members of the network must see the need of the network to provide financial planning/management services.
- ◆ Ground-up formation of the network, rather than top-down.
- ◆ Could charge dues if there's ability to pay (to provide base of unrestricted funds for secretariat).
- ◆ Re coop networks, individual coops must be viable businesses to ultimately support the network.
- ◆ Trust within the network at both apex and local levels that this is a long-term commitment.
- ◆ Building on something already there.
- ◆ Leadership passed along.

One group mentioned SEEP as an example of what a network can achieve, pointing out the evolution of common standards in micro-finance and the facilitation of grants.

Measuring Capacity Building

1. Is building the capacity of indigenous NGOs part of your organization's strategy or program approach?

One of the five groups that chose this theme pointed to the distinction between general organization capacity (for its own sake) and working with NGOs toward an explicit programmatic goal(s), noting that these are often inter-related, but distinct. The issue is whether NGO capacity building is an explicit goal or a means to another end or the consequence of another goal.

Another group stated that capacity building is fundamental, important, integral - desired but not necessary. One operates differently if capacity building is the objective, but NGOs must identify their own goals. Capacity building is valued by all agencies. It leads to sustainability, quality, scale, flexibility, which in turn lead to impact.

A third group noted the lack of a definition for capacity building, stating that it is better to develop a demand for capacity building within the community, as opposed to being driven from the top. This group defined capacity building as organizational capacity, but some members work on the capacity to deliver programs. The extent to which the

various PVOs in the group build capacity varies; motivation is diverse. Capacity building was generally not seen as a deliberate part of the mission, but as a byproduct of trying to expand service delivery.

The fourth group reported that seven of the eight PVOs represented do include building the capacity of indigenous NGOs in their strategy or approach, though to varying degrees.

The fifth group listed a number of issues related to the definition of capacity, including: sustainability; ability to scale up; ability to adapt to new/different situations (innovate); human skills; systems developed out of ad hoc processes (organization structure, communication, R&R, HR policies, financial management, strategic planning).

2. Within your organization, what are the main incentives for including the on-going measurement of changes in the capacity of indigenous NGOs in program designs? What are the disincentives?

It was pointed out that there are regulatory incentives vs. impact incentives. These may include donor requirements, internal organizational requirements or partnership requirements. One group raised the following issues related to incentives and disincentives:

- a) What to measure/report to PVC:
 - measures of capacity of NGOs?
 - measures of beneficiary level impact?
- b) Manageable interest – for PVO? for NGOs?
- c) What does Congress want?

The incentives identified by all groups included:

- ◆ Shows capacity to achieve the mission of the organization
- ◆ Shows sustainability
- ◆ If this is within the purpose of the program, it shows impact and success
- ◆ RFA/donor requires it
- ◆ If funding is received for it
- ◆ Possibility of influencing public opinion to support the project
- ◆ Increased capacity leads to increased performance, impact; also to greater cost-effectiveness
- ◆ Empowerment is satisfying; client satisfaction
- ◆ Greater reliability of outcome data

Disincentives included:

- ◆ Requirements related to skill, time, resources and definition (“M&E phobia”).
- ◆ Many indigenous NGOs have great difficulty sustaining themselves financially after the project ends. More attention to this is needed.
- ◆ If they can implement the program, then measuring capacity is extraneous.
- ◆ Fear of what happens with information.

- ◆ Data unreliable if there's no program in place to follow up with data from assessments.

3. Does your organization have a particular tool or methodology for measuring changes in the institutional capacity of indigenous NGOs over time?

The overall view appeared to be that there are existing tools, but that they usually need to be adapted to be relevant. It was noted that there are pros and cons related to tools. It was also noted that micro-credit is easier to measure than many other sectors. One group reported a distaste for scorecards, calling for other more qualitative measures. Another group stated that most of the PVOs represented had various tools, plus other more interpersonal methods (dialogue, observation).

A third group noted the need for baseline and benchmarks, and explained the different approaches used at three levels of organizational development:

- A. Entry: mission statement, chart of accounts
- B. Mid-level: functioning board of directors
- C. Maturity: ability to sustain itself financially

Among the tools mentioned were:

- ◆ Magi (CRS): micro-finance self-assessment tool (used only at baseline to date)
- ◆ FSCCBI (Africare)
- ◆ CSTS Institutional Strengthening Assessment – could be adapted for local NGOs
- ◆ DOSA/OCAT
- ◆ LQAS (Lateral Quality Assessment Sampling)
- ◆ SEEP Institutional Development Framework
- ◆ Participatory Learning Action (PLA); PRA/RRA

4. In the field, what have been the main constraints to measuring changes in the capacity of indigenous NGOs?

For one group constraints included:

- ◆ Resistance within NGOs to being “measured;” north/south power issues; cultural differences. Non-judgmental, culturally appropriate methods are essential.
- ◆ Fear of having weaknesses exposed.
- ◆ Question of whether progress is being measured for the NGOs or for the donors.

Another group listed the following constraints:

- ◆ Project design; amount of time/resources needed, unless linked to project objectives
- ◆ Lack of tools, staff and organizational skills
- ◆ Organizational commitment
- ◆ Fear of accountability
- ◆ Conflicting goals/objectives
- ◆ Communication challenges
- ◆ Turnover

A third group noted that the challenge is to identify or define “adequate” capacity, pointing to a need for contextual definitions. The following points were made:

- ◆ Measuring effectiveness may alienate indigenous NGOs because they do not participate in the selection of the indicators – a culturally sensitive tool is needed.
- ◆ Such measurements are not a specific objective of projects – must be a condition of project funding.
- ◆ Lack of PVO funds.
- ◆ Variety of NGOs in each country need mentoring; cultural sensitivity skills necessary.

The fourth group listed the following constraints:

- ◆ The need to make sure the tool is used consistently and systematically.
- ◆ Is the tool really effective to measure impact?
- ◆ Payoff for local partner.
- ◆ How do we know what the relevant information is beforehand?
- ◆ Identifying appropriate indicators; scorecard indicator creates expectations and doesn’t capture real organization essence; local organizations don’t like it, as it may be used against them.

The fifth group reported that short projects represent constraints, since change is not visible. But it was noted that monitoring is used as part of the capacity development plan and intervention to maintain focus, ensure process, feedback and course correction.

5. How can these constraints be addressed?

- ◆ Technical support; use a clear technical assistance plan
- ◆ Overcome the mismatch between time to develop partnership and funding
- ◆ Link to funding; use sub-grants as incentives
- ◆ Highlight positive results of capacity building
- ◆ Explain the project clearly so that expectations aren’t unrealistic
- ◆ Flexible project length
- ◆ Strategic plan owned by local partner
- ◆ Common-mission-driven, not funding-driven
- ◆ Proper baseline information, being really sure about who your partner is
- ◆ Measurement tool collaboratively developed and managed; contextualize tools
- ◆ De-link monitoring from evaluation
- ◆ Knowledgeable and culturally sensitive staff

ATTACHMENT

HANDOUTS DISTRIBUTED TO SMALL DIALOGUE GROUPS

WORKING GROUP ON PARTNERSHIP

OBJECTIVE

To obtain inputs from PVOs that will be useful to PVC as it moves towards implementation of its strategy with respect to the issue of partnership.

PROCESS

- A. Group participants introduce themselves to one another and choose a rapporteur.
- B. The group discusses and responds to the questions posed below.
- C. To facilitate the subsequent summary of results from the various groups dealing with this issue, please record your responses on the flip chart in the same order as the questions, using the numbers provided.
- D. The rapporteur gives a brief summary of the group's major responses during the plenary session that follows.

QUESTIONS

- 1. Is partnership with indigenous NGOs part of your organization's official policy or program strategy? If yes, for what purpose?
- 2. Within your organization, what are the main incentives for establishing partnerships with local NGOs? Are there administrative or operational disincentives?
- 3. In the field, what have been the main constraints to the establishment of partnerships with local NGOs?
- 4. What are some ways to overcome these constraints?
- 6. Are there specific issues related to partnership that PVC should include in its Analytic Agenda?

PARTNERSHIP

The following major sub-themes concerning partnership emerged from a review of the reports submitted to PVC on the evaluations recently conducted of ten Matching Grants to PVOs:

➤ ***Definition of Partnership & Partner Selection:*** In the grants evaluated, no clear pattern was found with regard to the definition of partnership or the type of partners chosen by PVOs for grant-supported activities. The number of partnerships undertaken related less to the size of the PVO than to its approach to development. Among the factors mentioned most frequently as relating to the choice of partners were:

- Existing relationships with members of other organizations;
- Sector-specific experience in the area of project objectives; and
- Local context and the presence of organizations with similar interests.

➤ ***Purposes & Types of Partnerships:*** While partnerships were designed to pursue a wide range of technical, sector-specific outcomes, their underlying purposes were to:

- Leverage resources
- Deliver services
- Increase coverage and impact
- Achieve sustainable programs
- Advocate for policy change
- Improve efficiency
- Access complementary expertise
- Promote special initiatives or strategies of interest to the PVO grantee
- Test and transfer new methodologies to local organizations

Five types of relationships referred to as “partnership” between recipient PVOs and other organizations were identified:

1. Sub-grants and contracts
2. Dependent franchise
3. Spin-off NGO
4. Collaborating organization
5. Shared vision or co-equal arrangement

➤ ***Major Constraints to Successful Partnering:*** The main constraints encountered by the 10 grantees may be summarized as follows:

- The substantial amount of time required for the establishment of partnerships;
- Lack of cooperation within the PVO which contributed to delays and uncertainty;
- Commitment to partnership differed across the various levels of the PVO;
- Absence of clearly understood and mutually acceptable agreements between PVOs and their partners;

- Lack of clarity regarding roles and responsibilities, both within the PVO and between the PVO and its partners;
- Unequal financial status of partners.

➤ ***Growing Understanding of Partnership Principles:*** Among the general principles mentioned most frequently as important for building and maintaining partnerships were:

- Mutual trust and respect
- Transparency
- Mutual commitment to & responsibility for program outcomes
- Clarity in objectives, roles of all parties and working relationships
- Accountability to all stakeholders
- Frequent communication and collaboration
- Clear separation of financial transactions
- Timely and creative problem solving and willingness to learn from difficulties
- Open discussion of partnership challenges
- Good working relationships between the PVO and partner staff
- Agreements and relationships that transcend individuals
- Long-term commitment to the partnership (minimum of 3-5 years)
- Active commitment of country director and management team & country strategic plan that embraces the concept of partnership

WORKING GROUP ON NETWORKS

OBJECTIVE

To obtain inputs from PVOs that will be useful to PVC as it moves towards implementation of its strategy with respect to the issue of networks.

PROCESS

- A. Group participants introduce themselves to one another and choose a rapporteur.
- B. The group discusses and responds to the questions posed below.
- C. To facilitate the subsequent summary of results from the various groups dealing with this issue, please record your responses on the flip chart in the same order as the questions, using the numbers provided.
- D. The rapporteur gives a brief summary of the group's major responses during the plenary session that follows.

QUESTIONS

- 1. Is the creation or strengthening of indigenous networks part of your organization's program strategy? If yes, for what purpose?
- 2. Are these networks comprised only of indigenous NGOs or do they include other sectors, such as local governments and businesses?
- 3. In the field, what have been the main constraints to the creation or strengthening of these networks?
- 4. How can these constraints be addressed?
- 5. How can the sustainability of indigenous networks best be ensured?

NETWORKS

In the ten Matching Grant evaluations conducted, networks were found to be effective and inexpensive mechanisms for launching new initiatives and disseminating best practices, methodologies, and tools. The following major sub-themes concerning networking emerged from a review of the evaluation reports submitted to PVC:

➤ **Typology of Networks:** In general, a network may be defined as a set of relationships between and among organizations or individuals with common interests, goals and needs. There is a wide variety of development-oriented networks operating in the U.S. and overseas. They vary by the levels at which they operate, the purposes they serve, their operational structures, and the relationships they cultivate among their members. The four most common kinds of networks, all of which were present among the grants evaluated, are:

- Generic NGO Networks or Consortia
- Networks of Community-Based Organizations
- Sectoral Networks
- Advocacy Networks

➤ **Organizational Structure:** Two distinct types of organizational structures were identified among the Matching Grants evaluated:

- *Lateral Learning Networks:* This type of network is sector specific and distinguished by its non-hierarchical structure and diverse membership. These networks tend to be composed of a range of independent organizations that do not necessarily share the same target clientele or development methodologies. What unites them is their interest in improving state-of-the-art practice, sharing information, and coordination to enhance the policy and funding environment in that particular sector.
- *Affiliate Networks:* These are networks in which the members are operationally or financially linked. Typically these are formed around an individual PVO and the network comprises their country offices and affiliate organizations.

➤ **Lessons for Lateral Learning Networks:** A sentiment expressed by a number of grantees concerning this type of network was that the greatest benefits from membership had come when the staff of member organizations contributed most actively.

The overall operational lessons learned about lateral networks included the need to:

- Define the membership.
- Set and adhere to guiding principles that acknowledge equality and community.
- Foster members' engagement in governance and policy formation.
- Focus on the practitioner.
- Start with one activity and do it well.

- Create mechanisms for learning that favor collective analysis, and include opportunities for all to teach and to learn.
- Focus on products and their dissemination.
- Grow organically; start small and expand as needed.
- Establish the network as a formal institution only when needed.
- Keep core operations compact and expenses low; depend on substantial contributions from members.
- Do not engage in competition with members for program funds.
- Distinguish political activity from the research/learning agenda.

Among the major challenges identified for these networks were:

- Management of people, programs and funding;
- The increasing diversity of member interests and needs;
- Knowledge management; and
- Financial sustainability

➤ **Advocacy:** PVC support has been important in building the advocacy-related skills of PVOs/NGOs, particularly through networks and coalitions. The grantees evaluated used networks to develop advocacy strategies for sectoral policy reform, as well as for the adoption or use of particular program models or methodologies developed by the PVOs.

Illustrative examples of the ways in which networks were used for advocacy included:

- Improving the enabling environment;
- Promoting Innovative models, scale-up and replication; and
- Coalition building.

WORKING GROUP ON MEASURING CAPACITY BUILDING

OBJECTIVE

To obtain inputs from PVOs that will be useful to PVC as it moves towards implementation of its strategy with respect to the issue of measuring capacity building.

PROCESS

- A. Group participants introduce themselves to one another and choose a rapporteur.
- B. The group discusses and responds to the questions posed below.
- C. To facilitate the subsequent summary of results from the various groups dealing with this issue, please record your responses on the flip chart in the same order as the questions, using the numbers provided.
- D. The rapporteur gives a brief summary of the group's major responses during the plenary session that follows.

QUESTIONS

1. Is building the capacity of indigenous NGOs part of your organization's strategy or program approach?
2. Within your organization, what are the main incentives for including the on-going measurement of changes in the capacity of indigenous NGOs in program designs? What are the disincentives?
3. Does your organization have a particular tool or methodology for measuring changes in the institutional capacity of indigenous NGOs over time?
4. In the field, what have been the main constraints to measuring changes in the capacity of indigenous NGOs?
5. How can these constraints be addressed?

MEASURING CAPACITY BUILDING

The following major sub-themes concerning this topic emerged from a review of the reports submitted to PVC on the evaluations recently conducted of ten Matching Grants to PVOs:

➤ ***The Starting Point:*** None of the grants evaluated had been successful in measuring changes in the institutional capacity of recipient organizations or of their local partners. The lack of baseline information compromised their ability to measure change in this area over time. Nor had performance monitoring plans been formulated for that purpose. Various grantees stated that they simply had not been able to find appropriate capacity building indicators, or that they had concentrated exclusively on tracking substantive results, and had therefore not attempted to measure changes in institutional capacity. While a number of PVOs had conducted some form of institutional capacity assessment of partner organizations, these were conducted principally as a function of the partner selection process, and not as a basis for the subsequent measurement of change.

➤ ***Approaches Employed:*** Among the various tools reported by grantees as related to capacity building or institutional strengthening were the Discussion-Oriented Organization Self-Assessment (DOSA) method, the SEEP Institutional Development Guide and framework, UNDP's Sum Institutional Development checklist, and assessment tools developed by the individual PVOs. Nevertheless, there was no evidence that changes in the capacity of grantees or their partners had been measured over time.

➤ ***Unmeasured Progress:*** For some PVOs, anecdotal evidence was found to suggest that significant progress had been made in terms of institutionalizing within grantee organizations the new approaches or methodologies introduced through the Matching Grant. These innovations were meant to build the capacity of grantee organizations to achieve development impact. However, plans for measuring changes in that capacity had not been developed. Therefore, no hard data were available to judge the degree to which the capacity of the PVO or its partners had been strengthened.

In one instance, five areas of core institutional capacity were identified and were to be tracked in regular reports: governance and organizational structure; human resources; management systems; services and service delivery; and financial resources. These reports, however, were made an "optional exercise," and only two of the six countries targeted through the Matching Grant were capturing this information.