

Organizational Capacity Development Measurement

Executive Summary

This document provides a set of recommendations for measuring the results of USAID-supported organizational capacity development efforts. It provides grounding principles and background that inform its recommendations. The purpose behind these recommendations is to improve the consistency with which USAID program managers and partners appropriately measure organizational capacity development, enabling more effective learning from and accountability of capacity development programming across the Agency.

The recommendations cover aspects of both what to measure and, to an extent, how to measure it, but leave large space for staff to interpret and apply them as appropriate for the particulars of their programming. The recommendations describe an approach rather than a single indicator as most appropriate to measuring capacity as a multifaceted topic. These recommendations offer an important step forward in thinking about why and how to invest in improving organizational performance, and in capturing the value that capacity development is adding to development.

The recommendations are:

- In defining measures for organizational strengthening, performance measures are the most appropriate area of emphasis – generally with performance expectations set jointly with the assisted organization(s). Measurement should be centered on organizational performance.
- Performance should be measured across multiple domains, including adaptive functions, to reflect capacity development investments in both short-term and long-term aspects of performance.
- An organization's performance depends on its fit in a wider local system of actors, and its interrelationships with them. Therefore, we must measure at both organizational and local system levels in order to capture the value of performance change.
- Organizational performance change is pursued in order to affect wider, systemic changes. However, attribution for change is unlikely to be provable. We should trace the credible contribution from organizational to system change with rigor.
- Some ways in which organizational capacity development will affect future performance cannot be anticipated at the start. Therefore attend to multiple pathways of change and to the unpredicted in order to perceive the full spectrum of results.

Two of these recommendations – to emphasize organizational performance as the metric for success of organizational capacity development investments, and to measure at multiple levels including organization and local system – are echoed as requirements in Agency policy guidance for monitoring.

Consensus: Capacity

What is Meant by Capacity?

USAID has no single definition of capacity, and deliberately chose not to create one during this process, for two main reasons. First, this document identifies several fundamental aspects of capacity that should inform its measurement. These fundamental characteristics and their implications are more salient to the recommendations made herein than a specific definition. Second, there are a number of excellent definitions available and in broad use which we think serve as better common reference points than a brand-new definition – most pertinently the “Five Capabilities” stemming from a major study by the European Center for Development Policy and Management, and the definition used by the book *Capacity Development in Practice*, as well as commonly-cited definitions by the UNDP and OECD:

ECDPM’s Five Capabilities: “To achieve its development goals, every organization/system must have five core capabilities: to act and commit; to deliver on development objectives; to relate to external stakeholders; to adapt and self-renew; and to achieve coherence.”

Capacity Development in Practice: “Capacity is the ability of a human system to perform, sustain itself, and self-renew.”

UNDP Definition: “The process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.”

OECD Definition: “Capacity is the ability of people, organizations and society as a whole to manage their affairs successfully. Capacity development is the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.”

Principles of Capacity

- *Capacity, at organizational level, cannot be understood without reference to the wider system that surrounds any organization*

Capacity as a concept can only have meaning if it describes the capacity of an organization to perform within its context – the system of other actors that an organization affects and is affected by in carrying out whatever actions it performs. Normative statements of how “organizations of type x *should* operate” must be grounded in a rich picture of the actual situation in order to support capacity development that maximizes value-added. Capacity development approaches should always reference a relevant local system as it informs the organization’s current role, and

Note: Different Levels of Capacity

These recommendations center on measurement of organizational capacity. Capacity exists at several different levels – individual, organization, network, system, etc. Any organizational capacity must encompass the people within an organization and must be oriented within the local systems in which an organization is embedded. There are ramifications around measurement at other levels that can be inferred from this document, but it does not speak to other levels of capacity directly.

describe how capacity development investments aspire to create change sufficient to affect that system. Efforts to strengthen the capacity of an organization must derive from a clear understanding of the roles it currently plays within its wider context.

- *Capacity involves complexity*

Key aspects of capacity are emergent properties of how people interact within and across organizations – capacity is produced in constant and ever-evolving ways. Capacity will emerge in non-linear fashion, and at least some aspects of capacity are always in flux as the organization and its context shift. Capacity at any point in time is therefore a snapshot of a dynamic reality. In addition, capacity will be understood differently by different people within an organization, and multiple perspectives are legitimate in terms of understanding and describing what the capacity of an organization is. Because organizations themselves have complex features and are nested in complex local systems, contribution of outside capacity development efforts to performance change is the strongest claim an outsider can make – one cannot attribute changes in a complex organization or system solely to one effort.

- *Interrelationships are central to performance*

How an organization interrelates with other stakeholders is critical to how that organization performs. Any true understanding of organizational capacity must emphasize the quality and breadth of relationships that an organization and its personnel have with others and how those inform the organization's work.

- *Capacity development should be designed to link achieve performance improvement and yield change across a local system*

Note: Public Sector Organizations

With respect to public sector organizations, there is an additional consideration – the fact that any investment in strengthening a public sector organization is also, by definition, an investment in improving systemic outcomes related to public financial management and public accountability. In order to consider the relevant systemic outcomes when working with public sector organizations, therefore, it is generally useful to track the work against one or more of the systems indicators around public financial management or public accountability – most of the generally updated ones are part of the set of regularly collected Indicators of the Strength of Public Management Systems (ISPMS) coordinated through the World Bank.

Capacity development should clearly lay out a theory of change that shows how investments are predicted to contribute to performance improvement, updating that theory of change as required over the course of implementation (see ADS reference on Human and Institutional Capacity Development for more on such an approach). The theory of change should describe how investments should lead to performance improvement of cohorts, networks, markets, or relevant wider systems – including those not directly partnered with USAID – reflecting the contribution of our work.

- *Capacity development should invest in adaptive functions that help an organization thrive over time*

Because nobody can anticipate all possible future situations, a portion of any capacity development should invest in adaptive functions of an organization so that it can better meet unknown future challenges and

opportunities. An organization's drive to achieve continuous improvement, adapting to new learning and a changing context, is an important factor in its success.

- *Local ownership underpins changes in capacity*

Staff and stakeholders within an organization understand its capacity and can act to support or obstruct changes in ways that outsiders cannot. Their perspectives are therefore not only integral to perceiving and measuring the current capacity of any organization, but are essential to grounding any plans to support capacity development or organizational change.

- *Capacity development takes time*

Capacity development interventions can be conducted in relatively short timescales; however, for organizations to embed changes in ways that improve their performance takes time. This time lag should be accounted for in distinguishing between the timespan in which activities to support capacity development are conducted, and the timespan in which shifts in organizational performance are expected to become visible.

Measurement Recommendations

Taken in total, the principles of capacity and capacity development outlined above make it clear that capacity is best measured through an approach encompassing several methods rather than by a single indicator. However, it is also clear that such a measurement approach can be applied to diverse capacity development efforts and different types of organizations. Through identifying and applying a similar measurement approach, it is expected that more data can be generated to enable better monitoring, evaluation, and learning around organizational capacity development across sectors and organization types.

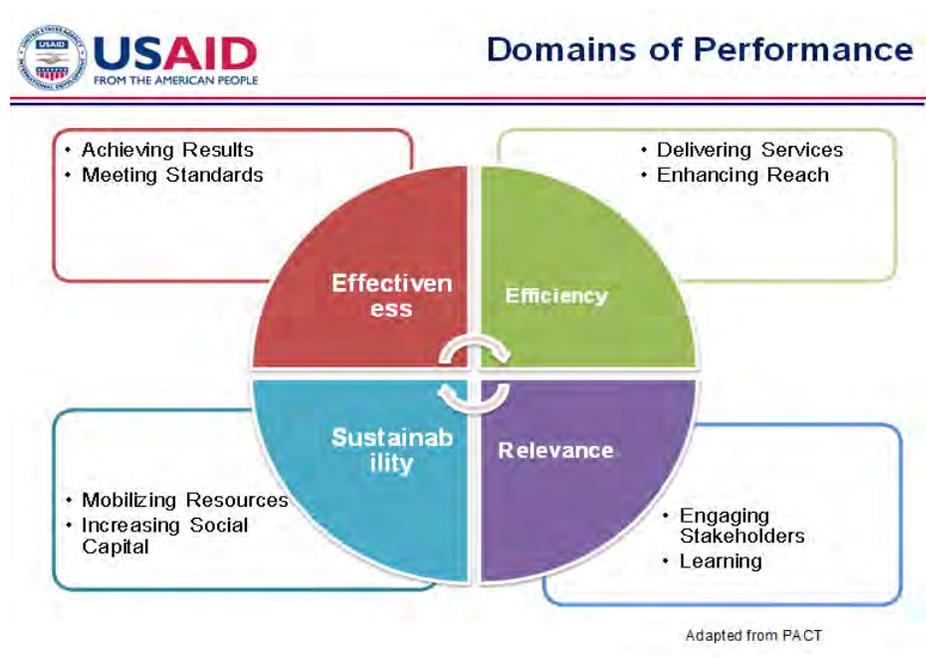
First, because capacity is expressed through performance, capacity development ***measurement must be centered on organizational performance***. When USAID monitors the results of capacity development, it should monitor performance change as the appropriate metric for validating whether capacity has changed in ways that are significant. This has the further benefit of aligning incentives between what USAID monitors and what organizations aim to achieve through the development of their own capacity – neither USAID nor partner organizations seek to develop capacity for its own sake, but rather to better empower their organization to achieve its goals and objectives.

This emphasis on organizational performance does not imply that underlying process and input measures are not useful. In public sector strengthening, for example, there is great consensus around certain internal processes as being valuable in and of themselves – transparency and stakeholder engagement in planning and budgeting, matching budget execution to budget formulation, establishment and use of accountability channels, degrees of bureaucratic autonomy, and availability of appropriate inputs. However, the performance of any organization remains the most important aspect for measurement as it relates to organizational change.

Recommended tools for this include composite indicators or selected key performance indicators. Any such indicators should reflect the organization's buy-in, and ideally come from metrics it already uses to gauge its performance.

Second, performance measurement must be defined holistically, *encompassing both the organization’s performance in achieving targeted results and the organization’s performance in learning, adapting, and sustaining itself over time*. An organization’s performance matters in at least two senses – an organization’s performance in achieving results, and an organization’s performance in adapting and renewing itself in response to its changing context.

In order to identify a common language for these different dimensions of performance, the Local Solutions working group is recommending adoption of the IDRC/Universalia Framework for organizational performance that is operationalized in the Pact Organizational Performance Index (OPI). The OPI’s Framework is shown here for reference, with its four domains of effectiveness, efficiency, relevance, and sustainability. Other offices and units are employing other index indicators or tools. Regardless of the tools or indicators used, ensuring a focus on performance and attention to performance areas such as relevance and sustainability that matter more over time will enable more effective monitoring.



Third, the *measurement of organizational performance must be complemented by measures of the wider local system that co-produces the development results of interest*. For the given organization, its performance horizons are shaped by the local system around it, and performance measurement depend son observing how it functions within that wider system. And to speak to the value that a given organization’s performance improvement may have, one must observe how that role as well as the wider system is changing as a result of capacity development supported by USAID.

Any targets of expected performance change should derive from the activity’s articulated theory of change for how organizational performance improvement is predicted to affect a wider local system. This requires a clear description of the roles in local systems that given local organizations are playing as a baseline. Further, targets for performance change (and the theory

of change relating the organization's performance to a relevant local system) should be validated with the partner organization and consensus established around targets.

For example, if USAID is supporting improved performance by public organizations providing agricultural extension services, USAID would want to measure both the performance change of those organizations and the performance of the agricultural value chains that those organizations' efforts were intended to improve. Or if USAID is supporting improved performance in budget formation and execution by selected municipalities, we would also want to measure a systems outcome such as the perceived fairness and legitimacy of the state by citizens in the target regions, or improved cost efficiency in service delivery for publicly-funded services in the target regions.

Due to the importance of interrelationships as structuring the way in which capacity emerges, it is recommended to include at least one measurement at systems level of the interrelationships between actors and how those are changing over time. Measurement of interrelationships can be either qualitative or quantitative, and may not be easy to link with targets, but relationships within the relevant system often serve as a key context indicator to be regularly reviewed and used to

inform programming. Some projects have successfully used social network mapping or related techniques to visualize and quantify this type of data, and this seems a practice with high potential to add value to Mission learning. Other tools to measure systems can include wide stakeholder feedback through collection of narratives or polling data; visualization of systems dynamics or constituent parts; or indicators of system stocks and flows.

Fourth, *the effect of organizational performance change on local system change will fit a contribution paradigm*. Given the complexity of local systems, statements about the linkages from performance change to effect on local systems will necessarily be contribution rather than attribution. USAID can increase the rigor with which confidence is established in the contribution of performance improvement to system change through the use of multiple methods to connect organizational performance and systems change, and through gathering different perspectives on change.

Core Recommendations

- 1. Measurement must be centered on organizational performance**
- 2. Measurement performance across both achieving targeted results and in learning, adapting, and sustaining itself over time.**
- 3. Measurement of organizational performance must be complemented by measures of the wider local system that co-produces the development results of interest.**
- 4. The credible contribution of organizational performance change to local system change will fit a contribution paradigm.**
- 5. Measurement approach should incorporate at least one method of perceiving unpredicted changes in performance and of validating the pathway of predicted changes.**

Fifth, the *measurement approach should incorporate at least one method of perceiving unpredicted changes in performance and of validating the pathway of change where predicted changes in performance occur*. This often requires deductive approaches that trace processes after change has happened. Employing these approaches also adds rigor to assertions of contribution along predicted lines. Because capacity development is an engagement with complexity, initial theories of change should be updated through the validation of pathways of change.

Even when performance change is measured where one has supported capacity development, one must gather input to validate that outside support contributed to that performance change. This entails some process tracing or other ways of looking backwards at how capacity development support was understood to yield performance change, including multiple perspectives on the same question. And since some performance change is likely in areas where it was not predicted, efforts to understand an outside contribution to performance change should include effort to examine the pathways through which change happened and to look at contributions to unpredicted performance change.

Several examples of these types of tools are captured in the Discussion Note on Complexity-Aware Monitoring, and all three blind spots of performance monitoring noted in the Discussion Note are relevant to capacity development.

Scope and Use of This Document

The approach described in this document covers organizational capacity and principles to apply when measuring its change. It is closely related to efforts to measure wider changes (across a relevant local system) and issues of ownership and sustainability to which organizational capacity can contribute, however it does not address those issues directly. Measurement following these recommendations is intended to serve as one part in a chain, and to offer more rigor for speaking to the contribution that Agency efforts to strengthen organizational capacity are making to higher level, wider system results.

This approach is applicable to any type of organization: public or non-public, for-profit or not-for-profit, formally or informally defined, of any size. Each of those factors may introduce considerations that inform the specifics of monitoring or evaluation, such as issues around data availability or time and expense of data gathering. Certain types of organization may have specific constraints that affect how their capacity is shaped and expressed. Every organization's capacity is also shaped significantly by the wider systems in which it is embedded.

It is important to emphasize that this measurement approach is informed by scholarship and practice related to capacity development in diverse sectors and organization types, and reflects the commonalities and consensus areas across those realms. It pushes practitioners to move from older mental models of capacity development that articulate best practice attributes of organizations toward an approach rooted in context and best fit, in keeping with the latest thinking in the discipline.

This document covers findings on capacity and capacity development in some detail, and as such, it is also relevant to project design and activity design. However, the focus of this document is around how measurement is done and that purpose guides the form and content. It embeds several key principles around capacity and capacity development and recommendations related to them, but the emphasis of the recommendations is on measurement.

In order to use these recommendations, Mission staff will have to identify appropriate methods to follow them. In general, these will require 2-3 related indicators or other monitoring tools, some examples of which are suggested as illustrations, which can help to capture the different dimensions outlined by the principles. Putting together such a monitoring package (or requiring such of an implementing partner) should not be significantly more expensive or time-intensive than for other programming. The regular use of the measurement data to inform programmatic adaptation will be critical.

The recommended measurement approach is illustrated by three examples included as annexes: two illustrative Project M&E Plans, and sample language for a solicitation asking for this approach to be used in applicants' proposals.

As part of a regular review with partners of their perspectives on organizational change, USAID should collect information regarding the changes linked to our support for organizational capacity development that are asserted to have occurred (and evidence in support of those changes, as appropriate), and a method can be identified as a feature of the learning plan for the project even absent a specific tool or technique. Such information will often arise naturally from a collaborative learning discussion at a portfolio review, for example, if a CLA approach is being employed in the project. It is essential that this information is valued, intentionally gathered, and documented to enable learning and accountability for the full array of effects of the USAID programming, not just those hypothesized at the project's or activity's outset. Importantly, if the data gathered is inconsistent with the initial theory of change relating the organization's performance to the wider system, this should create an opportunity to adjust the theory of change to better match the data being tracked and change processes being monitored.

Other Purposes and Their (Distinct) Tools

There are other purposes for which an external actor like USAID might support a review of some aspects of an organization's capacity. However, these purposes are distinct from measurement of capacity change, and the tools for them are also distinct. One of the consistent messages received during consultation with practitioners has been the importance of having measurement tools for capacity and capacity development that are clearly distinguished from tools for other purposes. USAID uses specific tools for purposes of risk assessment and catalyzing capacity development, some of which are highlighted below; these should be kept separate from measurement tools.

Risk Assessment and Mitigation

Risk assessment and mitigation often entails reviews of aspects of an organization's capacity and/or function, to identify how that organization functions that create risk around how they are engaged with USAID work. For example, prior to providing funds directly to a partner

government organization, USAID conducts a multi-stage **Public Financial Management Risk Assessment Framework (PFMRAF)** review that considers aspects of the organization’s financial management systems, democratic accountability considerations, and looks at both the wider context in its first stage and at the specific entity’s internal functions in its second stage. Prior to making an award to an organization, there is often a pre-award survey that similarly looks at a few touchstone points of potential fiduciary or programmatic risk, including internal controls, segregation of duties, accounts management, etc. The key distinction of this purpose is that it is an external review oriented around determining the level of risk entailed in partnering with the organization and approaches that can mitigate that risk. While there is a relationship between an organization improving its capacity and an organization becoming less risky as a potential partner, it is inaccurate to say that reductions in risk and improvements in organizational capacity are the same. Because risk is filtered through the lens of the USAID relationship – it is about risks in partnering with an organization for a specific, short-term purpose – it is not appropriate to substitute a risk assessment for a measurement of holistic organizational capacity or its expression.

Catalyzing Capacity Development

As part of external support for capacity development, outside actors often support “assessments” of an organization’s capacity that serve as inputs to catalyze change. For example, USAID has standardized an **Organizational Capacity Assessment (OCA)** tool, and various implementers have four- or five-stage maturity models across different areas of organizational function. There are also wider industry standards, such as those supported by the International Organization for Standardization (ISO). These are all incorporated into capacity development as efforts to identify and prioritize changes to be pursued by the organization. The key distinction of this purpose is that it is less interested in capturing the ways in which organizational capacity is expressed than in motivating achievable actions to be undertaken. Most such tools are willing to sacrifice data validity for motivation. For example, the OCA tool is explicitly a self-assessment, often with limited validity, because research has found that an organization conducting a self-assessment is more likely to follow through on identified actions than an organization receiving an expert review of its capacity, even if the latter is more accurate. As a self-assessment, OCA is by definition not valid as a measurement tool, as it is expected that organizations may mischaracterize their own capacity.

In addition, because the purpose of these tools is to foster organizational change, they emphasize internal functions of organizations that are more likely to be within the manageable interest of those organizations to change. Many of the tools used in a typical HICD engagement to catalyze capacity development share features with the OCA – they are perception-based reviews through a self-assessment, and their purpose is to support and motivate change.¹ This is not to suggest that self-assessments are unimportant – quite the contrary, for an organization to perform well on critical features such as learning and adaptation, it must find ways to regularly self-assess and seek continuous improvement. However, the value in these assessments is in the actions they

¹ An HICD or other capacity development process may build consensus around appropriate indicators to measure organizational change and performance, which are valid for measurement purposes; these jointly-agreed indicators are kept distinct from self-assessment processes in order that they can serve as objective data sources. For more information on HICD, see ADS 201 Mandatory Reference.

motivate, not in the subjective scores or ratings they provide. Attempting to use the same tool to support capacity development and to measure the effect of capacity development introduces a tension into the tool that limits its effectiveness for both purposes. Therefore, it is not appropriate to substitute a capacity development tool for a measurement of organizational capacity or its expression.

Leveraging the Learning

How This Approach Compares to Current Practice

Presently, many Agency units support organizational capacity development, and most of them incorporate portions of the guidance within this approach. Tools and monitoring methods have evolved in recent years, as has the wider policy environment, and these allow a robust measurement approach to capture improvements in performance that is often now unrecognized.

It is worth noting at the outset that part of the rationale behind creating a common measurement approach is in order to better align Agency incentives – what USAID measures in its programming is, by virtue of being measured and made visible to project and activity managers, often what we and our partners perceive as valued - “what counts, matters.” It is therefore most useful to highlight where the recommended measurement approach differs from typical Agency practice.

First, much of the CD measurement that currently occurs places emphasis on measuring capacity qua capacity rather than measuring performance change, or mixing the two together. Often there is an imported “best practice” normative model for how an organization should perform that is not relevant to the fit between a given organization and its local system. Sometimes the same tool is used to assess risks or to catalyze capacity development as well as to measure capacity change. In either case, these introduce perverse incentives into the capacity development, biasing capacity development toward compliance checklists and allowing for organizations to “signal” capacity change without truly improving performance.

Second, when performance is measured, the emphasis is often on achieving results without due attention to performance in learning, adapting, and self-renewal. This creates incentives that privilege shorter-term accomplishments and undervalue investments in sustainability. The emphasis on short-term results, and on compliance as opposed to long-term performance, has in some cases been exacerbated by recent emphasis on aspirational targets for local awards spurred by USAID Forward’s Implementation and Procurement Reform (IPR). The focus on longer-term performance and connections from organizational performance to local systems change is consistent with the shift from IPR to Local Solutions already underway.

Third, in many instances, even where capacity development is pursued, Agency activity and project managers do not measure at both the organizational performance and systems outcome levels. This obscures the logic underlying the capacity development activity and makes it difficult to adjust programming when inputs are not producing predicted outputs and outcomes. This is because absent a clear theory of change around how each level was expected to affect the next, adaptation is much more difficult. For example, if the only measure of capacity

development investments in a set of hospitals is their number of patients seen after TA provision, and target numbers of patients are not reached, it is difficult to adjust absent metrics around how internal hospital improvements were intended to allow them to see more patients (and why seeing more patients is an appropriate performance measure, given the role of the hospitals in their local system and context).

Fourth, it is not yet a common Agency practice to attend to unpredicted changes or to examine the pathways of change that occurred as predicted, as part of either routine monitoring or periodic evaluation. As many important outcomes from capacity change are not predicted in advance, this reduces the perceived effectiveness of capacity development by failing to fully tell the story of what capacity development efforts have achieved. And by not validating the pathways of change that were predicted, USAID Officers miss opportunities to update their theories of change to better reflect the context.

Finally, even where USAID support for organizational capacity development otherwise follows these recommendations, the lack of any common performance indicators makes it difficult to aggregate data or identify patterns at a level beyond the individual activity or project around what capacity development support is yielding what sort of performance change, and what performance improvements are yielding changes of significance in development results.

Uses Within Projects

For any given activity, USAID project and activity designers should first have surfaced our theory of change around how USAID expects capacity development to yield performance improvement. During implementation, staff should review the monitoring data to constantly verify or update that theory of change based on what is actually happening. Clearly identifying how the results monitored cause USAID to update its theory of change – and putting more emphasis on an evolving theory of change (and related implementation approach) than fidelity to the initial theory of change – will greatly facilitate adaptive management of capacity development programming.

Where measurement of organizational performance change is carried out appropriately, again in line with the theory of change laid out in the project design and as updated through implementation, USAID will be able to relate organizational change to measurement at systems level, and thereby speak with more clarity and rigor about our contributions to achieving and sustaining ultimate results of interest.

Uses Across USAID

USAID will also be able to apply learning across the discipline of organizational capacity development more broadly – a potential area of great learning whose utility has been undervalued due to differences that have obscured key commonalities across organizational capacity development in different organization types, sectors, and country contexts. Use of one or more shared tools to measure changes in organizational performance is expected to generate much more data from which to identify patterns – even though any such shared tools would be complemented by additional indicators or tools that address particular performance changes

specific to an organization and its context. Having a common language to describe different areas of performance improvement, and a common measurement approach underlying the appreciation of the principles of capacity and capacity development, will enable greater clarity in conversations around what is working, and feed into learning at scale around capacity development.

Annex A: Selected Annotated Bibliography

Annex B: Background and Process to This Document

Annex C: Two Example Project M&E Plans Using This Approach

Annex D: Example Solicitation Language for Activity M&E Plan that Uses This Approach

Annotated bibliography for Capacity Development and Measurement

1. ECDPM's [*Capacity, Change and Performance*](#) – This is the most authoritative review of capacity development in recent years, itself synthesizing 125 of the leading books and articles on the topic as well as multiple independent studies commissioned for the process. It is far too comprehensive to do justice to in a short review, but it effectively walks through the inherent complexity of capacity and its implications. It first generates a framework of capacity – the “5 Capabilities or 5 C’s” – that has been adopted by the EU and most European donors as the appropriate framing for evaluations of capacity development outcomes (a box with those 5 capabilities is copied below). From this unpacking of capacity, it looks at both internal and external sources of capacity and considers different approaches to capacity development, identifying three main streams of planned, incrementalism, and emergence as models for how to support capacity development, with the note that emergence seems to be strongly correlated with positive case examples of capacity development. It also looks at the relationship between capacity, performance, and results, with perhaps the most important takeaway being that an imbalanced focus on either capacity or results undermines both. It then considers implications for M&E that are quite important, around the uses and limitations of a typical linear results-based management approach. Their final point on this topic is worth quoting in full:

- *Coming to a broader view of what constitutes ‘results’*. From a capacity perspective, the focus should widen to include the intangible, the longer-term, the strategic and, above all, those aspects of capacity and results that are valued by country participants. Part of the difficulty with RBM arises from different cultural perspectives. The ‘Western’ model of management puts great importance, at least symbolically, on organisations as rational actors set up to focus on task achievement. In low-income societies, the basis of organising is likely to be different. Their efforts at collective action can be more concerned with consolidating relationships, establishing legitimacy or reinforcing the interests of other societal groups.

In addition, their entire review of implications for external interveners and of recommendations going forward is telling and a useful synthesis of experience from multiple sectors and efforts (and their chapters 9-11 are attached). Among the major points are needing clarity for and support for meaningful learning when supporting capacity development; building on strengths as much or more than targeting gaps or weaknesses; bearing in mind the potential large contribution of small interventions; the need for donors to have a better knowledge brokering around capacity development and approaches to it; the rising awareness of the importance of non-linear pathways of capacity development; the essential link between capacity and “second-order” concepts of legitimacy, mindset, and relationship between the formal and shadow systems within organizations; and attention to the idea that capacity development is about altering power, authority, and access to resources.

2. [*Capacity Development in Practice*](#) – This comprehensive volume is an excellent source for diverse practitioner perspectives on different topics within the spectrum of capacity

development. Geared toward a practitioner audience, it includes useful reflections on the different levels of capacity development and how to link work at different levels; the implications of capacity being multifaceted; questions of values and ownership as an outside supporter of local groups; an emphasis on the “invisible” or “political” aspects of capacity (internal leadership and external pressures); and an articulation of capacity as a product of stakeholder relationships. Specific to measurement issues, it offers an emphasis on different potential purposes for measurement – accountability and learning – and how they can co-exist but are often in tension, as well as attention to time lags and needs to unpack expectations over time.

3. [Monitoring and Evaluation of Capacity and Capacity Development](#) – This review focuses specifically on M&E of capacity development and learning in recent years.¹ It takes steps towards a common language around capacity in terms of M&E, building on the 5 C’s Framework, emphasizing some of the common challenges around overdetermined indicators. They specifically note that formal indicators for capacity development tend to work, in the public sector, only in limited conditions (stakeholder buy-in exists, incentives align, leadership is committed, and indicators are very specific) which are rarely found, citing M&E of public financial management as an example with very specific indicators that can contribute to identifying gaps and addressing them in prescribed ways usefully, but only in a few instances successfully in practice. There is a particular concern cited around use of M&E systems primarily/exclusively for accountability of aid agencies to domestic publics for short-term results, rather than for learning and adapting what is working. They also note the problem of having too many indicators and the value from having common indicators across programming. An excerpt from the [workshop report](#) on this paper is copied below as Box 1 and provides an excellent synthesis.
4. [A Case for Surfacing Theories of Change for Purposeful Capacity Development](#) - This article interrogates how partner organizations (and, by implication, donors) identify the right capacity areas to strengthen. It notes that some organizations may value strategic planning capacities, while others value financial accountability to donors, improved teamwork, or networking capacities. What they deem as ‘worth strengthening’ may be based on simplistic linear thinking, or unhealthy power interests, or what they understand donors want them to want. Ortiz argues that the capacities that different organizations value are conditioned by a mix of individual, organizational and societal worldviews, including deeply held assumptions on the nature of change and one’s roles in affecting change. It posits that the processes organizations use to attempt to intentionally strengthen their capacities should surface these worldviews in order to find more purposeful and systemic relationships between an organization’s internal processes and capacities, how it performs, and the complex change that an organization seeks to support. It is a reminder that more important than detailing which TOC underlies a capacity development effort is for organizations to detail their own TOC for how they

1. This document is based on the findings of 20 in-depth case studies of donor-funded capacity development projects commissioned by DFID and the OECD DAC’s GovNet, carried out under auspices of the ECDPM, building on earlier work by UNDP, representing a wide range of types of interventions and organizations. Although it is captured in the synthesis report *Capacity, Change and Performance* listed above, it is worth highlighting in its own right.

expect to influence the wider system and achieve change. Really I think it serves as a cautionary tale against assumptions dictating our models for how change should happen and so mis-informing capacity development efforts.

5. [Escaping Capacity Traps through Problem Driven Iterative Adaptation](#) - An excellent synthesis of how complexity theory implies that projects should be designed. Interesting review of the concept of isomorphic mimicry, or reform "signaling" without "real reform" as incentivized by how donors measure change. Where it is clear that outside donors are expecting certain visible artefacts of capacity to be created as signaling change – whether creation of an anti-corruption board or of a three-bid procurement policy – the emphasis will be on those changes at the expense of more meaningful changes that affect how the organization behaves. They feel these sorts of donor support have crowded out more meaningful efforts to improve state performance by emphasizing form over function, allowing form changes for signaling and legitimacy without changing behavior over time. They argue as well that "change primarily takes root when it involves broad sets of agents engaged together in designing and implementing locally relevant solutions to locally perceived problems. Our argument draws on literatures about institutional entrepreneurship and the importance of distributed agency in the process of change and development." The article also raises the idea of needing an authorizing environment for decision-making that supports experimentation and seeks positive deviance – that if capacity development is nonlinear and uncertain, we have to support organizations to try things out, see what works, and build on it, rather than defining how they should adjust their behavior up front. The article serves as a point of departure for a large area of research drawing a lot of attention at the World Bank and the OECD DAC around iterative programming.
6. [APPP Synthesis Report: Development as a Collective Action Problem](#) – This report is interesting; it draws heavily on studies of African reforms led by government in the local justice and public education sectors in challenging common assumptions of the system of accountability as divided into supply and demand sides. Instead, it argues based on five years of research that it's all about how actors frame, build coalitions, and align incentives to solve problems locally. If we accept that effectiveness or performance is a function of state-led efforts to frame issues and build coalitions to overcome collective action problems, it has the implication that efforts to make those state structures more effective are more about how they can spur collective action than how they are comprised – it suggests different performance areas of relevance and particularly an emphasis on looking at how a public sector actor succeeds in framing issues and building coalitions broadly rather than in carrying out specified tasks.
7. [The Organizational Performance Index](#) – This tool, attached, highlighted at the HICD Pro launch and seen as a key monitoring tool for Local Solutions, aims to fill a gap between typical efforts at capacity development and the longer-term results that those efforts seek to help organizations achieve. Specifically, by clarifying and articulating expectations around organizational performance, it looks at the most relevant intermediary measure in most theories of change between inputs and high-level results. It uses a broad set of four domains of performance, based on an IDRC/Universalia framework, that capture diverse

organizations' areas of work: efficiency, effectiveness, relevance, and sustainability. Because it focuses on performance in areas consistent with best practice in capacity development of going beyond narrower short-term results, it can capture changes – both intended and unintended – that are about organizational adaptiveness and resilience rather than just execution of projects. Yet the value-added of a common indicator protocol for monitoring is that it starts to allow some comparability, even if imperfect, for capacity development and other efforts that yield performance change at organizational level, in ways that evaluations or narrative reporting do not. It's a very promising common denominator that respects the diversity of partners and approaches we use yet lets us identify more patterns and learn better from reviews in aggregate.

8. [Learning Purposefully for Capacity Development](#) – This examination of public sector education capacity development carried out for UNESCO notes that capacity development is often conducted with an eye toward sustainable long-term changes, resulting from a constellation of smaller changes in different areas such as rules, incentives, power, and coordination that are often intangible. Yet M&E has tended to focus on short-term outputs of clearly visible changes. Because we expect capacity development to progress in nonlinear ways, we should incorporate into our monitoring of it an attention to unexpected outcomes, both positive and negative, and ways in which capacity development efforts linked to them. They also note that M&E of capacity development should consider whether the capacity development actors took into account local perspectives and ongoing learning. Boiled down, they are arguing that a large proportion of effective M&E of capacity development is about the quest for learning what is worth measuring rather than starting from what can most easily be measured. They also note the value of capturing narratives around changes can be distinct from the value of simplified metrics of change, even when they describe the same change in process or behavior, by helping to understand the significance of that change.
9. [Capacity, Complexity, and Consulting](#) – This article is a review of capacity development practice with recommendations to both consultants and to donors. For consultants, it emphasizes understanding that capacity is political, heavily dependent on ownership, and so efforts require some up-front negotiation over roles and responsibilities as well as attention to relationships. It also strongly recommends incorporating multiple disciplines and local perspectives to support outcomes. For donors, it emphasizes that support for capacity development should be flexible and long-term, promote client ownership, appreciate that capacity is multidimensional, and requires support to partners to take control and steer work toward the outcomes they think are most needed. It also gives recommendations for how funders should support consultants/outside who conduct capacity development, strongly recommending against “project management units” that manage work without being deeply embedded in the organization, and suggesting that funders assess capacity developers according to how best they interpret and respond to the circumstances they meet during the project – that is, their ability to improvise – rather than with regard to delivering set outcomes they have limited control over.
10. The paper from the Country Systems Strengthening Experience Summit on [Beyond Human and Organizational Capacity Development](#) offers an interesting perspective on

the historical emphasis on capacity development within USAID, moving from individual to organizational to wider levels. I think that its most interesting aspects are probably in its recommendation that capacity development efforts should be situated in a systems perspective, with a number of aspects of a successful case example listed that show the linkage between diverse work with organizations and a consistent set of goals and approaches to the broader system. It also contains a useful review of some of the evaluations of USAID's capacity development work, finding that: "An admittedly unsystematic review of the program evaluations found a pattern of capacity building projects being criticized for not being sufficiently results-oriented and implementation projects for paying insufficient attention to capacity and sustainability. Evaluation indicators of organizational capacity development have tended to be either measures of short-term performance (deliver activities), or reflect organizational infrastructure such as operating manuals, policies, governance structures, or similar elements...Although evaluations of USAID capacity building programs have reported a range of positive, neutral, or even negative impacts, the focus is most often on low level operational issues (they did this right, they did that wrong) or structures rather than looking at capacity. There is a substantial—almost exclusive—inward focus on the organization itself, rather than the organization in the context of the larger political, cultural, and institutional system. Lost in this process is an understanding of how these organizational investments may have contributed to substantive system strengthening." In other words, our narrow focus on internal function may mean that even in evaluations, we do not perceive the connections between organizational capacity development and systems change.

11. [*FAO's Learning Module*](#) is a comprehensive approach to their own organizational capacity development work. Notably, it cites the same domains of organizational performance from IDRC/Universalia (page 87) as the Pact OPI, linking each area to a number of potential suggested indicators. It's a very good review of potential M&E methods, and very helpful to an M&E practitioner looking to support monitoring of capacity development efforts with multiple tools. I also would highlight a table from their own experience on how they define enhanced, as opposed to traditional, capacity development in their programming with different counterparts and levels, which is copied below.
12. The World Bank's [Capacity Development Results Framework](#) – This document represents a thoughtful effort at creating a step-by-step guide for the Bank at the design and M&E of efforts incorporating capacity development. Although it is a bit more rigid than some of the approaches listed above, it embeds a multifaceted perspective on capacity development in how it is supposed to be applied – with counterpart validation of the goals and objectives of capacity development, effectively articulating the theory of change for that effort. It also incorporates a much more learning-focused M&E process than is typical for World Bank efforts. They cite three universally-relevant capacity factors, conduciveness of the sociopolitical environment, efficiency of policy instruments, and effectiveness of organizational arrangements, through which to understand capacity, albeit at a systems level rather than an organization. They also include a thorough review of different types of evidence of capacity change and review of monitoring methods in their annexes.

13. The [Discussion Note on Complexity-Aware Monitoring](#) – This discussion paper covers a number of techniques that can be used for complexity-aware monitoring to complement traditional indicator frameworks, including process monitoring of inputs, outcome harvesting, most significant change, stakeholder feedback and sentinel indicators. If you agree with the idea that core elements of capacity development are self-directed and not knowable at the outset of the process, capacity development is understood as operating in complex ways. Complexity-aware monitoring assists in such situations by helping us to: synchronize monitoring with the pace of change; attend to performance monitoring's three blind spots (broader range of outcomes associated with the intervention or system including unintended ones; alternative causes for outcomes seen stemming from other actors and factors; and the full range of non-linear pathways of contribution); and consider relationships, perspectives, and boundaries. As a result, this paper is very relevant in considering specific, practical ways to conduct robust monitoring – these methods would improve the monitoring of pretty much any meaningful capacity development effort.
14. The Learning Network on Capacity Development (LENCD) also has issued a useful [list of additional resources](#) for capacity development that covers a number of additional resources worth reviewing; together with the list included in the *Capacity, Change and Performance* study, this is a great resource of key documents with the advantage of hyperlinks to them.
15. The article [“What is Governance?”](#) by Francis Fukuyama provides a useful set of considerations around government effectiveness and performance measurement and related empirical measures, although these aim to describe governance at the level of an entire government, which is a system rather than an organizational characteristic. They are nonetheless useful background in looking at the systemic aspects of governments that are considered important to scholars of public financial management and public administration, in particular, the need to focus on procedural and autonomy measures as well as core functions (highlighting taxation and professional credentials of bureaucrats) in order to define capacity of states to act, which then in turn interact with wider societal features to produce broader outcomes such as education, health, justice, etc. This framing helps to connect some types of work supporting the capacity or performance of individual public sector organizations in terms of public administrative function to development outcomes through a particular logic model, and point toward indicators to be used to measure at different points along the chain.
16. A related research note by Nick Manning and Jordan Holt entitled [“Fukuyama is Right about Measuring State Quality: Now What?”](#) further disaggregates executive branch performance into two domains, upstream central government bodies that establish credible rules, credible policy, and resource adequacy and predictability for other entities across sectors; and downstream bodies that then operate within the parameters established to provide services, manage public investments such as infrastructure, and regulate social and economic behavior. The article reinforces Fukuyama's argument that state capacity, as a broad outcome, is best measured by focusing on internal measures of

procedure, taxation/professionalization, and autonomy that look at either central (upstream) agencies in terms of procurement, public financial management, tax administration, public administration and civil service, and public information; or at downstream agencies in terms of translating inputs into performance. In either case, government performance interacts with other factors to produce wider outcomes of interest. It furthers the measurement considerations from the former by expanding on the logic model when supporting changes in central agency function – that is, it suggests that work to improve the performance of central government agencies can be expected to result in more credible rules, credible policy, or resource adequacy and predictability for downstream agencies, who would translate that operating environment into their own performance improvements spurring improved sectoral outcomes.

Box 1: Monitoring and evaluation of capacity and capacity development

M&E of capacity and capacity development - Summary of points raised in this report	
<p>1. Capacity and capacity development are different from other developmental objectives, and this has implications for how they can be monitored</p> <ul style="list-style-type: none"> Capacity development is both a means and an end of development. It is a non-linear process that is unstable and changeable. Monitoring it means assessing complex issues. Monitoring of capacity and capacity development therefore need to be based on good analysis and realistic expectations. 	
<p>2. What are we monitoring and why?</p> <ul style="list-style-type: none"> We cannot concentrate on performance alone but need to monitor all five dimensions of capacity - (i) the willingness to act, (ii) the capability to generate results, (iii) the capability to relate, (iv) the capability to adapt and self-renew and (v) the capability to achieve coherence. This means assessing: <ul style="list-style-type: none"> Issues which often have little specificity or visibility, such as legitimacy, operating space, relationships, volition, motivation and trust Long-term processes Contextual factors such as political governance and power Empowerment Capacity at different levels 	
<p>3. How should we monitor capacity and capacity development?</p> <p>The M&E of capacity and capacity development should:</p> <ul style="list-style-type: none"> Assess all five dimensions of capacity together (they interrelate) Use qualitative as well as quantitative tools Use long-term indicators, and assess capacity and capacity development <i>at the right moments</i> (not make judgements too early) Use common indicators agreed between the development partner and the supporting organisation. This means reaching agreement on what needs to be monitored. Use a manageable number of indicators (avoid the decapacitating effect of too many indicators) Use participatory approaches Use and promote national M&E systems wherever possible Use local accountability mechanisms where they exist 	
<p>4. What should M&E achieve?</p> <ul style="list-style-type: none"> M&E should be learning-friendly and promote positive change. This requires more focus on M&E as tools for learning and guidance and a greater acceptance of risk and failure in capacity development (both are important for learning) M&E should develop (not impede) the capacity of development partners. M&E should serve both endogenous and external accountability needs. <p>The M&E framework resulting from the above should be participatory and owned. Given that capacity development activities are very different from each other, it should also be flexible. Rather than proposing a "one size fits all" straightjacket, development organisations should focus on providing guidance on developing the relevant indicators to allow partners to adapt the M&E framework to their needs.</p>	
<p>Enabling factors for M&E of capacity</p> <ul style="list-style-type: none"> Specificity Visibility 	<p>Complicating factors for M&E of capacity</p> <ul style="list-style-type: none"> Complexity of CD Much of capacity about soft issues - difficult to assess Difficulty of establishing plausible links Need to monitor long-term processes

The 5 Capabilities or “5 C’s” Framework

<p>1: The capability to survive and act</p>	<ul style="list-style-type: none"> • Is planning followed by effective implementation and monitoring? • Are decisions taken and acted upon? • Has operational autonomy been achieved and does it have a beneficial effect on the organisation or system in question? • Are staff managed pro-actively and encouraged to do their best? • Is the system oriented towards effective action? • Is the integrity of the organisation, its leadership and staff widely accepted? • Is the organisation or system capable of mobilising adequate human, institutional and financial resources? • Has the organisation or system developed the necessary core competencies to do its job well? • Has the organisation or system invested in the enthusiasm of all stakeholders? Is this enthusiasm sustained over time?
<p>2: The capability to generate development results:</p>	<ul style="list-style-type: none"> • Has value been generated for partners and beneficiaries? • Does the organisation or system produce substantive outcomes, as applicable to its mandate, i.e. better health and education; gender equality; sustainable natural resource management and/or livelihoods, etc.? • Have public institutions and services been strengthened? • Does it help improve the sustainability of development results? • Does the organisation or system offer the best possible service to the largest possible number of people at the lowest possible cost?
<p>3: The capability to relate</p>	<ul style="list-style-type: none"> • Is the organisation or system seen as legitimate in the eyes of its supporters and stakeholders? • Have coordination and complementarity been achieved with key partners? • Is the organisation or system accountable to beneficiaries, partners and donors? • Have strong working relationships been developed with friends, partners and stakeholders and are these being maintained? • Has adequate operational autonomy been achieved? • Is there a balance between different branches and levels of operation? • Are knowledge and experience networked and shared with partners

<p>4: The capability to adapt and self-renew</p>	<ul style="list-style-type: none"> • Does the management encourage and reward learning and exchange? • Do participants demonstrate the ability and discipline to learn and absorb new ideas? • Is change positively valued? Is a fruitful balance maintained between stability and change? • Is the organisation or system able to continuously adapt and respond to changing opportunities and threats? • Is the organisation or system able to assess trends or changes and anticipate these effectively? • Is the organisation able to self-assess, learn and develop its capacities on a permanent basis? • Does the organisation or system register, analyse and absorb the 'changing waves of time'?
<p>5: The capability to achieve coherence</p>	<ul style="list-style-type: none"> • Have a shared vision and strategy been developed? • Are the organisation's or system's operations governed by a well-defined set of simple rules? • Is the leadership intent on and committed to achieving coherence within the system? • Has a clear identity been established, related to the organisation's or system's core mandate and interests, and is it maintained? • Have diverse structures inside the organisation or system been sufficiently integrated?

Annex B: Background and Process to this document

Why Write These Recommendations

The Organizational Capacity Development Measurement Recommended Approach was generated in response to several factors. External drivers have included recommendations from peers and implementing partners that more consistent guidance from USAID would improve monitoring and evaluation of capacity development work. Notable contributions in this vein were made through the closing series of conversations for the AIDSTAR II project, at the launch event for the HICD Pro IDIQ, and through the findings of the Learning Agenda on Local Capacity Development, as well as recommendations around the Agency's Local Solutions agenda put forward by ACVFA and InterAction. The input from implementers has been complemented by work in the academic and gray literature creating a growing consensus around key aspects of capacity development, including among other aspects the importance of surfacing a theory of change in capacity development work and a growing salience of distinguishing between capacity in descriptive terms and measuring the outcomes of capacity change in performance terms.

At the same time, within USAID there have been changes that support and promote the creation of a recommended approach to organizational capacity development measurement. There is increasing attention to measurement and data in the Agency, including in difficult areas to measure such as capacity. The adoption of the Local Systems Framework included an explicit commitment to better measurement in areas related to our effects on local systems. And our increased direct partnerships with host country organizations under Local Solutions work has encompassed a commitment to strengthen partners as appropriate and focused attention on measurement of capacity, sustainability, and ownership.

The approach does not respond to all of the requirements and recommendations above, but it does make an important contribution by spelling out a consistent way in which organizational capacity can be measured and related to systems-level measurements of properties such as sustainability or ownership.

Process Behind This Document

In order to develop these recommendations, a working group was formed in August 2014 under the auspices of Local Solutions and with support from PPL as a contribution to following up on the Local Systems Framework. This working group consists of managers and technical experts on capacity development from different sectors of the Agency, both field-based and Washington-based. The working group has grown over time and includes 86 USAID staff.

Its purpose was defined as to identify common principles to capacity development that match with the latest literature and are commonly embraced by various USAID operating units who support capacity development in different sectors and through different approaches. Only after reaching agreement on the principles derived from the literature and from experience would the implications be articulated in terms of measurement. A living document of capacity principles served as the reference for this part of the process and is synthesized into the sections on capacity and capacity development in the current Recommendations Document.

In addition to meetings of the working group on approximately a monthly basis and its support to discuss capacity findings, the working group solicited input from identified thought

leaders in different sectors, speaking to capacity development of both public and non-public organizations through different Agency models. These thought leaders were primarily practitioners but also included academics, with their work reflecting both USAID-supported and other-donor-supported programming, and their materials and input influenced the working group's discussions and conclusions.

In January, the Agency held an internal webinar on the process and drafting findings to date – at the point where we had reached consensus on the principles of capacity and started to translate those into implications for measurement, but not yet fully crafted the measurement recommendations. The webinar included 98 people from 29 Missions who provided their own probing questions and thoughts that further informed the process. The webinar was also shared both [internally](#) and [publicly](#) to enable continued engagement with interested staff and members of the public.

Finally, in June, a version of this recommendation that had been reviewed by the working group was shared with the public in anticipation of an August event for public consultation and discussion of both the organizational capacity development recommendations and Agency thinking around measuring local systems and systems change. The event [*Systems and Capacity: Two Measurement Challenges in Search of Progress*](#) occurred on August 27, 2015. Some 97 people representing 47 organizations attended, including 24 from within USAID. The attendees discussed and provided feedback on the recommendations, broadly endorsing the principles for getting at the “so what” of capacity development and helping to put the relationship between organizations and systems at center stage. They also highlighted concerns around clarity in language, better articulation of what is new and different about it, helping staff digest the implications into their theories of change and project designs, lag time before changes might become visible, and ensuring local ownership of and buy-in to the metrics of a given effort, and suggested various ways to address those concerns in revisions and in planned next steps for incorporation of the principles into policy and training.



USAID
FROM THE AMERICAN PEOPLE

Transforming Example Quinoa Sector Monitoring, Evaluation and Learning (ME&L) Plan

Approved Date: March 31, 2015

Version: 1

DO Number & Name: 1, Rural Population Included in Modern Example Economy

IR Number & Name: 1.2, Improved Status of Rural Population

Sub-IR Numbers & Names: 1.2.1, Improved Child Health, and 1.2.2, Transformation to
Increase Smallholder Farmer Income

Estimated Life of Project: June 1, 2015 to May 31, 2019

Total Project Estimated Cost: \$18,500,000

Project Manager Name & Office: Old McDonald, Office of Economic Growth

Project M&E POC: Judy Appleseed, Office of Economic Growth

1. Introduction

This Project serves as the approach by which USAID/Example expects to accomplish IR 1.2.2 Transformation to Increase Smallholder Farmer Income. The overall project purpose is to enable people engaged in Example's agriculture sector to benefit from sustainable economic growth. The project will accelerate sustainable and inclusive growth in the agriculture sector. It will focus on the two major factors contributing to food insecurity: 1) The inability of farmers to effectively engage in economic activities, and 2) Low productivity in the quinoa value chain.

Increased productivity will be achieved through enhanced access to and availability of quality inputs, providing technical assistance to farmers, creating and expanding market linkages, and strengthening the ability of farmers' associations to organize.

USAID/Example aims to ensure uniformity in the M&E approach and the data reporting across all different implementing mechanisms. An independent M&E mechanism will be procured to collect baseline data, conduct performance monitoring of key indicators, conduct evaluations, and support knowledge management. In addition to this, the M&E contractor will support the establishment of a GIS based monitoring system that can be linked with activities from other offices and donors.

2. Theory of Change and Implementation Logic Model

The development hypothesis of the Project is based on the assumption that the agriculture sector provides the best foundation for achieving short-term inclusive economic growth and addressing critical development needs. Over 85 percent of the population is involved in the agriculture sector. A 2014 assessment found significant possibilities for commercial export of quinoa, as well as available finance for quinoa-related growth, but that barriers to smallholder farmer involvement included lack of quality inputs, persistent use of outmoded technologies, and inefficiencies in value chains linking smallholder farmers to markets.

The first area of activities under the project will be around quality input provision and support for new technologies. This will be conducted through technical assistance provided to the Rural District Agricultural Extension Program of the Government of Example. Through provision of technical assistance and ongoing mentoring, as well as a peer learning program for agriculture-focused civil servants and district administration offices, USAID/Example will support more effective outreach and sustainable support for farmers' technology uptake, in line with the Government of Example's *Super Excellence Plan 2015-2019*. Through bulk purchase of improved seeds and by brokering agreements with private sector agribusiness firms, USAID/Example will reinforce the availability of high-quality inputs for quinoa and other agricultural products.

The second activity under the project will support more effective and sustainable farmers' associations that reinforce farmer education and improve value chain linkages. Through strengthened farmer groups and associations farmers will be educated on farming as a business, production practices and be linked with services such as finance and group marketing opportunities. As farmers realize the benefits associated improved production practices and technologies, the facilitated market linkages will provide incentives to

Comment [ED1]: Activity with capacity development.

continue to increase quality and quantity of production. As farmers become more confident in their ability to sell and recognize the results of increase production and efficiency of implementing technologies, they will have increased incentive to expand operations. Access to finance for expansion and improvements will be facilitated through farmers' organizations, thus generating increased demand for financial services.

3. Plan for Project Monitoring, Evaluation, and Learning

The key indicator for project-level M&E, selected in conjunction with guidance from Feed the Future and in accordance with USAID's M&E policies, is smallholder farmer incomes. Targets for the indicator is an average of \$170/year increase in smallholder farmer income, including at least \$100/year among adult women only households and at least \$80/year among farms less than .3 *blinis* in size by 2018. All monitoring data will be shared among implementing partners and with local stakeholders such as the Example Ministry of Agriculture, District Offices, Farmers' Associations, and other donors, including through annual formal meetings convened under the auspices of the District Governors.

The first activity under the project, on strengthening Rural District Agricultural Extension Offices, will incorporate into its activity M&E plan appropriate performance indicators to reflect expected changes in the performance of those organizations. These will include behavior-based assessments of the skills of Agricultural Extension Officers, as well as an adaptation of the Government of Example Public Management Standards regarding RDAE Office budget management and execution. The activity will also introduce a process of farmer rating of extension services via incentivized cell phone polling, and will support RDAEOs to aggregate and track this information for their districts.

The second activity under the project, on strengthening farmers' associations, will incorporate into its activity M&E plan appropriate indicators of the associations' performance organizationally and on the key metric of sustainable, fee-based finance, in accordance with the ADS recommendations on measurement of capacity development. This will include use of the Organizational Performance Index (OPI) as an annual assessment of farmers' associations, as well as quarterly tracking of the percentage of association costs borne by smallholder quinoa farmers' fees. This activity will also track unpredicted outcomes of the value chain facilitation approach through conducting semi-annual Most Significant Change reviews with each supported farmers' association (for more information, see the Complexity-Aware Monitoring Discussion Note).

Comment [ED2]: Measurement of activity incorporating capacity development in line with recommended measurement approach.

Through the M&E contract, annual data on the key indicator will be collected. The M&E contract will also support targeted annual surveys of farmers and rural families that are used to track selected systems indicators of value-chain relationships. This will include frequency of engagement by smallholders with different types of market actors (aggregators, middlemen, input suppliers); farmers' perception of usefulness of extension offices; and farmers' perception of the usefulness of associations. The survey data will be disaggregated by caste, farm size, and gendered household type. This data will inform the annual portfolio review with respect to wider changes in the target districts, and used to

add rigor to assertions of contribution between achievements under the two activities and shifts in the key indicator.

It is anticipated that the annual portfolio review and iterative adjustments to workplan and activity M&E plans will represent the primary vehicle through which the monitoring will inform programmatic activities. Following each portfolio review, all activity implementers will be asked to submit updated workplans including adjustments from prior plans or targets, with any adjustments linked to monitoring findings. Such adjustments may also be requested at other times, as monitoring data is gathered, but will at minimum be undertaken and justified annually.

Discussion for Use of this Example – a Note to Readers

As outlined above, this project M&E Plan monitors progress at multiple levels of a results chain – smallholder farmer income at the highest levels, extension service skills and ratings as well as farmer association performance at intermediate levels, and sundry outputs (training and mentoring provided, facilitation activities conducted, etc.) at lowest levels. Key to using the plan correctly for adaptive management is to understand how the parts relate and which aspects are likely to remain more fixed compared to which aspects are likely to change as the activities comprising the project are adapted to better fit the changing context. Specifically, the highest-level indicators of the project – those that define the purpose it is set to accomplish, namely the smallholder farmer incomes – would not be expected to change, as changing those would literally represent a change to the purpose of the project. Their targets would also not likely change absent a major shift in the country context.

As the measures move down to the lower levels, tracing the theory of change, there will be an increase in flexibility over the selection of indicators and of target setting. This is because these aspects of the project logic are less certain and more dependent on a shifting local system around the USAID-supported programming. For example, if training Agricultural Extension Officers is not seen to affect farmer rating of extension services, this may imply that the project logic is wrong and needs updating, and effort would switch from training extension officers to doing outreach to farmers around how they can take advantage of extension services or otherwise addressing their enduring concerns. In this case, the indicators on behavior-based assessment of Extension Officer skills would be downplayed or discarded entirely as the project's logic is updated.

At the lowest level of indicators, capturing inputs and outputs, these should be expected to change at several points across a multiyear implementation period as the context shifts and as different approaches gain or lose efficacy. As in the example above, if there was a shift away from training Extension Officers, then output indicators of number of officers trained would be discarded as no longer relevant.

One way of distinguishing between where indicators should stay fixed and where they should be expected to change is to differentiate between the logic of the outcomes (how certain changes would lead to other changes, for example that growing and exporting quinoa would improve smallholder farmer income) and the logic of the intervention (how certain USAID-supported actions should translate into certain intermediate outcomes through their interaction with the local stakeholders, for example that training will assist farmers' associations to be more effective representatives of their members). In general, it is much easier to have confidence in the outcome-to-impact logic than it is the activity-to-outcome logic.

In addition to tracking the indicators in the project, the project M&E Plan also defines ways of tracking how the local system relevant to the project is shifting – in this case, through the annual indicators of interrelationships within the quinoa value chain. Those changes in the local system serve as important ways to gauge how the context is shifting. The Project M&E Plan also incorporates some complexity-aware monitoring approaches that shed light on how change

happens, validating or challenging the project's underlying logic, and also help to capture unpredicted changes sparked by USAID-supported programming.

Taken together, an understanding of how the local system is changing and data from the complexity-aware approaches on how change is happening under the project can be used to maintain the relevance of the project programming, update the theory of change and adapt the programming appropriately. Such adaptations would likely change the inputs and outputs, and potentially shift some of the intermediate outcomes expected as well, keeping the project fixed on its purpose and the intended changes to be achieved (and indicators of those changes) as defined.



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Improved Public Health Service Utilization in Western Example Monitoring, Evaluation and Learning (ME&L) Plan

Approved Date: March 31, 2015

Version: I

DO Number & Name: 3, Investing in Example People

IR Number & Name: 3.1, Improved Health in Western Example

Estimated Life of Project: June 1, 2015 to May 31, 2019

Total Project Estimated Cost: \$23,000,000

Project Manager Name & Office: Jane Q. Public, Health Office

Project M&E POC: Bob Mixedmethod, Health Office Program Division

1. Introduction

This Project serves as the approach by which USAID/Example expects to accomplish IR 3.1, Improved Health in Western Example. The overall project purpose is to improve the health of people living in the three provinces of Western Example. It will focus on the two key interrelated factors contributing to sub-optimal health outcomes: 1) Lack of consistent quality of rural health clinics and hospitals, and 2) Popular mistrust of modern health practices.

Improving health outcomes will be achieved by increasing the social accountability through which citizens and clients provide feedback to address issues of access to and quality of health services. Health services in Western Example are provided by a mix of public and private facilities, but most of the poor either use public facilities or do not access modern health services.

An independent evaluation mechanism will be procured to conduct selected performance evaluations, one impact evaluation, and one ex-post evaluation. However, individual activity M&E plans are expected to be used to collect baseline data, conduct performance monitoring of key indicators, and foster learning at project level, entailing a strong degree of oversight by the Mission Health Office.

2. Theory of Change and Implementation Logic Model

The development hypothesis of the Project is based on the assumption that the key challenges to improved health outcomes are lack of utilization of modern services due to inconsistent quality and barriers to access. Specifically, although the Government of Example has overhauled its nurse practitioner placement system to improve the supply of health officers in rural areas, and adopted and begun implementation of high-level policies for task shifting from doctors to nurses for a number of critical functions, improvements in health outcomes in Western Example have failed to materialize. Surveys of popular attitudes and the results of 2014 District Demographic Data Supplement both point to negative experiences at health facilities, particularly among poor women and youth, as driving the lack of uptake of available services. Project activities are expected to influence attitudes and contribute to increased uptake of health services across the population.

The first area of activities under the project will be around follow-through on the recent policy changes. Under the new policy, a 14% increase in the real rural health workforce is anticipated, as well as a purging of at least 580 “ghost workers” from the civil service rolls. The new policy also stipulates that a portion of the health budget will be used to incentivize high satisfaction rates on a facility-level basis. The political alliance that has supported this change is underpinned by the joint *Donor/GOE Statement of Priorities 2015* and its endorsement by the Ecumenical Alliance of Example. Through a combination of continued policy dialogue, donor coordination working meetings, and technical assistance to the Ministry of Health, Ministry of Finance, Ministry of Rural Affairs, and Presidential Executive Secretariat, USAID/Example will support continued implementation and rollout of these policy changes.

Comment [ED1]: Potential capacity development components of activities within TA.

The second activity under the project will support more effective rural civic organizations and increased demand for health service access and quality through greater use of social accountability tools. Provision of technical assistance, subgrants for advocacy activities and social accountability activities, creation of learning circles, and structured mentoring relationships between national NGOs based in Capitalia are expected approaches for this activity. Through strengthened civil society organizations and community-based organizations, and improved linkages between rural civil society and national NGOs based in Capitalia, civil society will be supported to use citizen report cards and health facility public score-cards to highlight issues of concern. As the rural population becomes more confident in their ability to demand better services, and to flag poor performance in ways that result in sanctions against poor performers, popular willingness to use public health clinics for pre- and ante-natal care, HIV counseling and testing, and other primary care services will rise.

Comment [ED2]: Capacity development component of activity.

3. Plan for Project Monitoring, Evaluation, and Learning

The key indicators for project-level M&E, selected in conjunction with guidance from the Global Health Initiative and in accordance with USAID's M&E policies, will be rates of delivery in clinical settings, rates of HIV testing, and rates of adherence to ART treatment protocols. Targets for the three indicators are a 22% increase in clinical deliveries, including a 28% increase among the poorest two quintiles of the population; an increase of 20% in HIV testing rates, or approximately 15,000 additional people tested per year compared to trend lines; and a 6% increase in ART adherence rates, by 2018. Data gathering for these key indicators will be conducted by the Government of Example, as assisted by JICA under their Demographic and Health Data Support Programme.

The first area of activity under the project, on supporting follow-through on policy changes, is being pursued by USAID/Example staff directly. An M&E plan will be created for the staff who are spending their time leading the donor coordination and policy dialogue engagements, and a separate M&E plan for the activity to provide technical assistance to selected Ministries and GOE counterparts. These will include the degree of consensus around critical changes, the creation and execution of planned budgeting for rural health workforce and facility performance incentives, and the agreement to a process for reviewing and purging the civil service lists. This area of activity will rely heavily on qualitative indicators, such as using power mapping to gauge the perceived political will for these changes within different GOE Ministries, informed by a political economy analysis (underway at time of writing) that sets a baseline level. Activity M&E planning for the TA activity, following an HICD methodology, will depend on the political economy analysis and the identification of targets of opportunity where TA is expected to facilitate follow-through on GOE Ministry commitments; the logic of specific TA interventions under the HICD contract will depend on the political space for change identified. This TA will be provided alongside the USAID/Example staff engagement, and is not a prerequisite to such cooperation; targets will reflect this lag in TA start time. Selected ISPMS indicators of public administration and civil service, and of public financial management, will be tracked as wider systems measurements relevant to the governance improvements to which this activity may contribute.

The second activity under the project, on strengthening rural civil society and their use of social accountability tools, will incorporate into its activity M&E plan appropriate performance indicators to reflect expected changes in the performance of those organizations, in accordance with the ADS recommendations on measurement of capacity development. These will include measures of the relevance of civil society organizations in the eyes of key health sector actors, to be developed by the implementer based on stakeholder input; a review of the number of communities trained in social accountability measures and actively applying the with the support of selected CSOs, and a CSO Advocacy Skills Index derived from the Core Advocacy Competencies Matrix. The activity will also measure the results of the various social accountability tools themselves, disaggregated by category (citizen report card, citizen audit, etc.). As the activity will be supporting civil society to increase its sustainability through accessing different types and sources of funding, indicators will be collected on the diversification and depth of revenue streams to civil society. Finally, the activity will conduct annual open-ended surveys of civil society around their relationships with each other and different private and government offices, and will use a selected network mapping visualization process to show how these relationships are changing over time, including selected key attributes such as density and average reach within the mapped networks.

Comment [ED3]: Mix of measurement methods (for capacity development and other activities) that is consistent with CD Measurement recommendations.

The annual Civil Society Organization Sustainability Index (CSOSI) process that USAID/Example supports in conjunction with the Regional Bureau will be used as a context indicator covering the enabling environment and perceptions of civil society among government and society overall.

As part of the Collaborating, Learning, and Adapting approach to the Project, there will be quarterly meetings with civil society implementing partners (direct and subawardee) and annual meetings with wider stakeholders in the health sector in Western Provinces. Included in the learning component of these meetings, which will be facilitated by the USAID/Example Learning Advisor, will be a series of goal-free questions used to identify key changes in the region on a periodic basis. This will include specific questions geared at tracing the process of key changes, both at health clinic level, within communities, and within CSOs themselves, and articulating the project contribution to each identified key change that is in common across at least 20% of responses.

Central to this PMEP is the ongoing application of monitoring information – both on outputs of activities and the changing situation in the health system – to calibrate adjustments in activities.

Discussion for Use of the Above Example – a Note to Readers

As outlined above, this project M&E Plan monitors progress at multiple levels of a results chain. Key to using the plan correctly for adaptive management is to understand how the parts relate and which aspects are likely to remain more fixed compared to which aspects are likely to change as the activities comprising the project are adapted to better fit the changing context. Specifically, the highest-level indicators of the project – those that define the purpose it is set to accomplish, namely maternal deliveries in clinical settings, HIV testing rates, and ART treatment adherence – would not be expected to change, as changing those would literally represent a change to the purpose of the project. Their targets would also not likely change absent a major shift in the country context.

As the measures move down to the lower levels, tracing the theory of change, there will be an increase in flexibility over the selection of indicators and of target setting. This is because these aspects of the project logic are less certain and more dependent on a shifting local system around the USAID-supported programming. For example, feedback on the programming could indicate that civil society advocacy is not having an effect on government policy-making, suggesting that a lack of CSO advocacy skills is not actually a cause of poor policy-making or a potential remedy for it. In this case, the indicator of CSO Advocacy Skills Index might be discarded as USAID's support shifts into other areas, such as the civil society social accountability practices.

At the lowest level of indicators, capturing inputs and outputs, these should be expected to change at several points across a multiyear implementation period as the context shifts and as different approaches gain or lose efficacy. As in the example above, trainings conducted for advocacy and advocacy campaigns supported would no longer make sense as indicators and would be replaced by other inputs and outputs.

One way of distinguishing between where indicators should stay fixed and where they should be expected to change is to differentiate between the logic of the outcomes (how certain changes would lead to other changes, for example that a larger rural health workforce would enable more services in rural health facilities) and the logic of the intervention (how certain USAID-supported actions should translate into certain intermediate outcomes through their interaction with the local stakeholders, for example that mentoring from Capitalia NGOs will enhance the social accountability skills of rural CSOs). In general, it is much easier to have confidence in the outcome-to-impact logic than it is the activity-to-outcome logic.

In addition to tracking the indicators in the project, the project M&E Plan also defines ways of tracking how the local system relevant to the project is shifting, in this case through the periodic updating the political economy analysis and through the CSOSI. Those changes in the local system serve as important ways to gauge how the context is shifting. The Project M&E Plan also incorporates some complexity-aware monitoring approaches that shed light on how change happens, validating or challenging the project's underlying logic, and also help to capture unpredicted changes sparked by USAID-supported programming – such as the goal-free questions from the Learning Advisor.

Taken together, an understanding of how the local system is changing and data from the complexity-aware approaches on how change is happening under the project can be used to maintain the relevance of the project programming, update the theory of change and adapt the programming appropriately. Such adaptations would likely change the inputs and outputs, and potentially shift some of the intermediate outcomes expected as well, keeping the project fixed on its purpose and the intended changes to be achieved (and indicators of those changes) as defined.

Suggested Language for Evaluation Criteria:

Performance Monitoring and Learning (X Pts) – a well-articulated monitoring and learning plan, which includes a planned process for developing baseline and target data, setting and validating organizational performance targets in collaboration with benefitting organizations, measuring change at multiple levels using clearly articulated processes, assessing contribution of activity outputs to measured change, and describes a specific approach for fostering collective learning and iterative adaptation on the basis of monitoring findings.

Suggested Language for Technical Approach & Instructions:

Performance Monitoring, Evaluation, and Learning

Applicants must include an initial, illustrative Monitoring and Evaluation (M&E) Plan that outlines how the applicant will monitor all aspects of the activity, with specific indicators against which subsequent performance can be measured. This M&E Plan should place an emphasis on learning to enable adaptation.

For the portions of this activity that support organizational capacity development, applicant should incorporate into the M&E Plan the recommendations listed in ADS 203 Additional Help Document: A Recommended Approach to Measuring Organizational Capacity Development.

Specifically, the M&E Plan should identify how the Applicant will select appropriate indicators of organizational performance change to track and finalize those indicators in conjunction with the benefitting organizations, encompassing both the organization's performance in achieving targeted results and the organization's performance in learning, adapting, and sustaining itself over time. Indicators should therefore span both short-term types (efficiency, project management outcomes, quality, effectiveness, etc.) and long-term types (learning, relevance, fundraising, sustainability, etc.) of organizational performance.

USAID is separately monitoring changes in the relevant local system for this Project, through Project-level indicators of [INDICATOR ONE] and [INDICATOR TWO]. The Applicant should plan to monitor the contribution of activity outputs to local system change. The M&E Plan should suggest specific tools to be used for contribution analysis, including tracing processes of change. The M&E Plan should also include plans of perceiving unpredicted changes that activity outputs may catalyze and ways to validate the logic of changes that occur within the activity. The Applicant should incorporate any planned assessments, performance evaluations, or other evaluative activities into the frame of the overall M&E Plan.

The Applicant should outline their approach to support learning, both by activity managers and by partners and stakeholders, on the basis of the monitoring findings.

Applicants should budget sufficient funds for the monitoring and evaluation instruments they propose.

Comment [DJ1]: To be completed by Mission based on Project indicators of the local system. If the Mission is not monitoring the local system, consider asking the Applicant to suggest ways of measuring changes in the local system instead.

Note - the actual Activity M&E Plan, including an approved list of indicators, baselines, initial targets, means of collection, and learning modalities, will be confirmed in collaboration with USAID [X DAYS] after the award.