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AUTHOR	Lessik, Alan; Michener, Victoria
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ABSTRACT

This document provides information for managers in the U. S. Agency for International Development on measuring institutional capacity, including some tools that measure the capacity of an entire organization as well as others that look at individual components or functions of an organization. The paper defines and discusses capacity assessment in general and presents several approaches for measuring capacity. The sections are: (1) "Background: Institutional Capacity Building and USAID"; (2) "How To Measure Institutional Capacity"; (3) "Measurement Issues"; (4) "Institutional Assessment Tools"; (5) "Measuring Individual Organizational Components"; (6) "Developing Indicators"; and (7) "Practical Tips for a Busy USAID Manager." The section on measurement issues is likely to be of interest to those interested in educational measurement. It focuses on comparability across organizations and over time, data collection, objectivity, quantification, internal versus external assessments, and practicality, all issues of interest to educational assessment. Other aspects of institutional assessment discussed would also have relevance for the educational practitioner. (Contains 58 references.) (SLD)

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2000, Number 15

Recent Practices In Monitoring and Evaluation

TIPS

USAID Center for Development Information and Evaluation

MEASURING INSTITUTIONAL CAPACITY

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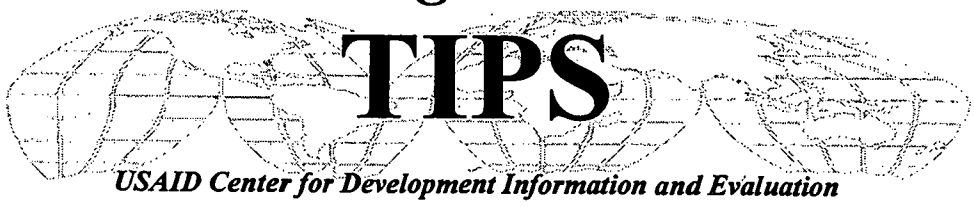
Recent Practices In Monitoring and Evaluation



MEASURING INSTITUTIONAL CAPACITY

Introduction

This PME *Tips* gives USAID managers information on measuring institutional capacity,* including some tools that measure the capacity of an entire organization as well as others that look at individual components or functions of an organization. The discussion concentrates on the internal capacities of individual organizations, rather than on the entire institutional context in which organizations function. This *Tips* is not about how to actually "strengthen" an institution, nor is it about how to assess the eventual *impact* of an organization's work. Rather, it is limited to a specific topic: how to measure an institution's capacities. It addresses the following questions: Which measurement approaches are most useful for particular types of capacity building? What are the strengths and limitations of each approach with regard to internal bias, quantification, or comparability over time or across organizations? How will the data be collected and how participatory can and should the measurement process be? Measuring institutional capacity might be one important aspect of a broader program in institutional strengthening; it may help managers make strategic, operational, or funding decisions; or it may help explain institutional strengthening activities and related performance. Whatever the reason for assessing institutional capacity, this *Tips* presents managers with several tools for identifying institutional strengths and weaknesses.

The paper will define and discuss capacity assessment in general and present several approaches for measuring institutional capacity. We assess the measurement features of each approach to help USAID managers select the tool that best fits their diverse management and reporting needs. The paper is organized as follows:

1. **Background: Institutional Capacity Building and USAID**

2. **How to Measure Institutional Capacity**

*The terms *institutional capacity, institution building, institutional strengthening, organizational capacity,* and *organizational development* all address the same set of issues and are used here interchangeably.

Recent Practices in Monitoring and Evaluation Tips **explores a range of issues and discusses current experience and practices within USAID to help staff manage for results. Each paper covers a monitoring and evaluation topic in depth, complementing the shorter how-to guides that make up the bulk of the *Tips* series. *Tips* contains no new Agency policy or essential procedures. Rather, the *Tips* series provides guidelines, advice, and suggestions to USAID managers on how to effectively plan and conduct performance monitoring and evaluation activities.**

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3. Measurement Issues

4. Institutional Assessment Tools

5. Measuring Individual Organizational Components

6. Developing Indicators

7. Practical Tips for a Busy USAID Manager

1. Background: Institutional Capacity Building and USAID

USAID operating units must work closely with partner and customer organizations to meet program objectives across all Agency goal areas, among them economic growth and agricultural development, democracy and governance, and health. In the course of planning, implementing, and measuring their programs, USAID managers often find that a partner or customer organization's lack of capacity stands in the way of achieving results. Increasing the capacity of partner and customer organizations helps them carry out their mandate effectively and function more efficiently. Strong organizations are more able to accomplish their mission and provide for their own needs in the long run.

USAID operating units build capacity with a broad spectrum of partner and customer organizations. These include but are not limited to

- American private voluntary organizations (PVOs)
- Local and international nongovernmental organizations (NGOs) and other civil society organizations (CSOs)
- Community-based membership cooperatives, such as a water users' group
- Networks and associations of organizations
- Political parties
- Government entities (ministries, departments, agencies, subunits, policy analysis units, health clinics, schools)
- Private sector organizations (financial institutions, companies, small businesses and other for-profit organizations)
- Regional institutions

The Agency uses a variety of techniques to build organizational capacity. The most common involve providing technical assistance, advisory services, and long-term consultants to organizations, to help them build the skills and experience necessary to contribute successfully to sustainable development. Other techniques include providing direct inputs, such as financial, human, and technological resources. Finally, USAID helps establish mentoring relationships; provides opportunities for formal study in-country, in the United States or in third countries; and it sets up internships or apprenticeships with other organizations. The goal of strengthening an institution is usually to improve the organization's overall performance and viability by improving administrative and

Capacity-building programs are intended to strengthen an organization's ability to provide quality and effective services, while being viable as an institution. This means supporting an organization to be *programmatically* sustainable (providing needed and effective services), as well as *organizationally* sustainable (with strong leadership and having necessary systems and procedures to manage by), while ensuring that it has sufficient *resources* (human, financial, and material) that are utilized well. Finally, this support must help the organization understand the external environment (political, economic, and social) it operates in, and to develop a relationship with it that is sufficiently stable and predictable.

—New TransCentury Foundation, 1996, p.1 of vol. 3.

management functions, increasing the effectiveness of service provision, enhancing the organization's structure and culture, and furthering its sustainability. Institutional strengthening programs may address one or more of these components.

In most cases, USAID managers are concerned with institutional strengthening because they are interested in the eventual program-level results (and the sustainability of these results) that these stronger organizations can help achieve. While recognizing the need to address eventual results, this *Tips* looks primarily at ways to *measure institutional capacity*. Understanding and measuring institutional capacity are critical and often more complex than measuring the services and products an organization delivers.

Measuring organizational capacity is important because it both guides USAID interventions and allows managers to demonstrate and report on progress. The data that emerge from measuring institutional capacity are commonly used in a number of valuable ways. These data establish baselines and provide the basis for setting targets for improvements. They help explain where or why something is going wrong; they identify changes to specific program interventions and activities that address areas of poor performance; they inform managers of the impact of an intervention or the effectiveness of an intervention strategy; and they identify lessons learned. They are also useful for reporting to Washington and to partners.

It is important to note the difference between assessing capacity for contracting and grant-making decisions versus for a "capacity building" relationship with partner/customer organizations. A USAID manager may want to assess the capacity of an organization to help make decisions about awarding grants or holding grantees accountable for results. In this case, the assessment is more of an external oversight/audit of an organization hired to carry out Agency programs. Or, the manager may have a programmatic commitment to strengthen the abilities of customer and partner organizations. Different tools and methods are available for both situations. This paper deals primarily with programs that fit the latter description.

Within USAID, the Office of Private and Voluntary Cooperation (PVC) in the Bureau for Humanitarian Response has taken the lead on building the capacity of nongovernmental organization (NGO) and private voluntary organization (PVO) partners. PVC has defined strategic objectives and intermediate results aimed specifically at improving the internal capacity of U.S. PVOs. PVC has studied different approaches to institutional capacity building and has begun to develop a comprehensive capacity assessment tool called discussion-oriented organizational self-assessment, described in example 1 in this paper. In addition to DOSA, PVC has developed several indicators for measuring institutional capacity development.

PVC specifically targets NGOs and PVOs and is particularly concerned with enhancing partnerships. USAID missions, by contrast, work with a broader range of organizations on activities aimed at increasing institutional capacity. Such mission programs usually view institutional capacity as a means to achieve higher level program results, rather than as an end in itself.

2. How to Measure Institutional Capacity

An organization can be thought of as *a system of related components that work together to achieve an agreed-upon mission*. The following list of organizational components is not all-inclusive, nor does it apply universally to all organizations. Rather, the components are representative of *most* organizations involved in development work and will vary according to the type of organization and the context in which it functions.

Administrative and Support Functions

- Administrative procedures and management systems
- Financial management (budgeting, accounting, fundraising, sustainability)
- Human resource management (staff recruitment, placement, support)

- Management of other resources (information, equipment, infrastructure)

Technical/Program Functions

- Service delivery system
- Program planning
- Program monitoring and evaluation
- Use and management of technical knowledge and skills

Structure and Culture

- Organizational identity and culture
- Vision and purpose
- Leadership capacity and style
- Organizational values
- Governance approach
- External relations

Resources

- Human
- Financial
- Other

When selecting a measurement instrument, one should first clearly identify what needs to be measured. The intervention's objective may be to strengthen the *entire* organization or only a *specific function or component* of the organization. The most useful measurement will capture only the information relevant to the intervention.

In the field, practitioners can measure at several different levels. One approach is to measure the actual services or products the organization provides. A second method is to look at how well the entire organization functions by examining all of the components listed above. Yet another technique involves examining only selected components of the organization.

In the first method, USAID program managers measure an organization's outputs rather than its internal processes. In these cases, capacity building is clearly a means to an end. Operating units should and do track organizational results (quantity and quality of services provided). However, managers of institutional strengthening programs should also strengthen the organization's processes so the organization can not only better achieve results, but do so in a sustainable fashion. The second method is most useful when USAID is addressing the overall strengthening of an organization. It involves measuring the process that leads to better results—assessing the capacity of and tracking changes in all the components that make up an organization. The third approach, tracking only particular organizational components, is used when an organization is being strengthened in one or a few areas, such as financial management, leadership development, or program planning.

3. Measurment Issues

This *Tips* presents capacity-assessment tools and other measurement approaches that, while similar in some ways, vary in both their emphasis and their method for evaluating an organization's capacity. Some use scoring systems and others don't; some use questionnaires while others employ focus groups; some use external evaluators, and others use self-assessments; some emphasize problem solving, while others concentrate on appreciating organizational strengths. Some tools can be used to measure the same standard across many organizations, while others are organization specific. Many of the tools are designed so that the measurement *process* is just as important as, if not more important than, the resulting information. They may involve group discussions, workshops, or exercises, and may explicitly attempt to be participatory. Such tools try to create a learning opportunity for the organization's members, so that the assessment itself becomes an integral part of the capacity-building effort.

Because of each user's different needs, it would be difficult to use this *Tips* as a screen to predetermine

the best capacity-assessment tool for each situation. Rather, managers are encouraged to adopt the approaches most appropriate to their program and to adapt the tools best suited for local needs. To assist managers in identifying the most useful tools and approaches, we consider the following issues for each of the tools presented:

- **Type of organization measured.** Many of the instruments developed to measure institutional capacity are designed specifically for measuring NGOs and PVOs. Most of these can be adapted easily for use with other types of organizations, including government entities.

- **Comparability across organizations.** To measure multiple organizations, to compare them with each other, or to aggregate the results of activities aimed at strengthening more than one organization, the tool used should measure the same capacity areas for all the organizations and use the same scoring criteria and measurement processes. Note, however, that a standard tool, applied to diverse organizations, is less able to respond to specific organizational or environmental circumstances. This is less of a problem if a group of organizations, using the same standard tool, has designed its diagnostic instrument together (see the following discussion of PROSE).

- **Comparability over time.** In many cases, the value of measuring institutional capacity lies in the ability to track changes in one organization over time. That requires consistency in method and approach. A measurement instrument, once selected and adapted to the needs of a particular organization, must be applied the same way each time it is used. Otherwise, any shifts that are noted may reflect a change in the measurement technique rather than an actual change in the organization.

- **Data collection.** Data can be collected in a variety of ways: questionnaires, focus groups, interviews, document searches, and observation, to name only some. Some methods are hands-on and highly participatory, involving a wide range of customers, partners, and stakeholders, while others are more exclusive, relying on the opinion of one or two specialists. In most cases, it is best to use more than one data collection method.

- **Objectivity.** By their nature, measures of institutional capacity are subjective. They rely heavily on individual perception, judgment, and interpretation. Some tools are better than others at limiting this subjectivity. For instance, they balance perceptions with more empirical observations, or they clearly define the capacity area being measured and the criteria against which it is being judged. Nevertheless, users of these tools should be aware of the limitations to the findings.

- **Quantification.** Using numbers to represent capacity can be helpful when they are recognized as *relative* and not *absolute* measures. Many tools for measuring institutional capacity rely on ordinal scales. Ordinal scales are scales in which values can be ranked from *high to low* or *more to less* in relation to each other. They are useful in ordering by rank along a continuum, but they can also be misleading. Despite the use of scoring criteria and guidelines, one person's "3" may be someone else's "4." In addition, ordinal scales do not indicate how far apart one score is from another. (For example, is the distance between "agree" and "strongly agree" the same as the distance between "disagree" and "strongly disagree"?) Qualitative descriptions of an organization's capacity level are a good complement to ordinal scales.

- **Internal versus external assessments.** Some tools require the use of external facilitators or assessors; others offer a process that the organization itself can follow. Both methods can produce useful data, and neither is automatically better than the other. Internal assessments can facilitate increased management use and better understanding of an assessment's findings, since the members of the organization themselves are carrying out the assessment. By contrast, the risk of bias and subjectivity is higher in internal assessments. External assessments may be more objective. They are less likely to introduce internal bias and can make use of external expertise. The downside is that external assessors may be less likely to uncover what is really going on inside an organization.

- **Practicality.** The best measurement systems are designed to be as simple as possible—not too time consuming, not unreasonably costly, yet able to provide managers with good information often enough to meet their management needs. Managers should take practicality into account when selecting a measurement tool. They should consider the level of effort and resources required to develop the instrument and collect and analyze the data, and think about how often and at what point during the management cycle the data will be available to managers.

4. Institutional Assesment Tools

This section describes capacity measurement tools that USAID and other development organizations use. You can find complete references and Web sites in the resources section at the end of the paper. For each tool, we follow the same format.

- *Background* of the methodology/tool
- *Process* (how the methodology/tool is used in the field)
- *Product* (the types of outputs expected)
- *Assessment* (a discussion of the uses and relative strengths of each methodology/tool)
- *An example* of what the methodology/tool looks like

Participatory, Results-Oriented Self-Evaluation

Background

The participatory, results-oriented self-evaluation (PROSE) method was developed by Evan Bloom of Pact and Beryl Levinger of the Education Development Center. It has the dual purpose of both assessing and enhancing organizational capacities. The PROSE method produces an assessment tool customized to the organizations being measured. It is designed to compare capacities across a set of peer organizations, called a cohort group, which allows for benchmarking and networking among the organizations. PROSE tools measure and profile organizational capacities and assess, over time, how strengthening activities affect organizational capacity. In addition, through a facilitated workshop, PROSE tools are designed to allow organizations to build staff capacity; create consensus around future organizational capacity-building activities; and select, implement, and track organizational change and development strategies.

One example of an instrument developed using the PROSE method is the discussion-oriented organizational self-assessment. DOSA was developed in 1997 for the Office of Private and Voluntary Cooperation and was designed specifically for a cohort of USAID PVO grantees.

Participatory, Results-Oriented Self-Evaluation

Type of Organization Measured

NGOs/PVOs; adaptable to other types of organizations

Features

- Cross-organizational comparisons can be made
- Measures change in one organization or a cohort of organizations over time
- Measures well-defined capacity areas against well-defined criteria
- Assessment based primarily upon *perceived* capacities
- Produces numeric score on capacity areas
- Assessment should be done with the help of an outside facilitator or trained insider
- Data collected through group discussion and individual questionnaires given to a cross-section of the organization's staff

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Process

Developers of the PROSE method recommend that organizations participate in DOSA or develop a customized DOSA-like tool to better fit their organization's specific circumstances. The general PROSE process for developing such a tool is as follows: After a cohort group of organizations is defined, the organizations meet in a workshop setting to design the assessment tool. With the help of a facilitator, they begin by pointing to the critical organizational capacities they want to measure and enhance. The cohort group then develops two sets of questions: discussion questions and individual questionnaire items. The discussion questions are designed to get the group thinking about key issues. Further, these structured discussion questions minimize bias by pointing assessment team members toward a common set of events, policies, or conditions. The questionnaire items then capture group members' assessments of those issues on an ordinal scale. During the workshop, both sets of questions are revised until the cohort group is satisfied. Near the end of the process, tools or standards from similar organizations can be introduced to check the cohort group's work against an external example. If the tool is expected to compare several organizations within the same cohort group, the tool must be implemented by facilitators trained to administer it effectively and consistently across the organizations.

Once the instrument is designed, it is applied to each of the organizations in the cohort. In the case of DOSA, the facilitator leads a team of the organization's members through a series of group discussions interspersed with individual responses to 100 questionnaire items. The team meets for four to six hours and should represent a cross-functional, cross-hierarchical sample from the organization. Participants respond anonymously to a questionnaire, selecting the best response to statements about the organization's practices (1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree) in six capacity areas:

- **External Relations**
  (constituency development, fund-raising and communications)
- **Financial Resource Management**
  (budgeting, forecasting, and cash management)
- **Human Resource Management**
  (staff training, supervision, and personnel practices)
- **Organizational Learning**
  (teamwork and information sharing)
- **Strategic Management**
  (planning, governance, mission, and partnering)
- **Service Delivery**
  (field-based program practices and sustainability issues)

Although the analysis is statistically complex, questionnaires can be scored and graphics produced using instructions provided on the DOSA Web site. In the case of DOSA, the DOSA team in Washington processes the results and posts them on the Internet. The assessment tool can be readministered annually to monitor organizational changes.

Product

PROSE instruments produce two types of scores and accompanying graphics. The first is a capacity score, which indicates how an organization perceives its strengths and weaknesses in each of the capacity and subcapacity areas. The second is a consensus score, which shows the degree to which the assessment team members agree on their evaluation of the organization's capacity.

Assessment

Unless the existing DOSA questions are used, developing a PROSE instrument from scratch can be time consuming and generally requires facilitators to guide the process of developing and using the instrument. PROSE, like most other such instruments, is based on *perceived* capacities and does not currently include a method for measuring externally observable performance in various capacity areas (although this is under consideration). It is unique among the instruments in this paper in its use of a consensus score. The consensus score acts as a check on the perceived capacities reported by individual organizational members. It also helps identify capacity areas that all members agree need immediate attention.

Example 1. Excerpt From DOSA, a PROSE Tool

The DOSA questionnaire can be found in annex 1,[a] and more detailed information and instructions can be found on the USAID Web site.

The following is a brief example drawn from the Human Resource Management section of the DOSA questionnaire:

Discussion Questions
a. When was our most recent staff training?
b. How often over the last 12 months have we held staff training events?

Questionnaire items for individual response

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. We routinely offer staff training.	1	2	3	4	5

Discussion Questions
a. What are three primary, ongoing functions (e.g., monitoring and evaluation, proposal writing, resource mobilization) that we carry out to achieve our mission?
b. To what extent does staff, as a group, have the requisite skills to carry out these functions?
c. To what extent is the number of employees carrying out these functions commensurate with work demands?

Questionnaire items for individual response

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
2. We have the appropriate staff skills to achieve our mission	1	2	3	4	5
3. We have the appropriate staff numbers to achieve our mission	1	2	3	4	5

[a]The annexes for this paper are available separately and can be obtained through the USAID Internet, "Managing for Results" page at http://www.dec.org/usaid_eval/default.htm#004.

Because the cohort organizations develop the specifics of the instrument together and share a common understanding and application of the approach, PROSE is relatively good at comparing organizations with each other or rolling up results to report on a group of organizations together. However, the discussions could influence the scoring if facilitators are not consistent in their administration of the tool.

Institutional Development Framework

Background

The institutional development framework (IDF) is a tool kit developed by Mark Renzi of Management Systems International. It has been used in USAID/Namibia's Living in a Finite Environment project as well as several other USAID programs. Designed specifically to help nonprofit organizations improve efficiency and become more effective, the IDF is best suited for the assessment of a single organization, rather than a cohort group (as opposed to PROSE). The kit contains three tools (Institutional Development Framework, Institutional Development Profile, and Institutional Development Calculation Sheet), which help an organization determine where it stands on a variety of organizational components, identify priority areas of improvement, set targets, and measure progress over time. While it can be adapted for any organization, the IDF was originally formulated for environmental NGOs.

Process

An organization can use the IDF tools either with or without the help of a facilitator. The IDF identifies five organizational capacity areas, called resource charac-

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Institutional Development Framework

Type of Organization Measured

NGOs/PVOs; adaptable to other types of organizations

Features

- Can be used, with limitations, to compare across organizations
- Measures change in the same organization over time
- Measures well-defined capacity areas against well-defined criteria
- Assessment based primarily upon *perceived* capacities
- Produces numeric score on capacity areas
- Produces qualitative description of an organization's capacity in terms of developmental stages
- Assessment can be done internally or with help of an outside facilitator
- Data collected through group discussion with as many staff as feasible

teristics. Each capacity area is further broken down into key components, including

- **Oversight/Vision**
  (board, mission, autonomy)

- **Management Resources**
  (leadership style, participatory managment, management systems, planning, community participation, monitoring, evaluation)

- **Human Resources**
  (staff skills, staff development, organizational diversity)

- **Financial Resources**
  (financial management, financial vulnerability, financial solvency)

- **External Resources**
  (public relations, ability to work with local communities, ability to work with government bodies, ability to work with other NGOs)

Each key component within a capacity area is rated at one of four stages along an organizational development continuum (1= start up, 2= development, 3= expansion/consolidation, and 4= sustainability). IDF offers criteria describing each stage of development for each of the key components (see example 2 below).

Different processes can be used depending on the organization's size and the desired outcome. Small organizations usually involve as many staff as possible; larger organizations may work in small groups or use a few key informants. Members of the organization can modify the Institutional Development Framework to fit their organization. Nonapplicable areas can be ignored and new areas can be added, although the creator of the tool warns against completely rewriting the criteria. Through discussion, the participating members then use the criteria to determine where along the development continuum their organization is situated for each component. The resulting graphic, the Institutional Development Profile (IDP), uses bars or "x"s to show where the organization ranks on each key component. Through a facilitated meeting or group discussion, organization members then determine which areas of organizational capacity are most important to the organization and which need priority attention for improvement. Using the IDP, they can visually mark their targets for the future.

The IDF also provides numeric ratings. Each key component can be rated on a scale of 1 to 4, and all components can be averaged together to provide a summary score for each capacity area. This allows numeric targets to be set and monitored. The Institutional Development Calculation Sheet is a simple table that permits the organization to track progress over time by recording the score of each component along the development continuum.

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Example 2. Excerpt From the IDF Tool

The following is an excerpt from the Financial Management section of the Institutional Development Framework. The entire framework appears in annex 2.

Resource Characteristic	Key Component	Criteria for Each Progressive Stage (the Development Continuum)			
		Startup 1	Development 2	Expansion/ Consolidation 3	Sustainability 4
Financial Management	Budget as Management Tools	Budgets are not used as management tools.	Budgets are developed for project activities, but are often over- or underspent by more than 20%.	Total expenditure is usually within 20% of budget, but actual activity often diverges from budget predictions.	Budgets are integral part of project management and are adjusted as project implementation warrants.
	Cash Controls	No clear procedures exist for handling payables and receivables.	Financial controls exist but lack a systematic office procedure.	Improved financial control systems exist.	Excellent cash controls for payables and receivables and established budget procedures.
	Financial Security	Financing comes from only one source.	Financing comes from multiple sources, but 90% or more from one source.	No single source of funding provides more than 60% of funding.	No single source provides more than 40% of funding.

Product

The IDF produces a graphic that shows the component parts of an organization and the organization's ratings for each component at different points in time. It also provides a numeric score/rating of capacity in each key component and capacity area.

Assessment

The IDF is an example of a tool that not only helps assess and measure an organization's capacity but also sets priorities for future change and improvements. Compared with some of the other tools, IDF is relatively good at tracking one organization's change over time because of the consistent criteria used for each progressive stage of development. It is probably not as well suited for making cross-organizational comparisons, because it allows for adjustment to fit the needs of each individual organization.

Organizational Capacity Assesment Tool

Background

Pact developed the organizational capacity assessment tool (OCAT*) in response to a need to examine the impact of NGO capacity-building activities. Like the Institutional Development Framework, OCAT is better suited for measuring one organization over time. The OCAT differs substantially from the IDF in its data collection technique. It is designed to identify an organization's relative strengths and weaknesses and provides the baseline information needed to develop strengthening interventions. It can also be used to monitor progress. The OCAT is well known; other development organizations have widely adapted it. Designed to be modified for each measurement

*In 1996 Pact/Ethiopia designed the version of the OCAT presented here.

Organizational Capacity Assesment Tool

Type of Organization Measured

NGOs/PVOs; adaptable to other types of organizations

Features

- Can be used, with limitations, to compare across organizations
- Measures change in the same organization over time
- Possible to measure well-defined capacity areas against well-defined criteria
- Possible to balance perceptions with empirical observations
- Produces numeric score on capacity areas
- Produces qualitative description of an organization's capacity in terms of developmental stages
- Assessment can be done internally (with or without help of an outside facilitator) or by an external evaluator
- Data collected through group discussion, interviews, observations, documents, etc., by a diverse assessment team

situation, the OCAT can also be standardized and used across organizations.

Process

The OCAT is intended to be a participatory self-assessment but may be modified to be an external evaluation. An assessment team, composed of organizational members (representing different functions of the organization) plus some external helpers, modifies the OCAT assessment sheet to meet its needs (annex 3). The assessment sheet consists of a series of statements under seven capacity areas (with sub-elements). The assessment team then identifies sources of information, assigns tasks, and uses a variety of techniques (individual interviews, focus groups, among others) to collect the information they will later record on the assessment sheet. The assessment team assigns a score to each capacity area statement (1=needs urgent attention and improvement; 2=needs attention; 3=needs improvement; 4=needs improvement in limited aspects; but not major or urgent; 5=room for some improvement; 6=no need for immediate improvement). The assessment team would have to develop precise criteria for what rates as a "1" or a "2," etc.

The capacity areas and sub-elements are

- **Governance**
  (board, mission/goal, constituency, leadership, legal status)
- **Management Practices**
  (organizational structure, information management, administration procedures, personnel, planning, program development, program reporting)
- **Human Resources**
  (human resources development, staff roles, work organization, diversity issues, supervisory practices, salary and benefits)
- **Financial Resources**
  (accounting, budgeting, financial/inventory controls, financial reporting)
- **Service Delivery**
  (sectoral expertise, constituency, impact assessment)
- **External Relations**
  (constituency relations, inter-NGO collaboration, public relations, local resources, media)
- **Sustainability**
  (program/benefit sustainability, organizational sustainability, financial sustainability, resource base sustainability)

After gathering data, the assessment team meets to reach a consensus on the rating of each element. With

Example 3. Excerpt From an Adaptation of the OCAT

USAID/Madagascar developed a capacity assessment tool based on the OCAT, but tailored it to its own need to measure 21 partner institutions implementing reproductive health programs, including the Ministry of Health. The mission tried to measure different types of organizations and compare them by creating a standardized instrument to use with all the organizations.

Combining the OCAT results with additional information from facilitated discussions, the mission was able to summarize how different types of organizations perceived different aspects of their capacity and recommend future strengthening programs.

Some of the difficulties that USAID/Madagascar encountered when using the tool included having to translate questions from French to Malagasy, possibly losing some of their meaning; finding that some respondents were unable to answer some questions because they had no experience with the part of the organization to which the questions referred; discovering that some respondents had difficulty separating the subject area of the questionnaire (family planning) from their work in other health areas; and having difficulty scheduling meetings because of the organizations' heavy workload. Moreover, the mission noted that the instrument is based on perceptions and is self-scored, with the resulting potential for bias.[a]

Below is an excerpt from the "communications/extension to customers" component of the OCAT used by USAID/Madagascar. The entire questionnaire is in annex 4.

Classification Scale

0 Nonexistent or out of order
1 Requires urgent attention and upgrading
2 Requires overall attention and upgrading
3 Requires upgrading in certain areas, but neither major nor urgent
4 Operating, but could benefit from certain improvements
5 Operating well in all regards

Communications/Extension to Customers

a. The institution has in each clinic a staff trained and competent in counseling all customers.	1	2	3	4	5
b. The institution is able to identify and develop key messages for extension among potential customers, and it can produce or obtain materials for communicating such messages.	1	2	3	4	5
c. A well-organized community extension is practiced by the clinic's staff or other workers affiliated with the institution, whether they are salaried or volunteers. A system exists for supervising extension workers and monitoring their effectiveness.	1	2	3	4	5

[a]USAID/Madagascar modeled its research on one element of the OCAT: the assessment sheet. Risks of bias decrease if self-assessment techniques are combined with other, more empirical methods, such as observations or document review

the help of an OCAT rating sheet, averages can be calculated for each capacity area. These numeric scores indicate the relative need for improvement in each area. They also correspond to a more qualitative description of the organization's developmental stage. Each capacity area can be characterized as *nascent, emerging, expanding,* or *mature*. OCAT provides a table (similar to the IDF), "NGO Organizational Development—Stages and Characteristics" that describes organizational capacities at each stage of development.

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Product

The OCAT provides numeric ratings for each capacity area. In addition, it gives organizations a description of their capacity areas in terms of progressive stages of organizational development. This information can be presented graphically as well as in narrative form.

Assessment

The OCAT identifies areas of organizational strength and weakness and tracks related changes from one measurement period to the next.

The IDF and the OCAT are similar in several ways, but the processes differ. The OCAT uses an assessment team that conducts research before completing the assessment sheet. For the IDF, organization members meet and fill out the sheet (determine their capacities) without the intermediate data collection step (the OCAT, by design, relies on evidence to supplement perceptions when conducting an assessment, and the IDF does not). The OCAT's data-gathering step allows for systematic cross-checking of perceived capacities with actual or observable "facts." It is more inductive, building up to the capacity description, while the IDF attempts to characterize the organization along the development continuum from the beginning. The OCAT categorizes an organization's capacity areas into one of four developmental stages. Unlike the IDF, which uses the stages as the criteria by which members rate their organization, the OCAT uses them as descriptors once the rating has been done.

Dynamic Participatory Institutional Diagnosis

Background

The dynamic participatory institutional diagnosis (DPID) was developed by the Senegal PVO/NGO support project in conjunction with the New TransCentury Foundation and Yirawah International. It is a rapid and intensive facilitated assessment of the overall strengths and weaknesses of an organization. This methodology explores member perceptions of an organization and the organization's relationship with its environment. DPID is highly participatory; an organization assesses itself in the absence of external benchmarks or objectives to take full advantage of its specific context, such as culture and attitudes.

Process

An outside facilitator conducts the DPID over 5 to 10 days. It takes place during a series of working sessions in which the facilitator leads an organization's members through several stages: discussion of the services; operations and results of the organization; exploration of the issues affecting the organization; and summarization of the "state of the organization." During the discussions, members analyze the following features of the organization:

- **Identity**
- **Mission**

Dynamic Participatory Institutional Diagnosis

Type of Organization Measured

NGOs/PVOs; adaptable to other types of organizations

Features

- Difficult to compare across organizations
- Difficult to compare the same organization over time
- Capacity areas and criteria for measurement are loosely defined
- Assessment based primarily upon *perceived* capacities
- Produces qualitative description of an organization's capacity
- Assessment done with the help of an outside facilitator
- Data collected through group discussion with the organization's staff

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Example 4. An Application of DPID

Since the DPID is such an individualized and flexible tool, every application will be different. The DPID does not lend itself easily to an example as do the other tools in this *Tips*. Below is an anecdote about one West African organization's use of the DPID as reported by the Senegal DPIPVO/NGO support project.

A Federation of Farmers' Cooperatives with about 15,000 members in the Sahel was looking for a unique and efficient approach to redress some of the organization's problems. The federation suffered from internal strife and a tarnished reputation, impeding its ability to raise funds. Through DPID, the federation conducted a critical in-depth analysis of its operational and management systems, resulting in the adoption of "10 emergency measures" addressing leadership weaknesses, management systems, and operational procedures. Subsequently, the organization underwent internal restructuring, including an overhaul of financial and administrative systems. One specific result of the DPID analysis was that federation members gained more influence over the operations of the federation.

- **Means and Resources**
- **Environment**
- **Management**
- **Internal Operations**
- **Service Provided and Results**

They examine each element with reference to institutional behavior, human behavior, management, administration, know-how, philosophy and values, and sensitive points.

Product

A written description of the state of the organization can result from the working sessions. The analysis is qualitative without numeric scoring.

Assessment

Unlike the previously described tools, the DPID does not use ranking, scoring, or questionnaires, nor does it assess the organization along a continuum of developmental stages. Assessment is based purely on group reflection. The DPID requires a facilitator experienced in leading a group through this type of analysis.

The DPID is open ended but somewhat systematic in covering a predefined set of organizational functions. Because of its flexibility, the DPID is organization-specific and should not be used to compare organizations. Nor is it a rigorous means of monitoring an organization's change over time. Since the DPID does not use external standards to assess institutional capacities, it should not be used to track accountability. Collecting information from the DPID, as well as using it, should offer organizations a process to assess their needs, improve communications, and solve problems around a range of organizational issues at a given moment.

Organizational Capacity Indicator

Background

From 1994 through 1997, the Christian Reformed World Relief Committee (CRWRC) conducted research on organizational capacity–building with the Weatherhead School of Management at Case Western Reserve University and more than 100 local NGOs around the world. The results of this research led them to replace their earlier system, the Skill Rating System, with an approach to capacity building and assessment based on "appreciative inquiry." Appreciative inquiry is a methodology that emphasizes an organization's strengths and potential more than its problems. It highlights those qualities that give life to an organization and sustain its ongoing capacity. Rather than providing a standardized tool, the organizational capacity indicator assumes that capacity monitoring is unique to each organization and in the organization's own self-interest. The organizational capacity indicator (OCI) builds ownership because each organization creates its own capacity assessment

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Organizational Capacity Indicator

Type of Organization Measured

NGOs/PVOs; adaptable to other types of organizations

Features

- Difficult to comparably measure across organizations
- Measures change in the same organization over time
- Possible to measure well-defined capacity areas across well-defined criteria
- Assessment based primarily upon *perceived* capacities
- Produces numeric or pictorial score on capacity areas
- Assessment done internally
- Data collected through group discussion with organization's staff

tool. Capacity areas are self-defined and vary from organization to organization.

Process

Although organizations create their own tool under the OCI, they all follow a similar process in doing so. As they involve all partners and stakeholders as much as possible, the participants "appreciate" the organization's history and culture. Together they explore peak experiences, best practices, and future hopes for the organization. Next, the participants identify the forces and factors that have made the organization's positive experiences possible. These become the capacity areas that the organization tries to monitor and improve.

Next, the participants develop a list of "provocative propositions" for each capacity area. These propositions, visions of what each capacity area should ideally look like in the future, contribute to the overall objective that each organization will be able to measure itself against its own vision for the future, not some external standard. Each capacity area is defined by the most ambitious vision of what the organization can become in that area. Specific indicators or behaviors are then identified to show the capacity area in practice. Next, the organization designs a process for assessing itself and sharing experiences related to each capacity component. The organization should monitor itself by this process twice a year. The results of the assessment should be used to encourage future development, plans, and aspirations.

Product

Each time a different organization uses the methodology, a different product specific to that organization is developed. Thus, each tool will contain a unique set of capacity areas, an evaluation process, and scoring methods. In general, the product comprises a written description of where the organization wants to be in each capacity area, a list of indicators that can be used to track progress toward the targeted level in a capacity area, and a scoring system.

Assessment

Like the DPID, the OCI is highly participatory and values internal standards and perceptions. Both tools explicitly reject the use of external standards. However, the OCI does not designate organization capacity areas like the DPID does. The OCI is the only tool presented in this paper in which the capacity areas are entirely self defined. It is also unique in its emphasis on the positive, rather than on problems. Further, the OCI is more rigorous than the DPID, in that it asks each organization to set goals and develop indicators as part of the assessment process. It also calls for a scoring system to be developed, like the more formal tools (PROSE, IDF, OCAT). Because indicators and targets are developed for each capacity area, the tool allows for relatively consistent measurement over

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Example 5. Excerpt From an OCI Tool

The following is an excerpt of one section from the capacity assessment tool developed by CRWRC's partners in Asia, using the OCI method. (The entire tool can be found in annex 5.) It offers a menu of capacity areas and indicators from which an organization can choose and then modify for its own use. It identifies nine capacity areas, and under each area is a "provocative proposition" or vision of where the organization wants to be in that area. It provides an extensive list of indicators for each capacity area, and it describes the process for developing and using the tool. Staff and partners meet regularly to determine their capacity on the chosen indicators. Capacity level can be indicated pictorially, for example by the stages of growth of a tree or degrees of happy faces.

Capacity Area

A clear vision, mission, strategy, and set of shared values

Proposition

Our vision expresses our purpose for existing: our dreams, aspirations, and concerns for the poor. Our mission expresses how we reach our vision. Our strategy expresses the approach we use to accomplish our goals. The shared values that we hold create a common understanding and inspire us to work together to achieve our goal.

Selected Indicators

- Every person can state the mission and vision in his or her own words
- There is a yearly or a six-month plan, checked monthly
- Operations/activities are within the vision, mission, and goal of the organization
- Staff know why they do what they're doing
- Every staff member has a clear workplan for meeting the strategy
- Regular meetings review and affirm the strategy

time. OCI is not designed to compare organizations with each other or to aggregate the capacity measures of a number of organizations; however, it has proven useful in allowing organizations to learn from each other and in helping outsiders assess and understand partner organizations.

The Yes/No Checklist or 'Scorecard'

Background

A scorecard/checklist is a list of characteristics or events against which a yes/no score is assigned. These individual scores are aggregated and presented as an index. Checklists can effectively track processes, outputs, or more general characteristics of an organization. In addition, they may be used to measure processes or outputs of an organization correlated to specific areas of capacity development.

Scorecards/checklists can be used either to measure a single capacity component of an organization or several rolled together. Scorecards/checklists are designed to produce a quantitative score that can be used by itself or as a target (though a scorecard/checklist without an aggregate score is also helpful).

Process

To construct a scorecard, follow these general steps: First, clarify what the overall phenomena to be measured are and identify the components that, when combined, cover the phenomenon fairly well. Next, develop a set of characteristics or indicators that together capture the relevant phenomena. If desired, and if evidence and analysis show that certain characteristics are truly more influential in achieving the overall result being addressed, define a weight to be assigned to each characteristic/indicator. Then rate the organization(s) on each characteristic using a well-defined data collection approach. The approach could range from interviewing organization members to reviewing organization documents, or it could consist of a combination of methods. Finally, if desired and appropriate, sum the score for the organization(s).

The Yes/No Checklist 'Scorecard'

Type of Organization Measured

All types of organizations

Features

- Cross-organizational comparisons can be made
- Measures change in the same organization over time
- Measures well-defined capacity areas against well-defined criteria
- Possible to balance perceptions with empirical observations
- Produces numeric score on capacity areas
- Assessment can be done by an external evaluator or internally
- Data collected through interviews, observation, documents, involving a limited number of staff

Product

A scorecard/checklist results in a scored listing of important characteristics of an organization and can also be aggregated to get a summary score.

Assessment

A scorecard/checklist should be used when the characteristics to be scored are unambiguous. There is no room for "somewhat" or "yes, but . . ." with the scorecard technique. The wording of each characteristic should be clear and terms should be well defined. Because scorecards/checklists are usually based on observable facts, processes, and documents, they are more objective than most of the tools outlined in this *Tips*. This, in turn, makes them particularly useful for cross-organizational comparisons, or tracking organizations over time; that is, they achieve better measurement consistency and comparability. Yet concentrating on observable facts can be limiting, if such facts are not complemented with descriptive and perception-based information.

Example 6. A Scorecard

USAID/Mozambique developed the following scorecard to measure various aspects of institutional capacity in partner civil society organizations. The following example measures democratic governance.

Increased Democratic Governance Within Civil Society Organizations

Characteristic	Score	Multiplied by	Weight	Weighted score
1. Leaders (board member or equivalent) of the CSO elected by secret ballot. No=0 pts. Yes=1 pt.		x	3	
2. General assembly meetings are adequately announced at least two weeks in advance to all members (1 pt.) and held at least twice a year (1 pt.). Otherwise=0 pt.		x	2	
3. Annual budget presented for member approval. No=0 pts. Yes=1 pt.		x	2	
4. Elected leaders separate from paid employees. No=0 pts. Yes=1 pt.		x	2	
5. Board meetings open to ordinary members (nonboard members). No=0 pts. Yes=1 pt.		x	1	
Total				

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Though a person outside the organization frequently completes the scorecard/checklist, self-assessment is also possible. Unlike other tools that require facilitators to conduct or interpret them, individuals who are not highly trained can also use scorecards. Further, since scorecards are usually tightly defined and specific, they are often a cheaper measurement tool.

5. Measuring Individual Organizational Components

In some cases, USAID is not trying to strengthen the whole organization, but rather specific parts of it that need special intervention. In many cases, the best way of measuring more specific organizational changes is to use portions of the instruments described. For instance, the IDF has a comparatively well-developed section on management resources (leadership style, participatory management, planning, monitoring and evaluation, and management systems). Similarly, the OCAT has some good sections on external relations and internal governance.

Organizational development professionals also use other tools to measure specific capacity areas. Some drawbacks of these tools are that they require specialized technical expertise and they can be costly to use on a regular basis. Other tools may require some initial training but can be much more easily institutionalized. Below we have identified some tools for measuring selected organizational components. (You will find complete reference information for these tools in the resources section of this *Tips*.)

Structure and Culture

The Preferred Organizational Structure instrument is designed to assess many aspects of organizational structure, such as formality of rules, communication lines, and decision-making. This tool requires organizational development skills, both to conduct the assessment and to interpret the results.

Human Resources and Their Management

Many personnel assessments exist, including the Job Description Index and the Job Diagnostic Survey, both of which measure different aspects of job satisfaction, skills, and task significance. However, skilled human resource practitioners must administer them. Other assessments, such as the Alexander Team Effectiveness Critique, have been used to examine the state and functioning of work teams and can easily be applied in the field.

Service Delivery

Often, a customer survey is one of the best ways to measure the efficiency and effectiveness of a service delivery system. A specific customer survey would need to be designed relative to each situation. Example 7 shows a sample customer service assessment.

6. Developing Indicators

Indicators permit managers to track and understand activity/program performance at both the operational (inputs, outputs, processes) and strategic (strategic objectives and intermediate results) levels. To managers familiar with the development and use of indicators, it may seem straightforward to derive indicators from the instruments presented in the preceding pages. However, several critical points will ensure that the indicators developed within the context of these instruments are useful to managers.

First, the development of indicators should be driven by the informational needs of managers, from both USAID and the given relevant organizations—to inform strategic and operational decisions and to assist in reporting and communicating to partners and other stakeholders. At times, there is a tendency to identify or design a data collection instrument without giving too much thought to exactly what information will be needed for management and reporting. In these situations, indicators tend to be developed on the basis of the data that have been collected, rather than on what managers need. More to the point, the development of indicators should *follow* a thorough assessment of informational needs and *precede* the identification of a data collection instrument. Managers should first determine their informational needs; from these needs, they should articulate and define indicators; and only then, with this information in hand, they would identify or develop an instrument to collect the required data. This means that, in most cases, indicators should not be derived, *post facto*, from a data

collection tool. Rather, the data collection tool should be designed with the given indicators in mind.

Second, indicators should be developed for management decisions at all levels (input indicators, output indicators, process indicators, and outcome/results indicators). With USAID's increased emphasis on results, managers sometimes may concentrate primarily on results-level indicators (for strategic objectives and intermediate results). While an emphasis on results is appropriate, particularly for USAID managers, tracking operational-level information for the organizations supported through a given Agency program is critical if managers are to understand if, to what degree, and how the organizations are increasing their capacities. The instruments outlined in this paper can provide data for indicators defined at various management levels.

Example 7. A Customer Service Assessment

1. In the past 12 months, have you ever contacted a municipal office to complain about something such as poor city services or a rude city official, or any other reason?
_____No _____Yes

If YES:

1a. How many different problems or complaints did you contact the municipality about in the last 12 months?
_____One _____Two _____Three to five _____More than five

1b. Please describe briefly the nature of the complaint starting with the one you feel was most important.
1._____
2._____
3._____

2. Which department or officials did you contact initially regarding these complaints?
____Mayor's office
____Council member
____Police
____Sanitation
____Public works
____Roads
____Housing
____Health
____Other_____

2a. Were you generally satisfied with the city's response? (IF DISSATISFIED, ASK: What were the major reasons for your dissatisfaction?)
_____Response not yet completed
_____Satisfied
_____Dissatisfied, never responded or corrected condition
_____Dissatisfied, poor quality or incorrect response was provided
_____Dissatisfied, took too long to complete response, had to keep pressuring for results, red tape, etc.
_____Dissatisfied, personnel were discourteous, negative, etc.
_____Dissatisfied, other_____

3. Overall, are you satisfied with the usefulness, courtesy and effectiveness of the municipal department or official that you contacted?
_____Definitely yes
_____Generally yes
_____Generally no (explain)_____
_____Definitely no (explain)_____

Survey adapted from Hatry, Blair, and others, 1992.

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Finally, indicators should meet the criteria outlined in USAID's Automated Directives System and related pieces of Agency guidance such as CDIE's Performance Monitoring and Evaluation *Tips* #6, "Selecting Performance Indicators," and *Tips* #12, "Guidelines for Indicator and Data Quality." That is, indicators should be direct, objective, practical, and adequate. Once an indicator has been decided upon, it is important to document the relevant technical details: a precise definition of the indicator; a detailed description of the data source; and a thorough explanation of the data collection method. (Refer to *Tips* #7, "Preparing a Performance Monitoring Plan.")

Results-Level Indicators

USAID managers spend substantial time and energy developing indicators for strategic objectives and intermediate results related to institutional capacity. The range of the Agency's institutional strengthening programs is broad, as is the range of the indicators that track the programs' results. Some results reflect multiple organizations and others relate to a single organization. Additionally, of those results that relate to multiple organizations, some may refer to organizations from only one sector while others may capture organizations from a number of sectors. Results related to institutional strengthening also vary relative to the level of change they indicate—such as an increase in institutional capacity versus the eventual impact generated by such an increase—and with regard to whether they reflect strengthening of the whole organization(s) or just one or several elements.

It is relatively easy to develop indicators for all types of results and to use the instruments outlined in this *Tips* to collect the necessary data. For example, when a result refers to strengthening a single organization, across all elements, an aggregate index or "score" of institutional strength may be an appropriate indicator (an instrument based on the IDF or the scorecard model might be used to collect such data). If a result refers to multiple organizations, it might be useful to frame an indicator in terms of the number or percent of the organizations that meet or exceed a given threshold score or development stage, on the basis of an aggregate index or the score of a single element for each organization. The key is to ensure that the indicator reflects the result and to then identify the most appropriate and useful measurement instrument.

Below are examples of real indicators used by USAID missions in 1998 to report on strategic objectives and intermediate results in institutional capacity strengthening:

7. Practical Tips for a Busy USAID Manager

This *Tips* introduces critical issues related to measuring institutional capacity. It presents a number of approaches that managers of development programs

Example 8. Selected Institutional Capacity Indicators From USAID Missions

Indicator	To Measure
■ Number of institutions meeting at least 80% of their targeted improvements	Institutions strengthened (entire organization)
■ Amount of funds raised from non-USAID sources ■ Number of organizations where USAID contribution is less than 25% of revenues ■ Number of organizations where at least five funding sources contribute at least 10% each	Institutions more financially sustainable
■ Percent of suspected polio cases investigated within 48 hours	Organization's service delivery systems strengthened
■ Number of governmental units displaying improved practices, such as open and transparent financial systems, set organizational procedures, accountability, participatory decision-making, by-laws and elections	Local government management capacities improved

and activities currently use in the field. In this section we summarize the preceding discussion by offering several quick tips that USAID managers should find useful as they design, modify, and implement their own approaches for measuring institutional capacity.

1. Carefully review the informational needs of the relevant managers and the characteristics of the organization to be measured to facilitate development of indicators. *Identify your information needs and develop indicators* before *you choose an instrument.*

2. To assist you in selecting an appropriate measurement tool, *ask yourself the following questions as they pertain to your institutional capacity measurement situation.* Equipped with the answers to these questions, you can scan the "features list" that describes every tool in this paper to identify which measurement approaches to explore further.

   a. Is the objective to measure the entire organization? Or is it to measure specific elements of the organization? If the latter, what are the specific capacity areas of functions to be measured?

   b. How will the information be used? To measure change in an organization over time? To compare organizations with each other?

   c. What is the purpose of the intervention? To strengthen an organization? To inform procurement decisions? To hold an organization accountable for achieving results or implementing reforms?

   d. What type of organizations are you measuring? Are there any particular measurement issues pertaining to this type of organization that must be considered?

   e. How participatory do you want the measurement process to be?

   f. Will organization members themselves or outsiders conduct the assessment?

   g. What product do you want the measurement tool to generate?

   h. Do you want the measurement process to be an institution-strengthening exercise in itself?

   i. Do you need an instrument that measures one organization? Several organizations against individual criteria? Or several organizations against standard criteria?

3. *If you are concerned about data reliability, apply measurement instruments consistently over time and across organizations to ensure data reliability.* You can adapt and adjust tools as needed, but once you develop the instrument, use it consistently.

4. *When interpreting and drawing conclusions from collected data, remember the limits of the relevant measurement tool.* Most methods for measuring institutional capacity are subjective, as they are based on the perceptions of those participating in the assessment, and involve some form of ordinal scaling/scoring. When reviewing data, managers should therefore *zero in on the direction and general degree of change.* Do not be overly concerned about small changes; avoid false precision.

5. *Cost matters—and so does the frequency and timing of data collection.* Data need to be available frequently enough, and at the right point in the program cycle, to inform operational and strategic management decisions. Additionally, the management benefits of data should exceed the costs associated with their collection.

6. *The process of measuring institutional capacity can contribute substantially to increasing an organization's strength.* A number of measurement approaches are explicitly designed as learning opportunities for organizations; that is, to identify problems and suggest related solutions, to improve communication, or to facilitate a consensus around future priorities.

This *Tips* was prepared for CDIE by Alan Lessik and Victoria Michener of Management Systems International.

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This Recent Practices in Monitoring and Evaluation Tips *is intended to present some of the current practices USAID managers use to measure institutional capacity. The purpose is not only to share this information and experience but also to engender discussion on new and existing best practices in measuring institutional change. If you have specific comments, questions or experiences—best practices— that you would like to share with us, please contact John Haecker, PPC/CDIE/PME (jhaecker@usaid.gov).*

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Other Web Sites on Capacity

UNDP Capacity Building and CapBuild Software: http://magnet.undp.org

Sustainable development measurement: http://iisd1.iisd.ca/measure

USAID's New Partnerships Initiative Resource Guide: http://www.info.usaid.gov/pubs/npi

World Bank: http://www.worldbank.org/html/oed/instdtxt.htm

International Union for the Conservation of Nature: Capacity building: http://www.iucn.org/themes/ssp/index.html; conservation monitoring: http://www.wcmc.org.uk/capacity_building

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