STRENGTHENING SOUTHERN NGOS

THE DONOR PERSPECTIVE

VOLUME 2
APPENDICES

CONSULTATION ON CAPACITY BUILDING - NORTHERN DONORS

iWGCB
INTERNATIONAL WORKING GROUP
ON CAPACITY BUILDING

STRENGTHENING SOUTHERN NGOs

- THE DONOR PERSPECTIVE -

VOLUME 2

APPENDICES

A Study Conducted by

The U. S. Agency for International Development
Office of Private Voluntary Cooperation

and

The World Bank
NGO Unit

For the Interim Steering Committee For the Establishment of
The International Working Group on Capacity Building for SNGOs

May 1998

The following people prepared this report:

Richard Holloway
Senior Associate, Pact Inc.

Gregory Perrier
USAID, Office of Private and Voluntary Cooperation

Carmen Malena
Private consultant

Samantha de Silva
The World Bank, NGO Unit

Lou Stamberg
Private consultant

Preface

This is one of three studies prepared to inform the organizational conference for the International Working Group on Capacity Building for Southern NGOs (IWGCB). This report is in two volumes. The first volume sets the scene for the study, provides an overview of issues concerning SNGO capacity building, and presents the results and analysis from the study. When appropriate, analysis is by donor types: multilateral and bilateral donors and foundations. The second volume consists of eight appendices. The first provides the organizational profiles and related illustrative cases of the 12 organizations studied in depth. Full results from the questionnaire and other information pertinent to the questionnaire and interviews are provided in the remaining appendices. In the first volume, at appropriate places, are synopses of the cases, which are referenced to the second volume.

The report was prepared by the Office of Private and Voluntary Cooperation in USAID and the NGO Unit in the World Bank at the request of the Interim Steering Committee for the establishment of the International Working Group on Capacity Building of Southern NGOs. Encouragement and guidance for this study were provided by John Grant, at USAID, and John Clark, at the World Bank.

The questionnaire was developed and analyzed jointly by Gregory Perrier and Samantha de Silva, with initial assistance by Jane Covey of the Institute for Development Research (IDR). USAID organized the follow-on interviews by consultants Richard Holloway and Carmen Malena. Lou Stamberg and Samantha de Silva were responsible for developing the USAID and World Bank reports, respectively. Each person wrote the organizational profiles and illustrative cases for the organizations they interviewed. Richard Holloway and Gregory Perrier were responsible for writing and editing the final drafts of the report and appendices with assistance from Sarah Blodgett at IDR.

Contents

Appendix 1: Organizational Profiles and IllustrativeCase Studies . . . 1

Multilaterals

1.UNICEF 2
1.1.Building the capacity of local CSOs in disaster situations - Operation Lifeline South Sudan
2.UNDP 10
2.1.Democracy, Governance, and Participation Programme in Eastern Europe
2.2.Three small grant programs (LIFE, GEF, PIDP)
3.IFAD (International Fund for Agricultural Development) 18
3.1.Inter-donor collaboration on a women's micro-credit program
3.2.Supporting South to South capacity building of small NGOs
4.World Bank 28
4.1.Partnering Local NGOs with International NGOs to Build Capacity - The Benin Food Security Project
4.2A New Model for Funding NGO Capacity Building -The Palestinian NGO Project

Bilaterals

1.DFID (Dept. For International Development - UK) 41
1.1.Consortium of UK NGOs supporting provision of OD skills to African NGOs
1.2.Midwiving a Malawian OD organization from a UK NGO.
2.CIDA (Canadian International Development Agency) 52
2.1.Helping create a sustainable bank for micro-credit - PRODEM and BancoSol in El Salvador
2.2.Helping to set up NGO Coalitions in Philippines - The Philippines-Canada Human Resources Development Program
3.EC (European Commission - EU) 62
3.1.Decentralized Cooperation in Zimbabwe
3.2.Aiming for financial sustainability in a health care NGO in the Philippines
4.GTZ (Gesellschaft Technische Zuammenarbeit - German) 74
4.1.Training of OD Consultants by GTZ and EZE in Africa
4.2.The dynamics of working with NGOs to build capacity of CBOs - the Self-Help Fund Project in India
5.USAID (U.S. Agency for International Development) 86
5.1.Africa
5.2.Asia
5.3.Latin America
5.4.Europe and the Newly Independent States

Foundations

1. IAF (Inter-American Foundation - USA) 107
1.1. The Grassroots Development Framework
1.2. Philanthropy Centers - the Social Investment Program in Bolivia
2. AKF (Aga Khan Foundation - Switzerland) 113
2.1. Building a Resource Center for CBOs in Pakistan - the NGORC
2.2. Building an indigenous Kenyan community development foundation
3. Ford Foundation (USA) 125
3.1. Evaluating Ford's Endowment Grants
3.2. A free and confidential capacity building service to USNGOs - The MAG Experience

Appendix 2: Sample Questionnaire Sections A and B 133

Appendix 3: Questionnaire Respondents. 143

Appendix 4: Complete Tables for Quantitative Questionnaire Results . 145

Appendix 5: Interview and Case Study Formats 177

Appendix 6: Illustrative Components and Approaches in Capacity Building 181

Appendix 7: List of Organizations Interviewed 183

Appendix 8: Documents Collected During Interviews 185

Acronyms and Abbreviations

AKF	Aga Khan Foundation
AKRSP	Aga Khan Rural Support Project
BDDEA-DFI	British Development Division East Africa Direct Funding Initiative
BOND	British Overseas NGOs in Development
BSF-JP	The Belgium Survival Fund (IFAD
CB	Capacity Building
CBO	Community-Based Organization
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
CSEF	Civil Society Empowerment Facility
CSO	Civil Society Organization
CSOPP	Civil Society Organization and Participation Programme (UNDP)
DFI	Direct Funding Initiative
DFID	Department for International Development (United Kingdom)
EC	European Commission
ECP	IFAD/NGO Extended Cooperation Programme
EDI	Economic Development Institute (World Bank)
ENGO	European NGO
ESARO	East and Southern Africa Regional Office
EU	European Union
FAC	Fundacao Amilcar Cabral (Guinea Bissau)
GEF	Global Environment Facility Small Grants Program (UNDP)
GRO	Grassroots Oranization
GTZ	Gesellschaft fuer Technische Zusammenarbeit (Germany)
IAF	Inter-American Foundation
ICNL	International Center for Not-for-Profit Law
IFAD	International Fund for Agricultural Development
JFS	Joint Funding Scheme (DFID)
KWFT	Kenya Women's Finance Trust
LIFE	Local Initiative Facility for Urban Environment (UNDP)
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NPI	New Partnerships Initiative (USAID)
OD	Organizational Development
ODA	Overseas Development Administration
PA	Palestinian Authority
PIDP	Partners in Development Program
PMO	Project Management Unit
PO	Peoples Organization
SAVA	Sudanese Association of Voluntary Organizations
SHD	Sustainable Human Development approach (UNDP)
SHF	Self-Help Funds (GTZ)
SNGO	Southern NGO
SPA	Special Program for Africa (IFAD)
TAGs	Technical Assistance Grants (IFAD)
TM	Task Manager (World Bank)
UK	United Kingdom
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development

Appendix 1: Organizational Profiles and Illustrative Case Studies

Multilaterals

The Experience of UNICEF

A. Understanding of Capacity Building

1. Definition of capacity building: Capacity building has always been a key strategy of UNICEF's (the United Nations Children's Fund) programming. it has received increased emphasis since the 1992 publication of a major multi-donor evaluation of UNICEF which identified capacity building as one of three main intervention strategies (along with service delivery and empowerment) (1). Despite the centrality of capacity building to its work, UNICEF does not currently have or use a single definition of the term (Engberg- Pedersen et. al., p. 16). UNICEF does have, as a reference, the elements of the definition common to the UN (General Assembly resolutions and the Executive Board response to the Multi-donor evaluation) but none are sufficiently developed to facilitate operationalization of the concept. In operationalizing capacity building, UNICEF wants to clarify the concept by establishing clear links to and/or distinctions among other related "soft" concepts such as sustainability, empowerment, and participation (particularly in capacity building with community organizations).

A working paper prepared in UNICEF's Namibia office in 1996 defines capacity building as "any support that strengthens an institution's ability to effectively and efficiently design, implement and evaluate development activities in accordance with its mission" (2). It identifies four interdependent factors that determine institutional capacity: financial and material resources, human resources, internal management capacity, and external environment. It argues that successful capacity building must seek to address each of these factors in an integrated way. Other UNICEF Country Offices (particularly in Eastern and Southern Africa) have frequently used definitions of capacity building developed by other organizations such as INTRAC.

This report makes a distinction between "capacity building support" and "implementation support", arguing that the former aims to increase an institution's capacity to achieve its own agenda (and views institutional strengthening as an end in itself) while the latter aims simply to improve service delivery (and is only supported if the organization's agenda coincides with that of the supporting agency). The working paper further states that "A careful analysis of UNICEF programs shows that many interventions categorized as capacity building are in fact implementation support measures." (van Diesen, p. 3). It is important to note that these ideas are drawn from an internal document prepared within an individual country office and do not necessarily represent the views of UNICEF as a whole.

2. Rationale for supporting capacity building: Within UNICEF capacity building is seen as being closely intertwined with goals of empowerment and sustainability. It is

viewed as important both for the effectiveness of UNICEF programs and for the development of partner organizations. An important end goal of NGO capacity building is the empowerment of communities to respond to their particular development chanellenges and needs.

3. Trends in thinking about capacity building: Two important trends within UNICEF that have influenced its thinking and practices in the area of capacity building over recent years have been a gradual evolution from simple service delivery to more sustainable strategies emphasizing empowerment and capacity building, and growing emphasis on working with NGOs and other civil society actors. While in the past UNICEF adopted an instrumental approach to capacity building (aimed largely at improved service delivery), capacity building is now more closely tied to broader themes of community empowerment, sustainability, the overall development of civil society, democratization, and governance. Traditionally, many UNICEF country offices tended to focus on strengthening governmental capacities. While this remains a goal, UNICEF has placed increased emphasis over the years on the capacity building of NGOs and CBOs.

UNICEF is presently in the process of reviewing and updating its overall policies and guidelines regarding its collaboration with NGOs. In addition, the organization's Evaluation, Policy and Planning (EPP) Division is currently coordinating a broad-based approach to developing a flexible range of monitoring and evaluation tools for capacity building components of UNICEF's work with partners. The tools and guidance should serve to strengthen initial capacity assessment, the development of useful monitoring indicators, and periodic evaluation. The process (which has been ongoing for six months) includes a literature review on definitions and frameworks of capacity building, initial documentation of "good examples", development of case-studies of on-going programs, and the development and testing of monitoring and evaluation (M&E) guidelines.

4. How capacity building is handled in the organization: Capacity building is treated as a cross-cutting issue within UNICEF. Capacity building components are integrated into overall programs and projects and normally funded through core program budgets. Emphasis on capacity building has been somewhat uneven across sectors, however. The 1992 multi-donor evaluation report of UNICEF recommended that the organization should "ensure greater consistency in the capacity building approach across sectors and programs supported by UNICEF" (Engberg-Pedersen et. al., pp. vii-viii).

5. Trends in importance: Staff interviewed indicated that the importance of capacity building generally, and capacity building of SNGOs in particular, has grown continually in recent years. This trend is expected to continue in the future. While organization-wide statistics on capacity building are currently limited, it has been calculated that in 1995, in two thirds of UNICEF country offices, 34 percent of the overall program funds were channelled to or through NGOs for capacity building purposes.

B. Identification of Capacity Building Needs

1. Capacity assessment: While there is no organization-wide model for assessing the capacity of NGOs, UNICEF field offices make such assessments using a variety of methodologies and tools drawn from numerous sources. Although institutional capacity assessments are not undertaken systematically, the UNICEF program process includes a long and detailed situation analysis at the beginning of each program cycle. It is increasingly recognized that this must include careful capacity assessment with partners. One Country Office has adapted a model from existing literature. The model outlines a five step process: (i) design of a diagnostic model; (ii) use of the model to measure the institution's capacity; (iii) setting an agenda for capacity building interventions in a participatory manner; (iv) design of a monitoring plan; and (v) repeat assessment of the institution's capacity following the intervention. Two diagnostic models—one qualitative and general, the other quantitative and specific—are proposed. Again, it is important to note that these ideas are drawn from an internal working paper and do not represent an official or organization-wide model.

C. Capacity Building of SNGOs

1. Approaches employed: In the past, UNICEF's most prevalent approaches to capacity building have been training, the provision of technical assistance or technical advisors, and small grants using participatory methodologies. More recently, UNICEF has placed increased emphasis on working with governments to promote enabling environments for NGOs and create opportunities for broad-based, inter-sectoral networking and collaboration. Traditionally, UNICEF has avoided the provision of core funding to NGOs. One notable exception is UNICEF's core support—covering technical, administrative, operational and recurrent costs—to the Child Pastorale in Brazil, an institution which has since become financially independent. UNICEF is currently reviewing its policies concerning NGO overheads and core-funding.

2. Priorities: In the past, UNICEF's capacity building activities focused largely on human resource development and managerial and technical support. More recently, increased emphasis has been placed on capacity building through (i) supporting broader organizational development of NGOs; (ii) promoting dialogue and collaboration between NGOs and government; (iii) promoting networking and coordination among NGOs; (iv) reviewing and enhancing its own partnerships with NGOs; and (v) providing advocacy support. Capacity building at the community level has been an important aspect of the Bamako Initiative. Of particular importance to UNICEF has been its attempts to support the capacity building of SNGOs in the context of emergency operations.

3. Organizational development: Within the context of its programs and projects, UNICEF employs a multitude of approaches in promoting the internal capacity of individual organizations. These have included: (i) supporting organizational assessments, (ii) providing assistance in developing, (iii) clarifying organizational

values and mandates, (iv) strengthening management systems, (v) supporting staff training (and other human resources development measures), (vi) providing financial support for computers, vehicles and other equipment, and (vii) offering seed funding to new organizations. One of the aims of EPP's current work in the area of capacity building is to develop more effective and holistic approaches which link organizational development to broader capacity building strategies.

4. Promoting NGO-government dialogue and collaboration: UNICEF's mandate to work with developing country governments and its perceived role as a neutral broker makes it well-placed to work with governments to promote an enabling environment for NGOs and to promote opportunities for dialogue and collaboration between government and NGOs. UNICEF regularly creates national level fora for dialogue on issues such as education, health, and child rights which involve government, NGOs and other actors and, in numerous cases, have actively intervened to improve NGO-government relations and collaboration. The 1992 multi-donor evaluation of UNICEF recommends that it become more active in "advocating with national governments to allow civil society to play a role not only in UNICEF-supported programs, but in national social development generally" (Engberg-Pedersen et. al., p. xiii).

5. Encouraging NGO networking and coordination: Many UNICEF activities serve not only to bring NGOs and governments to the table but to also promote information sharing, networking, coordination and collaboration among NGOs themselves. In some cases, this has involved bringing together NGOs (at the national or regional level) around a specific issue or subject area (for example, the Alliance for Community Action on Female Education in Africa) or providing support for the formation of a national NGO consortium or umbrella organization. In Egypt, for example, UNICEF supported the creation of an NGO Forum (to participate in the development of new NGO legislation in that country). In the area of health, numerous workshops and regional exchanges for health workers have been supported under the Bamako Initiative. Furthermore, Operation Lifeline Sudan created a network of SNGOs and promoted partnering among SNGOS and NNGOs.

6. Strengthening SNGOs in unstable areas and emergency operations: A relatively new area of interest and challenge for the donor community as a whole is supporting capacity building of NGOs in emergency situations and unstable areas. UNICEF has undertaken such activities in a number of cases. For example, a document from the Operation Lifeline Sudan program states, "While capacity building is a sine qua non for development programs, emergency operations have, until recently, eschewed serious analysis of this area of work. However, as today's complex emergencies are usually chronic long-term, there has been a recognition of the need to reassess approaches to emergency work and the need to promote the involvement and capacity of local institutions and communities in the management of emergency interventions". (See UNICEF Illustrative case one for a description of capacity building components of the Operation Lifeline Sudan program).

7. Promoting "partnership" with NGOs: UNICEF does not see itself as a donor, but rather as a development organization that seeks to work in partnership with NGOs. The recent move of the NGO Section from the External Relations to the Program Division reflects UNICEF's evolving relations with NGOs and growing emphasis on meaningful operational collaboration. Current efforts to review and update guidelines on working with NGOs aim to promote more genuine partnerships, characterized by shared responsibilities and mutual reinforcement and capacity building.

8. Advocacy support: UNICEF's efforts to promote the advocacy roles of NGOs have included both training and technical assistance as well as promoting greater political space for NGO activities. UNICEF staff interviewed pointed out that, due to the changing roles of NGOs, there is an increasing demand for skills in the areas of negotiation, leadership, advocacy and situation analysis.

9. Strengths and comparative advantages: UNICEF staff interviewed perceived the organization's comparative strengths in promoting SNGO capacity building as the following:

- the organization's strong field presence;
- its credibility and high profile (the fact that UNICEF is a household name across the globe);
- the organization's ability to act as a neutral broker;
- its community development approach;
- its flexibility and ability to adapt to individual country circumstances;
- its tendency to be less bureaucratic than some institutions of comparative size;
- its strong technical/sectoral expertise.

10. Perceived weaknesses and constraints: Factors perceived by UNICEF staff that negatively affect SNGO capacity building included:

- the lack of a clear policy or operating guidelines on capacity building;
- poor government-NGO relations (though UNICEF has succeeded in working with governments to create space for NGOs and in providing direct support to NGOs in difficult political circumstances)
- UNICEF's inability to make long-term commitments to NGO partners and the persistent pressure from donors for the "quick fix";
- UNICEF's lack of capacity to effectively manage direct relations with individual NGOs/CBOs;
- its lack of appropriate skills mix among staff (limited expertise regarding capacity building issues and strategies);
- its inability to deal with weak or nascent organizations.

D. Lessons Learned

1. Evaluating success: As mentioned above, UNICEF is currently coordinating an

exercise to design and test methodologies for the M&E of its capacity building activities. This exercise is attempting to deal with a number of difficult issues such as monitoring capacity building processes and evaluating capacity building outcomes, both organizational and substantive in terms of well-being of the population. A working paper which outlines a draft generic M&E approach points out that "Current M&E of the capacity building program predominantly focuses on activities and outputs rather than on outcomes and impact. The number of people trained, workshops held and materials provided are meticulously recorded, while there is little attention to how these activities contribute to the partner organization's capacity to plan, implement and evaluate development programs."

2. Factors contributing to successful capacity building: Experience to date has shown that capacity building needs vary enormously among NGOs and that specific goals and strategies must be adapted to individual contexts. For example, emergency situations are highly unique and certain regions (such as the new republics of the Former Soviet Union) may have highly specific priorities and needs. Another important lesson has been the importance of a demand-driven approach to capacity building, where the NGOs concerned play an active role in identifying needs and designing strategies. "The assessment of an institution's capacity and the resulting capacity building programme have a greater chance of success when they are participative" (van Diesen, p. 10).

Notes

1. P. Engberg-Pedersen, S.D. Faure and T. Freeman. Strategic Choices for UNICEF: Service Delivery - Capacity Building - Empowerment: Evaluation of UNICEF; Synthesis Report. AIDAB, CIDA, DANIDA, SDC, 1992.
2. van Diesen, A.. "The Assessment of Capacity Building", Paper for the ESARO M&E workshop in Nairobi, 4 September 1996. 4p.

List of those Interviewed

Kate Alley	Evaluation, Policy and Planning Division
Bertrand Bainvel	Project Officer, Health Section, Program Division
Katharina Borchardt	Project Officer, NGO Section, Program Division
Oscar Castillo	Senior Adviser, Health
Erma Manoncourt	Chief, Program Communication/Social Mobilization, Program Division
Sarah Mukebezi Kambites	Coordinator, Alliance for Community Action on Female Education
Janet Nelson	Chief, NGO Section, Program Division

Address

Katharina Borchardt
UNICEF House TA 24A
3 United Nations Plaza, New York, NY 10017, USA

UNICEF Illustrative Case One

Building the capacity of local NGOs in disaster situations: Operation Lifeline Sudan

Operation Lifeline Sudan was created in 1989 as a short-term relief operation. In late 1993, recognizing the importance of responding not only to immediate survival needs but longer-term development goals, a program of capacity building support to Sudanese institutions was introduced. At the time the program began, Sudanese organizations (viewed as ineffective by international agencies) had next to no involvement in humanitarian programs and relations between local NGOs and the international community were poor. The rationale behind the program was that strengthening the capacity of local organizations would improve the effectiveness and efficiency of program delivery and promote the involvement of beneficiary communities in program implementation. The program supports the humanitarian wings of rebel factions active in the area as well as a larger group of intermediary Sudanese NGOs and local-level Joint Relief and Rehabilitation Committees.

Key activities have included:

- creating opportunities for dialogue among different actors;
- supporting the training of field level as well as headquarters staff (of humanitarian wings, NGOs and church-related groups) in a wide variety of areas including planning and management, organizational development and leadership skills;
- providing grants to carry out needs assessments;
- providing financial and material support to improve the operations of these organizations (including, for example, core funding and the purchase of some basic office equipment);
- providing technical support (through the provision of advisors); and
- promoting the production of a capacity building newsletter.

An additional activity has been to support the creation of an umbrella consortium, the Sudanese Association of Voluntary Organizations (SAVA). The program has provided start-up funds to SAVA and will provide financial support enabling the organization to provide training to its members, undertake advocacy activities and produce an annual directory of local NGOs. NGO members of SAVA have also showed their capacity and willingness for self-regulation by working together to establish common standards.

Undertaking capacity building initiatives in difficult and conflict-ridden circumstances such as those present in the Sudan is not without its risks. Some of the problems encountered by the program included a "briefcase NGO" phenomenon (with new organizations suddenly appearing to take advantage of available funds) and as the creation of competition and tension among different factions of NGOs as well as between newly formed NGOs, some international NGOs, and established civilian arms

of political movements. These problems have been offset by the program's significant positive results including:

- more active and effective involvement of local organizations in program implementation;
- improved relations between donors and local groups and better mutual understanding;
- an acceptance on the part of donors of capacity building as a relevant part of the humanitarian program;
- the establishment of numerous local NGOs which are now operational and receiving funds from other donors and are, in turn, involved in the capacity building of community-level groups.

The Experience of UNDP

A. Understanding of Capacity Building

1. Definition of capacity building: UNDP (the United Nations Development Program) prefers the use of the term "capacity development" in its work in this field, suggesting that while "building" refers to starting from scratch, "development" nurtures existing capacity. A 1997 publication from UNDP's Management Development and Governance Division defines capacity development 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". UNDP has also developed a capacity development framework which outlines four interrelated dimensions of sustainable capacity development. UNDP also prefers to use the term "CSO" (Civil Society Organization) rather than "NGO" arguing that CSO is a more inclusive title denoting a range of non-state actors, whereas NGO only refers to one kind of CSO.

2. Rationale for supporting capacity building: Capacity development (in place of capacity building) is one of UNDP's primary objectives and appears frequently as an overriding theme in policy and program documents. Capacity building is viewed as integral to UNDP's Sustainable Human Development (SHD) approach which identifies poverty eradication as its main focus linked to issues of effective governance, natural resource management and gender equality. While UNDP had traditionally focused its capacity building efforts on government, over the past decade it has expanded this focus to include CSOs as well as other potential stakeholders and development partners. UNDP's policy on SHD requires that capacity development in all three domains of a society—the state, civil society and private sector—is essential. Since 1993, the key objectives of UNDP in relation to its strategy for collaborating with civil society organizations have been:

- to improve policy dialogue between governments and civil society for sustainable human development;
- to meet civil society's capacity building needs for sustainable human development and seek additional program resources;
- to improve UNDP's own operational framework and institutional capacity for collaboration with CSOs.

3. Trends in thinking about capacity building: During the 1950s and 60s, UNDP spoke in terms of "institutional building" with a primary focus on the public sector. The terminology then evolved to "institutional strengthening" in the 60s and 70s; "institutional development" in the 80s, and; finally towards the more holistic and cross-sectoral approach of "capacity development" in the 90s. After the end of the Cold War, UNDP, as with many other agencies, appreciated the contributions of civil societies to promoting national and international development. Increased emphasis

was placed on supporting programs which focused on strengthening the role and capacities of civil society organizations (see UNDP Illustrative Case One on UNDP's Democracy, Governance and Participation Program in Eastern Europe and the Commonwealth of Independent States).

Another recent trend has been increased attention to building the policy analysis/advocacy capacities of CSOs and examining UNDP's own working relations with CSOs with a view to establishing partnerships which promote rather than impede capacity development. An important current development in this area is the production of Guidelines on National Execution which will allow CSOs to play a more active and responsible role in project design and implementation and take charge of project/program activities, including financial accountability and monitoring/evaluation. UNDP has also developed an Information Disclosure Policy which facilitates CSO advocacy and involvement in UNDP's program and policies.

4. How capacity building is handled in the organization: Capacity building, as an operational theme, is mainstreamed throughout the organization and can take place in the context of national, regional or global level programs. At the national level, for example, UNDP's Ghana Country Office has designated over US$ seven million to the capacity building of grassroots organizations. An exaple at the regional level is the South Asia Poverty Alleviation Program which trained thousands of CBOs in techniques for social mobilization and the establishment of village organizations. A recent report commissioned by UNDP's Civil Society Organization and Participation Program (CSOPP), however, found that the majority of capacity building initiatives aimed explicitly at CSOs and NGOs were undertaken in the context of small grants programs and that further efforts were necessary to mainstream and allocate core resources specifically for CSO capacity building. At the headquarters level, primary responsibility for ensuring the mainstreaming of CSO capacity building within UNDP is located with the Bureau for Development Policy and the Regional Bureaux.

B. Identification of Capacity Building Needs

1. Capacity assessment: While UNDP has no formal, organization-wide method for assessing the capacity of CSOs, a number of different tools are currently used by UNDP country offices. Several efforts are underway at headquarters to assist in defining key criteria and develop appropriate capacity assessment tools. UNDP Procedures for NGO Execution, for example, provide guidelines for assessing the capacity of a CSO to act as an executing or implementing agent and the CSOPP has produced reports, guidance and tools for assessing, monitoring and evaluating capacity development initiatives and participatory processes. A recent publication of UNDP's Management Development and Governance Division states that, "Key capacity requirements to be assessed include at the organizational level: vision and mission, strategy, policies and values, competencies and functions, processes (internal and external), human resources and financial information and physical resources" It also states that, "In the case of CBOs it is important to assess capacities to organize,

build consensus, plan, budget, implement, learn and evaluate in a participatory manner".

C. Capacity Building of SNGOs

1. Approaches employed: Some of the ways in which UNDP supports CSO capacity building include: (i) providing training and technical assistance; (ii) financing seminars, workshops, conferences and other learning fora; (iii) supporting networking opportunities; (iv) funding organizational assessments and the definition of organizational development strategies; (v) encouraging cross-sectoral dialogue and collaboration; and (vi) funding innovative projects with potential for "learning by doing". These activities are funded both by core and non-core resources (see, for example, the small grants programs described in UNDP Illustrative Case Two).

2. Priorities: UNDP's CSO capacity development initiatives have focused on:

- supporting CSO networking/coalition-building;
- contributing to organizational/human resource development;
- promoting cross-sectoral dialogue and collaboration;
- encouraging an enabling environment for CSOs;
- developing policy analysis, research and advocacy skills.

3. CSO networking/coalition-building: UNDP regularly supports national, regional and even global level workshops and conferences which provide an opportunity for participating CSOs to share information and network. Many UNDP programs involve the creation of coalitions or working groups around specific sectoral themes (such as gender or the environment) and many others work through or provide support to existing CSO coalitions or umbrella organizations. Another way in which UNDP has contributed to CSO networking is through information technology support. UNDP's Sustainable Development Network Program, for example, develops the capacity of developing countries to access the Internet as well as providing specific connections for CSOs to do so. Networking and coalition-building of CSOs gained significance within the context of the Global UN Conferences supported by UNDP.

4. Organizational/human resources development: In the area of organizational and human resource development, UNDP has funded organizational capacity assessments and the definition of organizational development plans. It has also supported training for CSO staff in a broad array of areas including leadership, financial management, fund-raising, project design and implementation skills, M&E, participatory research methods, social mobilization and gender and development.

5. Promoting cross-sectoral dialogue/collaboration: The promotion of CSO-government dialogue is one of the key objectives of UNDP's CSOPP and is an important feature of numerous (national and regional) UNDP programs. A primary focus of Capacity 21 (a global program launched by UNDP in direct response to the

1992 Earth Summit), for example, is to create political space for CSOs and promote their participation in the design and implementation of national development policies. In Lebanon, UNDP hosts a series of quarterly meetings which bring together CSO and government representatives to discuss a variety of sectoral development issues and explore possibilities for collaboration. A key objective of the Civil Society Empowerment for Poverty Reduction Program in Africa is to enhance the capacity of CBOs, NGOs and other CSOs to interact with policy-makers on poverty issues. Other UNDP programs have supported regional consultations involving governments and CSOs or supported the creation of CSO liaison offices within government departments.

6. Enabling environment: Closely linked to UNDP's initiatives in the area of increased dialogue and collaboration between CSOs and governments, have been its efforts to promote an enabling legal and regulatory environment for CSOs. These efforts have been undertaken, for example, in the context of a joint donor initiative to review the legal environment governing NGOs in Malawi; the Democracy, Governance and Participation Program in Eastern Europe (see UNDP Illustrative Case One) and the National Long-Term Planning Perspectives Programs in Africa.

7. Policy analysis, research and advocacy: Supporting NGOs in their policy analysis and advocacy roles has been an increasingly important trend at UNDP in recent years. UNDP funded a project of the Third World Network, for example, that aimed to enhance the capacity of CSOs to monitor and analyze international economic trends so they could be better prepared for the Social Summit in Copenhagen in 1995 and better equipped to implement follow-up activities. In Aisa, UNDP supports a program implemented by the InterPress Service (IPS) which aims at improving the ability of media and CSOs to contribute to debates on sustainable development at the national and regional levels by raising their awareness and enhancing their technical capacities. The Human Development Reports—global and national—involve CSOs in the preparation, launching and dissemination of the reports.

8. Strengths and comparative advantages: UNDP staff and consultants identified its key strengths as being:

- a perceived neutrality and non-partisan international stature;
- the application of neutrality to build trust and to contribute to social capital;
- a very broad sustainable human development (SHD) goal;
- inter-governmental coordination experience;
- the ability to run innovative small scale development initiatives alongside more traditional large scale programs;
- a global outreach and potential for communicating experiences and ideas between countries;
- its ability to leverage funds.

9. Perceived weaknesses and constraints: Weaknesses and constraints perceived by UNDP staff that hinder CSO capacity building include:

- UNDP's mandate to work through government (which limits its direct relations with CSOs);
- national circumstances including government-CSO relations;
- bureaucratic imperatives (UNDP's administrative procedures can sometimes be complicated and cumbersome);
- pressure to disburse funds and show concrete results;
- importance of civil society not yet accepted throughout organization;
- lack of consistency in UNDP policies;
- lack of a comprehensive strategy regarding CSO capacity building, and;
- the fact that practice does not always live up to rhetoric.

D. Lessons Learned

1. Evaluating success: As mentioned above, UNDP currently has no formal guidelines for evaluating capacity building. A Handbook on Collaboration with CSOs, soon to be published by the CSOPP office, will address these issues. A number of ongoing programs, however, have provided important lessons regarding the M&E of capacity development. Experience of UNDP's Capacity 21 program, for example, has shown that "M&E must be adjusted to take account of the special demands of capacity development. Progress as well as outcomes must be monitored...Both quantitative and qualitative assessments are needed to deal with the complexity and ambiguity of capacity issues...and more time is frequently required to come to a serious judgement on the impact of outside interventions on organizational change". The program has also found that, to be effective, M&E "cannot be a reporting and control device designed mainly to meet the accountability requirements of donors...(but)...must be an indigenous function by which participants and stakeholders focus on their own performance, learn from experience and adjust their behavior". For this reason, Capacity 21 provides training and technical assistance as well as feedback and advice on issues raised by program monitoring reports. UNDP programs supporting CSO activities have emphasized self and participatory evaluations and qualitative as well as quantitative benchmarks and indicators in monitoring improved processes and outcomes.

2. Factors contributing to successful capacity building: The experience of UNDP shows that capacity development is most sustainable when programs are:

- responsive to stakeholder needs;
- participatory;
- transparent;
- equitable (all sorts and conditions of people have access to program benefits);
- accountable (to constituencies, donors and other stakeholders);
- consensus-oriented.

3. Future trends: UNDP staff interviewed expressed the view that the role of donors in the area of capacity building is changing, particularly as conventional ideas about "organizational engineering" are supplemented by attention to a broader range of issues such as empowerment, social capital and enabling environments. A recent report states that, "Traditional donor-driven, input-oriented, cost-benefit and expert-led practices are giving away to approaches promoting indigenous control, local knowledge and participation and the dynamic inter-relationships among the various actors and level of national programs, groups and organizations. The old focus on institutional development is seen as an important component of capacity development—but is not the same as capacity development."

List of Those Interviewed

Phillip Dobie	Capacity 21, Sustainable Energy and Environment Division
Amel Haffouz	Regional Bureau for Europe and the CIS
Peter Hazelwood	GEF Small Grants Program, Sustainable Energy and Environment Division
Jane Jacqz	GEF, Sustainable Energy and Environment Division
Geoff Prewitt	CSO and Participation Program, Social Development and Poverty Elimination Division
Samir Wanmali -	Poverty and Sustainable Livelihoods, Social Development and Poverty Elimination Division
Caitlin Wiesen -	Policy and Regional Program Division
Sonam Yangchen -	Manager, CSO and Participation Program, Social Development and Poverty Elimination Division

Address

Sonam Yangchen
Civil Society and Participation Program
Room 2058
1 UN Plaza
New York, NY 10027
USA

UNDP Illustrative Case One

Democracy, Governance and Participation Program in Eastern Europe

UNDP's Regional Bureau for Europe and the Commonwealth of Independent States (CIS) is currently engaged in the implementation of a program to support the strengthening of democracy, governance and participation in the region. While governance programs in Europe and the CIS initially focused their attention on local

governments, emphasis has now been broadened to include CBOs, NGOs and other organizations of civil society.

The program utilizes a number of capacity building strategies including support for training, workshops and conferences (sometimes offered jointly to government and CSOs), promotion of CSO networking opportunities, and provision of seed funds to CBOs, NGOs, NGO support organizations and other forms of CSOs. A pilot project in Kyrgyzstan, for example, aims to strengthen the capacity of CBOs by providing in-service training in management and participatory methodologies (offered by two UN volunteers). It offers support for computer training, other workshops, and an exchange program with CSOs from other countries; and it also promotes an enabling legal environment for CSOs. Another project in the Russian Federation has promoted networking among women's' CSOs; provided training to the same groups in the areas of management, financing, organizational development strategies and gender theory; and facilitated links with government. In addition the program has funded the establishment of an CSO Resource Center in Kazakstan which will offer information, policy analysis, training, consulting and financial services to CSOs as well as supporting networking and coalition-building activities.

UNDP Illustrative Case Two

Three Small Grant Programs (LIFE, GEF, PDP)

The Local Initiative Facility for Urban Environment (LIFE) was launched as a pilot program by UNDP at the 1992 Earth Summit. Under the LIFE program, local governments, NGOs and communities are encouraged to work together to find local solutions to urban environment problems. Strong emphasis is placed on strengthening local institutional capacity, promoting policy dialogue and disseminating lessons learned. The program considers process as important as substance. In each country where LIFE operates a multi-sectoral national selection committee (made up of public officials, NGO and CBO representatives and others) is formed and a national strategy is developed. Since its inception, LIFE has funded more than 100 small scale projects in seven countries. It has provided support to urban NGOs to develop their capacities to enter into partnerships, dialogue with government authorities, influence policies, and demonstrate alternative approaches to participatory and sustainable urban development. LIFE has also responded to specific requests from NGOs, CBOs and local authorities for technical assistance in areas such as proposal writing, financial reporting, project development and management, fund-raising, negotiation and conflict resolution.

The Global Environment Facility (GEF) Small Grants Program, launched by UNDP in 1992, was designed exclusively to grant funds for community capacity building to develop local solutions to a range of environmental concerns. Key objectives of the program include raising public awareness, promoting cross-sectoral partnerships and

encouraging public dialogue. Program staff indicate that virtually all small grants have a capacity building component (though these target CBOs more frequently than NGOs). In Bolivia and Chile, for example, the program has made grants to CBOs to, in turn, contract NGOs to facilitate or implement capacity building activities. The Small Grants Program has funded NGO networking and cooperation initiatives in Mauritius, Pakistan, Turkey and Trinidad and Tobago while offering financial, technical and thematic training to NGOs in Belize, Kenya, Jordan, Mauritius, Pakistan and Senegal. In the Philippines, it has supported NGO exchange visits, seminars and training activities; in Papua New Guinea it organized a twinning program between small, weak NGOs and larger, stronger ones. The GEF has also sought to help organizations diversify their funding base by supporting the creation of numerous National Environmental Funds. Despite these initiatives, a recent mid-term evaluation of the program found that there was room for improvement in this area and that higher priority should be given to capacity building, particularly at the community level.

The Partners in Development Program (PDP) is a small grants program first launched in 1988 and now in its third phase of operation. Through PDP, UNDP provides direct support to NGOs and CBOs for income-generating, capacity building and networking initiatives. Two main objectives of PDP are strengthening the institutional capacity of local NGOs and CBOs and promoting networking and dialogue among NGOs, government and UNDP. Capacity building proposals may be submitted directly by CBOs and NGOs or by support/training institutes that offer capacity building services. Program documents report that capacity building strategies employed by PDP have included formal training, workshops, in-country study tours and "learning by doing" through monitored project implementation. In Burkina Faso, for example, an umbrella training program was offered to all PDP grant recipients and in Mali $100,000 were assigned to NGO management training workshops. Despite the program's stated commitment to capacity building, however, a 1994 evaluation found that only 14 percent of small grants were for NGO capacity building and only seven percent for networking. The evaluation reported an "overwhelming emphasis on short-term income generating and social welfare activities" and recommended a "strategic shift to emphasize CSO capacity building".

The Experience of IFAD

A. Basic Description of IFAD

The International Fund for Agriculture Development's (IFAD) mandate is to combat rural hunger and poverty in developing countries through the provision of concessionary loans. It now works in 110 countries and, in 1996, expended USD 5.1 billion on loans (476 loans for 461 projects), and US$ 0.3 billion on 696 grants. Roughly a third of the funds were expended in Africa, a third in Asia and the Pacific, and a sixth in each of Latin America/Caribbean and the Near East/North Africa.

IFAD operates through its Regular Program which is also underpinned and supplemented by Special Initiatives:

- The Regular Program consists of the extension to member governments of loans and grants for financing both IFAD initiated projects and IFAD co-financed projects. The majority of the loans are highly concessional. Technical Assistance Grants (TAGs) are envisaged up to 12 percent of the annual lending, but presently amount to seven percent (about USD 30 million). Part of TAG is the IFAD/NGO Extended Cooperation Program (ECP) which covers support specifically to NGOs.
- Initiatives consisting of special programs are more targeted and are linked to special funding. They are the Special Program for Africa (SPA) and The Belgium Survival Fund (BSF-JP).

IFAD has no field offices and it's *modus operandi* is based on the optimum utilization of existing cooperation in the UN and elsewhere within the context of the article seven of the Agreement Establishing IFAD, requiring the Fund to "entrust the administration of loans and the supervision of the implementation of the project or program concerned to the competent international institutions." IFAD, however, was recently authorized by its Governing Council to supervise on an experimental basis some of its projects. It must be noted that IFAD has a long time frame for its work and can be involved in a program for 10-12 years.

B. Understanding of Capacity Building of SNGOs

1. Definition of capacity building and rationale for its use: The Agreement Establishing IFAD (1978) states, inter alia "the Fund shall co-operate closely with (...) non-governmental organizations". In IFAD's programs, definitions of NGOs range from community-based organizations (CBOs) and grassroots organizations (GROs) to national/regional and international organizations, in order to ensure that IFAD's resources reach the grassroots level. Cooperation with NGOs under the Regular Program (1978-1997) has been divided 80 percent with SNGOs and 20 percent with

Northern NGOs. As for ECP, the majority of cooperation is with SNGOs (45 out of 75 organizations as of 1996).

For the Regular Program, therefore, a very important part of their work is capacity building of CBOs—helping to build groups, assisting groups to help their members acquire technical skills, helping groups to plan their own development, aiding groups to understand the effect of national policies, assisting groups to think through alternative policies, helping groups to mobilize around particular problems, and strengthening groups to manage savings, credit, and marketing.

Most Project Controllers are thus very interested in building the capacities of grass roots organizations and farmers associations, but are only interested in SNGOs if they can help them to reach the rural poor and improve their situation. They expect SNGOs to already have capacity which they can use—and this must be demonstrated against other possible competing kinds of organizations, like Northern NGOs, commercial consultancy organizations, universities, and government departments. They have no use in NGOs except as sub-contractors where they have some comparative advantage—and they therefore have little interest in spending IFAD funds in building their capacities. On the other hand "There are as many IFAD's as there are Project Controllers" (2) and there is quite a variation between Project Controllers' practice. IFAD, however, associates NGOs in almost all the workshops and seminars it organises. Moreover, IFAD has entered successfully in a dialogue with the governments to improve the working environment for NGOs vis-à-vis governments and to facilitate their inclusion in the implementation of IFAD-financed projects.

The Economic Policy and Resource Strategy Department has, on the other hand, a specific mandate to interact with NGOs. It has, however, much fewer resources than the Regular Program. It interacts with NGOs through the forementioned EPC, the annual IFAD/NGO Consultations, and the 1995 Conference on Poverty and Hunger which produced an ongoing Popular Coalition to Eradicate Hunger and Poverty on which many NGOs sit. This Department is interested in building the capacity of both CBOs and intermediary NGOs. The guidelines for the EPC emphasize that "the ECP instrument aims at promoting pilot activities that could lay the groundwork for future IFAD investment or offer support to ongoing projects. Project proposals submitted by NGOs should, therefore, always be linked to an ongoing IFAD project or a project in the pipeline" (3). An example of this can be seen in IFAD Case Two: "The Fundacao Amilcar Cabral" in Guinea Bissau.

A specific instrument was introduced into the Popular Coalition's strategic plan for 1996–7. In order to operationalize the strategy "Support the capacity building of civil society organizations" the Coalition devised an instrument called the "Civil Society Empowerment Facility" (CSEF). The CSEF is "conceived as a catalytic financing facility which will assist the capacity and institution building of civil society organizations and promote and support their innovative approaches and initiatives, thereby laying the groundwork for their replication or up-scaling and possible follow-up investment interventions with potential for improving the productivity and incomes of

the poor" (4). Up to the time of writing this fund has not yet become operational, although IFAD has committed funds to it.

2. Trends in thinking about capacity building of SNGOs: The Popular Coalition to Eradicate Hunger and Poverty has the clearly enunciated goal of "the enhancing of the interaction between diverse development agencies in order to build a strategic coalition with and for civil society to combat hunger and poverty. The Coalition initiates and supports practical, community-based activities whose central thrust is the empowerment of civil society organizations through policy dialogue, upscaling, and networking arrangements, and direct support for grass roots programs" (5). While this thinking has not yet been comprehensively operationalized, there are many examples within the EPC where IFAD has been trying such ideas out in order to prepare for increased future attention to them in the main program.

C. Identification of Capacity Building Needs

1. Capacity assessment: IFAD has no instruments or tools which it employs to gage or assess the capacity either of rural people's organizations or of SNGOs. Most staff consider that the capacity weaknesses can be diagnosed based upon common sense and the great deal of experience which they have with such organizations. Common features noted in the "Partnership with Non-Government Organizations" are: "the small scale of NGO interventions, their limited financial and management expertise, their limited institutional capacity, and their dependance on external funding "(7). No measures have, however, been put into place to systematically address these weaknesses. As far as NGOs are involved in the Regular Program, it is left to the discretion of each Project Controller, many of whom do not consider capacity building of NGOs to be their responsibility.

2. Capacity building needs: The seventh annual IFAD/NGO Consultation (1996), which was focused specifically on the theme of "Capacity Building at the local level", recommended that "NGOs and Basic Community Organizations (BCOs) would be able to better contribute to local development if they were given the means of improving their skills and capacities in relation to:

- understanding economic and social policies;
- conducting institutional legal analysis;
- developing activity programs;
- managing financial resources;
- managing human resources;
- conducting project formulation, implementation and evaluation;
- using participatory methodologies in training, research and consultation;
- using computers and communication tools"(8).

D. Capacity Building of SNGOs

1. Approaches employed: IFAD generally understands "capacity building of SNGOs" as building the capacity of rural peoples organizations (CBOs and GROs). It has considerable experience with this, though in some cases working with and through NGO intermediaries. The idea of building the capacity of the SNGOs themselves so that they are better able to serve the rural people's organizations has not yet been operationalised, although it has been heavily discussed, particularly in the ECP. There are thus two paths in IFAD—one which is happy to work with SNGOs as and when they can help IFAD implement its mandate, but which has no inclination to spend IFAD resources on building their institutional strength, and one which is interested in building up the competence of a variety of civil society organizations (including SNGOs) to carry out innovative projects which the rest of IFAD can subsequently follow while building awareness of policy issues through which civil society organizations can be effective. CBOs, GROs, and NGOs, when associated with a specific project, benefit directly or indirectly from the following capacity building approaches:

- advice and assistance in project forumlation;
- provision of funds for strengthening the capacity (support to staff, provision of equipment and materials, and operating costs) of the NGO/CBO/GRO to implement the expected task.
- new initiatives to strengthen NGOs in the areas of policy-advocacy and networking, especially within the framework of the UN Convention to Combat Deserficiation.

2. Priority areas of intervention: The most frequent area of intervention is in group formation, group mobilization, and the strengthening of indigenous organizations. Also important is the establishment of good working relations between NGOs and government. In the Seventh Annual IFAD/NGO Consultation, IFAD pointed out the importance of workable relations between governments and NGOs and reflected on the benefit to NGOs of putting into effect, through the ECP, a system whereby governments accept IFAD's funding to NGOs through a simple "no objection" process.

One specific priority area responds to IFAD's strong emphasis on credit and savings. One of IFAD's earliest projects entailed support to the Small Farmer Agricultural Credit Project in Bangladesh, which subsequently grew to become the internationally famous Grameen Bank. IFAD pays particular attention to setting up savings and credit institutions which, when managed properly, are able to cover their costs and be financially sustainable (see IFAD Illustrative Case One: the Kenyan Women's Finance Trust).

3. Donor conditionalities: IFAD does not feel that its procedures and conditions are onerous to NGOs and rural people's organizations. It has admitted such problems in the past and has "significantly streamlined these procedures"(9). Because IFAD works with governments, the Regular Program requires the government's full agreement to

an NGO for implementing a project component. The ECP, on the other hand, merely requires a "no objection" from government. IFAD has said, however, that neither of these conditionalities are a burden: on the contrary "many NGOs have pointed out that obtaining governmental consent was ultimately beneficial to the success of projects and that IFAD could frequently play a positive role as a catalyst in strengthening government/NGO relations"(9).

4. Financial sustainability: IFAD's work with rural people's organizations is frequently intended to help such organizations become financially viable through subscriptions or membership fees. Part of IFAD's objective of increasing poor people's incomes is so that these people can support their own representative organizations. Much of their support is for increasing agricultural production or for off-farm income generation which, when allied to group membership, can lead to organizational financial sustainability. Up to now, however, IFAD has not concentrated on the topic of local resource mobilization for SNGOs, although it has flagged it as an important subject for the future.

5. Catalyzing policy dialogue: IFAD focuses particularly on the issue of getting SNGOs accepted (and hopefully respected) as development partners by Southern governments. Because of its unique position, and because of its regular working relations with governments, inter-governmental organizations, bilateral and multilateral organizations, IFAD plays a valuable role in getting NGOs and other civil society organizations access to the fora in which policies are discussed. It has specifically built on this both by organizing the 1995 Conference on Hunger and Poverty and nurturing the Popular Coalition to Eradicate Hunger and Poverty as an ongoing activity of this conference. It also involves NGOs in the particular Convention against Desertification.

6. Encouraging inter-NGO learning: IFAD has established two networks that promote inter-NGO learning. The first is the Network on Civil Society Initiatives on Land Reform and Territorial Security which disseminates the most successful practices, policies and innovative institutional arrangements on this subject for possible scaling up and replication. The second is the Knowledge Network on Negotiated Land Reform (NERALEN) which focuses primarily on an investigation of the dynamcis of the land markets in four pilot countries (Brazil, Colombia, the Republic of South Africa, and the Philippines) in relation to the access of the poor to land. In addition, the annual IFAD/NGO Consultations will offer opportunities for inter-NGO learning. The five-pronged Program of Action from the Conference will offer the opportunity for NGOs to get into coalitions to support issues that they identified as important. These opportunities are still, however, at the planning stage and have not yet been operationalised.

7. Strengths and comparative advantages of IFAD in capacity building of SNGOs: These include:

- the mandate given to IFAD by the Popular Coalition to Eradicate Hunger and Poverty (1996);

- the ongoing work of that Conference through the Popular Coalition to Eradicate Hunger and Poverty;
- the annual IFAD/NGO consultations.

8. Perceived weaknesses and constraints: The part of IFAD which deals with NGOs and their capacity building is a very small part of the organization with comparatively few resources to bring to the task. The ECP only uses 2.1 percent of the Technical Assistance Grants, which are in turn limited to 7.5 percent of the resources IFAD commits in any one year. The majority of the money is available as loans to governments through the regular program; most Project Controllers are not interested in the capacity development of NGOs. Governments have to agree to IFAD's work with NGOs. This is not always easy.

E. Lessons Learned

1. Evaluating success: There is no organization-wide evaluation of the benefits or problems involved in working with SNGOs. The only pertinent evaluation is that of the Ghana portfolio, described earlier, which advised caution when using them. At the same time, however, there is a high profile initiative in IFAD to involve IFAD more in civil society organizations through the Conference and the Popular Coalition. A final quotation from the report "Partnership with Non-Governmental Organizations" makes the useful suggestion, "IFAD is considering the possibility of providing institutional support to NGOs to strengthen their capacity in project design and implementation. (...) a greater degree of evaluation of IFAD/NGO joint activities would provide insights useful to further collaboration"(10).

2. Factors contributing to successful capacity building: Long-term involvement with an organization, good relations between government and NGOs in a country and a clear understanding of the capacity weaknesses of an organization were all factors that staff referred to as being important in capacity building interventions.

Notes

1. IFAD Annual Report (1996).
2. Report of Rapid External Assessment of IFAD (1994).
3. IFAD Partnership with Non-Government Organizations (1997).
4. Civil Society Empowerment Facility - Basic Framework (1997).
5. IFAD Annual Report (1996).
7. Partnerships with Non-Government Organizations (1997).
8. Chairman's Summary, 7th Annual IFAD/NGO Consultation (1996).
9. Partnerships with Non-Government Organizations (1997).
10. Ibid.

List of Those Interviewed

Economic Policy and Resource Strategy Department

Bahman Mansuri	Program Director
Maria Theresa Rubin de Cervin	NGO Coordinator

Program Management Department

Brian Baldwin	Project Controller, Asia and Pacific Division
Hadi Shams	Senior Project Controller, Africa 1 Division
Colin Dickerson	Project Controller, Africa 2 Division
Edward Heinemann	Project Controller, Africa 2 Division
Mr. Murguia	Project Controller, Latin American/Caribbean Division

Address

Maria Theresa Rubin de Cervin
NGO and Civil Society Unit
IFAD
via del Serfico 107
00142 Rome
Italy

IFAD Illustrative Case One

Inter-Donor Collaboration on a Women's Micro-Credit Program: IFAD, ODA, and KWFT in Kenya

The Kenya Women's Finance Trust (KWFT) is a micro-credit operation started in 1981 by professional Kenyan women as an affiliate to Women's World Banking. Its first funding came from the Ford Foundation, which ended its support in 1989 with a collapse of KWFT's management. A new Board and staff took over the organization and secured grants from Ford, UNDP and IFAD in 1991. IFAD funding was a combination of the Belgian Special Fund (BSF-JP) and the Extended Program of Cooperation (ECP). ECP is intended to pilot ideas with NGOs, which, if successful, can subsequently be scaled up into IFAD's main program. By 1995 KWFT was operating successfully. In October 1995, KWFT submitted a proposal to IFAD for USD 700,000 to expand its lending operations in two of its five existing areas. It also submitted proposals to other donors (CGAP, DFID/ODA), all of which had been agreed to by the Government of Kenya.

IFAD decided to fund KWFT again, but only via collaboration with DFID/ODA, who had an office on the spot, supervisory possibilities and a larger contribution. ODA/DFID had already done a detailed appraisal of KWFT in early 1996 which identified, among other things, the need for capacity building interventions to build the institutional strength of KWFT.

The objective of IFAD's program of support to KWFT was to expand KWFT's lending operations from its existing five bases by provision of funds, to address institutional capacity weaknesses by allowing KWFT to hire appropriate short term consultants and hire highly qualified senior personnel, and to help KWFT become financially sustainable by implementing a savings scheme. The consultants and staff would be chosen by KWFT. To implement the savings scheme, IFAD recognized that there needed to be a change in the regulations of the Central Bank of Kenya to allow KWFT (and other organizations like it) to operate a voluntary savings scheme and was prepared to advocate for this alongside KWFT and the other donors.

IFAD put up $750,000 from BSF as a contribution to the costs of the project and did not insist on linking this to specific activities. IFAD agreed with the other donors to form a donor consortium to simplify KWFT's procedures with donors. IFAD also agreed to KWFT's quarterly performance review by the Institute of Development Studies in Nairobi and a common sharing of all documents on the project with other donors.

According to project controllers there was no difference of emphasis between the management of KWFT and the donors about the need for the capacity building measures and the quarterly performance review. KWFT had agreed to the findings of the DFID/ODA appraisal and welcomed the donors' help in assisting KWFT to manage its lending program.

While IFAD does not yet have an evaluation of the effects of the capacity building aspects of its support, such an evaluation will certainly form part of the regular performance review. KWFT is performing well at the present. The factors contributing to the success of this program are:

- IFAD's willingness to allow KWFT to access appropriate local resources for capacity building;
- IFAD's readiness to collaborate with other donors in a way that minimized work for KWFT;
- IFAD's readiness to join forces with other donors to maximize impact;
- IFAD's use of limited NGO specific pilot funds as a precursor to scaling up its contribution from its main program;
- IFAD's willingness to work with KWFT (and other donors) to try and influence the regulatory environment re voluntary savings schemes;
- KWFT's close collaboration with the donors on appraisals and performance monitoring.

IFAD Illustrative Case Two

Supporting South to South Capacity Building of small NGOs: ENDA/GRAF and Fundacao Amilcar Cabral of Guinea Bissau

Fundacao Amilcar Cabral (FAC)—Solidarity in Development—is a non-governmental intermediary NGO in Guinea Bissau which was created in 1991. With a core group of committed middle level professionals and technicians it has a track record of forming village groups and working in agro-related production and processing, particularly with women's groups. It has previously received funding from the World Bank's Social Development Fund. FAC requested IFAD funds in 1995 for a village development fund. After negotiations IFAD prepared a proposal that included a village development fund, equipment and materials, workshops, salaries, travel, M&E, and a socio-economic survey, as well as institutional strengthening assistance to FAC from a Senegalese NGO called ENDA-GRAF.

The background to IFAD's support of FAC's proposal is that Guinea Bissau is in arrears of its loan repayments to IFAD, and as a result has not had any further projects with IFAD's main program. In order to avoid losing touch with the country, IFAD is keen to use the window of the Extended Cooperation Program to make a grant of $60,000 to a local NGO. This grant not only keeps them involved with Guinea Bissau, but also involves a continuation of the same kind of work from a previous IFAD project (support to village level women's groups in horticulture and credit unions). This small project with FAC may lead to further larger projects in the future if Guinea Bissau's repayment problems are resolved.

The institutional strengthening is directed at the community-based organizations to help them to protect, appropriate, and develop the natural resources of their territory (croplands, forests, and water); and at FAC to help develop and implement participatory development methods for village based natural resource management. ENDA-GRAF in Senegal is considered to have significant experience in the execution of land management projects and rural financial operations. The project involves personnel from ENDA-GRAF coming to FAC, and FAC personnel going on a study tour to ENDA-GRAF in Senegal.

An additional objective in IFAD's support of this project is the development of village level animators for other NGOs in Guinea Bissau based on a model which FAC will develop. Rather than just taking a technical perspective, FAC and ENDA-GRAF are intending to use a training module that IFAD has developed, called Village Based Resource Management, which includes an explicit socio-economic dimension.

This project has not been evaluated as yet. Factors tending towards success would seem to be FAC's request for institutional strengthening and IFAD's willingness to fund FAC's access to a resource organization in a neighboring country. Moreover IFAD is motivated to make a success of this project because of its strategic importance in

IFAD's future relations with Guinea Bissau and its use of an IFAD developed training module. IFAD's development of a flexible grant mechanism for NGOs where there is the intention of capacity development for subsequent scaling up, seems to find a valid application here

The Experience of the World Bank

A. Introduction

At present, there is no definition of capacity strengthening that is used throughout the World Bank (the Bank). There is also no systematic monitoring or evaluation of Southern NGO (SNGO) capacity strengthening within Bank-financed projects. It is, therefore, very difficult to conduct a comprehensive review of all Bank sponsored projects that include a NGO capacity strengthening component. What is presented, therefore, is a situational analysis of the types of capacity strengthening initiatives that are being financed by the Bank, with highlights of a sample of projects which have used more innovative methods to strengthen the capacity of their NGO partners. In addition, the survey captures a variety of efforts underway to support policy dialogue and/or enhance the policy environment for SNGOs.

The following information is based on interviews with several Task Managers (TMs) of projects, Managers of Economic Development Institute (EDI) capacity strengthening projects, and others working on NGO issues throughout the Bank. Projects were identified through discussions with regional social development unit staff and through TMs working on projects with NGO involvement.

B. Bank–NGO Operational Collaboration

The number of projects approved each fiscal year involving NGOs has increased steadily in the 1990s. The figure for such involvement was 47 percent in FY97, up from 42 percent in FY94 and 22 percent in FY90. The breadth and depth of operational partnership with NGOs is also growing. As greater numbers of projects with NGO involvement are approved each fiscal year, the proportion of such projects in the total portfolio has risen. At the end of FY97, 38 percent of current projects involved NGOs, up from 35 percent at the end of FY96.

There is growing evidence that this involvement of NGOs and other civil society organizations correlates to enhanced development effectiveness and sustainability. For the second year, the review of Annual Report on Portfolio Performance (ARPP) figures indicates that involvement of NGOs is linked to project effectiveness and reduced project risks leading to greater sustainability of Bank operations in certain sectors, such as agriculture, social welfare, and population and human nutrition.

It is important to note that, increasingly, this partnership with civil society is with local and community-based organizations (CBOs). Among FY96 projects with NGO involvement, 53 percent involved existing CBOs, 16 percent involved newly created CBOs, 74 percent involved national in country NGOs, and 15 percent involved international NGOs.

An important trend to note is the increase in upstream involvement of NGOs in operations. In FY97, 60 percent of the projects with NGO involvement benefited from input during the design stage, up from 42 percent in FY96 and 22 percent in FY90. Finally, the range of projects approved reflect the clear advantages NGOs provide in representing the concerns of project beneficiaries.

Thus, as the Bank and its borrowers increasingly seek to develop partnerships with civil society actors, the relevance of understanding and improving the effectiveness of the NGO sector becomes obvious. Key determinants of a healthy NGO sector are the policy environment and the capacity of the NGOs themselves. As such, the Bank is placing greater focus now on strengthening civil society organizations not only at different stages during the project cycle but through parallel efforts of EDI.

C. Types of Capacity Strengthening Efforts Supported within the Project Cycle

NGO involvement in Bank projects has been most significant during project implementation and maintenance when NGOs are hired as contractors to carry out a particular project related activity (1). The term "NGO" in this context most often refers to operational NGOs or NGOs engaged primarily in design, facilitation and implementation of developmental sub-projects as opposed to advocacy NGOs whose main purpose is to defend or promote a specific cause and who seek to influence the policies and practices of the Bank. Bank projects also involve many types of community-based membership associations such as grass roots organizations or cooperatives, water users associations, women's groups, savings and loan associations, and peasant unions, particularly in projects that require broad participation.

What follows is a brief discussion of capacity strengthening activities for operational NGOs and CBOs that are included in Bank projects or conducted through EDI.

1. Financial and management training: Many NGOs selected by the Bank to work as intermediary organizations are chosen for their expertise in community mobilization. However, they often have limited financial, technical, managerial and institutional capabilities. For these intermediary organizations, capacity strengthening offered through Bank projects usually includes specialized training in sectoral methods and technologies, as well as training in general aspects of administration, accounting, and management. The Indian National Cooperative Development Project, for example, initiated a review of rural, agricultural and agribusiness cooperatives. The review included composition of cooperative boards, type and tenure of management, current and projected financial status, staffing levels, and other aspects affecting the operation of cooperatives. Based on the findings of the review, one of the project priorities was to focus on the institution building necessary for long-term managerial and financial sustainability of the cooperatives.

2. Participatory techniques: Many people believe that given their proximity to local and affected populations, NGOs are able to foster more participatory development. This belief is one of the primary reasons why the Bank has chosen to work with NGOs. This requires that NGOs have the necessary links to a community to facilitate communication between project beneficiaries and government give voice to community needs, build the capacity of community groups, and channel resources to the community. To ensure that NGOs effectively engage local communities in Bank-funded Poverty Targeted Investments (PTIs), training in participatory methodologies is often provided to participating NGOs. For example, in the Nepal Rural Water Supply and Sanitation Project, NGOs selected to work with communities followed a seven day training course on participatory research techniques, gender sensitivity and group dynamics. This initiative is judged to have made an important contribution to the success of the project while also developing the skills of the NGO staff. Another example is EDI's Women's Enterprise Training Outreach Program (WEMTOP) in India which provides training in management, techniques for group formation, and assistance in fulfilling government and donor requirements to intermediary NGOs.

EDI and NGOs have developed a monitoring system with self-assessment and participatory techniques to find out whether NGO training is having the intended impact. EDI also supports participatory capacity strengthening programs in conjunction with regional networks; in Africa, the partner institution is Innovations et Reseaux pour le Developpement (IRED); in Latin America, EDI works through an urban development network called Programs de Fortalecimiento Institucional y Capacitacion de Organizaciones Non Gubernamentales (FICONG).

3. Training in Bank policies and guidelines: In some projects, training is also provided for intermediary organizations in Bank policies and guidelines. It is strongly believed by TMs that such training assists NGOs not only in carrying out the Bank's work but also in their relationship with other CBOs and smaller NGOs that they in turn support. For example, during project preparation, training is provided to NGOs in the Bank's environmental and social assessment guidelines. Often, intermediary NGOs use the same guidelines to not only monitor impact of Bank projects but also the impact of their own projects. They also use the same techniques to train NGOs and CBOs that they work with—for example the Bangladesh Second Road Rehabilitation and Maintenance Project provided training for intermediary NGOs in the Bank's resettlement guidelines as well as valuation and compensation.

Many projects, however, are not able to allocate sufficient funds for such training. Many TMs feel that lack of training in, for example, the Bank's procurement guidelines leads to frustration and friction between the Bank and NGOs during project implementation.

4. Scaling up pilot projects: It has been noted that highly participatory NGOs tend to work on a very small scale. Often, however, these pilot initiatives have proved to be replicable by the Bank and governments on a larger scale. Many methods have been

used to expand successful NGO programs. One method is to build the capacity of the NGO to scale up in order to collaborate with official programs without losing their essential participatory nature. For example, The Balochistan Primary Education Project in Pakistan and the Nepal Rural Water Supply and Sanitary Project began in 1992 and 1993 respectively with a pilot project with small local NGOs. These governments are now funding the program on a large-scale basis using IDA credits.

5. Encouraging NGO partnerships: International NGOs and some national NGOs often enjoy greater access to human and capital resources than smaller community-based organizations. Twinning with a stronger NGO to improve capacity and receive support is one way of transferring much needed skills and capacity to a weaker NGO. Three examples illustrate how this works in practice:

- For the Benin Food Security Project, in order to contribute to the long-term development of the local NGO sector, it was decided that international NGOs would not undertake project activities independently but would work in partnership with a newer local NGO, providing informational, technical and logistical support and facilitating technology transfer. (For more information on this, please see World Bank Illustrative Case One: Benin Food Security Project)
- For the Bank-financed Improved Environmental Management and Advocacy Project in Indonesia, an international NGO teamed up with 12 Indonesian NGOs to strengthen the capacity of local intermediaries in order to address the environmental consequences of pesticides.
- The Uttar Pradesh Land Reclamation Project in India has as its goal to reclaim salt-affected lands using participatory management techniques that could serve as models to be replicated more broadly in the future. Farmer's water management groups were organized and community volunteers were trained in technology transfer by small local NGOs. The staff of these grassroots NGOs will be trained in turn by larger intermediary NGOs.

6. Reorientation of NGOs to match project objectives: According to TMs, when the Bank finds that a particular sector is weak and attempts to implement a specific program concerning that sector in an area or province of a country, they often find that there are very few or no NGOs working in that sector. In the past, this situation has called for an NGO working in a different sector to be "used" to carry out activities relevant to the project that is being implemented. This is often true of credit components that are added to existing programs of social welfare NGOs. Social welfare NGOs are then provided with financial management and other skills required to administer a credit program which are quite different from those required to manage a social welfare program.

While in the past this was considered capacity strengthening, now TMs do recognize that this technique has often resulted in weakening the NGO's capacity. Alternate ways to deal with this problem have been discussed, and the Bank now actively promotes NGO partnerships which encourage NGOs working in different sectors to link up to manage a project component together.

7. Social funds: Social fund projects have become a high-profile and rapidly growing instrument in the Bank's assistance program. As of the end of FY 1996, the Bank had approved 51 Social Fund projects (43 free standing projects and eight components of broader projects) in 34 countries amounting to commitment of over US$1.3 billion. Of the 51 Social Fund project, 40 were active at the end of FY 1996, amounting to a portfolio of about US$1.2 billion.

Social Funds are one mechanism whereby a significant percentage of Bank funds are channeled to NGO sub-projects. A social fund is a demand-driven, multi-sectoral fund that finances small, grassroots development sub-projects aimed at improving poor people's access to social services, employment opportunities and income-generating assets. Within the Bank, social funds represent a major modification of the project cycle and provide a more flexible approach to funding NGOs. Not only are a large number of sub-projects financed by social funds designed and implemented by NGOs, but NGOs are also often involved in the design and administration of the Fund itself.

Social funds were first designed as emergency funds and were measured by their ability to rapidly disburse funds to affected populations. Second generation social funds, however, are mostly being implemented in conjunction with structural adjustment programs and have become one of the most flexible vehicles to facilitate both participatory development and the capacity strengthening of NGOs and CBOs. Many projects now being designed include a "social fund-type" component.

8. Palestinian NGO project—an innovative model: No discussion of Bank supported capacity strengthening efforts for NGOs would be complete without a mention of the Palestinian NGO Project. (For more information on this, please see World Bank Illustrative Case Two: Palestinian NGO Project.) This $10 million project is one of the most innovative models for NGO involvement within the Bank. It states as its objectives: (i) to deliver services to the poor and marginalized in Palestinian society, using NGOs as the delivery mechanism; (ii) to improve the institutional capacities of NGOs receiving grants under the project and ; (iii) to support efforts by the Palestinian Authority and the Palestinian NGO sector to strengthen their working relationship, including support for the development of a positive legal framework for the sector.

It has selected an NGO consortium, (the Welfare Association of Geneva, the British Council, and the Charities Aid Foundation, UK) to manage the project. This consortium, acting as the Project Management Organization, will in turn be responsible for drafting an Operational Manual. It will also be responsible for project management and coordination, including managing the project's grant cycle (announcing and advertising grants, selecting grant recipients, disbursing grants, and supervising the use of grants by recipient NGOs). It will also provide continuous hands-on training and technical assistance to selected NGOs.

The Project is still in its start-up phase and its effectiveness cannot be judged as yet. It provides, however, for the Bank a new and innovative model for involving NGOs as partners in development. The Palestinian NGO project, which was designed

to suit the unique challenges of a particular situation, is now being used as a model for similar situations elsewhere. There is discussion of implementing a similar project in Bosnia, for example.

D. Improving the Enabling Environment for NGOs

The major focus of capacity strengthening efforts, outside of the project cycle, has been on enhancing the policy environment for NGOs, a powerful determinant influencing the contribution and growth of the NGO sector.

1. Policy dialogue: In addition to collaborating with the Bank in operations and research, NGOs play an important role as advocates for policy change and institutional reform. The Bank increasingly exchanges information, ideas and experiences with NGOs and consults with them on key issues of mutual concern. Important recent trends in policy dialogue have been increased emphasis on consultations with NGOs in developing countries through Resident Missions and structures for more systematic policy consultations with NGOs on key themes.

2. NGO law reform: The Bank, through its NGO Unit, has played an important role in providing best practice examples and advice on NGO law. The Unit has worked with the International Center for Not-for-Profit Law (ICNL) since 1995 to review existing NGO laws in over 100 countries. The result is the draft Handbook on Good Practices for Laws Relating to Non-governmental Organizations, designed to assist governments as well as other parties to analyze the strengths and weaknesses of existing laws or, if necessary, draft more appropriate laws. The Handbook has been translated into Spanish, and work is currently underway to have it translated into Arabic, Russian, and Chinese. About 20 countries have requested the Unit either to provide technical assistance for NGO law reform and organize fora for discussion of the subject at the national or regional level.

3. Grants for NGO capacity strengthening: Outside of the Project cycle, a number of special programs exist whereby the Bank channels relatively small amounts of money to NGOs for specific purposes, including capacity strengthening. For example, the Population NGOs Special Grant Program seeks to identify and strengthen the capacities of small, grassroots indigenous NGOs working in population-related fields in developing countries.

The Small Grants Program was created in 1983 to promote communication on international development issues of particular concern. The program supports conferences, seminars, publications, networking activities, and other information related activities for which small organizations, including SNGOs, frequently lack resources.

E. Conclusion and Recommendations

There are many complexities involved in Bank-funded capacity strengthening initiatives. Based on the material covered, however, it is possible to raise some relevant questions as well as provide some insight into the types of issues involved in implementing capacity strengthening through Bank-financed initiatives.

As more and more NGOs become involved in Bank-financed projects, particularly in the design stage, the sustainability of the project depends to a large extent on the viability of the NGOs and CBOs involved. As a result, the number of projects that include NGO/CBO capacity strengthening as an explicit objective is increasing.

One of the major constraints for including a capacity strengthening component for NGOs/CBOs within a project is Bank/government pressure to disburse and deliver services quickly. Unless both the Bank and partner government are seriously committed to participatory development methods, and their focus shifts from the project cycle to the process and the impact, attempting capacity strengthening for participating civil society organizations is an elusive goal.

There is no Bank-wide definition or guidelines regarding capacity strengthening. Neither is there a significant discussion of capacity strengthening in GP 14.70 and Operational Directive "Involving NGOs in Bank Supported Activities". This, combined with the fact that there is no clear conceptual framework for capacity strengthening, sustains a tendency to consider a wide range of activities that are included in projects as capacity strengthening activities which may or may not actually constitute capacity strengthening.

Although the involvement of NGOs in projects is tracked through the annual review of Staff Appraisal Reports, there is no component included in this process which systematically captures efforts at NGO capacity strengthening. It is, therefore, impossible to estimate Bank-wide, the proportion of funds allocated to NGO capacity strengthening.

Even within individual projects, few TMs can accurately estimate the amount of funds utilized specifically for SNGO capacity strengthening. While there are several projects that include an institutional and/or capacity strengthening component, very few include a separate budget line for NGOs/CBOs. The component is usually designed to strengthen implementing organizations, which include both local government institutions as well as NGOs/CBOs. (Usually, distinction is not made between budget allocated for NNGOs and for SNGOs.)

Very few projects specifically mention capacity strengthening of NGOs as a project objective. These initiatives are, therefore, not monitored during the mid-term review nor during the final evaluation of the project. As such, it is impossible to find evidence of

final outcomes or estimate to what degree project quality can be attributed to the capacity strengthening activities included in the project.

In general, TMs seem to be convinced of the importance of including within the project a capacity strengthening component for the implementing agency, whether it be a governmental or non-governmental organization. However, since there is no systematic monitoring and evaluation and no quantifiable data available to judge the actual impact of NGO capacity strengthening on projects, convincing partner governments of its relevance often becomes a difficult process.

Since there is no specific line item in project budgets, the extent to which capacity strengthening is done within the project often seems to depend on the individual TM and his or her commitment to the task. For example, TMs often have to identify other sources of funding within the Bank—FIAHS funds, trust funds etc.—to fund pilot projects and/or innovative capacity strengthening initiatives.

NGOs are often chosen for their technical capacity in specific sectors which match project needs. Rarely is there a systematic assessment conducted to evaluate their institutional capacity. As such, capacity strengthening activities are often limited to promoting project related activities.

Although including a capacity strengthening component for NGOs is still not a general practice within Bank-financed projects, this survey was able to identify a range of new and innovative approaches to the capacity strengthening of SNGOs. While it is too early to assess the impact of these projects, it is obvious, even from this basic review, that a definition and broader conceptual framework are needed in order to systematically monitor and analyze the impact of capacity strengthening on project outcomes. Such a framework will also allow managers to have a more realistic understanding of and strategic approach to capacity strengthening and participatory development.

In order to involve Task Managers and country teams in an in-depth discussion of NGO–Bank partnerships, it is necessary, as a first step, to define the partnership and raise Bank awareness as to what building effective partnership means and entails. This would include a discussion of the capacity of all partners involved—Bank, government, and civil society organizations—to engage in effective partnerships. The NGO Unit has started a process that would organize a series of workshops, with the purpose of raising awareness within the Bank and developing some form of generic guidelines on building effective partnerships. This process, it is hoped, would significantly move forward the dialogue on capacity building of southern NGO partners within the Bank.

A database—called the ESSD Core Database—is currently being developed which will capture levels of stakeholder participation in projects (from no participation to stakeholder involvement and empowerment). This mechanism should be designed so that it also specifically captures levels of NGO and CBO involvement in the project

from design through implementation and monitoring and evaluation. This will provide a means of systematically tracking civil society participation throughout the life of the project.

The Project Concept and the Project Appraisal Documents (PAD) both include components which summarize the major social issues faced by the project during preparation and implementation. The PAD specifically assesses the borrower's commitment and capacity to carry out actions required to mitigate social risks and any negative social impacts. It also indicates needs for technical assistance and training. These documents; if modified to include a discussion on NGO/CBO involvement, capacity strengthening interventions, and funding allocated for this purpose; would provide valuable data on the extent and depth of NGO involvement in projects. It would also provide a mechanism through which these activities will be monitored and tracked during mid-term review and the final evaluation of the project. As such, it should be possible to estimate to what degree project quality can be attributed to NGO involvement and the capacity strengthening activities included in the project.

Reference Material

"Working with NGOs", by Carmen Malena. World Bank 1996.
"Participation through Intermediary NGOs", ENV Dept. Paper No. 031, World Bank 1996.
"NGO Involvement in World Bank-Financed Social Funds: Lessons Learned", ENV Dept. Paper No. 052, World Bank 1996.
"Social Action Programs and Social Funds. A Review of Design and Implementation in Sub-Saharan Africa", World Bank Discussion Paper.
"Participation Source Book" World Bank. 1996. FY 96 Annual Progress Report
"Portfolio Improvement Program Review of the Social Funds Portfolio", Social Fund Portfolio Review Working Group, World Bank. May 1997.
Institutional Development Fund: Review of Progress
"NGOs in the West Bank and Gaza", John D. Clark and Barbara S. Balaj, February 1996.
"The Palestinian NGO Project", Public Discussion Paper, The World Bank, Al-Ram, West Bank. July 1997
"A Review of the Partnership with NGOs during Project Implementation in the Africa Region". August 97

Staff Appraisal Reports reviewed:

Senegal Pilot Female Literacy Project
Benin Community-based Food Security Project
Cote d'Ivoire Integrated Health Services Development Project
Madagascar Social Fund II Project
Pakistan NWFP Primary Education Program
India Uttar Pradesh Rural Water Supply and Environmental Sanitation Project

Bangladesh Rural Roads and Markets Improvement and Maintenance Projects
Project Appraisal Document: The Palestinian NGO Project
Bolivia Rural Water and Sanitation Project
Nepal Rural Water and Sanitation Project

List of those Interviewed

Xavier Legrain	Task Manager
Madani Tall	Task Manager
Edward Elmendorf	Task Manager
Thampil Pankaj	Task Manager
Adriana de Leva	Task Manager
Nigel Roberts	Manager, West Bank and Gaza
Jerri Dell	Sr. Women in Development Specialist
Najma Siddiqi	NGO Specialist
Nyambura Githagui	NGO Specialist (Kenya)
John Clark	Sr. NGO Specialist
Ellery Stokes	Social Development Specialist
Mark Woodward	Human Resource Specialist

Address

John Clark, Sr. NGO Specialist
The World Bank Group
1818 H Street, NW
Washington, DC 20433

World Bank Illustrative Case One

Partnering Local NGOs with International NGOs to Build Capacity The Benin Food Security Project

This US$ 9.7 million project was designed to help the Government of Benin improve the food security and nutrition standards of the most vulnerable populations of the country. It was established during the pilot project that NGOs have a clear comparative advantage compared to government structures in targeting assistance to local communities as well as facilitating their participation. As such, it was decided that selected international and national NGOs would help vulnerable groups design and implement micro-projects. Only six NGOs were involved during the pilot phase of the project; today, however, there are 26 NGOs implementing project activities.

According to the Task Manager of the Project, capacity building is being done to "strengthen the ability of NGOs to carry out project related tasks"2. Selected NGOs

(based on track record and ties to the community) are trained in project identification and design, implementation of micro-projects, and financial management. The project, through its Management and Monitoring Unit (MMU), annually sponsors a two week seminar which brings together all participating NGOs in order to review constraints and organize specific training sessions on micro-project management, financial management, and administrative procedures.

In addition, qualified NGO field staff are trained at the National University of Benin as well as by other entities such as the Directorate of Nutrition and the Center for Research on Development and Health (CREDESA) in community nutrition interventions—assessment techniques designed to measure the impact of poor nutrition and poor health on work productivity, the comparative impact of alternate strategies to reduce malnutrition, cost effectiveness in the reduction of mineral and vitamin deficiencies, the use of nutrition surveillance for intervention design, and nutrition planning. The training is decentralized and includes practical field experience, visits to project areas by professors and invited academics from neighboring countries and discussions and observations of village groups.

One of the most unique features of this project in terms of capacity building for NGOs is its approach to NGO partnering. After the two year pilot study, NGOs were brought together with governments and donors at a workshop to design the new project. At this workshop it was decided that, in order to facilitate technology transfer and exchange of information, international NGOs would be required to join joint ventures with national NGOs to promote the emergence of experienced local NGOs. Furthermore, considerable efforts would be devoted by each NGO to strengthen the capacity of rural CBOs in managing the technical and financial aspects of the operations to be promoted. In the eligibility criteria described in the implementation manual, it states that only international NGOs which "accept to enter into 'joint ventures' with national NGOs or Development Associations to ensure continuity and sustainability" would participate in the project.

In addition to the sustainability of the project, partnering of NGOs strengthens both the national and international NGOs. It was found during the pilot phase, for example, that while local NGOs have more intimate knowledge of communities, they do not necessarily have all the right skills to engage communities in a participatory way; some lacked the human or financial resources to elaborate sound proposals. On the other hand, more participatory and financially secure international NGOs did not necessarily have intimate knowledge of target communities.

World Bank Illustrative Case Two

A New Model for Funding NGO Capacity Building
The Palestinian NGO Project

NGOs have played an essential part in delivering economic and social services in the West Bank and Gaza and in developing democratic institutions in Palestinian society. Over the past six years, however, funding for Palestinian NGOs has deteriorated dramatically, partly as a result of the Gulf War and partly as donors have shifted their support to the emergent problems of the Palestinian Authority. So steep is the decline, in fact, that many NGOs are unable to continue vital services to the poor and marginalized or to play their full part in enriching the quality of Palestinian civil society. With the poorer Palestinians facing increasing hardship over the past three years as a result of successive border closures and record levels of unemployment, there is an urgent need to revive NGO capacity to provide a social safety net and to help create economic opportunity.

The Palestinian NGO Project became effective on July 12, 1997. The project, the first of its kind, is being funded through a US$10 million grant from the West Bank and Gaza department as well as co-financing from Saudi Arabia ($2.5 million) and Italy ($2 million). The project will utilize grants to deliver services to the poor and marginalized in Palestinian society using NGOs as the delivery mechanism. It will also improve the institutional capacities of NGOs receiving grants under the project and support efforts by the Palestinian Authority (PA) and the Palestinian NGO sector to strengthen their working relationship, including providing support for the development of a positive legal framework.

The project is being implemented by a Project Management Unit (PMO), selected by the Bank through an international competitive bidding process. The Welfare Association Consortium (the Welfare Association—a Palestinian NGO based in Geneva—the British Council and Charities Aid Foundation) was selected as the PMO. As a first step, the PMO will prepare an Operational Manual in close consultation with the NGO community and the PA.

Approximately $10 million is earmarked for NGO development grants, which will form the core of the Palestinian NGO project. Most of the development grants will be given for direct project implementation. They will also be the principle vehicle for strengthening the professional and technical capacities of the NGO sector. Transparent and competitive grant application procedures have been established, and hands-on assistance will be provided to grant recipient NGOs by the PMO throughout the grant cycle. It is expected that this process will help grant recipients improve their ability to attract other sources of funds. In addition, specific capacity building grants will be used to equip NGOs with improved managerial and community interaction skills. The types of interventions used will be determined by the PMO in consultation with NGOs and the PA and based on its own assessment of needs.

An interesting approach to NGO capacity building adopted by the project is the NGO block grant, a number of which are expected to be awarded. Block grants would be made to experienced, professional NGOs, specifically for on-granting to smaller or newer organizations. It is hoped that a small NGO which would initially be part of a block grant over time would, with targeted capacity strengthening interventions, "graduate" to an implementation grant and then to manager of a block grant.

The project will also serve as a vehicle for helping NGOs and the PA to improve their working relationship. A key aspect of this relationship is the legislative framework governing NGO operations. The Bank has retained the service of the International Center for Not-for-Profit Law (ICNL) to provide advice on the NGO law. In 1996, ICNL provided support to a workshop financed by the Bank in which PA and NGO representatives discussed NGO legal issues. Under the project the Bank will continue to work with the PA and NGOs to facilitate drafting of a law which would eventually be sent to the Palestinian Council for ratification. A sum of up to $0.2 million has been set aside for work on legal issues.

The Palestinian NGO project was designed to specifically suit the unique challenges of the political and social situation of the West Bank and Gaza. The Project is still in its start-up phase and its success and effectiveness cannot be judged as yet. It provides, however, for the Bank a new and innovative model for involving NGOs as partners in development.

1 These figures do not measure qualitative aspects of NGO involvement but only quantitative ones.
2 Interview with Madani M. Tall, Task Manager, Benin Food Security Project.

Bilaterals

The Experience of DFID

A. Background

Until the April 1997 elections, the United Kingdom's foreign aid program was carried out by the Overseas Development Administration (ODA), which was a part of the Foreign and Commonwealth Office. With the new Government, ODA was replaced by the Department for International Development (DFID), headed by a Secretary of State with Cabinet rank. DFID is the government department responsible for managing Britain's multilateral and bilateral development cooperation with poorer countries, as well as ensuring that government policies which affect developing countries, including trade, investment and environmental policies, take account of developing country issues. Headquarters are located in London and East Kilbride. There are overseas offices in New Delhi, Dhaka, Bangkok, Nairobi, Harare, Pretoria, Suva and Bridgetown. The UK Government is re-focusing its development efforts on both the elimination of poverty and the encouragement of economic growth which benefits the poor. It intends to do this through support for international development targets and policies which create sustainable livelihoods for poor people, promote human development and conserve the environment (1). DFID's bilateral country programs are identified, designed and managed by multi-disciplinary teams which include specialists in the social sciences, economics, health, natural resources, education, governance, and institutions.

B. Understanding of Capacity Building of SNGOs

1. DFID's work with NGOs: Until the early 1990s, ODA collaboration with NGOs was largely based on supporting British NGOs which, in turn, worked with Southern NGOs. This work was and is administered by the NGO Unit and comprises the Joint Funding Scheme, support of the British Volunteer sending organizations and a variety of smaller specialized operations of British NGOs. Increasingly in the last ten years, however, bilateral country program funds are also being used to fund NGOs. DFID is in partnership with local-level NGOs and governments in a great many of the projects it funds as a way to strengthen poor people's access to project benefits. The country programs also fund many NGOs, both Southern and Northern, to implement projects where there are mutually shared common goals and objectives, including very large SNGOs in South Asia. DFID is increasing its efforts to enhance capacity of SNGOs to represent and respond to the rights and needs of poor people; these often involve partnership with a Northern NGO such as the DFID-funded capacity building project in Kenya, implemented by Action Aid. Bilateral funds are also directly supporting Southern groups such as the Asian Coalition for Housing Rights. In the country program teams, it is usually the social science specialists (Social Development

Advisers) who take the lead role in contacts with southern NGOs, although other specialists, such as small-scale enterprise or health, may also play a role. DFID also funds many NGOs in support of humanitarian and emergency aid programs, both through the central funds of the Emergency Aid Department and through country programs. Finally, DFID's central policy units also manage budgets which can be used to support NGO programs.

2. Definition of capacity building: DFID has no formal definition of capacity building nor any specific guidelines about its promotion or implementation. The terms "capacity building", "institutional strengthening", "capacity support" and "capacity strengthening" are used in different documents. At present (January 1998), DFID Social Development Division has commissioned a position paper on "capacity building" from the University of Edinburgh Social Development Resource Center. It is anticipated that this paper will lead to Guidelines and a clearer understanding within DFID about capacity building of SNGOs. All documents and staff interviewed point out that DFID is "funding an increasing number of activities concerned to support capacity building of NGOs and CBOs in partner countries and regions" (2). The Edinburgh paper uses the following working definition of "capacity building", which it takes from the World Bank: "capacity building is investment in human capital, institutions and practice".

3. Rationale for supporting capacity building: In 1995, ODA, the precursor to DFID, commissioned the Overseas Development Institute (ODI) to review the experiences of donors in collaborating with SNGOs and to produce guidelines for ODA on working with SNGOs. The study suggested that ODA and SNGOs are "concerned to represent before the state the concerns of the poor, women, the environment, and other interests consistent with ODA objectives: concerned to promote participatory socio-economic development among these groups: concerned to develop small enterprises and economic activities among the poor"(3). It goes on to say that "ODA can therefore work with and seek to strengthen these organizations as part of its broader objectives to promote good responsive government, to promote participatory development, to meet the concerns of the poor and women, and to develop the small enterprise sector"(3). The new White Paper "Eliminating World Poverty" produced by the new government does not contradict this, although it puts it within the context of British agencies: "We have agreed to discuss with them (the Joint Funding Scheme and the Volunteer Program) how to re-orient these arrangements in the light of our new policies, in particular with the objective of strengthening capacity within developing country non-governmental organizations"(4). One of DFID's own papers, reviewing actual practice in East Africa, clarifies things further: "At the moment the decision to fund capacity building projects involves an implicit assumption that capacity building will have a greater effect per unit of funding than directly funding projects that are more directly engaged with the poor. (Or at least a gamble that it may have more effect per unit of funding. Otherwise there would be no justification for not concentrating funding on service delivery projects where results will be more visible. Unless capacity building was serving another goal more important than poverty reduction"(5).

4. Trends in thinking about capacity building: In its work with British NGOs, the Joint Funding Scheme (JFS) has received many proposals for funding activities of SNGOs which involve capacity building completely or partly (examples are in the attached Illustrative Cases). The Joint Funding Scheme says not only is the incidence of such proposals increasing, but they themselves also review all proposals coming to them to make sure that the proposers have assessed SNGO capacity as part of the proposal preparation process. If they have not, they send it back to them for such preparatory work to be done. The 1996 annual meeting between DFID and BOND (British Overseas NGOs in Development—the "chamber of commerce" of British NGOs working in development) moreover, was called "Institutional Strengthening of Southern NGOs—what roles for Northern NGOs".

In its work with NGOs through the country programs, DFID has funded an increasing number of capacity building activities, pioneering this work in Nepal, Malawi (see DFID Illustrative Case Two), and, most importantly, East Africa. The British Development Division East Africa Direct Funding Initiative (BDDEA-DFI) has pioneered and written up a great deal on this subject. A lot of thinking is occuring with the goal of working out whether capacity building should be an end in itself (better civil society organizations) or a means to an end (better delivery of development benefits to the poor). Some staff interviewed felt that the interest in capacity building was born from the re-orientation of the work of ODA (and many other agencies) towards good governance and the promotion of civil society in the aftermath of the fall of communism—although they feel it has now also embraced service delivery organizations.

If we take BDDEA-DFI as the innovator and perhaps precursor of many of the ways in which DFID handles/will handle capacity building of SNGOs, it is useful to read the statement in their Guidelines for NGOs which says "BDDEA makes no distinction between local/indigenous and international NGOs, both of which have a role to play in the delivery of ODA's aid programs in East Africa. However, it is the intention that as knowledge of and relationships with indigenous NGOs develop, funding allocations will increasingly focus on them."

5. How capacity building is handled within the organization: On the one hand the Joint Funding Scheme is sympathetic to well designed proposals from British NGOs for capacity buildingng of SNGOs, particularly if it is clear that the proposal heavily involves the input of the SNGO concerned. The NGO Unit also responds sympathetically to capacity building work by other British CSOs (trade unions, for example). There are no guidelines, however, for administrators or applicants to the JFS on capacity building of SNGOs, or on what the JFS is prepared to fund, apart from saying that it is not prepared to fund "core costs". The Guidelines for JFS are admittedly out of date and are about to be revised; staff suggested that much would change soon. When capacity building is funded through the JFS, the capacity building activities are usually carried out by the NNGO, local Support Organizations, or local consultants, depending on the case put forward by the NNGO.

The other big funding source for capacity building is the country programs. Organizationally there are as yet no guidelines regarding capacity building interventions, and each program decides on support to such work based on their own analysis. The BDDEA is the only one which has brought out guidelines for itself and for the NGOs who apply (6). The ODI study of 1995 emphasized the need for an individual approach: "Any programme to support SNGOs must be based on a clear sense of why SNGOs are to be supported in the country in questions, a detailed understanding of the nature, capacities and needs of the NGO sector in that country, and a local capacity to identify, support, administer and monitor programs." In East Africa, the BDDEA-DFI has produced a new cadre of local staff, the NGO Liaison Officer, in order to help it handle this kind of work. The funding which comes from the bilateral commitment to the country can be passed on directly to a local NGO or can be handled through a British NGO—the choice is often dependent on the attitude of the national government to NGOs. Working through British NGOs seems the preferred way of working with small local NGOs; a good example is the grant to Action Aid, Kenya, for their capacity building work with 30 local NGOs. One of the recommendations of the review of the BDDEA's work is that "Developing capacity of indigenous NGOs as stand alone institutional development projects is an essential component of the programme, but all direct poverty projects should also have a capacity building element"(7). Finally, DFID's central policy units (Social Development, Environment, Government and Institutions, Small-Scale Enterprise) can also use their funds for capacity building if they so choose.

DFID uses a Policy Information Marker System (called PIMS) as a management information and operational tool. There are PIMS markers covering the most important policy areas for which information is required both internally within ODA and for external reporting. There is, for instance, a marker for projects concerned with "Good Government" but no marker for those concerned with "Capacity Building", and thus there is no easy way for DFID to ascertain, organization wide, how the subject of capacity building is handled.

C. Identification of Capacity Building Needs

1. Capacity assessment: There is no one tool to allow DFID, through the work of any of its different units, to assess the capacity of a particular organization and thus identify what particular elements of capacity in that organization need to be strengthened. A lot of emphasis is placed on the competence of the staff of DFID (or its contracted consulting organizations) to ask the right questions and ascertain the capacity problems of an organization. In the case of the Joint Funding Scheme, this is done by the University of Edinburgh Social Development Resource Center who vet proposals; in the case of the Development Divisions, this is done by the Social Development Advisers stationed there. DFID recognizes that some of its grantees have been developing experience in this field (e.g., INTRAC, working with Concern International in Malawi to build capacity in Malawian NGOs—see DFID Illustrative

Case Two—and ActionAid working with NGOs in Kenya), but these working practices have not been accepted into DFID as yet.

2. Capacity building needs: The needs regularly identified for capacity building projects funded by DFID seem to be planning, monitoring, and evaluation skills, skills in involving the NGO's constituency in its work, skills in financial and organizational management, and skills in advocacy.

D. Capacity Building of SNGOs:

1. Approaches employed: DFID works through the provision of technical assistance (via British NGOs and volunteers), through funding to both NNGOs and SNGOs (which can be used by the SNGO to buy expertise from Southern support organizations or from the NNGO, or for the NNGOs own capacity building work), and through training, usually at Southern training centers or through customized training courses designed and implemented in the South.

2. Priority areas of intervention: DFID insists that all SNGO projects which it funds, including those wholly or in part concerned with capacity building, think through and present a Logical Framework Analysis (logframe) which has been constructed in collaboration with the main stakeholders (usually the final beneficiaries of the project). This is in keeping with DFID's emphasis on good participatory practices and good planning (which, through the logframe, will also lead to good monitoring and evaluation of impact). The survey of the Direct Funding Initiative in East Africa found that most NGOs interviewed did not find this an imposition but instead welcomed its disciplined structure. DFID generally believes that participatory planning is a fundamentally important feature of NGO capacity building and is quite prepared to help NGOs learn how to go through the logframing process as a first step in building capacity.

There is a lot of emphasis in DFID on dealing with each organization's needs separately, and a corresponding lack of emphasis on common features or themes for DFID as a whole. Even Development Divisions (which deal with regions) emphasize that NGO's needs in each country are different, and each NGO will need different areas of intervention.

3. CBOs or NGOs: There is a certain amount of skepticism within DFID about the claims that SNGOs make for themselves in their work which cannot always be verified. Based upon past research carried out by the ODI in 1995, DFID is aware that few NGOs can demonstrate the impact that their work has had in reducing poverty or sustainably improving the situation of the poor. This has led them to emphasize the need for SNGOs to have close and clear relations with their constituencies or beneficiaries and to make this one of the capacities that needs to be strengthened if it is not there. This has also led them to seek possibilities of working directly with CBOs

or other kinds of membership organizations (e.g., workplace associations) where they can be sure of greater beneficiary involvement in the project.

4. Activities to promote alternative and innovative fund-raising: While the ODI Study and Suggested Guidelines have identified support to enhance NGOs' financial independence as one of five broadly important types of support, DFID has not, to date, supported many NGOs in this way.

5. Organizational capacity: As mentioned before, DFID feels that helping NGOs at the project identification and planning stage is one of the most useful things that it can do, since several evaluations and studies of ODA have isolated this as one of the key weaknesses of NGOs. Further, the ODI study suggests that strategic planning—particularly planning and managing growth so that it does not undermine NGOs' cohesion and values—is important. Further priority aspects of organizational capacity are improving SNGOs' relations with popular and grassroots organizations as well as human capacity building support even before projects are funded. The language of DFID, however, rarely emphasizes the organization. It is much more geared to projects, and capacity building is usually argued as being required for the success of project rather than the institutional growth of the organization.

6. Advocacy support: In the DFID literature, advocacy work is identified frequently as one of the strengths of the Northern NGOs as opposed to those in the South—although it is sometimes referred to as a key requirement for civic organizations which are working in the field of democracy and governance. To date it does not seem to be an activity to which DFID has given much support.

7. NGO coordination: Cautious support is provided by DFID to capacity building work which results in NGO networks, particularly those which are sector specific. The onus is on the project to prove that the network has actually led to the strengthening of the NGO sector, or the strengthening of members of the network. Networks as an end in themselves, or as a means of strengthening civil society, do not seem to be supported.

8. Enabling environment: DFID is aware of the problems that programming through NGOs raises when the government is not supportive of NGOs in general. The ODI study talks of ways in which ODA would be able to use its constructive relationship with a government as a means for nurturing policy reforms which favor NGO operations. Under the previous administration, this was often not the case, and there was concern that NGOs could be seen as potential trouble-makers in Britain's bilateral relations. The current Government's strong support of human rights in its foreign and development policies encourages a better environment for DFID's fostering of NGO growth.

9. Strengths and comparative advantages: DFID is not constrained by rigid guidelines or criteria; its guidelines are flexible and its staff have a variety of choices

which they can make. DFID also has a huge amount of pertinent experience from its involvement with NNGOs through 20 years of the Joint Funding Scheme on the one hand, and from its expertise in comparable fields with government on the other. For example, there is a Government and Institutional Development Department in DFID which should be helpful in institutional development work. It has, however, had little involvement with NGOs to date. The country programs have the help of an increasing number of Social Development Advisers with a great deal of experience in NGO work (often coming from an NGO background) who are pushing for more work on SNGO capacity building. Furthermore the new white paper has given a clear push towards the building of mutually satisfactory partnership relations in which relationships of trust with NGOs will be achieved.

10. Perceived weaknesses and constraints: In the past, government development policies constrained potential to work directly with NGOs and build their capacity. That is now over. A limiting factor has been that DFID's understanding of SNGOs has been formed through the lens of Northern NGOs, and there has not been a long history or experience of working directly with them. What capacity building programs exist are for the most part new and experimental, in the sense that they have rarely been going on long enough to be thoroughly evaluated, and there has not been clear organization-wide signals about how DFID funding can best be used with NGOs for capacity building, or how existing practice might be mainstreamed into the organization. DFID is said to be in a "learning mode" as regards capacity building with many important policy issues being discussed at present.

E. Lessons Learned

1. Evaluating success: DFID is very engaged in thinking about how capacity building can be evaluated and its impact assessed. There are no guidelines on this yet, but considerable thought is being given to the difference between ends and means in SNGO capacity building as well as to the mutual advantages of service delivery and civil society promotion activities both for SNGOs and DFID.

2. Factors contributing to successful capacity building: DFID is hopeful that its officers will clarify what the NGO is seeking to deliver and then ascertain what capacities it needs to do so. DFID strongly emphasizes that capacity building is organization (and project) specific and not anything which lends itself to generic activities or DFID-wide applications. DFID also emphasizes the necessity of trust and local autonomy for capacity building programs. It contrasts the old rhetoric which some in ODA were guilty of—that of "using" an NGO for an ODA project—with the new rhetoric of "partnership".

3. Future trends: In the future, projects and programs in capacity building of SNGOs at DFID will increase and the entire subject will be more closely examined, considered,

assessed, and encouraged to try and find ways of working that fit the agendas of both DFID and the local NGOs.

Notes:

1. White Paper on International Development, November 1997
2. Terms of Reference for Position paper, Social Development Division, 1997
3. Developing Country NGOs and Donor Governments—Suggested Guidelines for ODA Practice, Riddell and Bebbington, ODI.1995
4. Eliminating World Poverty: A challenge for the 21st Century, White paper on International Development Nov 1997
5. A review of the BDDEA Direct Funding Initiative: developing partnerships with NGOs in Kenya, Uganda and Tanzania, Davies, Russell,& Maxwell, 1996.
6. ODA/BDDEA: Guidelines on NGO Project Monitoring, Reporting and Reviews, Jan 97
   ODA/BDDEA: Guidelines on NGO Project Submissions
   ODA/BDDEA: Direct Funding Initiative: Guidelines for NGOs
7. The Direct Funding of NGOs: the BDDEA Experience. Sept 96

List of Staff Interviewed

Ann Muir	University of Edinburgh Social Development Resource Center, Dept of Social Anthropology, Edinburgh University
Robin Russell (with Fiona Docherty)	Head, NGO Unit, Procurement/Appointments/and NGO Department
Rosalind Eyben (with Phil Evans)	Chief Social Development Adviser, Social Development Division

Address

Robin Russell
NGO Unit
Abercrombie House
East Kilbride, Glasgow G75 8EA, UK

DFID Illustrative Case One

A consortium of UK NGOs providing organizational development skills for African NGOs.

In 1993 a consortium of British NGOs, which had ongoing relations with African NGOs, proposed to ODA that it fund the consortium for five years to provide organization development training to their African NGO partners so that "they would enhance their potential to make a valuable contribution to the development effort, and

to enable them to fulfil their potential to contribute to the development of an active and organized civil society." The consortium, operating through a lead British NGO agency, budgeted the project at UKP 2.5m, of which they received half from ODA.

The project had six main outputs:

- Assess the capacity needs and strengthen the capacity of 300-400 NGO staff per year from 40-50 local NGOs in management & administration, through participationin training courses with emphasis on reaching and attracting women managers;
- The development and establishment in country of an effective strategic management training course;
- The development and deployment of an effective questionnaire which would measure the link between organizational development and training;
- The enhanced capacity of the Consortium and partner NGOs to identify training needs in the context of organizational development needs;
- The publication of an inventory of training options giving information on quality, appropriateness and availability;
- The objective measurement of the degree to which management capacity has been developed.

By 1996 the project had been underway for three years and was presenting itself as having three linked objectives:

- Developing the management capacity of the partner NGOs in areas such as strategic thinking, managing change, and developing other key management skills;
- Developing local support structures, materials, and models so that the program could be replicated;
- Researching its work, and involving partners and consortium members in a debate concerning organizational strengthening of NGOs.

Partner NGOs on the programs receive support in developing plans for organizational strengthening, grants to carry out the plans and additional support in implementing plans. The program works with local training organizations to support the program and with researchers to look at impact.

A mid-term evaluation was undertaken in 1996 which was generally supportive of the work. It noted that it was working with 29 NGOs in nine countries in Africa ranging from national Church structures to small CBOs, but noted the following flaws:

- The inputs to the program are not linked to the enhancement of an NGO's performance;
- NGOs organizational strengthening plans looked inward rather than outward;
- Locally available training is variable and sometimes too weak;
- The NGOs are too diverse in size and too geographically scattered;

- ODA has not fostered interaction with other similar programs.

The program developed ways of measuring three levels of impact of its organizational strengthening. This process is ongoing and being refined.

DFID Illustrative Case Two

Midwiving a Malawian OD Organization from a UK NGO

The Development Division for Central Africa, based in Harare, provided UKP 1.7 million over five years to a British NGO, Concern Universal, for a project which opened up an organizational development (OD) consultancy service called CABUNGO (with the aim of that unit finally becoming a separate NGO). A British consultancy organization skilled in capacity building (INTRAC) helped to design materials, train trainers, and set up of a training fund for OD service providers in conjunction with a Malawian apex organization, CONGOMA.

The Development Division initiated this project when, in response to a request by the Minister of Finance of Malawi to help Malawian NGOs, ODA contracted INTRAC, a British NGO, to identify appropriate areas for ODA intervention in support of Malawian NGOs. The research of INTRAC revealed the lack of capacity of local NGOs and the need for training in the areas of governance, operations and management, human and financial resource management, and service delivery. A second study by INTRAC indicated that there was a dearth of OD training and consultancy organizations geared to the NGO sector; such resources needed to be established, trained and then employed. It was difficult to identify the most appropriate host organization for such a grant and for such a function, but the decision was made to decouple these two activities so that one Northern NGO handled the grant and midwived an OD training and consultancy unit within it, with the intention that it would become an independent capacity building support organization to the Malawian NGOs after two years of the project.

The project underwent a long and thorough consultation process with key stakeholders who also helped to prepare the draft project logical framework. Not all issues were clarified before the project was agreed, and some were left to be resolved during the one year inception phase. For example:

- making sure that mechanisms for accessing project benefits were transparent and acceptable to CONGOMA members;
- making sure that NGOs with no track record but with potential to be effective organizations could access project benefits;
- making sure that resources were not concentrated on a few organizations which might already be getting OD support from elsewhere.

The project started in January 1997 and has not yet received any evaluation, but the following risks were noted.

- Malawi is talking about an NGO law which may affect the freedom of NGOs.
- The Ministry of Women, Children, and Community Services is enrolled on the Project Selection committee, but has no other function.
- Malawian NGOs may not be interested in the services offered by the project because it does not fund activities. The value of OD will have to be "sold" to prospective NGOs.

One of the lessons that is being learnt in this project is the difficulty of employing highly priced expatriates alongside locally paid Malawian workers on a project of building capacity. This has caused some tension.

The Experience of CIDA

A. Understanding of Capacity Building

1. Definition of capacity building: While terms such as human resource development, institutional development and organizational strengthening are still used at the Canadian International Development Agency (CIDA), the most commonly employed term is capacity development, broadly understood to subsume these other themes. There is no one official definition of capacity development at CIDA but several working definitions which have been developed or adopted by different divisions within the organization. A paper commissioned by CIDA's Policy Branch, for example, defines capacity development as "a process by which individuals, groups, institutions, organizations and societies enhance their abilities to identify and meet development challenges in a sustainable manner"(1). The Partnership Branch of CIDA has adopted a definition which describes capacity development as "the process by which individuals, institutions and societies increase their abilities to perform core functions, solve problems, define and achieve objectives and understand and deal with their development needs in a broad context and in a sustainable manner"(2). In addition, several CIDA staff members referred to IDRC's 1995 publication, Institutional Assessment: A Framework for Strengthening Organizational Capacity for IDRC's Research Partners, which defines capacity strengthening as, "an ongoing process by which people and systems, operating within dynamic contexts, learn to develop and implement strategies in pursuit of their objectives for increased performance in a sustainable way"(3). These various definitions reflect the multiple streams of thought and action which co-exist within CIDA at the current time.

2. Rationale for supporting capacity building: Long-time staff members confirmed that capacity building (or capacity development) is not a new concept at CIDA where, in one form or another, it has been emphasized for over 25 years. In current vocabulary, capacity development is viewed as an inherent and essential aspect of sustainable development. The more recent emphasis on capacity development of SNGOs is seen as being closely linked to goals of community empowerment, democratization and good governance. Examples of civil society capacity building programs directly linked to democracy and governance-related objectives include the Democratic Development Fund for Nigeria, Sierra Leone and the Gambia which aims to contribute to the promotion of democracy in these countries by providing small grants for, among other things, information dissemination, workshops, networking, and activities to advocacy NGOs and human rights groups. Another example is the Support to Civil Society Program in Ivory Coast which provided training and capacity building support to a women's' rights association, journalists' union, democratic studies institute and groups of political observers and polling officers leading up to the elections of 1996.

3. Trends in thinking about capacity building: While CIDA still focuses most of its capacity development efforts on government, growing attention to the capacity building needs of civil society has been an important trend over the past decade. Though CIDA continues to concentrate on organization-level performance and management-related aspects of capacity development, more emphasis is slowly being placed on broader "systems-level" aspects of capacity development and a wider array of organizational-level issues such as legitimacy and constituency links. One staff member indicated that an additional evolution over recent years has been an increasing recognition of the arrogance of both CIDA and Canadian NGOs in assuming that they have the expertise and know-how required to build the capacity of SNGOs. He noted that cases such as the Philippines (where, in the context of a capacity development program, many local NGOs proved to be stronger and better organized than their Canadian counterparts) or the more recent example of El Salvador (where some local NGOs that received small grants to work on institutional strengthening selected private sector firms as support providers rather than their long-term NGO partners) serve to remind us that we need to take a humble and "mutual learning" approach to capacity development.

4. How capacity building is handled in the organization: CIDA views capacity development as a "way of working" rather than a "program". In this sense, it is a theme which cuts across the organization as a whole. While the capacity development of SNGOs can take place within any CIDA program, staff estimate that a majority of SNGO development capacity initiatives are undertaken in the context of projects and programs implemented by Canadian NGO partners. A primary objective of the NGO Division of CIDA's Partnership Branch is "to support NGO programming that contributes to the reduction of poverty in a sustainable manner, giving priority to programs which also strengthen developing country organizations and civil society"(4). Approximately two years ago, an internal Capacity Development Network was established by CIDA staff. This network (made up of approximately 20 staff from the Policy Branch, Partnership Branch and operational departments) meets once or twice a month to discuss a wide variety of issues related to capacity development, some of which are subsequently written up as brief technical notes.

5. Funding for capacity building activities: Sources of funding for capacity development initiatives include bilateral programs, "IPF" funds channeled through Canadian NGOs, in-country counterparts (such as the Peru-Canada fund), and the Canada Fund (a relatively small amount of money which is managed by field offices and disbursed in the form of small grants to local organizations which could not otherwise be reached through core CIDA programs).

6. Trends in importance: Because capacity development activities are not necessarily outlined in project documentation, it is difficult to judge what percentage of CIDA projects and programs have capacity development components and whether or not emphasis on such activities is on the increase. Despite this lack of data, all staff members interviewed confirmed that growing importance and attention have been (and continue to be) attributed to the theme of SNGO capacity development and that

actions to further enhance initiatives in this area are ongoing. One example of current efforts to promote the mainstreaming of capacity development into CIDA's core programs is a paper recently commissioned by the Policy Branch entitled Capacity Development from Concepts to Operations, which aims to act as an analytical guide for designing projects from a capacity development perspective and suggests questions that CIDA project officers may wish to consider when assessing cooperative project and program designs (Taschereau, 1997, pp. 2-5).

B. Identification of Capacity Building Needs

1. Capacity assessment: In a paper commissioned by CIDA's Policy Branch, capacity assessment is defined as "the ongoing analysis, both formal and informal, of the performance levels and potential abilities of development actors as they carry out their functions". (Morgan, P. and S. Taschereau, 1996, p. 2) This paper goes on to outline a generic framework for capacity and institutional assessment which includes an analysis of external factors (at the international, national and community levels) which impact capacity development and the existing level of capacity and performance within an individual organization. Another approach for assessing organizational capacity, referred to in CIDA documents and by staff, is one proposed in IDRC's 1995 publication on institutional assessment which identifies four major areas of assessment including: the organization's environment, motivation, capacity and performance. Additional materials (including Terms of Reference for Institutional Assessment and a Guide for Conducting Institutional Assessments) have been produced by CIDA's Partnership Branch as a methodology for the institutional assessments of Canadian NGO partners which are undertaken once every three years. (CIDA does not require, however, institutional assessments of Southern partners.)

CIDA makes use of a number of different tools and methodologies for capacity assessment and recommends against the "across the board" use of any one approach. A technical note disseminated by the Partnership Branch emphasizes that, "since organizations are guided by norms and values that are often unique to the institution...the identification of variables and diagnostic tools to assess organizational performance must reflect the specific context and characteristics of the selected organization"(5). The importance of the organizations own commitment to and ownership over the capacity assessment and development process is also emphasized.

C. Capacity Building of SNGOs

1. Approaches employed: As mentioned above, a majority of SNGO capacity development activities are implemented by CIDA's Canadian NGO partners, through, for example: technical assistance (including a large number of NGO-managed volunteer sending programs); support for (formal and informal) organizational

assessments; staff training; and support for innovative projects which promote "leaning by doing". CIDA believes "The quality of partnership between outsiders and insiders is a critical element of the capacity development process" and seeks to promote "partnerships based on mutuality of interest, respect, sensitivity, flexibility and other sound operating principles" between Canadian NGOs and their Southern counterparts (6).

Approaches to capacity development employed by CIDA itself include, among others, informal institutional development advice and support by field advisors, support for training and networking activities, and funding for programs which promote inter-sectoral collaboration. CIDA does not normally provide core funding, though there are some exceptions to this rule.

2. Priorities: Many of CIDA's capacity development initiatives continue to focus on organization-level performance-related aspects, with specific emphasis in the areas of: (i) management of financial and human resources; (ii) results based project management; (iii) financial sustainability (resource mobilization, fund-raising and income generation), and; (iv) technical/sectoral skills (particularly in areas such as gender, environment and human rights).

3. NGO management: Traditionally, many of CIDA's capacity development initiatives have focused on enhancing the capability of individual SNGOs to manage financial and human resources (with an emphasis on issues of accountability and reporting skills). More recently, CIDA has placed increased emphasis on project management skills, in particular promoting a results based management (RBM) approach. CIDA itself adopted a RBM approach in 1993 and believes that it can be an effective tool for capacity development due to more clearly defined beneficiaries, improved needs assessment, more realistic time frames and improved M&E. Since 1994, CIDA's Partnership Branch has requested that program submissions and reports from its Canadian NGO partners be results-oriented. In turn, many Canadian NGOs have encouraged and assisted their Southern partners in employing results-based approaches (through workshops, the development of materials, one-on-one advice at the field level, etc.).

4. Resource mobilization: CIDA recognizes resource mobilization as one of the principal preoccupations of SNGOs and, to this end, has supported the creation of numerous in-country funds which make small grants to local NGOs for project and capacity development activities (the Canada Fund and numerous "counterpart funds" mentioned above, for example). In a smaller number of cases, CIDA has supported efforts on the part of individual Southern organizations to enhance their financial sustainability through income-generation activities or other alternative financing schemes. One particularly successful example of such a case is CIDA's support to PRODEM/BancoSol in Bolivia, through the Calmeadow Foundation (See CIDA Illustrative Case One).

5. Promoting cross-sectoral dialogue and collaboration: In the Middle East, CIDA supports a Dialogue Fund which, as its name implies, focuses on bringing together different actors (in particular, representatives from government and civil society) to discuss (through conferences, workshops and consultations) issues of mutual concern and, in some cases, to explore opportunities for collaboration. CIDA continues to place increased emphasis on the benefits of cross-sectoral collaboration and, in a number of its bilateral and other programs, supports such initiatives.

6. NGO networking and coordination: The Programme de Renforcement de la Societe Civile au Sahel (funded by CIDA and managed by Solidarite Canada-Sahel) works through national umbrella organizations in Mali, Burkina Faso and Niger to twin Canadian NGOs with local NGOs interested in pursuing capacity development programs. In addition to supporting the organizational development of twelve local NGOs in this way (through a process involving a full organizational diagnostic and the use of a variety of techniques to respond to specific needs), the program also provided core support to the umbrella organizations in each country, created a small grant fund to promote "learning by doing", supported the formation of cross-sectoral working groups (around themes such as desertification, democracy and gender) and supported networking at the regional and international levels (by organizing workshops and conferences and supporting the participation of Sahelian NGOs in the RIOD - Reseau International d'ONG sur la Desertification). Another large-scale initiative (funded by CIDA and implemented by a consortia of Canadian NGOs) which contributed to networking and coordination among NGOs was the Philippines-Canada Human Resource Development Program (see CIDA Illustrative Case Two).

7. Promoting an enabling environment: While CIDA's efforts to work with governments in supporting an enabling environment for NGOs have been limited, some individual programs have had considerable success in this field and several staff members expressed the hope that CIDA would enhance its activities in the area in the future. In Zimbabwe, for example, a Cooperative Housing Program (financed by CIDA and implemented by two Canadian NGOs—the Canadian Cooperative Association and Rooftops Canada) has sought to strengthen primary housing cooperatives by working with all major actors in the housing sector to enhance recognition of the benefits of a cooperative approach and to promote a legal and policy environment favorable to the creation of housing cooperatives. In addition to providing targeted capacity building support to Housing People of Zimbabwe (a national cooperative housing resource organization), the program successfully advocated for legal acceptance of higher density housing, block land allocations to housing cooperative initiatives and new national and municipal policies which facilitate cooperative registration and introduce more appropriate zoning regulations and building standards.

8. Strengths and comparative advantages: CIDA's comparative strengths in the area of SNGO capacity development were identified as:

- its strong working relations with Canadian NGOs (and efforts to encourage North-South NGO partnerships);

- its extensive experience in funding volunteer-sending (technical assistance) programs.

9. Perceived weaknesses and constraints: Weaknesses and constraints identified by CIDA staff include:

- continued pressure to produce and show results quickly;
- the fact that CIDA's mandate does not allow it to easily work directly with SNGOs;
- the fact that CIDA lacks a clear conceptual framework of capacity development despite ongoing work in this area;
- emphasis on deliverables and products results in an inherent bias against inputs and processes which may be critical to institutional and capacity development;
- the "softer" aspects of capacity development (values, identity, fear, initiative, changing attitudes) are difficult to manage and measure;
- CIDA is somewhat restricted in the financial mechanisms it can employ in promoting capacity development (for example, it is unable to make endowment grants due to Treasury Board restrictions).

D. Lessons Learned

1. Evaluating success: CIDA emphasizes the importance of participatory approaches in evaluating capacity development programs. A paper commissioned by CIDA's Policy Branch, for example, maintains that "participatory evaluation not only enhances the quality of evaluation findings but also increases the capacity of project stakeholders"(7). By directly involving participants in the analysis of their own progress, strengths and shortcomings, participatory evaluation is also believed to increase the likelihood that recommendations resulting from evaluations will be acted upon.

Capacity development is not systematically evaluated and, while CIDA programs have used a variety of evaluation techniques over the years, the institution continues to seek appropriate indicators for measuring the impact of capacity development activities. A recent paper on capacity development indicators states that, "To be useful, indicators for institutional and capacity development should be simple, provide information for management action, be tied to incentives and information systems, be appropriate to the context, and focus on both the short and long-term". The paper goes on to warn that, "Indicators must reflect the fact that some of the most important results of institutional and capacity development are process outcomes (e.g., strategies adopted, degree of participation by key stakeholders) rather than substantive. Simply focusing on substantive results can diminish the effectiveness of these types of programs"(8).

2. Factors contributing to successful capacity building: Factors identified by staff as contributing to successful capacity development include:

- strong local ownership (organizations must be fully committed to, and ideally initiate, capacity development initiatives);
- participatory approaches to design, implementation and evaluation;
- cross-sectoral approaches (which look beyond the individual organization level).

3. Future trends: In the future, staff anticipated:

- a more active role for CIDA in working with governments to create an enabling environment for NGOs, in particular, based on its own experience of supporting Canadian NGOs while tolerating—and welcoming—continued policy dialogue and critical feedback;
- increased emphasis on a multi-sectoral, "systems" approach (which acknowledges the complex, multi-faceted nature of development problems and involves the participation of various actors and organizations to address issues at the macro, meso and micro levels);
- the development of a clearer conceptual framework and improved tools for designing and implementing capacity development initiatives.

Notes

1. Morgan P. and S. Taschereau, Capacity and Institutional Assessment: Frameworks, Methods and Tools for Analysis. Paper prepared for Policy Branch, CIDA, June 1996. p. 2.
2. Taschereau, S., Capacity Development from Concepts to Operations: An Analytical Guide. Paper prepared for CIDA Policy Branch, October 1997.
3. Lusthauss, C. et. al. Institutional Assessment: A Framework for Strengthening Organizational Capacity city for IDRC's Research Partners. Ottawa, IDRC, May 1995.
4. CIDA, NGO Division Objectives, September 1994.
5. Canadian Partnership Branch Working Group, Technical Note No. 1, January 1997, p.. 3.
6. Canadian Partnership Branch Working Group Technical Note, No. 2, February 1997, pp. 1 and 4.
7. Morgan, P. and A. Qualman, Institutional and Capacity Development, Results-based Management and Organizational Performance, Paper prepared for Policy Branch, CIDA, May 1996.
8. Morgan, Peter, Paper on Capacity Development Indicators, October 1997.
9. Morgan, Peter, Institutional Development in Peru: A Case Study of the Peru-Canada Fund, November 1994.
10. PCHRD Accountability Exposition: Executive Summary, p. 15-16.

List of Staff Interviewed

Heather Baser	Technical Cooperation and Capacity Development Policy Branch
John Beggs	NGO Division, Partnership Branch
Pierrette Dolbec	Bureau de Cooperation Canadienne en Cote d'Ivoire
Bruno Hebert	Partnership Branch
Jacques Lamonde	West Africa Division
Bob Lavoie	Africa Branch
Blaine Marchand	Partnership Branch
Rosaline Murray	Partnership Branch
Peter Newton	West Africa Division
Ivan Robert	South America Division
Jorge R. Elizalde	Philippines/Indonesia Desk
John Saxby	Consultant
Floyd Tuzo	Partnership Branch
William Young	Planning, Policy and Management Division, Americas Branch

Address

Rosaline Murray
NGO Division
200 Promenade Des Portages
Hull, Quebec KIA0G4
Canada

CIDA Illustrative Case One

Helping create a sustainable bank for micro-credit: PRODEM and BancoSol in El Salvador

PRODEM (Fundacion para la Promocion y Desarrollo de la Microempresa) is a Bolivian NGO that was created with the mandate of finding ways to provide access to credit for Bolivia's poor. In the early 1990s, members of PRODEM (including Accion International, a US-based NGO and Calmeadow Foundation in Toronto) had the idea of creating a commercial bank aimed at the micro-credit market using the solidarity technology developed by PRODEM. By 1992, BancoSol became operational and is now among the most profitable banks in the country.

In 1989, CIDA provided a grant for Can$ four million to the Calmeadow Foundation to help PRODEM diversify its services, develop new financial products, expand its clientele (to include micro-entrepreneurs from smaller urban centers and rural areas), and strengthen its own internal management and administration capacities. Specific project components included support for the introduction of new systems within PRODEM and related staff training; the identification of new project sites; the design and implementation of new lending instruments; and research/analysis on the impact

of PRODEM's current lending programs. The project also included support to enhance BancoSol's information management and administrative and loan processing services (including the purchase of computers and staff training). Program activities related to institutional transition, new product sites, and financial services development were implemented by PRODEM itself. Calmeadow's specific roles included technical advisory support, the organization of study visits (to learn from other micro-credit programs), and responsibility for implementation of the impact research component. A less formal role of Calmeadow was to transfer learning from this project to micro-lending schemes among disadvantaged populations in Canada.

This diversification of PRODEM's financial portfolio is seen as key to achieving financial and institutional sustainability. Once PRODEM has developed and tested new financial services and technologies it will sell them to BancoSol (and possibly other commercial banks), using the proceeds to reinvest in shares of BancoSol (of which it is already a major shareholder). This strategy has served the long term viability and sustainability of both institutions, providing PRODEM with a stable source of income with which to undertake continued research and development and helping BancoSol to diversify its services and extend its client base.

CIDA Illustrative Case Two

Helping to set up NGO Coalitions in Philippines: The Philippines-Canada Human Resources Development Program

The Philippines-Canada Human Resource Development Program (PCHRD) was a seven-year program sponsored by CIDA which sought to develop the institutional capability of Philippine and Canadian NGOs and CBOs. This program was unique and significant in that it was the first NGO cooperative funding mechanism in which principal responsibility and control rested with NGO partners in the Philippines and the first large-scale program to give priority to human resource development for NGOs and CBOs.

With Can$15 million funding from CIDA, the program was managed by a joint committee of NGO partners in the Philippines and Canada. Initial consultations in 1988 identified the principal objective of the program as strengthening the capacity of NGOs and CBOs to deliver more effective programs to their communities through training, advocacy, and development education and also laid the foundation for a partnership between Philippine and Canadian NGOs. The PCHRD has aimed to strengthen a broad range of Philippine and Canadian NGOs through over 1000 individual projects in the areas of training, education, institution-building, communication, and coordination. The program has also addressed sectoral themes (such as gender, environment, human rights, and agrarian reform) and has served as

a venue for building trust and promoting dialogue and collaboration between Philippine and Canadian NGOs.

At the end of the project two "Accountability Expositions" were organized (in the Philippines and in Canada) to share results and lessons learned over the seven years of the program and to report back to donors in an original, dynamic, and participatory way. The expositions, which adopted a festival atmosphere, included assembly presentations, a series of mini-conferences on specific themes, and a public "accountability session". They also put on display the large array of resource materials, training manuals, research and case studies, video productions, and publications (including two anthologies of capacity building and training strategies and resources) realized during the life of the program. In addition to the large number of individual training and capacity development activities funded by the program, "the formation of NGO coalitions at the national, regional and provincial levels as a result of funding assistance from PCHRD was considered as one of the major accomplishments of the program"(10).

The Experience of the European Community

A. Basic Description of European Community

The European Community (EC) has established its own distinct Development Co-operation programs which are managed by the European Commission and are distinct from the bilateral aid programs of its individual members states. The combined aid programs of the European Community and those of its member States make the European Union one of the world's leading donors providing 60 percent of world aid in 1995.

The EC collaborates with European (ENGOs), other Northern NGOs (NNGOs), and Southern NGOs (SNGOs). The main pillar of its collaboration with ENGOs is the NGO co-financing scheme which funds ENGOs to work with NGOs and other local partners in the South, and also to mobilise public opinion in favour of development and fairer economic relations between North and South. The main unit of the Commission which is responsible for overall EC NGO policy (and by implication deals with capacity building of NGOs) is the unit DG VIII B 2 responsible for EC NGO policy and management of the EC co-financing program within the Directorate General VIII 'Development'. Many other parts of EC work with both Northern and Southern NGOs in the framework of country and sectoral programs, mainly for program implementation rather than in terms of building their institutional or organisational strength. More recently the terms "civil society", "civil society organisations", and "decentralised partners" have become common in the EC, and in this context NGOs are considered as only one of many actors outside central government.

B. EC's Understanding of Capacity Building of SNGOs

1. Definition: There is not a uniform common definition of capacity building in the EC. The definition elaborated by COTA, an NGO consultancy firm which evaluated the EC's institutional strengthening program in 1993, reflects the EC's present aspirations:

"Capacity building is a complex overall strategy, and not simply a sectoral program.... It is:

- a method for working more effectively (capacity building of the intermediary organisation) and truly collaborating with the target population (capacity building of the grass roots organisation);
- an end in itself insofar as it contributes to the re-enforcement of civil society (reinforcement of organisations at different levels) and its structuring"(2).

2. Rationale: EC thinking has evolved in recent years to a more direct awareness of the importance of civil society organisations in the South as actors in development and important collaborators in assisting governments to move towards a more decentralised approach to development. There is a recognition that the capacity challenge goes far beyond just improving the project management skills of Southern NGOs to embrace a multi-layered capacity agenda including, inter alia, the capacity of social partners to participate in policy formulation, design strategies, managing programs in forming new partnerships.

3. Trends in capacity building: From documents and conversations with EC staff it is clear that the EC has wanted the NNGOs, which are in many cases its immediate partners, to build the capacities of SNGOs. It, however, has often found that the NNGOs are reluctant to take a proactive role. Despite the introduction of a specific 'capacity building' financial instrument, movement towards strengthening SNGOs has been slow, partially due to the limitations of the instrument and its dependence on NNGOs. the EC is also held back by the fact its responsive approach reacts to proposals from NNGOs—and more recently SNGOs—and does not itself have a proactive role which allows it to directly work in this field.

4. How Capacity Building of SNGOs is handled by the EC: In order to understand the options the EC has to finance capacity building of SNGOs, it is necessary to understand the variety of ways in which the EC can finance NGOs.

a. *Co-financing of European NGOs and their local partners in the South*

Classic Co-financing: a European NGO receives from the EC 50 percent of the funding that it requires for a project with a SNGO (15 percent must come from the NNGO, and 35 percent from other sources). This can involve capacity building of the SNGO (see EC Illustrative Case One: A SNGO in Botswana) but usually does not. Co-financing worth 170 million ECU was allocated via European NGOs in 1997.

EC Box 1: Results of COTA Evaluation of the Uses of Chapter 12 Co-financing

In practice, it has been observed that the majority of Chapter 12 co-financings have served only to cover running costs for a given period.... None was used for the development or organisational re-enforcement of the organisation.

This is probably because there are no conditions in Chapter 12 relating to results demonstrating the improved efficiency of the organisation itself. It is vital that hereafter this overall funding should be designed as an investment in the organisation (material or human) rather than as simply a way of meeting the organisations running costs.

Block Grant Co-financing: A facility for small grants known as block grants also exists whereby a European NGO which has been handling co-financing grants for at least three years may apply for a block grant which it then administers as smaller sub-grants to Southern NGOs.

Chapter 12 Co-financing: Chapter 12 co-financing was started in 1988. It was intended for more flexible funding that could be used inter alia for capacity building of a Southern NGO (See EC Illustrative Case Two: SNGO in the Philippines). An evaluation of this Chapter 12 program-type funding was made in 1993 and revealed that most Northern NGOs were not using the funds for their intended purpose but were simply paying for the core costs of the Southern NGO. The evaluation also found the bureaucratic processes involved burdensome as well as limiting the potential of the facility (I) (See EC Box 1).

Revised Conditions and Intended Fourth Structure: The Commission is at present revising its General conditions for the above-mentioned co-financing instruments in order to simplify administrative procedures and introduce greater policy dialogue with NGOs to ensure coherence between NGO and EC actions.

A major feature of the reform is the introduction of multi-annual program contracts with long-standing partner NGOs which will particularly take into account the partnership approach of the ENGO with its Southern partner and will include a strong capacity building support component

b. *Other forms of EC financing of NGOs*

There is a whole range of instruments whereby the EC implements its aid programs. (Program aid, food aid, humanitarian aid, project aid, etc.). Many of these are accessed by NGOs both Northern and Southern (there is no distinction in terms of access to these other EC resources) within the framework of country programs and EC sectoral strategies.
Both the Commission and the EU Liaison Committee (the co-ordinating platform of European NGOs) bring out annual handbooks describing these resources.

Micro-Projects: A form of funding of particular interest to Souther NGOs is micro-project funding. The Micro-Projects Program is a fund made available through the EC country programs under the Convention of Lomé and managed by a government unit interested in funding self-help activities at the village level. These can be directly accessed by Southern NGOs and at present are mainly used for self help activities (building schools, clinics, roads, etc.), but efforts are being made to increase the use of these funds for capacity building initiatives.

Decentralised Co-operation: Decentralised co-operation is above all meant to provide the definition of a new approach to development co-operation intended to put "actors" (rather than just projects or money) at the centre of EC development aid. Geared at placing Southern partners in the central role of development co-operation, this policy

promotes a certain number of principles (for example, empowering civil society of the South to take a lead in program design and implementation).

Decentralised cooperation is a new policy approach to be integrated into all EC financial instruments where appropriate. To help develop and promote this new policy, the EC has had a small specific financing instrument at its disposal since 1992, whilst the main source funding remains the country and sectoral programs.

Southern NGOs have access to this instrument but are considered as one of a variety of decentralised actors of civil society—a common list of which is: "decentralised public authorities, rural and village groups, trade unions, teaching and research institutions, non-governmental organisations, other associations, groups and agents which are able and wish to contribute to the development of the ACP states on their own initiative, provided that the agents and/or the operations are non-profit-making"(4).

Some essential features of the EC decentralised co-operation approach are as follows (Ref: Work in progress European Centre for Policy Development Management, (ECPDM) Maastricht).

"Putting the actors at the centre of EC development Aid

- a broadening of the range of actors (not only NGOs, but other decentralised actors, such as farmers & trade unions, local authorities, associations, grassroots organisations, research institutions), decentralized actors in the driving seat (promoting ownership and responsibilisation),
- a special emphasis on capacity building (empowerment);

Adopting participatory and programmatic process approaches

- move away from stand-alone initiatives in the form of microrealisations,
- promoting a strategic and programmatic approach,
- a participatory emphasis (consultation, dialogue e.g., with fora for genuine expression of people);

Definition of respective roles and responsibilities of the different actors

(e.g., State, local authorities, NGDOs),

- searching for complementarity and joint action (agreement on a common basket for pooling resources and capacities),
- improving the articulation between public sector and civil society
- putting decentralised actors in the driving seat while ensuring linkages with government policies and actors,
- searching for new partnerships based on comparative advantages;

Promoting appropriate administrative cultures among the stakeholders

(i.e., NGO/State relationship)

- introducing a more flexible and decentralised management,
- delegation of management responsibilities to decentralised actors or interfaces

with due respect to the principles of subsidiarity and democracy,
- a strong focus on capacity development,
- iterative planning and execution of activities;

Ensuring that the population remains the final beneficiary
- new result-oriented monitoring and evaluation systems, adapted to the decentralised co-operation philosophy,
- focus on specific process results as improved organisational capacity of civil society,
- greater empowerment,
- improving the living conditions of the population remains essential (poverty alleviation, social development),
- making sure that beneficiaries are in control through establishing contractual relations between the different agencies/intermediaries."

C. Identification of Capacity Building Needs

1. Capacity Assessment: The subject of capacity assessment tools with which to diagnose capacity weaknesses and focus capacity building efforts are now being developed. It will allow the implemention of the decentralised co-operation approach, which requires the emergence of coalitions of actors (state, social, and economic partners) and the EC, and a challenging of traditional roles, working methods, and attitudes.

2. Capacity Building Needs: The EC has shown itself to be aware of the capacity building needs of Southern NGOs since 1988 when it set up the Chapter 12 Co-financing scheme. It was, in part, intended to allow Northern NGOs to deal with the capacity building requirements of Southern NGOs.

A roundtable held between the European Commission and European and Southern NGOs in May 1996 entitled 'NGOs and Institutional Support: Shared visions in North and South' concluded that the primary focus for institutional support for Southern NGOs is the entire span of their relationships within their country and communities and that it demands long-term commitments. It also recommended that the EC should integrate capacity building possibilities into all its main co-financing instruments available to NGOs in a way which encourages a process-led approach to development.

D. Capacity Building of SNGOs by the EC

1. The Enabling Environment: In respect to Decentralised Co-operation and reinforcing the role of Southern actors, the EC recognises that the approach is a new and radical one, and it requires the state to allow for a greater place to be granted to

decentralised actors within EC development co-operation programs. This is being pursued through dialogue with its partners both within the Lomé convention and the bilateral country agreements of the EC with third countries. It is an important focus of the new mandate for negotiation of the post Lomé convention approved by the Commission in January 1998. The Commission is also developing a sectoral and country policy dialogue with the NGO community on issues of common concern in which the issue of capacity building of Southern civil society is an important feature.

2. Assessing Donor Requirements: The EC is very conscious that its systems get in the way of capacity building with SNGOs. Comments in 'Liaison South', the EC Liaison Committee newsletter on decentralised co-operation, point out that "The EC should simplify procedures relating to project proposals (for decentralised co-operation) and rationalise access to development resources by NGOs, women's organisations and the indigenous private sector, using a more user friendly approach" (3).

Efforts are under way to reform procedures and make them more accessible to the NGOs as well as to harmonise approaches under the EC's many different financial instruments to increase transparency and information within the framework of a major restructuration of the Commission's external services now taking place. Increased decentralisation of decision making to its delegations is also being implemented.

3. Promoting Financial Sustainability: This is an issue of concern and there are a number of references to financial dependency and lack of financial autonomy as being one of the weaknesses of NGOs in particular and decentralised actors in general. Certain references talk about empowered decentralised actors being able to make legitimate demands on the state for their share of state resources. NGOs are encouraged under the co-financing program to diversify funding sources and engage in productive and income-generating activities to increase financial sustainability. Present regulations however inhibit innovative financial approaches.

The EC has, from the very beginning, had a strong interest in development education, and European NGOs lobby the EU and the EU member governments on topics concerned with development in the South. ENGOs have established wide ranging linkages and partnerships with SNGOs in this area. In addition, there has been a long tradition of ENGO dialogue with the EC institutions on development issues at the macro level which is now being extended to the meso level to focus on exchange of information and lessons learned. SNGOs are also participating in these dialogues at the initiative of the European NGOs. There will now be an increased focus on policy dialogue in the South given the emphasis put by EC co-operation on encouraging greater State-civil society collaboration in implementing EC programs.

4. Supporting Support Organisations: In many cases the understanding of the EC that the decentralised actors need to have their capacity strengthened leads them to realise that intermediary organisations in the South may well be needed to supply such services. At present, while there are few distinctions made between support or intermediary NGOs who are implementing a project with grass roots bodies, there is

increased scrutiny of the support role of the intermediate NGO to assess the capacity building it is providing to the grass roots participants and structures in a given project.

5. Networks and Fora: The EC has many references in its literature to the need for funding to be spent in building up networks in the South so that SNGOs can learn from each other, develop more strength through their representative bodies, and plan better and more effective projects. This is specifically encouraged in Chapter 12 Co-Financing projects, and in Decentralised Co-operation. It is also encouraged in the Evaluation of the Micro Projects operations.

There are many people within the EC, particularly within DG VIII, who are very enthusiastic to build the competence of civil society organisations in the South through the use of EC funding. They have conceptualised civil society in the South as a varied array of non-government, non-profit actors of whom the NGOs are one. They have spent and are spending a lot of creative energy trying to get the design right. They feel that decentralisation of the States authority, and the growth of decentralised actors is the wave of the future. The EC, if it can develop this approach to implementing its development co-operation programs, has substantial resources to put into this field of capacity building.

6. Perceived Weaknesses and Constraints: The constraints are clear; the EC is difficult to move, both at its center and at the country delegations levels. There are repeated references to the Delegates in the field not understanding a decentralised co-operation approach .There is also the self-interest of the Northern NGOs to consider. Many European NGOs are very dependent on the support that they get from the EC, particularly through such schemes as co-financing. The EC will continue to provide resources to European NGOs through co-financing, in recognition of the important funds they raise from the European public and their role in educating European public opinion on development issues and in favour of aid. However, in the future, European NGOs will have to demonstrate more clearly the nature of their partnership with their Southern NGO partners and the added value they provide. At the same time, all other financing instruments will remain accessible to Southern NGOs. With the increased focus on the decentralised approach their opportunities for involvement will be increased. However, the SNGOs will have to negotiate their place in this approach to work in co-operation with and in support of other decentralised actors and the State.

E. Lessons Learned

1. Evaluations of Success: The Commission regularly carries out evaluations of the implementation of projects and approaches promoted under its policies. The 1993 evaluation of the Chapter 12 institutional strengthening approach which showed the limitations of the financing instrument has led to a rethinking on how to incorporate this approach into all co-financed programs. Further work is now on-going to develop a methodological approach for decentralised co-operation and to introduce the approach

into the development of EC financed programs in the field. Up until now there has been little concretisation of the policy support for SNGO capacity building outside the co-financing program except in individual innovative projects. However, the recent policy shift to focusing on the role of the development actors in the EC's development co-operation policy should facilitate a reinforcement of support for the capacity building needs of the SNGOs as important actors in this process.

References

1. Decentralised Co-operation: a new European Approach at the service of participatory development, methodological study by. COTA. 1996
2. 4th Lome Convention, Third part, Title III, Chapter 2, Section 4a
3. Liaison South. Sept 1997

Interviews

Directorate General VIII, Unit B-2 (NGO Co-financing and Decentralised Co-operation)

Claire Mandouze	Deputy Head of Unit (Decentralised Co-operation)
Clodagh O'Brien	NGO Relations
Marion France	NGO co-financing
Katja Schulz	Decentralised co-operation Sustainable Development and Natural Resources
Amos Tincani	Head of Unit Liaison Committee of European Development NGOs to the EU
James Mackie	Executive Secretary

EC Illustrative Case One

SNGO (Botswana) and ENGO (Netherlands): Classic Co-financing

The ENGO applied to the EC for co-financing for a three year program to improve the living standards of the remote and poor Basarwa people by strengthening the capacity of the Botswana NGO. The SNGO specialises in identifying and developing alternative sources of income for the Basarwa through gathering and cultivating traditional veld products which are then processed, packaged, and marketed, as well as through introducing new cash crops. The SNGO has been in existence since 1984, and the ENGO has supported the SNGO since 1986. An evaluation took place in 1990, since which time the organisation has been on a more professional footing.

The three-year program had four specific objectives:

- **Research:** to undertake primary research into methods of propagation and utilisation of veld products to generate income for the rural poor

- **Extension and Training:** to demonstrate techniques for sustainable utilisation of the veld products and other natural resources
- **Commercial Activities:** to undertake the processing and marketing of veld products and other natural resources as income generating activities
- **Organisational Development:** staff development and construction of office and accommodation facilities

Within the objective of Organisational Development, the activities planned included building technical capacity in the staff of the SNGO so that it could carry out planned activities, developing planning and financial systems within the SNGO, and building a centralised office, laboratory and housing complex at the research site. The report of the first year's activities show that the following took place:

- The SNGO hired a consultant to help develop a strategic plan for the organisation;
- The SNGO finalised a policy on conditions of service and is working on a staff audit;
- One staff member attended a course in Botswana, and acquired a certificate in Public Administration and Management.
- Other staff members went for technical training as follows:
  - MSc in plant Genetic Resource Conservation;
  - Environmental Education course in India;
  - Permaculture course in Zambia;
  - Tissue Culture course in South Africa.
- Preparatory work was done on the construction site only.

This project was funded through the classic co-financing procedures of EC in which the EC only provides a part of the funding. Here the EC provided 32 percent, the ENGO 23 percent, other donors 25 percent and the SNGO 19 percent. The funding for capacity building was used mostly for training with some technical assistance; a lot more funding was to come in the next year for construction. The SNGO chose the organisations which provided the capacity building. The whole activity is to be evaluated at the end of the three-year program. One limiting factor for the project is that it would have been good for the strategic planning exercise to have been carried out before the capacity building proposal was drawn up—this may have suggested more specific capacity building interventions targeted at the whole organisation.

EC Illustrative Case Two

SNGO (Philippines) via ENGO(UK): Chapter 12 Co-financing

The SNGO is a Filipino NGO active in family planning and reproductive health care services. It started life as Womens Health Inc. and reregistered under its present name

in 1990. Its main base is a busy clinic in Pasay City which was originally funded by the EU until 1991, but now generates 95 percent of its costs by charging affordable, locally set fees. The SNGO has subsequently expanded into three more clinics on Luzon island (with EU co-financing), HIV/AIDS education projects, a mobile voluntary surgical contraception project, and two urban clinics on outlying islands (Eastern Visayas and Central Mindanao). The last project introduced the opportunities and problems of managing sub-stations at a distance. The SNGO intends to make all its clinics financially self-reliant. It is at the point of transition from a small/medium sized NGO to one operating at a national level.

The European NGO (ENGO) has been involved with the SNGO from its inception and concentrates on helping it become technically and financially sustainable. The EC's co-financing program requires a partnership between a European and Southern NGO. Chapter 12 of the Co-financing program prioritises capacity building efforts of the European NGO with the Southern NGO. In this project the ENGO is requesting the EC for funds to enable it to deliver the following outputs:

- Enhancement of the SNGO's management, supervisory, and technical capacity in order to develop a management structure that can support program expansion;
- Strengthening of the SNGO's model of distance management to facilitate program expansion into broader geographical areas;
- Development and implementation of an appropriate and successful marketing strategy, in order to generate increased utilisation of the SNGOs service delivery network, increase cost-recovery and improve long term program sustainability.

The capacity building interventions will be mainstreamed into the SNGO so that it becomes technically and financially sustainable.

The EC provided funds which amount to half of the costs of the proposal. The SNGO has contributed 35 percent and the ENGO 15 percent. ENGO personnel will provide training for middle management and clinic managers and will find training personnel for senior management training from its other partners in the region. IT training will be identified within the Philippines, or it will come from more experienced staff of the SNGO. Part of the funding is to support the operating costs and overhead expenses of three clinics which are not yet cost covered in the expectation that they will be so within 16 months as a result of the capacity building inputs from the ENGO. The clinics are, on average, 64 percent cost recovering at present.

The ENGO is building the organisational strength of the SNGO through training, technical assistance and limited duration funding for the core program, leading to the SNGO's ability to implement a successful, sustainable reproductive health care program. The SNGO's capacity building partner, the ENGO, is both funding and delivering capacity building services. This does not seem to be an issue since they have worked together for a long time to each others mutual satisfaction. It is

noticeable, however, that EC does not require the SNGO's written agreement to the proposal made on their behalf by the ENGO. The capacity building proposal derived from a SWOT exercise conducted at a Strategic Planning workshop in July 1995. The ENGO proposes an organisational evaluation at the beginning and end of this two year program, but these are not yet available. The factors which seem to encourage the success of this project are the competence and experience of the ENGO in doing this kind of work, and its long relationship with the SNGO. The factor which may be an obstacle is the extent to which the SNGO has over-stretched its capacity before putting into place these capacity building activities.

EC Illustriative Case Three

The Trade Union (TU) (Zimbabwe) and the ENGO (Germany) : Decentralised Co-operation Budget line

This project shows collaboration between a ENGO and a Southern trade union to strengthen the grass roots structures of the SNGO. The project lasted 18 months and cost ECU 300,000, half of which was contributed by the EC and half by the ENGO/TU.

The TU represents small holder farmers in Zimbabwe and has structure at five levels—club, area/association, district, province, and national. It also has eight commodity specific associations. The TU was already greatly decentralising its operations; through this project it attempted to build lower level competency about changes in the agricultural environment, in research in analysing and formulating the members needs and initiatives, in building advocacy skills, and in getting information about the circumstances of its members. The project also intended to get Area and District level TU officials to represent their members' interests in the appropriate tier of government.

The four key objectives of the program were:

- improving the level of awareness among the TU members of developments within the agricultural industry and on the TU constitution, policies, and procedures;
- strengthening TU club and area leadership in their role in farmer organising and interest representation;
- increasing the level of knowledge about the socio-economic situation of the TU membership and the activities of the TU clubs;
- strengthening district leaders in their role of advocacy and interest representation.

The end of project report claimed great success. Systematic contact was established with 59,000 members, each of whom were provided with an organisational

manual; 1763 District leaders were trained; a membership register was set up which identifies possible candidates for commodity specific activities; a nation-wide radio program was established to inform farmers about current developments in the agricultural sector; and a comprehensive study of the effects of the Economic Structural Adjustment Program was carried out which showed a worsening of the situation in rural households.

The capacity strengthening was carried out by offering a large number of training courses, the provision of manuals and courses in their use, an information dissemination program through radio, and research . The report notes that 18 months is too short for such a comprehensive change in approach and needs more time. It notes that advocacy training does not seem to have increased District Officials' advocacy activities, and it notes that the contact with members has raised a lot of new issues that the TU has to deal with. It notes, however, that the radio program continues with the TU's own funding. A futher follow-up phase has now been developed which will build on the results of the first phase. The project was carried out by staff members of ENGO and TU as well as local Zimbabwean consultants and trainers.

The Experience of GTZ

A. Basic Description of GTZ

Gesellschaft fuer Technische Zusammenarbeit (GTZ) is a corporation owned by the German Federal Government with the mandate to improve the standard of living and future prospects of people in partner countries worldwide, and to stabilize the natural resource base on which life depends. GTZ was started in 1975 and operates through a general agreement with the BMZ (German Ministry for Economic Cooperation and Development), which gives it the responsibility to conduct Technical Cooperation activities in the service of development to complement the political and economic activities of other German actors. BMZ is also the funder of a variety of other organizations involved in overseas development—a development bank (the KFW), the four political foundations (Konrad Adenauer Stiftung, Friedrich Neuman Stiftung, Hans Seidl Stiftung, Friedrich Ebert Stiftung) , the German Development Service (DED) and others. GTZ has the specific responsibility to provide Technical Cooperation in support of BMZ activities. GTZ also undertakes such work for other German Government ministries, international organisations and other countries' governments.

GTZ is thus in the business of supplying and building personal and organizational capacity: it does this through supplying German expertise, and, increasingly, through building the capacity of local expertise. As it says in its 1996 Annual Report "GTZ's task is to enhance the capability of organisations and people to solve their own problems. It does so by effectively transferring expertise, and, on a smaller scale, materials and equipment". 1996 was marked by intensive debate on the related themes of "capacity development" and "promotion of local expertise" which has had an influence on the way GTZ works with NGOs (1).

GTZ's headquarters are in Eschborn (near Frankfurt) in Germany and it works in 135 countries. In many of these countries it has field offices which are being given increasingly more powers in a move towards decentralization. Its turnover in 1996 was 1,709,000,000 DM. It has 1294 people in its head office and 1586 people in the field.

B. GTZ's Understanding of Capacity Building with SNGOs

There is increased promotion within GTZ of projects geared to the structural reform of the State (i.e., democratization of its legal and institutional foundations, decentralization of government functions, and rationalization and raising of efficiency in administrations). GTZ feels that the private sector has a role to play in this, and NGOs fit in as one type of private sector organization. GTZ does not see NGOs as an alternative to the State, but rather as part of a network of institutions in the public, private and voluntary sectors that are complementary to each other and which have a particular comparative advantage.

GTZ is usually looking, therefore, for these comparative advantages of NGOs and then looking for the organizational features of NGOs that need to be developed—a suitable subject for Technical Cooperation. NGOs are not just supported because they are evidence of the strength of civil society needed for better democracy and development; rather, they are supported pragmatically because they may well be one important actor in creating the most appropriate institutional form for the variety of tasks that need to be accomplished. This is the stakeholder approach to development work. As GTZ says, "The ultimate aim of Technical Cooperation is to raise the efficiency of human resources and organizations in developing countries"(2). NGOs are one of a variety of such organizations.

1. Definition: GTZ has considered the different ways that it can interact with the sector which fit with its experience and development philosophy. Its definition of capacity building then becomes "the provision of training and consultancies for the primary target group, the poor (i.e., self-help groups and their associations), but also for the secondary target group (state and non-governmental intermediary organizations)"(4).

2. Rationale: For GTZ, NGOs are seen in the context of their diversification approach. In GTZ's view, "One of the most important prerequisites for successful development projects is to cooperate with the right implementing agencies. Different agencies are required for different tasks and projects need to be tied in with current initiatives, drawing as much as possible on existing resources. GTZ has been advocating this "diversification approach" for several years, seeking to involve, as much as possible, suitable non-governmental organizations in the implementation of development projects" (3, 5). Organizationally, GTZ has no locus for its relations with NGOs. There is no "NGO Unit" which collates information and policy discussions about GTZ's work with NGOs. Each Department and each project is free to identify the "right" implementing agencies, and is encouraged to look at NGOs to see if they fit the local requirements. Guidance is provided on relations with NGOs, particularly by the Organization and Management Consultancy Unit. Its publications deal with the ways in which GTZ may interact with NGOs, and the subject is part of regular, cross-sectoral, round table discussions within GTZ .

3. Trends: It is difficult to talk about trends in capacity building at GTZ because there is no one locus from where one can get an overview of GTZ's involvement with the NGO sector and involvement with capacity building of that sector. Two trends, however, seem to be apparent that the field offices of GTZ are increasingly becoming dissatisfied with the development opportunities offered to them through working with increasingly dysfunctional governments in the South and that GTZ field offices are well aware of the problems associated in working with NGOs. GTZ has noted that "The disappointment at the inefficiency of government institutions is swinging over to a 'naive' euphoria about the efficiency of non-governmental organizations. The keenness of foreign donors to promote NGOs—particularly grass roots groups and self-help groups—places impossible demands on the self-help capabilities of the population and means that NGOs are simply set up to meet the conditions of external assistance" (6).

4. How capacity building is handled: In the GTZ literature it is clear that GTZ recognizes a wide array of non-governmental organizations—networks, intermediary NGOs working with grass roots organizations, mass member organizations like farmers associations, federations of CBOs, and CBOs themselves. Non-governmental organizations of all kinds are referred to as being part of the private sector and an alternative to centrally planned economies. Because of GTZ's interest in organizations and in enhancing the capability of organizations, it urges its field offices to identify and analyze the existing range of organizations in a country which could be effectively supported as development implementers with the help of institution-building measures. This is called in GTZ the "analysis of a country's organizational landscape"(1) (see example in GTZ Box 1).

GTZ Box 1: Types of Third Sector Organizations in Developing Countries

- grass roots organizations (often informally organized self-help groups working locally)
- classical charitable welfare organizations (e.g., Red Cross, church organizations)
- consulting organizations (consultancy and services against payment)
- development or promotion NGOs to form and promote self-help networks
- cooperatives, where there is a membership structure, where they are not subject to government "decree" and not primarily profit oriented
- organizations with a political bias that mobilize at national or regional level, either mass support organizations for the government or (usually regionally or ethnically restricted) or as a counterpole
- interest groups with different motives (such as economic, social or political concerns (e.g., chambers of industry and commerce or women's representatives
- organizations on the margins of the state sector that are heavily influenced formally or materially by government (e.g., independent public institutions or NGOs supported by the government)

GTZ looks for ways that Technical Cooperation can help raise the efficiency of human resources and organizations within the NGO sector. GTZ deals with NGOs in ways similar to other institutional forms. It tries to influence the "country frame" within which NGOs can operate (i.e., the enabling environment) so that it is more decentralized, and then it tries to direct human resources to the problem of building up competent institutions and organizations that can work effectively within this decentralized opportunity. For the most part GTZ has noticed that the people to provide the capacity development required by NGOs are not in evidence, and so it has directed its attention to building up a reservoir of such people who can provide these services. For an example of this, please see GTZ Illustrative Case Two..

C. Identification of Capacity Building Needs

1. Capacity assessment: GTZ has, in various publications, clear statements about capacity requirements of organizations. It has been common in the past for project appraisers from GTZ to use a variety of "project executing agency analyses—checklists, sets of criteria, and groups of indicators" in order to find the "right" agency with which to work. There does not seem to have been an attempt to adjust such tools so that they can be used with NGOs.

At the same time, there has been a move from finding the "best" agency with which to work to a greater emphasis on finding the "right mix" of agencies with which to work. NGO capacity, therefore, is seen as part of a capacity mix with a number of agencies.

2. Capacity building needs: GTZ's identification of capacity building needs arises from their analysis of NGO weaknesses. Several organizational concerns are:

- pronounced dependence on foreign funding;
- danger of being co-opted by elites (conferring privlleges on themselves, corruption);
- preserving or underpining paternalism;
- danger of losing the social esteem and authority acquired if they receive government support;
- in some cases, limited technical and administrative professionalism—on the other hand, a trend to increased bureaucracy and professionalism of NGOs that can quite offset the original strengths;
- activities of limited durability and sustainability;
- prone to implement small projects (with resultant restricted spread effect)"(7).

D. Capacity Building of NGOs

1. Approaches employed: GTZ is enthusiastic to get NGOs accepted as part of a range of development partner organisations, and will negotiate with governments on that point. It is also interested in NGOs reflecting on their own capacities, weaknesses and strengths so that they can enhance their potential and adapt to new circumstances. One of the most regular approaches of GTZ is to build the number of people who can service the capacity building needs of SNGOs and other partners. The following are areas of note.

a. The Enabling Environment: In this field, GTZ feels the task of bilateral Technical Cooperation should be to create the political leeway needed for the promotion of the self-help ability of the poor through organizations set up by the poor themselves, or through intermediary organizations (promoters of development processes) which are committed to the poor. Such work is usually done at the time of the annual Country Reviews in which officials of the German Foreign Ministry and BMZ discuss country

policies with the officials of the host government. Such officials will receive technical advice from the GTZ staff, but will negotiate the elements of the enabling environment directly with partner government officials.

b. Assessing Donor Requirements: Technical Cooperation (TC)—the provision of know how—does not present GTZ with the same problems of conditionalities and regulations as it would have if it moved money. In the past their conditionality has been the use of German experts. GTZ has, however, recently re-assessed its use of German people in the field. It has conceptualized the "subsidiarity" principle which, in TC terms, means that experts should only be assigned to partner countries if and when no local experts are available. Moreover, GTZ does not stop at assessing what local expertise is available and its subsequent use but has been strongly involved in the promotion of local expertise, one of its greatest contributions to capacity development (see GTZ Box 2).

GTZ Box 2: Promoting Farmers Organizations in Chad

Since 1990, the GTZ Micro project has been supporting more than 270 grassroots organizations in the Mayo Kebbi region, over half of which are organizations in which women farmers have joined forces. By supporting only existing organizations, the project supports a strict strategy of help towards self-help which is geared to demand.

Although farmers organizations are already playing a significant role in the development of the region, their inadequate organizational and management expertise is constraining their further development. Unclear division of competencies, inefficient communication, decision making and working procedures, and particular interests which are enforced at the expense of the organization as a whole are limiting the capability of the grass roots organizations to offer their members professional services and vigorously represent their interests.

The project helps the organizations enhance their capabilities, plan programs, and elaborate forms of cooperation so as to exchange experiences and network into umbrella organizations. This improves the likelihood that farmers organizations in the region will consolidate on a sustainable basis.

c. Promoting Financial Sustainability: While the subject of financial sustainability—or its absence—is a regular part of GTZ's analysis of the NGO sector, there is not much specific attention to its solution. GTZ seems to believe that proper attention to reform of the "country frame", together with encouragement of the Government to decentralize and work together with the private sector, will create a situation in which NGOs can be sustained, mostly through collaboration between NGOs, the private sector and government (e.g., through contracting with government to provide services, or by getting bank guarantees for their work). There is limited attention to the variety of difficulties that intermediary NGOs have in producing an income stream outside of external grants. The situation is different when it comes to grassroots groups.

d. Catalyzing Policy Dialogue: The GTZ concept of networks of complementary organizations (within which are included organizations of the Third Sector) means that the members of the network will not simply have an implementing function but will also be involved in policy discussions about the best way through development objectives are to be realized. Apart from this, however, GTZ has not suggested ways in which it can build the capacity of NGOs to provide alternative policy suggestions or bring their experience and local knowledge to the policy arena.

e. Supporting Support Organizations, Networks and Fora: GTZ frequently recognizes the validity and importance of inter-NGO umbrella organizations, networks and associations which help to build the strength of the NGO sector. It sees such groups as legitimate partners for GTZ technical cooperation. An example of this from Chad can be seen in GTZ Box 2.

GTZ is equally interested, however, in the importance of cross-sectoral networks between government, the private sector, and NGOs, which reflect its objectives of finding the right mix of organizations to undertake quality development work.

f. Organizational Development Consultants: Just as GTZ itself uses many consultants for its work and acts as a consultant to other organizations, it has identified the self-employed expert consultant as a very necessary part of the NGO capacity development landscape. In a number of programs it has invested in building up the individual knowledge and expertise of local people, not as members of an organization which GTZ is partnering, but as independent, self employed, organizational consultants, or consultancy service organizations. These consultants are trained not just in the technical fields which organizations are likely to need (such as planning, staff relations, monitoring and evaluation, etc.) but are specifically trained as "Organization Development consultants" (OD consultants), meaning that they have the ability to help organizations through the processes of organizational change without specifying what such change will be. The development of local moderators and facilitators has been a particular contribution of GTZ to the field of NGO capacity building. Please see GTZ Illustrative Case One.

2. Specific GTZ contributions: Over the years GTZ has developed certain instruments for both general and sectoral organizational capacity building which it has mainlined within the organization. Staff are either encouraged to develop the skills themselves or draw upon specialists from GTZ to apply them. These are ZOPP (or GOPP in English)—Goal Oriented Project Planning—a system of participatory project planning and use of the logical framework; GATE—which is a structure for appropriate technology information, research and dissemination; and CEFE—which is a system for small and medium entrepreneurship and business training. Please see Illustrative Case Two: GATE/ISAT Networks in the South for an example of how GATE works. GTZ makes sure that practitioners are trained in the south, that quality of the intervention is maintained, and that practitioners are accredited.

3. Strengths and comparative advantages: The fact that GTZ only works in the realm of technical cooperation has allowed it to have a very clear focus in capacity building. This is backed up by its more recent and strongly implemented decision to train local people in all the skills they would previously have used German nationals for. Its specific contributions are built on years of experience using such techniques themselves and perfecting them for others to use.

4. Perceived weaknesses and constraints: There is no one unit within GTZ which takes a view of policy and practice in respect of NGOs. Lessons from organisational experience of NGOs are therefore not easily gathered in one place. GTZ has recognized the importance of working with SNGOs but is reliant on concurrence from governments in any particular country to work with NGOs. It has long been the prevailing position amongst German NGOs that they know how to work with SNGOs, and that GTZ is insufficiently knowledgeable and sensitive about them. GTZ is acquiring experience fast but may be still at the beginning of a learning curve dealing with how to adapt experience of working with government to experience of working with NGOs.

E. Lessons Learned

1. Evaluating success: Because of the lack of an office within GTZ that specialises in dealing with NGOs, there has been no attempt to evaluate GTZ's work with NGOs. GTZ uses a survey instrument for assessing program success globally but has not tried to adapt this to its work with NGOs.

2. Factors contributing to success: GTZ, as can be seen from the Indian example in GTZ Illustrative Case One, is very systematic and logical in identifying the needs of organisations, be they government departments or NGOs, and designing ways to meet those needs and building local capacity to keep meeting those needs.

Notes

1. GTZ Annual Report 1996
2. The Organizational Field Approach in Technical Cooperation by Richard and Seltzer. GTZ. 1992
3. Managing the Implementation of the German Technical Cooperation Activities. GTZ. 1995
4. Money isn't everything: the inter-action of Self-Help Funds and organizational development to strengthen the ability of the poor to act independently. Muller-Glider et al. GTZ. 1996
5. Managing the implementation of the German Technical Cooperation Activities. GTZ.1995

6. The Organizational Field Approach in Technical Cooperation y Reichart and Seltzer. GTZ.1992
7. Idem

List of Staff Interviewed

Strategic Corporate Development Unit

Thomas Kuby	Senior Policy Planner Planning and Development Department Organization, Communication and Management Consultancy
Martin Harder	Senior Consultant, GATE/Information Service for Appropriate Technology
Klaus Hornberger	NGO Cooperation Country Section India/Bhutan
Jutta Muller	Project Office CEFE (Competency Based Economies Formation of Enterprise)
Lutz Kohne	Adviser

Address

Martin Harder
Division 403
GTZ
P.O.Box 5180
65726 Eschborn
FRG

GTZ Illustrative Case One

Training of Organization Development (OD) Consultants in Africa by GTZ and EZE (Protestant Association for Development Cooperation)

Capacity Building is not always clearly defined by NGOs and those who work with them. For many people it means interventions in some or all of the following organizational features: visions, missions, and strategies; structures and systems; skills and abilities; and human, material, and financial resources. GTZ and EZE suggest another contribution to NGO capacity building, that of the relatively new field of Organization Development (OD), which can be described as the process of accompanying and facilitating organizational change as well as helping organizations to improve their problem solving potentials and innovative capabilities.

GTZ and EZE, based on work with NGOs in Zaire and Senegal, suggest that NGOs are situated in a swiftly changing world. They are under growing pressure to adapt to new conditions created by such factors as economic recession, structural adjustment, and the demand for new products and services. NGOs need to know how to change and renew their organizations based on an understanding of the new conditions and of their organizations' potentials and capabilities. While organizations in Europe and

North America can call upon OD consultants to help them with this, organizations in Africa have not had trained people available.

For the last two years GTZ and EZE have been training 63 people from 18 sub-Saharan African countries (Francophone and Anglophone) in OD skills so that they will become OD consultants to the NGO sector in the future. The course was taught in intervals over two years for a total of six months and finished in October 1997. It consisted of training courses, participants own consultancy practice during the training, and mutual counseling on the consultancies that they undertook.

The graduates are now setting themselves up as OD consultants, with some of them returning to the institutions that sent them (churches, NGOs, and training organizations) and others returning to private practice as freelance consultants. They understand that OD may not be well understood by their potential clients, and so part of their job is to educate their prospective clientele about the value and importance of organizational renewal and an OD approach to capacity building—in other words, to create their market.

GTZ's and EZE's view is that capacity building should be separated from funding. The OD consultants are therefore are not attached to donor agencies. They are available to be hired by NGOs who want their services and can find the money to pay for them, but their services are not a conditionality of any funding assistance. Those managing this program feel that capacity building should not be carried out by the same organization that provides funding, although this is not a common position in GTZ.

It is too early to say what impact the trained people will have on the NGOs who will use their services. It is likely that the high quality of training they have received will be an asset to the NGOs in the countries in which they work, but it is also possible that market forces will result in them working for donor organizations or the corporate sector rather than NGOs. Nor can we say that OD services are being requested by Southern NGOs. Part of the graduated trainee's job is to show NGOs that comprehensive changes are called for in their organizations and that OD is one way this can be achieved. It is intended that the pioneers will, in cooperation with GTZ/ EZE, themselves train others in OD so as to increase the total number of available OD-consultants in Africa.

GTZ Illustrative Case Two

The Dynamics of working to build capacity of CBOs: the Self-Help Fund in India

The Self-Help Fund Project (GTZ/SHF) was initiated in India in 1994. It operates in six states of India with a two-pronged strategy.

1. One was to promote the self-help potential of the poor by forming and strengthening groups among them. This promotion was combined with development activities aimed at improving living conditions provided through the local partners (NGOs).
2. The other was to build capacity and organizational development of partner NGOs and, indirectly, of self-help groups.

GTZ/SHF is directly working with 31 NGOs (which it refers to as its partners) and two informal networks of NGOs in Bihar. The activities which the NGOs implement with the self-help groups (SHGs) are savings and credit, income generation, social and political change, and capacity building of the SHGs. The 31 NGOs have reached 1450 SHGs of roughly 30 members each. They have helped them acquire the skills they need to strengthen their groups, improve their income and finance systems, empower women members, and take an active part in local governance. The project is not involved in activity funding, but in helping the self-help groups get access to the services that are, in theory, available to them, like loans from local banks.

The partner organizations (the NGOs) were not, however, expert in all these fields and they, in turn, needed to build their capacities to pass skills on to the self-help groups. After three years, GTZ/SHF thinks that the NGOs have more knowledge about how projects should be managed, including needs appraisal, planning, monitoring and self-evaluation, and building linkages with official agencies). It also believes the NGOs know more about impact assessment, something NGOs have not been accustomed to thinking of or measuring previously. GTZ/SHF also feels that NGOs have better knowledge about income generation (to some extent gained by means of a strengths and weaknesses matrix), and about savings and credit systems.

Finally, NGOs have become clearer about their own roles vis-a-vis self-help groups and the strategies they should undertake with them for poverty alleviation. Being used to more service provision or funding, it took time for the NGOs to see the value of concentrating on capacity building. GTZ/SHF has helped NGOs go through a process of self-review and self-evaluation which resulted in their accepting what might otherwise have been seen as an outside imposition. The NGOs were helped by a Indian resource persons and organizations and a "local expert pool".

After three years, GTZ has been impressed at the need for flexibility and non-bureaucratic responses. It realizes there is a delicate balance to be struck between a purely responsive posture reacting to changing conditions of communities and demands of self-help groups, and a pro-active posture in which NGOs and self-help groups are persuaded to go through systematic processes for vision building, comprehensive situation analysis and strategic planning. GTZ/SHF also appreciates the delicacy of the relationship between NGOs and self-help groups: many SHGs rely too heavily on NGOs for finance and advice, and the NGOs respond to this in kind. GTZ is both the funder and the initiator of capacity building for the NGOs. It has found this role a difficult one, particularly because it did not have any long standing relations with the NGOs, as it had in other partnership projects.

GTZ Illustrative Case Three

GATE's Networks for Information and Advisory Service on Appropriate Technology (ISAT)

In 1978 GTZ started a question and answer service on Appropriate Technology through its own department called GATE. This remains a GTZ service financed by BMZ. Those making enquiries of GATE come from many backgrounds, both for-profit and non-profit. Over the years many local and national AT centers grew up, many of which had ongoing relationships with GATE. At the start of the 1990s GATE reorganized itself into four project areas:

- a small scale project fund,
- a particular technical project on CFCs,
- an appropriate building technology network,
- a service to NGO networks in the South where active knowledge and information management is needed called ISAT.

Over the years GATE (and then ISAT) has had a large number of separate cooperation agreements with individual appropriate technology (TA) NGO centers in the South.. Both they and ISAT were interested in more South–South knowledge transfer and building centers of regional know-how. In order to increase the effectiveness of their work, ISAT has established or expanded regional networks in Africa, Asia and Latin America. ISAT is now partnering with and in part supporting a number of institutions in the South which are themselves networking and information centers.

At the present ISAT has two partners in Africa (RATIS in Harare and SIATA in Ouagadougou), five in Latin America (CLADES in Santiago, MAELA in Asuncion, ANADEGES in Mexico City, CETEC in Calle, AS-PTA in Rio de Janeiro), and four in Asia (RISE-AT in Chiang Mai, ATA in Bangkok, GSS in Sri Lanka, SIBAT in the Philippines). Some of these centers specialize in particular subjects. This new concept allows close cooperation of individual national organizations at a regional level and offers to local organizations a documentation center, consultancy services, and advice in the AT field.

ISAT has offered its partner networks various kinds of capacity building services for issues such as information management, advisory services, financial management, planning, monitoring, evaluation, and impact monitoring. ISAT rarely contributes more than 30 percent of the costs of such centers. They have to raise the rest of their requirements from other sources (e.g., German NGOs, other NGOs, commercial consultancies, other donor agencies). GTZ also helps the partner organizations to define what services they need and where they can get these from but does not fund such services itself. ISAT's huge knowledge base of AT and AT practitioners around the world is a useful back up to the AT Center's own databases. Such AT Centers can

also inform local NGOs of the Small Scale Projects Fund, also administered by GATE.

ISAT claims a real partnership relationship with its AT center partners. ISAT is not a main funder, and the relationship has built up often over 10 or more years, cemented by a mutual interest in AT. Every year ISAT has formal monitoring sessions with its partners to assess their situation from the point of view of both technical and social competence and, in 1997, had a systematic impact assessment of the its work carried out by an independent consultant. This revealed that between 52 percent and 95 percent of the partner organizations viewed the ISAT contribution to organizational development as the key to the improvement of their capacities. ISAT itself is worried that 25 percent of the partners still viewed GATE primarily as a financing organization. It was also agreed that there was no other "competing institution" which offered the same services.

The Experience of USAID

This profile is adapted from a longer document called "USAID Support for NGO Capacity Building: Approaches, Examples and Mechanisms" by Lou Stanberg

A. USAID's work with NGOs and PVOs

US practice is to refer to non-governmental organizations in the USA as PVOs (Private Voluntary Organizations) while accepting the general practice of referring to non-governmental organizations in the developing and transition countries as NGOs.

USAID (the US Agency for International Development) has worked closely with nongovernmental organizations for many decades but the nature, focus, and magnitude of USAID–NGO collaborative efforts have changed substantially. Initial emphasis was on humanitarian relief and emergency food distribution programs carried out by US private voluntary organizations (PVOs). In the past two decades, however, the relationship has evolved to emphasize the role of non-governmental organizations in addressing the issues of longer-term development. USAID played a critical role, beginning in the late 1970s, in strengthening the capacity of members of the US private voluntary community to plan, implement, and evaluate development programs. The depth and magnitude of the USAID–US PVO partnership has increased commensurately. US PVOs and other non-governmental organizations are now major components of the US foreign assistance effort.

Coupled with the strengthened USAID–US PVO partnership has been a significant increase in the development and potential of the nongovernmental sector abroad: indigenous NGOs and community-based grassroots organizations (CBOs). While the role and size of the indigenous NGO sector varies widely between regions and on a country-by-country basis, USAID has increasingly turned its attention to building the capacities of such indigenous organizations as a prerequisite to broad-based sustainable development. The post-Cold War decade of the 1990s, in particular, has seen major changes in the context for USAID's work with the NGO sector. NGOs have been increasingly recognized as indispensable to creating and sustaining the civil society framework fundamental to long-term sustainable development in the newly independent nations of the former Soviet Union as well as in traditional developing countries.

The growing number and importance of local NGOs has had significant implications for the role of US PVOs and for the USAID–PVO partnership. US PVOs remain major USAID partners in both developmental and humanitarian assistance. Today, however, USAID looks to US PVOs less for direct service delivery than as partners and facilitators of NGO-implemented activities. This has brought the importance of local NGO capacity building to the forefront, as a matter both of USAID policy and practice. This has resulted in considerable USAID support for capacity building in SNGOs, particularly over the last decade.

B. USAID's Conceptual Framework for NGO Capacity Building

While USAID has an extensive history of support for NGO capacity building over the past decade, the current conceptual underpinnings are perhaps best embodied in USAID's New Partnerships Initiative (NPI)—announced by Vice President Gore at the United Nations Social Summit in Copenhagen in March 1995—and expressed in various documents prepared as part of that initiative. The Core Report (1) describes NPI as an Agency-wide effort to make local capacity building a central concern in all Agency programs. It states that USAID will pursue programs which foster, at all levels of government, an enabling environment favorable to NGO empowerment and which directly bolsters the capacity of local NGOs, utilizing intermediaries, especially US PVOs, to carry out much of this work. While the report recognizes that the nature and roles of NGOs will differ significantly from country to country, the overall goal is to create a large, diverse community of local NGOs capable of promoting sustainable development.

The conceptual framework for USAID-supported NGO capacity building is most comprehensively elaborated in the "NPI Resource Guide"(2). It offers a detailed discussion of the ways in which the three NPI building blocks—building local capacity, strengthening the enabling environment, and fostering strategic partnerships—can improve the ability of local actors to energize development. Chapter Three of the Resource Guide provides a detailed discussion of hands-on USAID-supported local capacity building within the NPI conceptual framework and includes a set of tools for Missions to use in assessing organizational capacity as well as building capacity for partnership.

While full implementation of NPI concepts remains a significant USAID challenge, the Resource Guide offers a striking illustration of the centrality of NGO capacity building as a component of USAID's current development efforts, together with numerous recent examples of how NGO capacity building has been incorporated into USAID worldwide programming.

C. USAID Supported Approaches and Mechanisms

USAID supports NGO capacity building in many ways and through a variety of funding and management mechanisms, examples of which follow. To a large extent, USAID has looked to the US private voluntary organizations as the principal implementors of NGO capacity building, but such programs have been carried out as well by contractors, universities, and by USAID Missions themselves.

1. US PVO-local NGO mentoring—generic models: Partnerships or mentoring relationships between a US PVO and local NGOs are perhaps the most common mode of USAID support for NGO capacity building. Such relationships take many different forms, utilize many of the mechanisms to be described later, and are

highly specific to the national, regional and sectoral contexts for which they are designed. For this reason, generic models of NGO capacity building can be difficult to document. Nonetheless, a significant and increasing number of USAID-supported US PVOs have been successful in describing the broad approaches that characterize their NGO capacity building efforts.

The US PVO **Pact**, for example, states that it looks at capacity building as a three-stage process which moves NGOs from foundation/development to consolidation and finally to institutionalization. The first stage is accomplished through project proposal reviews, strategic planning, feasibility studies, funding, and monitoring of individual NGOs. The second stage is consolidation of individual NGOs through building coalitions, consortia, and strategic partners. The third stage is institutionalization of the NGO community, including participation in policy advocacy and legislation to build an enabling external environment. Programs frequently work simultaneously on activities in each stage to coordinate the development of internal capacity with the external environment.

More specifically, Pact builds capacity by mobilizing and channeling technical, material and human resources to indigenous NGOs which implement development projects, acting as an umbrella grant managing organization which promotes both the growth of individual NGOs and the NGO sector as a whole. At the organizational development level, the tools it uses include organizational assessment, technical assistance, training workshops and seminars, study tours, tutoring and organizational development consultancies, as well as direct grant support to allow service delivery and organizational development to go hand in hand. At the NGO sectoral level, activities include coalition-building and networking, policy reform, advocacy, strengthening NGO-government relations, and developing domestic resources (3).

Counterpart International similarly describes a replicable model for NGO capacity building, derived from experience in the South Pacific, Eastern Europe, and the former Soviet States and which is adaptable to diverse local environments. Counterpart summarizes its capacity building strategy as an integrated package of services which strengthens the internal capacity of NGOs to both provide services and advocate on behalf of clients and also strengthens NGOs as viable partners and coalition members at the local, regional, and international levels.

Counterpart emphasizes the critical role of the enabling environment in fostering and strengthening the NGO sector. It emphasizes as well the creation of NGO coalitions and professional associations through the provision of technical assistance and financial resources to design and undertake services for members and advocate on behalf of the sector. Training is an integral part of its capacity building program modules are keyed to training levels as well as cultural context and focused on training of local trainers. Microenterprise has an important role in Counterpart's efforts to build NGOs' financial sustainability. Partnerships and strategic alliances are viewed as essential mechanisms for capacity building, to give local NGOs access to knowledge and skills, innovative and proven methodologies, networking and funding

opportunities, replicable models for addressing community needs and managing resources, options for organizational management and governance, and strategies for advocacy, government relations, and public outreach (1996 Annual Report, Counterpart International).

The **Christian Reformed World Relief Committee** takes a somewhat different approach to NGO capacity building. Their handbook discusses a USAID-supported three-year inquiry into best practices of partnership and organizational capacity building conducted collaboratively by the Case Western University's Weatherhead School of Management, CRWRC, and more than 100 local NGOs working with CRWRC around the world. CRWRC identified six principles of capacity building which, while not a blueprint, form a set of normative guidelines grounded in the experience of the study participants. They include: a) the need to begin with mutual partnership between organizations; b) the finding that organizational capacity building works best when it is appreciative rather than evaluative (i.e., when it focuses on the strengths and value-based factors of an organization, as well as technical factors); c) the need to contextualize everything, since contextual variation is a key element in organizational capacity building; d) the necessity of thinking of the organization as a living organism rather than a mechanical model; e) the fundamental importance of inter-organizational learning (i.e., interacting with a wide variety of other organizations at all levels to learn how best to strengthen organizational purpose and performance); and f) the need to create and ensure systems for mutual accountability in relationships.

USAID's Office of Private and Voluntary Cooperation also embodies a generalized approach to capacity building through US PVO–Local NGO mentoring through its Matching Grants and Child Survival Programs. These competitive grant programs focuses on strengthening the technical and organizational capacity of US PVOs and, through them, strengthening partnerships with local organizations to achieve sustainable service delivery. The current programs place special emphasis on strengthening partnerships between US PVOs and indigenous NGOs and other local groups. A specific objective is to build the capacity of local non-governmental organizations and community-based organizations (CBOs) through formalized partnership agreements with US PVOs.

Matching Grant and Child Survival application guidelines (5) require that all proposed programs must establish formal agreements with NGOs, CBOs and local governments to design and implement sustainable development projects. Each US PVO must discuss how its proposed activity will strengthen its participating local partner, the length of the partnership relationship, the nature of the collaboration, the extent of consultation with the local partner during proposal preparation, and the contribution of the local partner to program implementation.

2. Building networks and coalitions: Support for the formation and strengthening of NGO networks and coalitions has been increasingly recognized as an

essential component of USAID-supported capacity building for the NGO sector as a whole as well as individual organizations themselves. This recognition both reflects and responds to the rapid increase in the number and effectiveness of such coalitions and networks around the world. Experience to date shows that building networks can be key to the impact, sustainability, and continuity of NGO programs, facilitating the sharing of lessons learned and outreach to partners and affiliates at all organizational and geographic levels.

The **Small Enterprise Education and Promotion (SEEP) Network** is a USAID-supported association of 42 North American private development organizations which support micro- and small enterprise programs in the developing world. SEEP's mission is to promote professional standards of practice, conduct an educational program for its members and other practitioners, create and disseminate publications with high field applicability, and serve as a center for collaboration on a broad range of sector-related issues (6).

USAID/Philippines has funded four **PVO Co-Finance programs** since 1980 and, while each has had a different emphasis, the overall goal has been the institutional strengthening of NGOs. In FY 1995, the Co-Finance program funded three coalition-building projects and another three in FY 1996. In these grants, a US PVO or local PVO serves as the grant recipient with a national coalition as project implementor. The coalition-building projects are diverse, including fisherfolk advocacy for sustainable aquatic reform, enhancing people's initiatives for housing and urban development, advancing the participation of upland indigenous peoples in the democratic process, empowering women and children in the informal sector, building unity for coconut industry reform, and developing standards for the microfinance sector (7).

A new USAID program, **PVO/NGO Networks**, is designed to increase the use of family planning, reproductive health, child survival and HIV (FP/RH/CS/HIV) services through enhanced capacities of PVO/NGO networks and partnerships. The program will work only through in-country networks of PVOs and NGOs which partner with other sectors or organizations rather than supporting individual PVO or NGO proposals or technical assistance needs. Building on considerable USAID family planning and reproductive health experience with PVOs and NGOs, it responds to increased demands for technical assistance and capacity building from the private voluntary sector (8).

The **African Women Leaders in Agriculture and the Environment (AWLAE)** program, implemented by Winrock International, is part of a training program in Leadership for Change. Women leaders are mobilized in new sustainable African NGOs and professional associations to continue to serve the woman farmer. The program does this in three ways: preparing women leaders with academic scholarships and a two part training program, plus professional development support through skills workshops and an electronic learning network: building an enabling professional environment to which the women return after training and study; and creating sustainable mechanisms to continue the work of AWLAE through:

establishment of African NGOs and professional associations, gender networking and resource centers attached to existing institutions, and career guidance and mentoring programs (9).

The **Center for Development and Population Activities (CEDPA)** capacity building strategy is two-fold: working with individuals to develop their leadership practices and management skills and working with organizations for increased effectiveness and sustainability. CEDPA's capacity building activities are integrated with programs in the field and conducted with alumni and partner organizations. Leaders of international organizations participate in CEDPA's training workshops in the US each year. Follow-up training and technical assistance activities with alumni of these workshops, as well as partners and other stakeholders, are conducted in several of their countries each year. CEDPA's goal is to create a network which fosters continued communication, support, and follow-up activities, and which participates with other programs in an expanding network of advocates for women's partnership in development (10).

3. Institutionalization of local NGOs/support of exit strategies: Many international NGOs increasingly realize that true sustainability of their work involves shifting their governance, management, and financing to local NGOs. Together with donor institutions, they believe that sustainable development programs depend on exit strategies (i.e., the carefully planned, phased hand-off of international programs to locally managed, independent NGOs). The design and implementation of sustainable local programs has taken on growing importance with the increased capacity of local NGOs and community institutions to responsibly carry out their own development programs, as well as recent reductions in public funding for international development assistance. There is increasing recognition of the necessity and desirability of incorporating exit strategies as an integral component of NGO capacity building.

The USAID-funded **Private Rural Initiatives Project (PRIP)** in Bangladesh, managed by Pact, offers an example of the institutionalization of an exit strategy into the program planning and design process. From 1988 to 1997 USAID/Bangladesh funded Pact under a Cooperative Agreement to manage the PRIP project to build capacity within the NGO sector in Bangladesh. As the project evolved, its design was revised to embody an exit strategy for transition of the Pact/PRIP program into a locally governed and managed Bangladeshi organization. In 1995, Pact formally transferred management of the PRIP project to the newly formed PRIP Trust. While the complex transition process is still unfolding, the Bangladesh experience offers a useful example for the broader NGO and donor community, and serves as one model for implementing an exit strategy. The Bangladesh exit strategy and process have been carefully documented as a case study (11). The publication focuses on the topics of governance, leadership, legal identity, management, programming, budgeting and funding, including a synopsis of Pact Bangladesh experience related to each topic.

The **Microenterprise Implementation Grant Program (IGP)**, part of USAID's Microenterprise Innovation Project, addresses institutionalization of NGO capacities within the microenterprise sector. The focus of the IGP is on the increased ability of local institutions to deliver financial and non-financial services on a sustainable basis and with expanding outreach. It is designed to expand microenterprise service provision by local institutions, particularly by increasing the financial viability of those institutions which provide financial services and the cost effectiveness of those institutions which provide other inputs. All supported activities have the explicit objective of sustained service delivery to microenterprises which results in the reduction and elimination of donor dependence by service providers. The IGP provides both start-up and expansion grants. A new modality, grants for technical development activities, are available to applicants with established capacity in microenterprise, but which need focused assistance to prepare local institutions for expansion, introduction of new products, or higher levels of financial independence (12).

4. Other Specific Approaches:

GEM: An innovative approach to organizational capacity building, the Global Excellence in Management Initiative (GEM), has been developed under a Cooperative Agreement between USAID's Office of Private and Voluntary Cooperation and Case Western Reserve University's Weatherhead School of Management. Since its start in the early 1990s, the GEM Initiative has significantly broadened its scope from an exclusive focus on US PVOs to its current support for local NGOs and NGO coalitions around the world. Employing an "appreciative inquiry" methodology developed at Case Western, GEM offers a range of training programs, structured workshops, and consultant services to support institutional strengthening, partnership development, and cross-sectoral alliances. Each program can be customized to support individual organizational needs and contexts. Strategic planning, consideration of future partnerships and alliances, and sharing of best practices are a major part of the programmatic focus (13).

NGO Service Centers: Counterpart International has developed an "NGO Service Center" model that has proved effective in the former states of the Soviet Union—Russia, the western region (Ukraine, Moldova, Belarus), and the Central Asian Republics (Kazakstan, Kyrgyzstan, Uzbekistan, Tajikistan). The generalized service center model has been applied by others as well in Eastern and Central Europe. Service Centers are structured to provide a wide range of services tailored to the specific programmatic context:

- an information clearinghouse on NGOs through creation/maintenance of detailed NGO databases accessible via e-mail and Internet, and through newsletters;
- grantmaking, including seed grants, partnership grants (to the local NGO), and corporate challenge grants (matching corporate contributions to local NGOs);

- training of trainers, both in-house and within local NGOs;
- training of NGOs;
- mobilization of US, European and other donor resources;
- mobilization of humanitarian assistance linked to NGO capacity building;
- facilitation of networking and national/regional conferences and alliances;
- promotion of NGO coalitions to strengthen grassroots advocacy for legal and policy reform of the enabling environment;
- leveraging the support of volunteers through existing sources such as the International Executive Service Corps in the US and its Canadian Counterpart;
- leveraging the support of international NGOs where complementary inputs can maximize capacity building impact within individual NGOs.

The goal is to ultimately localize country operations, putting such mechanisms in place as staff training and development which prepare local staff for the eventual management of service centers, and/or creating an alliance with another local NGO support organization. The newly formed entity would then become part of Counterpart's international affiliate network (14).

Umbrella Models: As USAID's cooperation with PVOs and NGOs has increased over the past two decades, many Missions have used an "umbrella" approach to their expanded PVO–NGO support. Most commonly an "umbrella project" is a funding, management, and support mechanism designed to deliver relatively small amounts of USAID funds to a number of organizations through one financial award to a lead organization. A cooperative agreement or contract is received from USAID for subsequent smaller subgrants to NGOs or PVOs for project implementation, with the lead organization responsible for administrative and technical assistance to subgrantees. The lead organization can be a PVO or local NGO, an association of PVOs or NGOs, or a contractor. Umbrella models have been used in a variety of forms by many USAID missions. While experience has varied, the umbrella mechanism has frequently proved an effective means to strengthen the capacity of local NGOs. Examples are:

- **Bangladesh**, where USAID's Family Planning and Health Services project provided direct funding to five PVO/NGO organizations, which in turn supported 106 indigenous NGOs operating at over 300 project sites.
- **Bolivia**, where USAID's PROCOSI activity consists of a network of 24 Bolivian and international NGOs involved in child survival and maternal health activities, and supports programs benefitting over 400,000 people primarily in isolated rural areas. The PROCOSI model has been extended to El Salvador and, more recently, to Zambia.

USAID has undertaken a number of studies and evaluations of the umbrella model. One study, "Designs for Collaboration"(15), concludes that umbrella projects have proven to be flexible mechanisms for enlarging PVO–NGO operations, improving those agencies' capacities, and opening possibilities for USAID involvement with beneficiary groups not easily reached by other programming approaches. It emphasizes that

design and inter-organizational collaboration are two aspects crucial to the success of umbrella programs, including investment in local institution building.

Another study, "Strengthening the Public-Private Relationship"(16), finds, inter alia, that capacity building is increasingly important for subgrantees as a part of umbrella activities, both in traditional developing countries as well as in the newly emerging democracies which have begun only recently to develop or restore the institutions of civil society. The study noted that a primary advantage of umbrella models for NGO subgrantees is the opportunity, with assistance from the lead organization, for networking and institutional strengthening.

Consortia: The formation and promotion of consortia and strategic alliances have offered USAID an effective way to support NGO capacity building, particularly where programs with capacity building objectives involve a broad section of the NGO sector as a whole, as is often the case in emerging democracies or transitional societies. Properly structured and managed, consortia can maximize the impact on NGO capacity building through synergistic collaboration among the partners. Consortia also allow for accessing the expertise of US NGOs/PVOs who may not have a long track record in managing USAID-funded programs. Additionally, the multiple partners in a consortium can maximize the leveraging of donor and constituency resources within a given program.

In 1994, for example, USAID awarded a cooperative agreement to Save the Children (SAVE) to lead a consortium of US non-profits in implementing a Civic Initiatives Program for Democratic and Economic Reform in Russia (CIP). The consortium consists of five US organizations—SAVE, Counterpart, The Center for Democracy, the Education Development Center, and the Institute for Policy Studies of Johns Hopkins University. Each organization brings specialized technical expertise to the program, while SAVE provides overall program management and coordination. CIP's goal is to support the creation of a diverse, self-sufficient non-profit sector to facilitate the emergence of a strong civil society in Russia.

A variation on the consortium model which has been used by USAID to support the strengthening of civil society institutions is the "Indefinite Quantity Contract" (IQC) mechanism, which makes available to field missions the services of multiple partners to carry out capacity building activities around the world on an as-needed basis. An example is the Democracy and Governance IQC managed by World Learning which offers rapid response assistance to support civil society programs in institutional capacity building. This includes assistance and training in advocacy and policy reform, as well as conferencing, networking, and exchange of experience between and among indigenous, US and international civil society organizations.

Endowments and local foundation: An endowment is a fund that has been set aside for a specific purpose. Generally, endowments are designed to disburse only the income from the assets; the principal of the fund remains intact and invested.

Endowments can serve as vehicles to build and sustain the capacity of NGOs to do development work, increasing their long-term stability and financial self-reliance. Some endowments cover all operating costs of NGOs; others provide only enough income to cover core administrative costs, with the expectation that income for operating programs will come from additional project grants. In both cases, the endowment increases the local organizations' sustainability and allows it to make long-term decisions on staff development, program strategies, and policy reform.

A recent study by USAID's Center for Development Information and Evaluation (CDIE) identified about 35 endowments funded directly by USAID, including nine funded with dollar appropriations, the rest with local currency. Most of the USAID endowments are for environmental and agricultural activities, and the largest number are located in Latin America and the Caribbean. The CDIE study examines at some length USAID experience in establishing endowments, providing an overview of the types funded and describing each of the USAID-funded endowments (17).

Where the objective was to support local grant-making foundation, a new organization has sometimes been established to house an endowment. In these cases, USAID has usually provided considerable capacity building assistance to prepare the organization to manage the endowment funds and its grant-making programs. In Mexico, for example, USAID provided $19.5 million to establish an endowment for an environmental grant-making foundation, the Mexican Fund for the Conservation of Nature (FMCN) (18).

Vouchers: USAID has recently developed and field-tested a new tool involving the use of research vouchers as a way to support NGOs and foster their participation in projects. Development of the research voucher methodology drew on the observation that many local NGOs and community-based organizations which lacked the technical, analytical, and financial reporting skills to realize their full potential were located in many of the same cities and regions as technical institutions capable of meeting their needs. Few of the technical institutions, however, engaged in partnerships with local NGOs. Recognizing both the needs and opportunities this presented, USAID established a voucher program in which certificates redeemable for a specified level of technical assistance from local technical institutions were distributed to interested NGOs and community-based organizations. When the assistance was completed, the NGO paid the institution with the voucher, which in turn returned it to USAID or its intermediary for payment. In this way, the administrative burden of accounting and reporting falls on the technical institution, while the NGO monitors progress of the activity being supported and insures its relevance to the NGO's agenda and needs. An example is:

- USAID/India's Regional Housing and Urban Development Office (RHUDO) in Ahmedabad, a city with a large number of active NGOs as well as a number of India's top academic and technical institutions. To provide local management assistance, RHUDO entered into an agreement with an Ahmedabad foundation, the Center for Environment Education (CEE), to act as local manager for the

program. Over an 18 month period CEE awarded a total of seven vouchers to support technical assistance on a wide variety of urban environmental issues. In addtion to assisting the specific projects covered by the vouchers, the pilot project also resulted in linkages between many of the local NGOs and research organizations, some of which led to new joint activities (18).

D. USAID-Supported Assessment Tools for NGO Capacity Building

USAID believes that the assessment of organizational effectiveness is a critical component of NGO capacity building. It is a necessary first step for understanding NGO capacity building needs, establishing benchmark indicators to measure and evaluate progress and guiding program design and modification throughout the period of program implementation. While capacity building is a highly individualized process, grounded in local reality and specific organizational needs, certain core competencies are recognized as common to all capable organizations regardless of sector or organizational context. As part of a capacity building effort, all organizations should collaboratively identify a program to chart where they are currently, where they want to be, how they will get there, and how they will know when they have achieved their goal. Assessment tools and methodologies can focus on partnerships as well as individual organizations. In recent years, USAID has supported intensive research into, and the development of innovative tools and methodologies for, assessing organizational capacity.

USAID's New Partnerships Initiative (NPI) offers five assessment tools designed to help USAID missions carry out what are likely to be the most frequently occurring tasks associated with organizational capacity building (20):

1. **Selecting organizations or partnerships to receive capacity building assistance:** This tool offers procedures for assessing and selecting organizations for support; it evaluates organizations by four criteria: strategic fit, program attractiveness, coverage exclusivity, and competitive advantage.
2. **Assessing the current capacity of an organization:** This tool provides procedures for assessing organizational capacity and a process through which relevant, context-specific indicators can be developed in a collaborative manner. It includes seven areas of organizational competence which are further broken down into specific sub-components. For each sub-component, criteria of organizational capacity or performance are developed in collaboration with staff from the organization being assessed.
3. **Determining an organization's readiness to engage in strategic planning:** The strategic planning checklist offered by this tool is designed to help an organization plan for training and technical assistance useful in overcoming obstacles to entering into partnerships.

4. **Designing capacity building training opportunities:** This tool, a decision-making matrix, focuses on the tasks associated with the design and management of training programs in support of capacity building. It contains a list of major decisions to be made in designing and implementing training programs. It also suggests options with respect to each and offers guiding principles for selection among options.
5. **Designing technical assistance programs for capacity building:** Similar to the preceding matrix, this tool lists major decisions that have to be made in designing and implementing a capacity building technical assistance program, suggests options and offers guidelines for choice.

PACT, One of the organizations at the forefront of developing tools for assessing NGO capacity, has refined a methodology—Organizational Capacity Assessment (OCA)— that has been applied to several USAID-supported field programs targeted at building the NGO sector (e.g., in Ethiopia and Botswana). USAID's NPI Assessment Model incorporates the OCA tool in large part. OCA identifies seven aspects of organizational effectiveness: governance, management practices, human resources, financial resources, service delivery, external relations, and sustainability, each of which are broken down into sub-components. OCA further identifies four stages of NGO development—nascent, emerging, expanding, and mature—each of which has its own characteristics or indicators that can be translated into measurable standards. Through a highly participatory process, responses to a series of questions are scored and an organizational capacity profile is generated, either with a paper-based system or by utilizing a companion software program.

Information collected with the OCA Tool can be used in a variety of ways:

- as a diagnostic instrument, to determine the stage of organizational development of an NGO, indicate specific changes needed to strengthen it, and provide management, staff and partners of the NGO with the basis for improving the functioning of the organization;
- to establish a baseline measure of the existing structure and capability of an NGO;
- to monitor and evaluate progress toward the NGO's organizational development objectives at regular intervals;
- as an educational tool for NGO members and staff about the components and attributes of an effective NGO, and to provide a framework for follow-up to an assessment;
- to help create a strong and shared commitment to change within the NGO and assess the training and technical assistance needs of the NGO's staff;
- to complement financial audit and program impact reports by providing a comprehensive evaluation of an NGO's viability, potential for growth or capacity for partnership;
- as the basis for design of improved systems and procedures.

A Pact Handbook describes the OCA tool in detail, including ways in which the assessment process can be carried out, how to analyze the OCA information, and sample assessment results and reports (21). Building on the OCA base, Pact and the Education Development Center, Inc. have recently developed, with USAID support, a new assessment instrument—the Discussion-Oriented Self Assessment (DOSA) tool—designed to be utilized with a cohort of US PVOs/NGOs both to promote organizational learning and capacity building within the PVO community and to enable USAID's Office of Private and Voluntary Cooperation to measure its own capacity building impact through its PVO support programs (22).

Other US PVOs have developed their own methodologies for assessing NGO organizational capacity; some many of which share substantial points of convergence while others are tailored to the particular organizational and philosophical contexts in which they operate. For example:

- the Christian Reformed World Relief Committee, as part of its USAID-supported project on partnering and organizational capacity in collaboration with Case Western Reserve University, identified four regional capacity assessment tools, each representing the work of partner organizations in different parts of the world (East Africa, West Africa, Asia, Latin America). One result of this collaborative activity was CRWRC's design of a revised capacity assessment system for its own use, and its embrace of the capacity assessment tools of its partner organizations (23).

A different kind of NGO assessment tool—the NGO sustainability index—has been developed by USAID's Bureau for Europe and the New Independent States (ENI). The purpose of the index is to gauge the strength of the NGO sector as a whole in the transition societies of East Central Europe and the former Soviet states. Using a rating system and accompanying narrative, the sustainability index analyzes five aspects of each country's NGO sector:

- the legal environment;
- organizational capacity;
- financial viabilit
- advocacy;
- public image.

For each of the five aspects of the NGO sector, three generic stages of development are described. For each country, each aspect is numerically rated according to its stage of development and accompanied by an explanatory narrative. Taking each of these factors into consideration, the country's NGO sector as a whole is rated and substantively described (24).

Notes

1. Core report of the new Partnership Initiative. USAID July 1995
2. NPI Resource Guide: A Strategic Approach to Development Partnering". USAID, January 1997.
3. Pact Program Resource Handbook. Pact. March 1996.
4. Partnering to Build and Measure Organizational Capacity. CRWRC, 1997.
5. Fiscal Year 1998 Matching Grant Application Guidelines, USAID Office of Private and Voluntary Cooperation.
6. An Institutional Guide for Enterprise Development Organizations, SEEP/Pact Publications. 1996 and NEXUS, SEEP's quarterly newsletter
7. The Evolution of A PVO Co-Financing Program: Lessons Learned at USAID/Philippines by Cripe/Perrier. USAID, 1997.
8. PVO/NGO Networks, USAID Bureau for Global Programs. USAID, May 1997
9. Winrock International, Arlington, VA.
10. CEDPA, Washington, D.C.
11. Exit Strategies: Transitioning from International to Local NGO leadership by Richard Holloway, Pact Publications 1997
12. Request for Applications, FY 1998 Microenterprise Implementation Grant Program, USAID Office of Microenterprise Development.
13. See Global Social Innovations: A Journal of the GEM Initiative, Summer 1996 and Summer 1997, Weatherhead School of Management, Case Western Reserve University, GEM Rosslyn, Virginia office.
14. Counterpart Foundation, Washington, D.C.
15. Designs for Collaboration : A Study of PVO/NGO Umbrella Projects in Africa by Otto and Drabek. DATEX, Inc.,1992.
16. Strengthening the Public-Private Partnership: an assessment of USAID's Management of PVO and NGO activities. USAID Program and Operations Assessment Report 13.1996
17. USAID Center for Development Information and Evaluation, Working Paper No. 221, July 1996.
18. Mexican Nature Conservation Fund, Project No. 523-4007.
19. Office of Environment and Urban Programs, USAID Global Bureau.
20. NPI Resource Guide, USAID. 1997
21. Assessing Organizational Capacity Through Participatory Monitoring and Evaluation, Booth and Morin, Pact, 1996.
22. DOSA Webpage, www.edc.org/INT/CapDev/dosapage.httm
23. Partnering to Build and Measure Organizational Capacity. CRWRC, Grand Rapids, MI, 1997.
24. NGO Sustainability Index, ENI Bureau Office of Democracy, Governance and Social Reform, USAID.1997.

Address

John Grant, Director
Private and Voluntary Cooperation Office, USAID
1300 Pennsylvania Avenue, N.W.
Washington DC, 20523-7600 USA

USAID Illustrative Case Studies One

Africa

In most African states, the post-independence legacy has been one of extremely centralized, one-party states. With several notable exceptions (Kenya and South Africa, for example, which have many active NGOs), most African nations are characterized by small and institutionally weak non-governmental sectors. In recent years, this situation has been changing rapidly in a number of countries as more pluralistic modes of governance have been accepted and pursued. Many national leaders and development planners now realize that top-down, nation-level development and reconstruction programs may not be the most appropriate models. At the same time, there is a wide range of African institutions not previously associated with formal development processes. These include a multitude of membership-based organizations and a variety of community self-help organizations and social movements. In an increasingly pluralistic political environment, these organizations have greater opportunity to participate in public fora and to play a role in defining the content and direction of local development.

The Family Planning Association of Kenya: Focusing on institutional capacity building and financial sustainability. With a major decrease in the level of USAID funding for Kenya's health and population sector, the USAID mission shifted its strategy to place special attention on building the capacity of Kenyan NGOs, in particular the Family Planning Association of Kenya (FPAK). Working in close collaboration with FPAK, USAID engaged the services of a local firm to analyze FPAK's management structure, organizational strengths, financial status, and income-generating potential. The result was an action plan designed to enable FPAK to become less donor-dependent and donor-driven, and to operate in the future with a business approach to providing services. USAID increased the roles and responsibilities of an institutional contractor assigned to the Health Ministry to include technical assistance to FPAK to put into place the necessary financial systems, update organizational structures, and develop marketing plans (FPAK: Building Local Capacity for Service Delivery, NPI Resource Guide, 1997; USAID/Nairobi).

The Benin Indigenous NGO Strengthening Project (BINGO): Strengthening the capacity of indigenous NGOs across a wide spectrum. This project, begun in 1994, strengthens SNGOs' ability to implement grassroots self-help activities and serve as intermediary organizations in channeling and processing grassroots social demands. Implemented by Africare, the project includes management training of NGOs, networking and advocacy support, and support for grassroots development projects. It calls for Africare to train some 20 NGOs in financial management, project management, monitoring, backstopping, evaluation, and computer skills, and to provide institutional support grants to 20–25 NGOs. Africare is to help NGOs to design and implement 15-25 responsive grassroots development activities each year for funding through the project, and others for support by outside sources. The project

is designed to enhance NGOs' ability to process grassroots issues and serve as advocates for grassroots development, as well as promoting cooperative linkages between and among NGOs (Benin Indigenous NGO Strengthening Project, USAID Office of West and Central Africa; AFRICARE, Washington DC.).

USAID work with Pact to support NGO capacity building during the transitional period in South Africa: a special case. Several Pact-administered programs illustrate the special conditions in South Africa. An NGO Strengthening Project, started in 1991, was designed to increase the leadership and management skills of black NGO leaders, enabling them to shoulder responsibility at the local and national level, principally through extended organizational development training in strategic management and planning, project design, monitoring and evaluation, group and organizational behavior, and managing change. The program also offered strategically targeted grants and technical assistance in sectoral areas aimed at building the capacity of local groups to respond to development needs. A Black Entrepreneurship and Enterprise Support Facility, started in 1993, was aimed at generating income and employment through the development of small and microenterprise organizations and strengthening existing small and micro-enterprise support organizations specifically. The project provided technical assistance and advisory services to increase the effectiveness and impact of key enterprise development organizations. Beginning in 1995 a Developing Grantmaking Capacities Project was designed to train South African NGOs in grantmaking, emphasizing contracting and project and financial management systems, with the ultimate goal of transferring grantmaking responsibilities from USAID to South African NGOs (Pact, Washington, D.C.).

USAID Illustrative Case Studies Two

Asia

The Asia region presents a picture of substantial diversity in the role, status, and evolution of NGOs and civil society organizations. USAID's role in support of NGO capacity building has varied accordingly. Several countries have well-developed NGO sectors, the role and importance of which are widely recognized and accepted (e.g., The Philippines and India). Others have less fully evolved NGO sectors and less supportive enabling environments (e.g., Indonesia). Some are transitional countries where the task of building a civil society framework remains at the most fundamental stage (e.g., Cambodia).

USAID/Philippines: The evolution of USAID support for the NGO sector. In 1980, USAID/Philippines established a grants mechanism through which US PVOs and local NGOs could directly receive funding to design and implement development projects. Since then, the Mission has funded four "Co-Finance" (Co-Fi) programs. While each has had a different emphasis, an overall goal has been the institutional strengthening

of NGOs. Co-Fi I responded to the basic needs of disadvantaged sections of the Philippine population. Co-Fi II stressed building the capacity, especially of local NGOs, to engage in more diverse development activities. The major focus of Co-Fi III was on building the capacity of Intermediate Institutions (which provide funding, management oversight and technical support to smaller grassroots subgrantees) to more effectively service the rural areas of the Philippines; and Co-Fi IV encouraged popular participation in local decisionmaking and strengthening democratic institutions through coalition-building grants. A recent report describes the changing nature of the focus of USAID's work with Philippine NGOs over the past two decades, including lessons that may be more broadly applicable to NGO capacity building (Evolution of a PVO Co-Financing Program: Lessons Learned at USAID/Philippines, L. Cripe and G. Perrier, USAID Office of Private and Voluntary Cooperation, 1997).

Enabling Private Organizations to Combat HIV/AIDS: The EPOCH Project in Indonesia: A collaborative effort between Project Concern International, Pact, and a number of Indonesian NGOs, EPOCH integrated technical, organizational, and interorganizational capacity building into the assistance provided to 10 Indonesian NGOs. The project's primary objective was to provide intensive institutional development and technical services to a group of NGOs in order to build NGO institutional capacity to undertake HIV/AIDS projects. This included: direct support for and facilitation of the development of NGO HIV/AIDS interventions; policy advocacy for the formulation of informed policies and regulations that protect rights; skills enhancement for selected NGOs in designing, managing, evaluating, and documenting HIV/AIDS programs; and development of HIV/AIDS coalitions and networks at the local and national level. A related achievement was the establishment of one of the largest HIV/AIDS resource centers in Southeast Asia, housing over 2000 publications, including books, videos, journals, newsletters and reference sources. An article in AIDScaptions, a publication of USAID's AIDSCAP program (Capacity Building for HIV/AIDS Prevention, L. Loughran, July 1995), citing the EPOCH Project, notes that capacity building has moved up on the list of priorities in most HIV/AIDS prevention programs.

The Private Rural Initiatives Project (PRIP): Exit strategies in Bangladesh As a strategy for reaching the large numbers of NGOs in Bangladesh, PRIP identified intermediary organizations as its immediate constituency, and the smaller development NGOs who implement projects as its indirect constituency. PRIP identified strategic sectors in which NGOs have a comparative advantage, built up a range of coalitions between the NGOs and between NGOs and other parties, strengthened the competencies of selected institutions, and provided services which would both develop the institutions and sustain them into the future. Finally, after demonstrating to the NGO sector the usefulness of an organization that pays attention specifically to NGO capacity, PRIP moved from being a time-limited project of a foreign NGO (the US PVO Pact) to become a Bangladeshi NGO in its own right (the PRIP Trust).

PRIP operates at many levels within the Bangladesh nonprofit community: as a donor directly supporting the activities of specific local organizations; as a catalyst combining

the talents and ideas of a variety of partners to affect outcomes on specific issues; as a leader convening forums and networks; as a technical assistance resource providing skills and support in management and organizational development; and as a think tank developing new non-profit strategies, encouraging the development of the role of nonprofits in policy advocacy, and improving the national development agenda (Building the Sector: How PRIP Helps to Build the NGO Capacity in Bangladesh, R. Holloway, Pact, Washington, D.C.).

The Natural Resources Environmental Practices (NAREP) Program in Sri Lanka: NGO capacity building for biodiversity management. USAID's grantee, the Asia Foundation, identified a multi-ethnic Sri Lankan NGO as the most capable indigenous institution for facilitating the formation of a representative organization to manage the Community-Based Resources Management component of the NAREP project. As a result of the NGO's capacity building work with 60 local community-based organizations and eight school environmental clubs, a new Community-Based Development and Environment Foundation was established. Linkage was also established with a Sri Lankan research institute on which to base the community education efforts. As the new NGO grew stronger and broadened its base of community support, direct capacity building assistance was phased down, and two women leaders from the community assumed the leadership role. Support for income generation, through assistance in strengthening existing and establishing new micro- and small enterprises, is an important aspect of the NGO's work. The new NGO also provided technical assistance for the formation of Village Development Centers—representing all the community-based organizations in a village—to handle local level planning, implementation, and monitoring. (Participation of Communities and Local Government in Biodiversity Management, NPI Resource Guide, USAID, 1997).

USAID's Illustrative Case Three

Latin America and the Caribbean

The NGO sector for the region as a whole is relatively well developed in comparative terms. Countries such as Ecuador and Peru are at one end of the spectrum, with strong civil society institutions and active NGOs in most sectors. A favorable enabling environment and existing organizational capacities offer the NGO sector opportunity to develop the capacity of other less capable NGOs and community-based organizations. The NGO sector in many Central American and Caribbean countries, while less developed, has been the target of substantial USAID-supported capacity building efforts, in, for example, El Salvador, Honduras, Guatemala, and the Dominican Republic. At the far end of the spectrum are the very basic capacity building efforts in Haiti's fledgling civil society.

PROCOSI in Bolivia: Indigenous network-building with important institutional-strengthening impact. Established in 1988, PROCOSI is a network of more than 25 PVOs and NGOs which implement both family planning/reproductive health and child survival projects in Bolivia. Its achievements include: establishment of a major endowment fund sufficient to finance sub-grants and cover fixed costs over the long-term; productive collaboration among diverse NGOs; and a reputation among donors and within the Bolivian government which reflects its success in providing technical assistance and financial support to Bolivian NGOs. Increased coverage of the population has been a major achievement: the USAID mission estimated in 1996 that PROCOSI reached approximately 30 percent of the rural population. With respect to direct beneficiaries, against an original target population of 70,000 PROCOSI estimated in 1996 that it reached approximately 120,000 women of reproductive age, or roughly 10 percent of the women in this category. (USAID/Bolivia).

The Academy for Educational Development: Regional program aimed at strengthening the capability of Central American NGOs to carry out HIV/AIDS prevention programs. The project objectives are three-fold: to improve the regional policy environment for HIV; to strengthen the capacity of NGOs to deliver programs for the prevention of AIDS and sexually transmitted diseases; and to promote individual behavioral changes via small grants to NGOs and universities. The NGO component calls for the development of a regionally applicable package of technical assistance and training materials to increase both the effectiveness of NGOs in implementing HIV/STD programs and their sustainability as viable organizations. Areas for assistance include management, information systems, fundraising, community participation in service design and delivery, educational materials, counseling protocols, testing/diagnosis, data collection and analysis, training and supervisory systems, operations research and evaluation methodologies, and advocacy and policy dialogue. Promotion of networking and information exchange among Central American NGOs and with US NGOs is also included (Regional Office for Central American Programs, Bureau for Latin America and the Caribbean; Academy for Educational Development, Washington, D.C.).

USAID Illustrative Case Four

Europe and the Newly Independent States

Overcoming the legacy of economic central planning and State/Party domination of all aspects of public life remains the paramount concern of contemporary reformers in the countries of Eastern Europe and the former Soviet Union. The completely underdeveloped nature of civil society in former communist states has led USAID to concentrate intensive NGO capacity building efforts in most countries of the region, drawing on the talents of a highly educated population which has just begun to understand both the rights and the responsibilities that democracy confers. In addition

to establishing a variety of resource centers to strengthen the capacity of local NGOs and community membership organizations, USAID has been instrumental in the formation of associations of various types with the dual goals of creating a stable group of pro-reform lobbying organizations and boosting the prospects that innovative practices will be replicated on a country-wide basis. Such associations thus provide a critical link between strengthening local capacity and fostering a favorable enabling environment. Successful local government–NGO cooperation, fostered through capacity building efforts, has begun to influence the thinking of central authorities who have tended in the past to view civil society actors as either organizing to make demands on the State or seeking to usurp its power rather than as useful service deliverers and instruments of development. USAID's pressure to "graduate" countries of Eastern Europe and the former Soviet Union from US assistance as rapidly as possible has led to a heavy emphasis on sustainability as a key aspect of NGO capacity building.

Civic Initiatives Program for Democratic and Economic Reform (CIP): Building the capacity of the broad NGO sector in Russia. This program was established in 1994 as a consortium led by Save the Children (SAVE), with participation of the Education Development Center, Counterpart Foundation, the Center for Democracy, and the Johns Hopkins University/Institute for Policy Studies. The program's specific objectives are: a) to develop a target group of NGOs composed of participants in CIP grant and technical assistance programs who lead and manage themselves efficiently, act effectively on behalf of constituents, and serve as models for the NGO sector; b) to improve the external operating environment for NGOs relating to the laws and regulations governing NGO action, public attitudes towards NGOs, and support from governmental and private sectors for NGO programs and activities; and c) to promote action-oriented networks of NGOs with members representing a broad, diverse constituency. Program activities are carried out in four regions through NGO resource centers, which serve as the primary focal point for identification of needs and delivery of program resources, including training, technical assistance, materials, and grants. The centers also disseminate information and organize conferences and workshops on topics of common interest to the NGO community. To respond to the evolving needs of the NGO sector, the CIP program was restructured in 1997 to streamline and decentralize its management structure, placing greater reliance on the expertise of regional resource centers and service providers. Among program accomplishments: NGO leaders in more than 50 cities have developed skills in project planning and management; the four resource centers are managing programs to support more than 2000 NGOs; broad-based NGO networks have been established in two regions; and networks of trainers, consultants, and evaluators have been established to serve design and implementation needs (Save the Children, Westport, Conn.).

The Counterpart Consortium <u>NGO Support Initiative for Central Asia</u>: A model of an overall effort to strengthen the NGO sector in five newly independent countries. This program has a lead US PVO for overall management and broad-based support, and sub-agreements with three US PVOs for support in specific sectors. The model has been flexible in its design in supporting about 15 different

sectors through its seed grant program and partnership grants. The two major components of the project have been to identify and organize a broad array of local NGOs, irrespective of area focus, providing them with generic and practical training, technical assistance, and small seed grants and also to provide more intensive support to indigenous NGOs through US–Central Asia Partnerships in three specific areas of importance to democratic, social and economic development. A smaller third component is designed to stimulate corporate giving to NGOs in Central Asia by setting up a pilot matching grant program. Through the training, grantmaking, and partnership development programs, some 1600 NGOs had received support in organizational management and advocacy, coalition-building, service delivery to vulnerable groups, and other NGO-related skills by the end of 1996. Regional offices were operating in four countries, each with a core of trainers providing both training and technical assistance to NGOs in their countries. A 1997 amendment extending the Central Asia Initiative reaffirmed support for the program's major components while incorporating enhanced emphasis on strengthening NGOs' capacity to affect government laws and policies to enable them to better provide financially sustainable social and human services. Refined objectives, for which specific measurable results have been elaborated, include: developing and strengthening indigenous NGOs to provide social services; developing and strengthening NGO advocacy skills and effectiveness; improving the legal environment for NGOs; and mobilizing financial and human resources for NGOs (1996 Annual Report, Counterpart International; Final Report: Participatory Evaluation of the Counterpart Consortium Cooperative Agreement, Management Systems International, 1996).

Foundations

The Experience of the IAF

A. Understanding of Capacity Building

1. Definition of capacity building: The Inter-American Foundation (IAF) views capacity building as a central feature of its mission. It has, however, no formal definition of the term nor any organization-wide guidelines regarding its implementation.

2. Rationale for supporting capacity building: The IAF sees capacity building as a core aspect of its overall mandate, which is to support sustainable grassroots development through grants to non-governmental (NGOs) and community-based organizations (CBOs). It is seen to be closely linked to beneficiary participation, empowerment, sustainability, and democratization-related goals. Staff at the Foundation indicated that while many donors seem to equate capacity building with training, IAF works on the assumption that partners "know what their needs are". It does not, therefore, provide training or technical assistance as an institutional service. It does, however, fund requests for specific training or supports NGOs whose task is to provide technical assistance and training to other NGOs and CBOs. The Foundation conducts a modest Fellowship Program which supports capacity building of individuals, many of whom come from and return to NGOs and CBOs.

3. Trends in thinking about capacity building: Within IAF, a distinction is made between grassroots organizations (membership organizations made up of beneficiaries themselves) and grassroots support organizations or "intermediary NGOs". Staff noted that, over the years, capacity building efforts have focused on these two groups. A very recent trend in capacity building at IAF has been to support NGOs and CBOs in establishing innovative cross-sectoral partnerships with public and private sector actors.

4. How capacity building is handled in the organization: Capacity building is a highly mainstreamed theme at the IAF which staff view as a cross-cutting issue in all of their work. Capacity building initiatives are funded within the framework of grants to NGOs/CBOs or through other support organizations.

B. Identification of Capacity Building Needs

1. Capacity assessment: While many of the Foundation's grants over the years have included assessments of beneficiary organizations, the IAF has relied on capacity

assessment tools that have evolved over time (see They Know How) and are used to determine the ability of an organization to undertake a grant. Assessments are undertaken on a case-by-case basis, by grantees or other selected intermediaries.

2. Capacity building needs: IAF will primarily fund training or capacity building activities specifically identified by partners. While there is some give and take in identifying capacity building needs and priorities, strong focus is placed on demand-driveness and ownership. One specific area where IAF has played a more proactive role is in promoting project planning and results-based management.

C. Capacity Building of Southern NGOs (SNGOs)

1. Approaches employed: The IAF supports the capacity building of NGOs and CBOs through a number of means including: (i) direct grants to NGOs and CBOs (for example, for financing organizational assessments, strategic planning exercises, staff training, etc.); (ii) funding of processes as well as products (for example, establishing innovative partnerships); (iii) grants to training or support organizations (which, in turn, provide services or support to NGOs/CBOs); and; (iv) a fellowship program which promotes learning and networking among individuals from the NGO community. IAF feels that grants for project/program purposes also contribute to capacity building goals through "learning by doing". While in the past, IAF's in-country service organizations would undertake some capacity building/training activities themselves, these roles now are almost always played by a local organization.

2. Priorities: In the past, IAF has supported NGO capacity building initiatives in areas such as leadership training, policy research and analysis, organizational development, institutional strengthening and strategic planning. For the past two years, the Foundation has placed priority emphasis on the areas of resource mobilization and promoting innovative cross-sectoral (NGO-government-private sector) partnerships. IAF management feels strongly that these new areas of focus both respond to the current realities of the Latin American region and accurately reflect the priorities of their Southern partners.

3. Resource mobilization: IAF strongly believes that one of the main challenges facing NGOs in Latin America and the Caribbean is the diversification of their sources of funding to lessen their dependence on foreign aid. To this end, the Foundation has placed increased emphasis in recent years on both promoting local philanthropy and corporate social responsibility and supporting NGOs in their efforts to diversify their funding base and explore new methods of fund-raising and/or income generation. For example, IAF has established partnerships with local grant-making foundations in Argentina, Bolivia, Venezuela, Colombia, The Dominican Republic and Peru. One of the Foundation's most successful local resource mobilization efforts to date is a co-financing agreement with the Venezuelan petroleum company, PDVSA, which has resulted in the creation of five in-country development funds (totalling $2 million) which

are supporting grassroots development projects in various parts of the country. In Panama, seven development funds supported by the IAF have formed a grassroots development support network to share information and best practices on resource mobilization and grant-making. A 1995 issue of IAF's journal, Grassroots Development, dedicated specifically to the theme of resource mobilization describes some of the Foundation's activities in this area and shares lessons learned. An edition on social investment is coming out in March 1998.

4. Promoting cross-sectoral collaboration: For the past two years, IAF has focused on supporting innovative partnerships among NGOs, CBOs, businesses, and local, regional and national governments. This decision to emphasize cross-sectoral collaborations is based on the potential benefits of mobilizing funds from the private sector, current trends within the region towards democratization and decentralization, and a growing belief that complex development problems cannot be adequately addressed by any one organization but require multi-sectoral action and consensus-building. Supporting the skills and abilities of NGOs and CBOs to establish such partnerships is considered an increasingly important aspect of capacity building. One particularly successful example of cross-sectoral collaboration, supported by IAF, was a grant made to the Fundacion Nacional para el Desarrollo, (FUNDE),a non-profit institute in El Salvador, to facilitate development of the municipality of Nejapa. To promote learning in this area, IAF has emphasized measuring results and sharing best practices and lessons learned through a variety of media such as publications, seminars, and conferences.

In addition to encouraging its grantees to establish innovative partnerships, IAF has, in recent years, sought out alliances with non-traditional private sector partners to enhance its impact and allow it to more effectively contribute to the capacity building of its grantees. The Foundation's collaboration with PDVSA, for example, has not only resulted in a new source of funding for Venezuelan partner organizations but has also provided a set of complementary skills on which IAF can draw in seeking to strengthen the capacity of grantees. "PDVSA's strengths in developing management skills and its financial and technical skills, combined with IAF's wealth of experience promoting NGO institutional development and evaluating social impact have allowed the institutions to provide a valuable package of services to grantees." (Grassroots Development 19/2, 1995)

5. Support to support/training organizations: Another capacity building approach adopted by IAF has been to make grants to support/training organizations which, in turn, undertake activities aimed at strengthening the local NGO/ CBO community. Examples include the Foundation's provision of start up and continuing core funds to PROCESO (a training center which focuses on management and planning techniques based in Santa Cruz, Bolivia) and long term support to CIMCA (Capacitacion Integral de la Mujer Campensina), a "mobile training center" based in Oruro, Bolivia which, since 1982, has provided training to local women's' organizations and facilitated the creation of several new women's' groups in the region.

6. Learning/Networking: The IAF has funded a variety of programs which promote networking, exchanges and peer learning among SNGOs. These include support for workshops, conferences and seminars as well as funding for the formation of NGO alliances, networks, or coalitions in order to address specific subject areas such as the environment. Another important way in which the Foundation supports learning and information sharing in the Latin American NGO sector is through its Fellowship Programs.

7. Organizational Development: The Foundation, through its grants, has contributed to many different aspects of the organizational development of its grantees. It has funded, for example, staff training, planning exercises, the improvement of management/accounting systems and the purchase of equipment and infrastructure, as well as start-up and core costs. In some cases, the Foundation's support has helped strengthen the public policy roles of NGOs with training and other forms of assistance.

8. Partnership: In addition to financial support for specific capacity strengthening initiatives, IAF believes that the nature of the relationship that donor agencies establish with their partners can play an important role in promoting (or constraining) capacity building. In order to establish partnerships that, in and of themselves, contribute to the capacity building of SNGOs, the IAF has traditionally tried to avoid overly onerous procedures and reporting requirements, maintain ongoing dialogue and exchange, and provide support over the medium-term.

9. Strengths and comparative advantages: Staff members interviewed identified the IAF's principal strengths in the area of capacity building as:

- the Foundation's excellent knowledge of the Latin American NGO sector (due to over 25 years of experience in the region);
- its presence in the field;
- its unique status which straddles the categories of foundation and bilateral organization.

D. Lessons Learned

1. Evaluating success: Over the past several years the IAF has designed and developed an innovative tool which attempts to evaluate the impact of development programs in a broader, more holistic and integrated way than many of the more traditional methods of evaluation currently used by the donor community. This tool, called the Grassroots Development Framework (GDF), aims to measure both the tangible and intangible results of development interventions at three levels: among individuals, organizations and the society at large. For a graphic illustration and description of the key components of the framework (and the multiple elements which make up each of these components) see IAF Illustrative Case One. The GDF is

particularly interesting from a capacity building perspective, since not only does it include both the tangible and intangible aspects of organizational capacity in its analysis, but it also emphasizes the links and interdependencies among individuals and the society at large between these factors and development results at other levels.

2. Factors contributing to successful capacity building: Factors identified as contributing to successful capacity building include:

- looking beyond the individual organizational level (taking into account external factors and aiming for results at the overall community/societal level);
- providing support over an appropriate length of time (long enough to ensure sustainable change without creating dependency).

3. Future trends: In future, the Foundation anticipates growing emphasis on:

- promoting coalition building/horizontal linkages; alliances and partnerships;
- developing planning skills (i.e., the ability to plan at the community rather than individual organization level); resource mobilization, and problem resolution;
- promoting "downwards accountability" and strong links between NGOs and their local constituencies, as well as links with local governments and the business community.

List of Staff Interviewed

Patrick Breslin	Research and Evaluation Officer, Office of Learning and Dissemination
George Evans	President
Kevin Healy	Foundation Representative, Office of Programs
Michael Jenkins	Foundation Representative, Office of Programs
Robert Sogge	Fellowship Program Manager, Office of Learning and Dissemination
Anne Bond Ternes	Vice President of Learning and Dissemination
David Valenzuela	Vice President for Programs

Address

Linda Borst
VP External Affairs
901 N. Stuart St.,(10th Floor),
Arlington Va 22203
USA

IAF's Illustrative Case One

The Grassroots Development Framework (GDF)

"The premise of the GDF is that development initiatives can produce results on three levels, and that there are important intangible, as well as tangible, results that need to be taken into account. The six windows or "categories" of results were identified based on field experience rather than theory. Within each category a number of key variables have been identified which track results as opposed to activities. The conical shape of the framework represents the widening impact of grassroots development from the individual through the organization to the community or society at large. All the facets of the framework are interconnected and there is a constant flow among them. The balance among the variable is key. The capacity to undertake strategic planning, for example, is an important achievement at the organizational level. But if it is not accompanied by a clear vision of where the organization is going, planning becomes a sterile exercise. Mobilization of resources is key, but if an organization compromises its autonomy in the process, it may become ineffective in the long run."

Source: Paraphrased from: Ritchey-Vance, Marion, Social Capital, Sustainability and Working Democracy: New Yardsticks for Grassroots Development, Special Edition Learning and Dissemination Results, IAF, 1996. pp. 4-5.

IAF Illustrative Case Two

IAF's Social Investment Program

The principal objective of this program is to create a broader and more sustainable support base for NGOs and CBOs in Latin America by engaging US, multinational and local companies in partnership arrangements which mobilize and channel new resources for grassroots development. The IAF envisions that this work will lead, over the coming years, to the:

- creation of national and regional networks of local businesses engaged in the support of grassroots development programs;
- mobilization of funds from local and multinational corporations;
- wide dissemination and adoption of best practices in corporate social investment.

The program believes that, "By tapping into local resources and helping build partnerships among grassroots development organizations, governments and businesses, the IAF can continue to reduce poverty and encourage sustainable democratic processes, as well as generate permanent in-country capacity which lessens dependency on international assistance."

The Experience of the AKF

A. Basic Description of AKF

The Aga Khan Foundation (AKF) is a private, non-denominational development agency promoting creative and effective solutions to selected problems that impede social development in low income countries of Asia and Africa. Founded by the Aga Khan, spiritual leader of the Shia Ismaili Muslims, AKF encourages initiatives in health, education, rural development, and NGO enhancement that have the potential to promote the well-being of large numbers of poor people in the developing world.

The Foundation was established in 1967 and is headquartered in Geneva. Branch offices have been established in Pakistan (1969), Kenya (1974), India (1978), Bangladesh (1980), Tanzania (1991), Uganda (1992), and Tajikistan (1994). Independent affiliates have been established in the United Kingdon (1973), Canada (1980), the United States (1981), and Portugal (1983). AKF funds activities principally in countries where the Foundation has a local capacity to monitor them effectively. AKF views the local Ismaili presence in developing countries as one of its distinguishing strengths. Most AKF projects have no Ismaili beneficiaries, however, and none benefit Ismailis exclusively.

AKF works in a variety of ways through its own foundations, NGOs that it has set up, existing unrelated NGOs, and governments. It takes a long perspective on development, associating with projects for a long time (AKRSP in Northern Pakistan, the AKF's most famous program, was initiated in 1982). AKF works through grants and spent approx. US$ 53,000,000 in 1996.

The Aga Khan Foundation is a funding agency but purposefully funds activities which develop principles and management approaches for sustainable social development which can be applied more broadly both by the Foundation's grantees and by other agencies (i.e., AKF is searching for ideas and methods that are replicable). It has an international strategy within which there are clearly explained parameters for its program work.

The Aga Khan Foundation is one part of four elements that make up the Aga Khan Development Network (AKDN) which encompasses activities in the economic, cultural and social development fields.

B. Understanding of Capacity Building

The AKF works with a range of small community-based organizations (CBOs), NGOs and interest groups. The AKF itself creates NGOs which help the communities

where they work to build locally based institutions, and works with existing NGOs which, in turn, work with community groups. It has also set up NGO support organizations or supported the work of existing NGO support organizations. It considers that capacity building interventions apply to all of these.

In the International Strategy 91-99 the AKF sets the scene for capacity building interventions by saying, "By policy the Aga Khan Foundation has a preference for working with NGOs, precisely because of their potential for innovative approaches, effective management, and mobilization of local resources. But the Foundation also recognizes that there is a vast amount to be done if NGOs are to attain their potential" (1).

1. Definition of capacity building: AKF has always seen SNGOs both as providers of services and as important institutions in their own right because they allow human energies to be liberated, energies too often held down by governments or social systems. Until 1995 AKF had three program areas: Health, Education, and Rural Development. Programming through and with NGOs was a common feature of all these program areas. There were also five "Cross Cutting Concerns": Strengthening NGOs, Human Resource Development, Community Participation, Women in Development, and Environment. As can be seen, one of these cross-cutting themes specifically deals with capacity building of SNGOs.

In 1995 the Board of AKF accepted NGO Enhancement as a fourth program area. This basically took the cross-cutting theme of "NGO strengthening" and made it one of the four program areas of the organization, thereby promoting capacity building to a full program area. In the discussions leading up to the creation of the NGO Enhancement Program Area in 1995, two strands were identified: capacity building, and the enabling environment. A definition of capacity building was agreed as "a process whereby people and organizations improve their performance in relation to their mission, context, resources and sustainability" (2).

A definition of the enabling environment was not so clearly enunciated, but was linked both to the desire to improve the environment for the delivery of services by NGOs and to the broader concepts of democratization and the strengthening of civil society. It was recognized that advocacy was needed with both government and the business sector to achieve this.

2. Rationale for capacity building: It is clear that AKF takes a broad view of SNGO capacity building: "AKF accepts a particular responsibility for trying to strengthen the capabilities of the NGOs with which it works, as well as seeking to bolster the position of NGOs in general" (3).

3. Trends in capacity building: In some of the places where AKF works, particularly Northern Pakistan and Tajikistan, there is no tradition of local community-based groups existing for development purposes, so the organizations which AKF creates have, as their first job, the building of local institutions (see AKF Box 1).

AKF Box 1: Building an NGO Movement in Tajikistan

AKF has been starting from scratch in creating an NGO movement in the turmoil left by the dissolution of all-encompassing and centralized government control. This is virgin territory, and with its major geographical focus in Eastern Tajikistan and neighboring areas, AKF can expect to be a major, if not the only, player. Nurturing a functional and effective civil society in these areas will, perhaps, be the biggest challenge faced by the Foundation in the next decade. This will require an experimental and innovative approach based on the existing work with the Mountain Societies Development Support Program (one of the very few Tajikistani NGOs) and in the education and health sectors. To support this endeavor, AKF will actively need to share experience with other agencies directly involved in NGO creation and development in the States of the former Soviet Union, Central Asia and beyond, and to apply the lessons it has learned in its experience elsewhere.

AKF certainly sees such work as capacity building; at the first level, however, it is building the capacity of individuals so that they form community organizations. Once that has been achieved, AKF can direct its energies to further building the capacity of the nascent organizations. At the other extreme, in the oldest programs through which AKF has built and strengthened community-based organizations, there is the beginning of such organizations federating amongst themselves to build sub-district or district membership organizations.

4. How capacity building is handled: AKF is in the singular position of being both a Southern and Northern NGO itself. It feels that there is no mismatch between its perceptions of what NGOs need in terms of capacity building and what the NGOs own perceptions are. AKF feels that its relationship with the NGOs it supports is one of partnership, developed over a long period of time, in which the needs of the NGO and the needs of the donor are not at odds with each other. Most of the AKF's work with NGOs has been through the creation of national (or sub-regional) NGOs in specific countries which then work with the local population to create community-based organizations and build their capacity. This is the pattern with AKRSP (The Aga Khan Rural Support Program) in northern Pakistan, the AKRSP in India, the Sadguru Water and Development Foundation in India, the Mountain Societies Development Support Program in Tajikistan and many others in the field of Health and Education.

More recently, AKF has supported the programs of existing independent NGOs which were in harmony with its objectives. Part of its work with such organizations has also been the building of their capacity, as in the case of BRAC in Bangladesh, CHETNA in India, and the Madrasa Support Center in Kenya. More recently still has been the development of NGO Support Organizations (NGORC in Pakistan, NGORC in Zanzibar, and the Kenya Community Development Foundation) which do not have specific sectoral programs of implementation but were set up specifically to build the capacity of CBOs and intermediate NGOs.

In 1992, it suggested four mechanisms that it would use in the cause of capacity building:

- **Policy Dialogue:** legitimate roles and responsibilities of NGOs and an enabling environment for them;
- **Managerial Support:** technical assistance to develop management capabilities;
- **Financial Sustainability:** both at policy level and a variety of sustainability strategies;
- **Resource Bases:** building support NGOs for managerial and technical help to NGOs.

Once the NGO Enhancement Unit had been operationalized, AKF decided that its work with NGOs should be in five key areas. These were basically the same as the four mechanisms mentioned earlier, but split Financial Sustainability into policy and local philanthropy on the one side and specific strategies on another.

C. Identification of Capacity Building Needs of SNGOs

1. Capacity assessment: AKF has some clear ideas, based on their experience, about which capacities are generally lacking in NGOs and which interventions are needed. Up to now, however, AKF has not used any specific instrument for measuring NGO capacity. The new NGO Enhancement Program Director is interested in building some tools for institutional profiles and monitoring institutional development, but these tools are not yet in place. The AKRSP has experimented with an institutional maturity index, but this has not been generalized throughout AKF.

2. Capacity building needs: In the discussions leading to the creation of the NGO Enhancement program, AKF suggested that the capacity building needs of NGOs were:

- the development of a coherent frame of reference (i.e., a clear vision and strategy) that is dynamic, robust and well matched to the realities of the organization's environment;
- the development of an institutional structure and staff that match its vision and strategy;
- the development of relevant skills, including technical, organizational, and management skills;
- the acquisition of material resources (core finances, office space, and equipment) on a financially and institutionally sustainable basis) (4).

D. Capacity Building of SNGOs

1. Approaches employed: AKF has used the following techniques in its attempts to

build capacities in NGOs:

- "Providing managerial training to NGOs to increase their capacity to achieve their objectives;
- creating new NGO support institutions to build the managerial and implementation capacity of community action groups and mid-level NGOs;
- developing a number of strategies to help NGOs attain financial sustainability;
- encouraging NGOs to engage in research, networking, and advocacy to improve the legal and fiscal climates in which they operate, to help develop local philanthropy and to foster civic responsibility;
- engaging governments, international agencies, and donors in dialogue to influence policies and procedures that enable the private sector and NGOs to function effectively"(5).

2. Priority areas of intervention: AKF has made several perceptive comments on the situation of NGOs in the South which suggest what the priorities for intervention should be. "NGOs offer substantial potential to give people both opportunity and a voice in development policy and practice, but the NGO rhetoric threatens to exceed the present reality. Many NGOs lack clear purpose, managerial and technical skills and a sound financial base"(6). Other documents add taking concerted action in alliance with other parties (NGOs and others) as one more priority.

3. The enabling environment: His Highness the Aga Khan was one of the early users of this term (1983) and it was widely discussed, together with its key underlying principles, at the AKF sponsored Nairobi Conference of 1986 (The Enabling Environment Conference : Effective Private Sector Contribution to Development in Sub-Saharan Africa). In this conference representatives from government, business and NGOs met to discuss "how to create the conditions of confidence, predictability, and mutual trust that will enable people and institutions to realize their full potential"(7). The AKDN is strategically placed to convene and argue at such meetings since it itself straddles the business and third sectors, and, because of the influence of the Aga Khan, it can interact on an equal basis with governments, as the Aga Khan is usually treated with the courtesies of a Head of State.

AKF's work in the field of the enabling environment has been greatest in South Asia where it has, in Pakistan, conducted research into the registration procedures for NGOs and CBOs and is presently researching the tax and fiscal policies which help or hinder personal and corporate philanthropy. It also actively lobbied on the NGO bill there which threatened to severely constrain NGOs. In Bangladesh it contributed to a World Bank initiative to create a working GO–NGO council and has been for some years working on NGO–State relations as part of the South Asia NGO Development Research Program. Its work with governments in India, Kenya, Uganda, Tanzania and Tajikistan (where it also works with NGOs) has enabled the AKF to lobby for governments and donors to be more NGO-friendly.

4. Assessing donor requirements: In its frequent role as an intermediary between aid donors and NGOs, AKF consciously tries to overcome the problems associated with donor conditionalities. It seeks to educate each party about the other and promotes innovations in the donor–NGO relationship (e.g., its work in helping to set up the BRAC consortium). AKF has set up NGO Resource Centers in Pakistan, and now in Zanzibar (see AKF Illustrative Case One: NGO Resource Center in Pakistan), which help CBOs in particular to think through their proposals, accounting and reports. AKF would say that this is not training NGOs to meet donor requirements so much as in the basic skills needed for planning activities, accepting funds, and monitoring the progress of their plans.

5. Promoting financial sustainability: The AKF sees the urgency of questions relating to financial sustainability and has worked for a number of years to mainstream financial sustainability issues in its work. It recognizes a wide range of financing mechanisms—from user fees to soft loans, micro-credit, and related business activities—and is currently exploring these and others (See Box AKF 2).

AKF Box 2: AKF's Appreciation of the Need for Financial Sustainability

In the 1991 "International Strategy", AKF said "it was prepared to help NGOs develop practical plans for sustainability based on a combination of government grants, ability to approach other donor agencies, private donations and income generation from consultancies and sale of materials"

By 1995, in "Current Projects", it's thinking had become even clearer: "Perhaps the most perplexing question remains the financial sustainability of social development projects managed by NGOs. One relatively simple solution is to pass the on-going financial responsibility on to another donor agency or government, but there are many situations in which this is neither feasible or desirable. Other possibilities include the evolution of effective user fees and/or local insurance schemes (perhaps the most satisfactory solution); cross subsidies between activities (e.g., with profits from curative health care subsidizing preventative care); the development of small scale enterprises to commercialize the results of projects (e.g., selling textbooks) or in conjunction with projects (e.g., women's health groups engaging in income generating activities); and the possible build up of local endowments."

For example, it is currently experimenting with "mini-endowments" for its Madrasa-based early childhood development centers in East Africa to work in conjunction with a World Bank funded program in the region for early childhood development. AKF has promoted a number of schemes for community financing of health services. These schemes have made use of credit and savings schemes and become autonomous sources of financing for community initiatives not only in the AKRSP project in Northern Pakistan but in all of the projects which aim to replicate that work in India and Kenya. In Kenya, AKF has gone one step further in creating a new foundation to be a sustainable source of financing for local community organizations and local

community development efforts (see AKF Illustrative Case Two: The Kenya Community Development Foundation).

6. Catalyzing policy dialogue: A substantial number of AKF's projects are concerned with studying and researching the policy environment in which their thematic programs work and seeing if a different approach will make for greater effectiveness. Nearly all of their projects are designed to be learning experiences which will contribute to the understanding of complex issues and identify solutions adaptable to conditions in many different regions. AKF is committed to bringing these valuable lessons to the attention of policy makers and others whose decisions affect the lives of the poor. When NGOs are involved in such projects, they get the benefit of involvement in policy level discussions and recommendations. Because the Foundation works with both governments and NGOs it is able to involve NGOs at the level of policy discussions, and AKF makes sure that NGO experience is heard by governments.

7. Supporting support organizations: AKF has set up institutions to help build the capacity of two kinds of NGOs, CBOs on the one hand and mid level NGOs on the other. Support to CBOs has been one of the key activities of all the big AKF programs. It has, as well, set up institutions to support the development of CBOs like the NGO Resource Center (NGORC) in Pakistan and its replication, the NGORC in Zanzibar.

AKF has, in recent years, moved its capacity building activities beyond direct grantees to target a broader audience of mid-level NGOs in the countries where it works. A huge Pakistani program, called PAKSID, is now starting with support from AKF Canada. It aims to improve the capacity and effectiveness of independent sector organizations in Pakistan as a whole. The Development Support Center in Gujerat and the South Asia NGO Development Research Program deal with the same subject at a regional level. AKF has also supported some of the work of INTRAC in the UK which, among other things, works to assist support organizations.

8. Encouraging inter-NGO learning: As has been mentioned before in the text, one of the principles of the work of the AKF is that projects are designed to be learning experiences which, if successful, can be replicated. AKF projects nearly always involve inter-organizational visits. When NGOs are involved they get the benefit of exposure to the work of others in comparable circumstances. The Zanzibar NGORC benefitted from a long exposure to the Pakistan NGORC, while AKRSP and BRAC have been extensively visited. Some projects are specifically designed as exchanges such as, for instance, the Regional Network and Training Program for Health Program Managers in East Africa.

9. Strengths and comparative advantages: AKF supports a respected program of social development activities of significant scale in health, education, and rural development. This provides a base from which AKF and its grantees can derive substantial lessons from experience. Reaching across the thematic programs has always been a strong emphasis on institutional strengthening, with a particularly strong

base of experience in regard to stimulating grassroots involvement through the development of community-based organization.

10. Perceived weaknesses and constraints: Some constraints are that AKF has had, until relatively recently, little in-house expertise in organizational development, management, and training, with limited contacts to external sources of such expertise. Moreover, AKF works in a relatively narrow range of countries and with a relatively small number and kind of organizations. This restricts the range of experience and interaction that AKF has had with regard to the broader NGO sector and may make it more difficult to derive lessons from AKF's experience which can easily be generalized.

Capacity Building of Southern NGOs has only recently been given the status of a program area in AKF. A lot of work needs to be done to internalize this idea within the staff of the organization, many of whom have technical backgrounds. It is the intention of AKF that the ideas of NGO Enhancement will gradually become main-streamed within the organization. While the program area of NGO Enhancement has been in existence for two years, AKF has only recently hired an NGO Enhancement Program Director, and it is likely in the next few years that the topic of capacity building will be further refined.

D. Lessons Learned

1. Evaluating success: AKF has not specifically evaluated its capacity building work, but all evaluations carried out on its projects and programs include a section of this aspect of the work (see AKRSP and NGORC in the cases attached).

2. Factors contributing to successful capacity building: In the view of its staff, AKF's successes in capacity building have been due to its complex position as an institution of both the North and the South, its extensive use of nationals of each country who understand the organizational problems, its readiness to work with NGOs and help their growth over long periods of time, and its recognition, almost from the start of its work, that organizational growth is as important as the development initiatives of the NGOs that it supports. In regards to capacity building work involving the enabling environment and networking, it has been greatly helped by the vision of the Aga Khan and the singular position that he occupies in state, business and NGO worlds.

Notes

1. Aga Khan Foundation: Programme Interests. 1992
2. Documents for Board Meeting Nov 1995
3. International Strategy 1991-1999

4. Documents for Board Meeting Nov 1995
5. AKF Annual Report 1996
6. International Strategy 1991-1999
7. Report of the Conference 1986

List of Staff Interviewed

Robert D'Arcy Shaw	General Manager
David Bonbright	NGO Enhancement Officer

Address

Robert Shaw
AKF
P.O.Box 2369
1211 Geneva 2
Switzerland

AKF Illustrative Case One

Building A Resource Center for the Civil Sector in Pakistan: The NGORC

In 1993, AKF set up the NGO Resource Center (NGORC) in Pakistan to strengthen the NGO sector. It was, at that time, a pioneering project that AKF was interested in for wider replication. In its first five years (93–97), NGORC's objectives were to refine a model of institutional strengthening of citizens' organizations based on training, networking, and information dissemination, and to promote an enabling environment in Pakistan through policy research and dialogue. NGORC soon clarified that its strategy to address the needs of community-based citizen organizations (CBOs) would be to support organizations dedicated to strengthening CBOs.

NGORC works on three parallel fronts:

- Learning more about the process of strengthening CBOs as effective and sustainable entities in managerial, financial and technical terms through an urban and a rural module;
- Disseminating and implementing these lessons broadly through publications, networking, and collaboration with selected mid-level NGOs which provide technical and financial assistance to CBOs and government provincial social welfare departments;
- Assisting in the promotion of an enabling environment through commissioning research on selected topics and creating a fora for policy dialogue both within

the NGO sector and between the sector and government, donors, and business.

NGORC does not fund CBOs or NGOs. Its position is that funding is available in Pakistan if an organization has the capacity to perform. NGORC wants to avoid the confusion of mixing the genuine demand for capacity building with the allure of obtaining funds.

NGORC has worked with about 50 urban and rural CBOs to build their capacity and has subsequently introduced some of them to donor agencies seeking collaborators. It has documented the numbers of CBOs and NGOs in Pakistan and made this information widely available. It has provided courses on organizational assessment and development for mid level NGOs and has developed an Organizational Capacity Assessment Tool for CBOs in Pakistan (this work has been assisted by INTRAC in the UK). It has produced a number of newsletters in local languages and commissioned valuable research on the NGO registration process in and the fiscal environment for charitable giving. It has also been involved in lobbying concerning the new NGO law.

NGORC's approach has mostly been through training, networking, information dissemination, and research, analysis, and documentation. It has implemented its work itself with funding from the AKF, USAID, CIDA, and the EC and, in its inception year, targeted most of the work at CBOs. Part of its pioneering work has been to decide what is required in building up the capacity of CBOs, since the only capacities CBOs themselves ask for is either funding or technical assistance on such subjects as drainage or crop husbandry. NGORC knows that funding offered to organizations without capacity is wasted, but has had to work out what capacities are needed and relevant in Pakistan in the 90s.

The NGORC has not been evaluated, but a five-year strategic review is due in early 1998. Its comparative advantages arise from its connections to the Aga Khan Development Network, its good relations with government, and the fact that it is breaking new ground. Obstacles it has faced include pressure from CBOs to find donors once they have been through a NGORC course, thus pushing NGORC into a brokerage role, and pressures from CBOs for NGORC itself to supply the technical skills that CBOs need for local infrastructure projects. Helping CBOs get access to foreign donor funds is not a strategy for sustainability, and NGORC has felt the tensions of this. Collaboration with the government's social welfare departments has been very difficult. While NGORC can and has networked between CBOs and government, it often ends in frustration as CBOs find out that government departments often cannot provide their mandated services.

The major challenge now before NGORC is to translate the experience and learning of its first five years, including its intensive efforts with a defined set of CBOs, into a program of capacity development and networking aimed at support organizations which strengthen CBOs.

AKF Illustrative Case Two

Building an indigenous Kenyan Community Development Foundation: The KCDF

In 1996 the Aga Khan Foundation agreed to become part of the structure of the Kenya Community Development Foundation, an initiative that had been catalyzed by the Ford Foundation in Kenya to create a unique Kenyan institution responding to the needs of the community development field. The AKF has been active in supporting development work in Kenya since 1974 and has broad contacts in the business community—both elements needed by this new Foundation. The Foundation targets a number of topics that are of interest to the AKF's work worldwide:

- Building capacity in community-based organizations (CBOs) , associations of CBOs, and NGOs which support CBOs;
- Establishing an environment in which government, the business community and civil society see the value of mutual collaboration, and organizations of civil society are enabled to be optimally productive;
- Ensuring a locally mobilized income stream for civil society organizations.

The KCDF is in the process of being established in Kenya and has planned the following five inter-related program areas:

- Supporting and strengthening community-based organizations;
- Supporting and strengthening intermediary NGOs who work to build CBOs;
- Learning and sharing information about approaches to community development;
- Influencing the policies and practices of donors, NGOs, and government to be supportive of community activities;
- Establishing Kenyan control over, responsibility for, and management of community development.

KCDF will not be a funder of community development projects, although it will help to set up, with the Ford Foundation, a separate fund for this purpose. It will try rather to identify the ways in which CBOs can best develop their capacity, and fund interventions which will help them acquire the services to do so. It will also fund organizations which will provide such services to CBOs. Such organizations will usually be organizational development (OD) consultants. In all cases KCDF will make available the funding to allow the customer (the CBO) to purchase the required services in capacity building from possible suppliers and will make sure that any lessons learnt are widely shared around the community development community. In the start up phase, KCDF will target a mixture of smaller CBOs, issue-specific community organizations and larger CBO clusters in order to understand the range of problems they face.

KCDF will seek funding from Kenyan and foreign sources to set up an endowment which KCDF will then manage as a specialized and singular source of funding for capacity building of CBOs and NGOs in Kenya. KCDF is managed by a Kenyan Board and is the product of both two years of planning with a Kenyan advisory committee and a wide exploration of ideas with Kenyan CBOs and NGOs.

It is too early to say much about its progress, but the factors that may help its success are the quality of the Kenyan Board, the contacts AKF has with the business community in Kenya, and the experience of the Ford Foundation with setting up community foundations and endowments in a number of countries. The factors that may hinder its success have been defined in its problem analysis. It is trying to turn around an increasingly well-established "foreign dependency" culture among Kenyan NGOs; NGOs may be unaccountable to their CBO collaborators; NGOs and CBOs may keep their knowledge and experience to themselves; and NGOs may need to work on time-bound projects rather than build long term organizational capacity.

The Experience of the Ford Foundation

A. Understanding of Capacity Building

1. Definition of capacity building: Although the concept of capacity building is central to the Ford Foundation's philosophy and operations, the organization has no formal definition of the term nor any specific guidelines regarding its promotion or implementation. A general resistance to policies and guidelines and emphasis on flexibility and adaptation to specific circumstances were described by staff as important aspects of the Foundation's institutional culture.

2. Rationale for supporting capacity building: The Ford Foundation describes itself as a "service assistance organization" to NGOs and sees the strengthening of its grantees in a sustainable manner as its primary function. When asked about the overall percentage of Foundation grants with capacity building components, the response of several staff members was 100 percent - expressing the view that capacity strengthening is a goal of all Foundation activities. Capacity building was described as a principle rather than a program—based on the belief that the development of in-country capacity is the only route to sustainable, meaningful, long-term change.

3. Trends in thinking about capacity building: Although the Ford Foundation has had a commitment to strengthening its grantees from its inception, capacity building has become a more explicit goal in recent years, and the organization's understanding of specific aspects and strategies of capacity building has improved. Over the years, the Ford Foundation has also experienced an evolution from an initial emphasis on technical assistance to management assistance and, more recently, a more holistic understanding of the broader dimensions of capacity building (including, for example, the recognition of strong constituency links, advocacy skills and networking abilities as factors of capacity). Ford has also placed increasing emphasis on NGOs (as opposed to research institutes, universities, think tanks, etc.) in recent years and has evolved from an institution known for its own strong policy analysis to one which assists NGOs in doing their own analysis and problem-solving.

4. How capacity building is handled in the organization: As mentioned above, the Ford Foundation deals with capacity building in an integrated manner and views it as a cross-cutting theme in all of its work. Commitment to capacity building is mainstreamed throughout the organization and capacity building initiatives are financed through regular, core budgets, as opposed to specially ear-marked funds.

B. Identification of Capacity Building Needs

1. Capacity assessment: While Program Officers in the field work closely with grantees in identifying and assessing capacity building needs, there are no organization-wide methods or tools of organizational assessment used or imposed by the Ford Foundation. The Foundation has provided grants for organizations to undertake capacity assessments and provides assistance to training and support organizations with expertise in these fields, but the Foundation itself has not sought to develop such tools. In the process of selecting and approving grantees, high emphasis is placed on close and frequent contact between grantees and Program Officers, allowing POs to develop a first-hand and in-depth understanding of the organization's strengths, weaknesses and overall capacity.

2. Capacity building needs: The identification of specific capacity building needs is a process of "give and take". While grantees are normally in the driver's seat in assessing priorities and needs, POs may intervene (or provide comments/advice) if they feel that grantees have not accurately analyzed their own weaknesses and needs. Staff interviewed, however, considered that the Foundation is perhaps less heavy-handed in this manner than some bilateral and multilateral organizations who may have more rigid procedures and agendas.

C. Capacity Building of SNGOs:

1. Approaches employed: The most common way in which the Ford Foundation supports capacity building is through direct support to NGO grantees for activities which serve to strengthen (various components of) their own capacity. The Foundation also makes grants to organizations which, in turn, provide training or other support to NGOs (for example, Ford's support for the establishment of a regional NGO Study and Development Center in East Africa in the late 1980s or its grants to groups like the Society for Participatory Research in Asia or the Center for Higher Education Transformation in South Africa). Although the Foundation might sometimes use its own staff to provide advice or training, capacity building activities are more commonly implemented by an intermediary organization, most often selected by the grantee concerned.

2. Priority areas of intervention: In promoting the capacity building of its grantees, the Ford Foundation has placed particular emphasis on the areas of resource mobilization and financial sustainability and management. These priorities reflect both the expressed needs of grantees and issues which Ford itself considers essential. Other areas of capacity building in which the Foundation has been active include: advocacy support, the promotion of NGO networking and coordination, and supporting an enabling environment for NGOs.

3. Local foundations: In order to create sustainable sources of funding for NGOs and to promote local philanthropy, the Ford Foundation has contributed to the creation of numerous local grant-making foundations in for example, Bangladesh, India, Kenya and the Philippines as well as in countries of Eastern Europe, Latin America and West Africa. One of the first local foundations supported by Ford was the Puerto Rico Community Foundation, which has now set up an Institute to teach its experience to others.

4. Endowment grants: Another mechanism which the Ford Foundation has used to promote the financial sustainability of its grantees is endowment grants—either "true" endowment grants, intended to be held permanently and invested to provide regular and predictable income for an organization, or wasting capital grants, intended to provide a base of secure operating funds over a designated period of time. While Ford has been making such grant since the 1950s, in 1982 it began to award a substantial number of endowment grants to long-time grantees. This decision was based on the desire to enhance the financial stability of grantees as well as eliminate the burden for long-time, high-quality grantees of preparing annual proposals. Further information regarding the foundation's endowment grant-making is included in Ford Illustrative Case One.

5. Activities to promote alternative/innovative fund-raising: In the area of resource mobilization, the Ford Foundation has also employed a number of measures to assist grantees in improving or expanding their fund-raising activities. These have included a competition among NGOs in Brazil for the most innovative fund-raising practices; support to NGOs in South Africa to identify new funding sources (e.g., a grant to the FREESA Development Fund for South Africa to fund a pilot project aiming to promote workplace giving); and a grant to the Southern Africa Institute of Fund-raising to offer courses to NGO leaders and staff in fund-raising for non-profit organizations.

6. Organizational capacity: The Ford Foundation has made numerous grants aimed at strengthening (various aspects of) the organizational capacity of NGO grantees. These have included support for communication technologies and connectivity (by providing computers and training to NGOs in Mexico); support to the National Center for Non-Profit Boards (to train NGO board members in Nigeria and Chile, for example); funding to carry out assessments of institutional capacity; staff training; South–South exchanges; and grants to allow individuals to attend seminars and study courses. One of the Foundation's most extensive programs aimed at improving the management capacities of NGOs has been through its support to the Management Assistance Group in Washington, D.C. Although this program targets social justice NGOs in the US, it provides valuable examples and lessons for management assistance to SNGOs. For a description of this program, see Ford Illustrative Case Two.

7. Advocacy support: In recent years, the Ford Foundation has placed increased emphasis on strengthening the advocacy skills of its grantees. For example, it has funded advocacy training for NGOs in Chile, Mexico, Brazil, and Colombia. A 1996

grant to support advocacy training and coordination among women's NGOs from Argentina, Brazil, Chile, Colombia, Mexico, Peru and Central America (made jointly to the Flora Tristan Center in Peru, the Feminist Studies and Assistance Center in Brazil, and Gender Equity in Mexico) was used to develop training materials regarding women's sexual and reproductive rights, organize regional and national-level training workshops, establish an ongoing electronic communication network and coordinate and evaluate national advocacy activities. The Ford Foundation has also provided support to the Institute for Public Policy Advocacy in D.C. to conduct intensive capacity building programs for NGO leaders from India, Bangladesh, South Africa and Namibia using lessons and case studies from past advocacy campaigns throughout the world. The Foundation has also supported activities to enhance the research and policy analysis skills of SNGOs (for example, training in participatory research, data collection and policy analysis for community-based groups in India and the Philippines).

8. NGO coordination: The Foundation regularly supports opportunities for NGO networking (through travel grants, conferences and coalition-building activities) and has contributed to the creation of numerous NGO umbrella organizations. For example, it has provided both support to existing NGO consortia in Uganda and Tanzania and, more recently, a grant to support start-up costs (including salaries, rent, program costs and other operational expenses) of the National NGO Coalition in South Africa—whose mission is to provide a policy platform for approximately 7,000 NGOs and CBOs and strengthen management capacity within the sector.

9. Enabling environment: The Foundation has supported a number of programs which seek to promote an enabling environment for SNGOs. Examples include its support for comparative research on NGO legislation at John Hopkins University and efforts to create tax incentives for local philanthropy in Vietnam.

10. Strengths and comparative advantages: Factors which strengthen the Foundation's ability to support SNGO capacity building were identified by staff as:

- the Foundation's large field presence and decentralized structure which allow funding decisions to be made largely at the field level;
- a fairly high staff to grant ratio;
- considerable latitude in grant-making (for example, making long-term and core support possible) due to private source of funding;
- institutional culture which allows for flexibility and innovation;
- strong opportunities for peer learning due to a large global network.

11. Perceived weaknesses and constraints: Identified weaknesses were:

- limited staff expertise in the specific areas of capacity building, needs assessments, etc.;
- a lack of broad-based, organization-wide tools (both an advantage and constraint);

- the general difficulty of promoting capacity building within a the context of the donor/grantee relationship—encouraging grantees to openly and honestly share their problems and weaknesses with the organization that funds them is an inherent challenge for all donors.

D. Lessons Learned

1. Evaluating success: Mechanisms for monitoring, evaluation and learning are generally built into the grant-making process (grant proposals are normally required to include an M&E plan). Ford has traditionally emphasized the importance of self-assessment and self-evaluation in order to promote organizational learning. While numerous grants have included provisions for evaluating capacity building activities, the Foundation has no specific, defined tools for evaluating capacity building initiatives. When capacity building activities are assessed, the indicators used tend to focus more on specific outputs than long-term impact.

2. Factors contributing to successful capacity building: Some factors which Ford staff consider important to successful capacity building include:

- selecting the right partner (if the organization itself is not a legitimate one and not fully committed to capacity building goals, initiatives cannot succeed);
- undertaking capacity building only with organizations that the agency knows well (a well-established and trusting relationship is seen as essential to successful capacity building);
- frequent contact and frank exchange between the grantee and agency throughout the capacity building process;
- linking/integrating capacity building with project activities;
- making capacity building demand-driven;
- a willingness to provide core funding as a capacity building mechanisms (as long as the period of core-funding is pre-defined and it does not represent an unjustifiably large proportion of the organization's overall funds).

3. Future trends: Future trends in capacity building identified by staff include: (i) activities to reinvigorate the accountability of "professional" NGOs to their constituencies; (ii) increased emphasis on "global peer learning" (in particular, opportunities for creating linkages and promoting learning between the Foundation's domestic and international programs), and; (iii) support for initiatives which promote NGO-private sector collaboration.

List of Staff Interviewed

Srilatha Batliwala	Governance and Civil Society, Peace and Social Justice Program

Alison Bernstein	Vice President, Education, Media, Arts and Culture Program
Alan Divack	Archives
Margaret Hempel	Human Development and Reproductive Health, Asset Building and Community Development Program
Julius Ihonvbere	Governance and Civil Society, Peace and Social Justice Program
Anthony Romero	Human Rights and International Cooperation, Peace and Social Justice Program
Michael Seltzer	Peace and Social Justice Program
Brad Smith	Vice President, Peace and Social Justice Program

Address
Mahnaz Ispahani
Ford Foundation
320 East 43rd St.,
New York NY 10017
USA

Ford Foundation Illustrative Case One

Evaluating Ford's Endowment Grants

An evaluation of Ford's endowment grants undertaken in 1990 revealed a number of important findings. Some lessons learned, for example, include:

- the importance of "ownership" (there seems to be a correlation between successful grants and those that were initiated by the recipient organization);
- in order to be successful and sustainable, a new endowment fund should generate some minimal amount of the organization's overall budget, ideally between 10 to 20 percent;
- the awarding of an endowment grant should be preceded by a number of requirements including a management review, an assessment of the organization's expertise in investing money, the formation of an investment committee of the grantee's board, and a plan for mobilizing matching funds;
- at the time of the creation of an endowment fund, appropriate goals and targets should be agreed with the grantee and monitored on an annual basis;
- given that an endowment can represent (and/or trigger) important changes for the recipient organization, it can be useful to accompany the grant with additional funding and support for organizational development;
- in some cases, flexibility which allows grantees to work with the principal can be necessary or advantageous.

The evaluation found that Ford's activities in this area have been "an extremely successful undertaking" with important tangible and intangible benefits. One major benefit was found to be an "intangible but extremely valuable change in psychology among grantees". Grant recipients reported "an air of permanence and stature", "respectability" (for an advocacy organization), "prestige" and "boosted staff morale" as positive impacts. Tangible non-financial benefits included organizational assessment of long-term goals in the areas of programming, finances and management. In a number of cases the grants were found to have served as catalysts for board and staff changes and for implementation of more efficient internal systems. One grantee reported, for example, that "the organization was forced to do regular and thorough internal examinations which otherwise might have not been implemented so quickly". Regarding financial stability, endowment grants were found to provide an "important safety net" for grantees, giving them increased flexibility and stability. In some cases, in which grantees were highly reliant on government funds or a single donor, endowment grants were "crucial stabilizing instruments". The report concludes that, "The combined effects of board changes, staff changes and the existence of a permanent endowment should increase the likelihood that these organizations will be better able to accomplish their important missions" (Conservation Company, p. 28).

Ford Foundation Illustrative Case Two

A free and confidential capacity building service to US NGOs: The MAG Experience

In 1992, out of a commitment to build the organizational strength of its US-based human rights and social justice grantees, the Ford Foundation provided funding to the Management Assistance Group (MAG) in Washington, D.C. to design a set of capacity building services adapted to the special needs, character and values of social justice organizations. These services were then offered free of charge to 97 Ford grantees (who were, nevertheless, expected to cover their own travel expenses). Based on a needs assessment of the target grantee group, the services offered focused on fund-raising, board development, and management and supervision. Other areas covered included adjusting to change and growth, strategic planning, organizational structure, financial management, communications, and computer technology.

Some of the specific services offered include:

- organizational diagnosis and coaching (undertaken by MAG staff);
- telephone information and referral service (for assistance in identifying consultants, trainers, training materials, etc.);
- access to a databank of organization building and management tools;
- opportunity to participate in intensive, tailored "guided change" programs;
- custom designed workshops (on issues such as human resource management);

- facilitated peer roundtables;
- management seminars;
- training in computer technology, as well as;
- scholarships to attend workshops offered by other institutions/training centers.

Lessons learned over the past five years of the program include the importance of the following principles:

- **Confidentiality:** All information about participating organizations, including whether or not they participate in the program is kept strictly confidential (it is not made known to Ford);
- **Voluntary participation:** Grantees are in no way obliged to take advantage of the services offered;
- **Responsiveness:** The MAG considers itself accountable to its clients and program design is based on participants' expressed priorities and needs.

Appendix 2
Sample Questionnaire: Sections A and B

CAPACITY BUILDING ACTIVITIES FOR SOUTHERN NGOs

QUESTIONNAIRE (SECTION A)

Donor Code _____

Please return questionnaire to :

Gregory Perrier
BHR/PVC SA-8
U.S. Agency for Int'l Development
320 21st Street, N.W.
Washington, D.C. 20523-0804 USA

Confidentiality

Your individual answers to these questions will be kept confidential. Reports will summarize information from all respondents so to protect the identity of each organization.

1. What are the major southern NGO capacity building initiatives that have been undertaken by your organization? For purposes of this survey, capacity building is broadly defined as the fourteen items under question 6 of Section B.

2. Please list two to three capacity building activities for southern NGOs that have been most effective for your organization.

3. What factors (government related or otherwise) most contributed to the success of the activities listed in question two?

4. What, if any, internal or external opportunities or/and constraints does your organization experience in your support of southern NGO capacity building.

Opportunities:

Constraints:

5. What capacity building needs are you hearing from NGOs which are not being adequately addressed at present?

6. Would you be interested in joining an interagency group, and if so, what are the priorities for interagency collaboration and sharing?

Thank you for your cooperation!

CAPACITY BUILDING ACTIVITIES FOR SOUTHERN NGOs

QUESTIONNAIRE (SECTION B)

Donor Code _____

Please return questionnaire to :

Gregory Perrier
BHR/PVC SA-8
U.S. Agency for Int'l Development
320 21st Street, N.W.
Washington, D.C. 20523-0804 USA

Confidentiality

Your individual answers to these questions will be kept confidential. Reports will summarize information from all respondents so to protect the identity of each organization.

Demographic Questions

1. Length of time your organization has been assisting southern NGO capacity building:

less than 5 years __; 5-10 years ___; 10-20 years ___, more than 20 years __.

Assistance Mechanisms Questions

2. Please check and briefly describe the funding mechanisms your organization uses to support capacity building of southern NGOs.

Funding Mechanisms	Brief Description
☐ A. Grants	
☐ B. Contracts	
☐ C. Loans (program related investments)	
☐ D. Co-financing/Matching Grants (NGO contributes some funds)	
☐ E. Endowment (corpus) funds	
☐ F. Other _____	

3. Please check and briefly describe mechanisms in addition to funding that your organization uses to support capacity building of southern NGOs.

	Other Mechanisms	Brief Description
☐	A. Policy dialogue	
☐	B. Networking	
☐	C. Training	
☐	D. Support to local intermediary capacity building institutions	
☐	E. Support to northern intermediary institutions	

4. What offices/units/departments in your organization, including your own, provide assistance for capacity building of southern NGOs? What types of assistance are provided by each office/unit/department?

Office/Unit/Department	Types of Assistance

5. Please check the regions of the world in which your organization supports southern NGO capacity building, and indicate up to three sectoral emphases of your work in these regions, if any. For example, in Subsaharan Africa -- health, agriculture, human rights.

	Region	Sectoral Emphases
☐	A. Subsaharan Africa	
☐	B. North Africa and the Middle East	
☐	C. Asia and the Pacific	
☐	D. Latin America and the Caribbean	
☐	E. East Europe and the Newly Independent States	

Program Description Questions

6A. For the capacity components listed below, please circle the current emphasis of your organization **(High, Medium, Low, None)**.

Capacity Components	Current Emphasis
A. Leadership	(H, M, L, N)
B. Policy research, analysis and advocacy	(H, M, L, N)
C. Organizational renewal capacity	(H, M, L, N)
D. Planning and strategic management	(H, M, L, N)
E. Project/program design and implementation	(H, M, L, N)
F. Information access, storage and dissemination	(H, M, L, N)
G. Gender awareness/sensitivity	(H, M, L, N)
H. Staff development and leadership succession	(H, M, L, N)
I. Financial systems	(H, M, L, N)
J. Monitoring and Evaluation	(H, M, L, N)
K. Fund raising	(H, M, L, N)
L. Local resource mobilization	(H, M, L, N)
M. Networking/coalition building with NGOs (south and north)	(H, M, L, N)
N. Cross sectoral collaboration (NGO, government, business)	(H, M, L, N)
O. Other _____	(H, M, L, N)
P. Other _____	(H, M, L, N)

6B. For the capacity components listed in question #9A, please circle your best estimate (**Less, Same, More**) of your organization's emphasis five years ago (1992) and expected emphasis five years forward (2002) relative to your current emphasis.

Capacity Components	Estimated Emphasis 1991	Expected Emphasis 2001
A. Leadership	(L, S, M)	(L, S, M)
B. Policy research, analysis and advocacy	(L, S, M)	(L, S, M)
C. Organizational renewal capacity	(L, S, M)	(L, S, M)
D. Planning and strategic management	(L, S, M)	(L, S, M)
E. Project/program design and implementation	(L, S, M)	(L, S, M)
F. Information access, storage and dissemination	(L, S, M)	(L, S, M)
G. Gender awareness/sensitivity	(L, S, M)	(L, S, M)
H. Staff development and leadership succession	(L, S, M)	(L, S, M)
I. Financial systems	(L, S, M)	(L, S, M)
J. Monitoring and Evaluation	(L, S, M)	(L, S, M)
K. Fund raising	(L, S, M)	(L, S, M)
L. Local resource mobilization	(L, S, M)	(L, S, M)
M. Networking/coalition building with NGOs (south and north)	(L, S, M)	(L, S, M)
N. Cross sectoral collaboration (NGO, government, business)	(L, S, M)	(L, S, M)
O. Other _____	(L, S, M)	(L, S, M)
P. Other _____	(L, S, M)	(L, S, M)

Collaboration Questions

7. Please indicate the types of intermediary organizations your organization works through by circling your organization's level of activity **(High, Medium, Low, None or Not Applicable)** with each type of intermediary organization.

Type of Organization	Level of Activity			
A. Northern NGO	High,	Medium,	Low,	N/A
B. Southern NGO	High,	Medium,	Low,	N/A
C. Consulting Firms	High,	Medium,	Low,	N/A
D. Universities	High,	Medium,	Low,	N/A
E. Government Ministries	High,	Medium,	Low,	N/A
F. Local Government	High,	Medium,	Low,	N/A
G. Other _____	High,	Medium,	Low,	N/A

8. Which NGOs or NGO associations do you consider to be your major partners in the capacity building of southern NGOs? Please prioritize according to level of interaction.

A. Northern NGOs

1.

2.

3.

4.

5.

B. Southern NGOs

1.

2.

3.

4.

5.

Budget Allocations Questions

9. Please complete the following table, providing the most accurate information you can. If you can not make a reasonable estimate, please write "DK" for do not know.

A. Percent of your organization's **current annual budget** targeted to NGOs?	Percent _____		
B. Percent of your organization's annual budget targeted to NGOs five years ago as compared to today? (circle one)	More	Same	Less
C. Percent of your organization's annual budget that you expect will be targeted to NGOs five years hence as compared to today? (circle one)	More	Same	Less

10. Please complete the following table, providing the most accurate information you have. If you can not make a reasonable estimate, please write "DK" for do not know.

A. Percent of your organization's **current annual budget** intended for southern NGO capacity building either directly or indirectly?	Percent _____		
B. Percent of your organization's annual budget targeted to southern NGO capacity building five years ago as compared to today? (circle one)	More	Same	Less
C. Percent of your organization's annual budget that you expect will be targeted to southern NGO capacity building five years hence as compared to today? (circle one)	More	Same	Less

General Questions

11. What official requirements, if any, must a southern NGO meet to be eligible to receive direct funding for capacity building from your organization?

12. NGOs are defined and categorized in a variety of ways. We hope to capture both the diversity and similarity of definitions with the following question.

For operational purposes, how does your organization categorize NGOs? Please list and briefly define each of these NGO types. Please use the back of this page if necessary.

NGO Type	Brief Definition
1. _____	
2. _____	
3. _____	
4. _____	
5. _____	
6. _____	
7. _____	

Thank you for your cooperation!

(continue on back page if necessary)

Appendix 3. Questionnaire Respondents

Type of Donor and Donor Name Who Returned	Questonnaire/A	Questionnaire/B
Bilateral		
1.Australia, AusAID	X	X
2.Germany, GTZ	X	X
3.Norway, NORAD	X	
4.Sweden, SIDA	X	X
5.UK, DFID		X
6.EU, EC	X	X
7.USA,USAID	X	X
Multilteral		
1.The World Bank	X	X
2.The Inter-American Development Bank	X	X
3.The Asian Development Bank	X	
4.UNDP	X	X
5.UNICEF	X	
6.UNFPA	X	
7.UN - NGLS	X	X
8.FAO	X	X
9.IFAD	X	X
Foundations		
1.The Asia Foundation, USA	X	X
2.The Ford Foundation, USA	X	X
3.The Friedrich Ebert F'tion, Germany	X	X
4.The Inter-American Foundation, USA	X	
5.The MacArthur Foundation, USA	X	X
6.The Mott Foundation, USA	X	X
7.Sasakawa Peace Foundation, Japan	X	
8.The Soros Foundation, USA	X	X

Appendix 4

Complete Tables for Qualitative

Questionnaire Results

For Section A and Section B

Table 1: Response frequency by donor group for question one of Section A.

QA1: What are the major southern NGO capacity building initiatives that have been undertaken by your organization?				
Initiatives	**Frequency**			
	B	**M**	**F**	**T**
Capacity training directly to SNGOs	1	4	5	10
Small direct grants to SNGOs	0	4	4	8
Capacity building as part of a project with SNGOs	4	0	2	6
Strengthening NGO networks and associations	0	2	4	6
Assisting with organizational development for SNGOs	1	2	3	6
SNGO capacity building as part of a government project	1	4	0	5
Donor disseminates NGO policy information	0	3	2	5
NNGO - SNGO partnerships for capacity building	3	0	1	4
Donor engages in NGO law research and advise to SNGO	0	1	3	4
Capacity building through NGO umbrella relationships	1	0	2	3
Capacity building through intersectoral partnerships	1	0	1	2
Funding SNGO attendance at conferences	0	1	1	2
Promoting SNGO financial sustainability	0	0	2	2
Promoting SNGO - government policy dialogue	0	0	2	2
Easing accreditation and registration requirements for SNGOs	1	1	0	2
Establishing endowments for SNGOs	1	0	0	1
Enhancing organizational renewal & effectiveness of SNGOs	1	0	0	1
Strengthening SNGOs operating in unstable areas	0	1	0	1
Strengthening the research capacity of SNGOs	0	1	0	1
Developing SNGO - university linkages	0	0	1	1
Establishing SNGO training and information centers	0	0	1	1
Total initiatives	10	11	15	21
Total responses	15	24	34	73

B-bilateral, M-multi-lateral, F-foundation, T-total

Table 2: Response frequency by donor group for question two of Section A.

QA2: Please list two to three capacity building activities for southern NGOs that have been most effective for your organization.				
Activities	**Frequency**			
	B	**M**	**F**	**T**
Demand-driven capacity building training	2	0	3	5
Special capacity building projects with SNGOs	3	0	0	3
Government - donor - NGO trialogue	0	1	2	3
Umbrella grants that empower SNGOs	1	0	1	2
Leadership training for SNGOs	2	0	0	2
Advocacy for SNGOs	0	2	0	2
Enhancing financial autonomy and flexibility for SNGOs	1	0	1	2
Training of trainers for SNGO capacity building	0	1	1	2
Organizational development training	1	0	0	1
Listing capacity strengthening consulting resources	1	0	0	1
Supporting SNGO in unstable societies	0	1	0	1
Developing with SNGOs codes for sustainable NRMs	0	1	0	1
Using financial intermediaries	0	0	1	1
Promoting SNGO - university linkages	0	0	1	1
Enhancing SNGO's access to information	0	0	1	1
Assisting SNGOs with project design	0	0	1	1
Training in doing organizational audits	1	0	0	1
Placing NGO specialists in country missions	0	1	0	1
Promoting SNGO - government partnering	0	1	0	1
Supporting SNGOs with networking	0	0	1	1
Assisting SNGOs with visioning	0	0	1	1
Total activities	8	6	10	20
Total responses	12	8	14	34

B-bilateral, M-multi-lateral, F-foundation, T-total

Table 3: Response frequency by donor group for question three of Section A.

Q3: What factors most contributed to the success of the activities listed in question two?				
Factors	**Frequency**			
	B	**M**	**F**	**T**
Good donor - NGO relations	0	3	2	5
Strengthening NGOs who assist SNGOs	3	0	2	5
Synergies between donors and NGOs	0	2	2	4
Use of an iterative process approach to development	1	1	1	3
Good government - NGO relations	0	3	0	3
Providing appropriate technical assistance	0	1	2	3
Supporting locally-initiated projects	0	1	2	3
Involving SNGOs in all actions	1	0	1	2
SNGOs having a leadership role	1	1	0	2
Having a long-term perspective to development	1	0	1	2
Fitting development the local context	1	1	0	2
Selecting SNGO training participants well	1	0	1	2
Selection SNGO partners well	0	0	2	2
Accepting SNGOs as true partners	0	0	2	2
Donors having an in-country presence	1	0	1	2
Facilitating networking by SNGOs	0	0	2	2
Factoring sustainability into design and implementation	1	0	0	1
Enhancing the NGO enabling environment	0	1	0	1
Using local models for development	0	0	1	1
Adopting a self-help approach	0	0	1	1
Facilitating SNGO - business linkages	0	0	1	1
Assisting SNGOs to develop sound M&E systems	0	0	1	1
Emphasizing sound project design and monitoring for SNGOs	1	0	0	1
Total factors	10	9	17	23
Total	12	14	25	51

B-bilateral, M-multi-lateral, F-foundation, T-total

Table 4: Response frequency by donor group for question four-opportunities of Section A.

QA4-O: What , if any, internal or external opportunities does your organization experience in your support of southern NGO capacity building?				
Opportunities	**Frequency**			
	B	**M**	**F**	**T**
Current donor emphasis on SNGO capacity building	3	4	0	7
Development of national NGO networks	1	1	2	4
Role of SNGOs in the development of civil society	1	3	0	4
Increased openness of multilaterals to SNGO participation	0	4	0	4
Proliferation of SNGOs	1	2	0	3
Current process orientation of development efforts	1	2	0	3
Increased donor funding to NGOs	2	1	0	3
Increased government-NGO policy dialogue	0	2	1	3
Activities more innovative with NGOs	0	1	2	3
SNGO's role in decentralization	1	1	0	2
Increased demand for local organizations	0	1	1	2
Increased direct donor contact with SNGOs	0	1	1	2
Better North - South communications	1	0	0	1
Increased NGO interest in broad issues	0	1	0	1
Increased partnerships to support capacity building	1	0	0	1
Better donor - NGO cooperation	0	0	1	1
NGO capacity is increasing	0	0	1	1
Some societies are now more favorable to participation	0	0	1	1
Total opportunities	9	13	8	18
Total responses	12	24	10	46

B-bilateral, M-multi-lateral, F-foundation, T-total

Table 5: Response frequency by donor group for question four-constraints of Section A.

QA4-C: What , if any, internal or external constraints does your organization experience in your support of southern NGO capacity building?				
Constraints	**Frequency**			
	B	**M**	**F**	**T**
Reduced donor budgets and staff	1	3	3	7
Low support for SNGO capacity building within donors	3	4	0	7
Multi-laterals lack mandate to work with SNGOs	0	6	0	6
Poor national government - NGO relations	0	3	2	5
No common capacity building framework	1	3	0	4
SNGO capacity building is time consuming	1	1	1	3
NNGOs are weak partners for SNGO capacity building	2	1	0	3
Hardships created by donor accounting requirements	1	0	1	2
Short-term nature of development projects	1	1	0	2
Poor information sharing among donors	0	1	1	2
SNGO's financial vulnerability	1	1	0	2
Problems with donor grants	0	0	2	2
Poor SNGO - local government relations	1	0	0	1
Poor communication and monitoring by SNGOs	0	0	1	1
Bureaucracy and vested interest constraints	0	0	1	1
Government registration of SNGOs	0	0	1	1
Low salaries in SNGOs	0	0	1	1
High staff turnover in SNGOs	0	0	1	1
Weak NGO - SNGO partnerships	1	0	0	1
Poor donor internal coordination	0	1	0	1
Access to training restricted to educated SNGO staff	0	0	1	1
Total constraints	10	11	12	21
Total responses	13	25	16	54

B-bilateral, M-multi-lateral, F-foundation, T-total

Table 6: Response frequency by donor group for question five of Section A.

QA5: What capacity building needs are you hearing from NGOs which are not being adequately addressed at present?				
Needs	**Frequency**			
	B	**M**	**F**	**T**
Resource mobilization	2	2	4	8
Policy research and advocacy	0	5	0	5
Better negotiation skills	0	3	1	4
Better partnering skills and ability	1	1	2	4
Improved organizational and financial management	1	3	0	4
Enhanced SNGO networking	1	1	2	4
Increased communication and information technology	1	1	1	3
Improved monitoring and evaluation	0	3	0	3
Better strategic planning	1	1	1	3
Better human resources management	0	2	1	3
Long-term donor commitment to SNGO capacity building	1	1	0	2
More support for organizational renew and effectiveness	1	1	0	2
Better leadership and decision-making skills	0	2	0	2
Better South - South exchanges	1	1	0	2
Better capacity building networking among donors	1	1	0	2
Establish regional capacity building consulting services	1	0	0	1
Develop mechanisms to address problems with multiple actors	0	1	0	1
NGOs becoming more independent from donors	0	1	0	1
Capacity building in crises intervention	0	1	0	1
Reduced donor reporting requirements	0	0	1	1
Better organization development and management	0	0	1	1
Increase resources for capacity building	0	0	1	1
More on-the-job training	0	1	0	1
Better organizational accountability	0	1	0	1
More capacity building for CBOs	0	0	1	1
Develop better technical strategies and concepts	0	1	0	1
Total needs	11	21	11	26
Total responses	12	34	16	62

Table 7: Response frequency by donor group for question six of Section A.

QA6: Would you be interested in joining an interagency group, and if so, what are the priorities for interagency collaboration and sharing?				
Responses	**Frequency**			
Participation in IAG	**B**	**M**	**F**	**T**
Yes, is interested in IAG	6	5	4	15
Maybe interested in IAG	0	2	2	4
No, not interested in IAG	0	0	1	1
Expectations				
Share best practices	3	4	1	8
Identify areas for collaboration	0	4	3	7
Conduct joint action research	1	0	2	3
Develop policy guidelines	2	0	1	3
Need to show clear benefits of IAG	0	1	2	3
Donors directly dialogue with SNGOs	0	1	2	3
All parties increase understanding of each other	1	0	1	2
Need to clarify role of this IAG vs other IAGs	0	2	0	2
Explore inter-sectoral partnering	1	0	1	2
Identify areas for specialization	0	1	0	1
Identify gaps in current efforts	0	1	0	1
Get a more balanced voice in capacity building	1	0	0	1
Capture the voice of CBOs and POs for capacity building	0	0	1	1
Empower disadvantaged	0	0	1	1
Increase country-level collaboration	0	0	1	1
Explore resource mobilization	1	0	0	1
Explore funding for this IAG	0	1	0	1
Total expectations	7	8	11	17
Total responses concerning expectations	10	15	16	41

B-bilateral, M-multi-lateral, F-foundation, T-total

Section B

Table 8: Response frequence by donor group for question one of Section B

QB1: What is the length of time your organization has been assisting SNGO capacity building				
Years	**Frequency**			
	B	**M**	**F**	**T**
Less than 5 years	1	1	0	2
5 - 10 years	3	3	3	9
10 - 20 years	2	1	0	3
More than 20 years	0	1	3	4
Number of organizations responding	6	6	6	18

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 9: Response frequence by donor group for question two of Section B

QB2: Please check the funding mechanisms your organizations uses to support capacity building of SNGOs.				
Funding Mechanisms	**Frequency**			
	B	**M**	**F**	**T**
Grants	4	5	5	14
Co-financing	4	1	4	9
Contracts	2	5	1	8
Endowments	1	0	2	3
Loans	0	0	2	2
Trust funds	0	1	0	1
Other	3	3	1	7
Not a funding agency	0	1	0	1
Number of organizations responding	6	6	6	18

B = bilaterals, M= multilaterals, F= foundations, T = total

Table10: Response frequence by donor group for question three of Section B

QB3: Please check the mechanisms in addition to funding that your oranization uses to support capacity building of SNGOs.				
Mechanisms	**Frequency**			
	B	**M**	**F**	**T**
Training	4	6	5	15
Policy dialogue	5	6	3	14
Networking	3	5	5	13
Support to local intermediary organizations	3	4	5	12
Support to northern intermediary organizations	2	0	3	5
Other	0	1	0	1
Number of organizations responding	6	6	6	18

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 11: Response frequence by donor group for question four of Section B

QB4: What office/units/departments in your organization, including your own, provide assistance for capacity building of SNGOs?				
Office/Units/Departments	**Frequency**			
	B	**M**	**F**	**T**
Central HQ's Departments	3	6	5	14
Regional/Country HQ Departments	4	3	0	7
Field missions/offices	2	1	4	7
NGO unit	4	2	0	6
Embassy	1	0	0	1
Number of organizations responding	5	6	6	17

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 12: Response frequence group for question 5-A (Subsaharan Africa) of Section B

QB5: Check the regions of the world in which your organization supports SNGO capacity building and indicate up to three sectoral emphases of your work in these regions, if any.				
Sector Emphases (Subsaharan Africa)	**Frequency**			
	B	**M**	**F**	**T**
Environment and resource management	0	3	1	4
Agriculture and food security	1	2	0	3
Health and population	1	0	1	2
Democracy and governance	2	0	0	2
Sustainable development	0	0	1	1
Gender awareness	0	1	0	1
Poverty reduction	0	1	0	1
Post conflict resolution and rehabiliation	0	1	0	1
Number of organizations responding for this regions	5	5	3	13

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 13 Response frequence for question five-B (MENA) of Section B

QB5: Check the regions of the world in which your organization supports SNGO capacity building and indicate up to three sectoral emphases of your work in these regions, if any.				
Sector Emphases (Middle East and North Africa)	**Frequency**			
	B	**M**	**F**	**T**
Environment and resource management	1	2	0	3
Agriculture and food security	1	2	0	3
Gender awareness	0	2	0	2
Health and population	1	0	0	1
Microfinance	1	0	0	1
Poverty reduction	0	1	0	1
Number of organizations responding for this regions	4	6	2	12

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 14: Response frequence for question five-C (Asia/Pacific) of Section B

QB5: Check the regions of the world in which your organization supports SNGO capacity building and indicate up to three sectoral emphases of your work in these regions, if any.				
Sector Emphases (Asia/Pacific)	**Frequency**			
	B	**M**	**F**	**T**
Environment and resource management	1	2	1	4
Health and population	1	0	1	2
Gender awareness	0	1	1	2
Democracy and governance	0	0	1	1
Sustainable development	1	0	0	1
Agriculture and food security	0	1	0	1
Poverty reduction	0	1	0	1
Public policy	0	0	1	1
Media	0	0	1	1
Mirofinance	1	0	0	1
Number of organizations responding for this regions	4	5	4	13

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 15: Response frequence for question five-D (LAC) of Section B

QB5: Check the regions of the world in which your organization supports SNGO capacity building and indicate up to three sectoral emphases of your work in these regions, if any.				
Sector Emphases (Latin America and the Caribbean)	**Frequency**			
	B	**M**	**F**	**T**
Environment and resource management	1	1	1	3
Health and population	1	0	1	2
Agriculture and food security	0	1	0	1
Democracy and governance	1	0	0	1
Sustainable development	0	0	1	1
Gender awareness	0	1	0	1
Post conflict resolution and rehabiliation	0	1	0	1
Mirofinance	1	0	0	1
Number of organizations responding for this regions	4	5	4	13

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 16: Response frequence for question five-E (EE/NIS) of Section B

QB5: Check the regions of the world in which your organization supports SNGO capacity building and indicate up to three sectoral emphases of your work in these regions, if any.				
Sector Emphases (East Europe and the Newly Independent States)	**Frequency**			
	B	**M**	**F**	**T**
Environment and resource management	0	1	2	3
Democracy and governance	2	1	0	3
Human rights	0	0	2	2
Health and population	0	0	1	1
Agriculture and food security	0	1	0	1
Media	0	0	1	1
Gender awareness	0	0	1	1
Economic growth	1	0	0	1
Participation	0	1	0	1
Number of organizations responding for this regions	4	5	4	13

B = bilaterals, M= multilaterals, F= foundations, T = total

Table 17: Response frequence for question five (Region x Sector) of Section B

QB5: Check the regions of the world in which your organization supports SNGO capacity building and indicate up to three sectoral emphases of your work in these regions, if any.						
Sector Emphases (Region x Sector)	**Frequency**					
	SSA	**ME**	**AP**	**LAC**	**EE**	**T**
Environment and resource management	4	3	4	3	3	17
Agriculture and food security	3	3	1	1	1	9
Health and population	2	1	2	2	1	8
Democracy and governance	2	0	1	1	3	7
Gender awareness	1	2	2	1	1	7
Sustainable development	1	0	1	1	0	3
Poverty reduction	1	1	1	0	0	3
Mirofinance	0	1	1	1	0	3
Post conflict resolution and rehabiliation	1	0	0	1	0	2
Media	0	0	1	0	1	2
Human rights	0	0	0	0	2	2
Economic growth	0	0	0	0	1	1
Participation	0	0	0	0	1	1
Public policy	0	0	1	0	0	1
Number of organizations responding	13	12	13	13	13	17

SSA = Subsaharan Africa, ME = Middle East and North Africa, AP = Asia/Pacific, LAC = Latin America and the Caribbean, EE = East Europe and the Newly Independent States, T = total

Table 18: Response frequence by donor group for question six-A of Section B

QB6-A: For the capacity components listed below, please circle the current emphasis of your organization.					
Capacity Components Emphasis: high, medium, low		**Frequency**			
		B	**M**	**F**	**T**
1. Networking					
	High	1	0	5	6
	Medium	2	3	1	6
	Low	1	1	2	4
2. Program Design					
	High	2	1	2	5
	Medium	2	2	3	7
	Low	0	1	0	1
3. Policy Research					
	High	0	2	3	5
	Medium	3	2	2	7
	Low	1	0	0	1
4. Staff Development					
	High	0	0	5	5
	Medium	1	0	4	5
	Low	2	3	1	6
5. Cross-Sectoral Collaboration					
	High	1	2	4	7
	Medium	1	1	0	2
	Low	1	1	1	3

6. Gender Awareness					
	High	3	0	2	5
	Medium	1	2	1	4
	Low	0	1	2	3
7. Leadership					
	High	1	0	2	3
	Medium	2	1	3	6
	Low	1	2	0	3
8. Planning					
	High	2	0	0	2
	Medium	2	1	4	7
	Low	0	2	1	3
9. Information Access					
	High	0	0	2	2
	Medium	2	2	2	6
	Low	2	1	1	4
10. Financial Systems					
	High	3	1	1	5
	Medium	0	0	2	2
	Low	1	1	2	4
11. Organizational Renewal					
	High	1	1	1	3
	Medium	2	0	1	3
	Low	1	2	2	5
12. Fundraising					
	High	0	1	1	2
	Medium	0	0	3	3
	Low	3	2	0	5

13. Local Resource Mobilization					
	High	0	1	1	2
	Medium	2	0	1	3
	Low	2	2	3	7
14. Monitoring and Evaluation					
	High	1	0	0	1
	Medium	2	0	1	3
	Low	1	3	4	8
15. Other		**1**	**0**	**1**	**2**
16. Difficult to answer or not applicable		**2**	**0**	**1**	**3**

B = bilateral, M = multilateral, F = foundation, and T = total

Order of capacity components in table based on total score for high and medium emphasis

Table 19: Response frequence by donor group for question six-B of Section B

QB6-B: Please circle your best estimate of your organization's emphasis five years ago (1992) relative to today.					
Capacity Components Emphasis change: increased, same, decreased		**Frequency**			
		B	**M**	**F**	**T**
1. Networking					
	Emphasis increased	3	0	4	7
	Emphasis stayed the same	1	1	1	3
	Emphasis decreased	0	0	1	1
2. Local Resource Mobilization					
	Emphasis increased	3	1	1	5
	Emphasis stayed the same	1	0	2	3
	Emphasis decreased	0	0	1	1
3. Cross-Sectoral Collaboration					
	Emphasis increased	4	0	1	5
	Emphasis stayed the same	0	1	2	3
	Emphasis decreased	0	0	1	1
4. Leadership					
	Emphasis increased	2	1	1	4
	Emphasis stayed the same	2	0	2	4
	Emphasis decreased	0	0	1	1
5. Information Access					
	Emphasis increased	3	1	0	4
	Emphasis stayed the same	1	0	4	5
	Emphasis decreased	0	0	0	0
6. Monitoring and Evaluation					

	Emphasis increased	3	0	1	4
	Emphasis stayed the same	1	1	2	4
	Emphasis decreased	0	0	1	1
7. Policy Research					
	Emphasis increased	3	0	0	3
	Emphasis stayed the same	1	2	3	6
	Emphasis decreased	0	0	1	1
8. Gender Awareness					
	Emphasis increased	2	0	1	3
	Emphasis stayed the same	2	1	2	5
	Emphasis decreased	0	0	1	1
9. Fundraising					
	Emphasis increased	2	1	0	3
	Emphasis stayed the same	2	0	4	6
	Emphasis decreased	0	0	0	0
10. Organizational Renewal					
	Emphasis increased	1	1	0	2
	Emphasis stayed the same	3	0	4	7
	Emphasis decreased	0	0	0	0
11. Planning					
	Emphasis increased	2	0	0	2
	Emphasis stayed the same	2	1	4	7
	Emphasis decreased	0	0	0	0
12. Staff Development					
	Emphasis increased	0	1	1	2
	Emphasis stayed the same	4	0	2	6
	Emphasis decreased	0	0	1	1
13. Financial Systems					

	Emphasis increased	0	1	0	1
	Emphasis stayed the same	4	0	3	7
	Emphasis decreased	0	0	1	1
14. Program Design					
	Emphasis increased	1	0	0	1
	Emphasis stayed the same	3	1	4	8
	Emphasis decreased	0	1	0	1
15. Other		**1**	**0**	**0**	**1**
16. Difficult to answer or not applicable		**1**	**0**	**1**	**2**

B = bilateral, M = multilateral, F = foundation, and T = total
Order of capacity components in table based on total score for increased emphasis

Table 20: Response frequence by donor group for question six- C of Section B

QB6-C: Please circle your estimate of the change in emphasis relative to your current emphasis for each capacity component listed below.					
Capacity Components Emphasis change: will increase, same, will decrease		**Frequency**			
		B	**M**	**F**	**T**
1. Cross-Sectoral Collaboration					
	Emphasis expected to increase	4	1	4	9
	Emphasis expected to stay the same	0	2	0	2
	Emphasis expected to decline	0	0	0	0
2. Monitoring and Evaluation					
	Emphasis expected to increase	2	3	3	8
	Emphasis expected to stay the same	2	0	1	3
	Emphasis expected to decline	0	0	0	0
3. Local Resource Mobilization					
	Emphasis expected to increase	3	1	3	7
	Emphasis expected to stay the same	1	2	1	4
	Emphasis expected to decline	0	0	0	0
4. Policy Research					
	Emphasis expected to increase	2	3	2	7
	Emphasis expected to stay the same	2	1	2	5
	Emphasis expected to decline	0	0	0	0
5. Planning					
	Emphasis expected to increase	3	3	0	6
	Emphasis expected to stay the same	1	0	4	5
	Emphasis expected to decline	0	0	0	0
6. Gender Awareness					

	Emphasis expected to increase	1	3	2	6
	Emphasis expected to stay the same	3	0	2	5
	Emphasis expected to decline	0	0	0	0
7. Networking					
	Emphasis expected to increase	2	1	3	6
	Emphasis expected to stay the same	2	2	0	4
	Emphasis expected to decline	0	0	1	1
8. Leadership					
	Emphasis expected to increase	2	2	1	5
	Emphasis expected to stay the same	2	1	3	6
	Emphasis expected to decline	0	0	0	0
9. Organizational Renewal					
	Emphasis expected to increase	2	2	1	5
	Emphasis expected to stay the same	2	1	3	6
	Emphasis expected to decline	0	0	0	0
10. Information Access					
	Emphasis expected to increase	1	3	0	4
	Emphasis expected to stay the same	2	0	2	4
	Emphasis expected to decline	0	0	0	0
11. Staff Development					
	Emphasis expected to increase	2	1	1	4
	Emphasis expected to stay the same	2	2	3	7
	Emphasis expected to decline	0	0	0	0
12. Financial Systems					
	Emphasis expected to increase	0	2	1	3
	Emphasis expected to stay the same	4	0	0	4
	Emphasis expected to decline	0	1	1	2
13. Fundraising					

	Emphasis expected to increase	1	1	1	3
	Emphasis expected to stay the same	3	2	3	8
	Emphasis expected to decline	0	0	0	0
14. Program Design					
	Emphasis expected to increase	1	1	0	2
	Emphasis expected to stay the same	3	3	4	10
	Emphasis expected to decline	0	0	0	0
15. Other		**0**	**0**	**1**	**1**
16. Difficult to answer or not applicable		**1**	**0**	**1**	**2**

B = bilateral, M = multilateral, F = foundation, and T = total

Order of capacity components in table based on total score for expected increased emphasis

Table 21: Overview of question six data of Section B

Capacity Components	**Emphasis Indices**		
	Previous Change	Relative Current Emphasis	Expected Change
Cross Sectoral Collaboration	+0.44	2.33	+0.82
Program Design	0.00	2.31	+0.17
Policy Research	+.020	2.31	+0.58
Gender Awareness	+0.22	2.17	+0.55
Networking	+0.55	2.13	+0.50
Financial Systems	0.00	2.09	+0.11
Leadership	+0.33	2.00	+0.45
Staff Development	+0.11	1.94	+0.36
Planning	+0.25	1.92	+0.55
Information Access	+0.44	1.83	+0.55
Organizational Renewal	+0.25	1.81	+0.45
Fundraising	+0.33	1.55	+0.27
Local Resource Mobilization	+0.44	1.46	+0.64
Monitoring and Evaluation	+0.33	1.42	+0.73

Current Status: 1 = emphasis low, 2 = emphasis medium, 3 = emphasis high
(3 * high) + (2 * medium) + (1 * low) / (high + medium + low)

Previous and Expected changes: 0 to 1 = emphasis increasing, 0 to -1 = emphasis declining, 0 = emphasis unchanged. The higher the number above zero, the greater the increase in emphasis.
(1 * increase) + (0 * same) + (-1 * decrease) / (increase + same + decrease)

Table 22: Response frequence by donor group for question seven of Section B

QB7: Indicate the types of intermediary organizations your organization works through by circling your organization's level of activity with each type of intermediary organization listed below.					
Intermediary Organization Level of Activity: high, medium, low, N/A		**Frequency**			
		B	**M**	**F**	**T**
1. Northern NGO					
	High	5	1	1	7
	Medium	0	3	1	4
	Low	1	0	2	3
	Not Applicable	0	0	1	1
2. Southern NGO					
	High	0	3	3	6
	Medium	5	0	1	6
	Low	0	1	0	1
	Not Applicable	0	0	1	1
3. Government Ministries					
	High	3	2	0	5
	Medium	0	0	2	2
	Low	0	1	2	3
	Not Applicable	2	0	1	3
4. Consulting Firms					
	High	3	1	0	4
	Medium	0	0	1	1
	Low	0	1	0	1
	Not Applicable	2	1	1	4
5. Local Government					

	High	1	1	1	3
	Medium	2	0	1	3
	Low	0	3	1	4
	Not Applicable	2	0	1	3
6. Universities					
	High	0	0	0	0
	Medium	2	2	2	6
	Low	1	2	2	5
	Not Applicable	2	0	1	3

B = bilateral, M = multilateral, F = foundation, and T = total

Table 23: Response frequence by donor group for question nine of Section B

QB9: Please indicate if the percent of your budget allocated to NGOs was more, the same, or less five years ago as compared to today and if the you expect the this percent to be more, the same, or less five years from now as compared to today.					
Time Period Change in percent budget: more, the same, less		**Frequency**			
		B	**M**	**F**	**T**
Five Years Ago Compared to Today					
	More	0	1	0	1
	The Same	0	0	2	2
	Less	4	1	1	6
Five Years in the Future Compared to Today					
	More	2	3	0	5
	The Same	2	0	3	5
	Less	0	0	0	0

B = bilateral, M = multilateral, F = foundation, and T = total

Table 24: Response frequence by donor group for question ten of Section B

QB10: Please indicate if the percent of your budget allocated to SNGOs was more, the same, or less five years ago as compared to today and if the you expect the this percent to be more, the same, or less five years from now as compared to today.					
Time Period Change in percent budget: more, the same, less		**Frequency**			
		B	**M**	**F**	**T**
Five Years Ago Compared to Today					
	More	1	1	0	2
	The Same	1	0	1	2
	Less	2	1	1	4
Five Years in the Future Compared to Today					
	More	4	3	0	7
	The Same	0	0	2	2
	Less	0	0	0	0

B = bilateral, M = multilateral, F = foundation, and T = total

Table 25: Response frequence by donor group for question eleven of Section B

Q B11: What official requirements must a SNGO meet to be eligible to receive direct funding for capacity building from your organization?				
Requirements	**Frequency**			
	B	**M**	**F**	**T**
Legally constituted entity	2	1	0	3
Experience / track record	2	1	0	3
Acceptable accounting procedures	3	0	0	3
Recognition by government	1	1	0	2
Qualifies as a public charity in the U.S.A.	0	0	2	2
Have no official requirements	0	0	2	2
No direct funding to SNGOs provided	2	1	0	3
Number of donor requirements by donor type	8	3	2	--

B = bilateral, M = multilateral, F = foundation, and T = total
Only requirements identified by more than one organization are listed.

Table 26: Response frequence by donor group for all questions

Question	Frequency			
	B	M	F	T
Q A1 Major SNGO capacity building initatives	5	9	7	21
QA2 Most effective SNGO capacity building activities	6	5	6	17
QA3 Factors most contributing to success on these activities	6	6	7	19
QB4 -O Opportunties for SNGO capacity building	6	8	6	20
QA4 -C Constraints to SNGO capacity Building	6	8	7	21
QA5 Capacity building needs of SNGOs	6	8	6	20
QA6 Priorities for interagency collaboration	4	6	6	16
Q B1 Number of years active in SNGO capacity Building	6	6	6	18
Q B2 Funding mechanisms	6	6	6	18
Q B3 Other mechanisms	6	6	6	18
Q B4 Unit involved within organization	5	6	6	17
Q B5 Regions and sectors where organization is active	5	6	6	17
Q B6 Current, past, and future emphases	5	4	5	14
Q B7 Types of intermediary organizations	6	4	5	15
Q B8 Specific partners in SNGO CB	4	1	3	8
Q B9 Percent of budget to NNGOs	6	4	4	14
Q B10 Percent of budget to SNGOs	6	4	5	15
Q B11 Official requirements for SNGO to receive support	6	4	4	14
Q B12 Types of NGOs recognized	2	2	1	5

B = bilateral, M = multilateral, F = foundation, and T = total

Appendix 5: Interview and Case Study Formats

(i) Format of Organizational Interviews

a. Background

1. Does the organization have any formal policy about working with NGOs?
2. Does the organization have a (formal or informal) definition of "capacity building".? If not, how do *you* define CB?
3. Does the organization have any formal policy statements and/or guidelines regarding NGO capacity building?
4. What is (or what do you think is) the organization's rationale/motivation/ justification for supporting CB?
5. Describe any significant changes/trends/evolutions in the organization's current thinking about CB. What is the source of these changes/trends?
6. Which departments/units, or individuals in the organization are involved in/ responsible for capacity building activities?
7. On a scale of 1-10, how much importance/emphasis does the organization place on CB? Is this increasing? Decreasing? Stable? What (approximately) is the percent overall budget devoted to capacity building purposes?
8. What sources/types of funding are available for capacity building purposes?

b. Overview of Capacity Building Practices

1. Which of the following components of NGO capacity are addressed by the organization's capacity building activities? Indicate high/medium/Low/None for each.
   1.1. In relation to the environment in which NGOs work
   - the legal and regulatory context
   - the tax regime
   - the donor imperatives
   - human resources
   - NGO fora, networks, associations

   1.2. In relation to a specific NGO
   - Organizational values
   - Governance
   - Research and Analysis
   - Sustainability
   - Operational Management Practices
   - Financial Management Practices
   - Human Resources
   - Infrastructure
   - Financial Resources
   - Program Performance
   - External Relations

1.3. Sequencing of Capacity Building Among these, which are the organization's three priorities? Among these, which are the Southern partners' three priorities?

2. Which of the following approaches to capacity building are employed by the organization?
What others are employed ?
   2.1. Approaches in relation to the environment in which the SNGO works
      - assessing donor requirements
      - Institutionalizing the process of organizational capacity assessment
      - promoting financial sustainability
      - Catalyzing policy dialogue
      - encouraging inter-NGO learning
   2.2. Approaches in relation to individual SNGOs
      - Facilitating access to training
      - facilitating access to Technical Assistance
      - provision of technical resources

3. Who defines capacity building needs/activities? How?
4. Is an organizational capacity assessment carried out prior to capacity building activities? If so, how is it done? What is assessed? Are OAs undertaken systematically?
5. What are the organization's relative strengths/comparative advantages in CB? Relative weaknesses?
6. What are the principle constraints/obstacles (external and internal) faced by the organization in undertaking capacity building activities?
7. Has (to what extent has) capacity building been mainstreamed in your organization?
8. Comments regarding the organization's interest in/expectations regarding the IAG?

(ii) Format for Donor Case Studies on SNGO Capacity Building

1. What approach to capacity building was used?
2. What components of capacity building were addressed?
3. Were capacity building activities carried out directly by he donor or through an intermediary? If through an intermediary, who was it? (e.g., NNGO, SO, Consultant, training center etc)
4. How was it funded?
5. At what level was the capacity building directed? (e.g., individual organization?, group or sub-sector of NGOs, NGO sector at large etc)
6. Who were the key recipients/target groups?
7. Who identified capacity building needs and how?
8. Was an organizational assessment undertaken? How? By whom?
9. Was/How was southern "ownership" ensured?
10. What factors contributed to its success?
11. What were the key obstacles?
12. What were the lessons learned?
13. Was this activity evaluated? If so, how and by whom? What indicators were used?
14. Has the experience of this activity been mainstreamed?

Appendix 6. Illustrative Components and Approaches in Capacity Building

(extract from introductory letter sent to organizations to be interviewed)

	NGO Environment	Specific NGO
Components	* Legal & Regulatory Context * The Tax Regime * The Donor Imperatives * Available Human Resources * National, Regional or Sectoral NGO Fora, Networks and Associations	* Organizational Values * Governance * Research & Analysis * Sustainability * Operational Management Practices * Financial Management Practices * Human Resources * Infrastructure * Financial Resources * Program Performance * External Relations
Approaches	* Assessing Donor Requirements * Institutionalizing the Process of Organizational Capacity Assessment * Promoting Financial Sustainability * Catalyzing Policy Dialogue * Encouraging inter-NGO Learning	* Facilitating access to training * Facilitating access to technical Assistance * Provision of technical resource * Provision of funding

Appendix 7. List of Organizations Interviewed

Bilaterals

1. GTZ, Germany
2. DFID, UK
3. CIDA, Canada,
4. USAID, USA
5. EC, EU[1]

Multilaterals

1. UNDP, New York
2. UNICEF, New York
3. IFAD, Rome,
4. World Bank, Washington DC

Foundations

1. Ford Foundation, New York
2. Aga Khan Foundation, Geneva
3. Inter American Foundation, Washington DC

Many think of the EC as a multilateral donor agency, but it calls itself a bilateral donor agency, representing the EU bilaterally.

Appendix 8: Documents Collected during Interviews

The Assessment of Capacity Building by A van Diesen. UNICEF ESARO. 1996

Sustainability and Working Democracy: New Yardsticks for Grassroots development. IAF 1996

Capacity Development from Concepts to Operations : an analytical guide. S Taschereau. CIDA 1997

Institutional Assessment: a framework for strengthening organisational capacity for IDRC's research partners. C. Lusthauss et al. IDRC. Ottawa.1995

Decentralized Cooperation - a new European approach at the service of participatory development - methodological study. Francis Douxchamps. COTA, Belgium.1996

Organizational Palaces and Organizational Tents - institutional arrangements in Technical Cooperation. R. Sulzer. GTZ.1992

Other Useful Books

Striking a balance - a Guide to enhancing the effectiveness of non-governmental organisations in international development. Alan Fowler. Earthscan. London 1997.

Institutional Development and NGOs in Africa: policy perspectives for European Development Agencies. Alan Fowler, Piers Campbell and Brian Pratt. INTRAC and NOVIB 1992

Strengthening the Capacity of Southern NGO Partners. Rick James. INTRAC.1994

An Overview of Capacity Building. Richard Holloway. Pact 1995

Capcity Building: Myth or reality? CDRA, Cape Town 1995

Organisational Capacity Assessment Tool. Pact Washington. 1995