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*Strengthening the Capacity
of Southern NGO Partners*

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EXECUTIVE SUMMARY

Strengthening the organisational capacity of Southern NGOs is currently being identified as a crucial development strategy by official and non-governmental development agencies alike. While many Northern NGOs have begun to develop their own particular approaches for strengthening the capacity of their partners, there has been no previous attempt to aggregate and analyse these experiences in a systematic way. This 6-month INTRAC research project provides a overview of different NGO approaches, including:

- Changing the traditional roles in "partnership"
- Using supportive financing methods
- Supporting management training
- Encouraging organisational development consultancy
- Providing management advisors - staff attachments
- Supporting the development of Southern networks
- Supporting Southern training centres

The main conclusions of this research are that:

- Capacity-building is very popular at the moment, with 93% of agencies responding positively that they did implement capacity-building with partners.
- Despite the growth in interest and use of the vocabulary, NGOs have limited understanding of what capacity-building entails.
- NGOs pursue a variety of interrelated approaches, which are often implemented in a hybrid form. There are no blueprint strategies that work with all partners at all times.
- The two most popular methods that are used are providing institutional funding, and management training.
- Their nationality, size and mode of operation has some impact on the propensity of Northern NGOs to support capacity-building. UK and Canadian NGOs tended to be more positive than other nationalities, and German agencies less so. Donor NGOs with field offices were more positive than donor NGOs without field offices.
- There are a variety of constraints on the successful implementation of capacity-building programmes: constraints of time, cost and staff skills in the North; NGO weaknesses, staff turnover, and communication problems with the South; and in the nature of the interventions themselves.
- Capacity-building is strategic, not just another sectoral programme. This work is complex; long-term; changing; expensive in time and money; requires Southern ownership, not just acceptance; and is not a convenient exit route. This has significant implications for Northern NGOs wanting to get involved in capacity-building. Capacity-building affects the whole development direction of the Northern NGO and have significant implications for organisational systems, structure and skills.

- Evaluation of capacity-building programmes by NGOs is extremely limited and there is little evidence from the NGOs regarding the effectiveness of their approaches. This does not suggest that its impact is in fact limited, but that capacity-building is difficult to evaluate and has not seriously been attempted by NGOs to date.
- There is therefore a need to develop organisational frameworks which can be used with indicators to facilitate evaluation of organisational change. Unless some definitions of success (organisational indicators) are developed there are no means to measure capacity-building either qualitatively or quantitatively.
- There is a need for further field-based research to gain a Southern perspective on capacity-building approaches and make some independent assessment of their impact.
- Northern NGOs should apply capacity-building principles and practice within their own organisations. Furthermore, if they are going to get involved in capacity-building of others then they need to develop the organisational understanding and skills to be able to direct and manage such programmes.

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CHAPTER 1

INTRODUCTION

1.1 Background

1.1.1 The Emphasis on Strengthening the Capacity of NGOs

Strengthening the organisational capacity of Southern NGOs is increasingly being identified as a key development strategy by official and non-governmental development agencies alike. This is often interchangeably called institutional development; organisational development; or capacity-building.

Institutional Development has become an integral part of international development assistance... as all international assistance organizations include institutional development in their sectoral programs and projects (Rondinelli 1989: 35).

Institutional Development (ID) is high on the development agenda of bi-lateral and multilateral official agencies. For example, SIDA's (Swedish Official Aid) perspective is now, "Without taking heed of the need for the sustainability of activities and the importance of capacity-building and organisational strengthening to achieve this, almost any development support is likely to have short lived results" (Johnston and Wohlgemuth 1993: 4). In the UK, the Overseas Development Administration (ODA) have even established an internal department which deals exclusively with the institutional and organisational dimensions of development.

This increasing emphasis on capacity-building by official agencies is mirrored within the non-government (NGO) sector throughout Europe where "Institutional Development" is the now a key intervention strategy. Many UK NGOs interviewed in a recent INTRAC research project define their core purpose as "building up the capacity of partner NGOs in the South" (James 1992: 55). Similarly, another NGO study concluded that "third world development is becoming increasingly associated with institutional development and a transfer of power to the south" (Billis and MacKeith 1993). It is not surprising then that volunteer sending agencies in the UK have witnessed "both an absolute growth in the number of project workers sent to developing countries and in the proportion of them who have institutional strengthening as a major part of their work" (Spraos 1993: 9). This focus is reflected by the rising demand for INTRAC's training and consultancy services in Organisational Assessment and Organisational Development by NGOs throughout Europe and the South. It also prevails in the United States where "Institutional Development with Third World affiliate organisations is increasingly becoming a significant component of U.S. PVO (NGO) activity" (USAID 1989).

1.1.2 Why is Capacity-Building suddenly so popular?

The last few years have witnessed rapid growth in the NGO sector as bi-lateral and multi-lateral donors channel substantially increased funding to Southern NGOs, either through Northern NGOs or through direct funding. Expressed in 1986 prices, the flow of foreign aid channelled through NGOs rose from \$2.7 billion in 1970 to \$7.2 billion in 1990. NGOs now account for around 13% of OECD government aid (Fowler 1992). Their important role and potential comparative advantages as agents of change in development is being increasingly recognised (and funded!). This has arisen from a variety of factors: dissatisfaction with bi-lateral or multi-lateral programmes; increased attention and appreciation of NGO work; the influence of structural adjustment policies in which Southern NGOs are expected to fill gaps left by decreasing government service provision; and the increased emphasis on the development of civil society. The increased availability of funding has contributed to rapid expansion in the number and size of NGOs in all parts of the world.

NGOs are now not only expected to work in traditional areas of poverty alleviation and take over many of the government service delivery functions, but they are also seen to have a vital role in the "democratisation" process. As the 'overbearing state' is rolled back, it also needs to be made more accountable to its citizenry. NGOs are seen to be crucial institutions in the development of civil society as they provide a countervailing power to the tendency towards authoritarianism and foster democratic change by expanding social pluralism (Fowler 1992). "That voluntary organisations are essential to democracy is not in doubt" (Smillie 1993: 36).

The environment in which NGOs operate is increasingly turbulent. Change is not only more rapid, but it is also discontinuous and unexpected. The NGO environment is also becoming more globalised - "invaded from without" as local NGOs are having to react to international events, such as structural adjustment, which adversely affect their target groups (the marginalised) most of all.

At a time when international events and trends are swiftly allocating increased social roles for NGOs, there is a recognition that NGOs need to be able to "scale-up" to meet these demands. "If NGOs do not try and increase their impact through policy reform and multiplication of models then they will ultimately be meaningless" (Farrington 1993, citing Sheldon Anis). However, most NGOs are ill prepared to take on these larger roles. Many NGOs simply do not have the absorptive capacity as past growth has already placed great strains on the limited local management expertise in many countries. There is growing concern that organisational weaknesses have inhibited them from performing well in the past when it was previously assumed the organisational development dimensions were there. "Effective management is now accepted as one of the primary factors determining the success of development programmes" (Campbell 1989). Moreover, the existence of strong and effective institutions is seen as vital to long term development (Spraos 1993: 2).

Many official agencies now recognise this need for organisational strengthening if their ambitious agenda of having NGOs take over state service delivery functions and contribute

to the development of civil society is to be realised. According to the OECD, "Several recent surveys... all clearly suggest the merit of the widespread reorientation of donor NGOs towards nurturing local organizations" (OECD 1988). The ODA Working Group on ODA/NGO Collaboration made recommendations along similar lines (Recommendation 13, ODA 1992).

A further factor in the growing popularity of capacity-building is that some Northern NGOs are attempting to implement the past rhetoric of partnership as the limitations of project-based relationships become apparent. To make partnership meaningful and more balanced, there is a growing recognition of the need to develop and implement strategies for strengthening these organisations.

Sustainable partnership requires that the partners are evolving towards greater equality in all facets of their relationship... The notion of strengthening African NGOs - so that they are better able to enter into more equitable and sustainable partnerships - is intimately bound up with the nature of partnership (PAC 1989: 13).

This Northern NGO "ability" to strengthen the capacity of their partners may in fact become a critical advantage where direct funding of Southern NGOs is being contemplated. Northern NGOs are being required to justify to their government donors that they do in fact provide "Added Value" and demonstrate there is good reason that they should not be circumvented by direct funding. As there is the recognition from official donors that "In many cases...there will be a need to strengthen the capacity of local structures so that the local NGOs can undertake a particular project" (ODA 1992), Northern NGOs may identify capacity-building as one of their crucial activities and a key 'comparative advantage' in the future.

So far the main impetus for this new emphasis on capacity-building has come from the North: NGOs, official and multi-lateral agencies. It may be that this is another example of the South being subjected to directive Northern concepts and ideas. As capacity-building cannot be imposed from above without the commitment of the subject agency, for reasons of effectiveness alone (laying aside the clear moral imperative) it is vital that the Southern perspectives on institutional strengthening need to be investigated and articulated. This aspect was not part of the survey in Phase I of the research, but is a key component of Phase II.

1.2 The Research Objectives

Over the last few years, many Northern NGOs have begun to develop their own particular approaches for strengthening the capacity of their partners, but until now there has been no attempt to aggregate and analyse these experiences in a systematic way. There has been little cross-fertilisation of experiences and learning from others within these NGOs, let alone outside to other NGOs! The research that has been done has focused more on justifying the need for institutional development programmes, rather than determining how

these should be carried out. As Norman Uphoff clearly points out,

Local Institutional Development requires not only time and resources, but also appropriate strategies and concepts. Support given in ways that increases dependency or that alienates people is likely to be worse than giving none at all (Uphoff 1986: 188)

A few isolated NGOs are now starting this internal process of reflection on the strategies they have employed (NOVIB - Review of the Institutional Support Model 1993 and ACORD's Experience With Institutional Development 1992), but these experiences need to be replicated and extended by others; documented; aggregated; and shared to facilitate the systematic interchange of information about capacity-building throughout the development community. This research project is intended to provide a stimulus to this process by offering a comparative overview of different NGO approaches, describing the "how" of current capacity-building.

The Research Objectives of Phase 1:

- to identify the variety of methods that are currently being used by Northern NGOs to strengthen the capacity of their Southern partners. It will assess whether the following variables of Northern NGOs have significant impact on the approaches favoured:
 - nationality;
 - size;
 - mode of operation (operational, donor, field office);
- to disseminate the findings to the development community by means of publications, consultancies and training seminars.

1.3 The Limitations of the Research:

This first phase of the research was primarily a mapping exercise to determine the range of the approaches used by Northern agencies to strengthen their Southern partners. No attempt was made to investigate the effectiveness of these strategies, nor to determine the contingent factors. The research was subject to the methodological limitations of interpretation and accuracy that using questionnaire-based surveys impose (see section 2.2).

There was no Southern perspective to the research. The critical variables were of Northern NGOs and it is likely that the implementation and effectiveness of these strategies is more dependent on the nature of the Southern NGOs and the local context. The research took Northern responses at face value and as such is an aggregation of Northern opinions and does not contain field-based, independent analysis of particular approaches.

It is intended that Phase II will address these issues by analysing the major strategies in depth from both a Southern NGO and Northern NGO perspective to determine their

relative strengths and weaknesses; their organisational implications; and the conditions required for successful implementation.

1.4 Definitions of Terms

Unclear and inconsistent terminology is one source of confusion in the field of strengthening the capacity of partner NGOs. Some people use *institutional development*; others *institution building*; others *organisational development*; others *capacity-building*. Although the words organisation and institution are used interchangeably in the text, as they are used interchangeably by NGOs, reasonable consensus exists that the two concepts are not entirely synonymous.

Institutions:

can be defined as "a set of durable rules established to satisfy collective interests" including abstract phenomena such as the law, the police force, patterns of land tenure, money. They are "stable patterns of behaviour that are recognised and valued by society" (Fowler 1992) "Institutions are organisations that have acquired special status and legitimacy for having satisfied peoples' needs and having met their expectations over time" (Uphoff 1986). This means that institutional development is taken to refer to changes in the social structure of a society.

Organisations:

are structures (purposeful, role bound social units) which unite individuals who share common goals. They are "an organised group of people who work as a team for a common purpose" (Campbell 1989). Under this definition organisational development is a continuous process of strengthening the capacity of an organisation to be viable, autonomous, legitimate and effective in its performance.

While there is overlap between the two categories and organisations can become institutions over time and while there is still debate as to whether the ultimate objective of Institutional Development is to change social rules of behaviour or strengthen the capacity of individual organisations, the latter seems to be a precondition of the former (Rondinelli 1989). ID encompasses OD. While some UN agencies, like the UNDP, are interested in supporting the development of a wider enabling environment, most NGOs focus on strengthening the management capacity of their Southern NGO partners, even if they call it institutional development.

In the questionnaire, *capacity-building* was defined as:

"an explicit outside intervention to improve an organisation's performance in relation to its mission, context, resources and sustainability".

To all intents and purposes this is the same as organisational development, but avoids the argument over institution and organisation. The word "building" may not be ideal as it has connotations of starting something from scratch and implies a blueprint approach, but

capacity-building seems less clumsy in English than the phase capacity strengthening.

NGOs (Non-Governmental Organisations):

are taken to mean non-profit organisations, serving others than its constituency and operating specifically in the field of international relief and development. In most NGOs the organisation and the target group are two separate entities.

CBOs (Community-Based Organisations)

are created and controlled by the beneficiaries themselves for their own benefit. For instance, with traditional self-help groups the organisation and the target group are one and the same. Such groups often form federations, associations or regional cooperatives which function to service, support, follow-up or provide political representation. Membership groups can evolve into a subset of support/service NGOs.

It is accepted that no watertight typologies exist as the sector is dynamic and overlaps and intermediary stages always exist.

This survey classified the size of Northern NGOs in the following way:

<i>Very Small</i>	Less than £0.5 million annual turnover
<i>Small</i>	£0.5m - £2 million annual turnover
<i>Medium</i>	£2m - £10 million annual turnover
<i>Large</i>	£10 - £20 million annual turnover
<i>Very Large</i>	More than £20 million annual turnover

Operational NGOs

are defined as Northern NGOs that implemented their own programmes in-country through their own field staff. Examples of such agencies are ActionAid and Plan International.

Donor NGOs with field offices

are defined as NGOs which predominantly implemented their programmes through Southern NGO partners, although it is recognised that some of these NGOs may also implement their own programmes, particularly in relief situations. Examples of donor NGOs with field offices include Oxfam, Hivos, and Redd Barna.

Donor NGOs without field offices

are defined as Northern NGOs who implement development programmes through funding Southern NGOs and this is done directly from head offices in the North. Examples of such agencies are Christian Aid, Novib, and MISEREOR.

It is recognised that there is again some overlap with some NGOs fitting into more than one category and where this is the case, the researcher has classified the NGO into the definition that best describes the majority of its activities.

CHAPTER 2

RESEARCH METHODOLOGY

The first phase of this research was a mapping exercise to provide a comparative overview of the range of capacity-building approaches employed by Northern NGOs. The objectives were to identify the approaches being used by Northern NGOs; to attempt to determine what proportion of their partners receive this support; and whether Northern NGO nationality, size or mode of operation has any influence on the approaches used.

2.1 Methodology

The quantitative nature of the objectives of this first phase, meant that a postal questionnaire was the most appropriate way to gather the extensive information, despite the potential limitations of response rate and different definitions of terms between respondents.

A pilot questionnaire was designed and tested with 8 Northern NGOs in October 1993 and subsequently modified. (See Appendix 1 for a copy of the questionnaire). The final questionnaire was sent to 531 Northern NGOs (98 in the U.K.; 126 in North America; 307 in the rest of Europe) in November. This was more extensive than the 350 in the original proposal.

Potential misunderstandings were minimised by enclosing a covering letter and an introduction to the questionnaire, clearly stating the objectives of the research and INTRAC's understanding of "capacity-building" with examples of popular approaches. Closed questions with YES/NO boxes and ranges of numbers or percentages were used to facilitate easy response. Specific examples were asked for in order to clarify meaning. A few open questions were included in the questionnaire to elicit what agencies themselves understood by capacity-building; the constraints they identify with capacity-building programmes; and importantly which approaches, other the ones originally identified by the researcher, were used by agencies.

To maximise the response rate, NGOs which returned the questionnaire were offered the incentive of a free copy of the report on the findings. Key agencies, known to be interested in capacity-building, but which had not returned the questionnaire by January 1994 were followed up with telephone calls and extra copies of the questionnaire were sent out where appropriate.

The raw data was analysed manually and by using Microsoft Excell spreadsheet programme.

2.2 Limitations of the Methodology:

Postal questionnaires are always subject to inherent constraints as a result of their structured nature. The main constraints on this research arose from:

i) Different definitions and understandings of terms:

For example, for some agencies capacity-building of Southern partners is a very specific, different approach to partnership, while to others capacity-building is assumed to be an inherent by-product of any project. The quantitative aspects of this questionnaire made it difficult to distinguish between these two ends of the interpretation spectrum as the method prevents clarification of meaning. It is also clear that there were very different understandings of what constituted "specific" policies or "specialised" staff.

ii) A single respondent:

Having a single respondent from each organisation meant that the accuracy of the response depended on the extent of one person's knowledge about the organisation and their openness. It was often difficult to distinguish between personal views and agency policy. In fact, in one instance when two people from one organisation each returned completed questionnaires by accident, their answers to certain questions were different. Some respondents from NGOs based in the North did not have a detailed knowledge of their programmes in the South, especially if the NGO had decentralised field offices.

iii) The accessibility of information:

Different regional policy and approaches made it difficult for respondents to generalise if approaches to capacity-building varied considerably between regions. In addition, few organisations have taken stock of their capacity-building programmes before and the ways they classified their information did not always permit easy answers. Sometimes the questions boxes concerning responses were not filled in and even when they were did not add up to 100%. Once or twice responses even contradicted previous answers.

None of these limitations, however, compromised the main purpose of the survey, which was to ascertain the range of approaches that Northern NGOs use to strengthen their Southern partners. These limitations do suggest the results of this type of quantitative research should not be seen as conclusive or fully representative of the range of approaches being developed by Northern NGOs. Further clarification and depth can only be gained through in-depth personal interviews and on-site visits to the South.

CHAPTER 3.

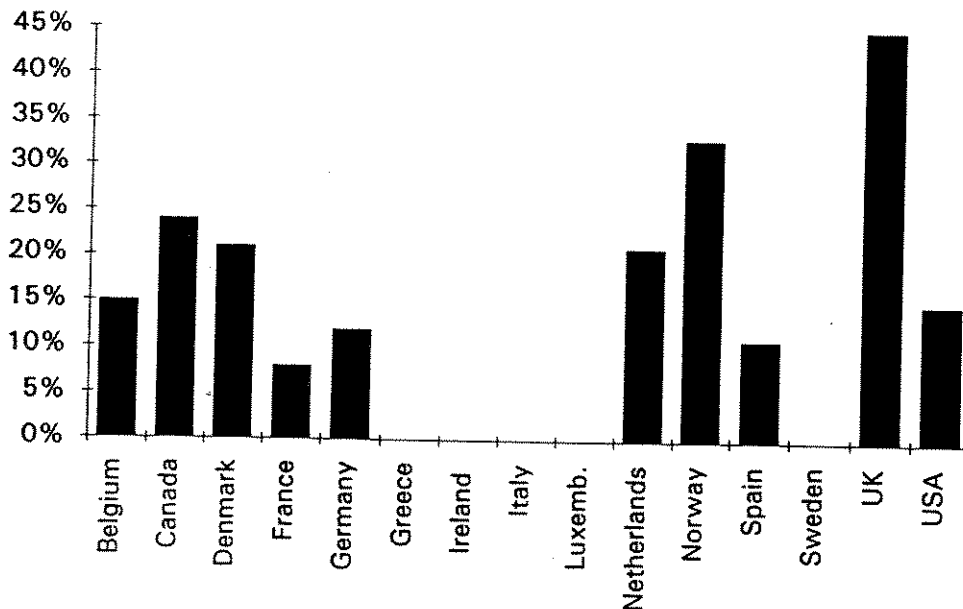
REVIEW OF FINDINGS

3.1 General Findings

3.1.1 Response Rate to Questionnaires

Out of the 531 questionnaires sent out, 101 were returned and completed which corresponds to a 19% response rate - a high response rate given an average 10% response for postal questionnaires. Table 1 below shows coverage of the questionnaire and the response rate from the various countries and Appendix II lists the agencies.

Questionnaire Response Rate



Differences in the response rate from the various countries can be explained by a number of factors:

- the questionnaire was written in English which made it less accessible to some of the European countries;
- the UK questionnaires contained stamped addressed envelopes whereas the international reply envelopes were unstamped;
- INTRAC is best known in the UK, Denmark and the Netherlands all of which responded well;

- it may be that those countries responding well were more interested and committed to capacity-building of partners;

Of the 101 responses, 5 were inappropriate to the survey being research bodies, consultancy firms or national voluntary agencies.

3.1.2. NGO Understanding of Capacity-Building

What do you understand by capacity-building?

- The research revealed a lack of clarity in NGO understanding of capacity-building.

Responses to this question were both varied and vague, although there were three distinct categories:

o general empowerment

For many, capacity-building is linked with general statements of development "helping people to help themselves", "supporting partners", "empowering", "encouraging, strengthening and assisting partners minister to the poor".

o autonomy

For others, capacity-building entails notions of reduced dependence and greater autonomy for the Southern partner. Often this has an economic emphasis.

o training

Those relating capacity-building to specific activities, tend to equate it with "training" or "teaching".

Capacity-building is often not differentiated from normal support for partners, especially by those agencies with a loose understanding of capacity-building. They feel any intervention with a partner NGO will inherently build the capacity of that NGO. While it is true that partners cannot 'learn in a vacuum' and best learn from experience, the lack of specific approaches to capacity-building has meant that few NGOs have made much effort to develop their understanding of capacity-building; its implications; and its impact.

This confusion is revealed by many of the NGOs who claimed to be undertaking capacity-building as an integral part of their work and yet their examples of the organisational initiatives had a traditional technical orientation. Examples of *management* training of partners included: technical training for lab technicians; or agricultural extension skills. Most NGOs (59%) in the survey claimed that they provide organisational development consultancies themselves which means they equate staff field visits with organisational development consultancy. This demonstrates limited understanding of what organisational development actually entails - deep organisational change which builds the capacity for self-managing that change (see Section 4.1). Most NGOs (62%) in the survey also claimed

to employ specialist staff in capacity-building. This response is not consistent with INTRAC's knowledge of Northern NGOs which in fact employ few people with a management training background, let alone organisational consultancy skills and experience.

3.1.3. Specific Capacity Building Approach

Does your support include approaches and resources specifically to build-up the organisational capacity of your Southern partners?

- Almost all NGOs responding claimed to be undertaking specific approaches to strengthen the capacity of partners.

Within their loosely defined notion of capacity-building, 93% (89/96) of NGOs who responded said they had a specific approach to strengthening the capacity of their partners. To some extent the replies are self-selecting as those NGOs most interested and committed to capacity-building are the ones most likely to respond.

Of the 7% of the NGOs who responded that they did not have any approach for strengthening the capacity of their partners:

- 71% are small (turnover less than £2 million p.a.) or very small (less than £500,000).
- 85% (6/7) are donor NGOs without a field office;
- 43% (3/7) were from Germany.

These results from an admittedly small number of NGOs disclaiming any support for capacity building, suggest that NGOs who do not undertake this support tend to be:

- small;
- operate without field offices;
- more likely to be German than any other nationality. In fact 50% of the German agencies responding to the questionnaire (3/6) said they did not support capacity-building which may suggest that German NGOs are less positive about strengthening partners than other Northern NGOs. (or it may be they are more honest!)

3.2 The Different Capacity-Building Approaches

Table 2. Of the agencies responding to the questionnaires:

80%	Giving Partners Increased Power in the Partnership Relation Using supportive Financing Methods
85%	Institutional Funding
60%	Self-financing
87%	Supporting Management Training
74%	Encouraging Organisational Development Consultancy
47%	Providing Management Advisors - Staff Attachments
68%	Supporting the Development of Southern Networks
44%	Supporting Southern Training/Consultancy/Research Centres

3.2.1 Giving Southern Partners Increased Power in the Relationship:

Rationale:

Many NGOs equate capacity-building with reducing the dependence of the Southern NGO on the Northern NGO and thereby giving Southern partners greater autonomy. Southern NGO capacity is strengthened through learning from their own experience rather than simply responding to Northern directives. In this context, capacity-building is intimately associated with notions of 'partnership'. As Southern NGOs are given more power in the relationship, so their capacity is strengthened and this increased equality can make the partnership itself more viable.

Some examples of activities implemented by NGOs to lead to more equitable partnership are:

- Giving partners increased power in the relationship through consultative councils, round tables, negotiated (rather than predetermined) contracts, Southern partners evaluating Northern NGO, Southern partners giving input into Northern NGO policy formation and strategic planning.

o NGOs with field offices were much more involved in giving partners increased power than those donor NGOs with only head-quarters in the North.

Of those 20% who said they did *not* give partners increased power:

- o 65% were from the U.K. (47% of responses came from UK NGOs).
- o A higher than average percentage were donor NGOs who did not have field offices.
- o The size of the NGO was not significant.

It does seem that NGOs with field offices (and therefore closer contact with their NGO partners) are more able and willing to devolve more power to their partners. This may be because the communication costs that such initiatives involve are lower than if the Southern partners have to travel to the NGO headquarters in the North.

Analysis:

The imprecise nature of the definition of this approach opened itself up to a wide variety of interpretations. Very few specific examples of giving partners increased power in the relationship were given. The rhetoric of partnership still seems more common than actual measures to transfer power to Southern NGOs which implementing partnership entails. Many Southern NGOs believe actions, rather than words, and do not share the language of partnership. They still see Northern NGOs in a top-down donor role (ICSW 1986).

There was, however, one particularly interesting example of partnership being implemented in a practical way. The Katalysis Foundation implements an "entire package of arrangements, techniques and behaviours which are believed to be unique" (Jones 1993) and is briefly described in Case 1:

Katalysis Case Study

Katalysis is an American NGO, founded in 1984 with a four part mission:

- to strengthen the management, financial and service delivery capacities of indigenous NGOs;
- to create partnerships based on the principles of the South's self-determination and control over their own development
- to continually improve through mutual learning
- to develop and disseminate the partnership model.

"Strengthening the institutional abilities of its partners remains the core of Katalysis' organisational mission"

Katalysis has 5 partners in Central America all bound by a common mission, helping low income people of Central America improve the social and economic conditions of their lives and communities.

The key partnership issues include:

- conflict over individual partner needs and the needs of the partnership
- dealing with the intricacies of financial transactions
- consultative and timely decisions;
- responsibility and accountability for results without central authority;
- addressing problems honestly and with respect.

However there is a long history of Northern authoritarianism; Southern suspicion of Northern intentions; a pervasive lack of trust; a disparity of resources; inherent paternalism; and cultural and language difficulties.

It is also very resource intensive. Travel and communication costs are significant and considerable time must be devoted to building relationships of trust, making group decisions, planning together and conducting partnership business.

The bottom line is "does the investment in collaboration actually produce improved results for the people the organisation are dedicated to serving?"

The evidence so far is inconclusive, but the preliminary hard measurements of outputs and cost-effectiveness indicate that Katalysis partners are already producing benefits commensurate with more established development programmes.

Furthermore, the Southern NGOs seem to be in favour of this approach with 20 Guatemalan NGOs applying for one place as a new Katalysis partner. Donors too seem fairly satisfied, with Katalysis the youngest and smallest PVO ever to receive a matching grant from USAID.

Examples of Increased Power for Southern NGOs in the Katalysis partnership:

- o cross participation in governance through the exchange of board seats.
- o strategic planning by directors across agencies
- o transparent sharing of financial information
- o training and technical support South-North, North-South, South-South
- o joint fundraising with shared expenses and revenues increased participation and decision-making and planning by staff
- o training in partnership skills and processes for all staff
 - o cross-consulting on key recruitment
- o joint investigation and selection of new partnership members
 - o partnership assistance with leadership transitions and organisational challenges
- o organisational and programme cross-evaluations

One striking element of this approach is that the partnership is for life. While there are shifting roles and responsibilities and levels of involvement, Katalysis sees no good reason to end the relationship (although divorce is possible). According to USAID, "the most effective relationships are those in which the US PVO and local institution become partners for life" (USAID 1989: 3)

(Jones 1993)

3.2.2 Supportive Financing Methods: Institutional Funding

Rationale:

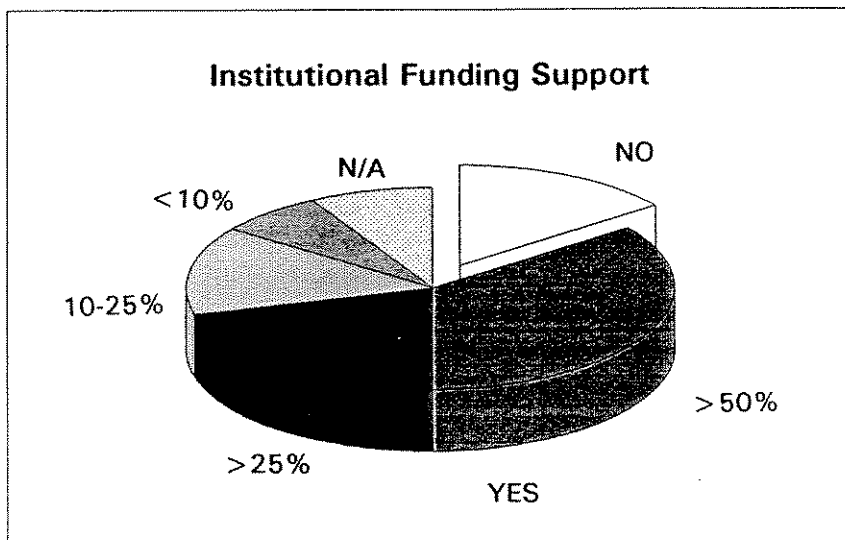
NGOs are often weak because they do not have reliable funding to cover their own institutional costs and build their internal capacity. Because Southern NGOs are not rooted in their own economies they are dependent on outside funding and can be undermined by outside agendas and project-based development methods. The limitations of project funding are increasingly obvious in inhibiting the ability of Southern NGOs to respond to the demands of their beneficiaries; in creating problems in planning resources; and in constraining NGO expenditure on vital "overheads" like salaries, communication, planning, monitoring and evaluation to less than efficient levels.

Responses:

Do you provide your partners with Institutional (core) Support?

85% YES	
35 % more than 50% of partners	
42 % less than 50% of partners	
	21 % with 25-50% of partners
	14 % with 10-25% of partners
	7 % less than 10% of partners
8 % did not respond to percentage of partners	
15% NO	

Table 4:



Northern NGO Variables:

Of those giving institutional funding to *more than 50%* of partners:

- UK NGOs were slightly above average. (56% of these NGOs were from the UK compared with 47% of total responses from UK NGOs)
- the smallest NGOs were more positive than their average (47% of these NGOs were very small, compared with being 30% of the sample).
- the largest NGOs were less positive about core funding than their sample size would suggest.
- the mode of operation did not appear to have any significance.

Of those who specifically did *not* provide institutional funding:

- NGOs from Belgium and Holland were slightly above their sample representation.
- The size and type of agencies did not appear to have much bearing.

Analysis:

Despite the constraints and limitations of project-based funding, the actual experience of institutional funding Southern partners is mixed. In fact, one UK NGO is in the process of moving in the opposite direction, away from its traditional block funding policy to start "project-funding". In some cases, institutional funding is believed to have encouraged slackness in partners and has stunted the development of the partner, especially if they were weak in terms of their own planning and strategy. Easy money has sometimes caused slack management. Institutional funding does not appear to be an across-the-board solution for every partnership. It may need to be supplemented or preceded by additional capacity-building support to avoid the potential pitfalls.

Variables that may affect the effectiveness of this policy include the age and maturity of the Southern partner; the current performance of the NGO; the leadership; the resource base; the nature of the development work; the composition of the capacity-building package; and the rigor of the follow-up and assessment.

Exactly what makes institutional funding crucial at some times and counterproductive at others does require further investigation, but the answer from NGOs is that institutional funding is not quite as straightforward as it appears.

One example of an institutional funding model that incorporates other capacity-building elements and has even been evaluated is described in Case 2.

Novib Institutional Support Model:

"Institutional Support is a financing model through which Novib donates a particular amount of money for a period of several years to a partner organisation to cover institutional costs and programmatic activities: sectors and themes to be covered are only broadly defined and agreed upon. Within a general agreed framework, the partner is rather autonomous in deciding about the contents of the programme. Detailed programme proposals are no longer submitted to Novib. Novib makes a commitment for a period of five years and this commitment is on the basis of rolling plans. The partner is accountable in retrospect" (Novib 1993: 1)

The expectations of this programme, started with three selected partners in Latin America in 1989, were that the model would give partners financial security and enable the partners to concentrate on long-term strategies; flexibility in the planning and implementation; and the opportunity to play a role in advocacy and lobbying activities. It would promote more equal relations, mutual trust and more shared learning. It would also reduce the workload of Novib desk staff through the decentralisation of decisions and lead to alternative methods of external evaluation through introducing consultants groups.

The main findings of the evaluation included:

- o improved flexibility in planning and implementation;
- o improved financial security for Southern NGO;
- o fewer procedures;
- o consultancy advice appreciated by Southern NGO;
- o little impact on relationships with other groups;
- o limited learning from each others experience
- o no improved contact between Novib and partners;
- o no reduction of workload;
- o little increased role for Southern partners in Novib's lobbying activities.

(Novib/Blankenberg 1993)

3.2.3. Self-Financing

Rationale:

The financial dependence of Southern NGOs on outside donors and their resulting lack of autonomy can be significantly reduced if the Southern NGO is able to generate even a small proportion of its own income. The access to untied money can allow the NGO the flexibility to be innovative and responsive (and cover overheads!), as well as promote considerably stronger bargaining position with outside donors. As resource sustainability is

increasingly emphasised as a crucial elements of an NGO's viability, the benefits of NGOs generating their own income from managing their own businesses is recognised.

Examples:

There are three main types of self-financing activities:

- i) Activities intended to make money: marketing profits, endowment investment funds, guarantee funds, renting of capital investment items (offices, sale of office services, photocopiers..); consultancy fees
- ii) Cost recovery from fees for development goods and services (medicine, training courses)
- iii) Credit funds for micro-enterprise promotion. Interest or management service fee income generated to cover operating costs.

Responses:

Do your support NGO Self-Financing programmes for your partners?

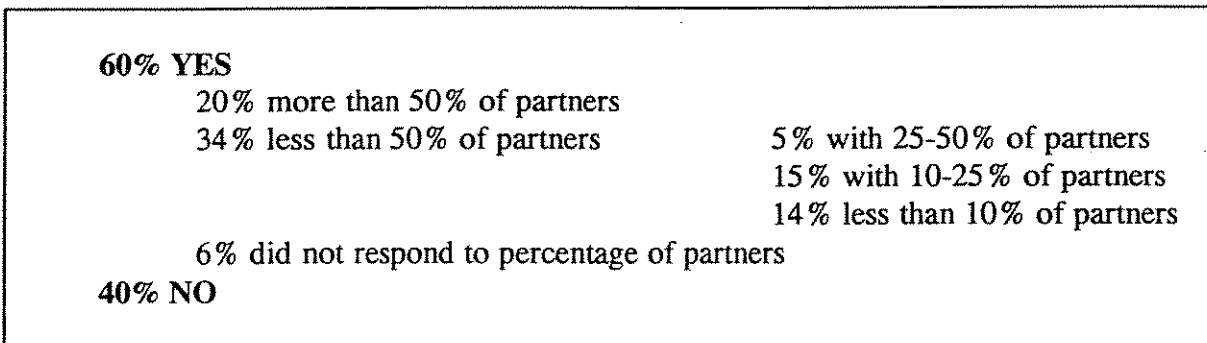
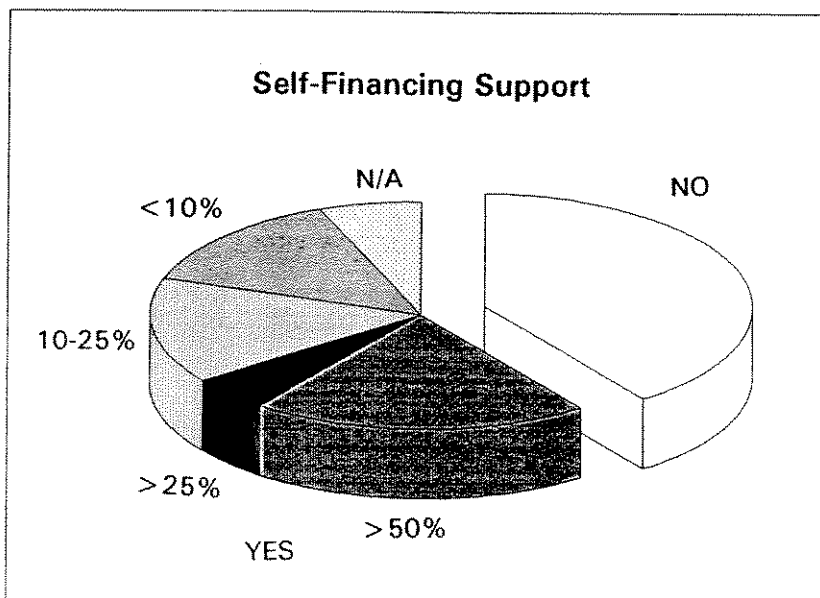


Table 5:



Northern NGO Variables:

Of those NGOs funding self-financing approaches with *more than 50%* of their partners:

- UK NGOs were represented more than their average (53%/47%);
- the smallest NGOs were most positive;
- donor NGOs without field offices were more supportive than other modes of operation.

Of those NGOs who did *not* support NGO self-financing schemes:

- the nationality of the NGO did not seem significant;
- the smallest NGOs were less positive (!)
- those donors without field offices were represented slightly more than their sample average.

The smallest NGOs, not surprisingly, have an all or nothing approach: either they support self-financing very positively or not at all. The larger NGOs tend to be more middle-of-the-road supporting self-financing schemes with some NGOs, but not with others.

As well as institutional funding and self-financing initiatives, Southern NGOs are able to strengthen their financial capacity through **local fundraising and funding diversification**. It is clear from the work of organisations like The International Fundraising Workshop that this is being done throughout the world.

Analysis:

Agencies were generally more willing to support self-financing of CBOs. Many of the examples of self-financing activities were at the level of community-based organisations (CBOs). The nature of CBOs (members benefitting) and the nature of their work lends itself more to cost recovery activities (including savings and credit and savings funds).

There were few concrete examples in the responses of Northern NGO support for activities which generate income for the Southern partner (other than ACT from Belgium). This may be due to reticence on Northern donors to support business, not development activities and warranted pessimism about the success of these NGO-managed businesses.

There are considerable dangers that self-financing activities take up too much NGO senior staff time and relegate the key development objectives. They also require organisational forms and profit orientation which many NGOs do not have.

NGOs need to provide technical assistance in the area of resource mobilisation right from the start, not when the funding falls through or when the Northern NGO is looking for a convenient exit strategy. Self-financing activities in response to a funding crisis are likely to be ill-conceived.

3.2.4. Management Training

Management training for Southern NGOs is usually given in the form of short training courses, either conducted by:

- the Northern NGO
- other Northern individuals or institutions
- Southern individuals or institutions

These may take place in the North or the South

Management training is often equated with Human Resource Development and frequently entails training in personnel management, financial management, or strategic planning.

There is also a significant *exposure* training, through:

- exchanges
- South South visits/linkages
- secondments
- visits to the Northern NGO

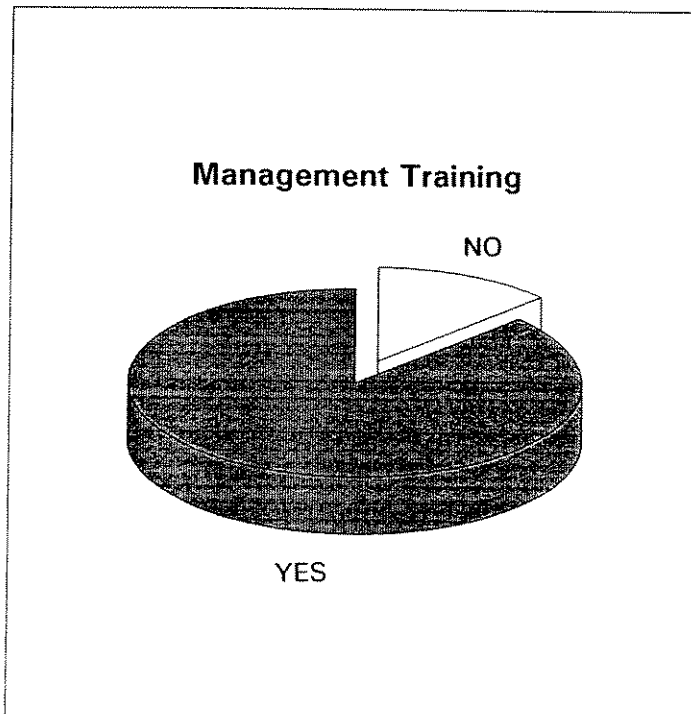
There is overlap with exposure training and formal or informal Southern networks and issue based workshops, although few of these are specifically NGO management focused (see Section 3.2.7).

Responses:

Do you provide management training to your partners?

87% YES 13% NO

Table 6:



Type of Management Training:

Of those Northern NGOs supporting training:

- 73% used external courses
- 72% used South-South exchanges
- 64% provided training to the Southern NGO itself

Management training is therefore the most popular approach for capacity-building identified by the respondents to the questionnaire.

Northern NGO Variables:

Of the 11 NGOs who said they did *not* support the management training of their partners:

- o NGOs from the UK, Canada, and Belgium were slightly above their sample average.
- o 90% were small agencies (less than £2 million turnover) which either did not have the resources to invest in training or did not accept the value of it.

Other ways of capacity-building identified by respondents were:

Distance learning and information dissemination.

Examples of such initiatives include: "NGO Management" ICVA Newsletter, Y CARE's distance learning package for NGO Management, and numerous information dissemination publications, such as "Dialogue on Diarrhoea" produced by AHRTAG.

Analysis:

The results of the survey do reveal that management training is the most popular approach for building capacity of Southern partners. This lends weight to the assertion that, "Of all the inputs provided by US PVOs (NGOs) in support of the institutional development of their local partner, training and staff development is adjudged perhaps the single most important contribution from the U.S. PVO" (USAID 1989: 14).

However, these raw figures may be misleading. Many of the examples of training given by respondents were traditional technical training, for example in mechanics or agronomy. It would seem that NGOs are not as positive about management training as they would like to think they are.

The USAID report provides a glowing picture of NGOs and training, claiming that "PVOs seem to be in their natural milieu with HRD" and that their small size enables them to largely avoid the re-entry trap (USAID 1989). This does not seem consistent with other analyses of NGO training (James 1992, Uphoff 1989), nor with INTRAC's experience of training with Northern NGOs. Norman Uphoff states, "Budget items for training have

often been a substitute for a thought out strategy of institutional development. NGOs are obviously investing in training, but have these strengthened organisations and how can these interventions be improved?" (Uphoff 1989)

3.2.5 Organisational Development Consultancy

Rationale:

The value of an Organisational Development (OD) specialist lies in helping organisations to identify what combination of system, structure, style and environmental factor is limiting performance and in assisting the organisation to select the right mix of tools, methods and strategies to bring about the required changes or create a climate in which the organisation is enabled to respond to future changes. An OD intervention is usually a "process" consultancy which looks at the way things are done and seeks to bring about change through a longer term, though often intermittent, intervention.

Responses:

Do you provide your partners with Organisational Development consultancy services?

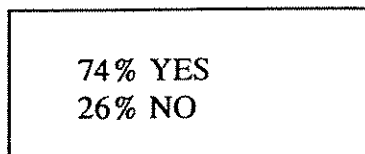
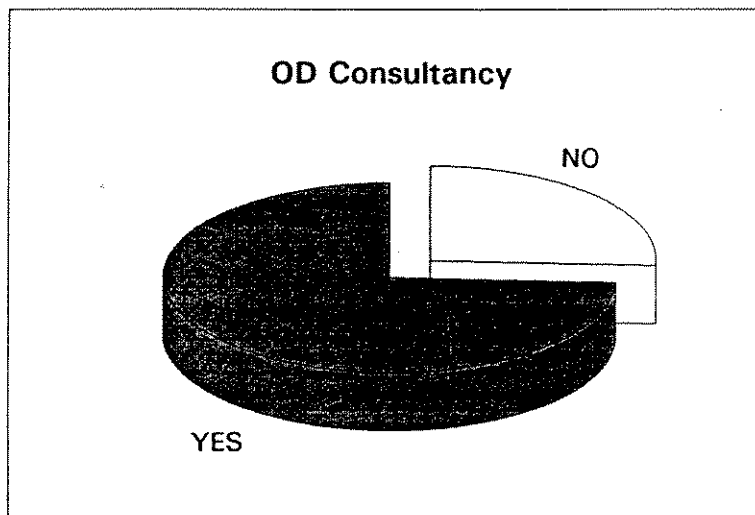
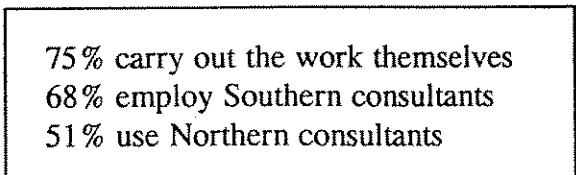


Table 7:



Of the Northern NGOs supporting OD consultancies:



Northern NGO Variables:

- o Donor NGOs with field offices were slightly more positive about OD consultancies than their sample average would suggest, reflecting perhaps their closer contact with partners and ease of identification of local consultants.
- o Size and nationality do not appear to be significant in supporting OD consultancies.

Analysis:

It seems that much of the positive response to this question is due to the immediate recognition of the word consultancy, not understanding the Organisational Development element (see section 4.1). INTRAC has encountered very few NGOs who are really involved in supporting Organisational Development consultancies and INTRAC is increasingly asked to provide Northern NGOs with in-house training in this field. As an OD consultancy involves an external person facilitating the organisation to identify its own problems and devise its own change strategy over a period of time, it does not seem realistic that 56% of all responding NGOs do this themselves through staff field visits. In fact, most would argue that staff field visits are not a viable means of conducting an OD consultancy as the process requires an openness and independence which is not present in traditional donor/client relationships. Some also argue that Northern NGOs do not have the skills to do this, "It is regrettable that the advice offered by Northern NGOs is, generally speaking, both quantitatively inadequate and mediocre in quality" (COTA 1993: 36). While there is a role for management and organisational advice through Northern NGO field visits, the quality of this advice should be improved and it should not be termed Organisational Development consultancy.

There are, however, some very interesting examples of Northern NGOs funding others, Southern NGO OD consultants, who can "accompany" the organisation over a period of time. This approach is called "*companero critico*" by some, "*appui*" by others and the German agencies call it "*Berater auf Zeit*". An example of Christian Aid's policy of accompaniment is presented in Case 3 overleaf.

This approach is increasingly popular as it enables the Southern NGO to receive advice and learning from outside; the advice is contextually relevant; and is hopefully independent of Northern control. It is a part-time intervention with the consultant visiting intermittently over a long period of time (at least a year). There are critical variables in how this process takes place, in terms of who maintains ownership and control of the process, the Northern NGO or the Southern partner. For example, the identification of the consultant is crucial and to be successful would usually involve negotiation, perhaps with one party short-listing and the other selecting.

Christian Aid Case Study:

Accompaniment in South India

Duration:

Three to four visits spread over one to two years and each visit lasting three to four days. If necessary it may be extended for another term, but then a break of at least 2-3 years.

Functions:

- enabling partners to articulate their thinking with clarity and develop viable, concrete operational programmes that can be easily monitored.
- enabling the group to document their work systematically
- providing technical assistance in the programme areas
- enabling the small groups to relate their work to the macro realities

While it may be unethical for the accompanier to be part of the evaluation of the group the s/he accompanies, remaining completely independent might also create some problems. There should be some interface between the accompanier and the evaluation process.

Principles of Accompaniment:

- a) accompaniment should be transparent, meaning all transactions should be shared openly between the project and the donor agency (never making confidential copies)
- b) in the event of conflict or controversies the subject should be taken up with partners, accompaniers and Christian Aid. If there are still problems, then it could be taken up with the Reference Group.
- c) the accompaniers are accountable to both partners and donors, but most directly to project partners

Other Points:

- changing accompaniers can create problems, particularly if the new accompanier provides a different direction;
- the project can be too directed by the accompanier;
- accompaniers inherently do wield a certain amount of power;
- accompaniers should not be contracted for more than 150 days a year so as not to be too tied to one donor and seen as a donor representative;
- accompaniers have no monitoring role, but can have appraisal role;
- brief notes should be made by accompaniers on each visit to provide continuity in discussion

As the need for organisational development of NGOs is realised, so the acute shortage of competent Northern and Southern specialists in NGO OD becomes more obvious. This urgently needs to be addressed (see Section 4.2.8)

Until now, however, most agencies have preferred to support training, rather than the needed longer term involvement of a consultant as a facilitator of change. This is partly due to a distrust of consultants (who may act out of pure personal interest to extend their own involvement and income) and the fact that training offers clearer, more defined package of what is being supported. Although the benefits of training are often intangible, the training process is that much more tangible than a long-term OD consultancy and easier to explain to donors.

3.2.6. Staff Attachments

British volunteer sending agencies estimate that the number of project workers involved in institutional strengthening has doubled in the last five years to around 300 out of a total number of 2100 project workers (Spraos 1993: 9). The criteria used to determine these figures is not stated, but it reflects an overall shift of emphasis in volunteer-sending organisations, who are realising that technical skills transfer to counterparts is rarely enough.

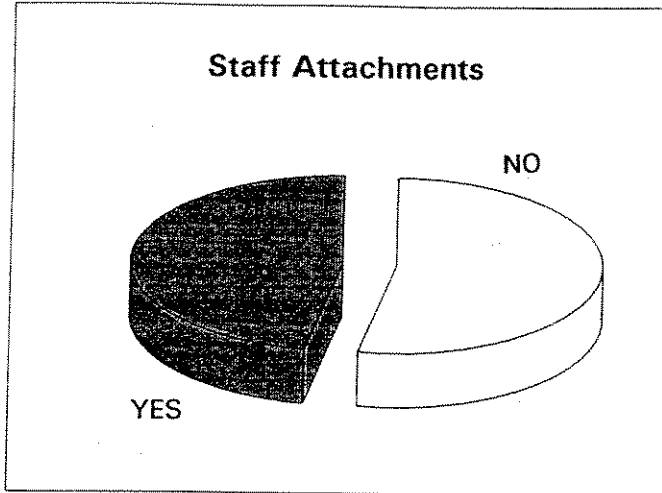
The most important differences between staff attachments and consultancies are that staff attachments are usually full-time and involve someone from a Northern agency being seconded. OD consultancies are usually part-time or intermittent and usually involve someone from outside the Northern NGO.

Responses:

Do you provide staff attachments to partners?

47% YES 53% NO

Table 8.



Types of attachments:

Of those supporting staff attachments to partners:

66% use expatriates
63% use local staff
10% use "volunteers"

Case Study 3 UNAIS

Recent political developments in the Occupied Palestinian Territories have accentuated the roles of local NGOs and pressured local institutions to expand their programmes at a forced pace. The result is that organisational systems and structures have failed to develop at the same rate as NGOs' activities.

The Economic Development Group (EDG) is a local credit institution operating a revolving fund aimed primarily at small businesses. Major funders have given their backing to such institutions, but their capacity to absorb large capital funds is restricted by weak structures and ill-defined loan management practices. A UNAIS project worker with extensive management consultancy experience has been working with local EDG staff to develop a procedures manual and a management information system for better loan tracking. Together they have also been undertaking a programme of sectoral research to improve loan targeting, without which investment in local credit funds is unlikely to prove effective at stimulating local economic activity. (Spraos 1993: 6)

3.2.7 Southern Networks and Other Collaborative Bodies

Rationale:

Good external linkages are increasingly recognised as crucial for individual development performance (Carroll 1993) and for the institutional development of the NGO sector as a whole.

"The importance of the exchange of experience directly among agents of change involved in similar activities, but in different contexts, is widely recognised" (OECD 1986: 51).

Formal and informal NGO networks can strengthen the capacity of NGOs, by encouraging them to meet and share knowledge and experience. They act as forums within which NGOs can debate issues and work together to develop new approaches. They can provide NGOs with sense of solidarity and the opportunity to lobby governments and other powerful interest groups. This can make NGOs a more cohesive force in national, regional and international development by stimulating and institutionalising NGO-based analysis of development problems and articulating NGO perspectives on how they can be tackled.

Responses:

Do you support Southern networks and other collaborative bodies?

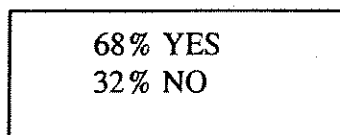
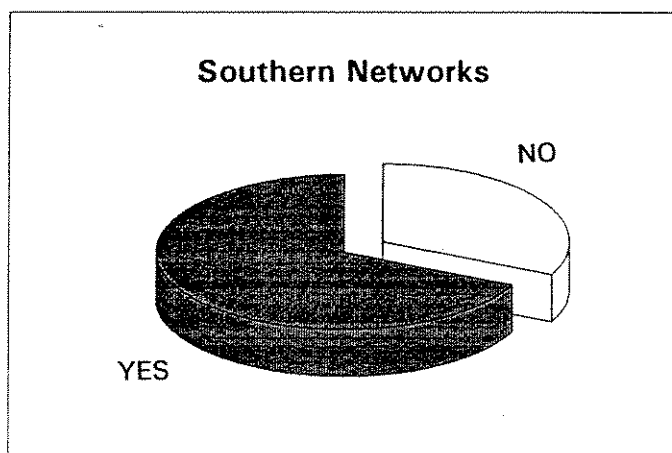


Table 9.



Northern NGO Variables:

- o The nationality of the NGO does not appear to be very significant as the distribution of the positive responses by country broadly reflects the overall responses. Only North American NGOs were significantly different, with Canadian NGOs responses well above their average (more supportive) and United States NGOs being less supportive of networks than their questionnaire response rate would suggest.
- o The size of the agency appears to be influential with smaller agencies being more favourable towards supporting networks and larger agencies less so.
- o Operational agencies are also more positive about supporting networks than donor NGOs.

Analysis:

Networks operate with differing degrees of formality. Some are informal, irregular workshops and conferences, or partners meetings. Often these are issue oriented workshops which overlap considerably with the notions of exposure training for partners. In addition, there are burgeoning numbers of formal international networks, like MWENGO based in Zimbabwe, or the multitude of national umbrella bodies for NGOs.

These networks offer donors the opportunity to strengthen a number of their partners at the same time and the chance to strengthen the NGO sector as a whole. The experience of these bodies has been varied, but on the whole does not seem to have lived up to expectations. There is the continual problem of mobilising funds as almost all network costs are "overhead" costs and there is a tendency towards competition and "dare not to share". Networks seem to work best when they are engaged in relief activities, have common concerns around which they can unite, are sectoral specific, provide services demanded by members and are not subverted by donors using them as a channel for their funds. The challenge for networks is to move beyond an information-exchange role to a more active coordination and collaboration role which involves the brokering of strategic alliances.

3.2.8 Southern Training, Research and Consultancy Centres

Rationale:

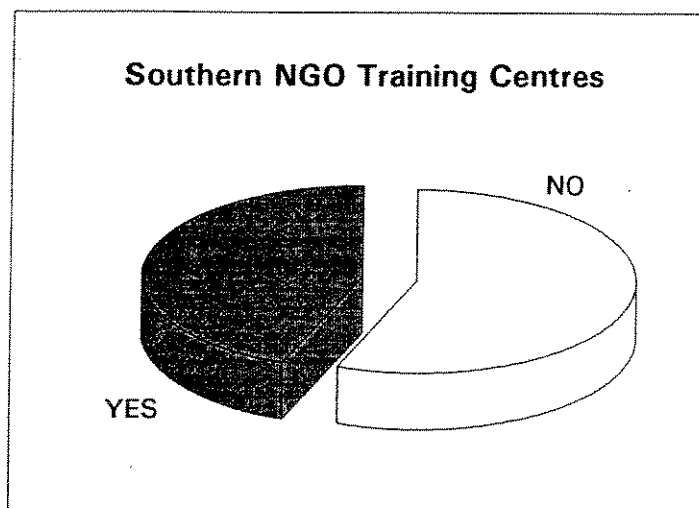
There is a particular "need for the NGO community to develop its own OD and management services based in the South, which could provide local consultants, trainers, researchers and evaluators" (PAC 1986). As NGOs implement capacity-building approaches involving training and consultancy, so there is an increasing demand for local trainers and consultants to undertake the work in an appropriate and locally relevant manner. Southern NGOs also need access to information about the local situation and context and so there is rising awareness of the need for local resource and research centres.

Responses:

Do you support Southern training/consultancy/research centres?

44% YES
56% NO

Table 10.



Northern NGO Variables:

The analysis of positive responses by country, revealed a remarkable similarity with the overall response distribution indicating that the nationality of the NGO is not statistically significant. This is similar to the support for networking.

Unlike support for networks, funding for Southern NGO training centres was much more likely from larger NGOs and from those with field offices. Smaller agencies and operational NGOs are less supportive of Southern training centres.

Not surprisingly, NGOs funding these training and consultancy centres, also tend to be the ones that support Southern networks, although it is noticeable that networks are that much more popular with donors.

Analysis:

The demand for quality NGO management support services is not matched by the appropriate supply. What is available is orientated to functional areas of training in basic management skills, rather than strategic and institutional development needs. Few organisations are able to adopt a truly Organisational Development approach of working with NGOs over an extended period of time. Donors have preferred to support the more tangible training courses than the less defined and seemingly more costly consultancy services.

As well as supply constraints, there are also problems in the way support is given to these providers. If they are financed exclusively by outside grants these centres become uncoupled from the demands and needs of the client base. This distance from demand can result in the development of irrelevant training courses. This drawback can be avoided in part if support is given directly to Southern partners enabling them to purchase and choose services from the training and consultancy providers. Alternatively, then a part-grant, part-loan strategy can be considered. (see Section 4.2)

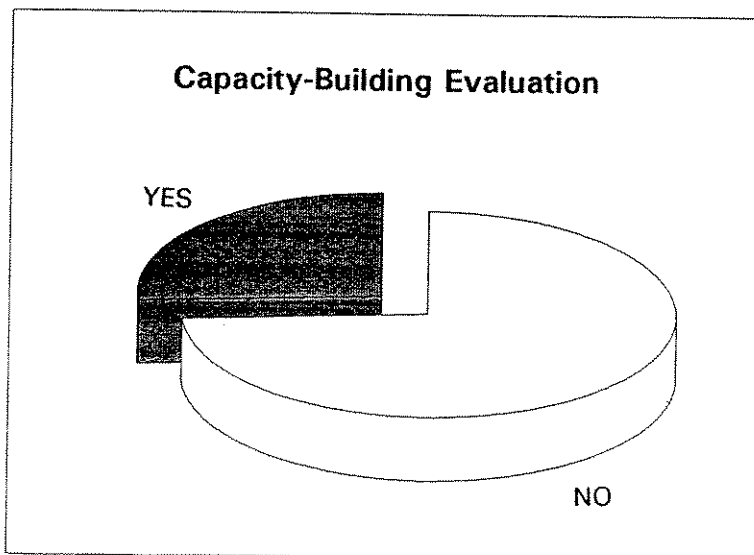
3.3 NGO Evaluations of Capacity-Building Approaches

The USAID report on Institutional Development concludes, "hence ID programmes are not cheap, but if they engender even partially successful local institutions, they are cost effective in the long run" (USAID 1989: 21). The problem is that up until now there is no proof that capacity-building is cost-effective as there have been almost no attempts to measure the impact.

Alan Fowler stated in 1993 that "there is little in the way of substantive impact evaluations to demonstrate the suitability and effectiveness of what is provided (in ID support)...in fact the evaluation of ID is a virtually barren field in terms of indicators and methods" (Fowler 1993: 25).

Of the 89 NGOs claiming to undertake specific capacity-building approaches only 23 (26%) stated they had made an evaluation of their capacity-building programme. Of those that claimed they had, only two demonstrated any evidence of this. Of particular note was the NOVIB evaluation of their policy of their Institutional Support Model in Latin America. It would appear that the other evaluations of capacity-building approaches have only been, at best, a limited aspect of specific project evaluations.

Table 11.



There is therefore a dearth of evidence, other than anecdotal, of whether any of these capacity-building approaches do in fact strengthen the partner, let alone evidence that allows us to come to any conclusions about the cost-effectiveness of such investments. This is a significant problem given the unquestioned prevailing orthodoxy of institutional strengthening and the increasing pressure from official donors for Northern NGOs to provide evidence of the impact of their work. (see section 5.2)

3.4 The Constraints on Capacity-Building Approaches

Northern NGO responses to the qualitative question about the constraints on the successful implementation of capacity-building fall into three main areas:

- i) Constraints in the North
- ii) Constraints from the nature of the capacity-building interventions
- iii) Constraints in the South

3.4.1 Constraints in the North

- Resources

The most frequently mentioned constraint was of a lack of resources. As the recession begins to bite into the NGO sector and agencies are having to prioritise for the first time, many NGOs feel that they do not have the money to invest in capacity-building approaches with partners. NGOs also feel that donors, both official agencies and the general public, are unwilling to fund programmes for organisational strengthening as this money would not reach the beneficiaries directly and may be classified as overhead costs. The on-going nature of capacity-building makes it difficult to raise money for in a donor environment which wants to fund emergency relief in media hot spots.

- Time

The rapid expansion of the NGO sector has created a tendency towards agencies having large and very diversified portfolios of partners. It is not uncommon for a desk officer in a large NGO to be responsible for 50-150 partners. Many overseas department staff are already swamped by an enormous workload and do not have the time to invest in capacity-building programmes, which by their nature require intensive inputs of time. NOVIB found that, although its Institutional Support was designed to relieve the workload on desk officers by having long-term funding agreed, the work load was not reduced. The partnership suffered because of a lack of attention from the desk officers (NOVIB/Blankenberg 1993).

- Staff skills

As well as resource constraints, some NGOs admitted to a lack of staff skills and understanding of institutional strengthening. Most NGO staff do not come from a management background and may not always have the conceptual understanding of organisations to implement effective capacity-building approaches. This area is where INTRAC has been requested to do much of its in-house training for European NGOs.

- Staff turnover

The problem of staff turnover in some Northern NGOs (this obviously varies from country to country) was also mentioned as exacerbating the problem and inhibiting the execution of effective capacity-building programmes as the institutional learning was lost.

- Northern NGO commitment

Some respondents very honestly pointed to the lack of Northern NGO commitment to strengthen partners. Some NGOs may even feel threatened by losing their directive role and control. They may subconsciously see capacity-building as a zero-sum game and with stronger Southern NGOs the rationale for Northern NGOs as channels of funds is diminished. Others see capacity-building as an expensive side issue which detracts from the real issue of development of the poorest of the poor. They do not accept that strong local institutions are a prerequisite for development. Thomas Carroll calls this "The Myth of Spontaneous Development" (Carroll 1993)

3.4.2 Constraints from the Nature of Capacity-Building Interventions

Another series of constraints on implementing capacity-building programmes were mentioned which concern the nature of the capacity-building process itself.

- Complexity

Any organisation, and perhaps especially NGOs, are inherently complex. "In analysing organisations,...it is much better to start from the assumption that organisations are complex, ambiguous and paradoxical" (Gareth Morgan 1986). Therefore the process of strengthening the capacity of these organisations is not straightforward. The heterogeneity of the NGO sector means that it is not possible to approach capacity-building with pre-determined solutions. Each intervention must be tailor-made to suit the unique needs and context of the partner. The geographic distance between the Northern agency and the Southern partner and the wide diversity of partners make this especially difficult.

- Cost

Capacity-building interventions usually require significant initial (up-front) investment. The process of need identification and assessment is often expensive and then the capacity-building itself takes time. These costs are usually not direct project costs and can easily be confused as overheads by donors.

- Time

Organisational change does not occur overnight. Capacity-building must be a long-term intervention which means that such programmes do not fit easily with the project funding time scale or into relief-oriented projects.

- Assessing impact

Like any development intervention there are problems in assessing impact. The aforementioned complexity of organisations and the problems of measuring organisational strengthening make such programmes less attractive to donors and NGOs who want to sell

quantifiable results.

3.4.3 Constraints in the South:

There are also number of constraints on the impact of capacity-building programmes found in the South.

- **NGO weaknesses**

In one sense there is a paradox that some Northern NGOs feel there are not enough strong partners to benefit from capacity-building. Northern NGOs want to focus their limited resources for capacity-building on fairly strong NGOs. Northern NGOs claim that the very weakness of many partners constrains the effectiveness of capacity-building interventions and yet it is their very weakness that provides the *raison-etre* for those interventions in the first place.

- **Staff turnover**

Staff turnover among NGOs in the South is cited as limiting the impact of capacity-building. As soon as staff have increased knowledge and skills they move on to a better job as NGO salary scales tend to be low. Membership organisations with elected officials face particular problems in this area as they often have staff turnover built in to their very structure.

- **Communication**

Problems around logistics, communication and cultural misunderstandings were also mentioned as contributing to reducing the effectiveness of organisational strengthening strategies. For example, there is considerable debate as to the cultural relevance of a democratic style of management (encouraged by the North) in some contexts.

- **Southern NGO commitment**

A lack of interest in capacity-building among Southern NGOs was also highlighted by some respondents. Unless the Southern NGO is committed to the process, especially at a senior management level, then there will be no organisational change. Without Southern ownership of capacity-building it is doomed to fail. The tendency to identify organisational problems at the level below, but not in yourself is common to all organisations and is reflected by how little NGOs in the North spend on their own capacity-building and human resource development.

Finally, too, external factors, such as war and other crises inhibit the effectiveness of any organisational change, as priorities or activities are suddenly changed by factors outside the NGO's control.

3.5 Summary of the Findings

Capacity-building is in fashion. The trend towards strengthening partner NGOs is demonstrated by all types of development actors. Responses to the questionnaire revealed that capacity-building is being prioritised by Northern NGOs of all shapes and sizes, including: operational NGOs; donor NGOs; Alternative Trading Organisations; "Volunteer"-sending NGOs. The high response rate to the questionnaire (45% from UK NGOs) also reflects the interest in the subject. At the same time, capacity-building is being strongly emphasised by Northern NGOs' official donors.

The survey of Northern NGOs revealed a wide variety of approaches towards strengthening NGO partners:

- **Changing the Traditional Roles in "Partnership"**
 - increased power to partners
 - undertaking joint activities

- **Using supportive Financing Methods**
 - providing institutional funding
 - supporting NGO self-financing
 - encouraging donor diversification (locally and internationally)

- **Supporting Management Training**
 - though courses provided by or financed by Northern NGO
 - through exposure learning (visits to other NGOs; exchanges; secondments; visits to North)
 - through information dissemination and distance learning

- **Encouraging Organisational Consultancy**
 - one-off field visits from Northern NGO; Northern consultants; or local consultants
 - Organisational Development consultancy

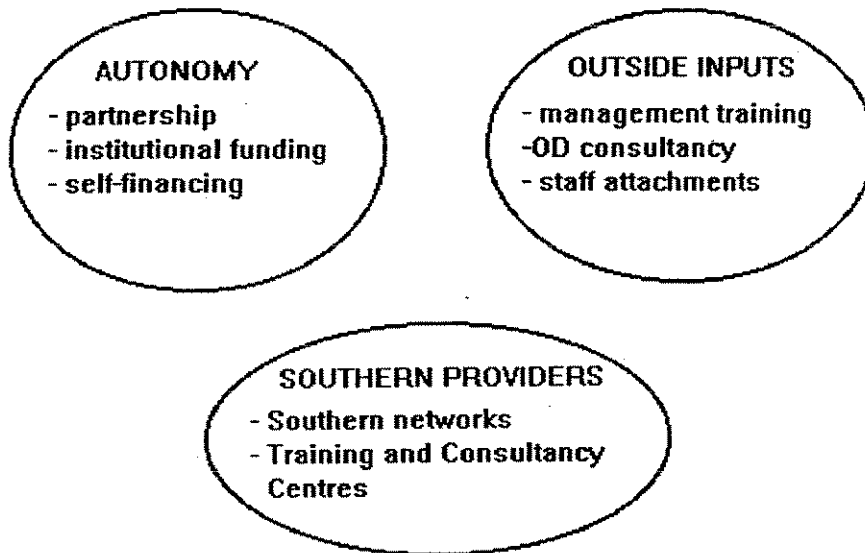
- **Providing Management Advisors - Staff Attachments**
 - full-time input by Northern NGO staff; "volunteers"; or local staff

- **Supporting the development of Southern Networks**
 - informal workshops and conferences
 - formal networks

- **Supporting Southern Training Centres**
 - through funding these institutions
 - through buying their services

These can be broadly categorised as approaches that promote:

- the **AUTONOMY** of the Southern NGO and thus encourage learning from doing something on your own without close control and dependence;
- organisational change through **OUTSIDE INPUTS** of training, consultancy and the interchange of experience with others;
- the development of **SOUTHERN PROVIDERS** of these outside inputs.



There is obviously some overlap between these different approaches. For instance, undertaking joint activities of evaluation not only increases the power (and autonomy) of the Southern NGO, but also enables learning from other members of the evaluation team. Furthermore, much of what is described as learning from others (training, consultancy, networking) is in fact learning from one's own experience, but facilitated by others.

In fact, there is a strong argument that the approaches are mutually dependent and ought to be used synergistically. There is the danger that "capacity" defined purely in financial terms can ignore vital aspects of "organisational sustainability" (like leadership, staffing etc.). This single focus on financial sustainability can encourage inappropriate capacity-building policies. In fact, the approaches which increase Southern autonomy may be premature until the Southern NGO has reached a certain maturity. If there are significant organisational weaknesses, employing these approaches may be counter-productive and for weak agencies capacity-building may have to start with interventions which bring about organisational strengthening from outside inputs.

The responses to the questionnaire showed that to some extent at least all these approaches are employed by a significant number of NGOs. The most popular methods that are used include providing institutional funding, and management training.

It is important to recognise that NGO approaches to capacity-building are context specific. NGOs, especially those with field offices, often have a different approach from country to country and for many the particular capacity-building approach varies from partner to partner. Furthermore, these approaches are dynamic and change over time as the environment and the nature of the relationship with the partner changes. In addition, it must be stressed that these approaches are not mutually exclusive and most NGOs pursue a number of different approaches with the same organisation - a hybrid approach. For example, Novib's Institutional Support Model contained elements of funding, networking and organisational development consultancy. If anything they may be mutually inclusive, whereby a combination of approaches is required in order to have any real impact.

One of the hypotheses that the research sought to investigate, was whether the different approaches employed were influenced by the nationality of the Northern NGO to any significant extent. This variation may arise from the very different cultures, ranging from the corporatist (Norway, Sweden, Netherlands) to the pluralist (UK, France, USA and Canada)" (Smillie 1993)); different degrees of competition among them and the nature of government support (Japan, Italy and Spain project-by-project basis; Sweden, Netherlands and Norway multi-year programme funding).

The results of the survey suggest that the nationality of NGOs supporting capacity-building only has a slight impact on the approaches implemented. UK and Canadian NGOs tended to be slightly more positive about many of the approaches, while 50% of German NGOs responding did not support capacity-building at all. Overall, however, the impact of nationality is limited.

The size of the Northern NGO has an impact on capacity-building approaches in that there is rarely much money to invest in initiatives which do not have a direct impact on beneficiaries. Where there is significant support for particular approaches from some smaller NGOs, other small NGOs are not supportive at all, indicating that smaller NGOs pursue an all or nothing approach to capacity-building. Larger NGOs tend to be implement approaches depending on the region or the particular partner. Smaller agencies were more positive about approaches that increased Southern NGO autonomy, rather than those which required outside inputs and investment.

The mode of operation influences capacity-building approaches as donor NGOs with field offices were more positive than donor NGOs without field offices. This may be due to the nature of contact with the partners which enables some of the constraints with capacity-building strategies to be overcome, such as the need for detailed knowledge of the needs of the partners and the costs of increased communication. Closer contact may also mean that the need is more readily apparent.

What is also clear is that there are no blueprint solutions that can be employed across the board with all partners. The success of different approaches is obviously contingent on a number of variables within the Northern NGO, within the Southern NGO, and within the relationship and environmental context in which they operate. Many Northern NGOs varied their capacity-building approaches according to each partner and the nature of their

relationship with that partner. Interestingly, it would appear that there are significant regional differences in the application of these capacity-building strategies as many of the experimental initiatives have taken place in Latin America, where, it is said, the organisational starting-point is more advanced.

The research does also reveal, in stark terms, how limited the evaluation of capacity-building programmes has been. The methodological problems involved in trying to evaluate the performance of capacity-building programmes, let alone measure the cost-effectiveness, has proved too much for most NGOs. There is, therefore, very little evidence to date from the NGO sector as to whether these capacity-building approaches actually build capacity.

The survey did also point out the variety of constraints on the successful implementation of capacity-building programmes. Constraints in the North and the South and in the nature of the interventions themselves:

- a lack of time and money to invest
- a lack of staff skills in the North
- staff turnover in the North and the South
- lack of commitment to capacity-building in the North and the South
- the nature of capacity-building itself
- cross-cultural and communication issues
- external factors

(see Chapter 4 for a more detailed discussion on the nature of capacity-building).

CHAPTER 4

TOWARDS AN UNDERSTANDING OF CAPACITY-BUILDING

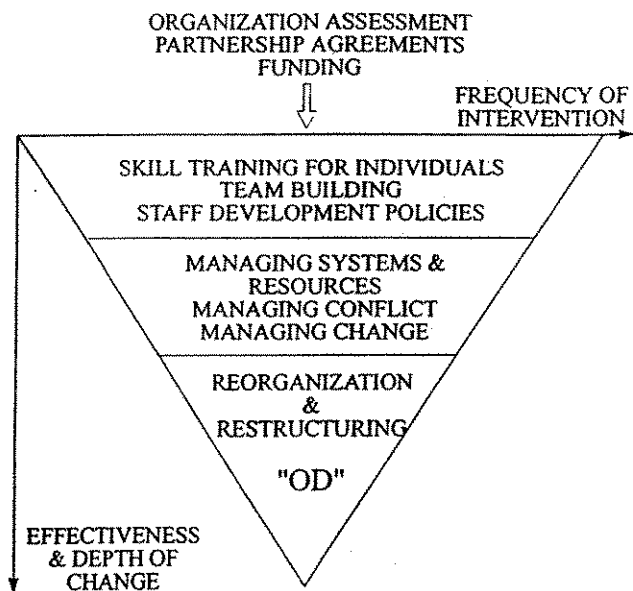
4.1. An Organisational Understanding of Capacity-Building

This research project has revealed that although NGOs are using the new vocabulary and jargon of capacity-building, they use the terms very loosely. NGOs rarely define the end goal of the capacity-building process: whether they are promoting a capacity to *do* and/or a capacity to *be*. This distinction mirrors the NGO roles of service provider and/or interest articulator and lobbyist (*being* a key organisation in civil society).

As well as rarely defining the goal of capacity-building, they also often fail to clearly articulate what they understand by the process of capacity-building. The phrase capacity-building runs the risk of being overused and underdefined, like so much of fashionable development jargon. There is an important need to develop a tighter understanding of capacity-building and so this chapter seeks to stimulate the debate by outlining an organisational development understanding of capacity-building and the major implications that this has for Northern NGOs.

The foregoing discussion of the approaches that strengthen NGO capacity through outside inputs reveal that they are far from monolithic. At a relatively superficial level it is quite straightforward to learn *knowledge* from others through networking and training courses. Much of the training, in fact remains at the knowledge level, although some is able to pass on new *skills*. To change *attitudes*, *individual behaviour* and *organisational behaviour* (the ultimate objective of any intervention) takes longer and is more difficult. The diagram overleaf encapsulates some of the differences and shows that if Northern NGOs want deep change in their partners they need to invest in more than just skills training.

ORGANIZATION DEVELOPMENT



Training and development: most common. Focus on individuals and lack of skills

Management Development: Looking at key issues around organisation. Still often a training response and limited to senior management training.

Reorganisation and restructuring often final response to deep crisis

OD encompasses the whole organisation (and is not done very often!)

(Hailey 1994 INTRAC Training)

Training:

While most training addresses knowledge and skills, sometimes attitudes and individual behaviour, the problem of re-entry into an "untrained" organisation remains. There is often not the time, the space or the receptiveness to implement what has been learnt. In this context, the training impact is dissipated and no real change occurs on an organisational level. To overcome these problems more action-learning, on-site methods are needed, preferably with more than single individuals from an organisation. This is why INTRAC has found in-house training a much better vehicle for increased effectiveness than external training courses.

Training and human resource development cannot simply be equated with organisational development as training can only tackle certain issues. Training of individuals ignores critical organisational issues of systems, structures, culture, decision-making relationships and so is limited in improving the organisation's overall performance.

Organisational Development:

At the other end of the spectrum, organisational development is about "developing a more effective, viable, autonomous, and legitimate organisation *by creating the conditions in which change can take place from within the organisation*" (Hailey 1994 INTRAC Training Courses).

NGOs are faced with a rapidly escalating pace of change in the external environment forcing them to quickly respond and adapt. OD is associated with developing organisational processes for meeting and handling these changes. OD enables the organisation to develop a deeper understanding of the environment and context; implement necessary change in

whole and complex systems (not just one part of the organisation); to become more effective in work and managing change; and to develop continuing capacity for learning. OD is not just about lurching from one restructuring to another without addressing the underlying causes and it is certainly not just building new offices or employing more staff! OD recognises the limitations of working with one aspect of the organisation in isolation (such as the senior management team or the organisation's structure) and acknowledges that any change in one part of the organisation will have ramifications in others. OD is about organisational change at a deep level which creates the climate and builds the capacity for self-management of future change.

This understanding of OD in its purest sense is very similar to orthodox development theory about how NGOs should operate at a grassroots level in communities enabling the beneficiaries to define and articulate their own problems and devise their own solutions. It also reflects much of the current thinking and innovative practice in NGO performance evaluation - often called interpretive evaluation which seeks to articulate and negotiate "value" between the different stakeholder interests. (Marsden et al 1994). This definition of OD also has important implications for the understanding and practice of capacity-building strategies by Northern NGOs.

4.2 The Implications of the OD Nature of Capacity-Building

4.2.1 Strategic, not just another sectoral programme

"Flying the banner 'institution-building' does not in itself produce lasting solutions, yet a contemporary trend is to add that label to projects without really amending the contents" (IDRC 1993: 3).

Capacity-building programmes are not just another sectoral add-on, like small enterprise development or AIDS programmes. Capacity-building requires a whole reorientation of the approach to partnership. Capacity-building and partnership are inextricably linked which is why one of the major capacity-building approaches involves reducing Northern NGO power and control in the "partnership" relation. If Southern NGOs are to have increased capacity, then Northern agencies must give them the freedom to develop and exercise it. It is inconsistent to try and build capacity in a top-down, directive manner and it requires that Northern NGOs forgo "some sovereignty in return for greater impact" (Fowler 1992). Taking a whole-hearted approach to capacity-building will have ramifications across the whole organisation, influencing fundraising, staff skills, performance evaluation, and structure (see section 5.3).

It makes both logical and ideological sense for Northern NGOs to strengthen their partners in development. Furthermore, the shift in official donors' stance towards increased direct funding of Southern NGOs may make capacity-building a critical element of the changing role of Northern NGOs. The ability to work with and strengthen partner NGOs may be key "value added" of Northern NGOs. For example, Katalysis are promoting the direct funding of their partners by USAID in the hope and expectation that the Southern partners value

Katalysis's institutional support enough to pay for it. The power is being put into the hands of the Southern NGOs and if they do not feel that their Northern partners are providing them with value for money in terms of capacity-building support they are able to go elsewhere. Instead of capacity-building always being top-down and supply-driven, it may be that the trends towards direct funding actually enable it to be demand-led from the South with Northern NGOs judged on their ability in this area. Capacity-building may become an even more important element of Northern NGO strategy in the 21st century.

On the other hand, the direct funding trend may cause Northern NGOs to feel their traditional role threatened and thereby subconsciously wish to hold their partners in a dependent state. This could be why some Northern NGOs are keen to learn the vocabulary without investigating the practice too deeply.

4.2.2 Complex

Any organisation, and perhaps especially NGOs, are inherently complex. Therefore the process of strengthening the capacity of these organisations is not straightforward. The heterogeneity of the NGO sector means that it is not possible to approach capacity-building with pre-determined solutions. Different types of NGOs need different approaches. Each intervention must be tailor-made to suit the unique needs and context of the partner. The geographic distance between the Northern agency and the Southern partner and the wide diversity of partners make this especially difficult.

4.2.3 Long Term

OD work involves a deep and continuing engagement with the whole organisation and its environment. It facilitates the partner to identify its own problems and solutions. It is not a quick fix exercise that can be done in two days, but requires long-term, if intermittent support.

According to USAID, the time-factor of institutional development has been ignored, for the sake of securing and giving grants. "There has been in the past a tendency to view ID simplistically and somewhat dishonestly... The long-term nature of institutional development and the importance of consistent support to this process needs to be underlined... the evidence from this series shows that the period of 'amortization' in institutional development is often over *10 years* for a successful programme" (USAID 1989: 21).

4.2.4 Changing/Dynamic

Many commentators argue capacity-building is a constant and continuous process, the nature of which changes over time, but the need for which does not alter as NGOs are always being forced to adapt to turbulent environments.

The nature of capacity-building support also changes as the relationship between the NGO and its partner evolves. "Early basic training and staff development initially predominate.

Over time and with the staff in place the technical assistance shifts to helping the organisation refine the systems it needs to function most efficiently and effectively" (USAID 1989: 15).

Capacity-building is a dynamic process as all organisations need constant renewal, new ideas, and new structures to cope with the rapidly changing external environments. While the input may change, the need remains.

4.2.5 Expensive up-front in time and money

Capacity-building programmes do require investments of time and money up front. The complexity of OD means that it must start with a precise identification and location of issues and problems by the NGO: the organisational assessment process. This is required to avoid the all-too-common scenario is to leap in with a wonderful solution to the wrong problem.

While this approach may be more cost-effective than spending money on poor programmes, the funder must recognise that the costs are up-front and that non-project costs will appear to go up. This will not sit easily with the media-inspired (and NGO-promoted), simplistic evaluation of NGO performance on the basis of indirect expenses. Nor does it sit easily with the current squeeze on many Northern NGOs' incomes.

4.2.6 Requires Southern NGO commitment and ownership

One of the basic principles of organisational change is that unless the organisation itself is committed to it, the process will be undermined and ineffective. This also has important implications for any capacity-building initiative - the Southern NGO must be committed to and have ownership of the process. The questions of who sets the agenda, who defines capacity and even who identifies the consultant are critical.

Until now, the Northern NGO has controlled the process. Some argue that not only is capacity-building a Northern-inspired agenda, but is also a Northern defined agenda. One Canadian respondent to a similar study claimed, "the basic problem is our concept of institution is western, secular and possibly bankrupt. We have imposed our models on Africans" (PAC: 17). There is the sense that capacity-building interventions may not even be ethical, let alone practical. Capacity-building, however, is not about creating Southern NGOs in the image of Northern NGOs. While there are general organisational principles, capacity-building needs also to be culturally distinct and context specific. It requires collaboration to define capacity-building needs for both parties, not just in the South. ACORD point to "the need to develop an agenda for ID in a participative way so that it reflects the coordinated perceptions and values of African and European NGOs" (ACORD 1992).

Northern NGOs must beware of trying to strengthen Southern partners to meet Northern NGO needs. Whenever Southern NGO training needs are discussed, Northern agencies tend to mention financial management and monitoring and evaluation as the crucial Southern

needs. It seems that often Southern capacity-building initiatives are shaped by Northern needs for greater accountability. Some Southern NGOs, in fact, would identify the major obstacles to effective impact at the donor end, just as some Northern NGOs quickly point out the constraints imposed on them by their official funding sources.

4.2.7 Not a convenient exit route

Some Northern NGOs are resorting to capacity-building as a convenient exit strategy. Having worked with a partner for a number of years they wish to withdraw support, but recognise that they have an obligation to leave the organisation in a way that it can carry on functioning. This is maybe why many NGOs equate capacity-building with self-financing or diversification of funding sources - perhaps a symptom of the preoccupation with defining sustainability merely in economic rather than in organisational terms.

While the issue of falling income is often a key factor in promoting organisational change, the impact of capacity-building programmes will be limited if they are used as a "golden handshake" (especially if the Southern NGO can see through the gold plating!)

4.2.8 Requires Increased Capacity-Building Providers in the South

One of critical constraints on capacity-building is on the supply side - the lack of high quality training and consultancy providers in the South. The long-term OD consultancy approaches using outside facilitators (*companero critico, accompaniment, Appui, Berater auf Zeit*) requires a skilled pool of Southern consultants skilled and specialised in NGO OD.

The development of these services raises a number of issues:

- 1) While there are many public sector training centres (and some commercial consultancies) which have diversified their services into the NGO sector, few of these have the experience to appreciate the unique characteristics and dynamics of the NGO world and simply transfer inappropriate theories and practice from a different sector.
- 2) Many of the NGO training centres have been built or supported as an act of faith that training will provide the panacea for organisational problems. There has been much less support for the development of organisational development consultancy services within these institutes. A few organisations, such as, CDRA (South Africa), PREFED (Rwanda), have the experience to provide *appui* or *accompaniment* services. Many others have learnt OD on-the-job, from a background in community-based training. Overall there are too few specialist organisations or individuals able to adopt a truly OD approach to working with NGOs over the extended period that is necessary. This may be because donors have been much more positive about funding more tangible training courses than consultancy interventions.
- 3) The way these organisations are funded is crucial. Donors usually respond to NGO demands for services by funding a supplier, which is the simplest approach, but has a

number of disadvantages:

- the supplier may become more steered by the funder not the client;
- if the client is not paying for the services the commitment to make full use of them is diminished;
- the supply-side remains uncoupled from the local economy and dependency is an obvious danger
- decisions on funding projects becomes too easily linked to conditions of organisational development and the supplier may be perceived or even used as an informant for the donor (Fowler 1992).

Wherever possible funds should be given to the NGO to hire the services that it needs rather than given directly to the suppliers. Client-led service delivery avoids many of the distortions, and the drawbacks of poor quality and limited sustainability that often arise from supply-led delivery. Support which is part-grant, part-loan may be another option.

CHAPTER 5

CONCLUSIONS

5.1 Summary of Findings: Northern NGO Capacity-Building Approaches

The main conclusions of this research are that:

- Capacity-building is very popular at the moment, demonstrated by a good overall response rate to the questionnaire and 93% of agencies responding positively that they did implement capacity-building with partners.
- NGOs pursue a variety of approaches, designed to:
 - i) promote the **AUTONOMY** of the Southern NGO and thus encourage learning from doing independently;
 - ii) promote organisational change through **OUTSIDE INPUTS** of training, consultancy and the interchange of experience with others;
 - iii) promote the development of **SOUTHERN PROVIDERS** of these outside inputs.
- These approaches are interrelated and often implemented in a hybrid form. The appropriateness of each approach depends on a variety of factors including: the natures of the NGOs involved; their relationship; the particular problems to be addressed; and the dynamic context in which they operate. There are no blueprint approaches that work with all partners at all times.
- The two most popular methods that are used are providing institutional funding, and management training.
- The nationality of NGOs supporting capacity-building only has a slight impact on the approaches implemented. UK and Canadian NGOs tended to be more positive than other nationalities, and German agencies less so.
- The size of the Northern NGO has an impact on the propensity to engage in capacity-building in that smaller NGOs were more positive about approaches which gave more autonomy to Southern partners and less positive about investing in outside inputs like training or consultancy. Larger agencies were more moderate, implementing some approaches with some partners and not with others;
- The mode of operation influences capacity-building approaches as donor NGOs with field offices were more positive than donor NGOs without field offices. This is probably due to the increased level of contact with partners which overcomes some of the constraints on capacity-building and make the needs more obvious.

- There are a variety of constraints on the successful implementation of capacity-building programmes: constraints of time, cost and staff skills in the North; NGO weaknesses, staff turnover, and communication problems with the South; and in the nature of the interventions themselves.
- Capacity-building is strategic, not just another sectoral programme; complex; long-term; changing; expensive in time and money; requires Southern ownership, not just acceptance; and is not a convenient exit route. This has significant implications for Northern NGOs wanting to get involved in capacity-building.
- Evaluation of capacity-building programmes by NGOs is extremely limited and there is little evidence from the NGOs as to the effectiveness of their capacity-building programmes. This does not suggest that its impact is in fact limited, but that capacity-building is difficult to evaluate and has not seriously been attempted by NGOs to date.

5.2 The Implications for Research Needs

This research has been based on a Northern perspective of capacity-building. This has provided a one-dimensional picture of what Northern NGOs understand about what they are doing in this area.

- There is a need for further investigation to make the research three-dimensional with a Southern perspective on these approaches and independent analysis of their success.

The capacity-building process is very complex and it is not black and white. Particular approaches may have positive or negative impacts depending on the particular context. To come to reasoned conclusions about the efficacy and the effectiveness of capacity-building approaches further investigation of particular approaches is necessary. Unless more is known about what are appropriate approaches, it may be that capacity-building strategies actually undermine and destroy the organisational capacity the NGO was seeking to develop.

- There is a need to evaluate the effectiveness of different capacity-building approaches.

The research showed it was extremely rare for NGOs to specifically evaluate the effectiveness of their capacity-building programmes. Such a dearth of information makes it impossible to say whether such programmes are cost effective. Many agencies seem to be going down this route with little idea of what to expect or its implications.

- There is therefore a need to develop organisational frameworks which can be used with indicators to shed more light on this area.

A number of different tools are currently being developed by organisations like INTRAC as part of its training and consultancy programme. Certainly the task of defining what

stronger organisations would look like is fraught with process, contextual and temporal problems. For example, the Northern NGO cannot identify and impose its indicators of what its partner should look like and there are obviously issues of attribution and limited time-scale. Unless, however, some definitions of success (organisational indicators) are developed there are no means to measure capacity-building either qualitatively or quantitatively.

ACORD's review of its ID experiences highlighted, "the need to develop specific criteria based, to a large extent, on its members own indicators. Generalised universal criteria are few and far between. Notions of autonomy, legitimacy, effectiveness and impact are relative and culturally specific. The challenge is to develop a balance of subjective and objective indicators which reflect the variety of stakeholders' interests and which are accurate, reliable and simple to collect" (ACORD 1992: 10).

Furthermore, unless capacity-building interventions are tied to improved organisational performance indicators, then it is easy for these funds to be used merely to cover running costs, as COTA discovered in their evaluation of EEC Chapter 12 funding for institutional strengthening (COTA 1993).

5.3 The Implications for Northern NGOs in Implementing Capacity-Building

Given the nature of capacity-building described in Chapter 4, implementing such a programme with Southern partners has profound implications for the Northern NGO itself. Capacity-building programmes are not just another sectoral add-on, but require a whole reorientation of the approach to partnership.

- Taking a whole-hearted approach to capacity-building will have ramifications throughout the whole organisation, influencing strategy, fundraising, staff skills, performance evaluation, structure.

For instance, to strengthen partners effectively, there is a need for higher quality information about the organisation and a greater engagement with the partner than the traditional donor-"partner" relationship involves. This raises issues of the role of field offices, local consultants and the whole decentralisation debate.

"One of the main lessons ACORD has learnt is that its institutional set up has been inappropriate to promoting the interests of CBOs. Its accountability.. remains almost exclusively to its funders...In addition its decision-making, management, support and platform for debate on development issues are too distant and too alienated from its work in Africa and the short-term nature of its funding is contradictory to its longer objectives which have been set. ACORD's decentralisation process aims to counter many of these problems" (ACORD 1992).

The intensive nature of capacity-building also raises issues of strategy and partner "focus" as the information and resource requirements limits the number of partners with whom it can be implemented in a meaningful way.

- The nature of capacity-building poses challenges for the role of the Northern NGO in the partnership and raises the question of whether it can have a direct role in implementing a capacity-building programme.

It can be argued that capacity-building can best take place when the NGO is facilitated to identify its own organisational problems and potential solutions. This requires a degree of openness and honesty which is rarely found in a donor relationship, where funding is not unconditional. It also requires disinterested facilitation skills which donors do not often display. The obvious solution is to contract out the capacity-building services, preferable to Southern consultants who may be more culturally sensitive and better able to visit on an intermittent basis.

Given the limited supply of consultants experienced in this field of NGO capacity-building, Northern NGOs may need to consciously support the development of Southern providers of these services themselves. It is worth noting the danger that Southern consultants merely become clones of the North and as urban, educated, commercial consultants they may not share the values of the NGOs they are being paid to support. It would be better if the Southern NGO was responsible for the hiring and firing of the local consultants as this not only ensures greater Southern ownership of the capacity-building process, but also means that the consultant is directly responsible to its client.

- There is a need to evaluate the effectiveness of capacity-building approaches.

The research showed that it was extremely rare for NGOs to specifically evaluate the effectiveness of their capacity-building programmes. If Northern NGOs are going to promote themselves as adding value in the area of capacity-building of partners (this may be a critical element of comparative advantage over government direct funding) then they will have to demonstrate to major donors the cost effectiveness of these strategies. The current dearth of information makes this impossible to comment on at the moment.

- Northern NGOs must apply principles of capacity-building to their own agencies

Finally, capacity-building must not be limited to "what we do to them". Northern NGOs should avoid having double standards and always applying capacity building to others. It is often the case during INTRAC training courses that in developing organisational indicators, Northern NGOs demand much more of partners than they do of themselves.

In identifying organisational problems most point out external factors outside their control. In this way, Northern agencies identify constraints in the capacity of Southern partners which inhibit effective development, but rarely recognise their own limitations and capacity-building needs. There needs to be some component within capacity-building programmes where the limitations of *both* partners are addressed.

If Northern NGOs are going to get involved in capacity-building of others then they need to develop the organisational understanding and skills to be able to direct and manage such programmes. The amounts that Northern NGOs invest in their own staff development is still extremely small. New strategies require new capacities and staff skills in the North as well as the South.

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APPENDIX I

QUESTIONNAIRE

APPROACHES TO BUILDING CAPACITY OF SOUTHERN PARTNERS

INTRAC (the International NGO Training and Research Centre) is carrying out a survey to determine what approaches are being employed by Northern NGOs to build up the organisational and management capacity of their Southern partners. NGOs in Europe and North America are increasingly trying to strengthen partners, but there is very little information for NGO managers on *how* this can be done. INTRAC recognises the need to conduct empirical research to determine which methods for strengthening capacity have been tried by NGOs and then in a second phase to analyse which methods have been successful and why.

We are interested in conscious approaches to building management capacity in the South. We do realise that it is not always easy to separate this from normal development interventions, and capacity-building is not simply a one-way process that we "do" to them. For the purpose of this work, however, we are taking "capacity-building" to mean an explicit outside intervention to improve an organisation's performance in relation to its mission, context, resources and sustainability. Examples of capacity-building methods are: providing long-term core funding to an NGO (rather than short-term project grants), or contracting an independent local consultant to provide the partner with on-going management advice (process consultancy).

The information resulting from this survey will be published by April 1994 and a free copy of the findings will be sent to NGOs who return this questionnaire.

Organisation:
 Address:
 Telephone: Fax:
 Financial Turnover: Number of head office staff:
 Respondent's Name:
 Position:

1) How do you implement your support? (Please tick one or both)

- Operationally - by implementing programmes using your own staff
 Donor - by providing support to Southern NGO partners
 through your own field offices
 directly from headquarters in the North

2) Who are your partners?

- Intermediary NGOs
 Community-Based Organisations (CBOs)
 Government and Parastatals

3) How many partners do you have? 0-10 10-50 50-150 Above 150

4) What percentage of your support goes to ?

	<25%	25%-50%	>50%
NGOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CBOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Govt.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5) In how many countries do you work? 0-5 5-15 15-40 Above 40

6) What do you understand by capacity-building?

.....
.....
.....

7) Does your support include approaches and resources specifically to build-up the organisational capacity of your Southern partners?

YES NO (Please tick)

If NO, please still return this form to INTRAC in the self-addressed envelope.

8) Does your organisation have policy statements or guidelines on capacity-building of partners?

YES NO

If YES, please could you send a copy of relevant policy statement.

9) How do you identify the capacity-building needs of partners?

.....
.....
.....
.....

10) Do you employ specialist staff at headquarters or overseas to assist in capacity-building of partners?

YES NO

11) Do you use any of the following methods for strengthening your partners?

Please tick boxes to indicate if method used and give specific examples where possible.

PARTNERSHIP RELATIONS

YES *Giving partners increased power in the partnership relation*
 NO (e.g. negotiated contracts, two-way accountability, etc.)

If YES, please indicate with what proportion of your partners you are able to do this:

0-10% 10-25% 25-50% 50-100%

Please give examples if possible.....
.....
.....

FINANCING

YES *Providing Institutional (Core) Support*
 NO (e.g. cover broadly defined programme costs and/or core costs with long-term agreements, etc.)

If YES, please indicate with what proportion of your partners you are able to do this:

0-10% 10-25% 25-50% 50-100%

Please give examples if possible.....
.....
.....

YES *Supporting NGO Self-Financing Programmes*
 NO (NGO enterprises to generate profits for the NGO itself, and/or providing funds for capital investment, etc.)

If YES, please indicate with what proportion of your partners you are able to do this:

0-10% 10-25% 25-50% 50-100%

Please give examples if possible.....
.....
.....

TRAINING AND CONSULTANCY

YES *Providing management training to partners*
 NO

If YES, who provides it? your organisation
 identifying/funding external training opportunities
 arranging exposure visits, secondments, exchanges

Please give examples if possible.....
.....
.....

YES *Providing organisational development consultancy services*
 NO

If YES, is it provided by: own staff field visits
 sending consultants from North
 employing local consultants

Please give examples if possible.....
.....
.....

YES *Staff attachments to partners*
 NO

If YES, are the staff: ex-patriate staff
 local staff

Please give examples if possible.....
.....
.....

Please indicate with what proportion of your partners you are able to do this

0-10% 10-25% 25-50% 50-100%

DEVELOPING NGO SUPPORT STRUCTURES IN COUNTRY

- YES *Supporting Southern NGO Networks and other Collaborative Bodies*
 NO

If YES, approximately how many such projects?.....

Please give examples.....

- YES *Supporting Southern Training/Consultancy/Research Institutions*
 NO

If YES, approximately how many such projects?.....

Please give examples.....

12) What other methods do you use for strengthening partners? (please give examples)

.....
.....
.....
.....
.....
.....
.....

13) Have you evaluated the results of these strategies?

- YES
 NO

If YES, please enclose a written report if possible

14) What are the main constraints on the impact of this capacity-building programme?

.....
.....
.....
.....

A second phase of this research will analyse the main strategies identified in more depth from a Northern and Southern perspective to determine their relative strengths and weaknesses; the organisational implications; and the conditions required for successful implementation.

Thank you very much for your help. The report on this survey should arrive by April 1994.

Please return the completed questionnaire (by fax or post) with any additional information, such as policy papers, evaluations to:

Rick James
INTRAC
P.O. Box 563,
Oxford OX2 6RZ
United Kingdom

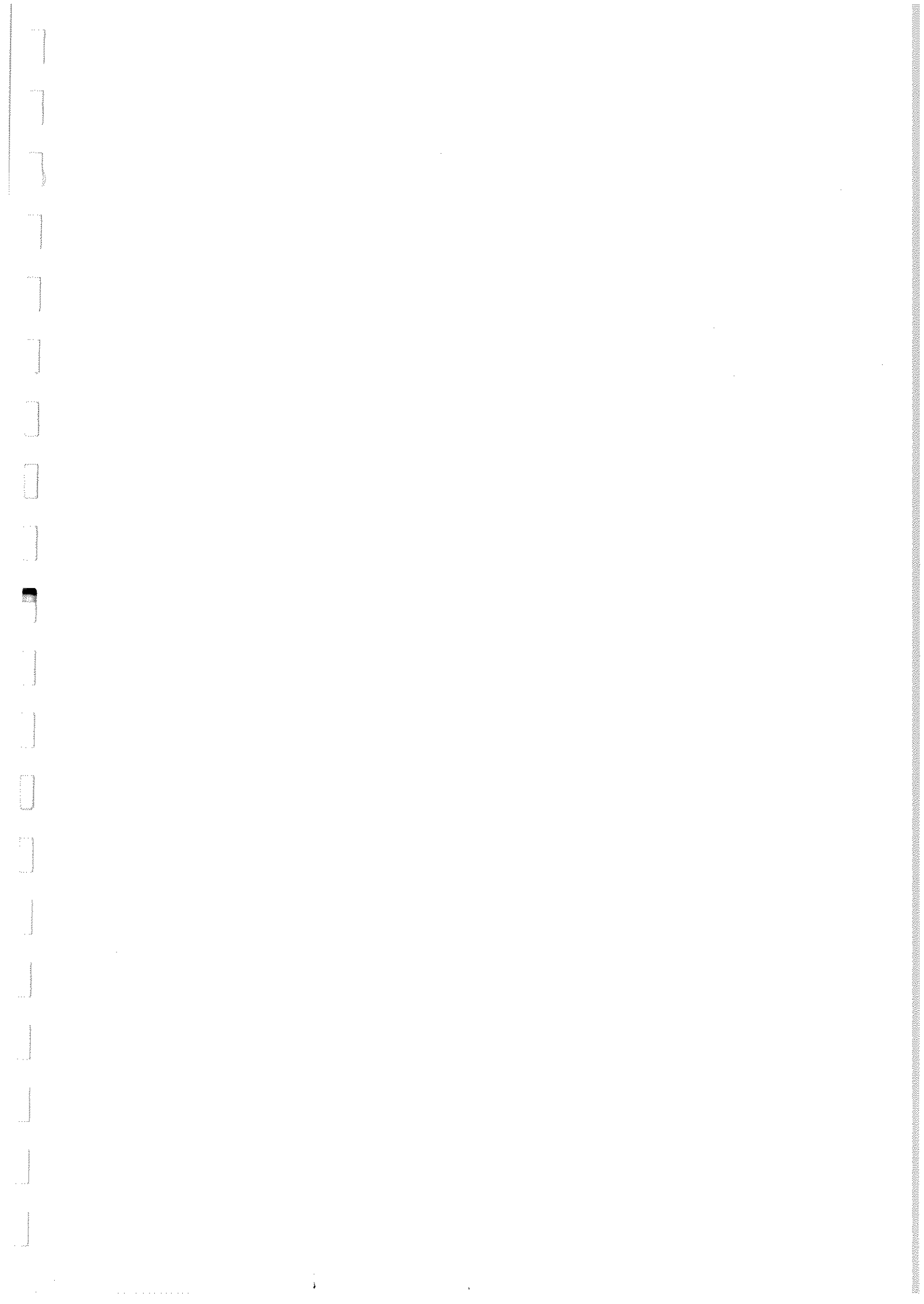
Tel: +44 (0) 865 201851
Fax: +44 (0) 865 201852

APPENDIX II

Responding Organisations

Organisation	Nationality	Size
SCMTM	Belgium	Very Small
ACT	Belgium	Very Small
Bolivia Centrum	Belgium	Small
Freres des Hommes	Belgium	Small
Nord Sud Cooperation	Belgium	Small
Entraide et Fraternite	Belgium	Medium
COOPIBO	Belgium	Medium
WSM	Belgium	Medium
Share Agricultural Found.	Canada	Very Small
Development Workshop	Canada	Very Small
International Childcare	Canada	Very Small
Horizons of Friendship	Canada	Small
Emmanuel International	Canada	Small
USC	Canada	Medium
Save a Family	Canada	Medium
Hope International	Canada	Medium
Partnership Africa/Canada	Canada	Large
CanadianCrossroads Int	Canada	Large
CUSO	Canada	Large
Quaker Service	Denmark	Very Small
Cooperative Cetre	Denmark	Very Small
MS	Denmark	Very Large
Danchurchaid	Denmark	Very Large
Aide et Action	France	Small
GRET	France	Medium
CCFD	France	Very Large
Aktion Five	Germany	Very Small
ASW	Germany	Small
El Puente	Germany	Small
MdF	Germany	Medium
Terre des Hommes	Germany	Large
MISEREOR	Germany	Very Large
Health Action International	Holland	Very Small
SOS (trading)	Holland	Small
MSF	Holland	Medium
Medicus Mundi	Holland	Large
SOH	Holland	Very Large
Novib	Holland	Very Large
Norwegian Refugee Council	Norway	Very Large
Redd Barna	Norway	Very Large
Hegoa	Spain	Small
INTERMON	Spain	Medium

Cusichaca Trust	UK	Very Small
Families for Children	UK	Very Small
Nepal Leprosy Trust	UK	Very Small
Devon Aid	UK	Very Small
Find Your Feet	UK	Very Small
Childhope	UK	Very Small
Tools For Self Reliance	UK	Very Small
Harvest Help	UK	Very Small
UK FPSP	UK	Very Small
World Rainforest Movement	UK	Very Small
Feed the Minds	UK	Very Small
INF	UK	Very Small
Opportunity Trust	UK	Very Small
ACWW	UK	Small
Durham-Lesotho Link	UK	Small
Karuna Trust	UK	Small
Traidcraft Exchange	UK	Small
Homeless International	UK	Small
UNAIS	UK	Small
ADD	UK	Small
Farm-Africa	UK	Small
Population Concern	UK	Small
Concern Univeral	UK	Small
AHRTAG	UK	Small
AFGHANAID	UK	Medium
Y CARE International	UK	Medium
LEPRA	UK	Medium
Aga Khan Foundation	UK	Medium
Water Aid	UK	Medium
Plan International	UK	Medium
ACORD	UK	Medium
ECHO	UK	Medium
Sight Savers	UK	Medium
World Vision	UK	Large
VSO	UK	Large
WWF	UK	Large
CAFOD	UK	Very Large
Tear Fund	UK	Very Large
British Red Cross	UK	Very Large
Christian Aid	UK	Very Large
OXFAM	UK	Very Large
Save the Children Fund	UK	Very Large
The Resource Foundation	USA	Very Small
Concern America	USA	Small
Katalysis Foundation	USA	Small
Freedom from Hunger	USA	Small
Esperanca	USA	Small
The Hunger Project	USA	Medium
Heifer Project International	USA	Medium
World Relief	USA	Large
Africare	USA	Large
African-American Inst.	USA	Large
Pathfinder International	USA	Very Large
Plan International USA	USA	Very Large



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Strengthening the Capacity of Southern NGO Partners

Strengthening the organisational capacity of Southern NGOs is currently being identified as a crucial development strategy by official and non-government development agencies alike. While many Northern NGOs have begun to develop their own particular approaches for strengthening the capacity of their partners, there has been no previous attempt to aggregate and analyse these experiences in a systematic way.

This report provides an overview of different NGO experiences, including:-

- Changing the traditional roles in partnership
- Using supportive financing methods
- Supporting management training
- Encouraging organisational development consultancy
- Providing management advisors - staff attachments
- Supporting the development of Southern networks
- Supporting Southern training centres

The paper also defines capacity building, and examines its possible implications for Northern as well as Southern NGOs.

The INTRAC Occasional Papers Series

INTRAC's Occasional Papers are designed to both inform and stimulate debate concerning development policy and practice, with particular reference to the NGO sector. The perspectives are derived from INTRAC's own research, training and consultancy work with development agencies both in the North and South

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