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# E3 BUREAU CAPACITY DEVELOPMENT ASSESSMENT:

## FROM CAPACITY DEVELOPMENT TO SUSTAINABLE DEVELOPMENT

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# E3 BUREAU CAPACITY DEVELOPMENT ASSESSMENT: FROM CAPACITY DEVELOPMENT TO SUSTAINABLE DEVELOPMENT

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E3 Analytics and Evaluation Project

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## **DISCLAIMER**

The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## ACRONYMS

AARAD	Acquisition and Assistance Review and Approval Document
ADS	Automated Directives System
AEO	Authorized economic operator
AILEG	Analysis and Investment for Low-Emission Growth Activity
AMAP	Accelerated Microenterprise Advancement Project
ASEAN	Association of Southeast Asian Nations
ASW	ASEAN Single Window
AT and C	Aggregate Technical and Commercial
B-LEADERS	Building Low-Emission Alternatives to Develop Economic Resilience and Sustainability
BNEF	Bloomberg New Energy Finance
BPA	Blanket Purchase Agreement
BPSDM-KP	Badan Pengembangan Sumber Daya Manusia Kelautan dan Perikanan
BSC	Balanced Score Card
BSWB	Bauchi State Water Board
BSWSC	Bauchi State Water and Sewerage Corporation
CAS	Complex adaptive system
CCA	Climate change adaptation
CCC	Climate Change Commission of the Philippines
CCR	Coastal community resilience
CD	Capacity development
CDCS	Country Development Cooperation Strategy
CE	Clean energy
CEADIR	Climate Economic Analysis for Development, Investment, and Resilience Activity
CEO	Chief executive officer
CFO	Chief financial officer
CI	Conservation International
CIS	Customer information system
CMP	Conservation Measures Partnership
CNDRA	Center for National Documents and Records Archives
CoP	Community of practice
CPC	Critical priority country
CPT	Certified Performance Technologist (International Society of Performance Improvement)
CSF	Critical success factors
CTI	Coral Triangle Initiative for Coral Reefs, Fisheries, and Food Security
CTSP	Coral Triangle Support Partnership
DABS	Da Afghanistan Breshna Sherkat
DAI	Development Alternatives Incorporated
DCA	Development Credit Authority (USAID/E3)
DCOP	Deputy chief of party
DEC	Development Experience Clearinghouse
DLSC	Department of Land, Surveys, and Cartography
DOE	Department of Energy of the Philippines
DRG	Democracy, Human Rights, and Governance Bureau (USAID)
dTS	Development and Training Services
E&I	Energy and Infrastructure Office (USAID/E3)
E3	Bureau for Economic Growth, Education, and Environment (USAID)
EAFM	Ecosystem Approach to Fisheries Management



EC-LEDs	Enhancing Capacity for Low-Emission Development Strategies
ED	Education Office (USAID/E3)
EP	Economic Policy Office (USAID/E3)
ESA	Eastern and Southern Africa
FAB	Forestry and Biodiversity Office (USAID/E3)
FAO	Food and Agriculture Organization of the United Nations
FORECAST	Focus on Results – Enhancing Capacity Across Sectors in Transition Project
FSN	Foreign service national
FTA	Free trade agreement
G2G	Government-to-government
GBTI-II	Global Business, Trade, and Investment II IQC
GCC	Global Climate Change Office (USAID/E3)
GDVC	General Department of Vietnam Customs
GENDEV	Office of Gender Equality and Women’s Empowerment (USAID/E3)
GHG	Greenhouse gas
GIG	Governance for Inclusive Growth
GIS	Geographical information system
GoG	Government of Georgia
GOI	Government of Indonesia
GOK	Government of Kenya
GoL	Government of Liberia
GPH	Government of the Philippines
GSE	Georgian State Electrosystem
GVN	Government of Vietnam
HICD	Human and Institutional Capacity Development
HICD PLUS	USAID/Georgia Human and Institutional Capacity Development PLUS Project
HIPP	USAID/Georgia Hydropower Investment Promotion Project
HPI	Human Performance Improvement (International Society of Performance Improvement)
HR	Human resources
IBTCI	International Business and Technical Consultants Inc.
ICIMOD	International Center for Integrated Mountain Development
ID	Institutional development
IDIQ	Indefinite delivery, indefinite quantity contract
IFI	International financial institution
IMACS	Indonesia Marine and Climate Support
IP	Implementing partner
IPCC	Intergovernmental Panel on Climate Change
IPR	Implementation and Procurement Reform
IQC	Indefinite quantity contract
IR	Intermediate result
IUU	Illegal, unregulated, and unreported
KDMD	Knowledge-Driven Microenterprise Development Project
KED	Kabul Electricity District
KEMI	Kenya Education Management Institute
KESIP	Kabul Electricity Service Improvement Project
KfW	German Development Bank
KICD	Kenya Institute of Curriculum Development
KISE	Kenya Institute of Special Education
KNEC	Kenya National Examination Council

KPI	Key performance indicator
LEAD	Leadership, Empowerment, Advocacy, and Development Program
LEAP	Long-Range Energy Alternatives Planning
LEDS	Low-Emission Development Strategy
LEO	Leveraging Economic Opportunities Project
LER	Learning, Evaluation, and Research Office (USAID/PPL)
L-MEP	Liberia Monitoring and Evaluation Program
LPIS	Land Policy and Institutional Strengthening
LS	Local Sustainability Office (USAID/E3)
LTPR	Land Tenure and Property Rights
LTRM	Land Tenure and Resource Management Office (USAID/E3)
LTTA	Long-term technical assistance
LULUCF	Land use, land use change and forestry
M&E	Monitoring and evaluation
MCC	Millennium Challenge Corporation (United States)
MEW	Ministry of Energy and Water
MLME	Ministry of Lands, Mines, and Energy
MMAF	Ministry of Marine Affairs and Fisheries
MOE	Ministry of Education
MoEST	Ministry of Education, Science, and Technology
MOJ	Ministry of Justice
MOOC	Massive open online course
MOU	Memorandum of understanding
MPA	Marine protected area
MPAG	Marine Protected Area Governance Project
MRP	Marine Resources Program
MSI	Management Systems International
NASA	National Aeronautics and Space Administration
NEDA	National Economic Development Authority
NESP	National Education Sector Plan
NGO	Non-Governmental Organization
NOAA	United States National Oceanic and Atmospheric Administration
NUPAS	Non-U.S. Organization Pre-Award Survey
OCA	Organizational Capacity Assessment
OECD	Organization for Economic Cooperation and Development
OJT	On-the-job training
ONA	Organizational network analysis
PCM	Private Capital and Microenterprise Office (USAID/E3)
PDIA	Problem Driven Iterative Adaptation
PDIT	Program Development and Implementation Team
PEPFAR	President's Emergency Plan for AIDS Relief
PFM	Public financial management
PGIP	USAID/Georgia Power and Gas Infrastructure Project
PLACE	Prosperity, Livelihoods, and Conserving Ecosystems
PMCG	Policy Management and Consulting Group
PMES	Performance Management and Evaluation System
PMP	Performance management plan
PMU	Project Management Unit
POP	Period of performance
PPL	Policy, Planning, and Learning Bureau (USAID)

PRADD	Property Rights and Artisanal Diamond Development
PRIMR	Primary Math and Reading Initiative
PRRG	Property Rights and Resource Governance
PSI	Participatory Systemic Inquiry
PSP	Performance solutions package
PTTC	Primary Teacher Training College
RCMRD	Regional Center for Mapping of Resources for Development
RDMA	Regional Development Mission for Asia (USAID)
RE	Renewable energy
REAP	Regional early action plan
RRA	Rapid Results Approach
SAGA	Semi-autonomous government agencies
SD	Standard deviation(s)
SFM	Sustainable fisheries management
SG	Stakeholder group
SIGAR	Special Inspector General for Afghanistan Reconstruction
SLRA	Strengthen Land Rights and Access
SNA	Social network analysis
SOW	Statement of work
SSO	State Status Overview
STAR	Support for Trade Acceleration Project
SUWASA	Sustainable Water and Sanitation in Africa Program
TAC	Teacher advisory center
TDY	Temporary duty assignment
TMG	The Mitchell Group
TNA	Training needs assessment
TOC	Theory of change
TOR	Terms of reference
ToT	Training of trainers
TPP	Trans-Pacific Partnership
TRR	Trade and Regulatory Reform Office (USAID/E3)
TSC	Teachers' Service Commission
U.S.	United States
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
UP	University of the Philippines
UP-NEC	University of the Philippines National Engineering Center
USAID	United States Agency for International Development
USCTI	United States Coral Triangle Initiative
USG	United States Government
WASH	Water, Sanitation, and Hygiene Program
Water	Water Office (USAID/E3)
WWF	World Wildlife Fund

# I. EXECUTIVE SUMMARY

This is the final deliverable of the Capacity Development (CD) Assessment for USAID's Bureau for Economic Growth, Education and Environment (E3). This report contains the main findings, conclusions and recommendations of the assessment. It identifies 50 good practices for capacity development and proposed recommended rater's guide to assessing CD in Statements of Work (SOWs). It also includes ten case studies of E3 or USAID mission-funded activities with major CD components, summary of external expert interviews, and discussion of CD approaches and indicators. A separate interim report presented the methods used in the assessment, preliminary findings from the surveys of E3 technical staff and Activity Managers, and detailed summaries of interviews with representatives from each E3 office. The Activity Manager Survey focused on active and completed E3 activities since 2008. The Staff Survey addressed broader CD support that was not tied to E3 projects and activities.

## A. Definitions and Understandings of Capacity Development

Several different definitions of CD exist in various parts of the Automated Directives System (ADS) of USAID, but E3 staff did not widely report using any of these definitions in their work. E3 interviewees expressed diverse understandings of CD and used different terminology to refer to CD and the providers and recipients of these services. Only about one-fifth of the 47 E3 staff interviewees demonstrated great richness of thought about capacity development.

The absence of a common definition of or conceptual framework for CD limits the Agency's understanding of the principles that underlie effective CD support. Without a framework for understanding CD, it is difficult to:

- Identify the stakeholders who should be engaged in CD discussions and activities;
- Articulate a theory of change (TOC) supporting CD;
- Develop appropriate indicators to measure CD and know whether an intervention has succeeded; and
- Make informed programmatic decisions for CD support.

Fewer than half of the E3 staff interviewed reported direct experience with capacity development. However, CD is an important component of E3-funded activities, although much of this is through the indirect support of USAID staff and the activities of country and regional missions and other bureaus. It is not generally E3's role to fund or implement development projects in the field. E3 staff tended to view CD as inputs that the Bureau supported, such as training, rather than focusing on the expected outcomes of CD support. E3 staff's in-depth understanding and direct experience of CD were relatively low, considering the amount of CD work E3 supports.

## B. Current Approaches to Capacity Development in the E3 Bureau

The E3 Activity Manager and Staff Surveys found that the Bureau used individual-level CD approaches more often than organizational- and system-level approaches, based on self-reported definitions of the different levels. The Participant Training Practitioner's Manual (USAID/EGAT, 2011) provided guidance on designing and implementing effective training at the individual level, but did not address other individual-level CD approaches such as **mentoring**, **coaching**, **shadowing** or **embedded advisors**. Some of the Agency's recent efforts to improve its CD support have focused on organizational CD and system strengthening.<sup>1</sup>

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<sup>1</sup> Terms that appear in bold text were response options in the Activity Manager and Staff Surveys.

E3 respondents reported that the most common approaches to individual CD were **trainings** and **workshops** while the least common approaches were **learning-by-doing collaborations**, **study tours and peer exchanges**, **secondments**, and **embedded advisors**. Some noteworthy differences emerged between reported use and perceived effectiveness of these approaches. For example, 47 of 53 E3 staff reported using **training**, while only 37 listed training as one of the most effective approaches. Although only 14 of 53 E3 staff reported using **learning-by-doing collaborations**, 29 perceived it to be one of the most effective approaches.

Human and Institutional Capacity Development (HICD) was the most well-defined CD approach identified, but it was not widely used across E3 offices. USAID's HICD Handbook defined this approach as a:

USAID model of structured and integrated processes designed to identify root causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems (USAID 2009).

HICD offers a broad framework for identifying and addressing performance gaps of individuals and organizations based on diagnoses by internationally certified, external experts. The HICD Handbook contains many examples of good CD practices for governmental and non-governmental partners, but E3, other bureaus, and USAID missions were not widely using it. The limited application of HICD may constitute a missed opportunity to apply those good practices, build evidence across activities, and generate lessons learned. However, many members of the Agency's Local Solutions Initiative team preferred an alternative approach to identifying CD priorities based on a participatory self-assessment tool – the Organizational Capacity Assessment (OCA) – instead of the external expert diagnoses used in HICD.

Furthermore, the HICD approach does not incorporate several key concepts in the CD literature, such as agile feedback loops, systems, organizational assets, and positive deviance. Other approaches that were not commonly used by E3 can integrate these concepts; for example, the Problem-Driven Iterative Adaptation (PDIA) of Andrews (2012) and the Rapid Results Approach (RRA) of the World Bank Institute (2003).

## Differences in the E3 Bureau's CD Approaches by Type of Client

E3-funded activities have provided CD support for government agencies more often than for local NGOs or private sector businesses. HICD is well suited to developing the capacity of government agencies or formal sector businesses, while the OCA may be more useful for working with local NGOs or small enterprises. Various USAID policies and procedures, such as the Public Financial Management Risk Assessment Framework (PFMRAF) affect USAID's ability to provide direct funding to most partner governments outside of fixed-amount awards, but they do not restrict indirect support for public sector capacity development.

For individual-level CD, E3 has tended to use similar approaches regardless of the client. However, at the organizational and system levels, the type of client affected the approaches used. E3 has provided most of its support for **technical assistance consultancies** and **embedded advisors** to governmental clients.

## Specific Methods, Theory of Change, or Evidence Supporting the E3 Bureau's Capacity Development Activities

A review of documents on E3 activities with CD components found that many did not explicitly state CD methods, theories of change, or evidence to support the selection of CD interventions. However, USAID guidance and research has emphasized the importance of a theory of change or development hypothesis

for CD support, especially for monitoring, evaluating, and collaborating, learning and adapting designs (USAID Capacity Development Working Group 2006; USAID/PPL 2015; USAID/PPL 2013; Fowler and Dunn 2006; and PPL/LER 2014).

The absence of a specific method, theory of change, or supporting evidence for CD support limits the understanding of how change in capacity occurs and how it contributes to the achievement of development outcomes. It also decreases the likelihood that CD will achieve its intended results and makes it more difficult to determine whether CD support was effective and why and under what circumstances. The Collaborating, Learning, and Adapting (CLA) framework<sup>2</sup> and the maturity model offer a way of thinking about change that may be helpful to USAID bureaus and missions.

## **C. Evidence Regarding the Effectiveness of Different Capacity Development Approaches in the E3 Bureau**

When theories of change were specified in design documents for E3 activities with CD components, performance monitoring did not generally address all of the steps in the theory of change from inputs to outputs and the development outcomes resulting from increased capacity. Only nine of the 85 E3 activities with CD components sampled had already had an evaluation that included questions on capacity development. In part, this was because 46 percent of the sampled activities started in or before fiscal year 2010 and were not subject to the requirements of the USAID Evaluation Policy issued in January 2011.

USAID and external experts in CD have acknowledged the challenges in measuring baseline capacity, capacity improvements, and associated improvements in performance. Nevertheless, the literature offers models and tools to assist in measuring the effectiveness of capacity development and its results (Arthur and Bennet 2003, Carrasco 2012, Rogers and Wright 1998, Vos and Villareal 2013, USAID Capacity Development Working Group 2016, Stickel 2012, and USAID 2015). Insufficient or partial performance measurement and evaluation of CD may result from the inadequate theories of change for CD and lack of baseline data.

The weak evidence base on the effectiveness and impact of various CD approaches may also reflect USAID staff's insufficient understanding of how CD activities contribute to development outcomes. Without knowing whether capacity has changed, it is impossible to predict local actors' ability to sustain capacity gains. The Office of Learning, Evaluation, and Research in the Bureau for Policy, Planning, and Learning (PPL/LER) has a workstream that includes a learning network whose members are collaborating on developing methods for measuring CLA outcomes at the organizational level, so this group may have evidence to offer in the future.

## **D. Capacity Development Indicators Used in E3**

The E3 activity managers surveyed reported that 39 percent of the 85 activities with a CD component had performance indicators to measure CD changes. The most common indicator used for assessing individual CD was reported reaction to a training event, the lowest level in the Kirkpatrick Model for evaluating training. For organizational-level CD, performance was a more common measurement than capacity. At the system level, legal and policy changes and improved performance of value chains were the most common indicators.

At the time of this assessment, USAID's Standard Foreign Assistance Indicators did not include indicators measuring organizational performance applicable across to all sectors. One outcome indicator (changes in the average Organizational Capacity Assessment scores of local organizations at the USAID mission level)

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<sup>2</sup> See: <https://usaidlearninglab.org/library/collaborating.-learning.-and.-adapting.-cla.-framework.-and.-maturity.-matrix.-overview>.

addressed organizational capacity, while numerous indicators addressed sector-specific organizational performance.

The E3 Bureau, like the Agency as a whole, does not sufficiently measure its CD support and this limits understanding of what types of support work the Bureau conducts and under what circumstances. Insufficient measurement of progress at all levels in the theory of change for individual-level CD has made it difficult to demonstrate how capacity contributes to improved performance. The lack of standard indicators for organizational performance across sectors limits the ability of the E3 Bureau and USAID to aggregate organizational performance improvement results. However, USAID's increasing emphasis on measuring organizational performance is promising.

## E. Recommendations

The assessment recommended the following next steps for the E3 Bureau:

1. Give opportunities for E3 staff to share their good practices with each other, then publicize through webinars and short write-ups posted internally and externally.
2. Develop more experience-based short trainings including just-in-time videos, how-to notes and job aids on CD approaches, and a more comprehensive CD course.
3. Embed good CD practices into the next revision of USAID core staff trainings.
4. Institutionalize the CD SOW Rater's Guide developed under this assessment (see Annex C). The SOW Rater's Guide can help ensure that CD activities reflect good practices. Share good examples of SOWs for activities with CD components on ProgramNet. E3 technical staff should be able to critically assess an SOW or work plan, including the need for CD support, the range of choice in CD approaches and implications for cost effectiveness, selection and use of capacity and performance indicators, and ways to increase local ownership and sustainability.
5. Develop a pool of internal and external organizational development experts who can guide staff in Washington and in missions to provide timely advice during SOW development, partner selection, project implementation, and monitoring and evaluation. These experts could also be deployed for short-term, medium-term, and long-term support to implementing partners and client organizations. The E3 Bureau could issue a new solicitation for a blanket purchase agreement to provide a quick and relatively inexpensive way for USAID bureaus and missions to access a roster of individual CD experts.
6. Host special presentations and webinars of approaches such as the RRA, PDIA, and HICD.
7. Continue the Capacity Development Working Group's efforts to develop a conceptual framework for CD for the Agency.
8. Institutionalize the use of existing resources, including the HICD Handbook and guidance documents and tools from the Local Solutions Team through ProgramNet, trainings, and webinars.
9. Revise, rebrand, and relaunch HICD to include several key concepts emphasized in recent CD literature. Augment HICD through additional staff and the above-noted pool of organizational development experts. Strengthen introduction and uptake through a communications campaign and training.
10. Improve performance indicators for measuring CD by increasing the emphasis on outcomes that measure increased capacity and performance results.
11. Consider using proven structured change models, such as PDIA and RRA.
12. Cover the financial and time costs for E3 staff to obtain internationally recognized certifications in organizational development and/or performance management.
13. Require inclusion of a theory of change and good principles and practices for E3-funded CD activities.
14. Expand and improve performance and impact evaluations of Bureau activities with CD components. PPL should increase its support for ex-post evaluations and special studies to better understand the conditions under which CD support leads to sustainable capacity change and performance improvement.

## II. INTRODUCTION

USAID's Bureau for Economic Growth, Education, and Environment (E3) recognizes capacity development (CD) as a key strategy for stimulating resilient and sustained performance improvement without the continued involvement of external actors. A portfolio review in 2012 showed that although the Bureau supported CD as a core development activity, E3 technical offices did not have a common approach, language, or metrics to evaluate the effectiveness of these interventions. This report provides the findings, conclusions, and recommendations from an assessment E3 commissioned on how CD is defined and delivered across the Bureau's technical offices. The E3 Analytics and Evaluation Project conducted the assessment.<sup>1</sup> Annex A contains the Statement of Work (SOW).

This is the final deliverable for the assessment of Capacity Development (CD) Assessment for USAID's Bureau for Economic Growth, Education and Environment (E3). This report contains the main findings, conclusions and recommendations of the assessment. It identifies 50 good practices for capacity development and proposed recommended rater's guide to assessing CD in scopes of work (SOWs). It also includes ten case studies of E3 or USAID mission-funded activities with major CD components, summary of external expert interviews with five leading thinkers in the field, and discussion of CD approaches and indicators.

A separate interim report presented the methods used in the assessment, preliminary findings from the surveys of E3 technical staff and Activity Managers, and detailed summaries of interviews with representatives from each E3 office. The Activity Manager Survey focused on active and completed E3 activities since 2008. The Staff Survey addressed broader CD support that was not tied to E3 projects and activities.

### A. Prior USAID Research on Capacity Development

This study builds on prior USAID research on CD and its role in achieving development outcomes that reflect local ownership and sustainability. Stickel (2012) examined the logic of implementation and procurement reforms (IPR) under USAID Forward and key considerations for measuring CD effectiveness. The Capable Partners Learning Agenda on Local Organization Capacity Development and Experience Summits in Washington, D.C. and regional events in Asia, Southern Africa, Latin America and the Caribbean, and Europe and Eurasia also addressed the experiences of the Agency and its implementing partners in IPR and its subsequent reformulation as the Local Solutions Initiative.

Other relevant Agency research includes an internal review of 131 USAID evaluations with a CD component reporting on the frequency of both positively and negatively citing particular types of findings and recommendations (Hyman, 2015). Brinkerhoff and Jacobstein (2015) examined how USAID had integrated systems thinking in its strategy and programming. The Leveraging Economic Opportunities (LEO) Project examined approaches for evaluating systems and systems change. Carrasco (2012) proposed a monitoring and evaluation (M&E) framework for measuring organizational-level CD outcomes for local organizations. USAID's Capacity Development Measurement Working Group prepared guidance on measuring the results of CD efforts.

In addition to the above research and the sharing of Agency experience, USAID has issued policy documents that recognize the importance of capacity development. In 2011, USAID published a supplemental reference to Automated Directives System (ADS) 203 on Measuring Institutional Capacity.

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<sup>1</sup> Management Systems International (MSI) implements the E3 Analytics and Evaluation Project in partnership with Development and Training Services (dTS) and NORC at the University of Chicago.



The additional help document for ADS 201 on Local Capacity Development, as revised in 2013, discussed several definitions of CD and approaches for strengthening local organizations. ADS 253, “Participant Training and Exchanges for Capacity Development,” included a definition of CD for reporting requirements on certain types of USAID-supported training. ADS 220 addressed capacity assessment requirements and capacity development in government-to-government (G2G) assistance. The Human and Institutional Capacity Development (HICD) Policy Paper (2009) and the HICD Handbook (2010) provided guidance on use of this approach. The FORECAST II Practitioner’s Handbook (2007) was a precursor to the HICD documents.

Before the E3 Bureau commissioned this assessment, it had established a CD assessment team, headed by Senior Deputy Assistant Administrator Charles North, to brainstorm on these issues. The team faced challenges that included different definitions of capacity development, insufficient data on CD within the E3 Bureau, measurement of CD progress and achievement, and lack of guidance on how to assess CD proposals for the various E3 sectors without being too prescriptive. The E3 Bureau commissioned this assessment to address these challenges and other knowledge gaps.

## **B. Assessment Purpose**

This assessment’s purpose is to identify good practices for CD in E3 that can be documented, tested further as needed, and promoted on a bureau-wide and possibly Agency-wide basis. This study supports wider ongoing efforts within E3 to improve the understanding of the scope, technical details, and lessons of recent CD activities of its technical offices and collaborating missions. The research will help the Bureau understand CD approaches, practices, and models; review future SOWs for activities with CD components; and select metrics for assessing the effectiveness of these efforts.

## **C. Research Questions**

Annex A contains the SOW for this assessment. The assessment team defined the research questions in consultation with several E3/EP, E3/ED, and Democracy, Human Rights, and Governance (DRG) staff working on the USAID Local Solutions Initiative. The team and E3/EP subsequently agreed on several changes in the questions after clarifying the Bureau’s priorities. The revised list of research questions follows:

1. What are the various definitions/understandings of capacity development within E3?
2. What are the current approaches to capacity development in E3?
3. How are E3 capacity development approaches different from each other and why?
4. How do capacity development approaches in E3 differ between local organizations, private sector and government entities?
5. To what extent do the capacity development activities in E3 have a specific methodology, theory of change or grounding in evidence?
6. Based on the review’s findings, what are some promising CD practices that E3 could further test, model, and promote on a Bureau-wide, and possibly Agency-wide, basis?
7. If there is no strong evidence regarding the effectiveness of different approaches to capacity development in sectors under E3’s purview, how can the evidence base be built?
8. What measures should be put in place for capacity development activities in E3 to start to lay the groundwork for that evidence?
9. What indicators have been used by E3 to measure capacity development and its impact?
10. What additional indicators could be used by E3?
11. What are reasonable expectations for demonstrating the value of capacity development interventions through monitoring and evaluation and special studies?

### III. CONCEPTUAL FRAMEWORK AND DATA COLLECTION METHODS

In the absence of a standard definition for CD, the assessment team drew from the literature and preliminary discussions with USAID to construct data collection instruments and research questions.<sup>2</sup> Two reviews provided a useful overview of the models used in this field: Lusthaus, Adrien, and Pestinger (1999) and Dichter (2014). The assessment team also examined the behavior engineering model in USAID's HICD Handbook (2010) and the World Bank's capacity development framework (Otoo, Agapitova, and Behrens 2009).

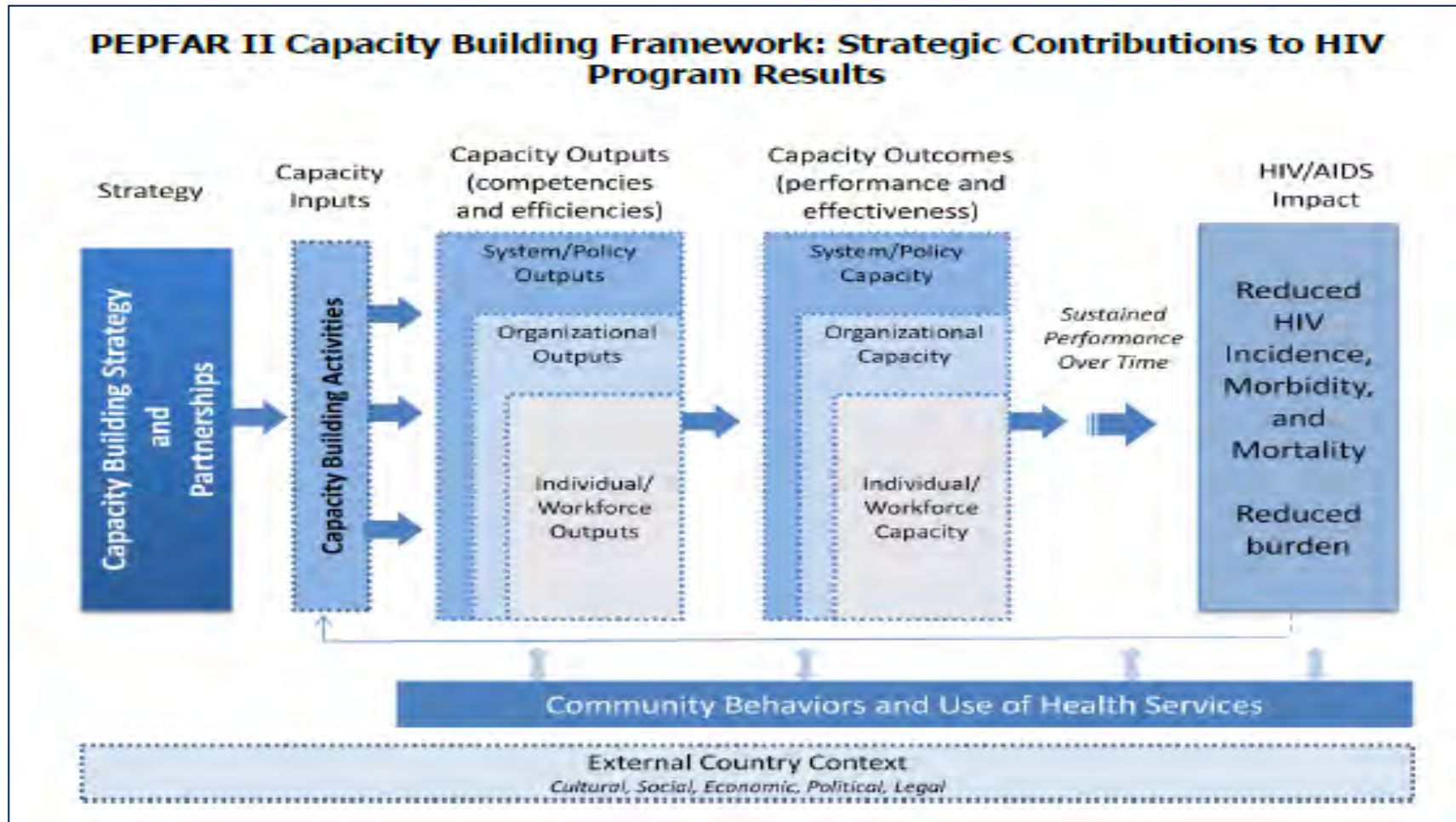
The literature suggested several ways to distinguish CD by level of engagement or approach. Visser (2010) suggested that CD may address capabilities of "the individual, the organization, a network of actors, and sector or national institutions." The definition of CD in ADS 253 proposed four levels: individual, organization, sector, and the broader system. The capacity-building framework of the President's Emergency Plan for AIDS Relief (PEPFAR) stated that capacity outputs and outcomes can be realized at the individual/workforce, organizational, and system/policy levels (Figure 1). The OECD (2010) definition presented in the ADS Help Document on Local Capacity Development (2013) included CD of "people, organizations, and society." This assessment for E3 disaggregated three levels of CD: individual, organizational, and systemic.<sup>3</sup>

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<sup>2</sup> The assessment team defined a conceptual framework as a theoretical structure of assumptions, principles, and rules that hold together the ideas behind a broad concept.

<sup>3</sup> While the literature on CD frequently distinguished CD in terms of the level of engagement, it did not provide distinct definitions for each level.

**FIGURE 1: PEPFAR CAPACITY-BUILDING FRAMEWORK**

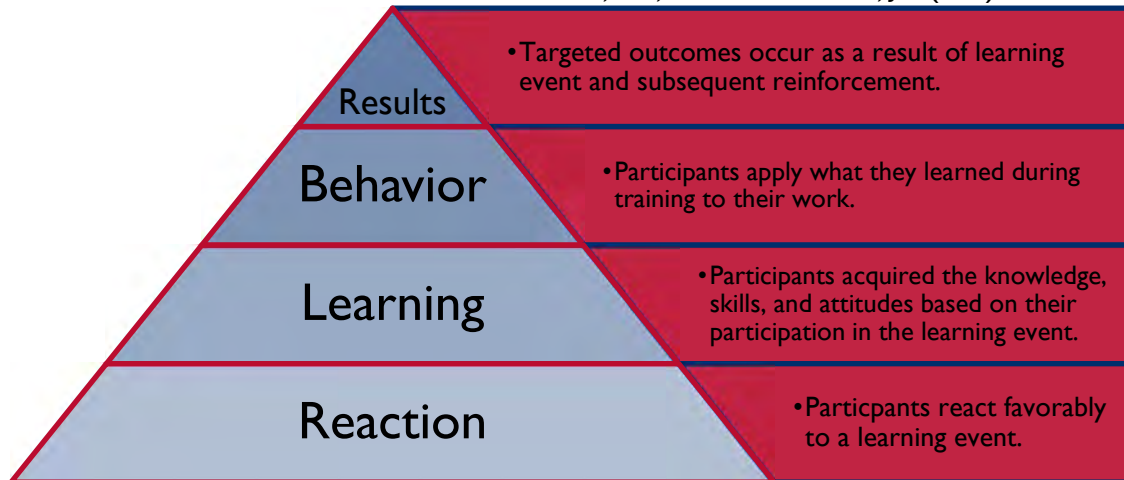


Source: PEPFAR Capacity Building and Strengthening Framework (2012)

This assessment for E3 used the Kirkpatrick Model to analyze methods for measuring the outcomes of individual-level training to bring about changes in knowledge, attitudes, and behaviors.<sup>6</sup> It distinguished four levels of measurement (Figure 2).

**FIGURE 2: KIRKPATRICK FOUR-LEVEL MODEL OF TRAINING EFFECT**

SOURCE: ADAPTED FROM KIRKPATRICK, D.L., AND KIRKPATRICK, J.D. (1994).



The assessment used mixed methods for data collection (Figure 3). For the most part, the assessment team used these methods in sequence, with the results of the Staff Survey and Activity Manager's Survey informing the office interviews, which were then used to identify candidate activities for the case studies. Table I shows the methods used to address each research question. Annex B contains details on the various data sources.

**FIGURE 3: DATA SOURCES AND METHODS**



<sup>6</sup> See <http://www.kirkpatrickpartners.com/OurPhilosophy/TheKirkpatrickModel>

**TABLE I: ASSESSMENT RESEARCH METHODS BY QUESTION MATRIX**

Assessment Research Questions	Data Collection/Analysis Methods						
	Staff Survey	Activity Manager Survey	E3 Office Interviews	Evaluation Review	Targeted Literature	External Expert Interviews	Case Studies
1. What are the various definitions/understandings of capacity development within E3?	x	x	x		x		
2. What are the current approaches to capacity development in E3?	x	x	x				
3. How are E3 capacity development approaches different from each other and why?	x	x	x				
4. How do capacity development approaches in E3 differ between local organizations, private sector, and government entities?		x		x			
5. To what extent do the capacity development activities in E3 have a specific methodology, theory of change, or grounding in evidence?		x	x	x			
6. Based on the review's findings, what are some promising CD practices that E3 could further test, model, and promote on a Bureau-wide, and possibly Agency-wide, basis?			x		x	x	x
7. If there is no strong evidence regarding the effectiveness of different approaches to capacity development in sectors under E3's purview, how can the evidence base be built?			x	x	x	x	
8. What measures should be put in place for capacity development activities in E3 to start to lay the groundwork for that evidence?			x	x	x	x	
9. What indicators have been used by E3 to measure capacity development and its impact?		x		x	x		
10. What additional indicators could be used by E3?				x	x		
11. What are reasonable expectations for demonstrating the value of capacity development interventions through monitoring and evaluation and special studies?			x	x	x	x	

## A. Data Analysis and Synthesis

After separately analyzing the information from the sources in Table I, the assessment team combined quantitative and qualitative data to derive findings, conclusions, and recommendations for the research questions. The team held internal discussions on how to use the data to respond to specific research questions and to identify data gaps. It then analyzed whether findings from different sources converged and how to address divergences.

This report was prepared after completion of an intermediate product; the E3 Bureau Capacity Development Profile (Orvedal, Hinsz, Oya, Norfleet, 2016). That profile presented the detailed findings of the Staff Survey, the Activity Manager Survey and E3 office interviews. It also included disaggregated profiles for each E3 office.

The assessment team prepared Summary Case Study Reports on ten projects or activities. Annex D of this report contains lists the selected activities and the methods and key themes of the case studies. Annexes E through N contain the case study reports.

## B. Study Limitations

This study relied on self-reported information from E3 staff based on their own definitions of CD, the three levels of CD, and related terms. Despite broad outreach to E3 technical staff and multiple follow-ups, the response rates for the surveys were still relatively low. The Activity Manager Survey response rate was 119 of 334 activities (35.6 percent) and 85 of the 119 activities had a CD component. Many activity managers were asked to respond for multiple activities, as many as six. The Staff Survey response rate was 73 of 217 E3 technical staff (34 percent). Focus group interviews took place with each E3 technical office, but only a small proportion of office staff could participate. The average number of people in an office interview was three, but this ranged from one to six. Two E3 offices had only one interviewee. Most E3 office directors were reached in the interviews.

Due to limited time and staffing and the availability of documentation, it was not possible for the assessment team to prepare a case study for each E3 office. The assessment team tried to interview a range of stakeholders, including E3 and USAID mission staff, implementing partners, and client organizations benefiting from the CD support. However, the number of interviewees was small. The assessment team was often only able to interview only one person from the client organization and no travel funds were available for the case studies. Although the case studies could not capture all relevant perspectives, they were often more useful in identifying promising practices than the surveys, office interviews, and document reviews.

## IV. FINDINGS

The key findings pertained to the definitions and understandings of CD; CD approaches and methods, theory of change or evidence supporting the CD activities; perceived effectiveness of the E3 CD support; indicators for measuring capacity changes; and promising practices.

### A. Definitions and Diverse Understandings of Capacity Development

USAID did not have a single, common definition of the terms “capacity” and “capacity development” (CD) in its policy guidance in the Automated Directives System (ADS). At the time of this report, there were several different definitions in the ADS including ADS 200.6, ADS 201(program and project design).; ADS 203 (monitoring, evaluation and learning), and the 2014 Glossary of ADS Terms.<sup>7</sup> ADS 253.6

**Capacity Development:** Approaches, strategies, or methods used by USAID and its stakeholders to change, transform, and improve performance at the individual, organizational, sector, or broader system level.

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<sup>7</sup> At the time of this assessment, USAID was in the process of revising and combining ADS 201 to 203 into a single, more concise chapter.



contained a definition of CD that only pertained to the reporting requirement for certain types of participant training and exchanges.

The ADS cited several other mandatory or optional references.<sup>8</sup> The additional help document to ADS 201, *Local Capacity Development, Suggested Approaches* (USAID 2013), listed two external definitions, for CD - one from the Organization for Economic Cooperation and Development (2010) and another from the Netherlands Development Organization SNV (2010). In addition, a help document for ADS 220, *Guidance on Assessing Technical and Management Capacity of G2G Activities*, included a definition of technical and management capacity (USAID/Local Solutions Team 2015). The following textbox contains the OECD and SNV definitions.

### **Definitions Cited in ADS 201's "Local Capacity Development, Suggested Approaches"**

#### **OECD Definitions:**

- "Capacity" is the ability of people, organizations, and society as a whole to manage their affairs successfully.
- "Capacity development" is understood as the process whereby people, organizations, and society as a whole unleash, strengthen, create, adapt, and maintain capacity over time.
- "Promotion of CD" is what outside partners, whether domestic or foreign, can do to support, facilitate, or catalyze capacity development and related change processes.

#### **Capacity Development in Practice (2010):**

"Capacity is the ability of a human system to perform, sustain itself, and self-renew."

#### **Definition for 'Technical and Management Capacity,' Cited in a Help Document for ADS 220, *Guidance on Assessing Technical and Management Capacity of G2G Activities*:**

"Technical and management capacity refers to factors that contribute to individual and institutional performance, such as staff knowledge of critical subject matter, existence of suitable systems and processes to implement activities, and the ability of managers to guide staff toward successful activity completion."

The Agency's 2010 HICD Handbook developed by E3's predecessor, the Bureau for Economic Growth, Agriculture and Trade (EGAT) contained principles underlying CD (see section IV-B).

The assessment team did not find any specific definitions of capacity or CD in other E3 documents. The Biodiversity and Development Handbook discussed CD without defining it.

Two E3 interviewees offered their own definitions of capacity development:

- The strengthening of knowledge, skills, resources, processes, and systems to enable civil society, private sector, and public sector organizations; networks; communities; and societies to identify and achieve their objectives, outputs, and activities more efficiently, effectively, and sustainably and adapt to a changing environment.

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<sup>8</sup> Other ADS mandatory references linked to CD; TIPs 15 on *Measuring Institutional Capacity* and *Measuring Institutional Capacity Annexes*; the *Human and Institutional Capacity Development Policy Paper*; and *Local Capacity Development, Suggested Approaches, an Additional Help Document for ADS 201*.

- The ability of an organization to identify a need or needs (for example of its constituents); to plan, mobilize, and use resources to address that need/s; and to address its own needs as it and its constituents respond to a changing environment.

Both of these definitions both framed CD within a changing environment and linked CD to performance improvement. However, they had some notable differences. The first definition included a broad range of actors, while the second focused on organizations. The first definition addressed efficiency and effectiveness while the second emphasized needs rather than objectives, outputs, and activities.

CD is an important component of E3-funded activities, although much of this is indirect support of USAID staff and the activities of USAID country and regional missions and other bureaus. It is not generally E3's role to fund or implement development projects in the field.

Only about one-fifth of the 47 E3 staff interviewees demonstrated richness of thought on capacity development. The assessment team estimated that approximately one-third of the 47 E3 staff interviewees had direct experience with capacity development.<sup>9</sup> The proportion of E3 staff reporting direct experience with CD was low relative to the frequency with which respondents identified CD as an important aspect of E3's portfolio. The Activity Manager Survey found that 85 of the 119 E3 activities (71 percent) reported CD components.

"There are diverse understandings of CD, even within individual offices."

— HICD Staff Member

E3 office interviews described various activities undertaken in support of CD, most commonly training for individuals.

- "We do training and capacity development both internally and externally. This includes training, provision of technical assistance on programs and projects, and development and review of Agency policies, procedures, and tools."
- "We do workshops, trainings, and technical assistance."
- "There are many activities that address capacity building. People are doing things across many approaches like training, mentoring, and exchanges."
- "We provide technical expertise to partners, governments, civil society, and communities on issues ranging from good governance to basic administrative procedures. There is also training, but accompanied with on-the-job, in-person technical assistance."

Some E3 interviewees discussed CD approaches at the organizational level, mostly in terms of improving organizational functions such as administrative procedures or systems. Others discussed organizational-level CD as institutional performance or sector- or industry-specific metrics:

- "There is a naïve notion that capacity development is training on computers, English language, or other generic things, without recognizing that you have to look at each industry and its core functions. There are some globally standard capacities that are drivers of good performance in institutions in the world outside of development."

In the interviews, four E3 offices described CD outcomes, such as improving an organization's performance or its core functions. CD was characterized as enabling others to achieve a desired result or development outcome, rather than describing CD itself as an end.

E3 staff used a variety of terms in referring to the individuals or organizations that benefit from their office's CD work — "stakeholders", "partners", "beneficiaries", "clients", and "constituents". One interviewee felt that the term "beneficiary" was inappropriate because it "connotes a passive recipient,

<sup>9</sup> These ratios are the assessment team's estimates based on the office interviews.



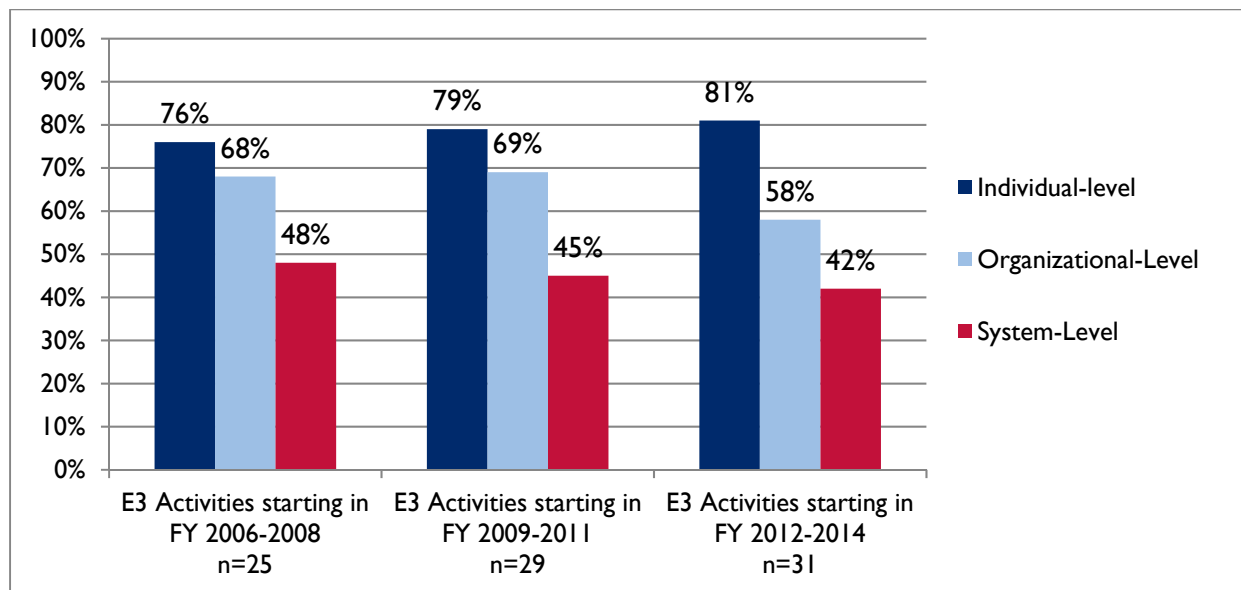
which is contrary to our belief that responsibility for change rests not with [USAID] but with those who are positively or negatively affected ... [while 'constituent' refers to someone] who has a voice and is determinant."

Some E3 staff used the term "capacity development," while others referred to "capacity building." Dichter (2015) stated that "capacity building" suggests a substantive role for the provider, while "capacity development" connotes a more supportive role. Many USAID experts on the Local Solutions Initiative team preferred the term "capacity development" because it recognizes the existing capabilities of the clients, while "capacity building" implies starting from scratch.

The assessment team also asked E3 interviewees, "How has this office's definition changed over time?" Some interviewees responded that their offices have increasingly focused on performance results, rather than capacity in the abstract. Some reported using other CD approaches than just training to improve results.

In general, the office interviewees placed a greater emphasis on CD at the system level. This differed from the Activity Manager Survey finding that system-level interventions decreased between 2006 and 2014 (Figure 4).

**FIGURE 4: LEVEL OF CAPACITY DEVELOPMENT APPROACH**



## B. Current Approaches to Capacity Development in the E3 Bureau

### Human and Institutional Capacity Development (HICD)

HICD defined human and institutional capacity development as a

USAID model of structured and integrated processes designed to identify root causes of performance gaps in host-country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems (USAID 2009).

Although the ADS previously designated HICD as an Agency approach, most USAID/Washington bureaus and USAID missions were not using it very much at the time of this assessment. Also, the Agency's Local

Solutions Initiative was primarily promoting alternative approaches based on the OCA or systems analysis. E3 housed the limited Agency staff expertise on HICD in the E3 Education Office, but the team did not limit its sectoral focus to education. The team only consisted of two part-time staff persons.

The HICD team managed two active HICD-PRO indefinite delivery, indefinite quantity (IDIQ) mechanisms covering the period 2013–2018. The HICD IDIQ for critical-priority countries (CPCs) had a ceiling of \$500 million while the similar IDIQ for non-CPCs had a \$300 million ceiling. Both IDIQs offered awards to multiple approved contractors. As a result of USAID Administrator Shah's concerns over huge IDIQs, the Acquisition and Assistance Review and Approval Document (AARAD) process placed several requirements on task order approval that have turned out to be a major barrier for use of these mechanisms. An E3 Portfolio Review identified these barriers as the dollar cap on task orders; percentage cap on institution-building funding; inappropriate performance metrics; and monitoring systems; and cumbersome Washington clearances." At the time of this assessment, there had been no buy-ins for the HICD-PRO IDIQ for CPCs and \$8.04 million in buy-ins from USAID missions in Georgia and Kosovo. However, two recent requests for HICD task order proposals were pending from USAID missions in El Salvador and Morocco.

The two interviewees from the HICD team noted that this approach evolved as USAID began looking at how to move beyond training as a standalone intervention. However, they felt that the HICD Handbook and approach had become stagnant in recent years. They believed that HICD could be useful to a wider audience through greater engagement with USAID staff, partners, and clients on the successes and lessons learned. An E3 interviewee from the HICD team recommended that USAID provide training on HICD to staff in each office to increase understanding and use of the approach.

The two HICD team members expressed concerns about the consistency of application of the HICD approach and the lack of understanding of it within USAID/Washington and USAID missions. Most E3 respondents who mentioned HICD only discussed it in general terms, rather than as the specific approaches described in the HICD Handbook that fall within the SOW of the HICD-PRO IDIQs. Apart from the HICD team, Forestry and Biodiversity (FAB) and Water were the only two E3 offices interviewed that mentioned using the HICD Handbook in their work.

The Bureau of Food Security (BFS) also used the term human and institutional capacity development in the Feed the Future Initiative, but it was not referring to the formal approach described in the HICD Handbook. Dichter *et al.* (2015) stated that the BFS interpretation of "HICD was a "non-starter" in the eyes of leadership because it was seen as something "the Agency did not really understand well and also because the institutional strengthening part of HICD [did] not lend itself to easy metrics."

## Capacity Development by Level of Approach

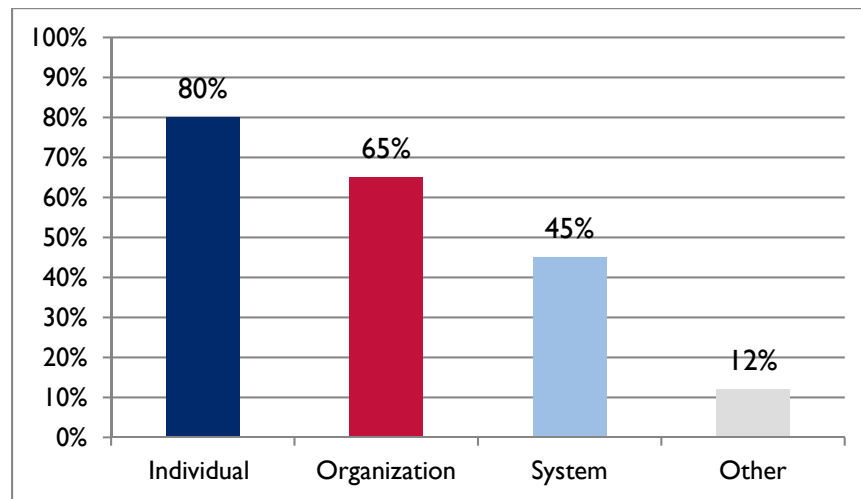
The assessment team established a list of 30 CD approaches, including 12 at the individual level, 11 at the organizational level, and 7 at the system level (Annex R). The assessment team then administered two surveys -- one for all E3 technical staff and focused on their direct CD services and a second for E3 managers of activities with CD components.

The Staff Survey asked, "Which of the following {individual, organizational, or system} capacity development activities/practices have you used in your work?" The Activity Manager Survey asked, "Which of the following {individual, organizational, or system} capacity development interventions were undertaken during this activity?"

Most commonly, E3 CD support focused on the individual level, including approaches such as **training**, **technical assistance**, and **publications**. E3 Activity Manager Survey respondents reported that 80 percent of the 85 activities with CD components emphasized individual-level CD, 65 percent used organizational-level approaches, and 45 percent reportedly included system-level approaches (Figure 5).

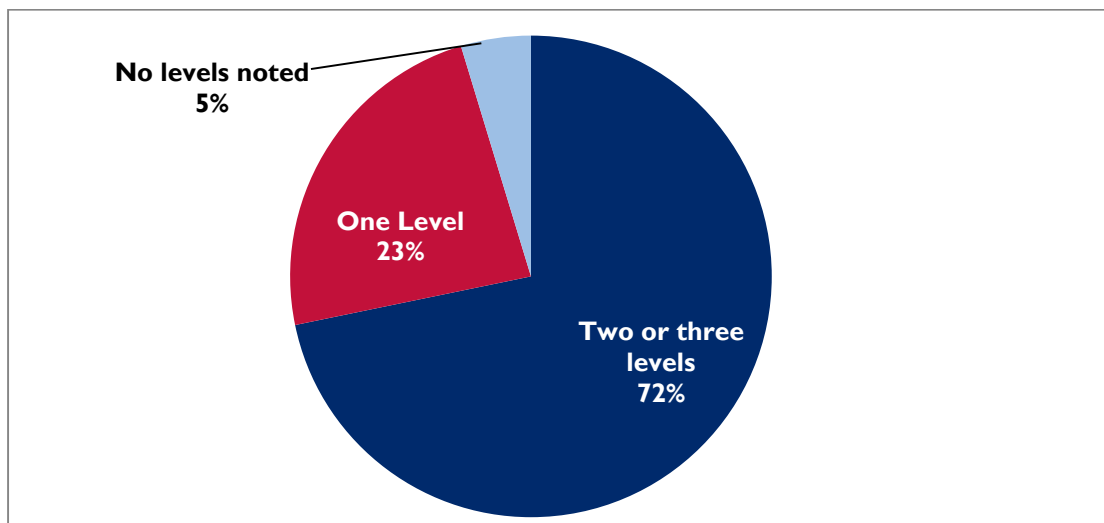
This total exceeds 100 percent because most activities E3 used CD approaches at multiple levels.

**FIGURE 5: LEVEL OF CD APPROACHES BY LEVEL<sup>10</sup>  
(ACTIVITY MANAGER SURVEY, N=85)**



Most often, E3 activities with a CD component used some combination of individual, organizational, and system-level CD approaches. The activity managers reported that 72 percent of the 85 activities surveyed focused on at least two levels of CD (Figure 6). These estimates were based on self-reporting and may reflect different personal definitions of these three levels of capacity development.

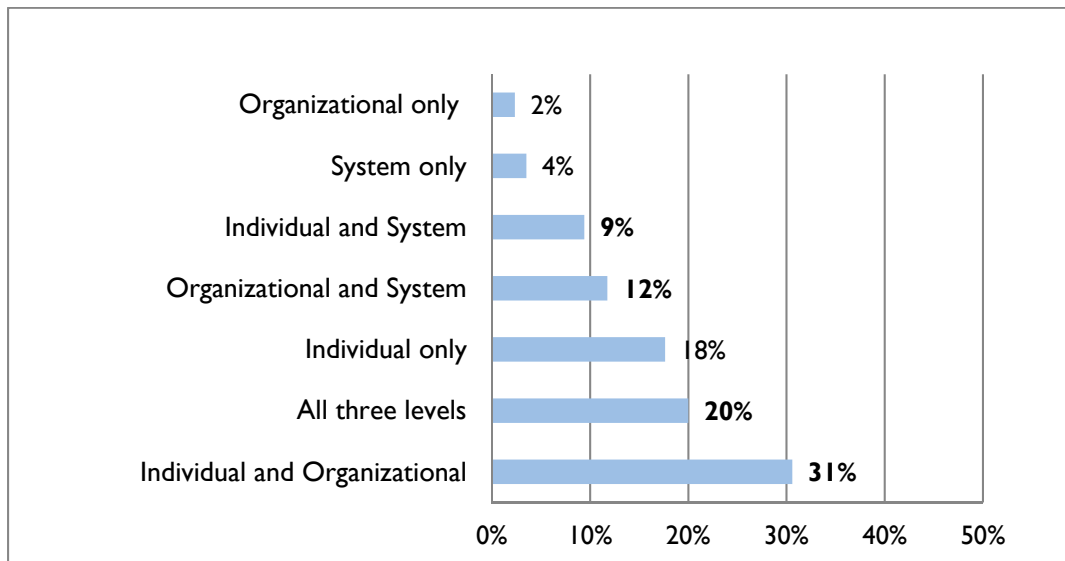
**FIGURE 6: NUMBER OF LEVELS OF CD APPROACHES USED  
(ACTIVITY MANAGER SURVEY, N=85)**



About 31 percent of the 85 activities in the survey with CD components reportedly supported individual and organizational level CD, but not system level (Figure 7). About 20 percent of the 85 activities reportedly included all three CD levels.

<sup>10</sup> Five of the ten “other” responses were approaches that the respondent did not place within one of the three levels, such as “technical assistance” or “national policy level.” There was no explanation for three of the “other” response. One of the ten respondents was unsure about the level of CD. One respondent stated that, “If we count PFM IQC, it is double counting, as it is done through task orders.” Five of the ten activities that reported CD at another level also had CD at the individual, organizational, or system level.

**FIGURE 7: LEVEL OF CD ACTIVITIES REPORTED IN THE ACTIVITY MANAGER SURVEY (N=85)**



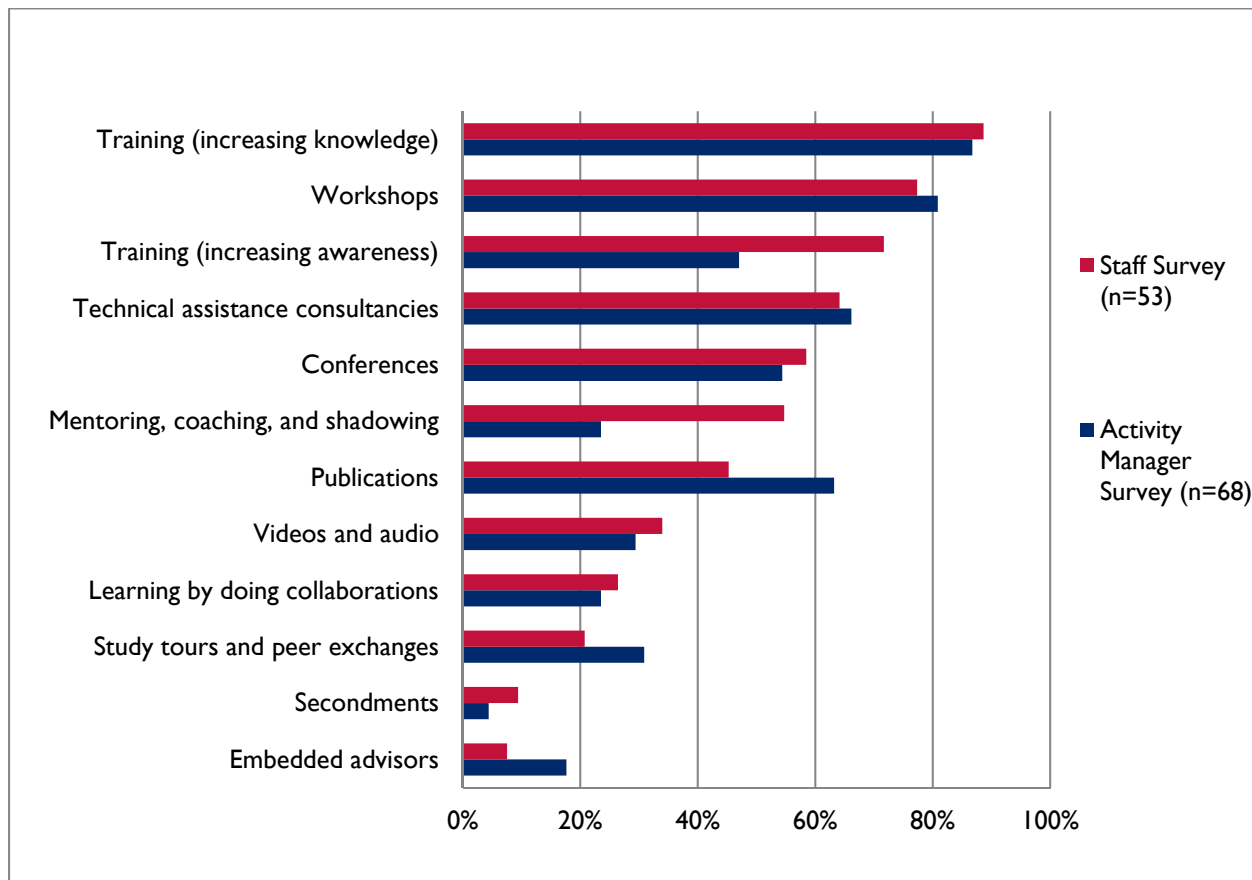
*Note: Five percent of activities had no levels noted.*

The E3 office interviews largely confirmed this finding. Participants in II offices stated that their CD activities addressed more than one level. One interviewee from the Energy and Infrastructure Office stated, “It is a mix of each level: individuals such as project developers; organizations including ministries, public and private utilities; as well as systems-level work through regulatory reform and so on.”

### **Capacity Development Approaches Within Each Level**

This section examines the individual, organizational, and system levels separately to highlight the reported use and perceived effectiveness of CD approaches by level. It draws on the Activity Manager and Staff Surveys.

**FIGURE 8: FREQUENCY OF USE OF INDIVIDUAL-LEVEL CD APPROACHES  
(ACTIVITY MANAGER AND STAFF SURVEYS)**



Note: Seven percent of Activity Managers and two percent of Staff Survey respondents responded “other,” Three percent of activity managers responded “not applicable.”

E3 staff reported using **training** and **workshops** most frequently for individual-level CD. However, they did not report using one individual-level CD approach more often than the rest. (Figure 8).

Training was the most commonly mentioned type of capacity development. Eighty-nine percent of the 53 Staff Survey respondents reported provision of **training with the purpose of increasing knowledge** in their work. Training to increase knowledge was also included in 87 percent of the 68 activities with individual-level CD reported in the Activity Manager Survey. Approximately 77 percent of the Staff Survey respondents and 81 percent of the Activity Manager Survey respondents reported using **workshops**, making this the second-most commonly mentioned approach. **Technical assistance consultancies** were reported by 64 percent of the Staff Survey respondents and 66 percent of the Activity Manager Survey respondents. Table 2 shows the key differences between the Staff and Activity Manager survey results on CD approaches.

**TABLE 2: DIFFERENCES BETWEEN THE STAFF AND ACTIVITY MANAGER SURVEY RESULTS ON CD APPROACHES**

Capacity Development Approach	Staff Survey (n=53)	Activity Manager Survey (n=68)
Publications	45 percent	63 percent
Mentoring, coaching, and shadowing	55 percent	24 percent
Training for increasing awareness	72 percent	47 percent

Individual-level CD that involved experiential, continuous learning for extended periods was less common than one-off events. As Figure 8 showed, **embedded advisors, secondments, study tours and peer exchanges**, and **learning by doing approaches** were reported less frequently than **trainings, workshops, technical assistance consultancies, and conferences**.

Table 3 contains information from the E3 Staff Survey on the individual-level CD approaches that were perceived to be most effective. Some of the less commonly used approaches were identified as among the most effective — **learning by doing collaboration, study tours and peer exchanges**, and **embedded advisors**. Conversely, some common approaches were not identified as among most effective -- **training, workshops, technical assistance consultancies, conferences**, and **publications**.

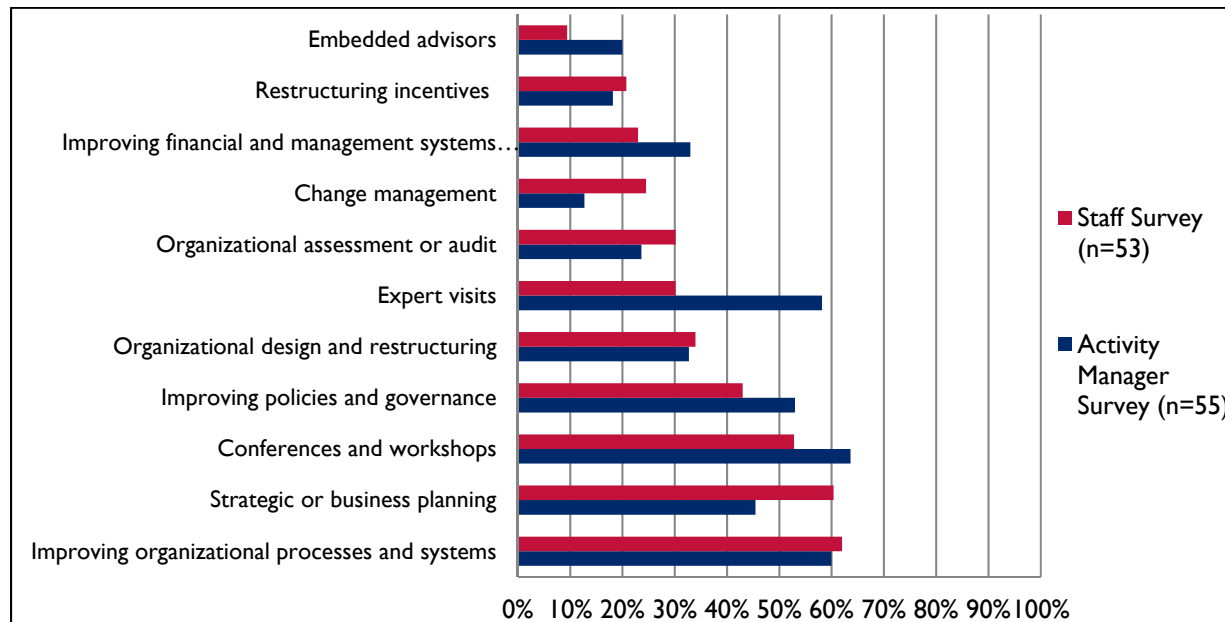
**TABLE 3: REPORTED USE AND PERCEIVED EFFECTIVENESS OF INDIVIDUAL-LEVEL CD APPROACHES (STAFF SURVEY, N=53)**

Individual-Level CD Approaches	Percent Reporting Use of This Approach	Percent Rating as One of the Most Effective Approaches
Training with the purpose of increasing knowledge	89%	70%
Mentoring, coaching, and shadowing	55%	58%
Learning-by-doing collaborations	26%	55%
Workshops	77%	53%
Technical assistance consultancies	64%	53%
Training with the purpose of increasing awareness or sensitivity to a topic	72%	45%
Study tours and peer exchanges	21%	38%
Conferences	58%	32%
Embedded advisors	8%	21%
Videos and audio	34%	21%
Publications	45%	19%
Secondments	9%	13%

#### *Organizational Level*

Figure 9 contains findings from the Staff and Activity Manager surveys on how often various organizational-level CD approaches were used.

**FIGURE 9: FREQUENCY OF USE OF ORGANIZATIONAL-LEVEL APPROACHES  
(ACTIVITY MANAGER AND STAFF SURVEYS)**



Note: Nine percent of Activity Manager Survey respondents and 10 percent of Staff Survey respondents listed “other” or “not applicable.”

There were some differences in the reported frequency of use of specific organizational-level CD approaches across the two surveys, but the following approaches were generally most common:

- **Improving organizational processes and systems**
- **Strategic or business planning**
- **Conferences and workshops**
- **Improving policies and governance**
- **Organizational design and restructuring**
- **Expert visits**

Table 4 lists the organizational-level CD approaches that the Staff Survey respondents perceived to be most effective. Two approaches with relatively low use were identified as among the most effective — **restructuring incentives within the organization** and **embedded advisors**. Some organizational-level approaches that were frequently used were not identified as among the most effective; for example, **conferences and workshops** and **strategic or business planning support**.

**TABLE 4: COMPARISON OF THE REPORTED USE AND PERCEIVED EFFECTIVENESS OF ORGANIZATIONAL-LEVEL CD APPROACHES (STAFF SURVEY, N=53)**

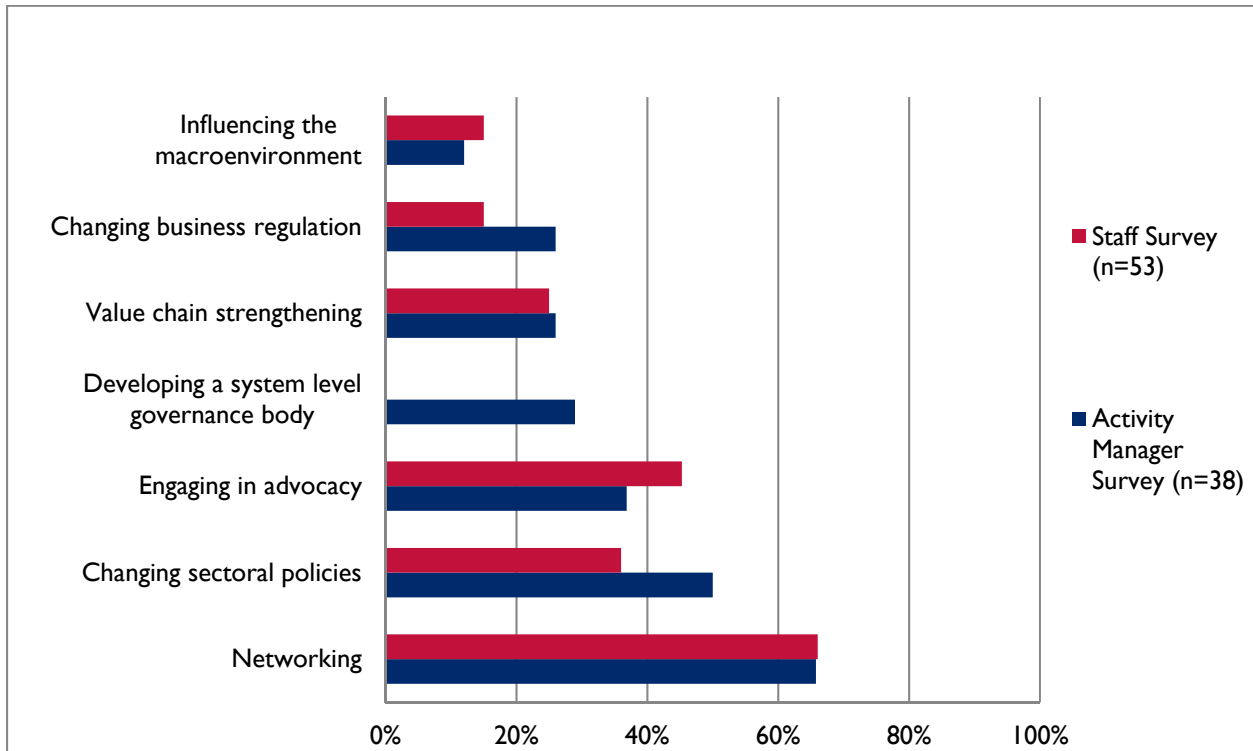
Organizational-Level CD Approaches	Percent Reporting Use of This Approach	Percent Rating This Approach as Most Effective
Improving internal organizational processes or systems such as quality assurance systems, learning systems, or knowledge management systems	62%	57%
Strategic or business planning	60%	47%
Improving policies and governance	43%	42%
Restructuring incentives within the organization	21%	40%
Organizational design and restructuring	34%	36%
Improving financial and management systems and procedures	23%	26%
Conferences and workshops	53%	26%
Expert visits	30%	25%
Change management	25%	23%
Organizational assessment or audit	30%	23%
Embedded advisors	9%	23%

#### *System Level*

Figure 10 shows the frequency of use of system-level CD approaches. E3 staff reported use of **networking** more than any other system-level approach. About two-thirds of the Staff Survey and Activity Manager Survey respondents reporting using networking. However, only 40 percent of the Staff Survey respondents identified networking as one of the most effective approaches (Table 5). **Support for advocacy** and **changing sectoral policies** were also common system-level CD approaches. Although only 36 percent of the Staff Survey respondents reported that they had supported **changing sectoral policies**, 45 percent identified this approach as one of the most effective.



**FIGURE 10: FREQUENCY OF USE OF SYSTEM-LEVEL APPROACHES (ACTIVITY MANAGER AND STAFF SURVEYS)**



Note: Eighteen percent of Activity Managers and 21 percent of Staff Survey respondents reported “other” or “not applicable.” “Developing a system-level governance body” was not a response option in the Staff Survey.

**TABLE 5: COMPARISON OF REPORTED USE AND PERCEIVED EFFECTIVENESS OF SYSTEM-LEVEL CD APPROACHES (STAFF SURVEY, N=53)**

System-Level CD Approaches	Percent Reporting Use of This Approach	Percent Rating This Approach as Most Effective
Engaging in advocacy	45%	51%
Changing sectoral policies	36%	45%
Networking	66%	40%
Value chain strengthening	25%	25%
Changing business regulation	15%	23%
Influencing the macroeconomic environment	15%	17%
Not applicable	17%	17%
Other	4%	8%

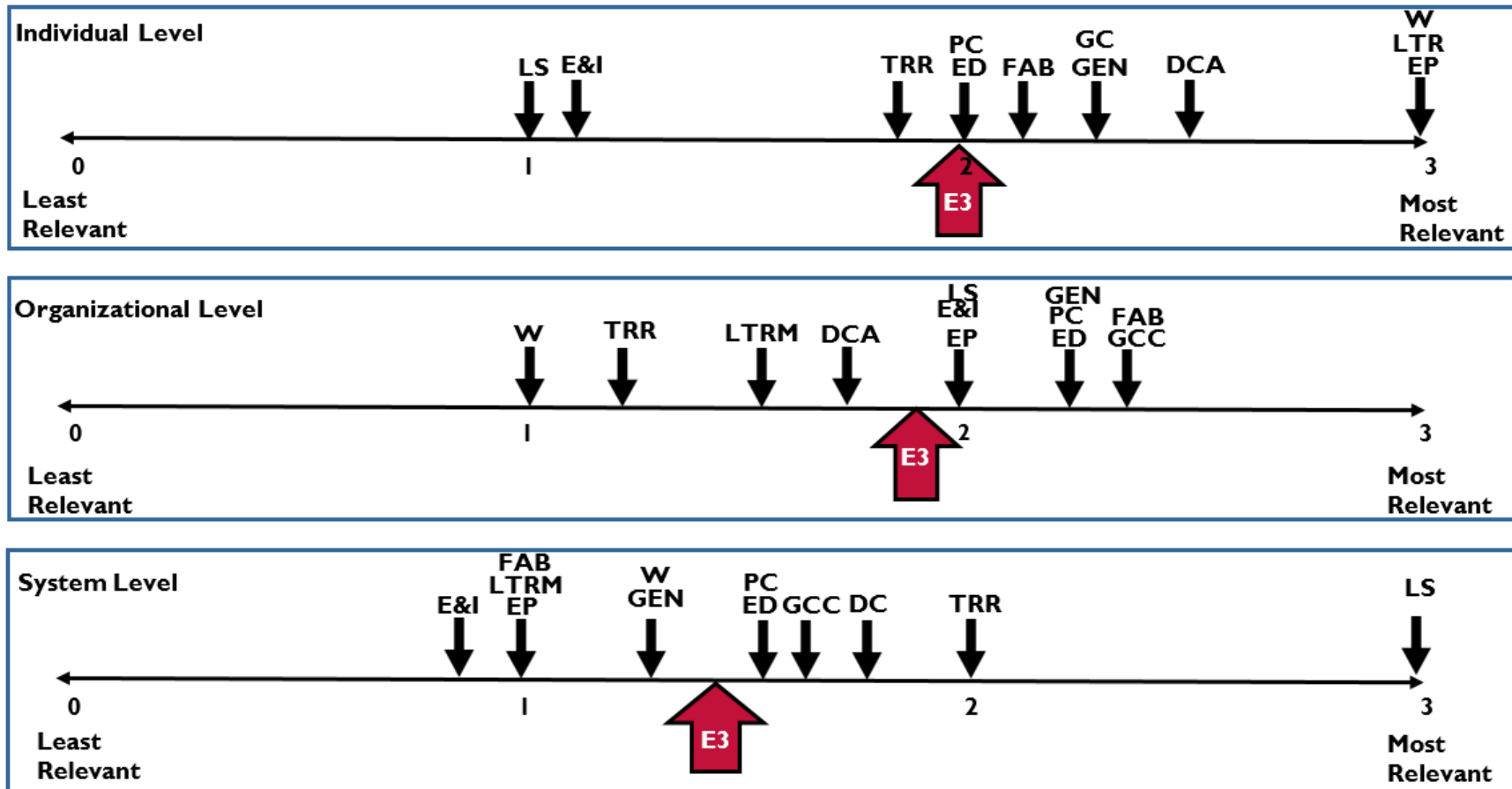
#### Differences in Capacity Development Approaches Among E3 Technical Offices

Focus group interviews revealed differences in CD approaches across E3 technical offices. The Land Tenure and Resource Management (LTRM) and Economic Policy (EP) offices reported engaging in broad system-level reform. Trade and Regulatory Reform (TRR) focused on specific government capabilities.

Differences also emerged in the extent of internal CD support that E3 offices provided for USAID missions and other bureaus. Internal CD was particularly important for the Gender Equality and Women's Empowerment (GenDev) and Forestry and Biodiversity (FAB) offices. Some E3 offices engaged with a diverse range of clients, while others focused on one type of client. EP worked with national and subnational governments, local organizations, and the private sector. The Development Credit Authority (DCA) worked almost exclusively with private sector financial institutions. Individual-level CD was the most relevant level reported by the E3 Bureau as a whole, followed by organizational-level CD and system-level CD. Figure 11 shows differences in the perceived relevance of the three levels of CD approaches across E3 offices. However, caution is advised in drawing conclusions about differences in CD levels and approaches across E3 offices because of the small sizes of the stratified subsamples, relatively low response rates for the surveys and interviews, and possibility of systematic differences between respondents and non-respondents. With these limitations in mind:

- Individual-level CD was reportedly less relevant for the Local Sustainability (LS) and Energy and Infrastructure (E&I) offices.
- Individual-level CD was reportedly more relevant for the Water, LTRM, and EP offices.
- Organizational-level CD was reportedly less relevant for the Water and TRR offices.
- System-level CD was reportedly less relevant for E&I, FAB, LTRM, and EP.
- System-level CD was reportedly more relevant for the LS Office.

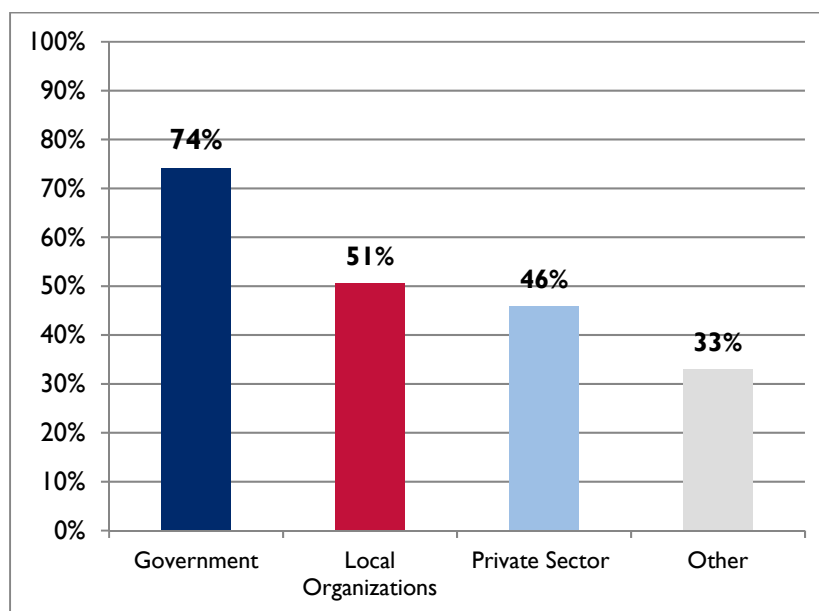
**FIGURE 11: REPORTED RELEVANCE OF CD APPROACHES FOR THE E3 BUREAU AND ITS TECHNICAL OFFICES**



## C. Differences in Types of Clients and Capacity Development Approaches

The Activity Manager Survey asked, “Which types of beneficiaries were the capacity development interventions focused on?” The survey offered nine response options, which the assessment team subsequently categorized as government, private sector, local organization, and other (Figure 12).<sup>11</sup> To determine how the approaches varied for different types of organizations, the assessment team coded 32 E3 activities with a CD component.

**FIGURE 12: TYPES OF CLIENTS SUPPORTED  
(ACTIVITY MANAGER SURVEY, N=85)**



### Frequency of Different Client Types

The CD approaches used varied by type of client at all three levels. Figure 12 lists the types of clients identified in the Activity Manager survey. Government was the most common type of client in E3’s CD support. About 74 percent of the 85 E3 activities with CD components targeted governmental entities (including quasi-governmental organizations and parastatal companies). Approximately 51 percent targeted local NGOs and 46 percent targeted private businesses or enterprises.<sup>12</sup> The total exceeded 100 percent because some activities assisted more than one type of client. Half of the 28 “other” responses included CD support for USAID itself or other United States Government (USG) agency staff. The assessment team calculated the average standard deviation for each approach to analyze the consistency across E3 offices. High consistency was defined as 0 to 0.05 standard deviations, moderate consistency as 0.051 to 0.1; moderate inconsistency as 0.11 to 0.15; high inconsistency as 0.16 or more.

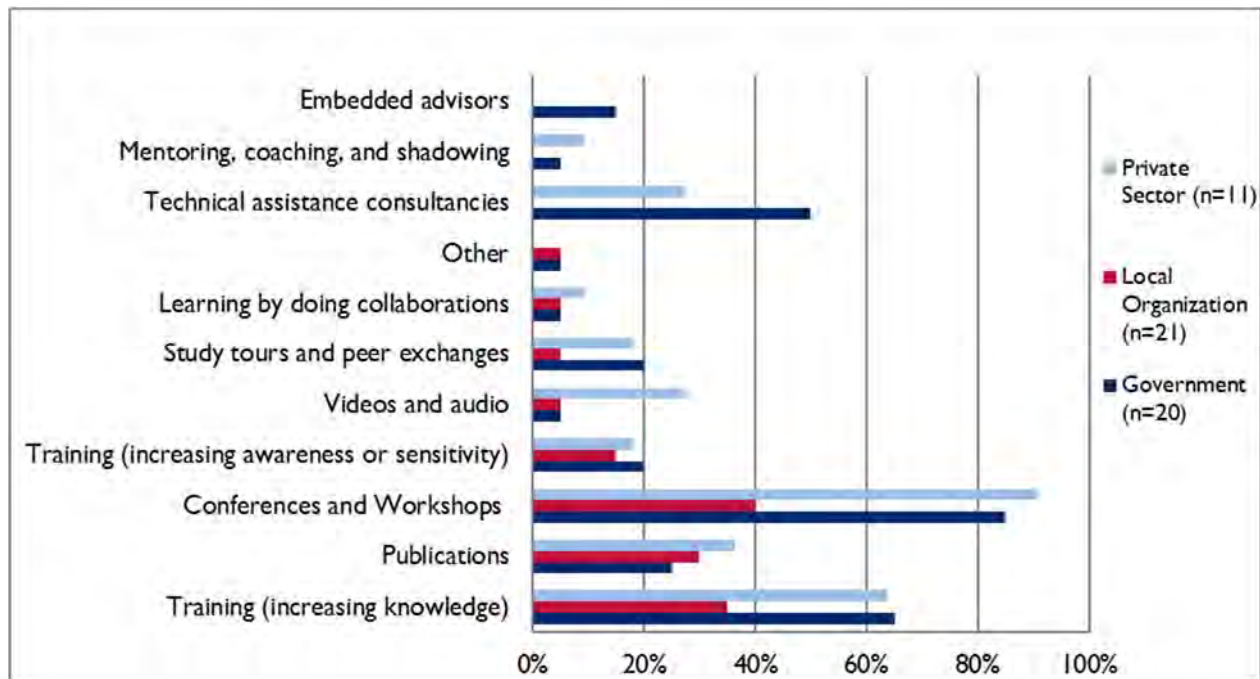
<sup>11</sup> The Activity Manager Survey included the following response options: national government, provincial/state government, municipal/district/county/village government, regional organizations (multi-country), public international organization, local NGO, community group or community-based organization (CBO), formal sector business, informal sector business, and not applicable.

<sup>12</sup> The evaluation review found that 78 percent of the 32 activities had governmental clients, 50 percent had private sector clients, and 53 percent had local organization clients.

### Individual Level

Figure 13 shows the relationship between the types of clients served and the types of individual CD approaches mentioned in the evaluations of the 32 E3 activities reviewed. The types of individual-level CD approaches used were moderately consistent across client types. **Conferences and Workshops** was the most common approach for individual-level CD across all types of clients. **Training** was the second most common approach for all client types. **Embedded advisors** and **learning by doing** were among the least common approaches for all client types. Most E3 support for **technical assistance consultancies** and **embedded advisors** targeted government clients.

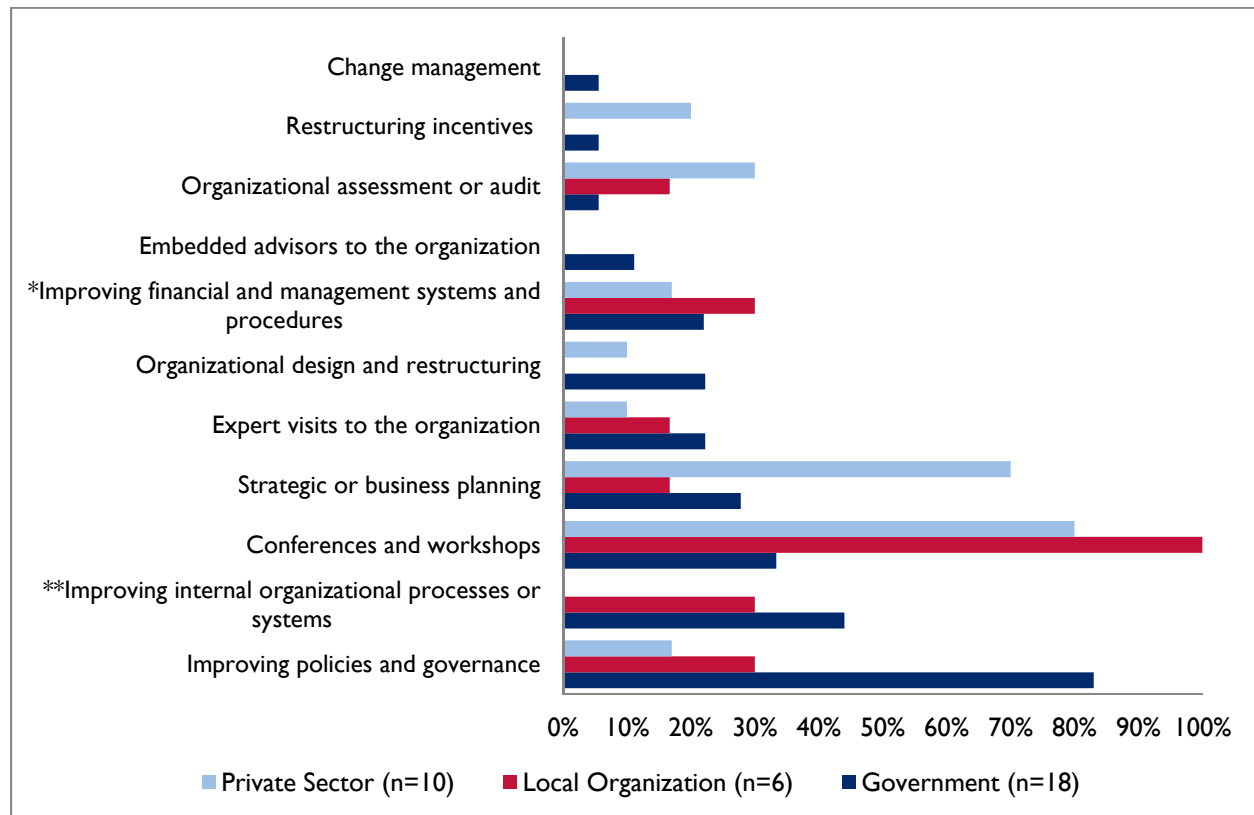
**FIGURE 13: INDIVIDUAL-LEVEL APPROACHES BY TYPE OF CLIENT  
(EVALUATION REVIEW, N=32)**



### Organizational Level

Figure 14 shows that E3's use of organizational level CD approaches varied a lot by type of client. For example, **conferences and workshops** were the most commonly used with local organizations, only 33 percent of the 18 activities with government clients used them. **Strategic and business planning** was the second-most common organizational-level approach for the 10 activities with private sector for business clients. However, strategic and business planning support was only provided in 28 percent of the activities targeting government clients and 17 percent of the 6 activities that assisted local organizations. **Improving policies and governance** was the most common approach for government clients, but was only used in three of the activities with private sector business clients.

**FIGURE 14: ORGANIZATIONAL-LEVEL APPROACHES BY TYPE OF CLIENT  
(EVALUATION REVIEW, N=32)**



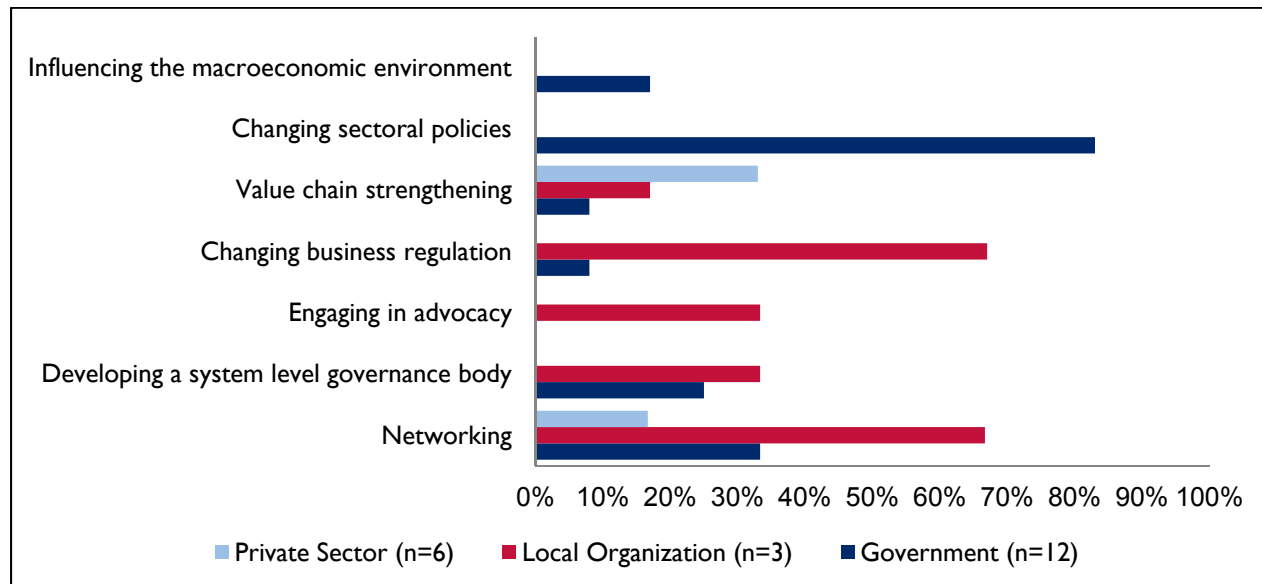
\* Improving financial and management systems and procedures

\*\* Improving internal organizational processes or systems

### System Level

Figure 15 categorizes the system-level CD approaches by type of client. However, the small effective sample size made it difficult to generalize findings about system-level approaches. E3 used a greater variety of system-level approaches for local organizations than for government clients. The most common system-level approach for government clients was **changing sectoral policies**. The sample only included support for **engaging in advocacy** for local organizations.

**FIGURE 15: SYSTEM-LEVEL APPROACHES BY TYPE OF CLIENT  
(EVALUATION REVIEW, N=32)**



## D. Specific Methods, Theory of Change, or Evidence Supporting the E3 Bureau's Capacity Development Activities

This section discusses the importance of a theory of change in capacity development work. It then examines whether there was a specific theory of change or evidence base evidence based on the findings of the Activity Manager Survey, evaluation review, and E3 office interviews.

### The Importance of a Theory of Change

USAID's December 2011 program cycle design guidance was consistent with the literature highlighting the importance of a theory of change (development hypothesis) in project and activity design, monitoring, and evaluation. However, it did not apply retroactively to projects and activities that were already under implementation.

In 2013, USAID issued an additional help document on local capacity development as an optional reference. This document recommended including a development hypothesis to guide project design and monitoring and evaluation of capacity development.

"Having an explicit theory of action (or change) increases the chances for successful capacity development."

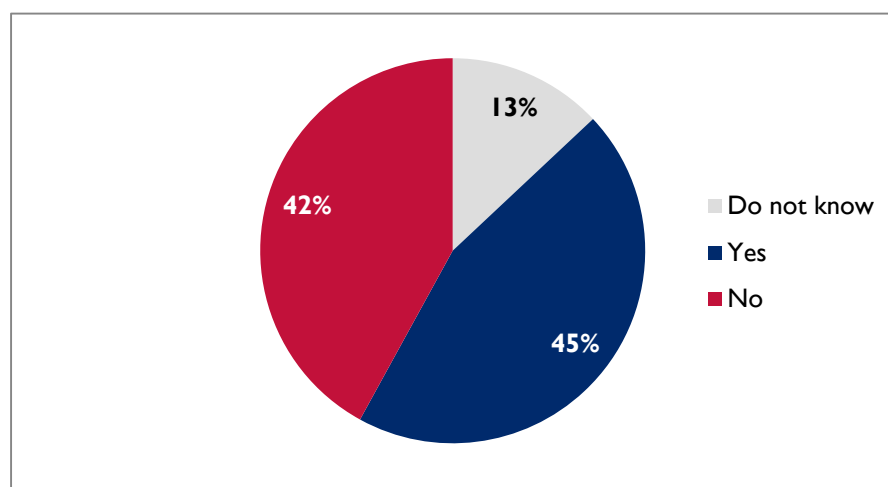
— European Center for Development Policy Management

A report commissioned by USAID's Policy, Planning, and Learning's Learning, Evaluation, and Research (PPL/LER) Bureau argued that a clearly defined theory of change is important for identifying indicators, collecting baseline data collection, and evaluating outcomes. Without a theory of change, it is difficult to attribute observed changes to a specific intervention, rather than exogenous factors (Fowler and Dunn, 2014). USAID's Capacity Development Working Group (2016), also noted the importance of theories of change in embracing complexity, including external perspectives, and adapting to change. It suggested that, "absent a clear of change ... adaptation [was] more difficult."

## Theory of Change, Methods, and Evidence

The reported share of E3 activities with a theory of change, methods, or explicitly stated hypothesis was considerably higher in the Activity Manager Survey than in the assessment team’s review of selected evaluations. Although 45 percent of the 86 activities in the Activity Manager Survey reportedly had an explicit theory of change, (Figure 16). However, the assessment team only found in 10 percent of the 42 activities in the evaluation review. However, the evaluation review might not have captured theories of change supporting the CD intervention that existed outside of the evaluation documents reviewed. Furthermore, some activities may have had theories of change that did not specifically address the CD components. Also, some Activity Manager Survey respondents might have perceived that the “correct” answer was that their activities had a specified theory of change because of the Agency guidance.

**FIGURE 16: ACTIVITIES WITH CD COMPONENTS THAT HAD A SPECIFIED THEORY OF CHANGE OR HYPOTHESIS (ACTIVITY MANAGER SURVEY, N=85)**



## Capacity Development Methods, Tools, or Approaches Mentioned in E3 Office Interviews

The assessment team also asked E3 office interviewees about the evidence or experience that led them to suggest particular good practices and whether there was a theory of change supporting use of these practices. The interviewees described how their offices supported CD and some cited a specific theory of change, method, or evidence that supported use of these approaches. Table 6 lists tools and processes mentioned in the office focus group interviews.



**TABLE 6: TOOLS AND PROCESSES CITED IN E3 OFFICE INTERVIEWS**

<b>E3 Office or Team</b>	<b>Tools and Processes</b>
<b>Economic Policy</b>	The Guide to Public Financial Management
	Public Financial Management Risk Assessment Framework (PFMRAF)
	Public Expenditure and Financial Accountability Framework (PEFA)
	Cost-benefit analysis
	Inclusive Growth Dynamics
	USAID Organizational Capacity Assessment tool (OCA)
<b>Development Credit Authority</b>	A due diligence process for selecting partners
<b>Forestry and Biodiversity</b>	Open Standards for the Practice of Conservation of the Conservation Measures Partnership
<b>Global Climate Change</b>	GCC's Institutional Capacity Assessment Tool
	SERVIR's organizational capacity assessment tool
<b>Gender Equality and Women's Empowerment</b>	Gender analysis
<b>Human and Institutional Capacity Development (Education)</b>	HICD approach
<b>Land Tenure and Resource Management</b>	Voluntary Guidelines on the Responsible Governance of Tenure
	Market facilitation approach to agricultural value chain strengthening
<b>Private Capital and Microenterprise</b>	Pay for performance
<b>Trade and Regulatory Reform</b>	Sequencing guide for CD
<b>Water</b>	Structured model for peer-to-peer or south-south exchanges
	Strengths, weaknesses, opportunities, and threats (SWOT) Analysis

In 2014, USAID issued a Guide to Public Financial Management (PFM) to help USAID staff understand PFM to and encourage them to include PFM-strengthening in programs, projects, and activities design. The Public Financial Management Risk Assessment Framework (PFMRAF) is a mandatory reference for ADS Chapter 220 on government-to-government support last revised in July 2014. This document is a guide for assessing, analyzing, and mitigating the risks associated with a partner country's public financial systems and facilitating collaborations with, government clients and other donors.<sup>13</sup> The Public Expenditure and Financial Accountability Framework, measures how PFM systems, processes, and institutions contribute to the achievement of desirable budget outcomes. It was produced through a multi-donor partnership that began in 2001.<sup>14</sup>

The USAID Organizational Capacity Assessment tool (OCA) is “a structured tool for a facilitated self-assessment of an organization's capacity followed by action planning for capacity improvements” (USAID 2015). The OCA has seven domains: (1) governance and legal structure; (2) financial management and

<sup>13</sup> <http://www.internationaldevelopmentgroup.com/public-financial-management>

<sup>14</sup> <http://www.pefa.org/es/node/23>

internal control systems; (3) administration and procurement systems; (4) human resources systems; (5) program management; (6) project performance management; and (7) organizational management and sustainability.

The Open Standards for the Practice of Conservation, a product of the Conservation Measures Partnership, is a set of “common concepts, approaches, and terminology for conservation project design, management, and monitoring to help practitioners improve the practice of conservation” (Conservation Measures Partnership, 2013).<sup>15</sup> However, this document does not directly address CD approaches for conservation. The Global Climate Change Institutional Capacity Assessment (GCC ICA) is a structured tool for assessing an organization’s capacity to address climate change issues that was being pilot tested before dissemination.

The Voluntary Guidelines on the Responsible Governance of Tenure, developed by a UN Food and Agriculture Organization (FAO) working group between October 2011 and March 2012, is a reference for those seeking to improve the governance of tenure of land, fisheries, and forests. While it references the importance of CD, it does not address approaches or good practices for capacity development.

## E. Evidence on the Effectiveness of Different Capacity Development Approaches in the E3 Bureau

The assessment team reviewed 42 evaluations of activities with CD components in sectors relevant to E3 technical offices.<sup>16</sup> The review included activities fully or partially funded by E3 or USAID missions. The assessment team concluded that evidence existed when an evaluation or other document included a CD indicator. About 55 percent of these activities had demonstrated use of a CD indicator and 96 percent of those activities presented information on achievement of one or more CD indicators.

Many of the CD indicators used in these activities came from the Standardized Program Structure Indicators of the Office of U.S. Foreign Assistance Resources (F Bureau). The assessment team classified the CD indicators under the following categories:

- **Training statistics and perceptions:** Input indicators for training or other individual-level CD approaches, such as number of people trained or number of training hours delivered.
- **Increased capacity:** At the individual level, increased capacity was defined as knowledge gained. An example of an indicator at the organizational level was the number of institutions with improved capacity to address climate change issues because of USG assistance. The assessment team did not find any use of system-level capacity indicators in the reviewed activities.
- **Actions** are the outputs of increased capacity. An example of an action indicator at the individual capacity level would be changes in participant training practices. A majority of the indicators at the organizational CD level tracked the number or percentage of organizations implementing techniques, policies, or initiatives that they learned. Examples at the system level included the number of policy or legal changes implemented.
- **Results** are the development outcomes achieved through increased capacity and new actions. An example at the individual CD level would be “improved learning of children whose teachers received CD support.” An example at the organizational level would be “an increase in funding leveraged by an organization.” An example at the system level would be the “number of people with access to improved utilities.”

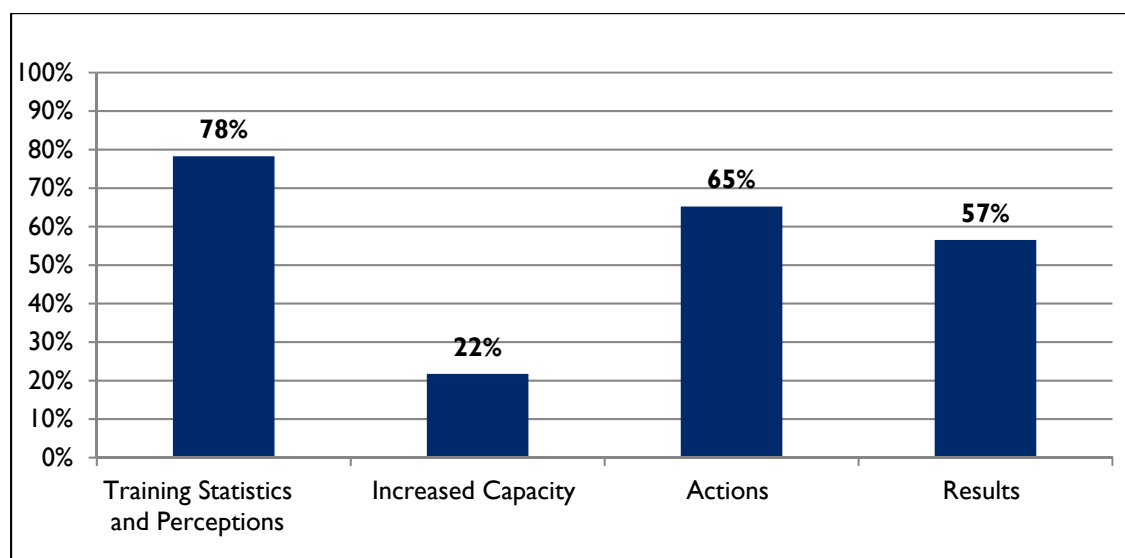
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<sup>15</sup> The Conservation Measures Partnership (CMP) is a consortium of conservation organizations whose mission is to advance the practice of conservation, such as African Wildlife Foundation or Rare Conservation.

<sup>16</sup> The study team identified 127 activities through the Activity Manager Survey, Staff Survey, and the office interviews. Forty-two of the 127 activities had sufficient documentation to undergo further investigation.

The assessment team found that the activities in the sample mainly focused on lower levels of evidence (such as training statistics) and higher-level results (Figure 17). **Training statistics and perceptions** were tracked in 78 percent of the 23 activities with CD indicators. **Actions** taken following a CD activity were tracked in 65 percent of these activities. Indicators of **increased capacity** were reported in only 22 percent of these activities.

**FIGURE 17: E3 ACTIVITIES WITH CD INDICATORS AND EVIDENCE BY LEVEL  
(EVALUATION REVIEW, N=23)**



The assessment team analyzed whether there was evidence for the activities at each level from inputs contributing to increased capacity to outcomes resulting from increased capacity. Only 13 percent of the reviewed activities with CD indicators were monitoring capacity at all four levels (Table 7). Annex S contains data on the levels of evidence for these activities.

**TABLE 7: LEVELS OF EVIDENCE IN THE REVIEWED ACTIVITIES WITH CD INDICATORS (N=23)**

Level of Evidence	Number of Activities	Percent
<b>All Four levels</b>	3	13%
<b>Level 4 only</b>	1	4%
<b>Level 3 and 4</b>	2	9%
<b>Level 3 only</b>	1	4%
<b>Levels 1-3</b>	2	9%
<b>Levels 1 and 2</b>	0	0%
<b>Levels 1, 3, and 4</b>	5	22%
<b>Levels 1 and 4</b>	2	9%
<b>Levels 1 and 3</b>	2	9%
<b>Level 1 only</b>	5	22%

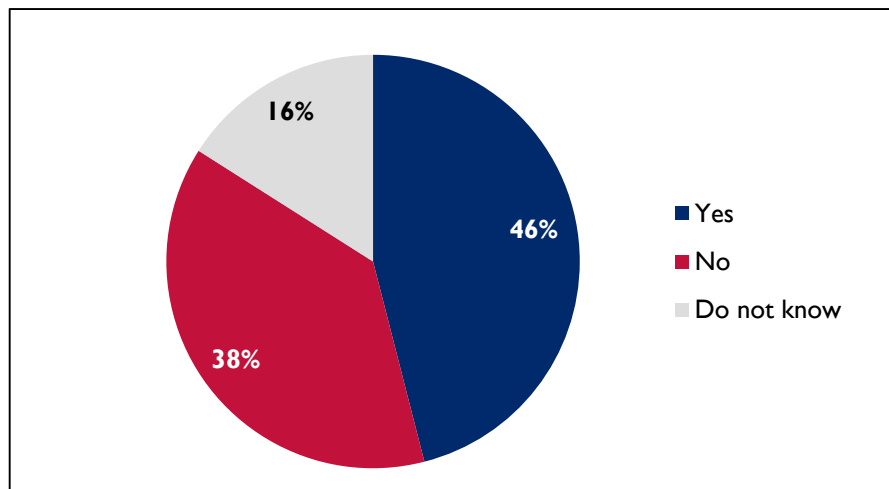
Note: Rows in bold represent a progression of CD indicators.

Contextualizing this information is that, 28 percent of the 85 E3 activities with a CD component identified in the Activity Manager Survey have had evaluations,

## F. Capacity Development Indicators Used in E3

The evaluation review found that 55 percent of the 42 activities used capacity development indicators. Approximately 38 percent of the 85 E3 activities with CD components that were in the Activity Manager's Survey reportedly included CD questions or indicators (Figure 18).

**FIGURE 18: PERCENT OF SAMPLED ACTIVITIES WITH CAPACITY DEVELOPMENT INDICATORS IN MONITORING AND EVALUATION PLANS (ACTIVITY MANAGER SURVEY, N=68)**

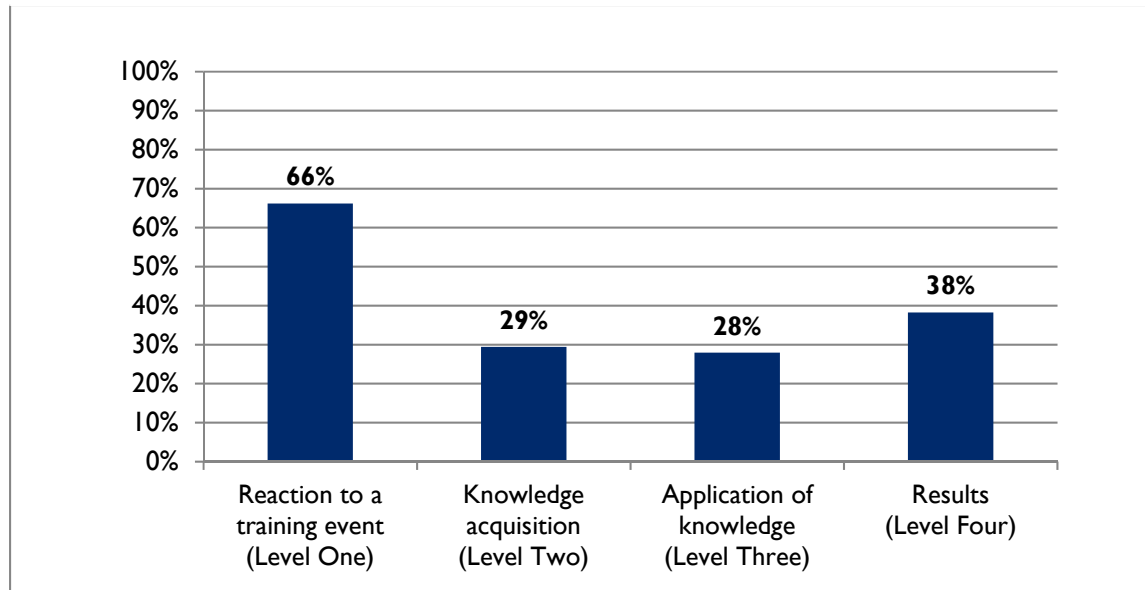


The Activity Manager Survey asked, “In what way was individual learning measured?” At the individual capacity, level, **participant reaction to a training event** was the most common indicator used.

Approximately 66 percent of the 68 E3 activities in the sample with indicators for individual-level capacity development measured **participant reaction to a training event** (Figure 19). About 38 percent measured the **results** of actions that participants carried out after learning events (Kirkpatrick Level 4). Examples of indicators for organizational capacity included “number of organizations with increased capacity” and “organization achieved results sufficient to graduate from or complete the program.”

The Activity Manager Survey respondents reported measuring organizational performance more than organizational capacity for organizational-level CD approaches.

**FIGURE 19: MEASURES OF INDIVIDUAL-LEVEL CAPACITY DEVELOPMENT  
(ACTIVITY MANAGER SURVEY, N=68)**



The options for answering this question were organizational performance, organizational capacity, not measured, unsure, and other. Sixty-seven percent of the 55 activities that reported organizational-level CD measured **organizational performance** (Figure 20). Approximately 24 percent of the activities in the evaluation review measured organizational performance, while only 7 percent measured organizational capacity.

**FIGURE 20: MEASURES OF ORGANIZATIONAL-LEVEL CAPACITY DEVELOPMENT  
(ACTIVITY MANAGER SURVEY, N=55)**

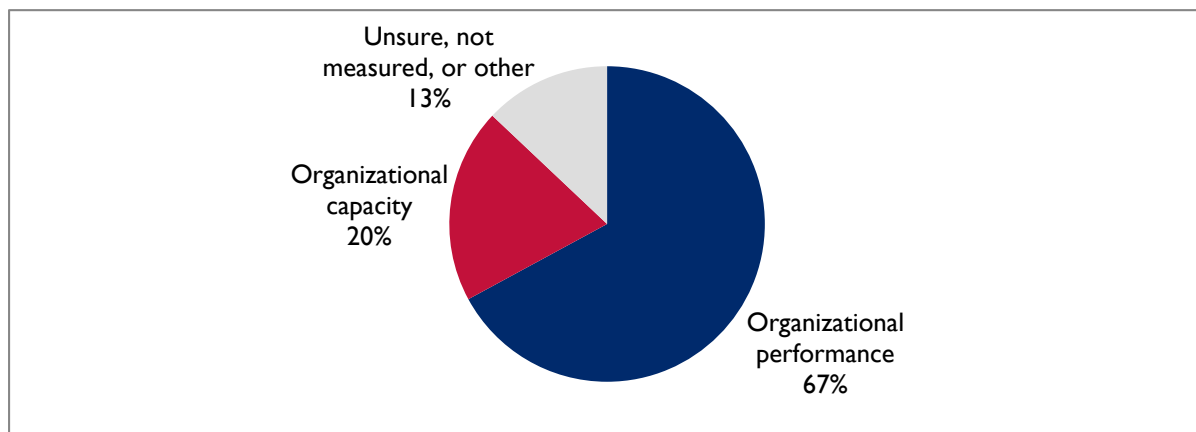
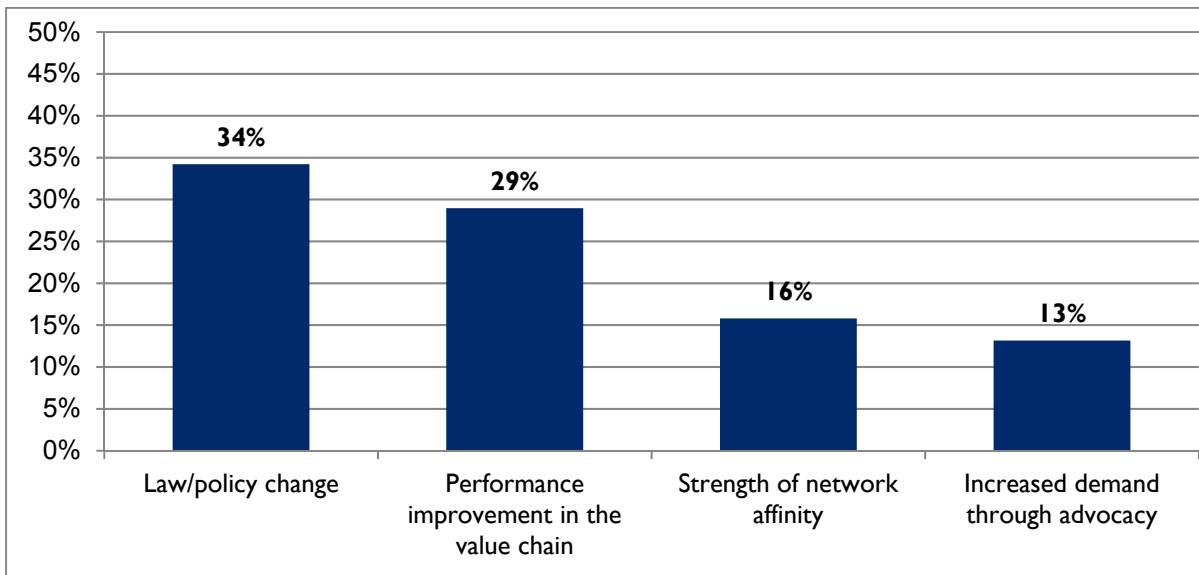


Figure 21 compares the reported frequency of measurements of system-level CD in the Activity Manager Survey results. No measure of system-level capacity was considerably more common than the others. **Legal or policy changes** were tracked in 34 percent of the activities with system-level capacity development. **Performance improvement in the value chain was tracked in 29 percent** of the activities. The evaluation review also found that **legal and policy changes** were the most common measure for system-level capacity development.

**FIGURE 20: MEASURES OF SYSTEM-LEVEL CAPACITY DEVELOPMENT  
(ACTIVITY MANAGER SURVEY, N=38)**



Note: In addition, 6 percent of the activity manager respondents answered “other” and 10 percent were unsure or said that system-level capacity was not measured.

### Standard Foreign Assistance Indicators for Capacity Development

Since the limited evaluation review could not capture all of the CD indicators used by E3 and USAID missions, the assessment team also examined the Standard Foreign Assistance Indicators for FY 2015.<sup>17</sup> The standard indicators tend to focus on inputs and outputs more than higher-level results. They are required as relevant and are used for aggregating quantifiable results across USAID and Department of State programs. The standard indicators are supplemented by customized indicators, which are generally more useful for M&E purposes.

Table 8 lists the five standard indicators for capacity building that are cross-cutting, rather than sector-specific. None of these indicators measures organizational performance. Only one of these indicators, the average Organizational Capacity Assessment (OCA) Score, could be considered an outcome indicator. This indicator is difficult to interpret because it only pertains to client organizations that had administered a facilitated self-assessment tool during the year (using USAID’s OCA or a similar tool). Since USAID’s OCA instructions do not call for annual use of this tool (which is time-consuming), a different mix of organizations may be included in this indicator each year, making it difficult to compare scores across years even for a single USAID mission or activity. Furthermore, USAID’s instructions for the OCA discourage its use as an M&E tool because that may jeopardize the primary purpose of the tool (action planning for CD) and it over-emphasizes the importance of the subjective scores. Also, the OCA was never intended to measure organizational performance. USAID recently recommended use of an optional Organizational Performance Index (OPI) for this purpose (<https://usaidlearninglab.org/library/organizational-performance-index-measurement-tool>).

<sup>17</sup> U.S. Department of State Standard Foreign Assistance Indicators. <http://www.state.gov/f/indicators/index.htm>.

**TABLE 8: STANDARD FOREIGN ASSISTANCE INDICATORS  
FOR CAPACITY BUILDING**

Crosscutting		
Capacity Building	Category	Type
Number of awards made directly to local organizations	Active	Output
Percentage of mission awards with organizational capacity development objectives or activities that require reporting on capacity development metrics on a regular basis	Active	Output
Local Organizational Capacity Assessment Score	Active	Outcome
Percentage of all contracts awarded for commodities and equipment that are fixed-price	Active	
Percentage of all other types of contracts (e.g., services) awarded that are fixed-price	Active	

The standard foreign assistance indicators include some outcome indicators that are relevant to organizational-level or system-level performance (Table 9). Most of these are sector-specific and many were added through the efforts of E3 technical offices. Some of these indicators are expressed in common units (greenhouse gas emission reductions). However, others are difficult to interpret because they combine diverse items of varying magnitude and importance. The Standard Foreign Assistance Indicators were under revision at the time of this assessment, but the draft was not available for review. It is expected that the number of indicators will be sharply reduced, based on their relevance and use.

**TABLE 9: EXAMPLES OF STANDARD FOREIGN ASSISTANCE INDICATORS FOR  
ORGANIZATIONAL- OR SYSTEM-LEVEL PERFORMANCE<sup>18</sup>**

Sector	Indicator
<b>Water Supply and Sanitation</b>	Percentage of a drinking water utility's supply that is non-revenue generating
<b>Financial Sector</b>	Percentage of nonperforming bank loans to total gross loans
<b>Fiscal Policy</b>	Tax administration and compliance improved (percent increase in tax collections) as a result of USG assistance
<b>Energy</b>	Number of beneficiaries with improved energy services as a result of USG assistance
<b>Education</b>	Proportion of students who can read and understand the meaning of grade-level text, by the end of two grades of primary schooling.
<b>Biodiversity</b>	Number of hectares in areas of biological significance and/or natural resource showing improved biophysical conditions as a result of USG assistance
<b>Climate Change</b>	Projected greenhouse gas emissions reduced or avoided through 2030 from adopted laws, policies, regulations, or technologies related to clean energy, as supported by USG assistance
<b>Land Tenure</b>	Number of disputed land and property rights cases resolved by local authorities, contractors, mediators, or courts as a result of USG assistance
<b>Trade and Investment</b>	Time to export/import (days)

<sup>18</sup> Table 11 is based on the foreign standard assistance indicators at the time of this assessment, which were undergoing revision.

## **G. Challenges in Measuring the Effectiveness of Capacity Development**

This section addresses challenges in measuring CD, based on the E3 office interviews, the CD literature, and the 10 case studies. Capacity is an abstract concept (Wing 2004) and a complex one. According to Eoyang and Berkas (1998), “The whole concept of projected and predictable outcomes is an artificial construct when evaluating performance in a complex adaptive system”. Mitchell (2009) defined a complex system as “characterized by a large number of interacting and interdependent elements in which there is no central control; self-organizing and emerging behaviors based on sophisticated information processing generate learning, evaluation, and development”. USAID’s Capacity Development Working Group (2016) stated that, “Key aspects of capacity are emergent properties of how people interact within and across organizations – capacity is produced in constant and ever-evolving ways”. One E3 interviewee noted that, “The measure of [CD] is not in how its governance works [or] its financial management, it is in its passion for the constituents it serves and whatever services they deliver”.

The E3 office interviews and the case studies also highlighted the difficulties in measuring CD outcomes and linking outputs to those outcomes. One interviewee noted the difficulty and cost of measuring training outcomes compared to inputs and outputs and cited the absence of post-training plans. Another E3 interviewee stated, “Too often, the cost of better data is not warranted or supportable at current budget levels”. Several E3 staff and external experts agreed that capacity gains often become more apparent after an activity has ended. Ex-post evaluations are a good way to document long-term capacity development. Although the PPL Bureau has recently supported a small number of ex-post evaluations, this is not a common practice at the Agency because projects and activities do not have a mechanism or funding to support them. Moreover, bureau and mission management often have little interest in looking back at older projects and activities that are not part of the portfolio or relate to country or sectoral strategies that are no longer current.

## **H. USAID Efforts to Improve Collection of Evidence on the Effectiveness of Capacity Development Approaches**

The focus group interviews found that several E3 offices have been engaged in improving the evidence base on CD effectiveness. The Economic Policy (EP) Office was developing a list and publication on public financial management indicators and, a framework for assessing government-to-government (G2G) capacity support. EP has also helped the Agency’s Local Solutions team develop tools for measuring non-governmental partner organization capacity and performance. The Global Climate Change Office (GCC) was piloting an institutional capacity assessment tool focused on climate change. The Education Office (ED) was supporting a community of practice to generate and disseminate evidence on capacity development.

The HICD team discussed the use of TraiNet - USAID’s mandatory system for collecting participant training data.<sup>19</sup> When TraiNet was converted from a desktop application to a web-based system, it included a feature that required implementing partners to track trainings and color-code the status of evaluations and follow-ups. This could be useful in measuring CD progress; however, USAID eventually removed this feature from TraiNet.

Jeremy Chevrier of the USAID Sahel Regional Office developed the AIDRisk 1.0 database together with the USAID/Senegal LCD team. AIDRisk 1.0 contains data on the capacity and dynamics of local organizations, international organizations, and partner government agencies. It was based on the types of capacity included in the Agency’s Organizational Capacity Assessment (OCA) tool. At the time of this

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<sup>19</sup> TraiNet was developed as a replacement for the Participant Training Information System (PTIS) in the 1990s. Use of TraiNet is required in ADS 252 and 253 (Linda Walker, personal communication).



assessment, it was being used by USAID/Senegal. A disadvantage of AIDRisk was that it was not web-based so the data only resided on the mission's computer network.

The Financial Management Services Division in the Office of the Chief Financial Officer (MCFO/FMSD) developed a web-based tool called Link for the USAID/South Africa Mission. LINK is an online capacity assessment tool that can be used by NGOs (by invitation) prior to working with USAID. It can also be used by USAID to carry out the Non-US Organization Pre-Award Survey (NUPAS). The tool gives a score and report for the NUPAS. This tool was based the types of capacity included in the USAID Non-U.S. Organizations Pre-Award Survey (NUPAS). At the time of this assessment, Link was being piloted in 11 countries (Redder, personal communication).

E3 interviewees also made the following suggestions on improving data collection on the effectiveness of capacity development:

- Emphasize behavior change as a measure of effectiveness;
- Measure whether new knowledge and skills have been applied through observations and other approaches;
- Use industry standards indicators of organizational performance, where relevant;
- Establish and track milestone indicators to show progress in demonstrating capacity gains;
- Focus on evidence that will be useful to implementing partners
- Improve external communications of findings;
- Ensure that M&E systems integrate local needs and solutions as well as USAID goals;
- Carry out follow-up surveys after trainings to assess post-training impact; and
- Conduct ex-post studies to assess sustainability of capacity and performance gains.

Interviewees from the Water, LTRM, and GenDev offices noted the importance of following up after training to determine the perceived usefulness of the training and whether participants have applied new knowledge and skills. The Primary Math and Reading (PRIMR) case study showed the value of measuring the application of new knowledge and skills through changes in behaviors and results (Kirkpatrick Levels 3 and 4). PRIMR trained tutors, coaches, and mentors to identify and report on changes in teacher practices and child learning.

## I. Research on Measuring Capacity Development

### Measuring Individual-Level Capacity

Measurement frameworks for individual-level capacity have often focused on the effectiveness of training, although they are also applicable for workshops or conferences. Kirkpatrick's four-level model is the most widely used framework for assessing how training is evaluated (Arthur Jr. *et al.*, 2003). The Kirkpatrick model identified four levels of evaluation of training:

- Reaction – How participants felt about a learning event, often measured with a satisfaction survey;
- Knowledge – What participants learned from the training, often measured through pre- and post-tests;

#### Participant Training Impact

Improvements in individual job or organizational performance attributable to new skills, knowledge, and attitudes acquired during the Participant Training and applied at work settings, designed to contribute to institutional, sectoral, and host-country development objectives.

— ADS 253

- **Actions** – Changes in behavior following the training (similar to the definition of participant training impact in ADS 253). This level of evaluation can be done through subjective ratings by supervisors or by using objective performance indicators or quantitative or qualitative measurement of actions; and
- **Results** – Extent that desired outcomes are achieved after a learning event. Cost-effectiveness analysis or cost-benefit analysis can assess the value of the results.

## Measuring Organizational-Level Capacity

Measurement frameworks at the organizational level may focus on increased capacity or performance and the literature recommends balancing both types of measures. Client satisfaction can be useful as a possible measure of the results of CD for organizations that provide public services.

USAID developed its own Organizational Capacity Assessment (OCA) tool after reviewing a large number of similar facilitated participatory tools developed by implementing partners and other donors.<sup>20</sup> The OCA helps local client organizations understand their strengths and weaknesses, identify their priorities for CD work, and prepare an action plan for improving the capacity of the organization. USAID encourages this action planning after a grant or contract has been awarded to a local organization, whether the capacity development actions will be funded by USAID, the organization itself, or other donors. Like the other variants, the USAID OCA is best suited for non-governmental organizations, community-based organizations, and cooperatives and producer organizations. It was not designed for use with governmental organizations or businesses, although some parts of it may be useful for these entities. The USAID OCA comes in alternative versions with or without additional facilitating questions and the subsections that overlap the Agency's pre-award assessment tool, the NUPAS.

The NUPAS uses an external assessment approach and it is done before awards are made since it fulfills USAID's due diligence responsibilities. USAID has a short publication that provides an introduction on the NUPAS for grant applicants and contract bidders.<sup>21</sup> ([http://pdf.usaid.gov/pdf\\_docs/pbaad923.pdf](http://pdf.usaid.gov/pdf_docs/pbaad923.pdf)).

The instructions for the USAID OCA emphasize helping local organizations assess their own capacity and identify CD priorities for action planning. USAID promotes a participatory self-assessment process for the OCA, with facilitation provided by USAID staff or implementing partners. The participatory approach may limit the validity of the scores, but makes the OCA a better tool for motivating organizational change. This is a key difference in philosophy compared to the HICD approach, which focuses more on measuring performance.

USAID encourages repeat applications of the OCA because CD priorities will change in time. However, USAID discourages comparisons of repeat OCA scores as an M&E tool for CD activities because it could jeopardize the tool's value in supporting free and open discussions by the client organizations and action planning. The USAID guidance also de-emphasizes the importance of the numerical scoring relative to the action planning. Furthermore, repeat OCA scores generally vary as participants change. Sometimes, repeat OCA scores go down as organizations gain a better understanding of what each level of capacity entails. Since the OCA focuses on organizational capacity, rather than performance, other tools are available for this, such as the Organizational Performance Index (OPI).

For M&E purposes, rather than CD action planning, organizational capacity and organizational performance indicators and frameworks are both important. Annex T contains a menu of indicators for organizational

<sup>20</sup> <https://usaideallearninglab.org/library/organizational-capacity-assessment>

<sup>21</sup> USAID. Prospective Offeror's and Applicant's Guide to The Non-U.S. Organization Pre-Award Survey (NUPAS). [http://pdf.usaid.gov/pdf\\_docs/pbaad923.pdf](http://pdf.usaid.gov/pdf_docs/pbaad923.pdf)

capacity and organizational performance compiled from various sources. Many frameworks for evaluating organizations place a greater emphasis on organizational performance than capacity development.

Vos and Villarreal (2013) noted four often-used criteria for organizational performance: relevance, effectiveness, efficiency, and sustainability. They defined relevance as “the extent to which an organization responds to the needs of its stakeholders” and effectiveness as “the extent to which an organization is able to fulfil its goals. They defined efficiency as “the comparison of the organizational outputs and the costs incurred to obtain those outputs” and sustainability as “the ability of an organization to continue to adapt to its evolving environment and adequately manage its resources.”

Rogers and Wright (1998) presented a comprehensive overview of models and research linking human resource management and organizational performance. One such model, the Balanced Score Card (BSC) of Kaplan and Norton (1996), was included as an annex in the HICD Handbook. With the BSC, various stakeholders develop performance indicators individually to align managerial incentive systems with broader organizational goals (Rogers and Wright, 1998). The BSC has been widely used in the private sector (Rigby 2001). However, Awadallah and Allam (2015) identified limitations of the BSC and challenged its effectiveness as a performance management tool. Pessanha and Prochnik (2006) criticized the BSC as only reflecting the interests of shareholders and not other stakeholders. Voelpel *et al.* (2005) and Rillo (2004) found that the BSC can hamper a firm’s innovation capability, which depends on external networks. However, some variants of the BSC have aimed to address the distinct concerns of public sector organizations.<sup>22</sup>

The CD literature indicates that an organization is more likely to achieve its strategic goals when it 1) directs its energy and resources to achieve well-defined performance standards; 2) trains workers on the standards, 3) has supervisors who reinforce the standards, and 4) uses key performance indicators (KPIs) based on the same criteria.<sup>23</sup>

Benchmarking against industry standards is a common performance management tool in the private sector. The E3/Energy and Infrastructure Office noted the value of using industry standards in measuring the performance of private utility companies and parastatals.

In August 2015, USAID’s Local Solutions team held a workshop on CD measurement challenges, which recommended the following guiding principles<sup>24</sup>:

1. Measure centered on performance;
2. Measure performance across multiple domains: effective achievement and adaptive functions;
3. Measure at two levels: organization and local system;
4. Emphasize the contribution of programming to change (many contributing factors ≠ attribution); and
5. Account for systems effects such as unforeseen effects/outcomes, alternative influences/causes of change, and multiple, non-linear pathways to contribution toward change.

## Measuring System-Level Capacity

System level capacity is often concerned with how “interconnected sets of actors” work together to achieve development outcomes (USAID 2014b). Some system-level capacity measurement frameworks have focused on the inter-relationships of those actors. In a document produced under, MarketShare Associates (2014) identified various methods and tools for measuring system change for the E3 Leveraging Economic Opportunities (LEO) Project. One of these methods, social network analysis (SNA), allows

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<sup>22</sup> Northcott and Taulupapa (2001) examine the use of the BSC as a performance management tool in the public sector.

<sup>23</sup> Performance Improvement; International Society for Performance Improvement, Volume 52, Number 4 (April 2013): 32.

<sup>24</sup> <https://www.usaid.gov/sites/default/files/documents/1870/LocalSystemsFramework.pdf>

evaluators to visualize and analyze actors and the relationships among them in a system. It can depict many types of formal and informal networks, including firms linked in a market system, households linked through kinship or social ties, and collaborating groups or associations. The linkages in an SNA can describe various flows, such as products, payments, business services, credit, information, and technology diffusion.<sup>25</sup> Another of these methods, Participatory Systemic Inquiry (PSI), can be used to map partners and their relationships through a process of engaging multiple groups of stakeholders within the system. Researchers then triangulate the results from different subsystems to learn how the system operates. Root Change developed an Organizational Network Analysis (ONA) tool to visualize, monitor, and build understanding on patterns of collaboration and networking among individuals and in a system.<sup>26</sup>

It is difficult to attribute changes in a system's capacity to a particular CD intervention when the measurement framework focuses on interrelationships due to the complexity of local systems (USAID Capacity Development Working Group 2016). Osorio-Cortes and Jenal (2013) highlighted the challenges in attributing market system changes to development projects.

Other system-level measurement frameworks have focused on the spread of new behaviors through imitation, independent investment, and adaptation. In an evaluation of systemic change for inclusive market development, Fowler and Dunn (2014) suggested use of buy-in and imitation indicators. Buy-in indicators “measure the degree to which market actors have taken ownership over the new business models, technologies, practices, and behavior changes that were introduced and/or supported by the intervention”. Imitation indicators “measure the scale or breadth of program-supported behavior change within a system”.

In a presentation for an August 2015 workshop on measurement challenges, USAID's Local Solutions team recommended use of the “Five Rs” framework for measuring systems (Table 10).<sup>27</sup> This framework overlaps with elements of the frameworks discussed above. For example, “role” and “relationships” are central to social network analysis, organizational network analysis, and Participatory Systemic Inquiry.

**TABLE 10: THE FIVE RS FRAMEWORK FOR MEASURING SYSTEMS**

Results	Intended development outcomes
Roles	The functions that actors in a system adopt
Relationships	The interrelationships among actors in a system
Rules	Regulations, policies, norms that structure the system
Resources	Inputs into the system – financial, human

Source: Adapted from Local Systems: A Framework for Supporting Sustained Development (2014)

## J. Promising Practices in Capacity Development

To identify promising CD practices, the assessment team reviewed the E3 office interviews, the case studies, the external expert interviews, and the CD literature. The strength of the evidence supporting these promising practices varied considerably and the assessment team included some evidence of their effectiveness where available.<sup>28</sup> The assessment team found that the use of these CD practices may depend on an activity's size, scope, and context.

<sup>25</sup> MarketShare Associates, Methods and Tools for Measuring Systemic Change. [https://beamexchange.org/uploads/filer\\_public/77/fa/77fa7dab-7c2c-4063-915b-86063a7a90af/leo\\_selected\\_methods\\_tools\\_measuring\\_systemic\\_change.pdf](https://beamexchange.org/uploads/filer_public/77/fa/77fa7dab-7c2c-4063-915b-86063a7a90af/leo_selected_methods_tools_measuring_systemic_change.pdf)  
<sup>26</sup> [http://rootchange.org/about\\_us/resources/signature\\_approaches/OrganizationalNetworkAnalysis.pdf](http://rootchange.org/about_us/resources/signature_approaches/OrganizationalNetworkAnalysis.pdf)

<sup>27</sup> Systems and Capacity: Two Measurement Challenges in Search of Progress Agenda available now on <http://usaideallearninglab.org/library/systems-and-capacity-two-measurement-challenges-search-progress-event-materials>

<sup>28</sup> See Promising Practices Network for evidence criteria of promising and proven practices: <http://www.promisingpractices.net/criteria.asp>.

In identifying and evaluating promising practices, the “how” may matter more than the “what.” For example, interviewees from two E3 offices expressed opposing views on the value of embedded advisors. One interviewee found embedded advisors to be a good practice when that it routinely included preparation of a memorandum of understanding to outline the advisor’s role, reporting lines, and deliverables. Another interviewee said embedded advisors did not work well in other cases.

## Guiding Principles

The assessment team used the following guiding principles to identify promising CD practices at the individual, organizational, and system levels: power dynamics, trust, flexibility, incentives, goals, roles, responsibilities, and partner selection. The team examined details on how the design and implementation of practices may have contributed to their effectiveness. The team also considered the strengths, weaknesses, and current uses of the HICD framework for identifying promising practices.

### Understanding and Mitigation of Power Dynamics

Although USAID has increased the share of direct funding to partner governments and local organizations, the power dynamics between donors and recipients can still undermine local ownership and sustainability (Baser and Morgan, 2008). The processes, objectives, and expected results of most donor-funded activities have largely been donor driven. This was true for most USAID projects and activities other than grand challenges, global development alliances, prizes, and design and build contracting. Although many donors have focused on strengthening an organization’s financial systems to increase its ability to manage aid money, organizational learning and adaptation may be more important for the organization’s sustainability. These dynamics affect the relationships between donor and partner country governments and implementing partner and counterpart relationships. They can undermine the development of trust and open communication needed to be an effective coach (a “guide by the side” rather than a “sage on the stage”).<sup>29</sup>

“The assumption that capacity strengthening has to come from outside is no longer true.”

— Dichter (2014)

Deci and Ryan (2000) noted that people need to experience feelings of competence and self-determination to feel intrinsic motivation. A coaching mindset is important for CD practitioners so that clients can feel that ideas are their own. Problem-Driven Iterative Adaptation (PDIA) and the Rapid Results Approach (RRA) align with these principles (see section IV).

### Cultivating Trust at Each Stage

Trust is an important enabling element for CD support. Solomonson (2011) found a statistically significant relationship between trust and consultants sharing meaningful information with clients. Ben-Gal and Tzafrir (2011) observed that more trust in the consultant-client relationship was associated with a higher commitment to organizational change processes and more successful implementation of organizational change.

One E3 office interviewee brought up the importance of designing a CD process that builds mutual trust between the provider and clients. The Kabul Electrical Services Improvement Project (KESIP) and STAR Plus case studies also highlighted the importance of trust for the effectiveness of capacity development. Another E3 office interviewee mentioned that developing trust requires time and humility and that it is important to:

- Set aside time for activities, such as start-up workshops to negotiate and create shared understanding on approaches and long-term objectives, even though this may take more time. An

<sup>29</sup> This phrase was first coined in Alison King (1999).

overemphasis on quick start-ups and short-term targets can be counterproductive (Brinkerhoff, personal communication).

- Share meaningful, accurate, and timely information with clients.

### **Building in Opportunities for Flexibility in Design and Implementation**

All five external expert interviews agreed that flexible design and implementation contribute to effective CD support. Insufficient flexibility undermines the idea that CD involves building something collaboratively with counterparts. Dichter (2015) emphasized that flexibility allows donors and development practitioners to design CD support based on locally defined problems, instead of pre-conceived, standardized, and externally generated models.

Eight of the ten case studies prepared for this assessment demonstrated that supporting clients according to their needs and preferences was an important factor for successful capacity development. For example, the Sustainable Water and Sanitation in Africa (SUWASA) Project was a good example of a flexible approach. The project team and client identified what did or did not work well and adapted accordingly.

“The single most powerful CD strategy someone could invent would be time set aside for reflective practice.”

— Levinger (2015)

In the Kabul Electricity Service Improvement (KESIP) Project, staff had an advisory role supporting management of the client organization, instead of leading the change initiative. Since local priorities and the relationships among actors in a system are dynamic, it is important to adapt CD support to changes in the context. This is particularly important when there are sensitive issues, such as inequitable land tenure, non-permissive political environments, and post-conflict settings.

The Marine Resources Program had the flexibility to remain relevant when the client organization’s priorities changed. U.S. Government contracting regulations and USAID policies and procedures can make this more difficult, but USAID has successfully used collaborating, learning, and adapting approaches in some contracts. In recent years, USAID has issued many fixed-amount awards that have payments based on performance milestones and give awardees more flexibility in how to achieve the milestones.

Other promising practices to increase collaborating, learning, and adapting are

- Making time for reflective practices, and comparing expectations, celebrating successes, and discussing and carrying out changes; and
- Action research (Ortiz, 2016).<sup>30</sup>

### **Incentives Matter**

Monetary and non-monetary incentives can promote change. Pearson (2011) provided some tips on use of incentives:

1. Use a mix of different types of incentives (financial, merit-based, accountability, benchmarking and competition, and training);
2. Link incentives and good human resource management;
3. Ensure careful targeting and sequencing;
4. Pay attention to local culture and context; and
5. Be creative in identifying effective approaches that are low-cost, (such as team building or workplace upgrading).

“Individuals will change if it is worth it to them.”

— E3 interviewee

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<sup>30</sup> Kurt Lewin coined the term “action research” in 1944.

The literature suggests caution in introducing incentives, deliberately or unintentionally. Camerer and Malmendier (2007) argued that financial incentives can crowd out intrinsic motivation and negatively affect performance. Deci and Ryan (2009) found that attainment of intrinsic aspirations correlated to well-being, while attainment of extrinsic aspirations was associated with ill-being. For example, sitting fees for training can undermine trainees' inherent interest in mastering the material.

E3 interviewees noted the importance of using incentives to promote behavior change and designing CD support around existing incentives instead of introducing new ones. Some commented on inadequate partner government incentives to pursue long-term agendas, such as climate change and trade regulatory reform. A GCC interviewee stated that USAID should follow an incremental approach in persuading governments to act in their country's long-term national interests while also designing activities to address more immediate concerns.

System-level incentives are important to motivate large-scale changes that require political will. Eight of the ten case studies included system-level incentives (such as international treaty obligations, national or sectoral reform agendas, or competition among countries) that contributed to the success of USAID CD support in achieving desired outcomes.<sup>31</sup> The political momentum behind the United Nations Framework Convention on Climate Change (UNFCCC) was a key external factor driving change in SERVIR Demand, International conventions and benchmarks also created competition among countries in the PRIMR and SUWASA Projects.

The case studies and interviews identified some additional promising practices:

- Set attainable targets to demonstrate that improved performance is possible;
- Remove incentives only when organizations have institutionalized new behaviors and measures (SUWASA);
- Use pay-for-performance (results-based) funding contingent on achievement of defined performance targets or outcomes;<sup>32</sup>
- Give funding recipients flexibility in deciding how to achieve the targets. One E3 interviewee suggested tying payments to implementing partners based on the performance of their client organizations;
- Frame issues to encourage information sharing;
- Design incentives to reward incremental changes in behaviors and increase political will for larger-scale changes; and
- Use caution in introducing monetary incentives.

### **Setting Clear and Realistic Goals, Roles, and Responsibilities**

CD is a long and complex process that requires donors to be realistic about what they can achieve within the life of an activity or project. Wetterberg, Brinkerhoff, and Hertz (2013) recommended long time frames for CD initiatives. Freudenberger (2015) found that 12 of the 117 evaluations of E3 projects reviewed suggested implementing CD activities over longer timeframes or performing routine follow-ups to enhance the sustainability of capacity improvements. Brinkerhoff (2016) recommended that USAID should be realistic about what CD can achieve in different contexts, especially in closed societies<sup>33</sup> It is important to understand the following aspects for sustainable change:

- Size and depth of the proposed changes and solutions;
- Necessary changes in individual behavior;

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<sup>31</sup> MRP, KESIP, HICD, SERVIR, AILEG, PRIMR, STAR Plus, and SUWASA.

<sup>32</sup> Perakis and Savedoff (2014) outlined the benefits of the "cash on delivery" aid approach to funders, which provides payments based on outcomes instead of supporting inputs.

<sup>33</sup> Personal communication



- Organizational performance requirements;
- Financial and other resources required and their availability; and
- Reasonable expected results for the timeframe.

One promising practice is to negotiate a memorandum of understanding (MOU) between client organizations and USAID or implementing partners to set clear and realistic goals, roles, and responsibilities. The HICD Handbook recommended this practice. The Marine Resources Program (MRP) used it successfully. LTRM Office interviewees also highlighted the importance of MOUs with embedded advisors.

### **Focusing on What Is Working Rather Than What Is Not**

Two of the external expert interviews emphasized processes of inquiry and conversation to unlock potential and new appreciation for individuals, organizations, and networks of organizations, especially for communities in conflict. Ortiz explained that, “Regardless of products, action plans, or assessments, [CD] is truly about what the organization is talking About and acting upon and capacity emerges through [that] interaction.” He argued that CD should open new to take initiatives in new directions. Andrews (2016) noted that CD emerges from existing processes within an organization or system as “an endogenous thing [that] needs to be inside the people that actually do the work.” He added that donors should use evidence to frame a problem, target specific decision makers, and build a coalition gradually, rather than formulate and implement technical solutions themselves.

“Any methodology based on problem seeking and performance gaps is somewhat problematic.”

— Beryl Levinger

Mirvis (2006) wrote that a participatory change process is superior to an expert-centered approach for organizational development. Dickens and Watkins (2006) noted that, “Involvement is as important in change processes as improvement”. Involvement allows local actors to own the problem and acquire the skills for continuous learning and problem solving. Encouraging trust in latent capabilities can be transformational. Cooperrider and Barrett (2002) urged thinking about systems, organizations, teams, and individuals as assets to tap, rather than problems to solve. Changing the focus from deficiencies to capabilities empowers people to identify what has worked and consider possible improvements (Rothwell, Stavros, and Sullivan, 2015). When assets and strengths are recognized, individuals gain confidence in their ability to change.

### **Selecting the Right Partners**

It is important to select partners and clients who are committed to change, well positioned to influence other actors in the system, and have a relevant mandate. Baser and Morgan (2008) cautioned that CD support and analytical tools will not make a significant difference if local entities are not prepared for change. Matta and Morgan (2011) stated that change champions must also create a safe space for operational-level leaders to take ownership and initiative, rather than merely complying with directives.

Several of the E3 office interviews and case studies highlighted selection of the right partners. A DCA interviewee noted the difficulty of accurately assessing an organization’s commitment in different cultural contexts. An EP interviewee said that an organization’s commitment of its own resources to CD was a good indicator of likely success. The Property Rights and Resource Governance, Liberia Policy and Institutional Strengthening (PPRG-LPIS) and HICD-Plus case studies demonstrated how an individual champion for change can make a considerable difference in an organization’s ability to increase its capacity.

Some interviewees and the case studies highlighted the importance of aligning the objectives of USAID and client organizations. USAID efforts aligned well with partner government priorities in the AILEG/Philippines and KESIP case studies. AILEG activity in the Philippines included frequent and open



consultations to align the goals of USAID and the client organization. KESIP supported the Government of Afghanistan's objective of transforming the national electric utility into an autonomous, commercially viable, national electricity company. An Economic Policy Office (EP) interviewee recommended focusing on CD solutions that fit within an organization's plans where possible and only proposing other solutions beyond this scope after establishing a relationship of trust with the organization.

USAID should consider whether a potential partner or client could be an anchor for reform that can influence others to enable systemic change, as happened in the SERVIR Demand case). An EP interviewee suggested taking time to assess an organization's commitment, especially for controversial issues that may encounter significant political resistance, such as tax reform.

The following questions may be helpful in partner selection:

- Does the organization enjoy the respect of policymakers?
- Does society see it as credible, impartial, and legitimate?
- To what extent is it accessible, accountable, and transparent?
- Does it have a clear and adequate mandate to deal with the reform in question?
- Has it committed financially to the change?
- Does it have incentives to support the change in question?

## **Good Practices for Individual-Level Capacity Development**

Examples of individual-level CD approaches include training, learning by doing, ongoing support, and working with embedded advisors.

### **Training**

Other CD approaches may be more effective than training, yet training is often the first solution considered. When it is provided, training should be included in written individual learning and training plans and grounded in the organization's needs and job descriptions. It is also important to select the right participants for maximum effectiveness and decide whether training is the best method for addressing identified CD needs.

#### *Co-Designing Training Curricula*

Some E3 interviewees recommended co-designing training curricula with the client as a promising practice. A GCC interviewee stated that this practice was important to make sure that trainings respond to the client's "needs, expectations, and desires". Ortiz and Macedo (2015) also reported that knowledge is more likely to be relevant when derived from a population's local realities.

#### *Conducting Training Needs Assessments*

Training can be better aligned with organizational goals when training needs assessments (TNAs) are done in advance. A TNA is "a 'process of determining the organization's training needs [that] seeks to answer the question of whether the organization's needs, objectives, and problems can be met or addressed by training'" (Arthur Jr. et al., 2003). A TNA allows providers and client to determine whether training is needed, for what purpose, and in what format.

One FAB interviewee noted the importance of identifying preferences for in-person versus online training. Several E3 offices commented on the importance of a training needs assessment to identify the appropriate level of difficulty. The MRP case study highlighted how multiple TNAs were used to identify challenges early and make the training relevant to the clients. The AILEG case study also demonstrated how determining the right level of training was important to increasing learning.

## Training of Trainers

E3 staff mentioned training of trainers (ToT) as an important approach for strengthening organizational capacity and reaching a larger number of people, especially when the initial training was conducted outside the country. However, a common problem with this approach is the often unrealistic assumption that the participants have the time, resources, and skills to replicate the training for others soon after the ToT and continuing over time.

The following promising practices are associated with effectiveness of ToTs:

- Instituting a rigorous selection process for ToT participants;
- Establishing a training advisory committee in the client organization to provide guidance and support for training;
- Providing training on effective adult learning approaches;
- Providing training on curriculum design;
- Training on the Kirkpatrick Model for measuring training effectiveness so they know whether training is effective and articulate training effectiveness to decision-makers; and
- Giving incentives for ToT participants to offer training to other staff and potential new trainers.

### Certifications as an Incentive

International certifications can be a strong incentive for training participants. The KESIP case study found that internationally recognized certifications for training contributed to participant commitment and success in trainings. Formal training programs that provide tangible benefits (such as a degree from a recognized institution) can produce better results than informal training (E3 Sectoral Synthesis of 2013-2014 Evaluation Findings).

It is important to understand the underlying dynamics. For example, if a shortage of particular types of professionals exists, training may improve operations in the short run, but increase turnover if is uncompetitive salaries, benefits, or working conditions in government or NGOs are the constraints to staff retention. The availability of internationally recognized certifications may even contribute to “brain drain” outside the country. This problem can be reduced over the short term by tying training for international certifications to commitments to stay with the agency for an agreed-upon amount of time. In the long-term, the underlying constraints in the labor market will need to be addressed. Even if training does not confer an international certification, it is a good practice to provide training certificates that specify the length of training, topics covered, and demonstrated proficiency requirements.

## Training Cohorts

Training cohort groups together may promote organizational learning and development. The size and composition of a participant group may affect whether training results in organizational change. Hanushek (2006) and Sacerdote (2011) concluded that peer groups were as important for student outcomes in education as other inputs in the educational process, such as pupil-teacher ratios.

An EP interviewee noted that the number of people trained has to reach a critical mass to increase the likelihood that an organization will institutionalize the new knowledge, especially with staff turnover. An HICD team member stated that training cohorts proved to be an effective way to change the agricultural practices of farmers in the Cameroon. The PRIMR case study highlighted how cohort training can be an effective way for trainees to share lessons learned and challenges and help less-experienced participants.

## Number and Type of Training Participants

A GCC interviewee emphasized the importance of small (10-15 people) group sizes and selecting participants who need training the most. The KESIP case study showed how a pre-test could be helpful in selecting participants for more advanced or specialized topics. Gadeceau (2012) recommended use of pre-defined selection criteria and tools such as questionnaires, interviews, and nominations.

## Learning by Doing and Practical Training

Linking new knowledge and skills acquired through training with immediate application and on-the-job performance was a recurring theme in the interviews, case studies, and literature. Noe and Colquitt (2001) recommended that training should directly link to trainees' job descriptions and experience. A GCC interviewee found learning-by-doing approaches most useful because they "help make lessons concrete." An EP interviewee stated the need to implement knowledge gained through training right away to support the learning. Another E3 office suggested using letters of commitment to encourage trainees to apply new knowledge. The PRIMR case study highlighted the importance of dedicated practice time in trainings and varying the content and methods based on how training teachers applied the new methods in their classrooms. In the AILEG/Philippines case study, actual country data were used in trainings on an energy planning model so that trainees could apply the findings to real policy issues.

Multiple E3 offices emphasized the importance of using a variety of approaches to help individuals apply new knowledge on the job. They also recommended supplementary resources to increase training effectiveness, such as mentoring, technical advisors, online resources, toolkits, checklists, and systems to follow up on trainings, including check-ins with trainees and their supervisors. The PRIMR case study demonstrated the value of training tutors, coaches, and mentors to support teachers as they implemented new pedagogical methods. This support and supervision contributed to successful application of new knowledge back on the job.

## Good Practices for Organizational-Level Capacity Development

Problem-Driven Iterative Adaptation (PDIA), the Rapid Results Approach (RRA), and Appreciative Inquiry are examples of well-defined practices for capacity development. PDIA and RRA share many of the same advantages and disadvantages. Both are often applied at the organizational level, but can also involve system-level engagement.

RRA is based on commercial change management practices and it is designed to create lasting change in how individuals, teams, and organizations interact and what they believe is possible breaks development challenges into a series of 100-day, focused tasks for teams to help achieve breakthrough results.<sup>34</sup> RRA encourages the use of multiple, competing teams working on linked issues to increase motivation for achieving results. It has four stages:

1. Design;
2. Launch;
3. Experiment, adjust, and implement; and
4. Sustain and scale.

"Building and maintaining momentum for change requires things like hope, excitement, inspiration, caring, camaraderie, sense of urgent purpose, and sheer joy in creating something meaningful together."

— Cooperrider and Whitney (2008)

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<sup>34</sup> Additional information about the Rapid Results Approach can be found in Stanford Social Innovation Review, "Local Empowerment through Rapid Results"; Harvard Business Review, "Why Good Projects Fail Anyway"; Foreign Policy, "The Best Small Ideas of 2012"; and New York Times, "Making Change Happen, on a Deadline" and "Quick Change That Lasts for the Long Term."

RRA builds in the transfer of skills to local coaches who can move the CD forward. The Government of Kenya has used this approach to reduce carjacking in a Nairobi slum and increase micronutrients in the Kenyan diet.

PDIA focuses on:

- Solving locally nominated and defined problems in performance;
- Creating an authorizing environment for decision-making that encourages positive deviance and experimentation;
- Embedding experimentation in feedback loops that facilitate rapid experiential learning as often as weekly; and
- Engaging broad sets of agents to ensure that reforms are viable, legitimate, relevant, and supportable (Andrews *et al.*, 2012).

Manning (2016) criticized PDIA as an insufficient means to achieve large-scale public sector reform. Brinkerhoff (2016) noted that donors are still defining the problem when they use PDIA and this can undermine its effectiveness. Furthermore, PDIA focuses on problems and gaps, rather than assets and opportunities, making it out of step with current thinking in organizational development. Nevertheless, PDIA may help address some development challenges and mitigate the potential pitfalls by encouraging changes in approaches. For example, focusing on “locally nominated” problems can help address power dynamics between provider and client. It may also help generate solutions that are relevant and feasible for the client. In addition, PDIA’s emphasis on ensuring an “authorizing environment” and “viable, legitimate, relevant, and supportable” reforms begin to address the sustainability challenge of donor-supported change initiatives.

Appreciative inquiry (AI) is the

Cooperative search for the best in people, their organizations, and the world around them. It involves systematic discovery of what gives a system ‘life’ when it is most effective and capable in economic, ecological, and human terms. AI involves the art and practice of asking questions that strengthen a system’s capacity to heighten positive potential. It mobilizes inquiry through crafting an “unconditional positive question” for large numbers of people (Cooperrider and Whitney, 2007).

Appreciative inquiry has the following steps, known as the four Ds: 1) discovery (the best of what is), 2) dreaming (what might be), 3) design (what should be), and 4) destiny (what will be) (Cooperrider and Whitney, 2001).

Other promising practices that focus on what has worked include

- Mobilizing the passions and motivation of an organization (Ortiz, 2016);
- Supporting individual champions and change advocates in organizations; and
- Performance amplification — a process in which leaders identify the strengths and capabilities they want to augment, look for real-world examples, and find ways to expand them (Bushe and Pitman, 2008).

## **Human and Institutional Capacity Development**

The HICD framework addresses some of the issues raised in the guiding principles above:

- Careful partner selection,
- Alignment of goals between the partner organization and USAID,
- Flexibility in programming as counterpart needs change,
- Understanding and dealing with the incentives that inhibit or enhance change, and

- Focusing on performance measures that are useful for the organization in both the short and long terms.

HICD is consistent with the good change management practices that are part of PDIA and the Rapid Results Approach because it calls for the right skill sets to be in place throughout the project. HICD approach relies on certified, external experts to diagnose capacity problems, suggest possible solutions, and guide the change management process. These experts have one of two types of accreditation — Certified Performance Technologist (CPT) and Human Performance Improvement (HPI).<sup>35</sup> Many donor-funded institutional strengthening activities do not include individuals with organizational development or change management skills in key personnel although yet these skills are hard to find in many developing countries (Baser and Morgan, 2008).

HICD provides guidance on many good practices for capacity development. The external diagnosis approach of HICD has some advantages and disadvantages compared to facilitated participatory processes such as the OCA. HICD may be well suited for large or complex organizations, particularly government agencies. HICD may be less appropriate for small organizations, especially non-governmental or community-based organizations. Moreover, the HICD approach needs an update to reflect current thinking on capacity development. For example, it focuses on gaps and deficits, rather than resources and assets, and it does not necessarily encourage systems analysis approach.

## **Twinning**

The World Bank defines twinning as “a process that pairs an organization in a developing country with a similar but more mature entity in another country.”<sup>36</sup> This practice allows client organizations to learn by doing in a familiar context.

The SUWASA case study demonstrated the benefits of twinning from stimulating friendly competition by exposing organizations to well-functioning peers in other countries with similar levels of economic development. An EP interviewee had successfully twinned developing country ministries with a state government in the United States and reported that both organizations felt that they gained from the experience. E&I and Water Office interviewees also reported that twinning was effective. The European Commission has extensive experience and lessons learned on twinning to help candidate countries become member states. Twinning is more likely to be successful in USAID activities when:

- It is managed and supported with clearly defined roles and responsibilities;
- It involves staff secondment;
- The organizations have joint goals (mandatory results) and terms of reference;
- It is demand driven.
- Peers connect for greater equality between partners; and
- The organizations consider other projects and donors for synergy and overlap avoidance.

## **Embedded Advisors**

The SUWASA and KESIP case studies included embedded staff or consultants within client organizations. An LTRM interviewee suggested that embedded advisors were most effective when they knew the local context and international good practices. Interviewees from the LTRM and Education offices discussed the importance of having embedded advisors facilitate change rather than leading it. The LTRM interviewee

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<sup>35</sup> The Institute for International Performance Improvement established the Certified Performance Technologist credential The Association for Talent Development developed the Human Performance Improvement Certificate.

<sup>36</sup> <http://siteresources.worldbank.org/WBIINT/Resources/EG04-85.pdf>

also recommended negotiating MOUs between USAID and client organizations to clarify roles, responsibilities, objectives, and expectations for embedded advisors.

## System Level

Ortiz (2016) discussed the importance of having a “systemic theory of change,” which downplays the linearity and predictability of change while recognizing the important influence of multiple actors. The SERVIR case study found that aligning goals among organizations in a system and promoting shared understandings across multiple actors can promote system-wide change, but this can be difficult when organizations see themselves as competitors rather than collaborators.

## Conferences and Workshops

E3 interviewees frequently used networking and conferences and cited them as promising practices. One good practice is to involve sector actors at all levels from regional countries to discuss issues and ways of addressing them. This builds personal relationships across organizations and among people with similar jobs or skills. One good practice for conferences and workshops is to distribute “face books” or “bio books” in advance so that participants can plan the connections they want to make, put a name with a face, and get email addresses or a phone number to facilitate further communications.

A GCC interviewee noted the usefulness of a “writeshop” that produces a written product. Writeshops can demonstrate commitment, understanding, and interactive communications. A Water Office interviewee suggested greater use of public, end-of-activity events to share experiences and learning and identify subsequent actions for moving forward. Surprisingly, some E3 activities that generated a lot of sector-specific knowledge have not had end-of-activity dissemination events because it was not in the budget.

## Linking Organizational Performance and System Elements

The linkages between organizational performance and system elements have important implications for the design and M&E of CD support. Sussman (2004) noted that organizational capacity and performance depend on what happens both inside and outside the organization and how organizations construct their relationship to their environment to produce results. Root Change (2013) concluded that an NGO’s sustainability is often more affected by its ability to create and leverage bridging and bonding capital locally and internationally than by good internal management practices.<sup>37</sup> An EP interviewee

“The donor notion that they have somehow created a market for these organizations to go forth and flourish is not the case in many countries. The idea that we have sustainable organizations that will survive post-project is problematic.”

— Brinkerhoff,  
External Expert Interview

also noted the importance of considering found that 93 percent of completely successful change initiatives had leaders with strong or very strong networks, while 73 percent of less-successful change initiatives were led by people with weak or moderate informal networks.<sup>38</sup> Eoyang and Berkas (1999) argued that donors should capture, preserve, and learn from the noise in the system. Donors should consider including anticipated behaviors and actions outside their manageable interest, rather than focusing exclusively on a relatively narrow range.

Some promising practices for measuring organizational-level CD using a systems lens include

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<sup>37</sup> Bonding capital refers to social networks among homogenous groups. Bridging capital refers to social networks among heterogenous groups.

<sup>38</sup> This was based on a survey of 162 human relations professionals who represent large and small companies in the New England region. Individuals who provide products and services to the HR community constitute NEHRA’s membership base.

- Pre- and post-social network analyses to measure interactions and interrelationships among actors within a system;
- Net promoter scores to assess a system's overall support for a CD initiative or a particular organization's services;<sup>39</sup>
- Outcome mapping, tracking context indicators, or similar techniques to measure unanticipated outcomes (MarketShare Associates 2014);
- Supporting external communications or other externally facing functions to help organizations build their political capital or market their organization; and
- Including system elements in OCAs.

The assessment team also found that system elements may drive organizational change. Nine of the 10 case studies illustrated how national policy reforms or international obligations provided motivation for organizational change. Andrews (2016) noted the importance of integrating CD into activities that focus on problems actually affecting performance to get authorization to lead change initiatives. He also recommended using evidence to frame a problem, target specific decision makers, and then build a coalition gradually, rather than initially focusing on formulating technical solutions.

## Internal Capacity Development

E3 interviewees provided a lot of internal capacity development within their offices and for other bureaus and USAID missions. An E&I interviewee commented that the office cannot provide effective external CD support if the Agency lacked sufficient internal capacity. Other E3 staff highlighted the importance of strengthening the relationships between USAID/Washington and missions and increasing the technical capacity of mission staff. E3 interviewees suggested the following practices to promote knowledge sharing and learning within USAID:

“As a division, we cannot provide capacity externally until our people within know what they are talking about. ... After years spent thinking about how we develop capacity internally, I have found that typical training courses and other classic CD techniques have not been the most effective.”

— E&I Interviewee

- Pairing USAID/Washington and USAID mission staff on temporary duty assignments;
- Having a technical point of contact in missions to work with headquarters staff;
- Requiring mission cost-sharing to increase their engagement in internal CD support; and
- Using massive open online courses (MOOCs), implementation briefs, websites with tools, participation in conferences, webinars, and communities of practice to share knowledge internally.

## V. CONCLUSIONS

Although capacity development is a core aspect of E3's portfolio, the Agency does not have a common framework for understanding capacity development. This limits the E3 Bureau's ability to provide support to system actors in achieving and sustaining development outcomes. While some E3 staff had a deep understanding of CD, many primarily viewed it as training and were not familiar with principles and practices for good capacity development. A wider understanding of good CD could help E3 and missions:

<sup>39</sup> An LS Office interviewee cites use of the net promoter score to assess a system's overall support for a CD initiative or a particular organization's services. The net promoter score, developed by Fred Reichheld, Bain and Company, and Satmetrix, is a customer loyalty metric calculated based on a single question: “How likely is it that you would recommend our company/product/service to a friend or colleague?”

- Identify and more effectively involve stakeholders in CD activities;
- Articulate sound theories of change or development hypotheses;
- Make better-informed decisions on CD support; and
- Select and apply more useful indicators of capacity development.

Differences also emerged in the definitions E3 staff used in self-reporting of individual-, organizational-, and system-level CD and specific approaches for each of these levels of CD support. At each level, some of the approaches that surveyed E3 staff reported as most commonly used differed from those that they perceived to be most effective or those that are well grounded in the CD literature.

HICD is one approach that USAID previously adopted to improve the design and implement capacity development; it includes many good practices. While differences of opinion exist within the Agency on the applicability of its certified, external expert diagnosis basis versus the OCA's facilitated self-assessment, HICD is one of several valid approaches and it is being under-used by the Agency. HICD may be most relevant for larger organizations, especially partner governments, the most common clients in E3's CD activities. OCA-based approaches may be more useful for smaller organizations, especially NGOs. Greater use of the HICD approach could help USAID build more consistent evidence on CD across activities, generate lessons learned, and improve support to public sector clients.

The E3 Education Office houses the Agency's staff responsible for promoting and supporting HICD. However, the amount of staff time allotted to HICD has been reduced to such a low level that is likely to be insufficient to sustain use of this approach. Although E3 has two IDIQs with large ceilings to facilitate USAID mission use of HICD by simplifying procurement, restrictions in these IDIQs have impeded their use. In addition, efforts to promote adoption of this approach by USAID missions have not been sufficient and E3 has not been offering any incentives to increase mission use of these mechanisms, such as matching funds for buy-ins.

The following promising practices could improve USAID CD efforts:

- Build trust and clarify roles between implementer and client organization;
- Greater flexibility through collaborating, learning, and adapting approaches;
- Increase client involvement in defining problems and solutions;
- Greater awareness of how incentives effect desired change;
- Set more realistic goals and timeframes;
- Focus on existing assets and processes of clients;
- Select committed clients with the best prospects for successful capacity development;
- Better alignment of training with organizational goals and structures (internally and externally);
- More practical training that links to on-the-job performance; and
- Adopt a systems lens.

E3 and USAID missions have not generally been monitoring and evaluating CD performance and results systematically in activities with CD components. The standard foreign assistance indicators do not provide much useful information on CD performance and results. This information gap limits its understanding of what type of support works and under what circumstances. Many activities, particularly those designed before USAID reinstituted the logframe requirement in project design in late 2011, lacked an overall theory of change. Many activities with a logframe did not specifically address the theory of change for CD components. In 2016, USAID loosened the logframe requirement to allow systems analysis tools as an alternative.

The Agency's inconsistent and partial measurement of the levels of CD outcomes limits the understanding of how these activities have contributed to improved performance and sustainability. Increasing the quantity and quality of efforts in monitoring and evaluation of CD could improve the Agency's ability to



make the case for this type of support in programming. It could also increase the use of the most appropriate and effective CD approaches and practices for particular contexts. Recent USAID efforts to consider approaches for measuring organizational performance and use systems-analysis tools in evaluations are promising.

## VI. RECOMMENDATIONS

**The E3 Bureau should continue to increase its own ability to support capacity development** by publicizing the findings and recommendations of this assessment. Specific actions the Bureau should take include:

**E3 Office Debriefings.** Give E3 staff the opportunity to discuss and share their good practices internally. Each office has an office profile that highlights its best practices and how it compares and contrasts with the rest of E3. A facilitated session with each office gives the office the opportunity to recognize what it is doing well and to take action to bolster their good practices.

**E3 Office Experience Sharing Events.** Provide opportunities for E3 offices to learn from each other. It is more impactful to hear about a practice from the practitioner than reading about it. Further, in a sharing session, staff can ask relevant follow up questions to ensure the practice would be appropriate, share tools that are available, and potentially build upon the practice.

**Promising Practice write-ups, how to notes, job aids, and videos.** Staff need support to improve capacity development and this knowledge may be best delivered through resources available on a just-in-time basis. One- or two-page write-ups can showcase various promising practices and address how to engage in good capacity development. Examples of potential topics include how to increase training effectiveness, conduct organizational assessments, and use embedded advisors. These short papers can be accompanied by one- to three-minute videos. These resources can be posted electronically on USAID's internal ProgramNet and external Learning Lab websites and cross-posted on other development websites for free. Sharing resources can help USAID staff, partners, and other development professionals increase their skills and produce better development outcomes, expanding the Agency's influence.

**SOW Rater's Guide.** The E3 Bureau should encourage use of the rater's guide for SOWs or work plans on activities with CD components (Annex C). This tool can help E3 technical staff to assess the need for CD support, the range of choice in CD approaches and implications for cost effectiveness, selection and use of capacity and performance indicators, and ways to increase local ownership. To help institutionalize the SOW Rater's Guide, E3 should assign a task manager, pilot use of the guide, collect feedback, and finalize the guide. In addition to making its use part of E3 processes, the Bureau could promote its use Agency-wide and share it across the development community.

**Webinar.** The findings from this report should be presented as part of upcoming series of Local Solutions webinars. This will help disseminate the findings across the Agency.

**Organizational development expertise roster.** USAID previously had a blanket purchase agreement (BPA) through the E3 Bureau that contained a roster of external experts in organizational development and many other areas to assist Agency staff in Washington and missions. USAID should make special efforts to recruit consultants with the required certifications for in this roster. Since the BPA was popular and reached its ceiling, a new solicitation will be needed. This roster would also be useful to implementing partners if it could be made available to them. USAID can also develop a roster of E3 staff and in-house contractors with CD expertise by building on the MyUSAID profiles.

**Revise, rebrand, and relaunch HICD.** The HICD Handbook is an excellent resource. Since the time it was developed, science suggests additional, stronger approaches that should be incorporated such as asset- and strength-based organizational development, agile feedback loops, systems thinking, and positive deviance. The HICD Handbook should be revised to reflect current thinking in organizational development. Further, HICD needs to be rebranded because many staff do not understand that it refers to a specific approach. The revised HICD Handbook should then be relaunched, with a full communications and training program to support understanding regarding what it is, why it works, how it is like models each office is familiar with, and what will be gained by using HICD. In order to support implementation, the HICD team should be expanded and supported.

The HICD team should market the HICD-Pro IDIQs to missions, and consider incentives to promote buy-ins through matching funds. Since HICD is applicable to much of the Agency's work, E3 should consider whether the HICD team would be better situated within another E3 Office (such as Local Sustainability or the Economic Policy/Capacity-Building Unit) or in the PPL, DRG, or M Bureaus.

**E3 should promote the use of other proven CD approaches such as PDIA and RRA.** E3 can accomplish this recommendation in several ways. First, E3 should host events to familiarize USAID/Washington staff with these approaches. E3 can share these case studies and approaches with missions and give them guidance regarding applicability. Second, E3 can suggest their use as part of activities that E3 manages and integrate these adaptive management practices into upcoming procurements. Third, E3 can host webinars on these approaches so that mission staff and implementing partners become familiar with them and determine how they fit into current and future programs.

**Certifications.** E3 should cover the financial and time costs for its staff to obtain internationally recognized certifications in organizational development and/or performance management.

**Theory of change.** E3 should require that CD activities funded by the Bureau include a theory of change and reflect good principles and practices for capacity development. E3 should increase support for CD needs assessments. E3 should encourage greater flexibility in design and implementation through collaborating, learning, and adapting approaches. CD and organizational and system change can be a long process and a heavy focus on short-term results or targets with unrealistic timeframes can be damaging.

**Core training.** The Office of Human Capital and Talent Management (HCTM) as well as the Management and PPL Bureaus have key roles in USAID staff's continuing core training series, which they will revamp in the near future. E3 should advocate that the promising practices noted in this report should be incorporated into new courses. The Agency's Local Solutions Initiative team also has an important role in developing curricula and conducting trainings relating to support for G2G and local organizations. E3 staff in the Economic Policy and Local Sustainability Offices have been active participants in the Agency's Local Solutions Initiative.

**E3 should increase resources for monitoring and evaluation in activities with CD components.** The E3 Bureau needs to build the evidence base regarding the effectiveness of CD support by ensuring that M&E plans for relevant activities include evaluation questions on CD and performance. Evaluations of activities with a CD component should include questions that assess whether CD interventions led to improved performance or development results. In conjunction with PPL, E3 should conduct periodic peer reviews of M&E plans for activities with CD components and convene events on lessons learned.

**Improve performance indicators.** E3 could increase the emphasis on outcomes in measuring increased capacity and higher-level performance results.

- Individual-level CD: E3 should use indicators that place a greater emphasis on increased knowledge and skills (Kirkpatrick Level 2), the application of newly acquired knowledge and skills (Kirkpatrick Level 3) and the results of their application (Kirkpatrick Level 4).
- Organizational-level CD: E3 should include indicators of longer-term organizational capacity and performance and select indicators in consultation with client organizations to ensure that they are mutually useful. E3 should focus on a small number of strategic indicators, rather than attempting to track many aspects of organizational change. More attention should be devoted to indicators of an organization's adaptive capacity, its relationships with external actors or customers, and its long-term viability. E3 should promote use of organizational performance standards that are widely accepted as indicative of long term organizational health in the relevant industry or sector.
- System-level CD: Indicators should capture attributes as well as outputs of the system such as the 1) strength and effectiveness of relationships with other organizations; 2) strength of advocacy efforts or influence on government policies and regulations; 3) quantitative and qualitative measures of information sharing; and 4) higher-level development outcomes.

Annex T lists more than 175 outcome indicators that E3 can selectively draw upon the 2013 Standard Foreign Assistance Indicators, USAID activity documents, the MEASURE Evaluation website, USAID [2012], Carrasco [2012], and Vos and Villarreal [2013]). Activity designers, implementers, and partners should consider these indicators in selecting indicators for measuring capacity and performance at the individual, organizational, and system levels. The Standard Foreign Assistance Indicators were greatly reduced in number and substantially revised in 2016<sup>40</sup> after Annex T of this report was completed.

**Ex-post evaluations.** E3 should increase resources for ex-post evaluations of projects and activities with major CD components. It should also continue supporting broader program or cross-sectoral evaluations or special studies. Ex-post evaluations are important for understanding the sustainability of capacity gains and long-term development impacts, but are not conducted often for institutional and budget reasons. Program or cross-sectoral evaluations can identify advantages and disadvantages of different CD approaches used within or across E3 offices. Special studies can 1) identify the circumstances under which particular CD approaches are more and less effective; 2) establish proof of concept for promising new practices; and 3) provide a better understanding of how the effectiveness varies with differences in implementation of various CD approaches.

**Conceptual framework for capacity development.** The E3 Bureau, in collaboration with the Local Solutions Initiative Team and its CD Working group, should continue developing elements of a conceptual framework for capacity development. The USAID Capacity Development Working Group (2016) and the Local Solutions Initiative's measurement event in September 2015 were notable efforts at articulating and advancing grounding principles of effective CD implementation and measurement.

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<sup>40</sup> USAID. Guidebook for Monitoring and Evaluation of PFM Assistance: Leadership in Public Financial Management II.

# ANNEX A – STATEMENT OF WORK

## Statement of Work Capacity Development Assessment for USAID/E3

### I. Introduction

USAID's Bureau for Economic Growth, Education and Environment (E3) has requested support from the E3 Analytics and Evaluation Project to conduct an assessment that will examine capacity development activities undertaken by the E3 Bureau, in order to better understand *what* capacity development the Bureau does, *how* it is done, what *results* have been produced, and what *lessons* the Bureau can apply to improve future capacity development efforts. Management Systems International (MSI) is the lead implementer of the E3 Analytics and Evaluation Project, along with team partners Development and Training Services, Inc. (dTS) and NORC at the University of Chicago.

This Statement of Work (SOW) provides an overview of the requested support and outlines the analytic tasks anticipated to address the assessment questions. It builds on the initial SOW that was prepared by a USAID/E3 capacity development working group, which is attached in Annex A.

### 2. Background

Capacity development is recognized in the E3 Bureau to be a key strategy at the individual, organizational, and system levels for developing resilient and sustained performance improvement without the continued involvement of external actors.

While there are many definitions of capacity development, those provided by the Organization for Economic Co-Operation and Development (OECD development) and the book Capacity Development in Practice<sup>41</sup> are in regular use by USAID.

The OECD development definition<sup>42</sup> is as follows:

**Capacity** is the ability of people, organizations and society as a whole to manage their affairs successfully.

**Capacity development** is the process whereby people, organizations, and society as a whole unleash, strengthen, create, adapt, and maintain capacity over time.

**Promotion of capacity development** is what outside partners, whether domestic or foreign can do to support, facilitate, or catalyze capacity development and related change processes.

Capacity Development in Practice defines capacity development as “the ability of a human system to perform, sustain itself, and self-renew” (p. 4).

During its Portfolio Reviews conducted in 2012, the E3 Bureau found that while capacity development is a core development activity that the Bureau supports, its technical offices do not have a common capacity development approach, a common language, or common metrics for evaluating the

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<sup>41</sup> See [http://www.snv.org/public/cms/sites/default/files/explore/download/capacity\\_development\\_in\\_practice.pdf](http://www.snv.org/public/cms/sites/default/files/explore/download/capacity_development_in_practice.pdf)

<sup>42</sup> See, for example, <http://www.oecd.org/dac/governance-development/48252653.pdf>

effectiveness of such interventions. Indeed, a preliminary assessment found that the Bureau lacked a shared theoretical framework for capacity development. Exacerbating this methodological ambiguity is the fact that technical offices may, in some instances, view capacity development needs to be sector-specific and therefore capacity development strategies and services cannot be standardized across sectors.

### **3. Existing Information Sources**

#### **Recent USAID/E3 Capacity Development Research**

In recognition of what the E3 Bureau's leadership views as an opportunity to improve its ability to effectively foster capacity development agency-wide, the Bureau has embarked upon a number of recent and ongoing efforts to identify and promote "good practices" for capacity development. These efforts are summarized in this section.

Of particular relevance for the assessment described in this SOW, the Bureau has constituted an internal team to start identifying and addressing gaps in the Bureau's understanding of its own capacity development practices. The main task being undertaken by this USAID team to date is developing a summary of selected evaluations of Agency projects with local capacity development or government to government (G2G) components from 1998 onwards. This catalogue will inform a capacity development assessment options paper in order to extract lessons, develop a typology, and rate capacity development interventions based on these evaluations.

USAID has also recently invested in two major research efforts related to capacity development. First, in order to better understand local capacity development, research was carried out under the Capable Partners Program from April 2012 to February 2014. This comprehensive study drew from the following sources:

- A literature review of over 250 articles;
- A historical study of USAID institutional partnerships; and
- In-country field research involving approximately 600 people in 325 organizations across 9 countries.
- Second, in order to better understand local capacity development in terms of aid effectiveness, USAID hosted two summits on the topic: a Local Capacity Development Summit in June 2012 and a Strengthening Country Systems Summit in November 2012. A number of background papers were prepared for the Systems Summit, and USAID commissioned an Overseas Development Institute (ODI) paper, "Localizing Aid: Sustaining Change in the Public, Private, and Civil Society Sectors," published in March 2013, which included an extensive literature review and three country studies.
- The Agency is striving to document and share lessons learned in capacity development with local actors through a series of USAID Forward or Local Solutions Summits. The East Africa Mission held one in January 2013 and the Regional Development Mission for Asia (RDMA) in January 2014, while South Africa will be in November 2014 and Latin America and the Caribbean (LAC) in January 2015. These events bring together mission staff from across the Agency to share lessons learned, and a critical agenda item is capacity development.
- USAID also supported a Learning Agenda on its work with local organizations, in particular. The research covered nine countries and extensive desk research. The results and recommendations are shared on [www.developmentiscapacity.org](http://www.developmentiscapacity.org).

#### **Data Sources for this Assessment**

As part of this assessment, and described in greater detail in Section 5 of this SOW, an inventory will be created that will capture a representation of recent E3-funded capacity development efforts. This

exercise will involve a coordinated approach between USAID/E3 and the E3 Analytics and Evaluation Project team for this assessment, which will be especially pertinent for inventorying of Bureau capacity development project data not readily accessible by the assessment team. The primary databases expected to be searched as part of this inventory exercise include:

The E3 Portfolio Review Database, which includes details on every activity the Bureau funds, with fields capturing project names, dates, costs and other basic information. It only includes project information starting around 2006. It is expected that this database will not provide enough substantive information to derive learning and analytical information, but can be used for inventory purposes, particularly to get leads for further investigation. This is an internal E3 database and thus only available to Agency staff.

USAID's Development Experience Clearinghouse (DEC), which provides an extensive database of reports and other documents. It may provide a wealth of information about E3 capacity development activities, although is expected to be more useful for follow-up retrieval of project information rather than to initially identify potential projects for examination. Since this is a publicly available resource, the assessment team will be directly accessing it.

### **Capacity Development Literature and Gaps**

The volume of capacity development literature is considerable. In addition to earlier USAID research efforts, which may tend to focus on capacity development in non-governmental organizations (NGOs), other development organizations have contributed significantly to the body of knowledge, notably the World Bank, the Overseas Development Institute (ODI), and the European Center for Development Policy Management (ECDPM). This assessment will build upon this development literature.

#### **Social Science Research**

The E3 Bureau has looked beyond the international development literature in crafting its Human and Institutional Capacity Development (HICD) approach, which takes organizational development and human performance factors into account, including knowledge and skills, capacity, and motives at the individual level as well as information, resources and tools, and incentives at the environmental level. Organizational development as a social science underpins this approach, yet the research in capacity development often does not ask questions related to how organizations develop. This is a significant gap that this assessment will begin to address.

Similarly, while motivation and incentives are specifically analyzed within the HICD framework, basic approaches in development appear at odds with the findings in current social science research. Negative impacts of perverse programmatic and organizational incentives are noted in the Capable Partners Program research, for example, but that research scope did not include looking at the underlying social science that may lead to either good or poor development results. As such, this assessment will examine current social science literature to highlight ways in which current practices are in alignment with or run contrary to good practice. It will also review the results of the Learning Agenda, related research and the results of USAID Forward/Local Solutions Summits to glean lessons learned and/or themes that emerge.

As part of USAID's commitment to "do no harm," and as the E3 Bureau continues to look for increasingly effective ways in which to engage with counterpart organizations and to localize aid, an examination of the social science literature that underpins Agency work with individuals, organizations, and systems is warranted.

## Organizational Assessment and System Analysis Tools

While number 15 in USAID's TIPS series, "Measuring Institutional Capacity,"<sup>43</sup> from 2000 compared and contrasted different organizational assessment tools, it appears that there has not been a more recent comparison of tools that are currently available. Similarly, there has not been much work comparing and contrasting tools that analyze, map, measure, or track systemic change. An updated inventory will help practitioners make better choices between tools as they increasingly engage directly with counterpart organizations in both the public and non-governmental sectors.

## **4. Purpose, Audience, and Intended Use**

### **Purpose and Intended Use**

The purpose of this assessment is to identify capacity development "good practices" in the E3 Bureau that can be modeled, further tested (as needed), and promoted on a Bureau-wide, and possibly Agency-wide, basis. The study will support wider ongoing efforts within the Bureau to better understand the scope, technical details, and lessons of its recent capacity development activities, which are undertaken by different technical offices and Missions under a number of discrete procurement mechanisms. The research will help the Bureau to better understand capacity development approaches, practices, and models and, as needed, to identify metrics for assessing their effectiveness on an immediate and longer term basis.

### **Audience**

The primary audience for this assessment is the E3 Bureau's capacity development working group, as well as those across the Bureau working on capacity development activities. It is expected that the assessment will also provide findings, key lessons, and recommendations of great interest to the Agency at large. Sections of assessment products, including the Case Study Synopses, SOW Raters Guide, and Good Practices Guide, may be used as standalone pieces.

## **5. Assessment Questions and Tasks**

In its preliminary SOW for this assessment, the E3 Bureau listed a series of questions that it would like addressed as part of this assessment. Based on follow-up discussions with the E3 Analytics and Evaluation Project team, the following questions were agreed upon as the focus for this assessment:<sup>44</sup>

1. What are the various definitions/understandings of capacity development within E3?
2. What are the current approaches to capacity development in E3?
3. How are E3 capacity development approaches different from each other and why?
4. How do capacity development approaches in E3 differ between local organizations, private sector and government entities?
5. To what extent do the capacity development activities in E3 have a specific methodology, theory of change or grounding in evidence?
6. Based on the review's findings, what are some promising CD practices that E3 could further test, model, and promote on a Bureau-wide, and possibly Agency-wide, basis?
7. If there is no strong evidence regarding the effectiveness of different approaches to capacity development in sectors under E3's purview, how can the evidence base be built?
8. What measures should be put in place for capacity development activities in E3 to start to lay the groundwork for that evidence?

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<sup>43</sup> [http://www.classtoolkit.org/sites/default/files/documents/Recent\\_Practices\\_in\\_Monitoring\\_Evaluation.pdf](http://www.classtoolkit.org/sites/default/files/documents/Recent_Practices_in_Monitoring_Evaluation.pdf) (primary text) and [http://pdf.usaid.gov/pdf\\_docs/PNACG624.pdf](http://pdf.usaid.gov/pdf_docs/PNACG624.pdf) (annexes).

<sup>44</sup> Changes to the research questions included the removal of question 7 "To what extent can USAID/E3 contributions to capacity be disentangled from efforts of other donors and the partners themselves?" and replacing the original questions 2E, 3, and 5 with the current question 3.

9. What indicators have been used by E3 to measure capacity development and its impact?
10. What additional indicators could be used by E3?
11. What are reasonable expectations for demonstrating the value of capacity development interventions through monitoring and evaluation and special studies?

In order to answer the above questions, the following key tasks and associated sub-tasks are anticipated to be carried out by the E3 Analytics and Evaluation Project as part of this assessment. Section 7 of this SOW connects the above assessment questions with the anticipated tasks below, as well as data collection and analysis methods envisioned for each task:

1. **Research Design Work Plan.** Prepare a task-by-task Research Design and Work Plan for this assessment, outlining in detail the methodology for each of the tasks and sub-tasks below and how they will be carried out. The Research Design and Work Plan will include plans for data collection and analysis, draft data collection instruments, a detailed schedule, proposed assessment team members, and a draft outline for the final report.
2. **Inventory of Recent E3 Capacity Development Activities.** Through a participatory process with USAID including interviews with Bureau staff, prepare an inventory of capacity development efforts funded by the Bureau for those projects that were active between 2010 and 2014. The inventory is not expected to be an exhaustive catalogue of every capacity development activity carried out by E3 over the specified time period; rather, it is intended to include a broad range of the types of capacity development work that the Bureau has funded.

Sub-tasks expected under this task include:

**2a.** USAID will provide information from the E3 Portfolio Review Database described in Section 3 for E3 projects active during 2010-2014, which will define the universe of projects for this assessment. For additional information about projects in this universe, USAID will provide the assessment team with a list of available fields from each of the internal databases; the assessment team will respond with which fields it would like information on (e.g., project name, description, numbers, date, form, and quality of results data), and then USAID will then retrieve and share available project information in the database for those fields. The assessment team will not need to further narrow or refine the universe that has been identified by E3 through the Portfolio Review Database.

**2b.** Provide recommendations to USAID to refine a survey instrument that has previously been prepared by the E3 capacity development working group, to help ensure that it will be simple to administer and provide accurate and useful information. The survey instrument will be pre-populated with information retrieved in sub-task 2a above, and will ask E3 staff members to verify which of the identified projects had a capacity development component and if any additional projects during the specified time period should be included that were not in the initial inventory. The survey instrument will also ask E3 staff to identify any capacity development initiatives that may be good candidates for further case study as part of this assessment. The E3 capacity development working group will then email the survey instrument directly to relevant E3 staff, including CORs/AORs or other points of contact on the identified projects.

**2c.** The assessment team will create a typology of capacity development efforts within E3 based on the information acquired from the results of the survey in sub-task 2b above, and conduct initial analysis on these data.



**2d.** Based on the results of the previous sub-tasks and subsequent analysis, prepare an Inventory Report based on a previously agreed format with USAID.

- 3. Individual or Group Interviews with E3 Technical Offices.** Following the results of the survey and capacity development typology in the previous task, lead individual or group interviews with representatives from the selected 12 E3 offices (up to 12 interviews in total) to further explore the results of the data analysis, confirm assumptions, and identify potential capacity development case studies for further examination. USAID will provide names and contact information for contacts in each E3 office, and follow-up with those contacts when the assessment team's efforts are unsuccessful. Several additional interviews with current or former USAID staff or outside experts may also be conducted regarding capacity development approaches, to better understand the Agency's definition of capacity development and ongoing efforts in the Agency to examine capacity development interventions.

These discussions with USAID/E3 staff will address issues such as:

- How USAID defines capacity development;
- How USAID designs, implements, and evaluates capacity development activities, including within the context of many capacity development initiatives taking place embedded within larger activities;
- Determining what types of indicators would be most appropriate to measure progress and results, as well as monitor outcomes over time for these efforts; and
- How to provide guidelines to E3 sectors on capacity development approaches, while not being too prescriptive.

The assessment team will prepare brief summaries following each of these discussions that will inform the findings in the Final Assessment Report.

- 4. Review of Evaluations.** Conduct a limited review of evaluations of projects that had a capacity development component. The review of evaluations will be used to support the overall research approach, but in particular the review will support answering research questions 2.E, 3, 6.A, 6.B and 6.C. Potential candidates for inclusion in this review will be those E3 projects identified in the inventory with a capacity development component for which an evaluation was completed.

Once a sample of evaluations has been selected, the assessment team will use a template to conduct a review of the selected evaluations through a standardized analytical process. The standardized template will help to ensure that a uniform and consistent process is followed for each evaluation reviewed and that the reviewer captures the same types of key information about each document. The findings from this review will be used to inform the overall evidence synthesis process for the assessment.

- 5. Literature Summary.** Carry out a brief review and synthesis of key documents from the capacity development and social science literature that will inform the case studies and final assessment report.

Associated sub-tasks are expected to include:

- **5a.** Review the relevant literature, focusing on existing synthesis reports and reviews, by reading some pieces and reviewing others through key word searches.

- **5b.** Identify emerging themes and good practices in the literature, and compare these themes to the findings from the inventory in the previous assessment task that will inform the development and framework of the subsequent tasks detailed below.

**6. Case Studies.** Conduct case studies of up to 12 E3 capacity development interventions, and produce synopses for each case study selected.

Associated sub-tasks are expected to include:

- **6a.** Prepare a Case Study Research Design and Work Plan outlining the sampling procedure for selecting the case studies as well as the specific questions and methodologies to be employed for each case study to be examined.
- **6b.** Sample up to 12 capacity development interventions (anticipated to be one per E3 office) to be used as case studies for examining the links between capacity development implementation factors (such as approaches, accomplishment, scale, and context) and individual, organizational, and system outcomes. The selection criteria for the case studies could be based on type of intervention, success/failure cases, or some other typological category to be determined in collaboration with USAID.
- **6c.** Conduct desk reviews for the case studies. This is expected to primarily involve interviews with stakeholders and analysis of programmatic materials, intervention results and (if possible) longitudinal outcome data in order to examine outcomes (both intended and unintended) to examine the sustainability and effects of E3 capacity development efforts.
- **6d.** Produce Summary Reports for each case study, outlining the main findings from each.

**7. Final Assessment Report**

Prepare a final report that synthesizes the findings, conclusions and recommendations from the previous tasks, based on a format and outline previously agreed with USAID. The report will include recommendations that incorporate a Collaborating, Learning, and Adapting perspective in order to provide actionable steps that that could be taken in the short-, medium-, and long-term to improve E3's capacity development efforts, including suggestions for the dissemination of findings from this assessment.

The report will also include the following pieces as stand-alone sections or annexes:

- **7a. Good Practices in Capacity Development.** Highlight Good Practices in Capacity Development based on the findings from the earlier assessment tasks. This section of the report will synthesize the data gathered over the course of the assessment through a combination of qualitative and quantitative analysis, and draw on findings from the outside literature research and in other sectors in USAID. It may consider capacity development "failures" as well as successes, as those experiences may present significant learning opportunities, and – to the extent they were examined in the case studies – the experiences of recipient organizations in terms of how change occurred from their perspective.
- **7b. SOW Rater's Guide and Checklist.** Based on the findings from the earlier activities including a review of the SOWs for the capacity development initiatives examined under the case studies, develop a brief Rater's Guide and Checklist of Good Practices for reviewing USAID Scopes of Work (SOWs) for capacity development activities. Around a dozen additional SOWs of capacity development initiatives may also be examined in order to support the preparation of this Rater's Guide and Checklist.

The case study SOWs will be reviewed against good practices identified in the outside literature and other criteria to be confirmed. As illustrative examples, such criteria may include the extent to which:

- Objectives, intended outcomes, and success criteria are articulated, possibly in terms of both process and product;
- It is owned by the counterpart, for example:
  - Counterparts view the work as a priority;
  - Counterparts are/were involved in problem/opportunity definition;
  - Counterparts are/were involved in determining what the solution(s) should be;
  - Counterparts are involved in monitoring and managing the performance change envisioned by the SOW; and
  - Counterparts have an appropriate measure of control given the nature of the SOW.
- The timeframes are reasonable, for example:
  - To build appropriate levels of trust and rapport, given the nature of the SOW;
  - For the counterpart to build a guiding coalition within the organization for the change to occur, given the nature of the SOW; and
  - For appropriate root cause analysis of the issues.
- Training is appropriately anchored within the counterpart organization for sustainability, for example:
  - The curriculum fits within the organization's overall training/human resource development plan, if applicable; and
  - If behavior change is involved, relevant other organizational curricula are modified to support/reflect the change.
- Training is appropriately structured for cost effectiveness, given the nature of the SOW, the counterpart, and the labor market;
- Training is appropriately documented for labor mobility and career progression;
- Baseline measures of knowledge, attitudes, and performance are taken and tracked in order to measure the impact of the change envisioned, as appropriate;
- The SOW creates opportunities for shared goals between partners and stakeholders;
- The SOW creates room for organizational collaboration, learning, and adaptation, as appropriate;
- The SOW accounts for context such that positive attributes are recognized and built upon at individual, organization, and system levels, as appropriate;
- The SOW creates positive (and not perverse) incentives at individual, organization, and system levels in order to support the change, for example:
  - If individual behavior is supposed to change, staff are appropriately incentivized to make that change;
  - If the organization is supposed to change, does that change support the organization's long-term viability; and
  - Organizations, groups, and individuals that need to work together harmoniously are incentivized to so.
- Technical assistance provision is structured to maximize knowledge transfer and positive working relationships;
- Organizational assessments are framed and timed such that they are likely to be useful to and positive for the counterpart organization;
- Gender considerations are reflected within the capacity development approaches.

8. **Dissemination.** Depending on USAID interest and availability, carry out activities to disseminate the tools, findings, and recommendations developed as part of this assessment. This is anticipated to be up to a one-day event and may include an expert panel, workshop, presentation, or similar tasks.

## 6. Gender Considerations

In line with USAID's Gender Policy, the research design for this assessment as outlined in the Assessment Work Plan will consider gender-specific and differential effects of capacity development interventions. As inventory data is disaggregated by gender and gender-targeted capacity development programming (such as women as leaders programs), the assessment team will seek to understand the extent of participation by gender, differential access to capacity development activities/services, and the efficacy of any gender-specific capacity development practices (such as selecting women as trainers). The team will base further inquiry on gender themes that emerge during data analysis.

## 7. Data Collection Methods

The assessment team will utilize a mixed-methods approach incorporating a range of data collection methods in order to complete the required tasks and sub-tasks for this assessment. The data collection process for this assessment is aligned with USAID evaluation policy, which requires that data collection methods be identified on a question-by-question basis, covering data sources as well as proposed data collection methods and sampling strategies where appropriate. The following table provides preliminary ideas regarding specific data collection and analysis methods by relevant research question. Further specification of data collection and analysis methods will be articulated in the Assessment Research Design and Work Plan, which will provide the instruments that the assessment team plans to use, including key informant interview protocols, etc. This will include updating the task-by-methods matrix to reflect expected methods for data collection and analysis.

Relevant sub-question(s)	Assessment Task(s)	Output(s) from These Tasks	Data Collection Method(s)	Data Source(s)	Data Analysis Method(s)
<b>Question 1. What are the various definitions/understandings of capacity development within E3?</b>					
I. What are the various definitions/understandings of capacity development within E3?	Inventory, Interviews	Typology of Bureau definitions	Database retrieval, interviews, survey	Agency records and E3 Bureau staff	Content analysis to identify patterns and incidences of overlap
<b>Question 2. What are the current approaches to capacity development in E3? How are E3 capacity development approaches different from each other and why? How do capacity development approaches in E3 differ between local organizations, private sector and government entities? To what extent do the capacity development activities in E3 have a specific methodology, theory of change or grounding in evidence? Do the theories of change and past experiences indicate that there are good practices for certain types of capacity development activities in sectors under E3's purview?</b>					
2.A. What are the current approaches to capacity development in E3?	Inventory, Interviews, Evaluation Review	Typology of Bureau definitions	Database retrieval, document review, key informant interviews, survey	Agency records and E3 Bureau staff	Content analysis to identify patterns and incidences of overlap

Relevant sub-question(s)	Assessment Task(s)	Output(s) from These Tasks	Data Collection Method(s)	Data Source(s)	Data Analysis Method(s)
<b>2.B.</b> How are E3 capacity development approaches different from each other and why?	Inventory, Interviews, Evaluation Review, Case Studies	Inventory Report, Case Study Summary Reports	Database retrieval, document review, key informant interviews, survey, case study desk review	Agency records, E3 Bureau staff, implementing partner staff	Content analysis to identify patterns and incidences of overlap
<b>2.C.</b> How do capacity development approaches in E3 differ between local organizations, private sector and government entities?	Inventory, Interviews, Evaluation Review, Case Studies	Inventory Report, Case Study Summary Reports	Database retrieval, document review, key informant interviews, survey, case study desk review	Agency records, E3 Bureau staff, implementing partner staff	Content and pattern analysis to identify patterns and incidences of overlap
<b>2.D.</b> To what extent do the capacity development activities in E3 have a specific methodology, theory of change or grounding in evidence?	Literature Summary, Evaluation Review, Case Studies	Case Study Reports, Good Practices	Case studies, key informant interviews, review of capacity development literature	Identified international development and social science literature, E3 Bureau staff, implementing partner staff	To be determined in the Work Plan
<b>2.E.</b> Do the theories of change and past experiences indicate that there are good practices for certain types of capacity development activities in sectors under E3's purview?	Inventory, Interviews, Evaluation Review, Case Studies, Literature Summary, Good Practices	Inventory Report, Case Study Reports, Good Practices	Key informant interviews, case studies, review of capacity development literature	Identified international development and social science literature, E3 Bureau staff, implementing partner staff	To be determined in the Work Plan
<b>Question 3. What is the existing evidence related to the effectiveness of different approaches to capacity development in sectors under E3's purview?</b>					
<b>3.</b> What is the existing evidence related to the effectiveness of different approaches to capacity development in sectors under E3's purview?	Inventory, Evaluation Review, Literature Summary, Case Studies, Good Practices	Case Study Reports, Good Practices	Key informant interviews, case studies, review of capacity development literature	Findings from 2.A, 2.B, and 2.C above. Case studies, Agency records (inventory databases and selected programmatic data)	Content and pattern analysis
<b>Question 4. If there is no strong evidence regarding the effectiveness of different approaches to capacity development in sectors under E3's purview, how can the evidence base be built? What measures should be put in place for capacity development activities in E3 to start to lay the groundwork for that evidence?</b>					

Relevant sub-question(s)	Assessment Task(s)	Output(s) from These Tasks	Data Collection Method(s)	Data Source(s)	Data Analysis Method(s)
<b>4. A.</b> If there is no strong evidence regarding the effectiveness of different approaches to capacity development in sectors under E3's purview, how can the evidence base be built?	Evaluation Review, Literature Summary, Case Studies, Good Practices	Final Assessment Report/Good Practices	Key informant interviews, case studies, review of capacity development literature	Findings from 2.C and 3 above	To be determined in the Work Plan
<b>4. B.</b> What measures should be put in place for capacity development activities in E3 to start to lay the groundwork for that evidence?	Synthesis	Final Assessment Report	Key informant interviews	Findings from 2.C and 3 above, key informants, E3 Bureau staff, Mission staff	To be determined in the Work Plan
<b>Question 5. Based on current knowledge (including anecdotal, past experience), are there good practices that all capacity development activities (or even certain ones depending on context) should incorporate?</b>					
<b>5.</b> Based on current knowledge (including anecdotal, past experience), are there good practices that all capacity development activities (or even certain ones depending on context) should incorporate?	Good Practices, SOW Rater's Guide and Checklist	Good Practices, SOW Rater's Guide and Checklist	Key informant interviews	Findings from 2.C, 3, and 4.A above, key informants, E3 Bureau staff, Mission staff	Evidence synthesis. To be more fully outlined in the Work Plan.
<b>6. What indicators have been used by E3 to measure capacity development and its impact? What additional indicators could be used by E3? What are reasonable expectations for demonstrating the value of capacity development interventions through monitoring and evaluation and special studies?</b>					
<b>6.A.</b> What indicators have been used by E3 to measure capacity development and its impact?	Evaluation Review, Case Studies	Case Studies, Good Practices	Evaluation review, key informant interviews, case studies	Findings from 2.C and 4.A above	Evidence synthesis. To be more fully outlined in the Work Plan.
<b>6.B.</b> What additional indicators could be used by E3?	Interviews, Literature Summary, Case Studies	Case Studies, Good Practices	Evaluation Review, Case Studies	Evaluation review, case studies, literature summary	Evidence synthesis. To be more fully outlined in the Work Plan.
<b>6.C</b> What are reasonable expectations for demonstrating the value of capacity development interventions through monitoring and evaluation and special studies?	Evaluation Review, Literature Summary, Case Studies	Case Studies, Good Practices	Evaluation Review, Case Studies	Evaluation review, case studies, literature summary	Evidence synthesis. To be more fully outlined in the Work Plan.
<b>7. To what extent can USAID/E3 contributions to capacity be disentangled from efforts of other donors and the partners themselves?</b>					

Relevant sub-question(s)	Assessment Task(s)	Output(s) from These Tasks	Data Collection Method(s)	Data Source(s)	Data Analysis Method(s)
7. To what extent can USAID/E3 contributions to capacity be disentangled from efforts of other donors and the partners themselves?	Case studies	Recommendations	Evaluation review, Case studies	Case studies	Evidence synthesis. To be more fully outlined in the Work Plan.

## 8. Data Analysis Methods

Data analysis approaches are included in draft form in the previous section. Specific data analysis methods to carry out the assessment tasks and sub-tasks will be outlined in the Research Design and Work Plan for the assessment.

## 9. Strengths and Limitations

A significant challenge for this assessment is that a large segment of USAID's capacity development efforts in E3 technical sectors will lie outside of the universe of projects identified for examination as part of this assessment. For this assessment, projects to be examined are limited to capacity development efforts either directly funded by the E3 Bureau or, in some case, those in which missions bought into existing E3 mechanisms. However, much of the Agency's capacity development work in E3 sectors is funded through USAID missions, or through broader funding umbrellas with other bureaus (i.e., Global Health). As such, it is unlikely that the assessment will include those projects as they would not be accounted for in the data sources on which the assessment team can rely for this study.

## 10. Deliverables

The assessment team is expected to be responsible for the following deliverables. Following further discussions between USAID and the assessment team about the timing of these tasks, the Research Design and Work Plan will be proposing specific due dates and a Gantt chart showing the overall assessment schedule on a task-by-task basis.

Deliverable	Estimated Due Date
1. Assessment Research Design and Work Plan	Draft: o/a October 10, 2014 Final: o/a November 21, 2014
2. Inventory Report	To be proposed in Work Plan
3. Case Study Research Design and Work Plan	To be proposed in Work Plan
4. Case Study Summary Reports	To be proposed in Work Plan
5. Final Assessment Report Including Good Practices, Rater's Guide/Checklist, and Recommendations	To be proposed in Work Plan

All documents and reports will be provided electronically to USAID no later than the dates indicated above. All qualitative and quantitative data will be provided electronically to USAID as well as in hard

copy via compact disc if requested. All debriefs will include a formal presentation with slides delivered both electronically and in hard copy for all attendees.

## II. Team Composition

The core assessment team is expected to consist of the following members:

- **Subject Matter Expert:** A subject matter expert will provide expertise and guidance to the team regarding capacity development and organizational development. They will have familiarity with the relevant literature in their technical area. The specialist should hold at least a master's degree with at least 10 years of experience in their technical sector. The subject matter specialist is expected to serve as the overall assessment team leader.  
Suzanne Bond Hinsz, Technical Director at MSI, would serve as the Subject Matter Expert. Ms. Hinsz is an organizational development and performance improvement expert, using change management principles to enable organizations to achieve their goals and sustain performance gains. In the last two years, she has brought four capacity development innovations to scale in 16 countries and seven sectors with over 200 counterpart organizations. An international development practitioner since 1992, Ms. Hinsz has advised USAID, the National Security Council, House Foreign Affairs Committee, Senate Foreign Relations Committee, the State Department, companies, governments, the United Nations, regional bodies, and grassroots organizations on a wide range of initiatives in over 30 countries around the globe. At the invitation of USAID, she recently participated in an external advisory group to assist USAID on its new local capacity development approach.
- **Mid-Level Researcher:** A Mid-Level Researcher will work in close collaboration with the Subject Matter Expert to carry out research, data collection and analysis required for this assessment. Relevant experience and knowledge in the subject matter is preferred. The expert should hold at least a Master's degree with at least 10 years of experience, including at least five years of relevant experience managing assessments or related activities.
- **Activity Coordinator and Additional Researchers:** An Activity Coordinator will support the assessment team, ensuring the successful completion of the required deliverables and all tasks and sub-tasks. A team of researchers may also be required to support the assessment, reviewing database information, supporting data collection and analysis, conducting additional research, and supporting the preparation of required reports as required. Relevant experience and knowledge with capacity development or organizational development is preferred. The Researchers should hold at least a bachelor's degree with at least two years of relevant research experience.

Home Office support by the E3 Analytics and Evaluation Project team members will be provided to the assessment team, including technical guidance, research assistance, administrative oversight, data analysis, and logistical support.

## 12. USAID Participation

An interactive and collaborative process is envisioned between the E3 Analytics and Evaluation Project team and the E3 Bureau to carry out this assessment.

## 13. Schedule

Tasks included in this assessment are expected to be completed from December 2014 to October 2015. A Gantt chart will be prepared as part of the Research Design and Work Plan laying out a schedule for the main assessment tasks anticipated over this timeframe.



## ANNEX B – ASSESSMENT METHODS

### Staff Survey

The assessment team prepared a survey questionnaire for all E3 technical staff. The USAID Activity Manager for this assessment provided extensive input on the questionnaire and assisted with outreach to E3 management and staff. The assessment team sent the online Staff Survey to 217 E3 technical staff. This survey focused on the internal and external CD work done directly by E3 staff (apart from work managing E3-funded activities covered in the separate Activity Manager Survey). The Staff Survey had a 34 percent response rate.

### Activity Manager Survey

After completion of the Staff Survey, the assessment team sent a different questionnaire to the activity managers for 334 selected activities listed in the E3 Portfolio Review Database. The list included active and completed activities. The Activity Manager Survey asked about CD within each of the identified activities. The assessment team sent a separate survey for each of the activities. Activity managers handling multiple activities were asked to complete multiple surveys so that the collected data would be activity specific. In some cases, the E3 Portfolio Review Database did not list the correct activity manager for current activities. Furthermore, some of the listed activity managers for completed activities were no longer with E3 or USAID. In these cases, the assessment team, with assistance from the USAID Activity Manager for the assessment, had to identify the current activity manager, Contracting Officer's Representative (COR) or Agreement Officer's Representative (AOR), or other current E3 staff knowledgeable about the activity. This was particularly challenging for the activities that had ended. The response rate for the Activity Manager Surveys sample was 36 percent.

**TABLE B-1: DIFFERENCES BETWEEN ACTIVITY MANAGER AND STAFF SURVEYS**

	Activity Manager Survey	Staff Survey
Unit of analysis	E3 activity managers responded to questions on a specific E3 activity	E3 technical staff responded to questions on their direct CD work in general
Population	334 activities	217 E3 technical staff
Sample	119 activities	73 E3 technical staff
Response rate	36 percent	34 percent
Items addressed only in this survey	<ul style="list-style-type: none"><li>• Type of client (government, private sector, local organization, or other)</li><li>• Composition of CD by level of approach within an activity</li><li>• CD measurement approaches used at individual, organizational, and system-levels</li></ul>	<ul style="list-style-type: none"><li>• Percent of time spent on CD work</li><li>• CD approaches perceived as most effective</li></ul>

### E3 Office Interviews

To complement the two surveys, the assessment team conducted group or individual interviews with each of the 12 E3 offices plus the Human and Institutional Capacity Development (HICD) team in the Education Office. E3 office directors invited staff to participate in the interviews. Forty-seven E3 staff took part in 15 interviews.

The assessment team used an interview guide to structure the conversations and took notes, which it edited for clarity and submitted to the interviewees for review.

## Literature Review

The assessment team reviewed key works in CD, including USAID policies, guidance, and tools as well as external literature on the design and implementation of various CD approaches and methods, monitoring and evaluation complexity, interdependence, organizational behavior, appreciative inquiry, network analysis, and systems analysis theory and techniques.

The assessment team also conducted five interviews with CD experts:

- Beryl Levinger (Middlebury Institute of International Studies at Monterrey)
- Alfredo Aragon Ortiz (Visiting Professor, Nonprofit Management and Social Change, Middlebury Institute of International Studies at Monterrey)
- Matt Andrews (Associate Professor of Public Policy, Harvard Kennedy School)
- Nick Manning (Governance and Public Sector Management Specialist, World Bank)
- Derick Brinkerhoff (Distinguished Fellow, International Public Management, RTI).

The experts provided their opinions on CD and suggested additional resources for the literature review.

The literature review and expert interviews informed the assessment team's design of data collection tools, preparation of case studies, preparation of findings and recommendations, identification of promising practices and development of the SOW Rater's Guide for activities with CD components.

## Case Studies

The case studies focused on the E3 role in the activities and the local context, whether and how the selected CD approaches achieved results, and lessons learned. The assessment team identified potential case studies based on the responses to the Staff and Activity Manager Surveys, office interviews, and literature review. The SOW called for up to 12 case studies, ideally one for each E3 office. The assessment team screened 147 activities for their suitability as case studies and selected 10 based on the activity's period of performance, available documentation, intended CD outcomes, CD approaches used, intended clients, available evidence of CD effectiveness, and the available budget. The assessment team identified suitable case studies for all E3 offices except the DCA, GENDEV, and LS Offices.

Activity documents and key informant interviews were the main sources of data for the case studies. The seven lead authors of the case studies regularly discussed their progress, challenges, and emerging themes. They also participated in a workshop on December 15, 2015 to compare similarities and differences in the various cases.

The assessment team used two common interview guides for the case studies that focused on the research questions on CD approaches, measurement, indicators, and good practices. One was for USAID and implementing partner representatives, and the other was for the client representatives (Annex O and P). The case study authors adapted the interview guide to fit the specific activities and interviewees. The case study authors focused on themes that emerged from the E3 Office and external expert interviews. These themes included organizational capacity assessments, the theory of change and selection of approaches for CD, goal alignment and trust between providers and clients, implementation successes and challenges, measurement of CD outcomes, and sustainability.

## Evaluation Review

The assessment team also reviewed evaluations of a sample of activities to identify the types of indicators used; methods for measuring CD results; relationships between reported performance results and the CD approaches; and findings and conclusions on CD approaches and their implementation.

The assessment team identified 127 potential activities with CD and E3 involvement for the evaluation review from the Staff and Activity Manager Surveys, and E3 Office interviews. The assessment team gathered available documentation on these activities with the assistance of USAID and implementing partner staff through searches of the USAID Development Experience Clearinghouse (DEC) and other internet sources. Initially, the search focused only on evaluations, but this was later expanded to include project reports and other information on activity websites. The assessment team found that 42 of these activities had sufficient documentation to support further analysis.

The assessment team identified the indicators reported for these activities and used qualitative content analysis to categorize them by type. The assessment team also performed a content analysis on the indicators identified in a broader review of evaluations of Agency activities with major capacity development components that was led by E3/EP. For consistency, the same team member analyzed both sets of indicators.

## ANNEX C – RATER’S GUIDE FOR SCOPES OF WORK WITH MAJOR CAPACITY DEVELOPMENT COMPONENTS

This checklist is intended to help guide USAID staff decisions on designing and planning capacity development (CD) support in scopes of work (SOWs) for projects, activities, and subtasks. It can also be used by managers reviewing these SOWs. This rater’s is a recommended tool and there is no prescribed method for using it. Checklist users can choose to apply all or a subset of the questions.

#	SOW Checklist Elements	Yes
<b>Understanding the Need for Capacity Development</b>		
1	Does the SOW discuss how capacity development (CD) will contribute to achievement of the project purpose (theory of change) and expected results?	
	<i>Comments or supporting language:</i>	
2	Does the SOW identify the types of clients or beneficiaries who would receive CD support or describe an appropriate client selection process?	
	<i>Comments or supporting language:</i>	
3	Is the SOW based on an existing assessment of needs and resources or prior consultations with clients and other stakeholders on the systems context around strengths, weaknesses, opportunities, and threats?	
	<i>Comments or supporting language:</i>	
4	Does the SOW reflect a realistic understanding of the resources and timeframe required for achieving the desired types and depths of change?	
	<i>Comments or supporting language:</i>	
5	Does the SOW identify the risks and critical assumptions and discuss how they will be reduced, mitigated, or addressed?	
	<i>Comments or supporting language:</i>	
<b>Capacity Development Approaches</b>		
6	Does the SOW demonstrate that a range of relevant approaches for individual- and organizational-level CD (beyond just training) have been or will be considered based on their expected effectiveness and costs?	
	<i>Comments or supporting language:</i>	
7	Does the SOW describe how individual-level CD will contribute to organizational-level CD (e.g., training of trainers model, mentoring, shadowing, staff agreements to continue employment, early reinforcement of learning through application, or formation of working groups)?	
	<i>Comments or supporting language:</i>	
8	Does the SOW demonstrate that a range of relevant approaches for system-level CD have been or will be considered based on their expected effectiveness and costs?	
	<i>Comments or supporting language:</i>	

9	Does the SOW address the potential for policy, regulatory, administrative, and governance reforms to increase the incentives for improving capacity and performance?	
	<i>Comments or supporting language:</i>	
10	Does the SOW include criteria or a process for selecting participants for CD support?	
	<i>Comments or supporting language:</i>	
11	Does the SOW describe a process for ensuring that CD services will be tailored and appropriate to the clients?"	
	<i>Comments or supporting language:</i>	
12	Does the SOW describe how gender issues will be addressed in selection of CD providers, clients, and approaches?	
	<i>Comments or supporting language:</i>	
<b>Implementation</b>		
13	Does the SOW demonstrate application of a Collaborating, Learning, and Adapting (CLA) approach (including reflection and adjustments in response to changing conditions)?	
	<i>Comments or supporting language:</i>	
14	Do the key personnel requirements include the necessary degrees, skills, and experience related to CD (organizational development skills, for example)?	
	<i>Comments or supporting language:</i>	
15	Does the SOW call for start-up consultations yielding a clear agreement between implementing partners, clients, and other stakeholders on the scope, expectations, approaches, roles and responsibilities, and communication protocols?	
	<i>Comments or supporting language:</i>	
16	Does the SOW describe how financial resources, human resources, and other in-kind support will be leveraged from clients, partners, and other stakeholders?	
	<i>Comments or supporting language:</i>	
17	Does the SOW call for considering how incentives, motivations, and constraints affect the design and implementation of CD activities?	
	<i>Comments or supporting language:</i>	
18	Does the SOW call for conducting participatory organizational capacity assessments tailored to client priorities on a regular basis?	
	<i>Comments or supporting language:</i>	
19	Does the SOW discuss a strategy for ensuring the sustainability of capacity gains and how additional CD will be continued after USAID support ends?	

<b>Monitoring, Evaluation, and Knowledge Management</b>		
20	Does the SOW include indicators for increased capacity, improved performance, and achievement of higher-level development results?	
	<i>Comments or supporting language:</i>	
21	Does the SOW describe a process of involving the client organization in developing performance indicators relevant to its needs (e.g., industry standards or international sectoral performance standards)?	
	<i>Comments or supporting language:</i>	
22	Does the SOW call for M&E methods that can accommodate changes in the context (e.g., outcome mapping, participatory system inquiry, organizational network analysis, or social network analysis)?	
	<i>Comments or supporting language:</i>	
23	Does the SOW describe how progress and lessons learned will be documented, stored, and communicated with a broad range of relevant stakeholders?	
	<i>Comments or supporting language:</i>	

## ANNEX D – OVERVIEW OF CASE STUDIES

### Methods and Purpose

The case studies focused on the E3 role in the activities and the local context, whether and how the selected CD approaches achieved results, and lessons learned. The assessment team identified potential case studies based on the responses to the Staff and Activity Manager Surveys, office interviews, and literature review. The SOW called for up to 12 case studies, ideally one for each E3 office. The assessment team screened 147 activities for their suitability as case studies and selected 10 based on the activity's period of performance, available documentation, intended CD outcomes, CD approaches used, intended clients, available evidence of CD effectiveness, and the available budget. The assessment team identified suitable case studies for all E3 offices except the DCA, GENDEV, and LS Offices.

Activity documents and key informant interviews were the main sources of data for the case studies. The seven lead authors of the case studies regularly discussed their progress, challenges, and emerging themes. They also participated in a workshop on December 15, 2015 to compare similarities and differences in the various cases.

The assessment team used two common interview guides for the case studies that focused on the research questions on CD approaches, measurement, indicators, and good practices. One was for USAID and implementing partner representatives, and the other was for the client representatives (Annexes O and P). The case studies adapted the interview guide to fit the specific activities and interviewees and focused on themes that emerged from the E3 Office and external expert interviews. These themes included flexibility in design and implementation, developing trust, motivation of client organizations, measurement of CD, system-level incentives, clarity of roles and responsibilities, training, coalitions to address system-level problems, and implementation time frames.

Table D-I describes the characteristics of the case studies prepared for this assessment. Nine of the ten case studies predominantly targeted government clients. The other activity involved internal CD for USAID. Seven case studies targeted more than one organization.

**TABLE D-I: CHARACTERISTICS OF THE CASE STUDIES**

E3 Office Involved	Activity	Activity Purpose and Case Study Focus	Activity POP
Economic Policy	Analysis and Investment for Low-Emissions Growth (AILEG)	<p>AILEG was a global activity to increase the capacity of partner governments, USAID staff, universities and research institutes, private companies, and civil society organizations to conduct and use economic analyses for global climate change mitigation and adaptation and mobilize investment capital for low-emission development strategies (LEDS). AILEG activities were conducted in Colombia, Guatemala, Jamaica, Kazakhstan, Mexico, Philippines, United States, and Vietnam.</p> <p>This case study only addressed AILEG's work in the Philippines, which was to assist the Government in designing low-emissions development strategies for renewable energy and forestry. It also focused on training on energy modeling.</p>	2011-2013
Education	Kenya Primary Math and Reading (PRIMR)	<p>PRIMR worked with the Kenyan Ministry of Education, Science, and Technology and some semi-autonomous government agencies to improve learning outcomes for first- and second-grade children and prepare the Government of Kenya to scale-up the program.</p> <p>The case study focused on the training of coaches, mentors, and tutors who helped teachers adopt new teaching methods. The case study also reviewed the involvement of the various governmental entities in the Programme Development and Implementation Team (PDIT).</p>	2012 - 2014
Education (Human and Institutional Capacity Development )	Georgia Human and Institutional Capacity Development Plus (HICD+)	HICD+ supported the Georgian State Electrosystem (GSE) in performance planning and management, more efficient maintenance of inventories, reconfiguration of processes, and workforce readiness. The case study addressed the entire activity.	2012 to date
Energy and Infrastructure	Kabul Electrical Services Improvement Project (KESIP)	The purpose of KESIP was to improve the commercial and technical viability of Kabul Electricity Directorate (KED) -- the largest power distributor of the national electric utility, Da Afghanistan Breshna Sherkat (DABS). KESIP provided technical assistance in nine work streams. This case study only focused on one work stream on finance and accounting.	2009-2013
Forestry and Biodiversity	Indonesia Marine Resources Program (MRP)-	<p>MRP's purpose was to support the Government of Indonesia in meeting the Coral Triangle Initiative objectives of establishing marine protected areas (MPAs). It sought to</p> <ol style="list-style-type: none"> <li>1. Strengthen Ministry of Marine Affairs and Fisheries through institutional development;</li> <li>2. Improve sustainable fisheries management;</li> <li>3. Strengthen coastal community resilience and climate change adaptation;</li> <li>4. Create and effectively manage marine protected areas; and</li> <li>5. Improve capacity to reduce illegal, unreported and unregulated Fishing.</li> </ol> <p>The case study only focused on the fourth component.</p>	2010 - 2014



Global Climate Change	SERVIR	SERVIR's purpose was to facilitate improved decision making for sustainable development and climate change adaptation by providing remote sensing data on weather and hydrology to governments and other stakeholders in covered regions. This case study focused on the Eastern and Southern Africa (ESA) Land Cover Mapping for Greenhouse Gas Inventory component and strengthening the monitoring and evaluation capability of the Regional Centre for Mapping of Resources for Development (RCMRD).	2011 to date
Land Tenure and Resource Management	Property Rights and Resource Governance, Liberia Policy and Institutional Strengthening (PPRG-LPIS)	PPRG-LPIS's objectives were to (1) support the Liberian Land Commission in building a reform strategy and developing a national land policy, (2) restore public confidence in land administration systems and increase local surveying capacity, and (3) improve management of land records. The case study focused on the support provided to the Liberian Center for National Documents and Records/Archives (CNDRA) to rehabilitate the deed registry system and develop procedures for management and storage of land records.	2007 - 2013
Private Capital and Micro-enterprise	Knowledge-Driven Microenterprise Development (KDMD)	KDMD was a knowledge management activity to help international development practitioners learn, coordinate, and distribute foreign assistance more effectively in microenterprise and agricultural development. The case study focused on the activity's seminar series on microenterprise development, food security, and agriculture.	2008 - 2013
Trade and Regulatory Reform	Support for Trade Acceleration (STAR)	The purpose of STAR Plus was to foster sustainable economic growth in Vietnam through increased international trade and foreign investment. This activity included training, workshops, study tours, and short-term technical assistance. The case study focused on the support provided to the General Department of Vietnam Customs.	2001 - 2010
Water	Sustainable Water and Sanitation in Africa (SUWASA)	SUWASA's objective was to improve water and sanitation service delivery by supporting reform of service providers (utilities) in nine Sub-Saharan African countries. The case study focused on one activity -- helping the Bauchi State Water Board (BSWB) in Nigeria become more efficient and accountable to its customers. The main CD approaches used in this activity were collaborative activity design with the involvement of key stakeholders, direct technical assistance, participatory workshops, trainings, mentoring, study tours, and embedding of experts.	2009 - 2015

## Key Themes

### Flexible Support for Locally Generated Initiatives

Eight of the ten case studies demonstrated that supporting clients according to their needs and preferences was an important factor for successful capacity development. In the Kabul Electricity Service Improvement Project (KESIP) activity, the client institution initiated and led change initiatives, while the implementing partner had an advisory role. Similarly, the implementation team in the HICD PLUS activity asked the client organization about its goals and priorities. This approach opened the space for honest discussions with the organization and helped instill its ownership of the CD activities.

The case studies highlighted the importance of aligning Agency goals with those of the client organizations and host countries. This was the case in KESIP where USAID was supporting the Afghanistan Government's goal of transforming the national electric utility into an autonomous and commercialized national electricity company. The AILEG Philippines case study showed the importance of frequent and

open consultations to align the goals of USAID and the client organization. The Marine Resources Program supported the Government of Indonesia's strategic goal of marine conservation. This alignment created an opportunity for USAID to develop the capacity of the Ministry of Marine Affairs and Fishery and provide trainings on marine protected area (MPA) management.

The case studies reflected the importance of being flexible to support client goals and adapt to changes in the local context. Interviewees involved with the Sustainable Water and Sanitation in Africa (SUWASA) activity in the Nigerian State of Bauchi emphasized that the flexible project approach. The project team and client identified what worked well and adapted accordingly. The Marine Resources Program's flexibility allowed USAID to remain relevant when the client organization's priorities changed.

## **Developing Trust**

The KESIP, STAR Plus, and HICD PLUS case studies also highlighted trust as important to CD effectiveness. Interviewees involved in the STAR Plus activity described a high level of trust among the implementing partners, USAID, and the Government of Vietnam clients, which made implementation easier and helped ensure that goals were understood and shared. Key staff from HICD PLUS and the USAID Mission staff had developed trust through a long working relationship that preceded the project. HICD PLUS earned the trust of the client institution and other stakeholders in Georgia through the consultative processes and recommended tools.

## **Motivation of Clients**

The case studies emphasized the importance of the interest and motivation of client actors for effective capacity development. Interviewees for the HICD PLUS case study agreed that the activity had an excellent partner. The company's top leadership set a supportive tone and the rest of the organization followed. The Property Rights and Resource Governance, Liberia Policy and Institutional Strengthening (PPRG-LPIS) activity supported three government institutions. The presence of an individual champion in one of the agencies was one of the main factors mentioned as contributing to the CD's success.

For organizational-level CD, partner contributions of financial or human resources demonstrate commitment and motivation. The host government contributed funds in two of the activities in the case studies. The Bauchi State Government contributed 5 percent of SUWASA activity cost. The Government of Vietnam committed 8 percent of the STAR Plus costs. In other cases, the host-country government contributed human or other resources. For example, the Kenya Ministry of Education, Science, and Technology allocated staff time to the PRIMR implementation.

## **Measurement**

Eight of the ten case studies noted difficulties in measuring capacity development. Some of these challenges were not specific to capacity development. The Knowledge Driven Microenterprise Development Project noted low response rates in surveys of seminar effectiveness. The PPRG-LPIS case study noted insufficient time and resources to adequately monitoring and evaluation results, as well as difficulties in accessing data in the rainy season. There were also measurement difficulties specific to assessing CD effectiveness. The MRP case study observed difficulties in measuring training effectiveness in the absence of post-training plans. It also noted the difficulty of defining indicators for effective monitoring of marine protected areas. Measuring CD outcomes was also a challenge for AILEG in the Philippines.

The case studies highlighted some promising practices in CD measurement. SUWASA used industry-standard indicators to motivate change by allowing the client organization to compare itself to other water utilities in the region. The PRIMR case study measured the application of new knowledge and skills in terms of changes in behaviors and results (Kirkpatrick Levels 3 and 4). Tutors, tutors, coaches, and mentors supervised and assessed teacher practices. The project also included a latitudinal study to assess

children's learning in reading and math. Therefore, the project could attribute improved children's learning result to improved teaching practices.

## **System-Level Incentives**

In eight of the ten case studies, the assessment team identified system-level incentives, such as treaty obligations and government reform agendas as factors contributing to the success of USAID CD support in achieving desired outcomes. That eight of the ten case studies - MRP, KESIP, HICD, SERVIR, AILEG, PRIMR, Star Plus, and SUWASA – to varying degrees dealt with systems levels interventions suggests that more research could be useful as to how, and when, designing CD interventions should include systems thinking. In the SERVIR case study, the political momentum behind the United Nations Framework Convention on Climate Change (UNFCCC) was a key external factor driving change. That case study showed that the existence of an external incentive was not sufficient in and of itself. It was important for those involved in the CD to understand the link between activities and external incentives. Interviewees stated that the results of SERVIR's training varied across countries. Participants in some trainings did not understand how the mapping techniques corresponded to the countries' requirements under the UNFCCC.

International conventions and benchmarks also created competition among countries in the PRIMR and SUWASA case studies. The SUWASA case study demonstrated the benefits of stimulating friendly competition by exposing organizations to well-functioning peers in other countries at similar levels of economic development. SUWASA also showed the importance of linking capacity development to the larger agenda to reform the urban water and sanitation sector. PRIMR's Education for All benchmarking stimulated the Government of Kenya's commitment to improved reading and math skills for primary school children.

## **Clear Roles and Responsibilities**

The LTRM Office also highlighted the importance of developing MOUs for embedded advisors in the PPRG.

## **Training**

All ten case studies included training as an individual-level CD approach. The PRIMR case study demonstrated that cohort training can be an effective way for trainees to share lessons learned and challenges, and help less experienced participants. It also highlighted the importance of dedicated practice time in trainings and varying the training content and methods based on how participating teachers applied the new methods in their classrooms. The AILEG training in the Philippines used real national data so that trainees would observe modeling outcomes that they could apply directly to energy policy questions.

The case studies highlighted the importance of considering participant needs and preferences. Participants and other stakeholders in the SERVIR Demand activity expressed some dissatisfaction that trainings took place in Nairobi, rather than their home countries. In response to this complaint, the hubs subsequently began conducting training sessions in other host countries. KESIP conducted a general training needs assessment for the client organization and a detailed assessment on finance and accounting. As a result, the project team did not have to spend significant time teaching basic accounting to unqualified team members and it could focus on developing corporate accounting capabilities. The MRP activity also used a training needs assessment that the client organization helped design.

## **Coalitions to Address System-Level Problems**

Two of the case studies highlighted the importance of stakeholder groups for achievement of development results. In the MRP activity, USAID, the implementing partner, and the client formed a CD Working Group that established priorities and technical guidelines for joint implementation. PRIMR set

up a Program Development Implementation Team that included the Ministry of Education, eight semi-autonomous government agencies working in the education sector, USAID, and the implementing partner.

### **Longer Time Frames**

The case studies showed how solving complex and system-level problems required long-term engagement. PPRG-LPIS developed important relationships with key actors in land tenure by building on prior PRRG work and embedding advisors in its primary client institution. Develop trust. STAR Plus also benefited from the prior working relationships between the implementing partners and GVN over the previous nine years.

# ANNEX E – CASE STUDY – ANALYSIS AND INVESTMENT FOR LOW-EMISSIONS GROWTH

## SUMMARY

This case study focused on one component of the Analysis and Investment for Low-Emission Growth (AILEG) activity. AILEG was a global task order, but this case study only focused on AILEG's capacity development (CD) support for the Government of the Philippines (GPH) in 2012–2013. AILEG helped the GPH design low-emissions development strategies and improve the country's supply of energy from renewable sources.

AILEG's approach was to develop the capacity of key client agencies to use data and analytical tools to make policy decisions. The GPH clients included the Philippine Department of Energy (DOE), the Climate Change Commission (CCC), the National Economic Development Authority (NEDA), and the Department of Natural Resources/Forest Management Bureau. AILEG delivered training and assessments to GPH clients and other energy sector counterparts, such as the University of the Philippines National Engineering Center (UP-NEC), the private sector, and NGOs. AILEG also worked to improve data collection and analysis, modeling, and policy planning. Market analysis helped the GPH, private sector actors, and investors understand the constraints on expanding the country's renewable energy supplies.

Key lessons on CD from AILEG work in the Philippines:

**Focus on the local context and align stakeholders' CD goals.** There was an existing memorandum of understanding (MOU) between USAID and the GPH with specific criteria for climate change mitigation and renewable energy. AILEG's aim was to accommodate the goals of the GPH, USAID/Philippines, and USAID/Washington and success depended on the commitment of all three entities. Local implementing partner staff helped various participants understand the political landscape and objectives of GPH stakeholders. USAID/Philippines staff helped build interest and momentum, and informed AILEG about the activities of other donors to help avoid duplication. AILEG delivered assistance in line with the strategic goals of all stakeholders through frequent consultation with the clients (especially the Philippine DOE). It addressed key aspects of capacity that the clients wanted to improve to promote ownership of processes and outcomes.

**The activity involved academic institutions as service providers of data collection for sustainable energy activities.** Inclusion of local institutions was part of an ongoing effort to build continuity for the AILEG training targets. It also allowed local institutions to provide mutual support over the long term. MOUs with the GPH, the UP-NEC, and other universities provided a durable approach to collecting data for energy and climate change mitigation modeling and planning. AILEG fostered relationships and information-sharing for more policy planning and market reform through an MOU on LEDS Data Sharing and Collaboration. Strengthened capacity for energy and climate change policy analysis and modeling required support from academics and local experts. Coordination within and across agencies in economic planning was critical for buy-in and implementation of plans.

**AILEG promoted the use of a standard, but customizable, analytical model for the energy sector.** AILEG provided in-depth training and technical assistance on the Long-Range Energy Alternatives Planning (LEAP) model.

**Make training immediately relevant on the job.** The relatively low initial data requirements of LEAP allowed modelers to create rapid analyses in the first round of training using pilot data

sets and proxy data from globally reputable sources. The first round of training strengthened planners' understanding of LEAP and encouraged them to avoid waiting for perfect data before using the model for planning, and identified specific data requirements for the second round.<sup>45</sup>

**Adopt an iterative approach to data quality improvement.** The second round of the LEAP training used current, national data, rather than hypothetical or international data, so that trainees could model actual outcomes. This approach enabled them to use the model to analyze energy policy options and produce actionable results clients could use in their jobs.

**Adopt custom monitoring and evaluation indicators for CD.** Isolating the effects of interventions on the capacity of recipient individuals and organizations is difficult. USAID standard indicators often address inputs and outputs, such as numbers of individuals trained, rather than outcomes and impacts. The number of people trained is not an indicator that any capacity development had been achieved. The USAID/Philippines interviewee said that AILEG went a step further by pre-testing and post-testing training participants, but the progress reports did not incorporate these data. USAID policy encourages activities to develop custom indicators to supplement the standard indicators. One custom indicator that AILEG used was the number of partnerships that formed to implement LEDS analyses. While this indicator was still a simple count, it demonstrated some local ownership and potential sustainability.

**Staff retention problems can diminish organizational-level CD results, although individual-level gains may persist.** Training that increases sought-after technical skills can increase staff turnover at client organizations, although the new skills may benefit other governmental or non-governmental organizations. Since this is a foreseeable problem, USAID could consider training more people per client organization, support repeat trainings over time, or use a training-of-trainers approach to expand the number of people trained over time indirectly. Client organizations can also require training participants to commit to remaining with the organization for a certain period of time for every week of training provided.

## INTRODUCTION AND BACKGROUND

This case study focuses on the capacity development (CD) support that the Analysis and Investment for Low-Emission Growth (AILEG) activity provided in the Philippines in 2012-2013. However, AILEG was a global activity from 2011-2013. It was initially funded by E3/EP, with subsequent buy-ins from USAID missions. Later, E3's Global Climate Change Office contributed a large share of the total core funding. Abt Associates led the AILEG consortium.<sup>46</sup>

The review team selected AILEG for this assessment because information was readily available through email correspondence with points of contact at USAID and implementing partners and some stakeholders could be identified for interviews. With the assistance of the implementing partners, the review team narrowed the focus of this case study to AILEG's CD efforts in the Philippines. E3/EP office staff also recommended this activity as a useful example to elicit lessons learned. Key members of the original AILEG team, the client, and USAID/Philippines were working to implement a follow-on USAID activity, B-LEADERS. However, no evaluation was done for AILEG as a whole or its work in the Philippines.

The assessment team reviewed the activity's final report and overview. It also conducted interviews in October 2015 with four key informants from USAID/Philippines, two from the AILEG implementing

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<sup>45</sup> USAID/EP/E3 AILEG Project, Final Report, December 2013.

<sup>46</sup> According to the project final report, Abt Associates contracted 74 individuals from 14 organizations and 23 independent consultants. The consortium also includes other USAID offices, U.S. Government agencies, and multi-lateral institutions.

partner, and one of the principal client agencies. This case study does not address the CD work of AILEG in other countries.

### CASE STUDY SNAPSHOT

**What was the problem?** With electricity prices high and supply insufficient to meet growing demand, the Government of the Philippines (GPH) needed to increase and diversify its electricity-generating capacity within the context of its efforts on global climate change. The GPH wanted to expand the shares of clean energy (CE), which included renewable energy and energy efficiency. A major obstacle to policy formation in this area was insufficient data and analytical skills to link economic and environmental outcomes for decision-making.

**What did AILEG do?** AILEG provided four types of technical assistance: 1) training client agency staff on modeling the impacts of climate change and options for the energy sector, 2) conducting an energy sector data management assessment and demand-side management analysis of least-cost options, 3) developing a forestry sector data management assessment, and 4) performing a study on barriers to investment in renewable energy.

**What was the result?** The results of analytical modeling are now applying to policymaking, and an agreement between the Philippines' Department of Energy (DOE) and the University of the Philippines is providing data for ongoing analysis. The client interviewee reported continuing to provide assistance on Long-Range Energy Alternative Planning (LEAP) modeling to DOE counterparts. Furthermore, key policymakers and private sector actors have become more knowledgeable about the barriers to expanding the country's renewable energy capacity.

AILEG helped governments, USAID missions, and other stakeholders integrate climate change data management, economics, and investment into low-emission development strategies (LEDS). Its CD support consisted of gap analysis; data strengthening for the energy, agriculture, forestry, and water sectors; cost-benefit and other analyses, LEDS modeling, and environmental valuation; and policy planning such as climate action plans and nationally appropriate mitigation actions (NAMAs). According to the project's final report, the project's achievements included 111 experts and government representatives with training in climate change analysis, more than 300 stakeholders with increased capacity to adapt to climate change impacts, and 17 laws, agreements, policies, and strategies at the national and sub-national levels to mitigate and adapt to climate change. Total USAID expenditures for AILEG were \$4.9 million through March 2013.<sup>47</sup> AILEG offered USAID missions matching funds from E3/GCC for buy-ins if needed. The task in the Philippines had a budget of \$895,000, half from USAID/Philippines and half from core funds.

AILEG delivered technical assistance low-emission development strategies (LEDS) in Colombia, Guatemala, Jamaica, Kazakhstan, Mexico, the Philippines, and Vietnam. AILEG's purpose was to

“Help developing countries transition to clean, resilient growth paths. AILEG support helped strengthen low-emission development strategies [LEDS], data systems, and economic assessment and investment analyses of countries to sustain economic growth, protect vulnerable people and places, and reduce greenhouse gas emissions while building climate resilience.”<sup>48</sup>

<sup>47</sup> USAID/EP/E3 AILEG Project, Final Report, December 2013.

<sup>48</sup> Ibid.

Clean energy was not scaling up in the way that the GPH had hoped. After the first couple of renewable energy projects, they needed help to get it to go further. The challenge that AILEG helped address is encouraging a diversity of project developers and investors, and making the renewable energy market deeper, more certain, and not exclusive to those with deep pockets.

*Implementing Partner respondent, October 15, 2015 (paraphrased)*

AILEG's work in the Philippines focused on capacity development and improving technical analysis, and data collection and analysis on renewable energy and energy efficiency in the residential, commercial, and industrial sectors, LEDS, and forestry and REDD+.

## ACTIVITY DESIGN

AILEG aimed to be demand-driven and responsive to the objectives of USAID missions and clients. An implementing partner representative explained that USAID missions discussed the purpose, SOW, and budget of potential buy-ins with the E3/EP and E3/GCC. Figure E-1 summarizes the implementation process under AILEG.

After approval of buy-ins, the implementing partner worked with the GPH and the USAID Mission to further assess needs and design sub-tasks to inform decision making for clean energy and LEDS through a transparent selection process:

“[S]ignificant exploratory LEDS needs assessment was completed in 2011 by E3/GCC and USAID/Philippines in collaboration with the Government of the Philippines (GPH). The *EC-LEDS Scoping Report for the Philippines* focused country needs on several key areas, with data improvements and technical analysis as most appropriate for AILEG.”<sup>49</sup>

AILEG's principal client in the Philippines was the Climate Change Commission (CCC), an executive branch agency under the Office of the President. The CCC is the legal authority on climate change that works with all line agencies. However, AILEG provided most technical assistance to the DOE, University of the Philippines (UP) and the Department of Environment and Natural Resources (DENR). AILEG also worked with the National Economic Development Authority (NEDA) and energy utilities.

The AILEG/Philippines buy-in did not have an explicit theory of change. However, some common operating features and principles informed the activity's design and implementation. An implementing partner representative explained that the team was interested in providing services that had a clear relationship to climate change mitigation and sustainability. The implementing partners considered the immediate steps and deliverables and worked with USAID/Philippines to preserve institutional knowledge and develop additional capacity over time.

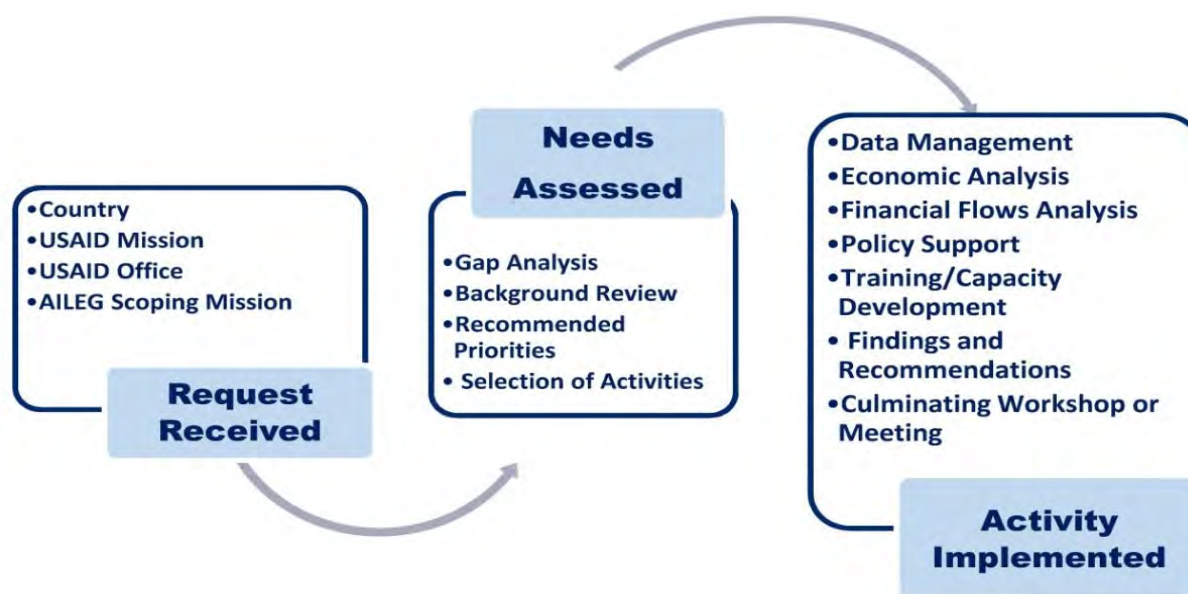
AILEG recognized the possibility that it might have to change planned sub-activities in the course of implementation, but this did not prove necessary in the Philippines. A USAID/Philippines interviewee stated that the activity delivered on its commitments in the Philippines. The implementing partners viewed AILEG as one activity in a longer CD process that would develop a technical foundation for future activities with the clients. The Mission's B-LEADERS activity subsequently built on this foundation.

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<sup>49</sup> Ibid.



**FIGURE E-1: AILEG IMPLEMENTATION PROCESS**



Source: AILEG Final Report, December 2013.

## ACTIVITY IMPLEMENTATION

### LEAP Model Training

AILEG activities in the Philippines focused on developing the capacity to use analytical models through training. AILEG's training on the Stockholm Environment Institute's Long-Range Energy Alternatives Planning (LEAP) model brought together government officials, academia, energy utilities, and other key stakeholders to learn how to apply LEAP modeling for climate change mitigation planning in the energy and transport sectors. AILEG brought in the main developer of the model as the lead trainer. LEAP is a widely used software for energy LEDS planning. LEAP has some advantages over alternative models because it is user-friendly, has pre-populated but further customizable data, and integrates with a water resources model (WEAP) developed by the same organization.<sup>50</sup>

AILEG's LEAP training consisted of two modules. The first covered the fundamentals of the model and the second applied the model for real-world planning. An implementing partner representative explained that the sequencing of the two trainings enabled participants to absorb the content and allow time to obtain current country data for modeling exercises. The first LEAP training workshop was held on January 28 to February 4, 2013 and the second on May 14 to 17, 2013. A training participant from DOE and another from the University of the Philippines served as co-trainers during the second LEAP training. A total of 38 trainees participated in the two events.

AILEG's CD activities and the decision to conduct training on the LEAP model was deliberate and evidence-based. One implementing partner noted that the LEAP model has been used in more than 190 countries. LEAP has relatively low initial data requirements because it can be run with pre-populated data while users gain familiarity with the model. Users can then do more sophisticated analyses with country-

<sup>50</sup> Additional information on the Long-Range Energy Alternatives Planning System (LEAP) is at <http://www.energycommunity.org/default.asp?action=47>.

specific data. One client explained that the DOE had used the LEAP model before AILEG and specifically requested training on this model.<sup>51</sup>

## Workshop on Renewable Energy Finance and Barriers to Investment

Despite GPH targets for expanding the proportion of electricity generated through renewable resources, investments in this area were low in the year before the activity started, although there had been some earlier large-scale investments. Since grid-connected renewable energy investment was slower than planned, it was not on schedule to meet the GPH target of 15.3 GW by 2030. To address this problem, AILEG held a workshop on renewable energy finance and barriers to investment based on the findings of a study by Bloomberg New Energy Finance, a member of the AILEG consortium. More than 60 representatives from the GPH, private sector financiers and developers, NGOs, and donors attended. The workshop was interactive and engaged stakeholders to discuss problems, understand the constraints facing other sector stakeholders, and explore potential solutions.

## ACTIVITY ACHIEVEMENT

AILEG succeeded in improving GPH capacities in analysis, policy, and market knowledge. It also began a process of engaging with universities and other local stakeholders to mobilize a new approach to data collection and monitoring for renewable energy.

### Positive Training Outcomes

AILEG designed the LEAP training to relate to the immediate work of the participants. The use of real-country data was a major factor in making it useful and engaging. A USAID representative reported that the first training module on LEAP and energy forecasting was comprehensive.

I am very involved in energy forecasting activities for the sector. As far as DOE is concerned, we are very thankful for our knowledge of energy planning using LEAP which was enhanced by the AILEG project. We continue to use LEAP to update our energy plan.

DOE Interview Respondent  
(paraphrased)  
October 28, 2015

The DOE, USAID/Philippines, and implementing partner representatives agreed on the importance of obtaining the national data for the second training module. As a result, trainees understood the model was generating actionable, country-specific results, not just examples for demonstration purposes. An implementing partner representative reported that the training helped participants develop a “congenial”, confident relationship with data.

Interviews confirmed that the DOE was standardizing use of the LEAP model to analyze country data and make decisions. LEAP has become an important tool for identifying climate change mitigation options and constructing energy balance tables for energy consumption and development planning in the Philippines. DOE is responsible for projecting demand for electricity, guiding the process of increasing the supply of electricity, and tracking the resulting greenhouse gas (GHG) emissions. A USAID mission contact reported that more DOE staff were able to use the LEAP model. One training participant stated that the DOE used LEAP for integrating mitigation options that were already underway analyzing other options and generating electricity balance tables to forecast supply and demand. After the AILEG trainings, the DOE used LEAP

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<sup>51</sup> A report of the workshop on using LEAP for Energy and Climate Change Mitigation Assessment (January 2013) may be accessed here: [http://pdf.usaid.gov/pdf\\_docs/pa00k7b6.pdf](http://pdf.usaid.gov/pdf_docs/pa00k7b6.pdf).

modeling for a broader assessment of GHG mitigation options and preparation of the Philippines' Intended Nationally Determined Contribution submission to the UN Framework Convention on Climate Change.<sup>52</sup>

One implementing partner interviewee said that the training helped the UP-NEC take ownership of LEAP modeling and ensure that some of their students would enter the workforce with a good understanding of LEAP and capacity to collect and manage the necessary data. However, the case study team did not confirm with UP-NEC whether it had offered a LEAP course.

As is often the case, technical training may make participants more employable in other governmental or nongovernmental positions. A USAID mission interviewee noted that some training participants left their positions in DOE shortly after AILEG ended. Although this was a problem for the sustainability of organizational-level capacity within the DOE, the increase in individual-level capacity was not necessarily lost to the country. However, staff retention may continue to be a major challenge due to the relatively low salaries in government. A USAID Mission respondent added that AILEG addressed sustainability by including university partners in the training and that the mission was also addressing this problem by providing additional training to DOE under B-LEADERS.

The USAID/Philippines interviewee concluded that the approach of building on the successes of earlier activities has been an effective method of sustaining and scaling up Agency assistance.

## **Catalyzing Local Partnerships to Build a Sector-Wide Data Collection Approach**

DOE had informed AILEG that it needed stronger local relationships to assist in collecting, managing, and analyzing renewable energy data. AILEG then involved UP-NEC in data collection and analysis. Later, this led to a LEDS Data Sharing and Collaboration Memorandum of Understanding (MOU) that included, DOE, UP-NEC and five other universities. The MOU initiated a process for regular collection, updating, and sharing of data for energy and climate change mitigation modeling and planning. An implementing partner representative explained that the data were critically important for estimating baselines and expected outcomes of various mitigation actions compared to the business-as-usual case. This MOU deepened cooperation and set the stage for future collaboration.

AILEG also contributed to knowledge dissemination and sustainability by convening a culminating event, "Lessons Learned in Low-Emission Development Strategies and Renewable Energy Analysis: Promoting Sustainability Through Partnerships in the Philippines." This event highlighted the relationships between DOE and universities, shared lessons learned, and discussed policy issues and options for renewable energy development. Representatives of the MOU signatory organizations made additional commitments to collaborate during this event.

## **Improved Understanding of Policy Outcomes**

All interviewees agreed that the BNEF study on barriers to renewable energy investment in the sector in the Philippines and the associated multi-stakeholder workshop increased the knowledge of diverse stakeholders on policy and regulatory issues. Implementing partner interviewees attributed the workshop's effectiveness to the fact that Bloomberg New Energy Finance (BNEF) was an independent party that did not represent the GPH, financial institutions, or activity developers. Interviewees expected that policy changes to facilitate private financing in renewable energy and open the market to smaller developers were likely to occur, although major changes would require legislative action. The USAID

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<sup>52</sup> United Nations Framework Convention on Climate Change, INDC, accessed on November 16, 2015, [http://unfccc.int/focus/indc\\_portal/items/8766.php](http://unfccc.int/focus/indc_portal/items/8766.php)

Mission interviewee anticipated that the GPH would review renewable energy policies after the May 2016 election. In the interim, additional investments in the renewable energy sector were happening, but at a slower pace than the GPH and other stakeholders wanted. The BNEF event generated many questions and recommendations from participating stakeholder groups and the USAID Mission respondent viewed that as a good indicator of its effectiveness. A DOE interviewee found the workshop helpful in enabling the Philippines to make progress toward its renewable energy investments and targets. While many factors have contributed to renewable energy growth, this interviewee reported that the DOE bureau responsible for renewable energy was able to use the results of the study to simplify the renewable energy development process.

## Follow-On Activities

Because of the success of this activity and the importance of continued support for low-emission development strategy (LEDS) in the Philippines, USAID/Philippines established a follow-on activity in country: Building Low-Emission Alternatives to Develop Economic Resilience and Sustainability (B-LEADERS) for February 2014 to January 2018.<sup>53</sup> USAID mission staff have observed increases in GPH capacity in renewable energy modeling and planning. Many individuals who have received training under AILEG applied their skills to assist in B-LEADERS trainings.

Abt Associates worked as a subcontractor on B-LEADERS. One of the AILEG implementing partner respondents and the USAID/Philippines respondent for this case study have continued in similar capacities under B-LEADERS. In addition, E3/GCC and E3/EP established a follow-on global activity for 2014-2018 -- Climate Economic Analysis for Development, Investment, and Resilience (CEADIR). This activity is led by a Crown Agents consortium that included Abt Associates as the main technical subcontractor.

## LESSONS LEARNED

The AILEG experience in the Philippines generated several lessons that practitioners can use in planning, implementing, or assessing CD interventions:

### **Focus on the local context and align stakeholders' CD goals.**

AILEG accommodated the goals of the GPH, USAID/Philippines, and USAID/Washington by operating under an existing MOU between USAID and the GPH that had specific criteria for climate change mitigation and renewable energy.

Local implementing partner staff helped other participants understand the political landscape and objectives of GPH stakeholders. USAID/Philippines staff helped build interest and momentum and informed AILEG about the activities of other donors to help avoid duplication of efforts. AILEG delivered assistance in line with the strategic goals of all stakeholders, particularly the DOE through frequent consultations. It addressed key aspects of capacity that the clients wanted to improve, promoting client ownership of processes and outcomes.

**The activity involved academic institutions as service providers of data collection for sustainable energy activities.** Inclusion of local universities was part of an ongoing effort to

A best practice for technical, data-intensive training is to partner with academic institutions. We have seen over the years that universities can help the government to sustain capacity development training. The knowledge remains in the institution even if individuals periodically leave.

USAID Interviewee (paraphrased)  
October 21, 2015

<sup>53</sup> "Press Release, Engility Awarded \$14 Million Task Order to Strengthen Philippine Government's Capacity to Increase Climate Change Resilience and Mitigation," Engility Corporation, accessed November 16, 2015, <http://www.engilitycorp.com/news-events/press-releases/press-release14/>.

build continuity and long-term sustainability. The MOUs that AILEG facilitated between the GPH and universities supported a durable sector-wide approach to collecting data for energy and climate change mitigation modeling and planning. T AILEG fostered relationships and information sharing to continue policy planning and market reform. Strengthened capacity for policy analysis and modeling required support from academics and local experts because even the simplest energy models required some expertise. Coordination of economic planning various agencies in was critical for buy-in and implementation of plans.

**AILEG promoted a standard, but customizable, analytical model for the energy sector.** AILEG provided in-depth training and technical assistance on the Long-Range Energy Alternatives Planning (LEAP) model.

**Make training immediately relevant on the job.** The relatively low initial data requirements of LEAP allowed modelers to create rapid analyses in the first round of training using pilot data sets and global proxy data. The first round of training strengthened planners' understanding of LEAP and encouraged them to avoid waiting for perfect data before using the model for planning, and identified specific data requirements for the second round.

**Adopt an iterative approach to data quality improvement.** The second LEAP training sessions used real data. AILEG also addressed data collection and analysis issues for further improvements in the information base.

**Adopt custom monitoring and evaluation indicators for capacity development.** It is difficult to isolate the effects of training and other interventions on the capacity of individuals and organizations. USAID's standard indicators for CD typically address inputs and outputs, such as numbers of individuals trained, rather than outcomes and impacts. The number of people trained is not a good indicator of capacity development. Although the USAID Mission interviewee said that AILEG went a step further than most through pre-testing and post-testing training participants, but the changes in test scores were not documented in activity progress reports. USAID encourages activities to develop custom indicators to supplement the standard indicators. One custom indicator that AILEG used was the number of partnerships established to implement LEDS analyses. While this indicator is still a simple count, it demonstrates some local ownership and potential sustainability.

**Staff retention problems can diminish organizational-level CD results, although the individual-level gains may persist.** Training that increases sought-after technical skills can increase staff turnover at client organizations, although the new skills may benefit other governmental or non-governmental organizations that hire the trained individuals. To address this foreseeable problem, USAID could consider training more people per client organization, directly supporting repeat trainings over time, or using a training-of-trainers approach to indirectly increase the number of people trained. Client organizations often require training participants to commit to staying in their organizations for a certain period of time for every week of training provided.

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# ANNEX F – CASE STUDY – KENYA PRIMARY MATH AND READING INITIATIVE

## SUMMARY

This report focuses on USAID/Kenya's Primary Math and Reading (PRIMR) activity implemented by RTI International between 2011 and 2014. PRIMR's purpose was to improve in English and Kiswahili language and mathematics skills of Kenyan children in the first and second grades.

Capacity development (CD) of teachers and government agencies was an important element. PRIMR developed the capacity of tutors, coaches, and teachers to implement the PRIMR method in classrooms. It recognized the importance of government leadership by supporting the capacity of the Ministry of Education, Science, and Technology (MoEST) to implement national education initiatives. Organizational capacity development of the MoEST and the five semi-autonomous government agencies (SAGAs) involved in its implementation was not an objective.

PRIMR's experience generated the following key lessons on capacity development:

**Align trainings to participant needs.** PRIMR aligned trainings with teachers' job descriptions and needs. It used tutors' classroom observation data and teacher feedback to adjust learning materials based on teacher performance and needs every term.

**Measure application of knowledge and results.** PRIMR recognized that CD is best measured by the application of new knowledge and its results, rather than participants' satisfaction or acquisition of knowledge. This approach to measurement focused on the intended outcomes. Although participants may be satisfied with trainings, they might not retain the acquired knowledge over the course of a school year or beyond. Increased teacher capacity was viewed as a means to improved child learning outcomes in math and reading.

**Active government participation increases credibility but also reduces control over implementation.** PRIMR's Program Development and Implementation Team (PDIT) consisted of officials from the MoEST and the SAGAs. In addition, representatives from teachers' unions and the MoEST participated in the trainings to help increase their relevance and quality. The Teacher Advisory Center's tutors and coaches (government employees) were responsible for providing the training and instructional support to teachers. Their involvement resulted in less PRIMR staff control over implementation control than if it had relied on consultants reporting directly to PDIT. However, PRIMR saw the government's management role in the activity as necessary for increasing the likelihood of sustained results.

## INTRODUCTION AND BACKGROUND

The team selected the PRIMR activity for three reasons. First, E3 technical staff recommended it as a useful example that would generate lessons learned. Second, substantial documentation was available, including progress reports, impact evaluation reports, a teacher training report, and post-training evaluation forms. Third, USAID was able to refer the review team to key informants. Third, the assessment team had email communications with a key informant from the USAID mission, the implementing partner, and two Kenyan Government partners. The Kenyan Ministry of Education, Science, and Technology



(MoEST) was aware of USAID successes in improving reading and math education in Ethiopia and West Africa and wanted to apply these approaches in Kenya.

The Kenya Primary Math and Reading (PRIMR) activity aimed to improve the English and Kiswahili language and mathematics skills of Kenyan children in grades one and two. RTI International implemented PRIMR from August 2011 to August 2014 with funding from USAID/Kenya and oversight from the MoEST. Five semi-autonomous government agencies (SAGAs) were involved in implementation -- the Kenya Institute of Curriculum Development (KICD), Kenya National Examination Council (KNEC), Teachers' Service Commission (TSC), Kenya Education Management Institute (KEMI), and Kenya Institute of Special Education (KISE). The CD focused on tutors, coaches, and teachers, rather than government entities.

PRIMR used available evidence to develop and implement instructional improvement methods to increase students' fundamental skills in reading and mathematics. PRIMR tested and monitored several approaches to public education to determine which activities would improve pupil achievement most cost effectively. RTI International had primary responsibility for design and implementation, while the MoEST played an important role in oversight and allocation of personnel for implementation. PRIMR also assessed the potential for expanding to a national scale.

### CASE STUDY SNAPSHOT

**What was the problem?** Reading levels for primary school children in Kenya were unacceptably low. Prior research had demonstrated that these low literacy levels resulted from inadequate teaching practices that focused on language rather than literacy.

**What was done?** The activity worked with the MoEST and five SAGAs to train coaches, tutors, and mentors to help teachers implementing improved pedagogic methods for teaching reading and math.

**What was the result?** PRIMR strengthened pedagogical support for teachers and improved the capacity of teachers to implement and use periodic assessments. It improved learning outcomes in reading and mathematics for first and second graders.

## ACTIVITY DESIGN AND IMPLEMENTATION

### Developing Capacity to Improve Learning Outcomes

PRIMR's Performance Monitoring Plan reflected the purpose of achieving better educational outcomes. Intermediate Result (IR) 1 aimed to improve children's reading and comprehension, IR2 aimed to improve children's mathematics abilities, and IR3 aimed to improve the capacity of the Ministry of Education, Science, and Technology (MoEST) to implement IRs 1 and 2 at scale. Although IR3 addressed strengthening institutional capacity, it was viewed as a means to improving children's learning rather than an end in itself.

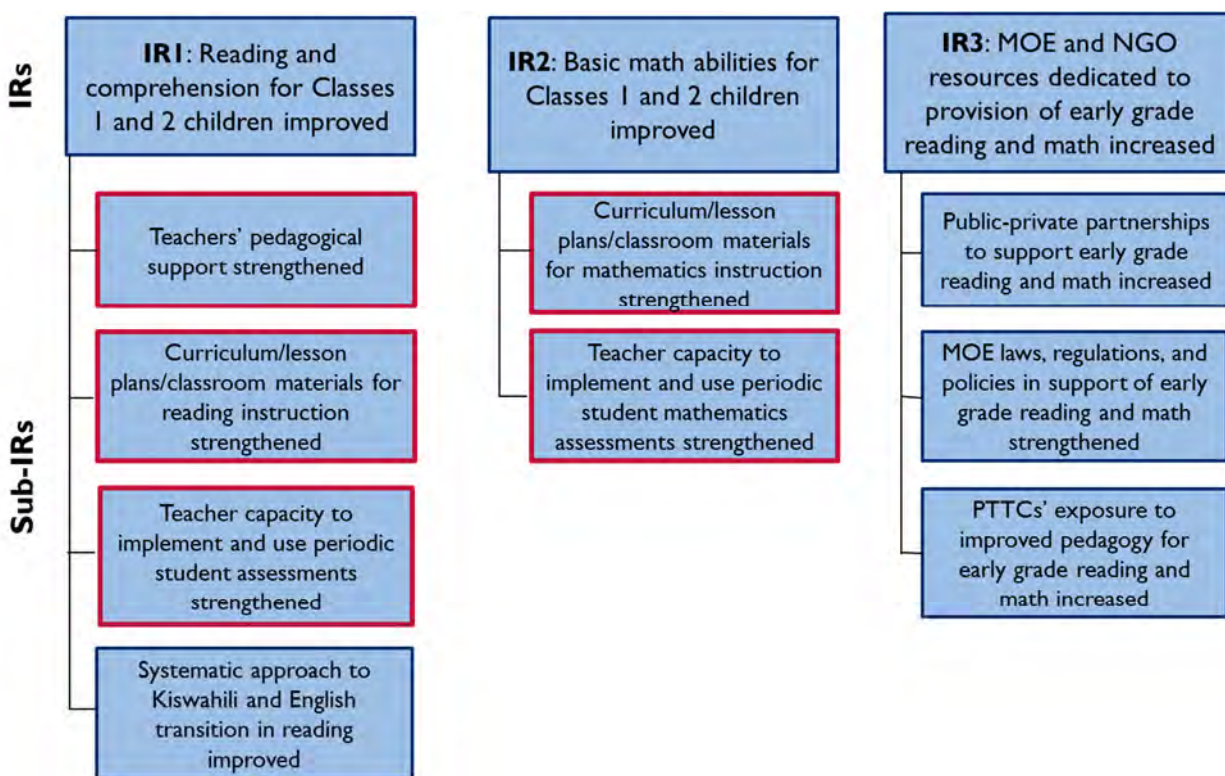
Figure F-1 presents the activity's intended outcomes, with areas of CD concentration highlighted in red. IR3 was less of a focus for PRIMR than the follow-on Tusome Early Grade Reading activity.<sup>54</sup>

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<sup>54</sup> RTI International implements the Tusome Early Grade Reading Activity, which seeks to improve English and Kiswahili reading outcomes for 5.4 million Kenyan children in grades one and two by 2018. Tusome means "Let's Read" in Swahili.



**FIGURE F-1: CAPACITY DEVELOPMENT IN THE PRIMR RESULTS FRAMEWORK**



Note: PTTC stands for Primary Teacher Training Colleges

## Evidence-Based Approach to Developing Teacher Capacity

PRIMR's teacher training and support was grounded in research evidence. However, its theory of change for strengthening the long-term capacity of the national education system was less well supported. The basis of the design was recommendations from prior research on literacy carried out by the implementing partner in 2009 with the MoEST.<sup>55</sup> Numeracy was not addressed in the 2009 study. This research showed that low literacy levels in Kenya resulted from teaching practices that focused on language rather than literacy.

The implementing partner noted that PRIMR adopted proven practices from the literature on teacher training (such as shorter trainings with follow-ups, simplified expectations of teachers' knowledge retention, and an emphasis on practice and participant interaction). The literature suggested that teachers were more likely to adopt new practices if they have modeled them successfully in a training setting. The PRIMR trainings had teachers model new practices that other teachers would then evaluate.

PRIMR's monitoring and evaluation approach allowed it to adjust the training model based on feedback. The implementing partner revised the training materials every term based on the areas in which teachers had the most difficulties. Post-tests and evaluation forms were used to assess participant understanding reactions to the workshop. This allowed the activity team to identify which aspects required more or less

<sup>55</sup> Crouch, L., Korda, M., and Mumo, D. (2009). "Improvements in reading skills in Kenya: An experiment in the Malindi District." The PRIMR chief of party participated in the activity's design, implementation, closeout, and evaluation, and is serving the same role for the follow-on activity.

attention in subsequent trainings. PRIMR found that the first round of trainings was too didactic and theoretical, without adequately emphasizing activities and practice.

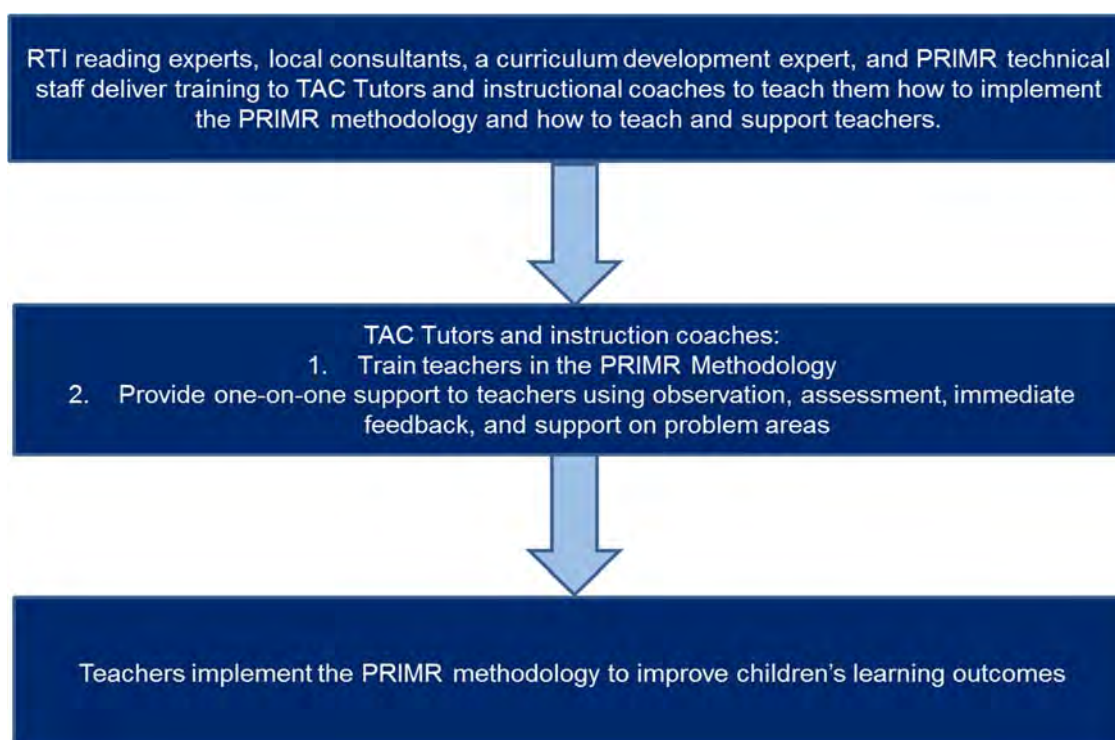
Although training methods were well-grounded in evidence, PRIMR did not address how the national education system's capacity would continue implementation over the long-term. It did not pay sufficient attention to institutional CD for supporting system-level change. The design assumed that teaching the skills to the right individuals and meaningfully involving them in the implementation would enable the system to sustain the model. One Government of Kenya counterpart stated that this approach may have compromised the long-term sustainability: "Teachers are being well trained, but after the three years we do not know what will happen. ... More should have been done in teacher training colleges".

## Developing Individual Capacity

PRIMR's main activities included trainings and workshops for tutors, coaches, and teachers at local teacher advisory centers (TACs). TACs formed in Kenya in the 1970s to provide in-service courses to help teachers improve professionally, develop curricula, and use new instructional materials (Masagara, 1983). Kenya now has more than 1,370 zonal teach advisory centers (Welford, et al.). Trainings included government officials and NGO staff and focused on increasing participants' ability to apply new knowledge and skills. TAC tutors learned methods to support and evaluate teachers and the teachers learned how to teach numeracy and literacy better.

The trainings used a cascade training model with several layers of trainers (Figure F-2). It started with the implementing partner's education specialists training TAC tutors to provide one-on-one support to teachers in their classrooms. TAC tutors and coaches learned how to observe, assess, provide feedback, and support teachers. They received training in using information and communications technology and cloud-based tools to observe classrooms, monitoring whether teachers were applying the information they acquired. PRIMR observed the techniques that teachers used, their pace, and how well they planned lessons. TAC tutors and coaches followed up immediately after a lesson ended, providing feedback to the teacher and identifying areas that needed further support. The interactions between coaches or tutors and the teachers followed an appreciative and reflective approach, in which both parties shared feedback on the lesson. Travel reimbursements enabled the TAC tutors to visit the schools. The most successful model reimbursed TAC tutors based on the proportion of teachers who had successfully uploaded classroom observational data on a monthly basis (RTI, 2014).

**FIGURE F-2: PRIMR'S CASCADE TRAINING MODEL**



## Aligning the Activity with Teacher Needs

PRIMR's design reflected appreciation of teacher realities and needs. The implementing partner reported that it tried to avoid the mistakes of previous education activities in Kenya, which gave teachers and education officials additional tasks beyond their existing job descriptions. PRIMR asked teachers to help design guides to ensure that they were in alignment with job descriptions and practices. Another important feature was having government officials lead the trainings and workshops, rather than external consultants.<sup>56</sup> TAC tutors supervised and supported teachers. Instead of providing the tutors with heavily scripted methods for providing support to teachers, the guidance was open enough to allow tutors to offer simple and flexible advice. PRIMR developed teachers' guides and school materials that teachers could use, rather than just prescriptive lesson plans. This was an innovation in Kenya, where teachers previously were expected to develop their own materials based on the curriculum. Consequently, PRIMR reduced the time that teachers had to spend developing lesson plans.

There were some problems implementing this model. A Government of Kenya (GOK) counterpart noted the difficulty of integrating PRIMR with normal teaching duties. Another GOK counterpart described how participation in the Program Development Implementation Team resulted in additional duties for government officials. The Teacher Trainer Report also identified some cases of parallel teaching, where teachers reverted to traditional methods for some lessons.

To make sure that teachers' guides aligned with existing job descriptions and practices, PRIMR used teachers themselves to help design the guides.

<sup>56</sup> TAC tutors who train and provide pedagogical support to teachers are government employees.

It also noted that some teachers had difficulty understanding and using the PRIMR methods. Many trainees asked for more time to grasp the new concepts. Some participants said the PRIMR teachers' guides were too long to cover during 30 minutes of lesson time.

Despite these challenges, most teachers saw PRIMR as a more effective way to help children learn. All four interviewees highlighted the positive reaction of teachers to the training, in the absence of monetary incentives. Teachers generally felt that PRIMR appreciated what they were doing and helped them do their jobs. The TAC tutor model gave teachers continuous support and guidance. An interviewee from a Kenyan partner institution observed that the PRIMR approach to teaching several subjects simultaneously helped teachers keep the attention of diverse pupils.

## **Aligning with Government Goals and Mandates**

Kenya's National Education Sector Plan included objectives and investments to increase literacy and numeracy.

Interviewees from the implementing partner, USAID mission, and one government counterpart agreed that the GOK embraced and supported PRIMR. The government counterpart stated that the MoEST appointed a project team and supported implementation. Project reports highlighted the involvement of senior-level MoEST officials as evidence of the government's support. The MoEST permanent secretary attended PRIMR's launch.<sup>57</sup> An MoEST assistant director addressed TAC tutors at one training event. However, another GOK counterpart noted that the government did not contribute any financial resources for PRIMR and this represented a sustainability risk in the absence of future donor support.

The 2010 Constitution established the Teachers' Service Commission (TSC) to oversee and employ all public school teachers in Kenya. PRIMR worked through the TSC for all TAC tutor and teacher trainings. One GOK interviewee noted that PRIMR supported TSC's mission "to establish and maintain a sufficient, professional teaching service for educational institutions". The TSC welcomed the external help since it did not have the resources to fulfill its mission. However, the TSC did not feel sufficiently involved in the activity's design and implementation. This interviewee explained that the TSC would have emphasized the importance of developing the institutional capacity of teacher colleges for pre-service training as a critical component for sustainability if it had been consulted at the design stage. Two other GOK counterparts agreed that the government supported PRIMR, but felt that the implementing partner led the activity.

The implementing partner encountered some resistance despite the GOK's overall support and involvement. For instance, the Kenya Institute of Curriculum Development (KICD) was skeptical about adopting a new approach that it had not helped develop. A GOK counterpart reported that the KICD complained that it did not initially have an opportunity to vet the materials produced under PRIMR. However, PRIMR did invite KICD officials to visit activity schools, which reportedly changed some their views. PRIMR eventually developed the curriculum with the KICD and showed teachers how the PRIMR methods aligned with the KICD syllabus. Specifically, PRIMR produced a curriculum coverage document that explained each part of the KICD syllabus (Masagara, 1983). A GOK counterpart said that the quality assurance departments also showed some resistance to PRIMR. This individual rated the government's participation in the design and implementation of PRIMR at only six out of ten because it did not have a sufficient role.

However, the implementing partner reported that the MoEST was involved in the research that informed the project's design and the design and delivery of PRIMR and was assertive about what it did and did not want. The implementing partner changed some plans based on local realities and MoEST directives. A GOK counterpart suggested that government involvement was important, but led to some bureaucratic

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<sup>57</sup> The president of Kenya gave remarks at the launch of the Tusome follow-on activity.

hurdles and delays. One interviewee attributed the trust between the MoEST and RTI International to transparency in communications and activities.

## **Developing Capacity at the National Level**

The PDIT was an important component of the national-level coordination and government participation. The MoEST and SAGAs participated in the PDIT. PDIT members participated in the PRIMR workshops each term (RTI, 2014). The PDIT provided continuous feedback and made sure that materials met the standards in the MoEST and SAGAs' regulations. The PDIT was responsible for developing the scope and sequence of the new instruction methods. Its members also gave feedback and approval to PRIMR's annual plans. One GOK official reported significant sharing of documentation and a consultative implementation process with the PDIT responsible for coordination, organizing meetings, and undertaking evaluations.

The PRIMR design assumed that giving training to national and subnational education managers would increase Kenya's capacity to implement education policies. PRIMR's support for policy studies resulted in concrete recommendations, but did not address the government's capacity to implement the policies.

## **ACTIVITY ACHIEVEMENT**

### **Teachers Adopted PRIMR Methods**

PRIMR reported participant satisfaction with trainings and participants' increased knowledge. It measured training effectiveness based on the extent to which teachers actually used the methods in the schools. PRIMR coaches and tutors employed by the GOK observed that 100 percent of the classrooms they visited were using PRIMR lesson plans for mathematics and 98 percent for reading. PRIMR's target for 2014 was 70 percent for both subjects. The teachers who received training through the project also formed an informal community of practice to train other teachers, but PRIMR did not formally track the outcome of the secondary trainings.

There were five critical factors for teachers' adoption of the PRIMR model: 1) use of cohorts, 2) active GOK participation, 3) interactivity of the trainings, 4) the usefulness of the methods for teachers, and 5) the support of coaches and tutors. The cohort approach to training allowed for reflection and peer-to-peer discussions around successes and challenges in implementation of the methods. PRIMR organized a refresher training that enabled the first cohort to update its approaches based on collective experiences. In addition, PRIMR facilitated monthly reflection meetings as a forum for TAC tutors and coaches to share good practices and communicate feedback and lessons learned. These meetings also provided a chance to check the inventory of instructional materials delivered to the schools and address any shortfalls (RTI, 2014). The cohorts helped people who missed the initial training to catch up by pairing them with a more experienced teacher. The emphasis on practice and interactive activities also increased the interest and engagement of training participants. TAC tutors and coaches found it helpful to practice giving advice and constructive feedback to help teachers become comfortable with the methods and materials.

MoEST involvement in the workshops increased teacher participation in the trainings and implementation of the approaches. TAC tutors were government employees who trained teachers. The TSC's involvement was especially important since it was the direct employer of all teachers. It also accommodated PRIMR's request to minimize teacher transfers to reduce the burden of training new TAC tutors.

PRIMR placed a high priority on ensuring that the methods aligned with the job descriptions of TAC tutors and could be easily adopted by teachers, but it only had partial success in these areas. Some TAC tutors



and teachers expressed concerns that PRIMR was insufficiently aligned with the KICD curriculum. Some teachers welcomed the PRIMR methods since they reduced their work in developing lesson plans.<sup>58</sup> Teachers were motivated to adopt proven methods to increase children's learning. Teachers who implemented the model depended on the availability of TAC tutors and coaches to supervise, evaluate, and support them. A travel reimbursement scheme covered the costs of TAC tutor visits to the schools. The most successful model reimbursed TAC tutors based on the proportion of their teachers who uploaded classroom observational data each month. Issues also arose with some TAC tutors and teachers who did not fully understand the methods or wanted more time to review the content. The project resulted in an additional burden on TAC tutors who found it difficult to support their assigned teachers while also handling other duties. Each TAC tutor was assigned 10 to 15 schools that they were expected to visit twice a month.

Three key aspects of the approach were the 1) effective design and distribution of learning materials; 2) moderate amount of teacher training and strong emphasis on follow-up; and 3) post-training classroom observation and supervision. PRIMR provided Kiswahili and English teaching materials to the PRIMR schools for every child enrolled in the first and second grades. PRIMR reduced costs by consolidating literacy activities and lesson plans in a single book and including each day's content on a single page. In the 2013 academic year, each book cost US \$0.75 each, while other books on the market with fewer pages cost more than five times that amount (RTI, 2014).

PRIMR also understood the complexity of distributing materials to schools. It obtained accurate school enrollment data and planned and implemented a sophisticated distribution network. Ensuring that materials reached the schools on time was essential.<sup>59</sup>

PRIMR provided a total of only ten days of training for the three subjects (English, Kiswahili, and math). Instead of longer trainings, it emphasized post-training support and follow-up. Despite multiple requests from trainees for more time, PRIMR held to its view that additional training days would have only a marginal effect.

The emphasis on teacher supervision improved teachers' capacity to implement the approach. TAC tutor and coach visits included observation of a lesson, completion of a teacher observation form, and a conversation between the tutor and the teacher. The TAC tutor or coach met with the head teacher in each school to discuss their teachers' progress and additional support that head teachers could provide. PRIMR used adult learning methods in the training and recognized that the relationship between coach/tutor and teacher was critical in changing teacher approaches in the classroom (RTI, 2014). A GOK counterpart emphasized that the coaching and tutoring was critical in motivating teachers.

## Improved Learning Outcomes

The Endline Impact Evaluation Report (RTI, 2014) and the PRIMR Final Report (RTI, 2014) discussed the improvement of the targeted children's reading and mathematics achievement.<sup>60</sup> First- and second-grade students in schools that received PRIMR assistance had higher scores than those in control schools on each of the English tasks tested. On average, students benefiting from the PRIMR interventions read 47.0 letters per minute correctly, compared to 25.7 letters per minute in the control group. These results

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<sup>58</sup> Teacher Trainer Report

<sup>59</sup> Ibid.

<sup>60</sup> The implementing partner conducted the impact evaluation. The Endline Impact Evaluation used a randomized controlled trial design and included 214 schools and 4,222 pupils. It compared three groups: Cohort 1 (125 schools that started the program in 2012), Cohort 2 (185 schools that started the program in 2013), and Cohort 3 (101 control schools). The study randomly selected these schools from the 547 that participated in PRIMR.

were based on PRIMR's a simple regression analysis at the endline that controlled for gender, age, parental literacy, wealth factors, a composite of pupil wealth, reading material availability, and the textbook ratio.

A positive but smaller impact was found on learning outcomes in mathematics. Use of PRIMR methods and materials improved number identification by 0.27 standard deviations (SD) and missing number questions by 0.29 SD, but had little effect on quantity discrimination (0.03 SD) – the ability to determine the larger of two numbers.

## LESSONS LEARNED

PRIMR's experience highlighted the following key lessons on capacity development:

**Use practice and follow-up to support training effectiveness.** Constructive feedback, supervision, and practice were critical in developing the skills of tutors, coaches, and teachers. A travel reimbursement scheme encouraged tutor/coach visits to schools, generally twice a month. Individual training sessions emphasized practice and feedback. The implementing partner minimized overly theoretical approaches based on early lessons learned.

**Align trainings to participant needs.** PRIMR recognized the importance of aligning teaching guides with teacher job descriptions. Trainings in the new method showed an appreciation for teachers' existing practices. Classroom observation data and teacher comments were used in revising the learning materials every term.

**Measure the application of knowledge and results.** PRIMR measured the application of new knowledge and its results (Kirkpatrick levels three and four), rather than participants' satisfaction or knowledge acquisition (Kirkpatrick levels one and two).<sup>61</sup> PRIMR measured both the extent that participants applied what they learned during training on the job (behavior) and that targeted outcomes occurred (results). The design included randomized controls to facilitate an impact evaluation, which is more feasible for education than many other types of activities.

**Active government participation increases credibility, but also reduces implementing partner control.** The Involvement of the PDIT teachers' unions and the MoEST increased credibility and ownership, even though it reduced the implementing partner's control over the quality of support for teachers. Nevertheless, this approach was necessary for increasing the potential for continuity.

**Insufficient institutional CD may compromise sustainability.** PRIMR did not focus on developing the capacity of public sector organizations responsible for implementation after the activity ended. It did not diagnose national or local partner capacities or develop them beyond individual skills training and involvement in s implementation through the PDIT (learning by doing). This raises questions on how the next generation of TAC tutors, coaches, and teachers will receive training to continue to develop the materials and methods and roll them out more broadly.

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<sup>61</sup> In the 1950s, Dr. Don Kirkpatrick developed a four-level model for evaluating trainings -- reaction, learning, behavior, and results.

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# ANNEX G – CASE STUDY – HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT PLUS SUPPORT TO THE GEORGIAN STATE ELECTROSYSTEM

## SUMMARY

This case study focuses on capacity development (CD) in the USAID Human and Institutional Capacity Development PLUS (HICD+) Project's assistance to the Georgian State Electrosystem (GSE) between September 2011 and September 2015. This assistance followed the recognition by the Government of Georgia, USAID, and other donors that better management was necessary for the large investments that had been made in the country's electricity system to pay off.

This activity followed the Agency's HICD approach, which included confirming that the GSE was a viable partner, conducting a performance assessment, developing key performance indicators, and developing and implementing performance solutions. The performance solutions included project management training, strategy development, and improving monitoring and evaluation (M&E). Due to the support from HICD+, the GSE made substantial improvements in its project management processes, data-driven decision making, data collection and analysis, internal audits, procurement process, and workforce readiness.

The case study identified the following key lessons for CD from the GSE support for the design, implementation of CD, and partnerships:

**Select clients carefully.** Interviewees agreed that the GSE was an excellent partner for HICD. The company's top leaders set a supportive tone and the rest of the organization followed. Most of the top managers who entered the GSE in 2007 were still with the organization. The GSE was fully engaged in every step of the process. The goals of the GSE aligned well with those of the USAID mission. The consultative process using the Critical Success Factors Framework and a new stakeholder group contributed to effective communications.

**Identify a change champion.** The GSE assigned a senior manager as the primary point of contact for HICD+, reporting directly to the CEO. This assignment conveyed the importance of the HICD Project to staff and streamlined communication with the HICD+ team, reducing the burden on other mid- and senior-level managers.

**Align CD goals.** Instead of proposing pre-determined CD goals and activities, the HICD+ team asked the client organization about its goals and priorities. This approach opened the space for honest discussions and increased the organization's ownership of the CD activities.

**Build trust among stakeholders.** Key staff from HICD+ and the USAID mission had developed trust through a long working relationship that preceded this project. HICD+ earned the trust of the GSE and other stakeholders through the consultative processes and use of HICD tools.

**Address the external environment and context in organizational capacity assessments.** Some organizational capacity assessments focus only on the internal aspects of the organization, ignoring larger political economy issues and the external environment in which the organization operates. The HICD performance assessment process in this activity addressed the internal and external environments as well as organizational performance.

**Connect training to larger change efforts.** Staff are unlikely to apply new skills and knowledge if change does not occur in the larger system in which they operate. Organizations should link training to larger change processes and ask participants to apply new knowledge and skills soon after the trainings. This approach can make it easier to sustain and build on training gains.

**Set criteria-bound targets for project achievements and encourage a process of continuing improvement.** Donor-funded activities have limited budgets and end dates that should connect to measurable targets. However, these targets might not represent the endpoints for capacity development. HICD+ developed a decision framework for setting additional targets after the USAID funding has ended.

**Identify and follow up on relevant evaluation recommendations.** HICD+ benefited from the evaluation recommendations for the prior Focus on Results – Enhancing Capacity Across Sectors in Transition (FORECAST) project. The first annual report highlighted each of the FORECAST evaluation’s recommendations and how the HICD+ team took them into account. If there were no evaluations of prior USAID activities in the country, it may be possible to find relevant lessons from evaluations of USAID activities in other countries or other donor projects in the country.

**Use special studies to assess CD achievements and challenges.** Special studies can be useful when available information from monitoring and evaluation was not sufficient to guide decision making. USAID/Georgia found a special impact study useful because it applied a return-on-investment method to value CD gains.

## INTRODUCTION

This case study focused on the Human and Institutional Capacity Development PLUS (HICD+) Project’s assistance to the Georgian State Electrosystem (GSE) from September 2011 to September 2015. The assessment team selected this activity because E3 interviewees recommended this activity as a useful example that would elicit lessons learned, documentation was easily located, and USAID mission and implementing partner contacts were available for email correspondence. Key members of the implementing partner team, the GSE, and USAID/Georgia were implementing a follow-on activity.

Available documentation included four annual activity reports, HICD’s performance assessment of the GSE, Performance Solutions Package (PSP), Decision Framework for Local Partner Institution Capacity Development Support in the Republic of Georgia, and an impact study. The assessment team interviewed key informants from USAID, implementing partners, and client organizations in mid-October 2015.

## CASE STUDY SNAPSHOT

**What was the problem?** The Government of Georgia, USAID/Georgia, the Asian Development Bank, the World Bank, the German Development Bank, and the European Investment Bank had invested heavily in Georgia's energy sector and recognized that better management was necessary for those investments to pay off.

**What occurred?** The HICD+ team followed the Agency's HICD approach and conducted a performance assessment to inform the design of performance solutions. These solutions included project management and business case analysis trainings, business process re-engineering, strategy development, training of trainers, internal audit strengthening, establishment of performance indicators, improvement of a performance monitoring and evaluation system (PMES), and workforce strengthening.

**What was the result?** A GSE interviewee reported improved management across business units. The GSE has sustained training programs and continues to use the PMES. The GSE now has a strategic plan and an operational plan and strategic thinking is part of its decision-making process.

## BACKGROUND

Chemonics International implemented USAID/Georgia's \$6 million HICD+ project from September 2011 to September 2015 with local partners. This mission buy-in to an E3 IDIQ was a follow-on to USAID/Georgia's Focus on Results – Enhancing Capacity Across Sectors in Transition (FORECAST) Project, which spanned September 2007 to May 2011 and also used the HICD approach.<sup>62</sup> Most of FORECAST's senior staff and the USAID Contracting Officer's Representative had been involved in HICD activities in Georgia since 2007. As document review and interviews confirmed, many senior staff members who were involved with HICD+ were also involved in the current HICD 2020. This activity's implementation in Georgia (September 2015 to September 2020) falls under USAID's Human and Institutional Capacity Development (HICD Pro) indefinite delivery, indefinite quantity contract (IDIQ).<sup>63</sup> The continuity of USAID mission and implementing partner (IP) staff working on HICD activities in Georgia was notable and retained institutional memory from one activity to the next.

HICD+ also worked with two other clients, the Association of Development and Support of Microfinance Organizations of Georgia, and the Georgian Oil and Gas Corporation. However, this case study only focused on the support to the GSE.

## ACTIVITY DESIGN AND IMPLEMENTATION

### The Human and Institutional Capacity Development Approach

USAID's Human and Institutional Capacity Development (HICD) Handbook defined the approach as:

“A USAID model of structured and integrated processes designed to identify root causes of performance gaps in host country partner institutions, address those gaps through a wide array

<sup>62</sup> FORECAST had two components: traditional participant training and longer-term HICD assistance to selected organizations.

<sup>63</sup> The objective of HICD 2020 is to achieve tangible improvements in the human and institutional capacity of USAID's strategic partner organizations in Georgia, including governmental, non-governmental, and for-profit entities.

of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems.”<sup>64</sup>

Table G-I shows the steps that were followed in the HICD support for the GSE.

**TABLE G-I: STEPS IN HICD+ SUPPORT FOR THE GSE<sup>65</sup>**

<b>HICD Approach</b>	<b>GSE HICD Activity</b>
Identify Partner Organization	Identified the GSE as a potential partner and assessed its likelihood for success using the Critical Success Factors Framework.
Obtain Partner Commitment	USAID/Georgia and the GSE signed memoranda of understanding (MOUs) prior to the performance assessment and before implementation of performance solutions.
Form Stakeholder Group (SG)	The SG consisted of representatives from the GSE, USAID mission, the Hydropower Investment Promotion Project, the Power and Gas Infrastructure Project, and HICD PLUS.
Conduct Performance Assessment	The Policy and Management Consulting Group (PMCG) conducted the performance assessment. The GSE facilitated the process and commented on the recommendations.
Prepare Performance Solutions Package (PSP)	The PMCG prepared the PSP with full engagement of the GSE and a broader consultative process with the SG.
Implement Performance Solutions	HICD+ implemented the performance solutions in four components, with the greatest focus on performance planning and management.
Monitor Change in Performance	The performance review team worked with GSE to design the Performance Management and Evaluation System (PMES), which the GSE adopted and was still using at the time of this case study.

## Identify Partner Organization

Figure G-I lists the partner selection criteria that HICD+ used with all three clients.

<sup>64</sup> Human and Institutional Capacity Development Handbook: A USAID Model for Sustainable Performance Improvement, USAID, October 2010, pg. 7.

<sup>65</sup> Ibid., pg. 7; HICD PLUS document review and key informant interviews.

**FIGURE G-1: HICD+ PARTNER SELECTION CRITERIA**

<b>HICD Partner "Continuation"</b>	<b>HICD Partner "Completion"</b>	<b>HICD Partner "Suspension"</b>
<p><i>Three Pillars</i></p> <p><b>Strategic Importance</b></p> <ul style="list-style-type: none"> <li>The institution remains important for achievement of USAID objectives</li> <li>The institution has a supportive role for national government reforms</li> </ul> <p><b>AND</b></p> <p><b>Impact of Engagement</b></p> <ul style="list-style-type: none"> <li>Institutional leadership remains stable and committed to performance improvement</li> <li>Momentum for change is ongoing; intervention progress markers and milestones are met</li> <li>Upstream / downstream stakeholders report improvements</li> <li>Internal champion and HICD capacity is strengthening</li> <li>A performance measurement system is in place with KPIs identified and tracked</li> </ul> <p><b>AND</b></p> <p><b>Budget Allocation</b></p> <ul style="list-style-type: none"> <li>Funding remains available for continuing support</li> <li>Institution offers cost share or internal resources</li> </ul>	<p><i>Three Pillars</i></p> <p><b>Strategic Importance</b></p> <ul style="list-style-type: none"> <li>Institution achieves momentum of improved results; still aligned with USAID or national government objectives</li> </ul> <p><b>AND</b></p> <p><b>Impact of Engagement</b></p> <ul style="list-style-type: none"> <li>Institutional leadership encourages continuous performance improvement in institution</li> <li>Planned performance interventions completed; all progress markers met</li> <li>Internal performance improvement capability in place to react to new challenges</li> <li>Upstream / downstream stakeholders report satisfaction</li> <li>Institutional leadership tracks and responds to key performance indicators for strategic decision-making</li> </ul> <p><b>OR</b></p> <p><b>Budget Allocation</b></p> <ul style="list-style-type: none"> <li>Funding not available for continuing support</li> <li>Alternative donor funding available for future strengthening</li> </ul>	<p><i>Three Pillars</i></p> <p><b>Strategic Importance</b></p> <ul style="list-style-type: none"> <li>Institution is no longer relevant to USAID strategic objectives or in a supportive role for national government reforms</li> </ul> <p><b>OR</b></p> <p><b>Impact of Engagement</b></p> <ul style="list-style-type: none"> <li>Institutional leadership no longer remains committed to performance improvement</li> <li>Momentum for change declines; intervention progress markers and milestones delayed substantially or missed</li> <li>Upstream / downstream stakeholders report continued low performance</li> <li>Internal champion is lacking; limited internal HICD capacity</li> <li>Lack of evidence of systematic measurement of KPIs</li> </ul> <p><b>AND</b></p> <p><b>Budget Allocation</b></p> <ul style="list-style-type: none"> <li>Further funding not likely to achieve improvements in performance</li> </ul>

Source: Kelley, Steven J., and KNO, "HICD PLUS: Decision Framework for Local Partner Capacity Development Support in the Republic of Georgia, Final Report," November 2012.

The GSE is a joint stock company wholly owned by the Government of Georgia (GoG) under the Ministry of Energy. It was formed in 2002 with the merger of private joint stock companies, Electrogadatsema and Electrodishpetcherizatsia. The GSE was one of Georgia's largest employers, with nearly 1,300 employees. Its primary functions were ensuring electric power transmission throughout the entire country and dispatching electric power. The GoG was positioning Georgia as a regional energy production hub and signed supply agreements with Turkey, Azerbaijan, and the European Union for joint projects. These agreements obligated the GSE to upgrade its technology and infrastructure. GSE leadership recognized that the company also needed changes in management practices and workflows, requiring management and organizational assistance. In 2009, GSE hired a younger, Western-educated leadership team that recognized the need to transform the company to a market-oriented business that made data-driven decisions using sound management systems.

For 15 years before the HICD+ activity, USAID, the Asian Development Bank, the World Bank, the German Development Bank, and the European Investment Bank provided infrastructure and equipment to the GSE and other energy producers and transporters in Georgia. GSE had a heavy workload due to the donor support, but it lacked efficient processes to manage and track activities. USAID/Georgia was keen to provide management and technical support to the GSE through HICD+ due to its extensive support for Georgia's electric power sector through the Hydropower Investment Promotion Project (HIPP) and the Georgia Power and Gas Infrastructure Project (PGIP).<sup>66,67</sup> A USAID/Georgia interviewee

<sup>66</sup> HIPP was a \$9 million USAID activity from March 2010 to August 2013.

<sup>67</sup> PGIP was a \$115 million USAID/Georgia activity from May 2010 to April 2014.

emphasized the importance of electric power generation and distribution in Georgia and the close alignment of the goals of GSE and the mission.

Initially, the HICD+ team received a limited request for a series of training activities for the GSE, but the team realized that the company needed broader CD support. The project team then assessed whether the GSE would be a good candidate for the HICD approach by using a Critical Success Factors Framework (CSFF) that built on the successful partner organization criteria in the HICD Handbook. The CSFF included 12 institutional factors and seven human resource factors that were discussed with GSE staff at various levels, USAID/Georgia, external stakeholders. The HICD+ team reviewed GSE's human resource systems.

HICD+ developed a productive partnership with GSE. An interviewee from the implementing partner emphasized the importance of asking the client organization what it wanted and where it wanted to be in three to five years. This flipped the usual relationship between a donor and client. Letting GSE set its own performance improvement goals contributed to its ownership and the sustainability of CD support. GSE leaders articulated their vision consistently with clear goals based on the GoG's international agreements. USAID/Georgia did not impose additional goals on the already burdened GSE.

### **Obtain Partner Commitment**

Two memoranda of understanding (MOUs) were signed to formalize the relationship between the client and the activity. The first MOU specified the documents and resources that would be available to the performance review team. The second MOU was signed after agreement was reached on the performance solutions before implementation. The GSE remained engaged throughout the process. Interviews with implementing partner and client organization staff suggested that the formal partnership agreement allowed the GSE to dedicate sufficient time and resources to working with HICD+. It also avoided possible conflicts about information sharing.

### **Identify an HICD Champion**

The GSE appointed a senior manager who reported directly to the Chief Executive Officer (CEO) and served as an internal champion for HICD. This role took 10 to 15 percent of the individual's time.

Tasks included, facilitating the performance review team's interviews, sharing documents, communications, review and translation of documents, attendance in meetings, serving as a primary point of contact for HICD PLUS, and participating in the stakeholder group (SG). Designation of an HICD champion signaled the importance of this effort to the GSE, USAID/Georgia, HIP, and PGIP.

The GSE leadership was looking for management and organizational assistance at the same time that USAID/Georgia was looking for a mechanism to strengthen management in Georgia's electricity sector.

### **Conduct a Performance Assessment**

A local consulting firm, the Policy and Management Consulting Group (PMCG), and an internationally certified performance technologist consultant conducted the performance assessment. The 2010 HICD Handbook listed examples of topics to consider in a performance assessment, but left it to the practitioners to determine what is applicable in a particular situation:

- External and internal environments;
- Overall institutional performance;
- Existing monitoring and evaluation systems;
- Performance gaps;
- Critical points to monitor;



- Desired performance in measurable terms;
- Detailed performance improvement solutions/recommendations; and
- Development of performance indicators<sup>68</sup>

A PMCG staff member expressed appreciation that the GSE performance assessment was not a typical donor organizational capacity assessment and that it addressed the external environment and the internal characteristics and performance of the client organization.

After discussions on the findings of the performance assessment, GSE management set priorities for implementing the recommendations. The SG decided who would take the lead role for the priority recommendations and which recommendations would be deferred. The entire process was consultative.

## Prepare and Implement the Performance Solutions Package (PSP)

An action plan was prepared for each of the GSE's priority performance solutions. The plan included an outline, objectives, anticipated outputs and outcomes, key performance indicators, timeline, level of effort, location, and service provider profiles for each recommendation.

There were four phased components with a brief pause between implementation of each phase to allow for reflection. The four components and their subcomponents are listed below:

### 1) Performance Planning and Management

- Implement a performance planning and management approach; and
- Introduce an organizational approach to project management.

Key deliverables included a comprehensive list of strategic objectives, new strategic plan for the GSE, new performance indicators, training for managers, an operational plan, and reconfigured processes and procedures.

The management training targeted technical and project management staff at various levels, and used materials developed by the Project Management Institute.<sup>69</sup> The GSE selected training participants based on their technical and managerial functions. There were three types of training:

- A.** An introductory seminar on basic project management that discussed the differences between process and project management, identified project phases, and produced documents and communications tools;
- B.** A project management course that emphasized project initiation, planning, execution, monitoring, budgeting, and risk management; and
- C.** An advanced project management training for senior managers.

One of the great things about HICD PLUS was the mechanism itself. We were like a Swiss army knife for the USAID Mission. We were very flexible, and were able to deliver customized capacity-building services to strengthen the Mission's partner organizations in Georgia.

– Former Chief of Party  
HICD PLUS

### 2) Processes and procedures

- Facilitate preparation of an internal audit function meeting international standards.

<sup>68</sup> USAID/Georgia HICD PLUS Project, Annual Report #1. September 19, 2011 – September 18, 2012. October 2012.

<sup>69</sup> Project Management Institute is a not-for-profit professional membership association for the project, program, and portfolio management profession. <http://www.pmi.org/default.aspx>.

An international expert assessed MSE's internal audit procedures against international standards and recommended formalization of procedures, production and storage of documentation, improved decision-making processes, and performance indicators for the audit department.

### **3) Efficient maintenance of electricity**

- Enhance skills of GSE personnel in market research, preparation of tender documentation, and procurement planning.

This component had two phases. In the first phase, an expatriate consultant provided training on international commercial terms for procurement and contracting staff. In the second phase, another expatriate consultant advised assessed procurement procedures, redesigned the procurement manual, and trained staff on the new procedures.

### **4) Workforce readiness**

- Establish a center for in-house development of human resource management capacity; and
- Develop a performance-based pay grade schedule for technical staff.

HICD+ delivered a training-of-trainers course for GSE and recommended improvements in their training needs assessment system. It helped develop internship and hiring procedures and identified distance learning capabilities.<sup>70</sup>

## **Monitor Changes in Performance**

With HICD+ support, the GSE developed a project monitoring and evaluation system linked to its six strategic pillars: 1) operational reliability maintained; 2) readiness ensured for facilitating regional electricity trading by 2015; 3) financial compatibility and planning ensured; 4) integrated IT framework maintained; 5) performance improvement framework established; and 6) commercial orientation and knowledge management culture transformed.

The HICD PLUS team identified key performance indicators following extensive consultations with the GSE. The GSE had previously tracked some technical data, but not systematically and lacked dedicated staff for this task. GSE established an M&E team headed by a statistician and supported by several junior staff.

After the HICD+ team completed its CD support, it conducted an internal "Impact Study for the Georgian State Electrosystem."<sup>71</sup> This study applied the Phillips Return on Investment Model to estimate the cost savings from management and performance improvements.<sup>72</sup> A USAID/Georgia representative found the return on investment analysis useful and recommended it for other CD activities.

## **Decision Framework**

Responding to a recommendation in the evaluation of the earlier USAID FORECAST activity, HICD+ developed criteria to help the team decide when an organization had successfully graduated from CD support. Although this decision framework recognized that performance improvement is a continuous process, HICD+ needed a practical way to know if they had completed a performance solution within the budget and time constraints. The decision framework identified transition points to decide whether an

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<sup>70</sup> HICD PLUS Annual Reports.

<sup>71</sup> Chemonics International and Nina Kobakhidze, "Impact Study for the Georgian State Electrosystem," February 2015.

<sup>72</sup> Ibid.; additional information on the methodology is at <http://www.roiinstitute.net/about-roi-institute/#roimethodology>.



activity should continue, be suspended, or be completed.<sup>73</sup> The decision framework criteria included strategic importance to USAID and client goals, the impact of the CD engagement based on PMES data, and budget allocations.

## ACTIVITY ACHIEVEMENT

The case study interviewees agreed that the various performance solutions were generally implemented as planned. The client organization was ready for change and had external incentives to change due to international agreements with timeframes for compliance. Strong commitment to change at the top of the organization created an internal environment that promoted innovation.

### Positive Training Outcomes

Training pre-tests and post-tests showed a 28 percent increase in participant knowledge from the introductory seminar and 36 percent from the project management course. A GSE interviewee concluded that the management training was successful. Staff reportedly retained what they learned since they had to use these skills in the new processes, procedures, and systems. The larger organizational change effort created incentives and the means for staff to apply what they had learned promptly. This interviewee noted that the training department has continued and refined the project management training with internal resources.

### Institutionalization of the PMES

At the time of this case study, the GSE was still using the PMES to collect data, generate reports, and make decisions. Its M&E team was working with technical offices to refine the indicators and track the performance of individual offices. The GSE found it helpful to interview training participants six to twelve months after training so that management could see how staff were using the new skills. An interviewee reported that the GSE was still collecting data on knowledge retention by training participants.

### Strategic Thinking Instilled in GSE Management

At the outset of the activity, the GSE was beginning to think about its mid- and long-term strategies. HICD+ assistance helped the GSE formalize its strategic objectives and strategic and operational plans. High-level and low-level interviewees from GSE appreciated the support for planning and strategy development. The company increased its ability to analyze GoG policy and regulatory decisions. The HICD+ approach to business case analysis allowed the GSE to become more data-driven in its decision-making process.

## LESSONS LEARNED

The case study identified the following key lessons on the design, implementation of CD, and partnerships:

**Work with well-selected clients.** Interviewees unanimously agreed that the GSE was an excellent partner for HICD. The company's top leadership set a supportive tone and the rest of the organization followed. The GSE was fully engaged in every step of the process and their goals

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<sup>73</sup> Kelley, Steven J., and KNO, "HICD PLUS: Decision Framework for Local Partner Capacity Development Support in the Republic of Georgia, Final Report," November 2012.

aligned well with those of the USAID mission. The consultative process using the CSF Framework and establishment of a stakeholder group created a forum for interactive communication.

**Identify a change champion.** The GSE assigned a senior manager reporting directly to the CEO as the primary contact for HICD+. This assignment conveyed the importance to GSE staff and streamlined communications with the HICD+ team, reducing the burden on other GSE managers.

**Align CD goals.** Instead of proposing pre-determined CD goals and activities, the HICD+ team asked the client organization about its goals and priorities. This approach opened the space for honest discussions with the organization and helped instill its ownership of the CD activities.

**Build trust among stakeholders.** Key staff from HICD+ and the USAID mission had developed trust through a long working relationship that preceded this project. HICD+ earned the trust of the GSE and other stakeholders through the consultative processes and use of HICD tools and approaches.

**Address the external environment and context in organizational capacity assessments.** Some organizational capacity assessments focus only on the internal aspects of the organization, ignoring larger political economy issues and the external environment of the organization. The HICD organizational assessment process addressed the internal and external environments.

**Connect training to larger change efforts.** Client staff might not apply new skills and knowledge if change does not occur at the organization or system levels. When training links to larger change processes, training participants can apply new knowledge and skills soon after the training and it may be easier to sustain and build on training gains.

**Set criteria-bound targets for project achievements and encourage a process of continuing improvement.** Donor-funded activities have limited budgets and defined end dates, and the end-of-activity targets are generally not the desired endpoint for capacity development. HICD+ developed a decision framework for setting and monitoring projects after donor funding ended. Other organizations could follow this approach in their CD efforts.

**Identify and follow up on relevant evaluation recommendations.** HICD+ benefited from the evaluation recommendations from the prior USAID FORECAST project. The HICD+ team integrated these recommendations into its approach. In other cases, evaluations of previous similar USAID projects may not exist in the country, but it might be possible to find relevant lessons from evaluations of USAID projects in other countries or other donor projects in the country.

**Use special studies to assess CD achievements and challenges.** Special studies can be useful where available information from monitoring and evaluations is insufficient to guide stakeholder decision making. USAID/Georgia found a special study useful because it applied a return-on-investment method to value CD gains.

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# ANNEX H – CASE STUDY – KABUL ELECTRICAL SERVICE IMPROVEMENT PROJECT

## SUMMARY

This case study focuses on capacity development (CD) within the Kabul Electricity Service Improvement Project (KESIP) implemented by a Tetra Tech (International Relief and Development, Manitoba Hydro International, Deloitte Consulting, and NET Group) between June 2009 and March 2012. KESIP aimed to improve the commercial and technical viability of the Kabul Electricity Directorate (KED) -- the largest power distribution unit of the national electric utility, Da Afghanistan Breshna Sherkat (DABS).

USAID designed KESIP to reduce KED's financial losses and electricity supply shortfalls. The activity embedded management consultants to help DABS and KED senior management transition to running KED as a commercially viable entity. KESIP provided training, mentoring, and advisory services to improve the oversight and management skills of DABS and KED personnel and procure and install information technology and metering and operations hardware. This support helped KED to begin operating as an independent commercial entity.

The KESIP case study highlighted the following key lessons and findings on capacity development:

**Open communications and collaboration can facilitate active client engagement in design and implementation of international good practices, while taking into account local political sensitivities.** Interviewees from the implementing partner and client organizations noted the importance of this approach, especially at the start. DABS and KED were full partners in the design and implementation with USAID and KESIP, ensuring that the effort met their priorities and contributed to greater local ownership and sustainability of capacity development.

**The embedded advisors approach requires individuals who can build and maintain positive working relationships with clients.** Careful matching of the expatriate advisors with the client counterparts was crucial. It was also important for the advisors to understand the operating context and the organizational structure. KESIP consulted with the management of DABS and KED to determine whether each advisor was managing relationships effectively. KESIP removed two technical advisors when issues arose that affected the working relationship. A DABS interviewee stated that some advisors were too demanding or aggressive with their counterparts.

**Identification and retention of capable human resources saves time and energy.** A Tetra Tech interviewee reported that the initial assessment of accounting staff skills to ensure that only the most qualified individuals were retained was vital in strengthening KED's accounting department. Since Tetra Tech did not have to spend time teaching basic accounting to unqualified staff, it could focus on developing more advanced accounting capabilities.

**Clearly defined objectives can motivate client staff.** A Tetra Tech interviewee noted that measurable objectives helped motivate staff. KESIP supported the government's goal of establishing DABS as an autonomous, commercial company. Many participants were keenly interested in obtaining an internationally recognized certification for the Microsoft Dynamics accounting software. This was particularly important because the training took place after regular work hours. The Tetra Tech interviewee noted that deadlines were important in motivating staff to prepare financial statements and external audits.

# INTRODUCTION

This case study focuses on the Kabul Electricity Service Improvement Project (KESIP), which operated from 2009 to 2012. The review team selected KESIP because E3 technical staff recommended it as a useful example for identifying lessons learned and information was readily available online and through email correspondence with USAID, client, and implementing partner staff. The review team prepared this case study based on available documents and interviews with three implementing partner representatives in October and November 2015.

## CASE STUDY SNAPSHOT

**What was the problem?** The Kabul Electricity District (KED) was the largest power distribution unit of Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS). KED was experiencing service supply problems and high financial losses due to technical and managerial shortcomings. These high losses made it necessary for the Ministry of Finance to subsidize KED.

**What did the activity do?** To transform KED into a commercially viable operation, USAID collaborated with DABS and KED. KESIP implemented an organizational performance improvement process. It provided advisory support to the KED management team as well as training, mentoring, and embedded advisors to improve the oversight and management skills of DABS personnel. It also assisted in procuring and installing information technology (IT), metering, and operations hardware.

**What was the result?** KESIP trained and mentored 466 DABS and KED employees on various aspects of commercialization and utility operations. KESIP also procured and installed a new customer information system, meters, and other critical hardware. As a result, DABS and KED began operating as commercial entities.

# BACKGROUND

Tetra Tech and its subcontractors (International Relief and Development, Manitoba Hydro International, Deloitte Consulting, and NET Group) implemented KESIP from June 2009 to March 2012.

KESIP's purpose was to reduce commercial losses through a business improvement program that included:

- Customer enumeration and improved billing and collection;
- Design and implementation of a metering program for KED, including a meter testing lab and meter reading improvements;
- Design and installation of a standard IT system;
- Design and installation of a new human resources system; and
- Improvements in the overall technical and administrative management of KED's electricity distribution system.

KESIP provided management support to multiple levels of the organization, employing mentoring, training, and advisory services in the following areas:

- Revenue and commercial management;
- Electricity development;
- Information and communication technology;
- Finance and accounting;
- Purchasing and procurement;

- Corporate planning;
- Human resources;
- Public relations; and
- Oversight of DABS electricity operations in Kandahar.

The advisory and mentoring support and the procurement and installation of new operations equipment and software contributed greatly to KED's transition to commercial management in 2012. Table H-1 summarizes the achievements.

**TABLE H-1: RESULTS ACHIEVED**

Indicator	Year 2010/ 1388 <sup>74</sup>	Year 2012/ 1390	Change
Cumulative cash collection (at year end)	2.69 billion Afs <sup>75</sup>	4.29 billion Afs <sup>76</sup>	+59%
KED aggregate technical and commercial losses (average over the year)	50%	38%	-12%
Commercial efficiency ratio: cash collection/electricity received (average over the year)	2.61 AFA/kWh	3.15 AFA/kwh	+20%

## ACTIVITY DESIGN AND IMPLEMENTATION

In 2008, the Government of the Islamic Republic of Afghanistan (GIROA) decided to transform DABS, a unit of the Ministry of Energy and Water (MEW) into an independent, electricity utility company requested support from USAID and the World Bank<sup>77</sup>. DABS was responsible for the generation, transmission, and distribution of electricity Afghanistan. The MEW transferred ownership of equipment and facilities to DABS. KED was the largest electric power distribution unit within DABS.

An implementing partner interviewee stated that USAID suggested third-party oversight of operations at DABS and KED because World Bank projects in Kenya, Tanzania, and East Timor and a USAID activity with the Georgian State Electrosystem had helped turn utilities into commercially viable entities (see the Georgia case study in this report). USAID initially suggested having an outside party take control of the management of DABS and KED to help in the transition to an independent commercially viable utility. However, senior management of DABS and KED were adamant that USAID provide support to their existing senior management and this was the approach that was taken. A Tetra Tech interviewee noted that the active clients made substantial contributions to the design of the management contract.

### Capacity Development Approach

A Tetra Tech interviewee suggested that KED had few human or capital resources in early 2008 when the activity commenced. Despite insufficient resources, KED senior management had a clear strategy for reaching commercial viability with the assistance of USAID.

KESIP worked with KED management, installing key advisors and assisting counterparts in developing the organizational performance improvement process. The majority of KESIP staff were embedded in KED or DABS (Checchi and Company Consulting Inc., 2011). A Tetra Tech interviewee indicated that the advisors

<sup>74</sup> Referencing the Solar Hijri Calendar year.

<sup>75</sup> USD \$62,521,787 based on exchange rate of December 31, 2010.

<sup>76</sup> USD \$84,824,625 based on exchange rate of December 31, 2012. This is a 35 percent increase. The date of exchange rate variation explains the difference in increase.

<sup>77</sup> Under KESIP, the World Bank funded installation of nearly 50,000 customer revenue meters.  
[http://pdf.usaid.gov/pdf\\_docs/pdacu211.pdf](http://pdf.usaid.gov/pdf_docs/pdacu211.pdf)

were essentially “shadow positions” who consistently worked closely with their counterparts. Project documentation showed that more than 60 percent of KESIP staff’s and almost all of the embedded staff’s work involved on-the-job training (Checchi and Company Consulting Inc., 2011).

In addition to the KESIP contract with USAID, Tetra Tech had an understanding MOU with USAID specifying the responsibilities for each organization. DABS, KED, and Tetra Tech held many coordination meetings to develop an effective internal communication strategy and identify the most critical areas for support. KESIP also conducted an assessment to identify training priorities. A DABS interviewee stated that the Tetra Tech team was always open to listening and working with the DABS and KED staff at all levels. Tetra Tech removed two advisors who were unable to develop a productive working relationship with their KED counterparts because they were too demanding or aggressive. The open communication helped create a solid working relationship among the organizations.

## Highlighted Work Stream: Finance and Accounting

This case study report focused on the finance and accounting work stream, one of the seven work streams involve for rationalizing the management operations of DABS and KED. A Tetra Tech interviewee reported that the key advisor approach was particularly successful for finance and accounting. The first step was to administer a test to assess the skills of the existing accounting staff. Staff could not meet the basic requirements were terminated them or moved to other departments. New staff were hired to fill the vacancies. KESIP designed a training needs assessment for distribution networks; meter reading; billing processes; revenue collection; customer service, IT (Checchi and Company Inc., 2011).

“Actually, we improved the organizations [DABS and KED] step by step.”

– DABS and KED Representative

KESIP brought in an ex-patriate advisor to work closely with KED’s chief financial officer (CFO) and the accounting unit. for the duration of the project. This advisor helped the CFO with organization of existing records, implementation of a chart of accounts, revision of procedures, recruitment of accountants, and of the switch to Microsoft Dynamics as the main accounting software.

To promote use of the new software, an expatriate taught a certification course that included classroom sessions and tutorials. The course was open to any accounting employee who wanted to earn the certification, but classes took place after work hours and course assignments were in addition to participants’ regular work. A KESIP representative noted that many accounting staff members who had signed up dropped out of the course due to the heavy workload. Six people completed the course and passed the certification test. This internationally valid certification was part of the motivation for the successful candidates.

A Tetra Tech representative stated that KESIP helped KED prepare its first trial balance and quarterly financial statements. Availability of the financial statements was a prerequisite for recruiting an accounting firm to conduct an external audit based on international standards. The external audit by an international firm, KPMG, motivated KED’s accounting staff to demonstrate its ability to meet international standards.

## ACTIVITY ACHIEVEMENTS

### Sustainability

KESIP achieved its CD objectives. By the end of the activity, KED's financial losses were down 12 percent and its commercial efficiency ratio (cash collection/energy received) had increased 20 percent revenue collection increased by nearly 60 percent, from approximately \$56 million to nearly \$89 million.

To improve revenue collections, DABS and KED conducted an open procurement for a firm to maintain its customer information system. Phoenix, an Indian company, continued to help oversee the CIS and train DABS and KED staff after KESIP ended. A Tetra Tech interviewee anticipated that the commercial relationship with Phoenix would help KED continue revenue collection activities smoothly, even with limited resources. DABS and KED's performance has continued to improve. Checchi and Company Inc. (2014) scored DABS the highest of eight Afghanistan government agencies in organizational structure, human capacity, monitoring plans and procedures, data management systems and practices, data utilization and dissemination, partnerships and coordination, and advocacy and culture. DABS and the other two top performers had benefited from past USAID-financed systems and leadership that supported monitoring.

However, these gains were not sufficient to secure the sustainability of KED as a commercial entity. Checchi and Company Inc. (2011) concluded that sustainability would have required adjustments in the national tariff structure, which KESIP did not address. Furthermore, foreign donors covered nearly all of the capital costs for expansion of electricity capacity in 2011. SIGAR (2013) also noted that KED could not sustain itself without the government subsidy that was set to expire in 2014.

## LESSONS LEARNED

The KESIP case study brought out the following key lessons.

**Open communications and a collaborative CD process can increase the client's engagement and commitment in activity design and implementation.** Representatives from Tetra Tech, DABS, and KED concurred on the importance of open communications and collaboration, especially at the start of the activity. USAID, DABS, KED, and KESIP exchanged ideas to increase local engagement and ownership.

**A negotiated design process can take into account international best practices in energy commercialization and local political sensitivities.** KESIP undertook the politically sensitive task of instituting a business improvement and organizational development process for a government-owned enterprise. USAID based its initial activity design on international good practices, but DABS and KED management played an active role in designing the CD approach.

**The embedded advisors approach requires individuals who can establish and maintain positive working relationships with clients.** Finding advisors who understood the operating context and organizational structure and were able to develop good personal relationships was critical.

**Identification and recruitment of client staff with the necessary skills saves time and money.** Client accounting staff had to demonstrate that they had adequate basic skills. As a result, the CD providers could focus on developing corporate accounting capabilities that met international standards.



**Clearly defined goals are motivating at multiple levels.** Having tangible objectives and targets helped motivate staff. KESIP supported the goal of establishing DABS as an autonomous, commercial national electricity company. The certification process for Microsoft Dynamics software motivated some accounting staff to obtain training beyond their regular work hours. Targets and deadlines for the financial statements and an external audit also motivated client staff.

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# ANNEX I – CASE STUDY – INDONESIA MARINE RESOURCES PROGRAM

## SUMMARY

This case study focuses on capacity development (CD) in the USAID/Indonesia Marine Resources Program (MRP) between 2010 and 2014. The purpose of MRP was to support the Government of Indonesia (GOI) in meeting its Coral Triangle Initiative objective of establishing marine protected areas (MPAs). USAID/Indonesia funded and managed the activity.

E3's Forestry and Biodiversity Office (FAB) had substantive roles in developing the design, reviewing the mid-term and final evaluations, and designing a follow-on activity. FAB assisted in monitoring to determine compliance with USAID's Biodiversity guidelines including the four criteria required for use of congressionally earmarked biodiversity funds.<sup>78</sup> USAID/Indonesia used some biodiversity funding for the MRP. FAB viewed MRP as strategically important for its wider portfolio. MRP was one of the largest activities in USAID's biodiversity portfolio and Indonesia was one of the 14 priority countries identified in the Agency's 2014 Biodiversity Policy. Capacity development was a key strategy in USAID's 2015 Biodiversity and Development Handbook.

The MRP established a CD working group that included the Indonesian Ministry of Marine Affairs and Fisheries (MMAF), the United States National Oceanic and Atmospheric Administration (NOAA), and USAID. The working group commissioned a needs assessment to set training priorities for MPA managers and support the MMAF in designing and delivering CD activities. It designed and implemented an approach for developing MMAF's capacity to support a team of Indonesian trainers. To manage and measure the effectiveness of MPAs, the working group developed technical guidelines and a training curriculum that the MMAF approved, and the GOI adopted its criteria for competency-based MPA certifications for resource managers.

The MRP case study highlighted the following key lessons:

**The MRP responded to a strategic goal of the Indonesian Government.** The government's commitment to marine conservation created an opportunity for USAID to develop the capacity of the MMAF and collaborate with it in designing and implementing trainings on marine protected area management. The sustainability of MRP will largely depend on the GOI's continued commitment to marine conservation.

**Training must balance reaching a large number of participants and providing the depth required for achieving results.** Since MPA management was the responsibility of multiple governmental and nongovernmental organizations, then MRP developed a training plan for covering basic content. It also recognized that many local NGOs had significant experience with more advanced approaches, but found it difficult to decide on an appropriate balance of basic and advanced content. The MMAF was continuing to address that issue in its 2014–2019 strategic planning process.

**Collaborative planning was important from the start.** The collaborative needs assessment developed by the CD working group at the start was an important factor in the MRP's success. A working group with representatives from the MMAF, USAID, and NOAA conducted the needs assessment and developed the basic MPA course and competency-based MPA trainings. The

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<sup>78</sup> USAID's Biodiversity Code is available at <https://www.usaid.gov/biodiversity/impact/requirements>.

formal relationship contributed to clear roles and responsibilities, good communications, and efficient implementation, although the effectiveness of MMAF's takeover of curriculum development for the training component was unclear.

**Measurement of training effectiveness was challenging.** The MRP team tracked capacity development inputs, but measurement of the outcomes and sustainability was a challenge. These issues should be addressed as MMAF develops its own CD strategy after USAID support ends.

## INTRODUCTION

The Indonesia Marine Resources Program (MRP) included five components and five mechanisms. This case study focuses on the work of the US National Oceanic and Atmospheric Administration (NOAA) in four of the five components. NOAA provided technical assistance and training to develop the capacity of the Ministry of Marine Affairs and Fisheries (MMAF) to establish and manage marine protected areas.

This case study was selected because it was recommended by E3's Forestry and Biodiversity (FAB) Office staff since it had major capacity development roles and included involvement by FAB staff. Although the MRP ended in January 2015, NOAA was still working in Indonesia on a follow-on activity at the time of this study. The NOAA team in Indonesia was easy to reach for interviews, had distinct insights on what happened after the activity ended, and was able to connect the review team with MMAF counterparts. The assessment team reviewed the MRP final report, mid-term and final evaluations, quarterly reports, and performance management plan (PMP) and interviewed three key informants in October and November 2015 from USAID/Indonesia, the implementing partner, and a liaison with the client ministry.<sup>79</sup>

### CASE STUDY SNAPSHOT

**What was the problem?** The Government of Indonesia (GOI) pledged to establish 20 million hectares of marine protected areas (MPAs) under the Coral Triangle Initiative (CTI). It called for a team of MPA practitioners and managers to effectively manage these areas. USAID/Indonesia and the GOI developed the Marine Resource Program (MRP) to improve management and conservation of these protected areas.

**What did the activity do?** With guidance from USAID/Indonesia, NOAA helped the MMAF meet its CTI objectives, first to establish MPAs and later to develop capacity for individuals managing MPAs. The MMAF, USAID, and NOAA formed a CD working group. The working group commissioned a needs assessment to inform the design of CD activities for MPA managers and support the MMAF in designing and delivering activities. It decided that the best way to develop the capacity of the MMAF was to support a team of Indonesian trainers to lead MPA trainings. The first trainings developed were the MPA 101 and Management Planning courses.

**What was the result?** MRP developed a series of technical guidelines to manage and measure the effectiveness of MPA management. The MMAF approved the guidelines and adopted a curriculum from NOAA to standardize MPA trainings. The GOI also used this curriculum in setting criteria for competency-based MPA certification programs for resource managers.

<sup>79</sup> The assessment team interviewed NOAA's liaison to the MMAF instead of MMAF's key contacts due to a low response rate.

## BACKGROUND

E3's Forestry and Biodiversity (FAB) Office developed a Biodiversity and Development Handbook (2015) to support implementation of the Agency's Biodiversity Policy. This handbook listed capacity development as one of four approaches for improving the enabling environment for conservation.<sup>80</sup> The other three approaches were 1) education and awareness, 2) law and policy, and 3) livelihood, economic, and other incentives. The handbook described how CD can influence the design and implementation of biodiversity activities.

The handbook defined CD as “a range of skills and abilities for organizations, institutions, and other entities critical to ensuring the sustainability of biodiversity conservation efforts.”<sup>81</sup> This definition encompassed the need for systems, structures, skills, and abilities to ensure good governance, financial management, human resource (HR) development, and resource mobilization. It emphasized the ability of organizations to adapt to change. It addressed both internal management (monitoring and evaluation, adaptive management, strategic planning, and learning) and external management (ability to lobby, negotiate, and build coalitions).

“Capacity building is much more than just ‘one-off’ training. It involves the systematic development of a range of skills and abilities for organizations, institutions, and other entities critical to ensuring the sustainability of biodiversity conservation efforts.”

*USAID Biodiversity and Development Handbook, 2015*

### MRP Approach and Partnership with the GOI

Indonesia was the third-largest producer of fishery products in the world and also had some of the highest marine biodiversity. The FAB Office and USAID/Indonesia designed MRP to support the GOI's commitments under the Coral Triangle Initiative for Coral Reefs, Fisheries, and Food Security (CTI-CFF). This initiative is a partnership of six countries working to address threats to coastal and marine resources in the Coral Triangle region (Figure I-1).<sup>82</sup> The Government of Indonesia had a leadership role in this initiative and pledged to establish and maintain 20 million hectares of marine protected areas (MPAs).<sup>83</sup>

USAID designed the MRP to strengthen the MMAF's capacity to manage marine resources sustainably. It was supported through USAID's Congressionally earmarked biodiversity funds and climate change adaptation funds, interagency agreements, and university partnerships.

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<sup>80</sup> The USAID Biodiversity and Development Handbook uses the term “capacity building.”

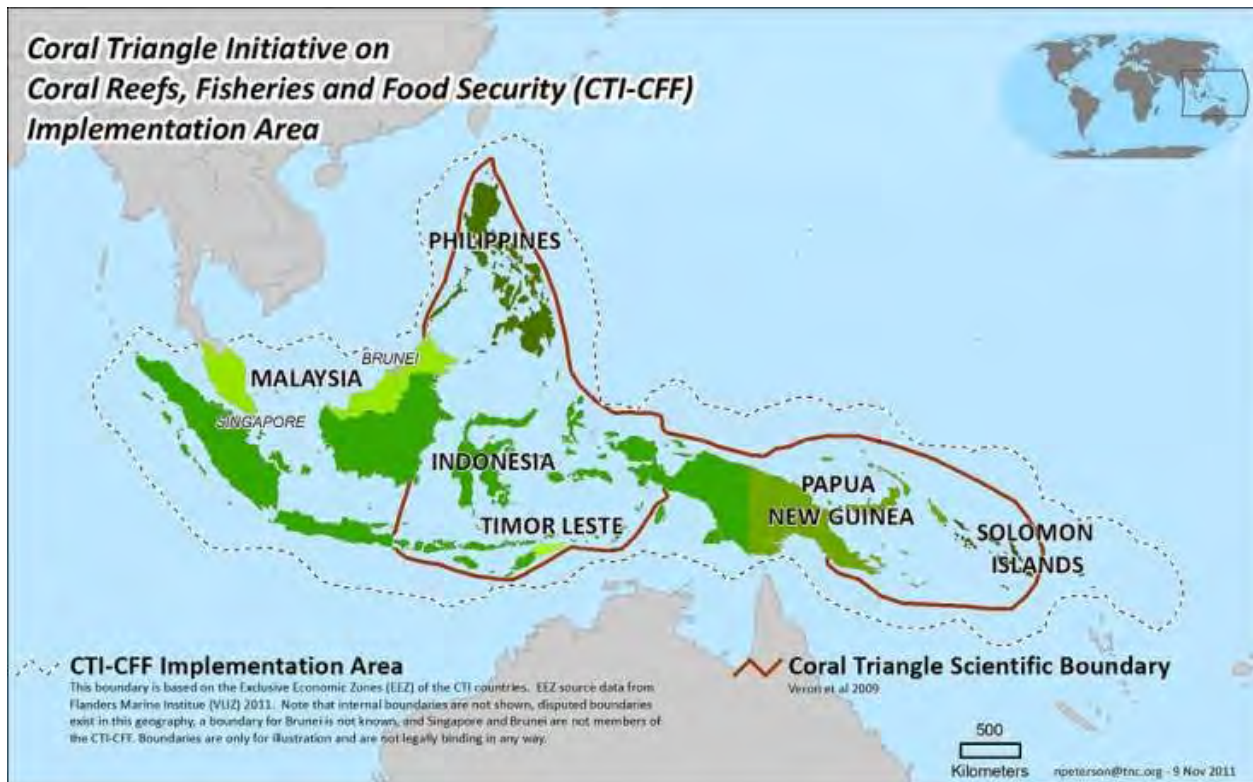
<sup>81</sup> USAID Biodiversity and Development Handbook, 2015. Accessed 11/17/2015.

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<sup>82</sup> Katz, Laure S., Tiene Gunawan, and Asril Djunaedi, “Experts build management capacity for MPAs,” Jakarta Post, May 11, 2010. Accessed 11/20/15. <http://www.thejakartapost.com/news/2010/05/11/experts-build-management-capacity-mpas.html>

<sup>83</sup> The end date was January 2015, but most activities ended in 2014.

**FIGURE I-1: IMPLEMENTATION AREA FOR THE CORAL TRIANGLE INITIATIVE ON CORAL REEFS, FISHERIES, AND FOOD SECURITY**



Source: The Nature Conservancy from USAID Frontiers online newsletter

## ACTIVITY DESIGN AND IMPLEMENTATION

E3's Forestry and Biodiversity Office (FAB) had substantive roles in developing the design, reviewing the mid-term and final evaluations, and designing a follow-on activity. FAB assisted in monitoring to determine compliance with USAID's Biodiversity guidelines including the four criteria required for use of congressionally earmarked biodiversity funds.<sup>84</sup> USAID/Indonesia used some biodiversity funding for the MRP. FAB viewed MRP as strategically important for its wider portfolio. MRP was one of the largest projects in USAID's biodiversity portfolio and Indonesia was one of the 14 priority countries identified in the Agency's 2014 Biodiversity Policy. Capacity development was a key strategy in USAID's 2015 Biodiversity and Development Handbook.

USAID/Indonesia's 2014–2019 Country Development Cooperation Strategy (CDCS) included an intermediate result for improving marine and biodiversity conservation through strengthening the management capacity of the GOI.

The MRP was a five-year, \$31.9 million project to help the GOI manage and conserve critical marine resources. The Indonesian Ministry of Marine Affairs and Fisheries (MMAF) was the main institutional partner and client. The MRP's strategy focused on strengthening the capacity of MMAF and its local partners to provide technical support for strategic activities that preserve marine resources.

<sup>84</sup> USAID's Biodiversity Code is available at <https://www.usaid.gov/biodiversity/impact/requirements>.



The MMAF's goal was effective management of all MPAs effectively by the year 2020. The MRP's objectives were to improve marine resource management at the national and local levels and adaptation to long-term climate change.

Although the MRP did not have an explicit theory of change, the assessment team was able to construct an implied theory of change from the Project Monitoring Plan (PMP) and final reports (Table I-I).

**TABLE I-I: MRP'S IMPLIED THEORY OF CHANGE FOR CAPACITY DEVELOPMENT**

<b>MRP Development Hypothesis</b>	"Restoring ecosystem health and strengthening the management capacity of the MMAF will lead to more resilient fisheries and coastal communities, improved livelihoods, enhanced adaptations to climate change, and reduced threats to food security, economic security, and regional stability. Therefore, the best investment that USAID can make to address marine resource problems in Indonesia is to help <b>strengthen the MMAF to achieve coastal ecosystem protection, sustainable fisheries management</b> , and coastal community preparedness for climate change impacts."
<b>MRP's Development Objectives</b>	<ul style="list-style-type: none"> <li>• Restore and enhance ecosystem productivity, biodiversity, and resilience for food and economic security;</li> <li>• Increase the resilience of natural ecosystems and coastal communities to adapt to climate change and reduce disaster risk.</li> </ul>
<b>Strategy adopted by MRP and the GOI</b>	<ul style="list-style-type: none"> <li>• Strengthen the <b>management capacity of MMAF</b> and key stakeholders;</li> <li>• Enhance <b>MMAF's ability to engage with local communities and the private sector</b> through open and transparent governance;</li> <li>• Provide <b>technical support for key activities supporting marine resource management</b> and coastal community resilience.</li> </ul>
<b>Selected MRP-MPAG Indicators relevant to CD (individually developed for each targeted conservation area in Indonesia)<sup>85</sup></b>	<ul style="list-style-type: none"> <li>• Number of hectares [in newly established areas] of biological significance and/or natural resources under improved natural resource management as a result of USG assistance. Improved management is determined by the following: <ul style="list-style-type: none"> <li>○ Area designation by national or local government</li> <li>○ Completion of management and zoning plan</li> <li>○ Establishment of management/unit co-managed and infrastructure</li> <li>○ Development of sustainable financing mechanism</li> <li>○ Development of human and institutional capacity</li> <li>○ Implementation of management actions</li> <li>○ Establishment of an M&amp;E system</li> <li>○ Demonstration of adaptive management</li> </ul> </li> <li>• Institutional Improvement as evidenced by: <ul style="list-style-type: none"> <li>○ Number of ministerial decrees and guidelines on MPA management developed</li> </ul> </li> <li>• Capacity Building Training – national and local capacity for sustainable MPA management strengthened by: <ul style="list-style-type: none"> <li>○ Number of curricula and modules based on minimum core competencies developed</li> <li>○ Number of training information systems developed for MMAF HR Development working group</li> <li>○ Number of studies on functional positions for conservation at MMAF, developed under the capacity development working group, which include: <ol style="list-style-type: none"> <li>1. General Personal Work Skills</li> <li>2. Protected Areas Policies, Planning and Management</li> <li>3. Sustainable Development and Communities</li> <li>4. Conservation Management of Ecosystems, Habitats and Species</li> <li>5. Natural Resources Assessment</li> <li>6. Socio-Economic and Cultural Assessment</li> </ol> </li> </ul> </li> </ul>

<sup>85</sup> PMP data from April 2015 MPAG Final Report.

	<ul style="list-style-type: none"> <li>• Level of MPA Management Effectiveness shown in: <ul style="list-style-type: none"> <li>○ Number of Ministerial Decrees to enact MPAs</li> <li>○ Number of management and zoning plans completed in targeted conservation areas</li> <li>○ Number of management protocols/standard operating procedures developed</li> <li>○ Number of ecological and socioeconomic surveys implemented and disseminated in targeted conservation areas</li> </ul> </li> </ul>
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## MRP's Components

The MRP had five key components:

1. Strengthen MMAF through institutional development (ID);<sup>86</sup>
2. Improve sustainable fisheries management (SFM);
3. Strengthen coastal community resilience (CCR) and climate change adaptation (CCA);
4. Create and effectively manage marine protected areas (MPAs); and
5. Improve capacity to reduce illegal, unreported, and unregulated (IUU) fishing.

All five components included some CD, but the fourth incorporated it most directly.

Five mechanisms were used to implement the MRP between 2010 and 2014:

1. Indonesia Marine Climate Support (IMACS), a contract implemented by Chemonics International.
2. Marine Protected Area Governance (MPAG), a bilateral cooperative agreement implemented by a consortium of World Wildlife Fund (WWF) and other NGOs.<sup>87</sup>
3. An interagency agreement between USAID/Indonesia and NOAA to provide training expertise, sustainable fisheries data collection, an ecosystem approach to fisheries management (EAFM), observer programs, and port state measures to reduce illegal, unreported, and unregulated fishing.<sup>88</sup> NOAA worked with both IMACS and MPAG in delivering these trainings.
4. An inter-agency agreement between USAID/Indonesia and the U.S. Department of Justice's International Criminal Investigative Training Assistance Program. This agreement provided one year of technical assistance to increase the capacity of Indonesian law enforcement to prosecute environmental crimes and protect marine ecosystems.
5. Two partnerships between U.S. and Indonesian universities to advance research cooperation and exchanges in marine biological resource conservation and biotechnology.

From 2010 to 2012, NOAA worked with MMAF and Indonesian NGOs on MPA training. From 2012 to 2013, it assisted the MMAF and IMACS on training for sustainable fisheries data collection, ecosystem

<sup>86</sup> Chemonics International implemented the "Strengthen MMAF through Institutional Development" component. It included "strengthening the management capacity of MMAF and key stakeholders; enhancing their ability to engage with local communities and the private sector through open and transparent governance; and providing technical support for key activities that support marine resources and coastal communities." This component could have been an interesting subject for this case study. However, the review team chose to focus on component four and NOAA, since the NOAA team is still in Indonesia and was able to connect the review team with the MMAF.

<sup>87</sup> CTI-CFF initially supported this activity. In 2012–2014, this shifted to a direct bilateral cooperative agreement.

<sup>88</sup> An ecosystems approach to fisheries management is grounded on good governance, appropriate scale, increased participation, multiple objectives, cooperation and coordination, adaptive management, and a cautionary approach. Port state measures to reduce illegal, unreported, and unregulated fishing may include requirements related to prior notification of port entry, use of designated ports, restrictions on port entry and landing of fish, restrictions on supplies and services, documentation requirements and port inspections, and related measures (such as IUU vessel listing, trade-related measures and sanctions).

approach to fisheries management (EAFM), observer programs, and port state measures to reduce illegal fishing.<sup>89</sup>

USAID/Indonesia funded NOAA through a regional agreement established by the USAID Regional Development Mission for Asia (RDMA). NOAA provided training directly to MMAF using these funds and its own matching contributions.<sup>90</sup>

## CD Working Group and Needs Assessment

USAID/Indonesia established a CD working group to conduct a capacity assessment of the MMAF, design the CD sub-activities, and identify appropriate roles and responsibilities. In the initial planning stages in 2009, the working group conducted a needs assessment workshop with staff from NOAA and the MMAF's internal Human Resources Development Agency (BPSDM-KP) to set priorities for CD content and approaches<sup>91</sup> Although the MMAF was the primary client, other MPA practitioners in Indonesia also participated.

The MRP team collected additional data from training participants in May 2010 and a review workshop in July 2010. The MRP then recommended 14 trainings over five years, starting with a basic course, "MPA 101" and Management Planning in MPAs. In MRP's second year, this component evolved into five types of competency-based trainings. After the 2010 review workshop, the working group decided to establish a team of Indonesian trainers. It developed a framework for introducing different phases so that trainers could gradually implement the trainings independently.

The working group developed methods for improving MPA management through close coordination between NOAA and MMAF. The two agencies had a good working relationship since they had been working together since 2002. Interviewees suggested that the approach of working in tandem with NOAA through the working group allowed MMAF to own the final product and develop a shared understanding of effective MPA management.<sup>92</sup>

## MPA Training

A WWF interviewee stated that NOAA provided critical technical assistance for the-Marine Protected Area Governance activity. NOAA initiated this relationship with the MMAF in 2009 under the Coral Triangle Support Partnership (CTSP), MRP's predecessor project when NOAA helped develop the CTI-CFF EAFM regional framework and training modules. NOAA also helped produce the CCA Regional Early Action Plan (REAP) and Local Early Action Plan (LEAP) guidebook for communities.<sup>93</sup> Tools developed under this sub-activity for MPAs included the

- Resilient MPA Networks Practitioners Guide;
- MPA Management Effectiveness Guide for Indonesia;
- MPA Management Curriculum Series for Indonesia; and

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<sup>89</sup> Morgan, Gary, Dr. Darmawan, Dr. Am Azbas Taurusman, "Evaluation of the USAID-MMAF Marine Resources Program (MRP)," Indonesia, March 2013, 62.

<sup>90</sup> The review team was unable to identify the value of those matching contributions.

<sup>91</sup> Johnson, Gabrielle, "Indonesia MPA Capacity-Building Program 2013 Evaluation Report: Presentation and Review of the Evaluation Survey and Workshop Results," December 2014.

<sup>92</sup> The review team received no response from the MMAF BPSDM-KP point of contact due to the language barrier. Instead, an interview with NOAA's liaison to MMAF informed the case study.

<sup>93</sup> Read, Tory, "Stewarding Biodiversity and Food Security in the Coral Triangle: Achieves, Challenges, and Lesson Learned," February 2014.



- Coral Triangle Initiative (CTI) Integrated Toolkit for the Indonesia MPAG.<sup>94</sup>

The MPA's management training approach institutionalized competency-based training modules with MMAF in Indonesia and created a model for joint management between MRP implementers and the MMAF for a provincial-scale MPA network in Bali.

The NOAA team modeled the MPA training after training for the Bird's Head Seascape in Indonesia under the Coral Triangle Support Partnership. NOAA tailored the trainings to the needs of national MPA practitioners in Indonesia. It identified trainees for potential leadership and invited them to participate in a mentorship process. The mentors later became MMAF trainers and provided leadership for new mentors by training of trainers (ToT). NOAA conducted five MPA 101 trainings and five MPA management planning trainings. It held the trainings at local training centers and universities in Indonesia in partnership with the MMAF. USAID/Indonesia managed the relationships between the NOAA and MMAF because NOAA had a smaller presence in Indonesia than USAID and fewer resources than the MPAG, NOAA and the MMAF prepared a joint work plan for MPAG.

The MRP implemented a series of trainings with MMAF input in selecting the trainers and participants and designing the curriculum. The MPA 101 course was a ToT for approximately 30 trainers at MMAF training centers. Subsequent courses included "Basics of MPA Management", "MPA Management Planning", "Sustainable Fisheries for MPAs", and "Sustainable Tourism for MPAs". The first two training modules were later combined in the GOI's *Competency Standards for Special Work* as part of the MPA certifications. A total of 2,037 people received training over the last four years of the activity (1,080 MMAF staff and 907 other stakeholders).<sup>95</sup>

NOAA developed the curriculum and terms of reference for all trainings using good practices and models from specific MPA sites in Indonesia. MMAF staff were not directly involved in writing the curriculum, but previewed the course content.<sup>96</sup>

The ToTs used trainers from the MMAF, local NGOs working in MPAs, and local universities. By December 2014, the MMAF had trained 32 mentors in the suite of five courses. Other organizations trained an additional 78 MPA managers and practitioners.<sup>97</sup>

NOAA designed the ToTs to help the new mentors:

- Become familiar with skills and tools for conducting an interactive and participatory training;
- Lead various components of the trainings with guidance from NOAA and MPAG trainers; and
- Conduct a field visit to a nearby MPA with on-site training to test skills as part of a practicum.

The ToTs approach was important because of the size and scope of Indonesia's marine protection problems and the value of increasing country ownership in continuing the trainings. Subsequent trainings were needed to compensate for staff turnover, the designation of new MPAs, and shift in responsibility from the forestry to marine affairs agencies.<sup>98,99</sup>

<sup>94</sup> Read (2014) references these tools. The review team was unable to identify links to the actual tools on the DEC or through Google searches.

<sup>95</sup> Willoughby N., Wiryawan B., and Nuh M, "Final Performance Evaluation of the Marine Resources Program: Enhancing Management Capacity," April 2015.

<sup>96</sup> Interview with NOAA representative, October 2015.

<sup>97</sup> Johnson, Gabrielle, "Indonesia MPA Capacity-Building Program 2013 Evaluation Report: Presentation and Review of the Evaluation Survey and Workshop Results," December 2014.

<sup>98</sup> Interview with NOAA representative, October 2015.

<sup>99</sup> Plume, Catherine, World Wildlife Fund, "Marine Protected Areas Governance Program: Final Report February 2012–February 2015," April 2015.

## MPA Certification and Competency-Based Trainings

There were two levels of MPA Certifications. The first level addressed basic knowledge and skills through short-term courses. The second level was associated with a graduate-level university degree. Conservation International (CI) led these trainings on the Competency Standards for Special Work with guidance from NOAA on identifying participants, the institutional framework, and levels and standards for the certifications, certifying bodies, curricula, and funding sources. The MMAF adopted the curriculum as a ministerial regulation.

The mission did not initially anticipate implementing a competency-based training. It was originally going to focus on basic MPA training, as recommended in the needs assessment. After the initial trainings, the MMAF identified a need to standardize the core competencies. Managers of some MPAs already had more capacity because they had received assistance from NGOs. The MMAF set minimum requirements for human resources and capacity to manage marine protected areas effectively. USAID and NOAA developed the CD approaches.

## ACHIEVEMENTS

### MRP's Coordinating Role Between NGOs and the MMAF

The centralized support and regulation of marine protected areas in Indonesia hindered the flexibility of GOI and NGO interventions<sup>100</sup> A review of the lessons learned from the earlier CTSP activity emphasized the importance of focusing on the policy and regulatory environment and recognizing the efforts of local NGOs.<sup>101</sup> The MRP's case study reinforced those findings.

Interviewees from USAID/Indonesia and implementing partners agreed that MRP's support for local NGOs and MMAF at the national level was vital. The MRP built on the CTSP's partnerships. The Packard Foundation, World Wildlife Fund, and Conservation International were interested in supporting broad-based CD in Indonesia, but were more focused on field work in the marine protected areas. Most marine conservation NGOs in Indonesia worked on a local level.<sup>102</sup> A NOAA interviewee noted the critical role of MPAG in collaborating with NGOs and coordinating with other donors.

Interviewees from USAID/Indonesia and NOAA concurred that NOAA needed to improve its coordination and communications. To address this problem, the MRP hired a full-time liaison. The liaison had a crucial role in helping NOAA work more closely with the MMAF during the rest of the MPA and the follow-on project, Sustainable Ecosystems Advanced (SEA).

#### Lessons for Donors

“Donors sometimes assume that government people are not capable, they need training, when that is not always true. The key is to direct and intentionally contribute to enabling environments, particularly for government people who want to implement new ideas and best practices.

The capacity of NGO staff matters as much as government staff capacity because they are crucial players in carrying out conservation work. Many NGO personnel are local people who will stay in the field inside their countries for the duration of their careers.”

*Read (2014)*

<sup>100</sup> Conservation and Community Investment Forum, Indonesia Country Report, “Assessment of the Enabling Conditions of Rights-Based Management of Fisheries and Coastal Marine Resources,” July 2013. Accessed 11/20/15. [http://www.trustforconservationinnovation.org/sponsored/inc/CCIF\\_Indonesia\\_web.pdf](http://www.trustforconservationinnovation.org/sponsored/inc/CCIF_Indonesia_web.pdf)

<sup>101</sup> Read, Tory, “Stewarding Biodiversity and Food Security in the Coral Triangle: Achieves, Challenges, and Lesson Learned,” February 2014.

<sup>102</sup> Interview with NOAA representative, October 2015.

## Stakeholder Engagement

Interviewees from USAID/Indonesia, NOAA, and MMAF agreed that the CTI and GOI were committed to protecting marine areas and that there was momentum for improving MPA management to achieve this goal. However, they also identified a need for more CD of national and local officials on effective management. They highlighted the shared goals of sustainability, ownership, and buy-in as integral to the success of the interventions.

“Someone in MMAF claimed that this was the first competency-based training in MPAs in the Asia region. ... It set a precedent for how other countries in the region can move forward to improve capacity-building programs in their MPAs.”

— USAID/Indonesia

MPAG documents showed that the lack of post-training plans and government standards for training content made it difficult to measure the effectiveness and impact of the trainings. To address this issue, NOAA identified 14 different competencies required for MPA managers and incorporated them into the trainings, which MMAF then adopted as policy.<sup>103</sup> All three interviewees noted that this was new for Indonesia.

Competency-based standards were also relevant for MMAF's trainings on non-MPA topics. Although many local NGOs and universities provided training on similar areas, they had not been following any national standard. The application of competency-based training was still in its initial stages at the time of this assessment and the MMAF and USAID were working to incorporate it into a strategic planning.

## Adapting to Changing National Priorities

Indonesia elected a new president near the end of the project in July 2014. The new minister of the MMAF made combating illegal fishing a higher priority. In 2014, the Indonesian Council of Ulama issued its first decree against illegal hunting and trading of endangered species.<sup>104</sup> The GOI was expected to continue to emphasize CD to support biodiversity efforts.<sup>105</sup> USAID was developing materials to combat illegal fishing through a follow-on activity to remain relevant to MMAF's changing needs and priorities.

## Challenges

### Measuring Success

The MRP developed a series of monitoring and evaluation tools. It delineated ministry management activities by location and year and developed indicators for HR management. The MPAG met or exceeded its targets for inputs and outputs.<sup>106</sup>

Although the initial MRP support was useful, it did not address one of the CD working group's objectives of defining effective management. As a result, one implementing partner interviewee asked, “How can we be sure that we are effecting change?” Furthermore, there was no individual tracking system for the own training activities until shortly before this case study began due to insufficient resources. An implementing partner interviewee confirmed that both NOAA and MMAF still needed a better tracking system. One

<sup>103</sup> Plume, Catherine, World Wildlife Fund, “Marine Protected Areas Governance Program: Final Report February 2012–February 2015,” April 2015, 47.

<sup>104</sup> Christy, Bryan, “First Ever Fatwa Issued Against Wildlife Trafficking,” National Geographic (March 2014). Accessed 11/20/2015. <http://news.nationalgeographic.com/news/2014/03/140304-fatwa-indonesia-wildlife-trafficking-koran-world/>

<sup>105</sup> Interview with USAID/Indonesia, October 2015.

<sup>106</sup> The case study review team was only able to review available data on MPAG.

reason for developing the competency-based standards was to enable better tracking of trainee' progress, but the interviewee did not believe that this had happened yet.

In two November 2015 workshops, the MMAF and USAID discussed challenges and lessons learned from MPAG, including tracking the effectiveness of capacity development. The two agencies planned to incorporate the lessons learned into NOAA's subsequent work plan. In addition, a follow-on activity was using some M&E tools developed under the project.

### Internal Staffing Changes and Collaboration

The MMAF's staffing changes affected NOAA's ability to deliver relevant CD services. For example, a key MMAF staff person who helped design the activities was reassigned midway through NOAA's work. The MMAF assigned another person who had different perspectives on the CD work, which led to disagreements on the targeting of participants for training. NOAA recommended that the same individuals participate in the MPA courses to ensure continuity. The new MMAF representative suggested including additional staff from other offices to reduce gaps in institutional knowledge. However, with a larger group of trainees, some participants lacked the necessary background for more in-depth training and this created challenges in preparation of the training materials.

Furthermore, the mid-term evaluation for the MRP stated that, "It was evident that development of training curricula was done primarily by NOAA staff, with limited input from MMAF." However, interviewees suggested that MMAF ownership of the technical content improved over the latter half of the activity. It also concluded that some of the content NOAA developed for MMAF was difficult for participants to understand.

### Merger of Indonesian Ministries

The interviewees cited the ongoing merger of the environment and forestry ministries as a potential obstacle in the near term.<sup>107</sup> Capacity challenges for the new combined ministry are expected, but this may increase cross-sectoral integration. The MMAF and NOAA viewed the merger as a positive development for improving environmental management over the medium term. The centralized role that the MRP had played also indicated the need for a more integrated approach to consolidate work on fishing, tourism, marine affairs, and related environmental issues.<sup>108</sup>

"Conversational data is useful, but we'd like something more concrete."

— NOAA representative

## LESSONS LEARNED

The MRP case study highlights the following key lessons for capacity development:

**The MRP responded to a strategic goal of the Indonesian Government.** The government's commitment to marine conservation created an opportunity for USAID to develop the capacity of the MMAF and collaborate with it in designing and implementing trainings on marine protected area management. The sustainability of MRP will largely depend on the GOI's continued commitment to marine conservation.

<sup>107</sup> Satori, Sapariah, "Director-generals inaugurated as merger of Indonesian Environment, Forestry Ministries continues," Mongabay News, June 2, 2015. Accessed 11/20/2015. <http://news.mongabay.com/2015/06/director-generals-inaugurated-as-merger-of-indonesian-environment-forestry-ministries-continues/>

<sup>108</sup> Interview with NOAA and USAID representatives.

**Training must balance reaching a large number of participants and providing the depth required for achieving results.** Since MPA management was the responsibility of multiple governmental and nongovernmental organizations, then MRP developed a training plan for covering basic content. It also recognized that many local NGOs had significant experience with more advanced approaches, but found it difficult to decide on an appropriate balance of basic and advanced content. The MMAF was continuing to address that issue in its 2014–2019 strategic planning process.

**Collaborative planning was important from the start.** The collaborative needs assessment developed by the CD working group at the start was an important factor in the MRP's success. A working group with representatives from the MMAF, USAID, and NOAA conducted the needs assessment and developed the basic MPA course and competency-based MPA trainings. The formal relationship contributed to clear roles and responsibilities, good communications, and efficient implementation.

**Measurement of training effectiveness was challenging.** The MRP team tracked capacity development inputs, but measurement of the outcomes and sustainability was a challenge. These issues should be addressed as MMAF develops its own CD strategy after USAID support ends.

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# ANNEX J – CASE STUDY – SERVIR DEMAND: CULTIVATING USE OF BETTER INFORMATION

## SUMMARY

This case study focuses on two components of SERVIR Demand: the Eastern and Southern Africa (ESA) land cover mapping for a greenhouse gas (GHG) inventory and strengthening the M&E capacity of the Regional Center for Mapping of Resources for Development (RCMRD) in Nairobi, Kenya.

SERVIR is a joint program of the E3 Office of Global Climate Change (GCC) and NASA that began in 2004. The purpose of SERVIR was to improve decision making for sustainable development and climate change adaptation by governments and other stakeholders. The program established hubs in selected regions to provide country partners with access to earth observation and geospatial technology and strengthen their capacity to use these technologies.

The broader SERVIR program established and assisted independent regional hubs to disseminate NASA-developed tools and information services. USAID supported SERVIR Demand in July 2012 as a task order under SERVIR. It was implemented by Development Alternatives Inc. (DAI). The purpose of SERVIR Demand was to strengthen the capacity of the users of the tools and applications to support decision making.

This case study identified the following key lessons on capacity development:

**A monitoring and evaluation unit can strengthen organizational capacity.** SERVIR Demand helped set up an M&E unit in the Regional Center for Mapping of Resources for Development. It also introduced results-based management approaches for monitoring and evaluation (such as theories of change, data-driven decision making, and performance monitoring). This change was still in its early stages at the time of this case study.

**CD should link to system-level incentives such as compliance with international benchmarks, where feasible.** SERVIR Demand worked with RCMRD to offer training and workshops to help governments in Eastern and Southern Africa to prepare GHG inventories. These inventories are requirements under the United Nations Framework Convention on Climate Change (UNFCCC). Feedback suggested that some participants did not fully understand the aims and context of the training due to varying levels of capacity and commitment. Although the regional approach to training and use of international benchmarks can stimulate friendly competition among countries, some participants preferred national trainings in their own countries.

**Ensure the necessary involvement of national and local experts.** The evaluation of the GHG Inventory component emphasized the need to identify in-country experts at the outset and engage them throughout data collection, analysis, ground truthing, and map production. Local experts can validate results and reduce errors due to insufficient knowledge of the local context. Issues of accuracy and relevance hampered the usability of the GHG inventory maps. In-country trainings can increase the potential for input from local experts.



## INTRODUCTION

This case study focuses on two components of SERVIR Demand: the Eastern and Southern Africa (ESA) land cover mapping for a greenhouse gas (GHG) inventory and strengthening the monitoring and evaluation capability of the Regional Center for Mapping of Resources for Development (RCMRD) in Nairobi, Kenya.

SERVIR is a joint program of the E3 Office of Global Climate Change (GCC) and NASA that began in 2004. The purpose of SERVIR was to improve decision making for sustainable development and climate change adaptation by governments and other stakeholders. The program gradually established a series of regional hubs to provide access to earth observation and geospatial technology and strengthen their capacity to use these technologies.

USAID established SERVIR Demand in July 2012 as a task order under SERVIR. It was implemented by Development Alternatives Inc. (DAI). The purpose of SERVIR Demand was to strengthen the capacity of the users of the tools and applications to support decision making.

The case study team selected SERVIR Demand because of a recommendation from E3/GCC Office technical staff. There had also been a prior event highlighting the CD elements of this activity. In addition, the E3 Analytics and Evaluation Project was conducting a performance evaluation of the broader SERVIR program. To avoid evaluation fatigue, the implementing partner and the USAID Activity Manager for SERVIR asked the case study team to limit requests for the SERVIR Demand implementing partner and clients. As a result, this case study team was based on a review of documents and survey and focus group findings from a recently completed internal evaluation and interviews with key informants from the implementing partner, USAID/Washington, and the external evaluation team in October and November 2015.

### CASE STUDY SNAPSHOT

**What was the problem?** RCMRD was positioning itself to be the pre-eminent institution in the Eastern and Southern Africa (ESA) region for coordination and capacity development in climate change, sustainable development, and environmental management and to become a more service-oriented and effective organization.

**What did the activity do?** SERVIR Demand helped RCMRD develop its capacity to use tools, applications, and data effectively for improved decision making.

**What was the result?** SERVIR Demand was still underway, but it helped develop the capacity of organizations in the region to use geospatial technologies and expanded to include three more countries. It also established a monitoring and evaluation (M&E) unit.

## BACKGROUND

The SERVIR program established independent regional hubs to disseminate NASA-developed tools and information services. The first hub was the Water Center for the Humid Tropics of Latin America and the Caribbean (CATHALAC) in Panama. It operated from 2005 to 2011 with SERVIR funding. It was no longer supported by SERVIR program, but continued to operate, serving Central America and the Dominican Republic, and still uses SERVIR data and tools. The second hub, the Regional Center for Mapping of Resources for Development (RCMRD), was set up in Nairobi, Kenya in 2008 for Eastern and Southern Africa. In 2010, the International Center for Integrated Mountain Development (ICIMOD) in Kathmandu,



Nepal, began serving as the regional hub for the Hindu-Kush Himalayan region. A new hub in West Africa was expected to begin operations in 2016.

The regional hubs provided remote-sensing and satellite imagery tools, products, and trainings to government ministries and other stakeholders. SERVIR chose existing regional institutions to host the hubs because they had buy-in from member countries and access to local experts on remote sensing, geographic information systems (GIS) mapping, and database management.

SERVIR Demand aimed to develop the capacity of the user community to integrate earth observation information and geospatial technologies into decision making on climate change mitigation and adaptation, sustainable development, and environmental management. For example, SERVIR Demand provided support to

## ACTIVITY DESIGN AND IMPLEMENTATION

Table J-I summarizes the tasks under SERVIR Demand. The activity worked through the previously established hubs to increase the demand for decision-support tools through trainings and workshops. Participants included representatives from government agencies, NGOs, universities, private companies, international organizations, and other development agencies. One client was Malawi's Interim National Geoinformation Committee (NGIC), a multi-sectoral committee comprising representatives from government agencies, the private sector, academia, civil society, the media, and professional organizations. SERVIR Demand also sought to increase the organizational capacity of partner hubs and assist SERVIR in its work with the hubs.<sup>109</sup>

**TABLE J-I: TASKS UNDER SERVIR DEMAND**

1.	Increase demand for SERVIR program tools and services
2.	Evaluate impact of SERVIR program hub activities to address climate change
3.	Implement SERVIR program outreach and communications activities
4.	Develop SERVIR program hub sustainability plans
5.	Assist USAID field missions with new SERVIR program hubs
6.	Administer grants under contract program

SERVIR Demand was predominantly a CD activity. It included awareness workshops, product-specific trainings, training on evaluation, and provision of hardware to facilitate product usage.

### GHG Inventory Design and Implementation

SERVIR Demand's GHG Inventory support helped governments track GHG emissions from the land use, land use change, and forestry (LULUCF) through a standardized approach. It also helped countries with and land use change mapping. RCMRD provided this support in Botswana, Malawi, Namibia, Rwanda, Tanzania, and Zambia.

The LULUCF maps were important for the countries bi-annual communications to the United Nations Framework Convention on Climate Change. SERVIR Demand trained for national GHG teams and baseline data on Landsat satellite imagery and interpretation of land cover maps based on both Landsat

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<sup>109</sup> The gradual rolling-out of regional hubs under SERVIR may offer lessons for capacity development.

and additional data from agricultural censuses, land use surveys, and forest maps. RCMRD staff conducted “ground truthing” to verify the digital satellite imagery and calibrate land cover maps.<sup>110</sup>

The RCMRD team worked with consisting partner country nationals to convene a workshop in each country. The workshops explained the requirements and uses of the GHG inventories, developed a classification scheme for land cover and land use categories, and discussed ancillary data collection. Participants were given an opportunity to share past and current experiences with land cover mapping and data collection.<sup>111</sup> Table J-2 shows the GHG sub-activity objectives.

**TABLE J-2: GHG SUB-ACTIVITY OBJECTIVES**

1. Collect ancillary reference data for validating land cover maps derived from satellite imagery for each country	2. Develop land cover maps from Landsat satellite images using remote sensing techniques	3. Strengthen country capacity through training on land cover mapping for GHG inventory development in the ESA region	RCMRD also conducted a series of two- to three-day data dissemination workshops. Participants shared their maps, data sets, and reports. Workshop coordinators also provided technical training to develop the capacity of government personnel, development partners, and academics. In addition,
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RCMRD trained and worked with forest departments and environmental ministries to develop adequate, consistent, and replicable procedures for creating land cover data compilations and maps.<sup>112,113</sup>

## Establishment of an M&E Unit in the RCMRD

SERVIR Demand helped the RCMRD establish an internal monitoring and evaluation team in 2014 to identify and disseminate lessons learned.<sup>114</sup> The team consisted of a full-time senior evaluator (hired by DAI) and a full-time M&E officer (hired by RCMRD). The senior evaluator’s main responsibility was to assess the tools used by RCMRD.<sup>115</sup> The team worked to create the cultural and technical understanding necessary for M&E to function effectively as a regular part of the hub’s organization.<sup>116</sup> The team completed a performance evaluation of the GHG inventory in Eastern and Southern Africa.<sup>117</sup>

An implementing partner interviewee reported that the design of many of SERVIR Demand activities of the hubs made evaluation difficult. For example, there was often no specified theory of change prior to implementation. Many activities were carried out in response to short-term needs, rather than long-term planning. The amount and types of partner involvement and ownership varied.

<sup>110</sup> SERVIR Global, “SERVIR and RCMRD hold Green House Gas Inventory Development Workshop in Rwanda,” July 26, 2012. <https://servirglobal.net/Regions/E-S-Africa/Articles/Article/1159/servir-and-rcmr-d-hold-green-house-gas-inventory-development-workshop-in-rwanda>

<sup>111</sup> DAI, “SERVIR – Eastern and Southern Africa Land Cover Mapping for Greenhouse Gas Inventory Project: Evaluation Report,” September 2015, p. 9

<sup>112</sup> DAI, “SERVIR – Eastern and Southern Africa Land Cover Mapping for Greenhouse Gas Inventory Project: Evaluation Report,” September 2015, p. 3

<sup>113</sup> Selection of end users varied from country to country based on national context. Included staff from ministries and agencies handling environment, forestry, conservation, agriculture, statistics, land-use planning, and mapping/cadastral services.

<sup>114</sup> DAI, “SERVIR Program Demand Activity Program Year 2 Work Plan (1 October 2013 – 30 September 2014),” November 2013, p. 9

<sup>115</sup> The Task 2 evaluations assessed the performance of select activities in the SERVIR hubs. An evaluation was also conducted at the International Center for Integrated Mountain Development (ICIMOD) for the SERVIR-Himalaya Land Cover Tool Evaluation

<sup>116</sup> M&E units were developed for the ESA and Himalaya hubs.

<sup>117</sup> DAI, “SERVIR Program Demand Activity Program Year 2 Work Plan (1 October 2013 – 30 September 2014),” November 2013, p. 8

The evaluation team developed an M&E plan toolkit in early 2014 that included survey instruments and protocols for monitoring and evaluation of RCMRD's products and services.<sup>118</sup> The toolkit included six templates for evaluation documents.<sup>119</sup>

The M&E team also developed an organizational technical capacity self-assessment instrument and focus group facilitation guide for SERVIR hubs.<sup>120</sup> The instrument focused on the capacity of the hubs to deliver data and targeted training and provide new tools and services.<sup>121</sup>

SERVIR Demand provided training on M&E concepts and uses, including performance-based management to the RCMRD. The training began with an evaluability assessment, to determine the availability of information for an evaluation. Participants discussed theories of change, results statements, and evaluation questions and methods. They learned about data collection and the selection of external M&E experts. The training addressed how M&E can support organizational learning and the resolution of implementation problems.

"The RCMRD was apprehensive about monitoring and evaluation in the same way they were with an accounting audit."

— DAI Key Informant

SERVIR Demand also produced a monitoring policy for the broader SERVIR Program. This document laid out the program monitoring cycle, key roles and responsibilities, and key dates for reporting.

SERVIR Demand coordinated an exchange that involved the senior evaluator, two RCMRD staff, and two members of the Himalayan hub, the International Center for Integrated Mountain Development (ICIMOD). The exchange focused on M&E system implementation of and an evaluation of ICIMOD's Land Cover Mapping tool. The senior evaluator felt that this would have been useful more if it had occurred RCMRD's mid-term evaluation.

## ACHIEVEMENTS

### GHG Inventory

The GHG inventory work was effective in producing land cover maps and developing local capacity for generating them. An internal evaluation of the GHG inventory support found effective targeting of training participants to facilitate the third national communication to the UNFCCC and set the foundation for future collaborations among institutions was important.<sup>122</sup> However, the internal evaluation concluded that there was insufficient involvement of broader stakeholders.

"The RCMRD grew as a result of the GHG project. It increased its expertise and countries now view them as a 'go-to' advisor on issues related to land cover mapping. It increased the network of stakeholders in the target countries."

— RCMRD Representative  
During the GHG Evaluation

<sup>118</sup> DAI, "SERVIR Program Demand Activity Program Year 3 Work Plan (1 October 2014 – 31 October 2015)," January 2015, p. 8

<sup>119</sup> DAI, "SERVIR Program Demand Activity Program Year 2 Annual Report: October 2013 – September 2014," November 2014, p. 19

<sup>120</sup> As part of the external evaluation, MSI is reviewing the findings on the survey addressing content and quality of these tools.

<sup>121</sup> DAI, "SERVIR Hub Institutional Technical Capacity Self-Assessment Survey," March 2015, p. 2

<sup>122</sup> DAI, "SERVIR – Eastern and Southern Africa Land Cover Mapping for Greenhouse Gas Inventory Project: Evaluation Report," September 2015, p. 9

The results of the training varied across countries. Some training participants did not understand how the mapping techniques related to the countries' requirements under the UNFCCC.

An external evaluation documented problems with the accuracy and relevance of some maps. Increased involvement of local experts and better coordination with similar activities in the area could have reduced this problem.<sup>123</sup> Some stakeholders were dissatisfied that the trainings took place in Nairobi, rather than their home countries. In response, the hubs subsequently began conducting training in the other partner countries.

## Monitoring and Evaluation

The M&E unit changed how the RCMRD hub went about its work. The DAI evaluation team concluded that anecdotal evidence supported the usefulness of the CD activities for M&E, but it will be several years before the value of the M&E can be assessed more completely.

## LESSONS LEARNED

This case study identified the following key lessons on capacity development:

**The establishment of a monitoring and evaluation (M&E) unit can strengthen organizational capacity.** SERVIR Demand helped set up an M&E unit in the RCMRD. It also introduced results-based management approaches for monitoring and evaluation (such as theories of change, data-driven decision making, and performance monitoring). This change was still in its early stages at the time of this case study.

**CD should link to system-level incentives such as compliance with international benchmarks, where feasible.** SERVIR Demand worked with RCMRD to offer training and workshops to help governments in Eastern and Southern Africa to prepare GHG inventories. These inventories are requirements under the United Nations Framework Convention on Climate Change (UNFCCC). Feedback suggested that some participants did not fully understand the aims and context of the training due to varying levels of capacity and commitment. Although the regional approach to training and use of international benchmarks can stimulate friendly competition among countries, some participants preferred national trainings in their own countries.

**Ensure the necessary involvement of national and local experts.** The evaluation of the GHG Inventory component emphasized the need to identify in-country experts at the outset and engage them throughout data collection, analysis, ground truthing, and map production. Local experts can validate results and reduce errors due to insufficient knowledge of the local context. Issues of accuracy and relevance hampered the usability of the GHG inventory maps. In-country trainings can increase the potential for input from local experts.

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<sup>123</sup> SERVIR Performance Evaluation FY15 Report, E3 Analytics and Evaluation Project

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# ANNEX K – CASE STUDY – LIBERIA POLICY AND INSTITUTIONAL STRENGTHENING

## SUMMARY

This report focuses on capacity development (CD) in the Liberia Policy and Institutional Strengthening (LPIS) activity implemented from October 2010 to July 2013 under E3's global Property Rights and Resource Governance (PRRG) Project. The purpose of the PRRG was to support efforts to protect land records, mediate land disputes, and improve the capacity of land governance systems to ease political and social tensions and increase economic growth. USAID administered the LPIS to strengthen land rights and access goals of the Government of Liberia's (GoL) Threshold Country Plan for the U.S. Millennium Challenge Corporation (MCC).

The LPIS assisted the Department of Land Survey and Cartography in the Ministry of Lands, Mines, and Energy; the National Land Commission; and the Center for National Documents and Records/Archives (CNDRA). LPIS supported policy and legal reforms to increase land tenure security, investments in land, and economic activity. It helped the GoL build public confidence in its ability to manage land issues.

LPIS provided the following key lessons on capacity development:

**Flexible CD approaches increase local engagement.** It was important to respond to changing circumstances in land tenure in the sensitive post-war context. This helped secure GoL and civil society ownership of the land policy and the sustainability of local institutions. Establishment of a customer service center helped the CNDRA improve land registry services and increase the number of deeds registered.

**Working with champions of change in public sector client organizations leads to more lasting changes.** LPIS succeeded in increasing organizational capacity in part due to the efforts of local CD champions. Personal relationships were important in LPIS's work with the Land Commission and CNDRA.

**Solving complex problems requires long-term engagement.** LPIS developed important relationships with key land tenure actors by building on prior PRRG work and embedding advisors in the primary client organization. It takes time to develop capacity and increase land tenure security.

## INTRODUCTION

This case study focused on the Liberia Policy and Institutional Strengthening (LPIS) activity implemented between 2010 and 2013 under the global Property Rights and Resource Governance (PRRG) Project. The LPIS activity was selected because LTRM Office staff cited it as a useful example of CD interventions and information was available from a final evaluation. In addition, the implementing partner, Tetra Tech/RD was still present in Liberia implementing a follow-on activity.

“Most Liberians do not have adequate access to land. Those who do often find their title invalid or non-exclusive.”

— World Bank Liberia Country Program Evaluation 2001-2011

The review team prepared this case study based on the PRRG final evaluation, survey data of Liberian land institutions, and USAID land tenure resources online) and interviews between October and December



2015 with one key informant from USAID/E3, three from the implementing partner, and one from the client, the Liberian Ministry of Lands, Mines, and Energy.<sup>124</sup> Due to time and resource constraints, the review team was not able to reach a representative of each client organization in Liberia. Furthermore, input from USAID staff with detailed knowledge about this activity was limited to due to staff turnover and the time that had passed since it had ended.

### CASE STUDY SNAPSHOT

**What was the problem?** After two lengthy civil wars, weakened government institutions and limited land tenure security posed a risk for resumption of conflict in Liberia. Despite the importance of the government's role in clarifying and legitimizing land rights, if Liberia's land administration agencies had insufficient capacity. In 2010, the U.S. Millennium Challenge Corporation (MCC) and the Government of Liberia (GoL) signed a \$15 million threshold program agreement that focused on improving land rights. MCC gave USAID responsibility for overseeing its implementation.

**What did the activity do?** LPIS worked with three GoL agencies to 1) support the Land Commission in building a reform strategy and developing a national land policy; 2) restore public confidence in the land administration systems, including local surveying capacity; and 3) improve land records management.

**What was the result?** The Land Commission developed a National Land Policy that was approved by the Land Commission in May 2013. The Center for National Documents and Records Archives established a Customer Service Center and launched CD efforts with the Records/Archives agency that markedly improved land records management.

## BACKGROUND

### Land Tenure in Liberia

Land tenure was a sensitive issue in Liberia before the LPIS. Tribal customs, discriminatory laws, two lengthy wars, and large land concessions for commercial mining and forestry led to land insecurity for many. The Liberian Code of Laws of 1956 required all individuals owning land through customary or traditional law to buy back their lands from the government. The land tenure system was complex. Individual titles were sometimes available in coastal and urban areas, while rural areas typically had community or collective ownership based on customary law. Between 2006 and 2011, the GoL granted additional land concessions to foreign investors to promote economic growth.<sup>125</sup> These large concessions often transferred customary community lands to private mining, timber, palm oil, and rubber production interests. For example, the Firestone rubber company controlled approximately 250 square miles of land, 4 percent of the country's land area.<sup>126</sup>

<sup>124</sup> Annex B contains an extended description of the methods and limitations.

<sup>125</sup> Siakor, Silas Kpanan'ayoung, and Rachel S. Knight, "A Nobel Laureate's Problem at Home," Op-Ed, The New York Times, January 20, 2012. Accessed 12/04/15. <http://www.nytimes.com/2012/01/21/opinion/in-liberia-a-nobel-laureates-problem.html>

<sup>126</sup> <http://lern.ushahidi.com/media/uploads/page/3/EWERPolicyBriefLiberia>.



Between 1989 and 2003, Liberia endured two civil wars with a total of nearly 300,000 casualties, partly due to conflicts over land and natural resource rights.<sup>127, 128</sup> In 2006, President Ellen Johnson Sirleaf promoted national reconciliation and peacebuilding, including establishment a Truth and Reconciliation Committee (TRC). Recognizing this problem, the GoL reviewed inequitable concession agreements and returned some land to communities. It also placed a moratorium on the sale of public land. The Land Commission was established in 2009 as an autonomous agency to develop national land policies.<sup>129</sup> However, land disputes continued through 2015.

Nevertheless, continuing challenges to secure land tenure reflected gaps in GoL systems and capacity needs:

- Gaps in the legal and policy framework, especially for customary land rights;
- Ineffective land administration and information systems; and
- Weak land management and enforcement of land tenure rights.<sup>130</sup>

## MCC Threshold Country Plan

In 2009, MCC selected Liberia for its threshold program. The GoL developed a threshold country plan with assistance from MCC and USAID. This plan had three main components: girls' primary education, trade policy reform, and land rights.

The LPIS implemented the component of the plan to strengthen Land Rights and Access (SLRA) as an activity under the PRRG Project. The SLRA aimed to provide a foundation for reforms in land policy, legislation, and equal access to land and security, working within existing laws and institutions in Liberia.<sup>131</sup> It had three intended outcomes:

1. Increase clarity and public understanding of property rights issues in order to help the National Land Commission develop a comprehensive reform strategy for land policy and law;
2. Rebuild and restore public confidence in the system of land administration through reforms of management, improved procedures, and rebuilding of public and private surveying capacity; and
3. Improve management of land records and increase efficiency in registration of land transfers and land market operations by the National Center for Documentation and Records/Archives.

## PRRG Approach

Tetra Tech ARD, Landesa, the World Resources Institute, and Links Media implemented the PRRG Project between 2007 and 2013. The PRRG had a mission statement with the following objectives:

- Expand the land tenure framework by refining existing tools and developing new ones;
- Provide training and educational tools related to property rights;

<sup>127</sup> USAID, Property Rights and Resource Governance Country Profile: Liberia Land Tenure and Property Rights.

[http://www.usaidlandtenure.net/sites/default/files/country-profiles/full-reports/USAID\\_Land\\_Tenure\\_Liberia\\_Profile.pdf](http://www.usaidlandtenure.net/sites/default/files/country-profiles/full-reports/USAID_Land_Tenure_Liberia_Profile.pdf)

<sup>128</sup> Independent Evaluation Group (World Bank, IFC, MIGA), "Liberia Country Program Evaluation: 2004-2011," Accessed 11/11/15. [http://ieg.worldbank.org/Data/reports/Liberia\\_cpe.pdf](http://ieg.worldbank.org/Data/reports/Liberia_cpe.pdf); "Liberia: Taylor Land Dispute – Several Jailed in Tussle – Police Wounded," Front Page Africa, December 2, 2015. Accessed 12/02/15. <http://allafrica.com/stories/201512031655.html>

<sup>129</sup> Tran, Mark, "Liberia's Johnson Sirleaf defiant over nepotism and corruption claims," The Guardian, November 2, 2012. Accessed 12/02/15. <http://www.theguardian.com/global-development/2012/nov/01/liberia-johnson-sirleaf-nepotism-corruption>

<sup>130</sup> The World Bank Group, "Liberia – Insecurity of Land Tenure, Land Law, and Land Registration in Liberia," Report No.

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<sup>131</sup> MCC Liberia Threshold Program, signed July 7, 2010. Accessed 12/05/15. <https://www.mcc.gov/where-we-work/program/liberia-threshold-program>.

- Develop improved knowledge management and information distribution systems; and
- Deliver technical assistance to missions and operating units to further property rights programming that supports their operational plans.<sup>132</sup>

## ACTIVITY DESIGN AND IMPLEMENTATION

The Land Policy and Institutional Strengthening (LPIS) activity helped the GoL develop systems to increase land tenure security and land investment. LPIS operated between October 2010 and July 2013. It assisted the Department of Land, Surveys, and Cartography (DLSC) within the Ministry of Lands, Mines, and Energy (MLME); the Land Commission; and the Center for National Documents and Records Agency (CNDRA). The LPIS had three components:

1. Develop the capacity of the Land Commission and research ways to increase understanding of land rights issues in government, civil society, and the population to assist GoL in developing land policy and law;
2. Support the development of technical capacity in land administration and surveying in the DLSC/MLME and introduce modern land information technologies to improve land surveying; and
3. Help CNDRA rehabilitate its deed registry system to improve efficiency and develop procedures for the management and storage of land records.

### Support for the Land Commission

In 2010, the GoL established the Land Commission to draft new policies to address weaknesses in Liberia's land tenure system and legislation.<sup>133</sup> The LPIS supported research on customary land rights, land tenure and ender, an inventory of GoL-granted land use rights, and the design and piloting of a process to inventory tribal land certificates. LPIS also supported the Land Commission's outreach programming in conjunction with USAID/Liberia's Land Conflict and Resolution Project.<sup>134</sup> UN Habitat provided additional support to the Land Commission for peace building.

Interviewees from the implementing partner mentioned that their location in the same building made it easier for the LPIS to coordinate with the Land commission members. The LPIS helped the commission organize the land reform process, identify information gaps, and conduct analyses to inform policy and decision making. These activities with the Land Commission contributed to the passage of the National Land Policy in 2013.

A final external evaluation of the PRRG in 2014 found that the Land Commission was using structures, processes, and procedures introduced by the LPIS.

### Support for the Department of Land, Surveys and Cartography

The LPIS helped the DLSC improve its technical capacity in land administration and surveying. It contracted for a survey of public perceptions of Liberia's land agencies.<sup>135</sup> It assessed the DLSC's capacity

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<sup>132</sup> Ibid.

<sup>133</sup> Kaba, Ali, and Gaurav Madan, "Walking with villagers: How Liberia's Land Rights Policy was shaped from the grassroots," Sustainable Development Institute and Namati, 2014. Accessed 12/04/15. <http://pubs.iied.org/pdfs/G03832.pdf>.

<sup>134</sup> IBTCL, "Property Rights and Resource Governance Program (PRRG), Performance Evaluation, Final Report," April 2014. Accessed 10/01/15. [http://pdf.usaid.gov/pdf\\_docs/PA00K43J.pdf](http://pdf.usaid.gov/pdf_docs/PA00K43J.pdf).

<sup>135</sup> The Mitchell Group, "Follow-on Survey of Public Perception of Liberia's Land Institutions," July 2013. Prepared for Liberia MCC Threshold Program supporting USAID LPIS.

and identified plans for reorganization, reform, and development.<sup>136</sup> It also developed the capacity of for surveyors and information technologies to improve land surveys.<sup>137,138</sup> LPIS sponsored a three-month training course for DLSC survey technicians at the University of Liberia.<sup>139</sup> Although land administration was about one-third of the MLME's portfolio, mining and energy had a higher profile in this ministry. Implementing partner interviewees found it difficult to work with the MLME due to its low staff capacity and the LPIS had to revise the surveyor training. Cartographers and surveyors needed electricity and funding that the LPIS could not provide.<sup>140</sup> It also supported five Liberian students studying for geomatic engineering (geospatial technology) degrees at Kwame Nkrumah University of Science and Technology in Ghana. However, the LPIS evaluation found little or no change in the competence and accountability of DLSC surveyors.

## Support for the Center for National Documents and Records Archives

The MCC threshold country plan identified deed registration as essential in rebuilding public confidence in Liberia's land records archives and strengthening land tenure security. The LPIS provided support to rehabilitate the deed registry system of the Center for National Documents and Records Agency, improve staff capacity, and increase public access to deed registration services. The LPIS identified priorities for improving internal management of CNDRA such as insufficient checks and balances, outdated personnel files, weak coordination among staff, and limited resources for operations.<sup>141</sup> Nevertheless, interviewees from the implementing partner noted that CNDRA led improvement efforts with minimal involvement of LPIS staff, whose roles mainly consisted of advice, donor coordination, and activity tracking. The LPIS hired a local consultant to work to improve CNDRA's internal management systems. USAID/Liberia, CNDRA, and LPIS, agreed that establishment of a Scanning Center, funded by the World Bank, would precede creation of a Customer Service Center.

CNDRA leadership and the LPIS staff agreed that developing staff capacity was a priority. The good working relationship between LPIS and a CD champion in CNDRA resulted in a good mutual understanding of the organization's training priorities. CNDRA developed its implementation plan in coordination with LPIS. The LPIS then developed training to support the scanning and customer service centers, supported improvements in CNDRA's internal management, and records software.<sup>142</sup>

CNDRA's Customer Service Center opened in September 2012. With support from the LPIS, CNDRA procured computers and Thomson Reuters Open Title records software

"Capacity does start at zero sometimes. sometimes it starts with knowledge and builds up from there. ... For example, a lot of our people were not computer literate, and so we had to build up their capacity from nothing. Essentially everyone who works at CNDRA can now use a computer ... and they literally started at zero."

— CNDRA interviewee

<sup>136</sup> The case study team did not have access to this preliminary capacity assessment, but it was referenced in other sources.

<sup>137</sup> IBTCI, "Property Rights and Resource Governance Program (PRRG), Performance Evaluation, Final Report," April 2014. Accessed 10/01/15. [http://pdf.usaid.gov/pdf\\_docs/PA00K43J.pdf](http://pdf.usaid.gov/pdf_docs/PA00K43J.pdf)

<sup>138</sup> Available program documentation exclusively used the term "capacity building."

<sup>139</sup> The Mitchell Group, "Follow-on Survey of Public Perception of Liberia's Land Institutions," July 2013. Prepared for Liberia MCC Threshold Program supporting USAID LPIS.

<sup>140</sup> Interview with implementing partner representative.

<sup>141</sup> According to a CNDRA representative, a separate revenue agency previously collected processing fees, which CNDRA received through a Ministry of Finance allocation. This meant that government budgetary issues affected the institution directly and negatively. Through the internal management changes put in place, CNDRA instead collected processing fees, and relevant GoL counterparts agreed on shared revenue, allowing CNDRA to control its funding levels and better address resource needs. CNDRA then introduced processing fees and published them outside its offices for public access.

<sup>142</sup> CNDRA representative interview.

to scan and digitize land deeds. This digital recording of Liberian land deeds and maps was a first and it enabled easier title searches and reduced the risk of land ownership disputes. CNDRA also adopted software to track the numbers and types of deeds that it handled and scanned.<sup>143,144</sup>

## Public Perception Survey

USAID/Liberia's Monitoring and Evaluation (L-MEP) activity, implemented by The Mitchell Group (TMG), conducted a survey of public perceptions of Liberia's land administration agencies in July 2012 and a follow-on survey in May 2013 to find out whether confidence in Liberia's land titling and recording systems and land surveyors had increased.<sup>145</sup>

The first survey found low public awareness and understanding of the Land Commission. TMG also found that Liberians were generally aware of surveyors' roles in measuring land boundaries and verifying tenure rights before a sale. They could also distinguish between public and private surveyors. TMG recommended that the Land Commission use more effective communication methods to engage the public and increase the professionalism and accountability of land surveyors. It also recommended that CNDRA improve its land recordkeeping system, educate the public on the registration process, and work to ensure the integrity of its staff.

The second survey indicated that the number of registered deeds had dramatically increased, the length of time required to register had decreased, and overall satisfaction with the registration process had improved.<sup>146</sup> Only 26 percent of respondents in the first survey reported registering land in one week or less, but this increased to 69 percent in the second survey. Table K-I summarizes the results of both surveys. Figure K-I shows the change in public perceptions of CNDRA's deed registration service.<sup>147</sup>

**TABLE K-I: PUBLIC PERCEPTION SURVEY RESULTS**

Component/ Ministry	July 2012 Survey	May 2013 Survey <sup>148</sup>
1. Land Commission	<ul style="list-style-type: none"> <li>Public awareness of the Land Commission is low.</li> <li>Commission's role is unclear.</li> </ul>	<ul style="list-style-type: none"> <li>Public awareness had increased from 33 percent to 54 percent</li> <li>Public awareness campaigns clarified the commission's role.</li> </ul>
2. DLSC (surveying institution)	<ul style="list-style-type: none"> <li>The public identified the need for competence, professionalism, and accountability in the surveying profession.</li> </ul>	<ul style="list-style-type: none"> <li>Little has changed in the public perception of surveyors and the surveying profession.</li> <li>The public understood the value of land surveying for tenure security.</li> <li>The public sees land surveying practices as perpetuating and increasing economic inequality due to disparity in access to survey resources.</li> </ul>

<sup>143</sup> USAID Snapshot: Liberia Customer Service Center Opens. Accessed 12/02/15.

[http://www.usaidlandtenure.net/sites/default/files/USAID\\_Land\\_Tenure\\_LPIS\\_CNDRA\\_CSC\\_Snapshot.PDF](http://www.usaidlandtenure.net/sites/default/files/USAID_Land_Tenure_LPIS_CNDRA_CSC_Snapshot.PDF)

<sup>144</sup> "Case Study: Through War and Peace, Liberia's Land Legacy," Thomson Reuters. Accessed 12/04/15.

[https://tax.thomsonreuters.com/wp-content/uploads/2013/05/Case-Study\\_-Liberias-Land-Legacy\\_For\\_Web.pdf](https://tax.thomsonreuters.com/wp-content/uploads/2013/05/Case-Study_-Liberias-Land-Legacy_For_Web.pdf)

<sup>145</sup> The Mitchell Group, "Report on the Preliminary Survey of Public Perception of Liberia's Land Institutions," September 2012. Prepared for Liberia MCC Threshold Program supporting USAID LPIS.

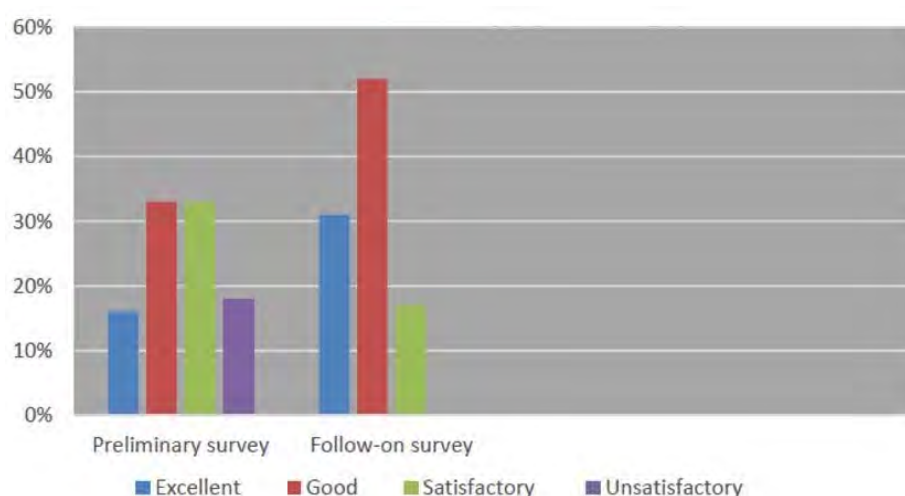
<sup>146</sup> The Mitchell Group, "Follow-on Survey of Public Perception of Liberia's Land Institutions," July 2013. Prepared for Liberia MCC Threshold Program supporting USAID LPIS.

<sup>147</sup> The Mitchell Group, "Follow-on Survey of Public Perception of Liberia's Land Institutions," July 2013. Prepared for Liberia MCC Threshold Program supporting USAID LPIS.

<sup>148</sup> The Mitchell Group, "Follow-on Survey of Public Perception of Liberia's Land Institutions," July 2013. Prepared for Liberia MCC Threshold Program supporting USAID LPIS.

Component/ Ministry	July 2012 Survey	May 2013 Survey <sup>148</sup>
3. CNDRA (records)	<p>The public identified the need to:</p> <ul style="list-style-type: none"> <li>• Improve the recordkeeping system.</li> <li>• Educate the public on the deed registration processes.</li> <li>• Ensure staff integrity.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of people who registered deeds themselves as opposed to relying on third parties increased from 40 percent to 69 percent</li> <li>• Knowledge of registration process and requirements has improved.</li> <li>• Registration times decreased, with 69 percent (up from 26 percent) reporting registering in one week or less</li> <li>• Registration fees decreased from \$25 – \$50 (range data only) to \$15</li> </ul>

**FIGURE K-1: PUBLIC PERCEPTION OF CNDRA DEED REGISTRATION SERVICE**



## ACHIEVEMENTS

The new land policy was largely successful due to the Land Commission's engagement with civil society and the LPIS. The land policy improved public perceptions of the commission's ability to support land tenure reform.

The LPIS engaged with a variety of stakeholders and clients of the three GoL agencies. By establishing the Land Commission and identifying expected outcomes, the GoL and donors set the stage for the success of the LPIS. The GoL's commitment to improving land tenure security enabled the activity to increase the capacity of at least two of the three targeted agencies. The third agency was less successful due to lower initial organizational capacity and commitment to change. The LPIS benefited from a "right time, right place" intervention, due in part to USAID's initial LTRM Framework, which helped identify critical needs and developed new tools and approaches.

"We are extremely proud that this policy is Liberian owned and driven, and that it has involved broader participation from all sectors of our society. As we look forward to its implementation, we will strive to ensure that this Liberian ownership is fully maintained."

— President Ellen Johnson Sirleaf,  
Statement at 2013 Land Rights Policy  
National Validation Conference

CNDRA's success in increasing the number of deeds registered and decreasing the length of time for processing was well documented in the evaluation, public perception survey results, media reports, and interviews. Before the LPIS, 41 percent of respondents reported that the process required less than a week and 39 percent said it could take up to 4 weeks. About 48 percent of respondents in the May 2013 survey reported that the entire registration process could now be completed in 3 to 5 days and 21 percent said it only took 1 to 2 days.

In 2010, only 700 deeds were registered in a nation with 3.8 million people. The number of deeds registered by the CNDRA has increased dramatically.<sup>149</sup>

## Challenges

Coordination efforts with MLME proved less successful, due in part to lower initial capacity and internal priorities for surveyors and cartographers. Tailoring approaches to the capacities of different client organizations can be important.

Additional CD support is anticipated from donors, but it should also be funded by the client organization's own financial and human resources to demonstrate its commitment. CNDRA management was committed to improving the organization's systems. However, the DSLC's placement within the Ministry of Mines, Land, and Energy inhibited its ability to change.

## LESSONS LEARNED

LPIS highlighted the following key lessons:

**Flexible CD approaches increase local engagement.** It was important to respond to changing circumstances in land tenure in the sensitive post-war context. This helped secure GoL and civil society ownership of the land policy and the sustainability of local institutions. Establishment of a customer service center helped the CNDRA improve land registry services and increase the number of deeds registered.

**Working with champions of change in public sector client organizations leads to more lasting changes.** LPIS succeeded in increasing organizational capacity in part due to the efforts of local CD champions. Personal relationships were important in LPIS's work with the Land Commission and CNDRA.

**Solving complex problems requires long-term engagement.** LPIS developed important relationships with key land tenure actors by building on prior PRRG work and embedding advisors in the primary client organization. It takes time to develop capacity and increase land tenure security.

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<sup>149</sup> "Case Study: Through War and Peace, Liberia's Land Legacy," Thomson Reuters. Accessed 12/04/15. [https://tax.thomsonreuters.com/wp-content/uploads/2013/05/Case-Study\\_-Liberias-Land-Legacy\\_For\\_Web.pdf](https://tax.thomsonreuters.com/wp-content/uploads/2013/05/Case-Study_-Liberias-Land-Legacy_For_Web.pdf)



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# ANNEX L – CASE STUDY – KNOWLEDGE-DRIVEN MICROENTERPRISE DEVELOPMENT

## SUMMARY

This case study discusses capacity development (CD) work under the Knowledge-Driven Microenterprise Development (KDMD) activity implemented by the QED Group between May 2008 and October 2013. E3's (formerly EGAT) Microenterprise Development Office (MD) designed the activity. The Agriculture Office within EGAT, which eventually became BFS, supported KDMD through a buy-in. MD is now part of the Private Capital and Microenterprise Office (PCM). KDMD was a follow-on to the MD Office's Accelerated Microenterprise Advancement Project (AMAP) and established a learning platform on microenterprise development.

KDMD supported many knowledge management and learning activities, including website development, training, and a seminar series. This case study only focuses on the seminar series. The seminars hosted presentations by technical experts, facilitated community discussions, and provided networking opportunities for practitioners to share experiences and learning.

This case study highlighted the following key findings:

**Demand should drive the approach.** The seminars emphasized participant engagement. Topics reflected participant recommendations, with partner organizations as the main presenters at nearly every session. The technologies used in the webinars facilitated interactivity to increase interest and information sharing.

**KDMD had ongoing outreach activities to develop a network of practitioners and stakeholders.** The seminar series continued to develop the services that began during AMAP. The seminars complemented the Agrilinks and Microlinks websites and the Groove Learning Network, which were designed to nurture communities of practice. These integrated efforts provided additional fora for people to gain knowledge and offer their ideas. The websites also allowed people who were unable to participate in the seminars to engage at a later date.

**Competing business development interests posed a challenge to a sector-wide, practitioner-focused network.** All of the interviewees indicated the difficulties in facilitating engagement of competing organizations outside of the seminars. Many organizations viewed their approaches and strategies as proprietary in a funding environment with increasing competition for USAID grants and contracts. However, a representative from PPL noted that, despite this challenge, members of the practitioner community remained actively engaged and genuinely interested in knowledge sharing throughout the life of the activity.

## INTRODUCTION

This case study discusses CD work under KDMD. This activity was originally designed by EGAT's MD Office, with a buy-in from EGAT Agriculture Office, which later became BFS. The MD Office was restructured and replaced by the Private Capital and Microenterprise Office (PCM). KDMD was a follow-on to the MD Office's Knowledge Management and Communications Task Order under AMAP. KDMD continued a learning platform on microenterprise development, and expanded into economic growth training, Jamaica educational reform, knowledge management support for the bureau, PPL's early work

in Collaborating, Learning, and Adapting, and other efforts through 13 buy-ins. AMAP was similar, but focused mainly on microfinance and microenterprise development.

The assessment team selected KDMD because it was recommended by former MD staff as a useful example to elicit lessons learned and data were readily available online and from USAID and implementing partner staff; This case study only focuses on the seminar series. It was based on document reviews and interviews conducted in October and November 2015 with three implementing partner respondents, three key informants from client organizations, and one E3 representative.

The QED Group implemented KDMD from May 2008 to October 2013, with subcontractors IRG/Engility, Training Resources Group, Global Learning Systems, and Zaloni. KDMD tasks included website development, learning networks, newsletters, training including major learning events on microenterprise, knowledge management, impact measurement, and multiple seminar series. The seminars hosted presentations by technical experts, facilitated community discussions, and provided networking opportunities for practitioners to share experiences and learning. The seminars included both in-person and web-based sessions.

KDMD activity had 13 buy-ins from USAID operating units. It created 12 websites, organized nine series of seminars, and developed 37 training courses for USAID staff and implementing partners.

### CASE STUDY SNAPSHOT

**What was the problem?** The MD Office identified a need for an accessible platform for microenterprise development practitioners to learn about technical topics and share experiences.

**What did KDMD do?** Initially, the seminars began as in-person events with an option to call in. Later, web broadcasting complemented the in-person events.

**What were the results?** KDMD organized nine different series of seminars with a total of 146 sessions. The seminars reached 15,736 participants.

## ACTIVITY DESIGN AND IMPLEMENTATION

### Participation

KDMD created a platform for engaging USAID and other donor staff, other U.S. and foreign government representatives, for-profit consulting firms, NGOs, academicians, and foundations. At the time of this case study, A total of 146 seminars reached 15,736 participants. A survey of participants from four seminar series found that 34 percent were from for-profit consulting firms and 30 percent were from NGOs. The rest were from academia, USAID, other donors, other USG agencies, foundations, and other U.S. or foreign government agencies. An implementing partner representative noted that the majority of participants were from for-profit consulting firms when KDMD initially launched the seminars and they attended primarily for business development reasons. As the seminars became more widely known, they attracted a larger and more diverse audience.

KDMD continued the After Hours and Breakfast seminar series started by AMAP. Later, KDMD expanded to include new seminar series on such topics as the engaging the diaspora from developing countries, Emerging Microfinance Payment Systems, Women's Leadership in Small and Medium Enterprises, Thought Leaders in Learning, Microenterprise and Private Enterprise Promotion Feed the Future stakeholders,

## Seminar Topics

To broaden participation and relevance, KDMD encouraged participants to suggest topics for future seminars. KDMD also identified topics and organizations with expertise in these areas and worked with USAID to assess the feasibility, relevance, and potential benefits of the topics. One seminar presenter stated that he had worked closely with USAID and the implementing partner to refine the theme and content of the presentation. This presenter reported that the process was generally efficient and that USAID and the implementing partner welcomed suggestions.

## Seminar Implementation

Initially, KDMD conducted seminars in person with an option for participants to join by conference call. Later, it combined the in-person events with conference calls using the Go-to-Meeting web-conferencing platform. This change

“[KDMD] provides a community that would not be there otherwise.”

- Seminar participant

allowed remote participants to view session presentation slides in addition to hearing the speakers. An implementing partner representative stated that the web platform allowed participants to feel a greater connection to the presenters and presentation materials. Subsequently, KDMD realized that it needed a more sophisticated web platform to allow participants to ask questions, have in-depth discussions with presenters and other participants, and answer polling questions. KDMD then shifted to Adobe Connect software, which allowed greater interactivity. One interviewed seminar participant found the chat feature particularly effective in fostering robust discussions. An implementing partner representative and three seminar participants stated that the Adobe Connect platform fostered remote participation from all over the world and enriched the discussions due to the greater number and diversity of participants who could engage with the presenters and others.

## Resources for the Microenterprise Community

The KDMD seminars contributed to development of a network for practitioners.

KDMD staff captured events as either screencasts or webinar recordings, created blog posts, archived social media posts, and filmed green room interviews with presenters to compile a rich collection of media resources. KDMD followed up with seminar attendees and other stakeholders through post-event emails containing links to various resources. KDMD also worked with presenters to collect responses to additional questions not addressed in the seminars and posted the answers on online comment boards. An implementing partner representative and a seminar participant from a for-profit consulting firm stated that KDMD created a community around the seminar sessions because the topics were relevant and people felt comfortable suggesting topics, asking questions, and networking with fellow participants.

One interviewee described the seminars as a consistent source of relevant information and opportunity for networking over a period of years, rather than as one-off efforts that characterize many other seminars and trainings.

KDMD made seminar materials accessible through the Agrilinks and Microlinks websites to facilitate learning after the events. Practitioners could post and discuss additional materials on microenterprise development and food security, respectively. KDMD also hosted the Groove Learning Network, a collaborative web-based working group consisting of CARE, CHF International, Conservation International, and Practical Action. These members pursued a jointly defined learning agenda on organizational development for better value chain work. This network facilitated exchange of practical information and mentoring among the four organizations to develop capacity on microenterprise development. The members developed learning products about value chain and organizational

development and effective learning networks. These products were shared via Microlinks and the Learning Lab website. However, beyond general dissemination of learning products via Microlinks and the Learning Lab, the case study team was unable to assess the direct benefits of the learning products to stakeholders outside of the membership group.

## ACHIEVEMENTS

Interviews and reviewed documents showed that the seminars played an important role in fostering the sharing of good practices and knowledge. They helped establish a community of USAID practitioners, academicians, and partner organizations. Additionally, PPL staff noted that KDMD and its predecessor, AMAP, influenced and informed subsequent PPL activities including CLA strategy development and the Learning Lab website as well as efforts Agency-wide efforts led by PPL in knowledge management and organizational learning. However, challenges arose in trying to ensure continual engagement of the various stakeholders after a seminar series ended.

### Relevance of New Knowledge

The seminar series was successful because it contributed to a community of practice. One implementing partner representative noted that identification of organizations with particular expertise to lead seminars and allowing participants to suggest topics helped ensure the relevance of the presentations. One participant noted that continuing the series of seminars over several years helped establish a recognizable brand.

“[I] networked with a presenter from an Ethiopia project and maintained contact in order to learn appropriate technical approaches to a project [I] was implementing.”

- Post-seminar survey respondent

Post-seminar surveys found that the majority of participants found the subject matter important and applicable to their work. More than 90 percent of survey respondents after the microenterprise or agriculture and food security seminars agreed or strongly agreed that the subject matter was important to their work. Approximately, 90 percent of the agriculture and food security seminar respondents and 70 percent of the microenterprise seminar respondents agreed or strongly agreed that they could apply the lessons to their work. KDMD's assessing and learning team conducted additional surveys and interviews with participants who attended five or more seminars for a learning and impact Report. These surveys used a scale of 1 to 5, with 1 representing strong disagreement and 5 indicating strong agreement. The average rating on the usefulness of the seminars for the respondents' work was 4.58 and it was 3.79 on whether participants had applied approaches from the seminars to their work. One interviewee from a for-profit consulting firm shared lessons from the seminars with project teams in his firm.

An interviewee from a for-profit firm and another from an NGO reported that the seminar conversations were rich. They perceived that participants felt comfortable asking questions and were able to establish and maintain connections with others.

### The Challenge of Continual Engagement

Although the seminars encouraged sharing of experiences during and after the seminars, it was difficult to keep discussions going afterward. Interviewed participants from for-profit consulting firms and NGOs noted that their organizations were hesitant to share proprietary knowledge with others because they were in competition for USAID awards. However, PPL staff noted that, despite this challenge, there were still high rates of participation among IPs in the seminars and that members of the practitioner community

were genuinely interested in knowledge sharing as was evidenced by the large number of resources uploaded to the Microlinks site by IPs and practitioners.

## LESSONS LEARNED

This case study highlighted the following key findings:

**Demand should drive the approach.** The seminars emphasized participant engagement. Topics reflected participant recommendations, with partner organizations facilitating some sessions. The technologies used in the webinars facilitated activity interest and information sharing.

**KDMD had ongoing outreach activities to develop a network of practitioners and stakeholders.** The seminar series continued to develop the services that began during AMAP. The seminar series complemented the Agrilinks and Microlinks websites and the Groove Learning Network, to nurture the food security community of practice. These integrated efforts provided additional fora for people to gain knowledge and offer their ideas. They websites also allowed people who were unable to participate in the live seminars to benefit later.

**Competing business development interests posed a challenge to a sector-wide, practitioner-focused network.** All interviewees indicated the difficulties in facilitating engagement of competing organizations outside of the seminars. Many organizations viewed their approaches and strategies as proprietary in a funding environment with increasing competition for USAID grants and contracts.

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# ANNEX M – CASE STUDY – SUPPORT FOR TRADE ACCELERATION PLUS

## SUMMARY

This case study covers the USAID Support for Trade Acceleration (STAR) Plus activity with the Government of Vietnam (GVN) between October 2010 and August 2013. The purpose of STAR Plus was to foster sustainable economic growth through increased international trade and foreign investment. STAR Plus provided trainings, workshops, study tours, and expert consultations to several government ministries. It aimed to strengthen Vietnam's capacity to meet its obligations under existing trade agreements, negotiate new trade agreements, and increase its exports. During implementation, STAR Plus added the General Department of Vietnam Customs (GDVC) as an additional client. This case study focuses on the capacity development (CD) support for the GDVC. Interviewees reported that customs performance and understanding of multilateral trade agreements improved as a result of the activity.

STAR Plus highlighted the following key lessons:

**Develop trust.** STAR Plus built on working relationships between the implementing partners and GVN that began nine years earlier under two predecessor activities. The continuity of institutional and personal working relationships was an important factor in the success of STAR Plus. However, there may not be a prior related activity and, even if there were, the implementing partners or key individuals may have changed. In these cases, USAID and implementing partners has to develop trust in other ways and ensure open communications. foreign service nationals (FSNs) may be well positioned to establish and maintain relationships with government agencies in their countries because of their contacts, familiarity with the context, and potentially longer tenure in USAID missions than foreign service officers.

Implementing partner interviewees reported excellent access to government counterparts, which made implementation easier. Nevertheless, they noted that political sensitivities precluded certain approaches, such as the use of embedded advisors or an organizational capacity assessment tool.

**Engage credible technical experts.** The strong credentials of the implementing partner's technical experts contributed to successful capacity development. Some STAR Plus experts had an important advantage due to established working relationships with government counterparts in earlier activities.

**Recognize the importance of anchor institutions.** Although the Prime Minister's Office had oversight for STAR and STAR II, the Ministry of Justice was given responsibility for STAR Plus.<sup>150</sup> Implementing partner interviewees commented that the MOJ was less flexible and did not have as broad a vision international economic integration as the Prime Minister's Office. There were also conflicts between the MOJ and some agencies that did not like and the requirement of having to request STAR Plus support through the MOJ. However, these issues did not have significant negative effects on Star Plus.

**Use relevant outcome indicators.** The implementing partner's final report noted that the activity's impact will not be known for some years after completion, as is often the case with

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<sup>150</sup> The review team did not determine why the GVN decided to change the organization overseeing the project.



long-term capacity development. It is also difficult to attribute changes in the performance of government agencies to capacity changes. Some of the indicators used by STAR Plus did not measure CD or were very sensitive to international and national macroeconomic conditions. For example, in the average value of goods processed by a customs officer (in U.S. dollars) varied with commodity prices, currency values, international markets, and the competitiveness of various economic sectors. As a result, this was not a good indicator for the job performance of customs staff. STAR Plus also conducted a survey of traders' satisfaction with the customs service.

In 2013, a USAID Inspector General (OIG) audit found that it difficult to measure the success of Star Plus due to inadequate monitoring. The OIG concluded that the USAID mission's reliance on standard indicators made it difficult to track results, targets were set too low, and some results reported by the contractor were unreliable.<sup>151</sup> The OIG audit recommended using custom indicators.

Post-project M&E are important for measuring long-term capacity changes and performance results. Clearance time studies are a valid way to assess performance of the customs system, but may be costly if the data are not already routinely collected.

## INTRODUCTION

This case study addresses capacity development (CD) under the USAID Support for Trade Acceleration (STAR) Plus activity with the Government of Vietnam (GVN) between October 2010 and August 2013. The purpose of STAR Plus was to foster sustainable economic growth through increased international trade and foreign investment. STAR Plus provided trainings, workshops, study tours, and expert consultations to several government ministries. The aim was to strengthen Vietnam's capacity to meet its obligations under existing trade agreements, negotiate new trade agreements, and increase its exports. During implementation, STAR Plus added the General Department of Vietnam Customs (GDVC) as an additional client organization. This case study focuses on the CD support for the GDVC.

The assessment team selected this case study because it was recommended by the E3 Trade and Regulatory Reform (TRR) Office as a useful example that would yield lessons learned. In addition, information was readily available online and through email correspondence with USAID and the implementing partner. Key members of the implementing partner team, the client, and USAID/Vietnam were readily available for interviews since related activities were underway.

The basis of this case study is a document review that included the activity's final, annual, and monthly reports; technical assistance reports on its customs and fiscal transparency efforts; and interviews with five key informants from USAID, implementing partners, and the principal client agency in October 2015.<sup>152</sup> There was an audit report by the USAID Office of the Inspector General that focused on performance monitoring and reporting, but there was no independent final evaluation of STAR Plus

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<sup>151</sup> U.S. Office of Inspector General, "Audit of USAID/Vietnam's Support for Trade Acceleration Plus Project," January 2013.

<sup>152</sup> Annex A contains an extended description of the methods and limitations for this case study.



## BACKGROUND

The first Support for Trade Acceleration (STAR) activity began in 2001 in response to a free trade agreement (FTA) between the Government of Vietnam (GVN) and the U.S. Government. STAR I supported Vietnam's integration into the Association of Southeast Asian Nations (ASEAN) Single Window (ASW) and helped improve e-customs functions.<sup>153</sup> It was followed by STAR II and, then STAR Plus. STAR I and STAR II focused on the Office of the Prime Minister.

USAID awarded a contract for STAR Plus to the DAI/Nathan Group LLC (a joint venture of Nathan Associates Inc. and Development Alternatives Inc.) on September 30, 2010. DAI/Nathan Group LLC. STAR Plus was designed to develop trade capacity, but it also responded to the GVN's subsequent request to broaden its scope to include legal reforms, customs services, and fiscal and monetary policy to promote trade.<sup>154</sup> STAR Plus focused on the Ministry of Justice.

### CASE STUDY SNAPSHOT

**What was the problem?** The Government of Vietnam (GVN) requested assistance from USAID to improve trade and investment performance and meet its obligations under existing and expected trade agreements. This assistance included customs performance, the legal and regulatory environment, and fiscal and monetary policy.

**What was done?** STAR Plus responded to CD requests from 19 governmental entities for support. STAR Plus conducted 90 trainings and 100 workshops, produced studies and analyses, and arranged three study missions and one study tour to the United States.

**What was the result?** STAR Plus helped to increase the transparency and competency of the General Department of Vietnam Customs (GDVC) and understanding of the Trans-Pacific Partnership (TPP) agreement. The knowledge and performance of customs officers' improved and the GDVC committed to periodic surveys of its clients.

## ACTIVITY DESIGN AND IMPLEMENTATION

The purpose of STAR Plus was to increase sustainable economic growth for Vietnam through international trade and foreign investment.<sup>155</sup> The design was demand-driven. The implementing partners worked collaboratively with the GVN and USAID/Vietnam and responded to client requests.

STAR Plus did not have an explicit theory of change when it launched. However, its final report identified three intermediate results: 1) effective trade agreement

USAID, through the STAR Plus project, is the best and most trusted counterpart that Customs [GDVC] has ever worked with. USAID understood our needs and responded effectively with excellent technical assistance from a highly qualified team of international and local experts.

— GDVC Interview Respondent  
October 20, 2015 (Paraphrased)

<sup>153</sup> ASW is a regional initiative linking member states' cargo clearance systems with the intention of streamlining trade between ASEAN member states. e-Customs is an application of information technologies in customs administration.

<sup>154</sup> The assessment was unable to determine the exact timing of this scope change. The final report's section on "contract modifications and amendments" indicates that the task order was amended six times, but does not mention a change in scope to include legal reform and fiscal and monetary policy formation and management.

<sup>155</sup> USAID/Vietnam Support for Trade Acceleration Plus (STAR Plus) Final Report, August 2013.

negotiation and implementation, 2) competitive economic governance, and 3) sound macroeconomic policy and financial sector regulation.

The Ministry of Justice's (MOJ) International Cooperation Department (ICD) was responsible for the day-to-day supervision of USAID STAR Plus for the GVN. The ICD was chaired by the vice minister of justice. The MOJ's Project Management Unit screened requests for STAR Plus assistance and a steering committee chaired by the Ministry of Justice approved them.<sup>156</sup> The trade and economic competitiveness component focused on the Ministry of Finance and its General Department of Vietnam Customs (GDVC). STAR Plus also added activities on monetary and fiscal policy in response to requests from the GVN to help reduce inflation.

Because of STAR Plus, we now have very knowledgeable customs experts. They know the information and standards. I think that what we are achieving today is the result not only of STAR Plus, but of the longstanding commitment and many projects from USAID.

— GDVC interviewee  
October 20, 2015 (paraphrased)

Technical assistance and other CD to improve customs administration were not in the original design of STAR Plus. However, it received additional funding in its final year to improve the customs procedures and capacity of the GDVC. STAR Plus applied various CD approaches, including training, workshops, study tours, and short-term technical assistance.

## Vietnam Customs Action Plan Workshops and Training

Support for implementation of the Vietnam Customs Action Plan was a key component of STAR Plus from April 2012 to August 2013. During this period, the activity delivered 12 trainings and workshops to improve the knowledge and practices of customs personnel that reached 1,046 GDVC personnel.<sup>157</sup> The topics included customs modernization and trade facilitation, risk management, customs law amendments, customs-to-business partnerships, and key performance indicators. An interviewee from the GDVC spoke positively about STAR Plus activities for customs risk management, customs supervision and control, post audit, and improving the relationship between the GDVC and businesses. This interviewee stated that the trainings for the GDVC were well received.

## Customs Performance Survey

STAR Plus conducted a Customs Performance Survey at the beginning of its work with the GDVC to help the GDVC understand critical challenges facing the organization from the public's perspective and identify areas for improvement. This was the first survey of its kind for the client agency and more than 1,500 traders from every province in the country participated. This survey was a collaboration between STAR Plus, the GDVC, and the Vietnam Chamber of Commerce and Industry.

The survey asked business people about their experiences with customs clearance times, requests for bribes, the complexity of tax rules, the professionalism of customs officials, and their access to information. About 64 percent of the responding firms had direct foreign investment, 54 percent were in industry/manufacturing, and 36 percent were in services/trade sectors. More than 75 percent had interacted with the GDVC for five years or more. More than 70 percent had dealt with the GDVC directly, rather than through a customs broker. Respondents were least satisfied with the professionalism of GDVC and more than half reported paying bribes to expedite the clearance of their shipments. The

<sup>156</sup> U.S. Office of Inspector General, "Audit of USAID/Vietnam's Support for Trade Acceleration Plus Project," January 2013.

<sup>157</sup> USAID/Vietnam Support for Trade Acceleration Plus (STAR Plus) Report on the Implementation of the Vietnam Customs Action Plan (2012–2013), August 2013.

Customs Performance Survey identified key areas of improvement for GDVC and convinced the GDVC to conduct annual client satisfaction surveys.<sup>158</sup>

The GDVC also demonstrated a new willingness to assess its performance regularly through. It has conducted biennial surveys of its clients. The first two surveys were conducted in 2011 and 2013. These surveys have reportedly shown a positive trend in satisfaction with customs implementation, but were not publicly released. At the time of this case study, the third customs performance survey was ending. The GDVC agreed to share the results of the third survey with the public

## ACHIEVEMENTS

The demand for STAR Plus assistance was greater than what could be delivered within the time and funding constraints. Interviewees from the implementing partner interviewees viewed this as an indication that the GVN and NGOs respected the service providers. STAR Plus fulfilled requests from 31 units within 19 client organizations, both governmental and nongovernmental. The final report listed 74 distinct CD activities.<sup>159</sup>

The implementing partners collected survey data on participant satisfaction with the trainings and workshops. While 2,083 participants from 104 events responded, this only represented 16 percent of the total number of participants. More than 98 percent of the respondents said the workshops and trainings were good or above average. About 92 percent of the respondents found them useful or very useful.<sup>160</sup> Although these perceptions were positive, Kirkpatrick Level I measures of training satisfaction do not demonstrate capacity or performance changes.

Implementing partner interviewees reported that the support for the GDVC resulted in significant improvements in customs administration. STAR Plus also helped advance the Vietnamese National Assembly's goal of increasing international competitiveness and the country's ability to respond to existing trade agreements and negotiate the subsequent Trans-Pacific Partnership (TPP) agreement.

Customs performance studies done in collaboration with other donors have shown that clearance times decreased significantly. Interviewees from the implementing partner, USAID, and the GDVC confirmed that STAR Plus had positive, long-term impacts and contributed to the ongoing collaborative relationship between the GVN and USAID.

### Improved Organizational Performance

Implementing partner interviewees stated that GDVC improved its performance. The GVN passed Resolution 19/NQ-CP/2015 on Improving Business Environment and National Competitiveness in March 2015 requiring government agencies to commit to reforms. Resolution 19 included targets for the GDVC to reduce customs processing time to 13 days for exports and 14 days for imports.<sup>161</sup> A USAID/Vietnam

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<sup>158</sup> The USAID respondent explained that the design of the survey has changed somewhat since its first iteration, with more questions and specificity; changes to the design of the survey should not meaningfully affect comparison between recent and prior years' results.

<sup>159</sup> Implementing partner respondents explained that due to political sensitivities, no advisors were embedded and no formal organizational assessments were performed during the course of STAR Plus. Despite all interviewees describing a high level of trust and reciprocity between activity stakeholders, limitations existed to what approaches were politically feasible.

<sup>160</sup> Ibid. Part IV, Monitoring and Evaluation, p. 41.

<sup>161</sup> Australian Chamber of Commerce – Vietnam, <http://auschamvn.org/resolution-192015-of-the-government-to-improve-business-environment-and-national-competitiveness>, retrieved 10/23/2015.

interviewee reported that the GDVC took a leading role among other GVN agencies in implementing the Resolution 19 reforms.

STAR Plus did not collect monitoring and evaluation data on the performance of customs administration, including clearance time and cost. However, the USAID/Vietnam interviewee stated that customs clearance times have decreased since the activity ended as confirmed by annual clearance time studies that GDVC has conducted with assistance from the World Bank and the Asian Development Bank.

STAR Plus also provided training that contributed to the successful introduction of a system for authorized economic operators (AEOs) -- traders who have customs pre-clearance because they are trusted to follow the rules. AEOs could be exempted from inspections or were less likely to encounter long inspections. The GDVC had more than 34 AEOs in October 2015. A trader confirmed that the AEO system has improved the efficiency of customs.

## Preparedness for Greater Economic Integration

Vietnam agreed to the terms of the TransPacific Partnership (TPP) on October 5, 2015 two years after STAR Plus ended. The activity reportedly helped the GVN understand the potential benefits of this agreement. The success of STAR Plus contributed to USAID's decision to launch a Governance for Inclusive Growth (GIG) activity for 2014–2018 through a \$42 million contract with Chemonics International.<sup>162</sup>

## LESSONS LEARNED

STAR Plus highlighted the following key lessons:

**Develop trust.** STAR Plus built on working relationships between the implementing partners and GVN that began nine years earlier under two predecessor activities. The continuity of institutional and personal working relationships was an important factor in the success of STAR Plus. However, there may not be a prior related activity and, even if there were, the implementing partners or key individuals may have changed. In these cases, USAID and implementing partners can develop trust in other ways and ensure open communications. Foreign service nationals (FSNs) may be well positioned to establish and maintain relationships with government agencies in their countries because of their contacts, familiarity with the context, and potentially longer tenure in USAID missions than foreign service officers.

The cumulative USAID support for training over the years, including under STAR Plus, gave Vietnam enough knowledge and confidence to be part of the TPP and to understand why the agreement would be a good thing for them. Work on understanding modern economics was a part of this. When people think about trade facilitation, they're often thinking about customs reform, meaning largely procedural changes. STAR Plus was bigger than that ... helping Vietnam join the global economy.

— Interview with Senior International Trade Advisor, October 19, 2015 (Paraphrased)

Implementing partner interviewees reported excellent access to government counterparts, which made implementation easier. Nevertheless, they noted that political sensitivities precluded certain approaches, such as the use of embedded advisors or an organizational capacity assessment tool.

<sup>162</sup> USAID Launches Five-Year Partnership Strategy and Governance for Inclusive Growth Program, accessed on 11/18/2015, <https://www.usaid.gov/vietnam/press-releases/usaids-launches-five-year-partnership-strategy-and-governance>.

**Engage credible technical experts.** The strong credentials of the implementing partner's technical experts contributed to successful capacity development. Some STAR Plus experts had an important advantage due to established working relationships with government counterparts in earlier activities.

**Recognize the importance of anchor institutions.** Although the Prime Minister's Office had oversight for STAR and STAR II, the Ministry of Justice was given responsibility for STAR Plus.<sup>163</sup> Implementing partner interviewees commented that the MOJ was less flexible and did not have as broad a vision international economic integration as the Prime Minister's Office. There were also conflicts between the MOJ and some agencies that did not like and the requirement of having to request STAR Plus support through the MOJ. However, these issues did not have significant negative effects on Star Plus

**Use relevant outcome indicators.** The implementing partner's final report noted that the activity's impact will not be known for many years after completion, as is often the case with long-term capacity development. It is also difficult to attribute changes in the performance of government agencies to capacity changes. Some of the indicators used by STAR Plus did not measure CD or were very sensitive to international and national macroeconomic conditions. For example, in the average value of goods processed by a customs officer (in U.S. dollars) varied with commodity prices, currency values, international markets, and the competitiveness of various economic sectors. As a result, this was not a good indicator for the job performance of customs staff. STAR Plus also conducted a survey of traders' satisfaction with the customs service.

In 2013, a USAID Inspector General (OIG) audit found that it was difficult to measure the success of Star Plus due to inadequate monitoring. The OIG concluded that the USAID mission's reliance on standard indicators made it difficult to track results, targets were set too low, and some results reported by the contractor were unreliable.<sup>164</sup> The OIG audit recommended using custom indicators.

Post-project M&E are important for measuring long-term capacity changes and performance results. Clearance time studies are a valid way to assess performance of the customs system, but may be costly if the data are not already routinely collected.

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<sup>163</sup> The review team did not determine why the GVN decided to change the organization overseeing the project.

<sup>164</sup> U.S. Office of Inspector General, "Audit of USAID/Vietnam's Support for Trade Acceleration Plus Project," January 2013.

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# ANNEX N - CASE STUDY – NIGERIA SUSTAINABLE WATER AND SANITATION IN AFRICA

## SUMMARY

This summary report focuses on a set of capacity development (CD) in the Sustainable Water and Sanitation in Africa (SUWASA) Program between May 2011 and November 2014.<sup>165</sup> The purpose of SUWASA was to improve water and sanitation services in urban and peri-urban cities in nine countries. It provided communities with safe, accessible water and sanitation services and helped service providers improve their ability to serve customers financial sustainability and. SUWASA had activities in three states in Nigeria, but this case study only focuses on the two activities in Bauchi State.

Before SUWASA assistance, the Bauchi State Water Board (BSWB) did not provide sufficient water and sanitation services to its urban customers because of weak staff capacity and inadequate revenues. In addition, the absence of a strong legal, regulatory, and institutional framework constrained BSWB from making needed changes.

SUWASA improved the legal and regulatory framework for urban water and sanitation and helped the BSWB transformed itself into the Bauchi State Water and Sewerage Corporation (BSWSC). SUWASA's CD support included a collaborative design process with the involvement of key stakeholders, participatory workshops, trainings, mentoring, study tours, and embedded experts. The program helped the BSWSC adopt an organizational structure with well-defined roles and responsibilities (including clear job descriptions) and a computerized consumer database and billing system.

The BSWSC improved and expanded its urban water and sanitation services and increased its financial sustainability.

SUWASA's experience in Bauchi State highlighted the following key lessons:

**Measure success against industry benchmarks and peers in other countries.** SUWASA organized study tours to help the BSWB compare its performance to well-functioning utilities in South Africa, Swaziland, and Zambia. Seeing how far its performance lagged behind the other utilities helped the BSWB participants realize that major improvements were needed. SUWASA also recommended use of international industry standards for water utilities to benchmark performance over time.

**Link capacity development to a larger agenda.** The goals of SUWASA and the BSWB were well-aligned and this resulted in a good cooperative working relationship. SUWASA that addressed system-level reforms in urban water supply and sanitation as well as capacity development. The CD support, by itself, would not have achieved the desired results if the underlying system issues had not been addressed.

**Be flexible in adapting to changes.** The CD aspects of SUWASA in Bauchi were organic and not highly systematic. Heather and Morgan (2008) called this type of CD “emergent” because it is more of an undirected process of collaborative action than planned CD interventions. Planned CD often focuses on the supply side and characteristic of most international donor-funded activities. Emergent strategies are “comprised of a shared sense of meaning and values, some sort of collective identity and a system boundary.”<sup>166</sup> A prominent strategy for SUWASA was

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<sup>165</sup> The overall SUWASA program extended from September 2009 to September 2015.

<sup>166</sup> Baser, Heather, and Peter Morgan. “Capacity, Change and Performance.” 2008.



day-to-day engagement with technicians and utility management to establish better systems. SUWASA also implemented formal trainings and workshops, but these were less effective, according to the interviewees. By employing a less-rigid structure and model of CD activities, SUWASA was able to identify what worked well and adapt accordingly.

**Appropriate material support promoted continuous engagement in CD efforts.** The experience in Bauchi showed that relatively small investments to change systems can transform peoples' abilities, especially with technology upgrades. In Bauchi, the BSWB staff were using handwritten records to bill customers. The switch to a computerized system that was regularly updated transformed how staff engaged with their work. One interviewee said the initial successes linked to CD and technology upgrades (such as faster processing of customer records and more accuracy) improved staff morale and increased their commitment to their work.

**Incentives matter.** CD activities, small investments, and commodity procurements were the incentives SUWASA offered in Bauchi. The more politically sensitive policy reform tasks and system transformations were a harder sell. SUWASA used the incentives to help create political space for reform. One interviewee noted that the reforms occurred because there was enough interest and support for the CD interventions. This observation is also consistent with the documentation on the activity.

**Start with locally driven agendas and collaborate.** The collaborative, locally driven process was one reason why SUWASA was successful in Bauchi State. SUWASA helped the BSWB identify the priority reforms needed to move its internal agenda forward. All of SUWASA's staff in Bauchi were Nigerian and they helped identify the BSWB's priorities for reforms, rather than an externally driven agenda. The BSWB drove the process forward, while SUWASA embedded advisors in the utility and provided other external assistance as needed. This inclusive, collaborative approach increased the commitment of key governmental actors. SUWASA established a team of local reform champions to obtain input from other government agencies, a traditional leader, and a civil society representative. SUWASA also increased accountability by organizing meetings with consumer associations, water user associations, customers (including those previously underserved), and other citizen groups.

## INTRODUCTION

This case study focused on the Sustainable Water and Sanitation in Africa (SUWASA) Program's work in Bauchi State, Nigeria between May 2011 and November 2014. It was selected because it was recommended by E3 Water Office staff, data were readily available online, and the activity had ended recently.

The case study was based on a review of documents and interviews with a key informant from the implementing partner and the Bauchi State Water Board in November 2015. Available documents included 23 SUWASA quarterly reports, a SUWASA Knowledge Forum report, and an external mid-term evaluation report.



## BACKGROUND

The purpose of the SUWASA Program was to improve and expand the delivery of water and sanitation services in urban and peri-urban areas of nine countries -- Ethiopia, Kenya, Liberia, Mozambique, Nigeria, Senegal, South Sudan, Uganda, and Zambia. Tetra Tech implemented the task order from September 2009 until September 2015. The E3 Water Office managed the contract with technical direction from the Africa Bureau's Office of Sustainable Development.

The implementing partner adopted a collaborative approach to selecting the locations and focus areas for its work. SUWASA consulted with 48 Africa water sector reform experts and identified a list of 32 potential reforms. SUWASA's direct clients were water and sanitation providers and governments, but it also emphasized the participation with of local communities, businesses, donors, and private water suppliers. The program provided technical assistance on reform design, integrated CD, and limited financial resources for commodity procurements and infrastructure improvements.

In Nigeria, SUWASA aimed to increase the capacity of water utilities and support reforms to help transform dysfunctional institutional structures. SUWASA's work in Nigeria initially focused on Bauchi State. After observing preliminary successes in Bauchi, USAID committed an additional \$4 million for two other Nigerian states. Table N-1 summarizes SUWASA's work in the three states – Bauchi, Ebonyi, and River.

**TABLE N-1: SUWASA'S ACTIVITIES IN NIGERIA**

Location	Target Issues	Description	Duration
Bauchi	Policy and regulatory	Urban water and sanitation reforms	May 2011 – October 2014
	Service delivery	Transformation of a government water board to a utility company	May 2011 – November 2014
Ebonyi	Institutional reforms and service delivery	Urban water and sanitation reforms	April 2013 – May 2015
River	Institutional reforms and service delivery	Urban water and sanitation reforms	April 2013 – May 2015

### CASE STUDY SNAPSHOT

**What was the problem?** The Bauchi State Water Board (BSWB) did not provide sufficient water and sanitation services to its urban customers because of weak staff capacity and inadequate revenues. In addition, the absence of a strong legal, regulatory, and institutional framework constrained BSWB from making needed changes.

**What was done?** SUWASA helped improve the legal and regulatory environment for urban water and sanitation services and helped transform the Bauchi State Water Board (BSWB) into the Bauchi State Water and Sewerage Corporation (BSWSC). It provided CD support to help the BSWSC become more efficient and accountable to its customers. The main CD approaches were collaborative activity design with the involvement of key stakeholders, direct technical assistance, participatory workshops, trainings, mentoring, study tours, and embedding experts.

**What were the results?** The BSWSC developed a computerized consumer database and billing system and an organizational structure with well-defined roles and responsibilities. It improved and expanded its water and sanitation services and increased its financial sustainability.

## DESIGN

SUWASA's main clients in Bauchi were the state Ministry of Water Resources and Bauchi State Water Board (BSWB). SUWASA worked with these institutions and other stakeholders to design and implement the much-needed reforms.

SUWASA did not have an explicit theory of change. It did have guiding principles that were considered in preparing various work plans. These guiding principles included use of incentives for organizational performance, cost-reflective tariffs, modern business practices, customer-centered service delivery, and greater autonomy for utility managers.<sup>167</sup> The implementing partner applied the following criteria to consider in designing tasks:

- Integrate the poor into the permanent customer base of service providers;
- Create operational and financial autonomy for service providers;
- Increase the accountability of water and sanitation service providers;
- Introduce incentives to encourage water and sanitation providers to improve their performance on a continuing basis; and
- Promote business models based on cost-reflective pricing that covers operating costs at a minimum, while protecting the poor.

## Diagnosing System Capacity

Bauchi State previously had a weak legal and institutional framework for water utilities, unclear policies that led to overlap and duplication, poor financial management, outdated infrastructure, and inadequate systems to meet the demand for services and collect revenues. The BSWB did not receive revenues from 70 percent of the water it supplied, mostly due to illegal connections. As a result, there was little reinvestment.<sup>168</sup>

The Bauchi State Government expressed its commitment to SUWASA through \$200,000 in cost sharing (5 percent of the total cost). The BSWB established a water sector reform coordination committee. SUWASA's work in Bauchi benefited from coordination with the USAID Leadership, Empowerment, Advocacy, and Development (LEAD) Project, which focused on decentralization and governance.<sup>169</sup> SUWASA coordinated with LEAD on the Bauchi State water, sanitation, and hygiene policy.

## IMPLEMENTATION

SUWASA focused on improving services for customers and improving the legal, regulatory, and institutional framework for urban water and sanitation in Bauchi State. It helped the BSWB transform itself into the Bauchi State Water and Sewerage Corporation (BSWSC). SUWASA advised the BSWSC on its organizational structure with well-defined roles and responsibilities (including clear job descriptions) and a computerized consumer database and billing system. SUWASA's CD support included a collaborative design process with the involvement of key stakeholders, participatory workshops, trainings, mentoring, study tours, and embedded experts.

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<sup>167</sup> Tetra Tech, "USAID/Sustainable Water and Sanitation in Africa (SUWASA) Quarterly Report #1, September 30, 2009 – December 31, 2009," January 2010.

<sup>168</sup> United States Agency for International Development, "Activity Profile – Reform of the Urban Water Sector in Bauchi, Nigeria."

<sup>169</sup> RTI International implemented the \$39 million LEAD activity from 2009 to 2014.

## Training, Mentoring, and Study Tours

SUWASA developed comprehensive trainings for BSWB staff on financial management, human resources, customer service, management systems, communications, organizational development, and corporate governance.

SUWASA organized several study tours for the Bauchi State Ministries of Water Resources, USAID/Nigeria, and the Nigerian federal government to visit South Africa, Lesotho, Zambia, and Swaziland. The study tours helped participants learn about good practices in urban water and sanitation service delivery and related legal, regulatory, and institutional reforms. The study tour to Swaziland showed the benefits of transforming a government water agency into a corporation and the changes in organizational structure, processes, and systems needed to make this possible. Through SUWASA, Swazi Water provided additional training and mentoring support to BSWB.

## Preparation and Implementation of New Legislation

SUWASA provided technical assistance to help Bauchi State draft of legislation to reform urban water and sanitation services and establish the BSWSC. The state parliament passed this law in 2014. SUWASA helped develop an organizational structure for the newly formed BSWSC.

To help gain support for the proposed reforms, SUWASA established a team of local reform champions that included Bauchi's solicitor general, permanent secretary in the Ministry of Justice, a traditional leader, and a civil society representative. The local champions drafted guidelines for implementation of the new law and oversaw the transformation of the BSWB to the BSWSC. This team also monitored the progress of reforms and offered advice to the Bauchi State Government.

## Improving Revenue Collections

SUWASA provided technical assistance and support to computerize the BSWB's inefficient and inaccurate manual billing system. SUWASA purchased computers and software to modernize the billing system. SUWASA supported an enumeration of BSWB's service users, including those with illegal connections. In Bauchi Town, the BSWB only had records for 17,000 customers, but enumeration found approximately 40,000 users. The additional 23,000 users had illegal connections and did not pay BWSB for the services. SUWASA also helped the BSWB set up an accurate customer database, which made it easier to produce and deliver accurate bills.

## Monitoring Performance

An implementing partner interviewee noted that SUWASA measured outputs performance indicators for water utilities. SUWASA benchmarked the performance in Bauchi against other utilities in Africa using internationally recognized performance standards identified in the status report. Although a lot of data was available within, most of it had not been "ground truthed."<sup>170</sup> While the Federal Ministry of Water Resources in Abuja was not directly involved in implementation of SUWASA's work in Bauchi, it contributed insights on monitoring and alignment with the national framework for urban water services.

SUWASA documented and shared lessons learned and promising practices from its work in Nigeria with other Nigerian states and the federal government as well as other countries. Key lessons learned included the importance of political will and local reform champions, stakeholder engagement, and public

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<sup>170</sup> The Nigerian government commissioned SSO reports for Nigeria's 36 states (based on the World Bank's Country Status Overview). SUWASA helped conduct the SSO for Bauchi State.

consultation processes in setting tariffs. In May 2015, SUWASA convened a two-day knowledge forum in Kampala, Uganda, on the “Path to Financial Sustainability for Urban Water and Sanitation Services in Africa.” This forum discussed practical solutions for delivery of sustainable urban water and sanitation services and sector reforms. The forum included presentations on SUWASA’s work in Nigeria. More than 120 participants from 22 countries attended, including government, utility, and civil society representatives. There were five thematic sessions: 1) governance and accountability of water utilities, 2) achieving financially sustainable services, 3) mobilizing finance, 4) urban sanitation, and 5) cross-cutting themes (gender mainstreaming, small-town water supply management and private water network providers).

## **ACHIEVEMENTS**

A diagnostic report identified the constraints affecting urban water and sanitation supply. SUWASA’s activities in Bauchi were successful because the state government acknowledged the deficiencies in water and sanitation services and was willing to undertake reforms. Learning about water and sanitation utilities and reforms in other African countries contributed to the achievements in Bauchi State.

### **Enhanced Revenue Collection**

Computerization of billing and more accurate customer records enabled BSWB to increase its revenue collection rate.<sup>171</sup> SUWASA support enabled BSWB to more than double its monthly revenues. The increase in revenues enabled better coverage of maintenance and operations costs. SSUWASA’s technical assistance to the Bauchi State Water Board helped more than 10,000 people benefit from improved service quality, including customers living in areas that had not benefited from piped water for more than five years.

### **Challenges**

Not all of SUWASA’s CD activities were successful. An interviewee from the BSWSC reported that there was insufficient training and other support for geographic information systems. Implementing partner interviewees noted the challenges in motivating major change and sector reforms. Extensive engagement with stakeholders was necessary and CD activities were linked to a negotiated reform agenda.

### **Follow-on Activities**

In May 2015, SUWASA convened a validation and planning workshop with 50 participants including the federal government’s permanent secretaries for water and irrigation, budget and economic planning, and the environment). Representatives of the Wudil Regional Water Scheme in Kano State shared their experiences with sectoral reforms. The participants shared lessons learned and prepared an action plan that outlined specific activities, responsible actors, and a timeframe for further progress.

In 2014, the World Bank provided a \$250 million loan to the Government of Nigeria for the Third National Urban Water Sector Reform Project. Bauchi was selected as one of the three states for support under this project. The loan included \$50 million for Bauchi to increase the capacity of Gubi Dam and

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<sup>171</sup> Mendez, England and Associates, “Mid-Term Performance Evaluation of Sustainable Water and Sanitation in Africa (SUWASA).” September 2013.

rehabilitate urban water distribution networks. Bauchi also received financial and technical support for a survey of industrial, institutional, and residential water users in urban areas.

## LESSONS LEARNED

SUWASA's CD support in Bauchi State highlighted the following key lessons:

**Measure success against industry benchmarks and peers in other countries.** SUWASA organized study tours to help the BSWB to compare its performance to well-functioning water utilities in South Africa, Swaziland, and Zambia. Seeing how far its performance lagged behind these utilities helped the BSWB realize that major improvements were needed. SUWASA also recommended use of international industry standards for water utilities to benchmark performance over time.

**Link capacity development to a larger agenda.** The goals of SUWASA and the BSWB were well aligned and this contributed to good cooperative working relationships. SUWASA addressed system-level reforms in urban water supply and sanitation as well as capacity development. By itself, the CD support would not have achieved the desired results if underlying system issues had not been addressed.

**Be flexible in adapting to changes.** The CD aspects of SUWASA programming in Bauchi were organic and not highly systematic. Heather and Morgan (2008) refer to this type of CD as “emergent” because it is more of an undirected process of collaborative action than planned CD interventions. Planned CD is often focused on the supply side and characteristic of most international donor-funded activities. Emergent strategies are “comprised of a shared sense of meaning and values, some sort of collective identity and a system boundary.”<sup>172</sup> A prominent strategy for SUWASA was day-to-day engagement with technicians and utility management to establish better systems. SUWASA also implemented formal trainings and workshops, but these were less effective, according to the interviewees. By employing a less-rigid structure and model of CD activities, SUWASA was able to identify what worked well and adapt accordingly.

**Appropriate material support promoted continuous engagement in CD efforts.** The experience in Bauchi showed that relatively small investments to change systems can transform peoples' abilities, especially with technology upgrades. In Bauchi, BSWB staff was using handwritten records to bill customers. The switch to a computerized system that was regularly updated transformed how staff engaged with their work. One interviewee said the initial successes linked to CD and technology upgrades (such as faster processing of customer records and more accuracy) improved staff morale and increased their commitment to their work.

“SUWASA programming in Nigeria is an excellent example of synergy and leveraged impact.”

— SUWASA Midterm Evaluation

**Incentives matter.** CD activities, small investments, and commodity procurements were the incentives SUWASA offered in Bauchi. The more politically sensitive policy reform tasks and system transformations were a harder sell. SUWASA used the incentives to help create political space for reform. One interviewee noted that the reforms occurred because there was enough interest and support for the CD interventions. This observation is also consistent with the documentation on the activity.

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<sup>172</sup> Baser, Heather, and Peter Morgan. “Capacity, Change and Performance.” 2008.

**Start with locally driven agendas and collaborate.** The collaborative, locally driven process was one reason why SUWASA was successful in Bauchi State. SUWASA helped the BSWB identify the priority reforms needed to move its internal agenda forward. All of SUWASA's staff in Bauchi were Nigerian and they helped identify the BSWB's priorities for reforms, rather than an externally driven agenda. The BSWB was expected to drive the process forward, while SUWASA embedded advisors in the utility and provided other external assistance as needed. This inclusive, collaborative approach increased the commitment of key governmental actors.

SUWASA established a team of local reform champions to obtain input from local communities. This team included a traditional leader, a civil society representative, Bauchi's solicitor general, and the permanent secretary to the Ministry of Justice. The local champions agreed on a common vision for reform and were committed to making change happen. They drafted guidelines and oversaw the transformation of the BSWB to the BSWSC. This team also monitored the progress of reforms and offered advice to the Bauchi State Government.

SUWASA also increased accountability by organizing meetings with consumer associations, water user associations, customers (including those previously underserved), and other citizen groups.

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## ANNEX O – PROTOCOL FOR INDIVIDUAL/GROUP INTERVIEWS FOR CASE STUDIES – CLIENT ORGANIZATION

No.	Question	Research Question Reference
<b>Introduction</b>		
	<p>Screening Question: USAID is interested in understanding “what works” in capacity development. The purpose of this interview is to find out more about the capacity development aspects of a particular activity that we believe you were involved in, namely XXXX. Is it correct that you were involved in and can talk about this activity?</p> <p>___ Yes ___ No</p>	
N/A	<p>This interview is being conducted as part of an E3 capacity development practices study commissioned by the E3 Bureau under its E3 Analytic and Evaluation Services Project, for which Management Systems International is the lead firm. Case studies of activities led by various E3 offices are an element of this study. The information we gather from you will be used to develop a Case Study Summary report on this activity. The activities on which case studies are being developed were selected through a multi-stage process that considered the availability of activity performance data, evaluation reports, and suggestions for cases received from E3 office staff.</p> <p>To ensure an accurate record of this interview, it will be digitally recorded. Transcriptions from these recordings will be used to help answer study questions. Generally speaking, we do not expect to quote individuals by name, but if we would like to quote you directly we will first seek your permission for the exact wording of any such quote.</p> <p>Audio files will be stored on secure servers at MSI for three years, in accordance with MSI policy and U.S. government requirements.</p> <p>Acknowledgement and Consent: Do you give permission to have this interview recorded? _____</p> <p>As you are a key informant we may want to use your name in the report we will be compiling.</p> <p>Would this be alright with you? (Y/N) _____</p> <p>Name: _____ Affiliation: _____ Contact info: _____ Day/time: _____</p>	N/A
<b>General activity information</b>		
	<p>I.A. In what capacity were you involved in this activity? I.B. At what stages of the activity were you involved: (Chose as many as are appropriate) ___ design ___ implementation ___ evaluation ___ close out</p>	Background
	I. Can you briefly tell me about the main CD approaches used in this activity?*	Background



	<p><i>Ideally the CD elements will have been identified in the desk review and are being confirmed in the interview - - list activities here so that you can refer to them and probe as necessary.</i></p> <p>2. To your knowledge were these CD approaches part of larger package of interventions?</p>	
<b>Shared goals and sustainability</b>		
	<p>3. To what extent did the CD goals of the XXX activity and CD goals of your organization overlap? Allow respondent to answer in an open ended way.</p> <p>4.b On a 5 point scale: how would you rate the degree of overlap? not at all – not really – neutral – somewhat – very much</p> <p><b>** We are also looking for “how and why” so probe for these answers if feasible</b></p>	2D
	4. What were the activities CD goals with respect to your organization?	2D
	5. What were your organization’s goals related to CD at the time?	2D
	6. What are your organization’s goals related to CD now?	2D
<b>Power dynamic and mutual respect</b>		
	<p>7. To what extent do you feel your organization had the power to <i>choose</i> the organizational issues the project addressed through its CD approaches?</p> <p><i>To what extent did the organization define the problem vs the IP or donor?</i></p>	2D
	<p>8. To what extent do you feel your organization had the power to choose <i>how</i> these CD issues were addressed?</p> <p><i>To what extent did the organization have the opportunity to determine its own solutions to these issues vs the IP or donor?</i></p>	2D
	9. To what extent do you feel there was trust between your organization and [the IP] (high, medium, low)?	2D
	10. To what extent do you feel there was trust between your organization and USAID (high, medium, low)? If you don’t feel you had enough interaction with USAID to answer, that’s okay.	2D
	<p>11. Do you feel [the IP and/or USAID] took advantage of how much they could learn from your organization?</p> <p><i>This might be related to the political economy or context, other partners USAID could use, challenges the organization faced, opportunities that might have been leveraged, etc.</i></p>	2D
	12. If so, what do you think they learned from your organization?	2D
	13. If not, how do you think this knowledge would have helped them or the project?	2D
<b>Implementation – success and challenges</b>		
	14. Would you consider this activity (or components of it) a success?	2E, 3
	15. What does that mean to you?	2E, 3
	<p>16. What do you feel your organization is doing differently or better than before?*</p> <p>Please be specific.</p> <p><i>*For external projects “success” would be that the partner organization can now do something differently or better than before. Understanding how their situation has changed or how the system has changed in order to assist or challenge the organization</i></p> <p>Probe: Can you cite specific evidence or examples of “success” or “failure”?</p> <p>Probe: How did you know?</p>	2E, 3
	17. What else was going on over this time period that may have had an impact on the success or challenges related to this activity?	2E, 6C, 7
	18. Possible probe: Were other donors working with you? Did anything change in the country context or policy environment? Any other changes related to your organization?	2E, 6C, 7
<b>Measurement</b>		
	<p>19. Were there methods used to track your organization’s (or individuals within the organization’s) change in capacity or performance?</p> <p><b>** Probe for any indicators or other metrics they are aware of</b></p>	

	20. Did your organization use these methods too?*	6A, 2E
	*Addresses the relevance of the indicators.	
	21. If so, are they still being used?*	6A, 2E
	*Speaks to sustainability and that the indicators were selected with the organization's input.	
	22. Are there ways you think USAID might better measure progress in capacity development for organizations like yours?	6B (also 4A and 4B)
	23. Possible probe: Can you think of any particular indicators or types of measurement that might be useful for organizations like yours?	6B (also 4A and 4B)
<b>Organizational assessment</b>		
	24. Was an organizational assessment used? (if the respondent discusses organizational assessments during Q19 above or if you know from your desk review that one was used – use Q 25– 27 as follow up probes as is feasible)	2D, (maybe 6A)
	25. If so, which one?	2D, (maybe 6A)
	26. How was it used?*	2D, (maybe 6A)
	*Look for language that focuses primarily on gaps/deficits in the beneficiary organization as well as language that focuses primarily on assets/strengths.	
	19.B. How was it used, meaning how was it applied? Did your organization use it as a self-assessment? Was there an independent party that applied it?	
	27. Is your organization still using it?	2D, 3
<b>Value of activities, shared understanding, and good practices</b>		
	28. In terms of the project's CD activities, which ones did you think were particularly useful?	2D, 2E
	29. Were there any CD activities that you would like to highlight as good practices	2D, 2E
	30. What activities, if any, did you think were NOT particularly useful?	2D, 2E
<b>AOB</b>		
	31. Is there anything else you would like to add?	
	If you feel that this individual was not able to speak deeply enough about the issues here, please ask the respondent if they could recommend someone who could speak more about the details related to x issue. You may not have time to follow all leads, but it is important to capture anyway.	
	Additional key informant(s):	
	Name:	Contact info:
	Name:	Contact info:
	Name:	Contact info:
	<b>Any inconsistencies in documentation or anything that stands out (add notes from desk review here to follow up on)</b>	
	<b>Thank the respondent and close.</b>	

## ANNEX P – PROTOCOL FOR INDIVIDUAL/GROUP INTERVIEWS FOR CASE STUDIES – USAID AND IMPLEMENTING PARTNER

No.	Question	Research Question Reference
<b>Introduction</b>		
	<p>Screening Question:            USAID is interested in understanding “what works” in capacity development. The purpose of this interview is to find out more about the capacity development aspects of a particular activity that we believe you were involved in, namely XXXX. Is it correct that you were involved in and can talk about this activity?</p> <p>___ Yes ___ No</p>	
N/A	<p><i>[If this interview is with a USAID POC and you have already received the signed consent form, you do not need to read the below in detail but only state for the recording that you have received the consent form]</i></p> <p>This interview is being conducted as part of an E3 capacity development practices study commissioned by the E3 Bureau under its E3 Analytic and Evaluation Services Project, for which Management Systems International is the lead firm. Case studies of activities led by various E3 offices are an element of this study. The information we gather from you will be used to develop a Case Study Summary report on this activity. The activities on which case studies are being developed were selected through a multi-stage process that considered the availability of activity performance data, evaluation reports, and suggestions for cases received from E3 office staff.</p> <p>To ensure an accurate record of this interview, it <b>will be digitally recorded</b>. Transcriptions from these recordings will be used to help answer study questions. Generally speaking, we do not expect to quote individuals by name, but if we would like to quote you directly we will first seek your permission for the exact wording of any such quote. Audio files will be stored on secure servers at MSI for three years, in accordance with MSI policy and U.S. government requirements.</p> <p><b>Acknowledgement and Consent:</b>            Do you give permission to have this interview recorded? _____            As you are a key informant we may want to use your name in the report we will be compiling. Would this be alright with you?            (Y/N) _____</p> <p>Name: _____            Affiliation: _____            Contact info: _____            Day/time: _____</p>	N/A
<b>General Activity Information</b>		
	<p>32. A. In what capacity did you become knowledgeable about this activity? Were you the COR/AOR or a technical advisor, or did you have some other relationship to it?            I.B. At what stages of the activity were you involved: (Chose as many as are appropriate)</p> <p>___ design            ___ implementation            ___ evaluation</p>	background

	___ close out	
	<p>33. Can you briefly tell me about the main CD approaches used in this activity?  <i>* Ideally the CD elements will have been identified in the desk review and are being confirmed in the interview - list activities here so that you can refer to them and probe as necessary.</i></p> <p>34. Were these CD approaches part of a larger package of interventions?</p>	background
<b>Shared goals</b>		
	<p>35. A. To what extent did the CD goals of the XXX activity and CD goals of the beneficiary organization (whose capacity the activity sought to strengthen overlap)? <i>Allow respondent to answer in an open ended way.</i></p> <p>4.b. On a 5 point scale: how would you rate the degree of overlap? <b>not at all – not really – neutral – somewhat – very much</b></p> <p><b>** Beneficiary org should be the main beneficiary or the one you are focusing on for this case study – you can name it here.</b></p> <p><b>** We are also looking for “how and why” so probe for these answers if feasible</b></p>	2D
<b>Theory of Change</b>		
	36. We are interested in understanding how the CD approaches used in this activity were chosen. Could you tell us what explains or drove the selection of CD approaches that were used?*	2D
	37. Did the CD approaches actually delivered match initial plans for CD delivery or did they evolve [over time] and end up being different from those described in the original CD section of the activity design?*	2D
	38. If the CD approaches did change, why?	2D
	<p>*7.B. Was there a written or diagram form theory of change for the CD component of this activity that explained USAID’s hypotheses about the effects that the CD approaches used were expected to produce?</p> <p>7.C. Was there a basis in evidence that supported these hypotheses, and if so do you know what sources of evidence the CD component relied on?</p> <p><b>**Addresses adaptation and learning</b></p>	2D
<b>Implementation – success and challenges</b>		
	39. Would you consider the CD aspects of this activity (or components of it) a success?	2E, 3
	<p>40. In terms of the CD aspect of this activity, what does the term “success” mean?  <i>*For external projects “success” would be that the partner organization can now do something differently or better than before. Understanding how their situation has changed or how the system has changed in order to assist or challenge the organization</i></p> <p>Probe: Can you cite specific evidence or examples of “success” or “failure”?</p> <p>Probe: How did you know?</p>	2E, 3
	<p>41. What else was going on over this time period that may have had an impact on the success of the CD aspect of this activity?</p> <p>10. B. Were there any specific challenges related to implementing the CD aspects of this activity?</p>	2E, 6C, 7
	<p>42. Possible probes:  Were other donors working with your partner organizations?  Did anything change in the country context or policy environment?  Or in the partner organization’s environment?</p>	2E, 6C, 7
<b>Measurement</b>		
	43. What indicators did you use to measure capacity change? (explain that <i>these might be at the individual, organizational, and/or system level.</i> )	6A, 6C
	44. Beyond these indicators what other methods for gathering evidence did you use to understand if capacity change was happening?	6A, 6B
	45. Were these methods (including indicators) adequate to understand capacity change? Why or why not?	6A, 6B



## ANNEX Q – SUMMARY OF INTERVIEWS WITH EXTERNAL CAPACITY DEVELOPMENT EXPERTS

This annex provides an overview of key points from the five external CD expert interviews conducted between February and April 2015.

### Interview with Beryl Levinger (Distinguished Professor and Program Chair, Middlebury Institute of International Studies, Monterey, California)

Beryl Levinger noted how CD has evolved to include approaches other than training. She highlighted other approaches, that have been under-used. One example is accompaniment - checking in regularly, talking through challenges and issues, and offering encouragement. This approach recognizes that CD does not end with preparation of an action plan. It addresses the socio-emotional components of capacity development and the fact that individuals need to acquire new knowledge follow-on support to adopt new behaviors and actions.

Levinger explained that complex problems can only be fixed through the work of multiple organizations within a system. Consequently, a system perspective is critical. Advocacy and networking may help an organization overcome resource constraints. Development practitioners and donors should create an ecosystem that is aligned with development goals, so that CD does not stall with staff turnover or changes in leadership. Networks are a vehicle for creating enduring social change. Network analysis tools help organizations understand their position in a system and their influence. Network analysis is also useful in establishing a baseline and assessing how CD has changed relationships among actors in the system.

Levinger described the four quadrants model for categorizing areas of capacity in terms of high or low gauge and stakes. She stated that organizational capacity assessments are most effective when they have low gauge and high stakes. Various organizational functions are not equally important and donors and development practitioners do a disservice to organizations when they try to address all aspects of capacity. The purpose of an organizational capacity assessment should be to explore why things are the way they are, rather than identifying what is wrong and fixing it. Levinger emphasized the value of creating space for learning and reflection. She concluded that the single most powerful intervention is encouraging organizations to have deep conversations that would not otherwise have.

### Interview with Alfredo Ortiz (Visiting Professor, Nonprofit Management and Social Change, Middlebury Institute of International Studies, Monterey, California)

Alfredo Ortiz commented that capacity building and capacity development are ubiquitous terms with no clear definitions that are often equated with basic management ability. The usual theory of change is that if not-for-profit organizations would improve their implementation and impact if they were well managed. Ortiz rejected this theory of change and several common assumptions about capacity development. He did not agree that CD should begin with an assessment and be followed by an action plan. He emphasized the capacity emerges when disparate actors within and across organizations are brought together to discuss issues. Excessive action planning may damage the richness of these highly charged conversations and the resulting capacity gains. Ortiz reiterated that capacity is “about what people are talking about and acting upon.”

Ortiz explained that organizational capacity assessments can be used effectively if they begin with development of customized indicators based on the organization's specific problems and conversations. Capacity assessment facilitators should ask questions and stimulate discussions to generate ideas that can be translated into indicators. Conversely, preconceived capacity areas and indicators are unlikely not be relevant for an organization. Introducing indicators, logframes, and other M&E terminology into the discussion too soon can limit capacity development. However, donors and some client organizations may resist a flexible capacity assessment process.

Ortiz explained that Checkland's work on soft systems thinking led him to realize that all methods are loaded with its designer's assumptions (Checkland 1999). Linear methods, such as those based on logframes and theories of change, are not compatible with systems thinking and complexity. Ortiz argued that development projects based on these methods do not bring about significant change.

Ortiz recommended social network analysis as a promising practice for examining how behaviors affect systems and helping individuals and organizations gain a better understanding of the system and how they fit in and influence it. The level of engagement of the system actors can be measured with qualitative approaches. However, processing of this qualitative information may require more money, more time, and new abilities than is often available. Ortiz recommended allowing room for experimentation in designing CD activities. He observed that USAID implementing partners often put limitations on themselves that exceed the requirements of USAID.

## **Interview with Matt Andrews (Associate Professor, Center for International Development, Harvard Kennedy School of Government)**

Matt Andrews noted that the World Bank generally carried out capacity development separately from other activities, such as sector activities or reform. He did not think that this separation was justifiable and he suggested that CD should be embedded in a project with a clear purpose. He also emphasized that CD is endogenous. It does not emerge from what external actors provide, but from what is going inside an organization. He criticized the practice of designing CD activities around pre-conceived ideas.

Andrews explained that CD is not just a technical process, but a psychological one. He spoke of the importance of having the right incentives for people to adopt new practices and considering the factors that may influence whether people change their behavior (such as fear of failure and the actions of political authorizers). He noted that CD professionals should be team builders, psychologists, and multilevel engagers with a lot of patience. They must be able to engage with government officials and average citizens. Technical experts should only be brought in to assist after the client organization has identified the problems to be addressed. Andrews recommended that donors use evidence to frame the problem, target specific authorizers, and build a coalition gradually, rather than advocating for specific technical solutions. He criticized the use of organizational assessments as a stand-alone activity before a project is designed. Instead, he proposed continuous capacity assessment as part of the CD process. In his view, organizations should be constantly assessing themselves and mapping their external environment.

Andrews noted the considerable gaps in measuring the impact of capacity development. He did not recommend a specific framework for assessing the impact, but identified four important areas for measurement – 1) improved performance, 2) improved learning, 3) sustainable change, and 4) engagement. He questioned the usefulness of ex-post evaluations that assess a project several years after it has closed. Instead, he recommended using experiential types of evaluation with continuous data collection and analysis.

Andrews proposed that SOWs for CD allow for a flexible design. They should identify how success will be measured, who will be involved, and the points when reflection and adjustments will be considered.

He noted that donors and development practitioners can learn from the agile businesses in the software industry. Andrews noted that genuine learning is difficult to implement because the incentives are often not conducive and people will argue that they only have time to do and not to learn. He thinks the logframe is a good tool to articulate assumptions about change and structure reflection, a vehicle for making transparent and accountable adjustments along the way.

Andrews recommended structured feedback and reflection as a core precept of effective capacity development. It can help overcome organizational constraints to achieving change and translate ambitious change agendas into manageable and understandable increments.

## **Interview with Nick Manning (Specialist, Government and Public Sector Management)**

Nick Manning explained that CD has usually been understood as transferring knowledge. It presumes that there is insufficient capacity and that someone should develop that capacity. This puts the responsibility of developing capacity on technical assistance providers and trainers, instead of the organizations themselves. Manning observed that these assumptions are increasingly being questioned. One major challenge arose with increased use of political economy analyses that exposed the complexities of developing organizational capacity. Unfortunately, political economy analyses did not necessarily include concrete guidance on how to manage or overcome the complexities. He stated that the Problem-Driven Iterative Adaptation (PDIA)<sup>173</sup> approach can consider those complexities, but only an individual level. PDIA looks at the incentives and structures that influence individual behavior. It is a promising approach because it only nudges. However, it is not suitable for supporting transformational system-level change.

Manning emphasized the importance of flexible design and implementation. Making flexibility operational requires good communications among staff at all levels of an organization and promoting changes throughout the project life cycle.

Manning also highlighted results-based financing (RBF) as a CD promising practice, although donors do not always think of this as a modality for capacity development. Results-based financing ties payment to outcomes, creating a financial incentive for organizational change. It also gives organizations more latitude in deciding how it will achieve the objectives. This practice recognizes that partner organizations themselves are in a better position than donors to determine how to achieve a particular outcome. Manning noted institutional constraints at the World Bank that prevent results-based financing, such as difficult procedures for dropping performance indicators. USAID has provisions allowing fixed amount awards that have some aspects of results-based financing. If RBF is not used, scopes of work (SOWs) for CD should include a solid understanding of the existing situation – current systems, processes, and procedures. The SOWs should not delineate a fully defined project. They should offer a hunch about change.

Manning observed that learning is hindered by insufficient incentives for being honest about failures. Development professionals have a tendency toward self-promotion since admitting failures can be professionally or organizationally damaging. This results in missed opportunities for learning.

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<sup>173</sup> See Andrews, M., Pritchett, L., and Woolcock, M. (2012) <https://www.hks.harvard.edu/centers/cid/publications/faculty-working-papers/cid-working-paper-no.-240>



## Interview with Dr. Derick Brinkerhoff (Distinguished Fellow in International Public Management RTI International)

Derick Brinkerhoff commented that CD has often been equated to training, but increasing attention other approaches are now receiving increasing attention. He noted the donors tend to focus on what is most visible, such as training or system changes. This shapes how we understand CD which has often not focused on whether organizations are more effective. He cited Matt' Andrews' criticism of "isomorphic mimicry," —trying to make institutions and processes in developing countries look like those in developed countries without actually addressing the underlying dysfunctionalities. Some U.S. Government's requirements for development assistance awards conflict with its high-level commitments to international fora on aid effectiveness, which emphasize local ownership. Complexity also makes it more difficult for donors to understand how to allocate resources for maximum impact.

Complex adaptive systems concepts and tools can be useful in understanding how capacity emerges from the many diverse actors and actions.

Brinkerhoff observed that some donors are more flexible than is commonly thought. Partner organizations want flexible designs and scopes of work. However, the push for a quick-start up often undermines broad engagement of multiple stakeholders. Short timelines and the desire to show rapid results compel client organizations to spend their time meeting deadlines and targets, leaving little or no time for reflection. Some of the most successful grants in Indonesia were multiyear, allowing organizations to develop capacity over time while also delivering development results.

Brinkerhoff suggested that USAID can improve how it supports capacity development by having staff think beyond compliance requirements forwards to local organizations. However, USAID mission staff are often overwhelmed with pipelines and deadlines find it difficult to think about meaningful capacity development.

Brinkerhoff recommended process consultation as a promising practice that USAID and some implementing partners are currently following. Unfortunately, some reports on these activities have focused on administrative requirements, rather than explaining successes, failures, and lessons learned from the process. Insight into these issues would be particularly useful for USAID foreign service officers with rotating country assignments.

In measuring CD, Brinkerhoff distinguished between what an organization has and what it does. The former is easier to measure, but not as revealing of progress. Good monitoring and evaluation of capacity development can be costly and USAID often underestimates these costs.

## ANNEX R – EXAMPLES OF CAPACITY DEVELOPMENT APPROACHES AT THE INDIVIDUAL, ORGANIZATIONAL, AND SYSTEM LEVELS

<b>Individual level</b>
Training with the purpose of increasing knowledge
Workshops
Technical assistance consultancies
Publications
Conferences
Secondments
Training with the purpose of increasing awareness or sensitivity to a topic (example: gender)
Study tours and peer exchanges
Videos and audio
Mentoring, coaching, and shadowing
Learning by doing collaborations
Embedded advisors
<b>Organizational level</b>
Conferences and workshops
Improving internal organizational processes or systems
Expert visits to the organization
Improving policies and governance
Strategic or business planning
Organizational design and restructuring
Improving financial and management systems and procedures
Organizational assessment or audit
Embedded advisors to the organization
Restructuring incentives within the organization
Change management
<b>System level</b>
Networking
Changing sectoral policies
Engaging in advocacy
Developing a system level governance body
Changing business regulation
Value chain strengthening
Influencing the macroeconomic environment

## ANNEX S – TYPES OF CAPACITY DEVELOPMENT INDICATORS USED IN SELECTED E3 ACTIVITIES

	Training Statistics and Perceptions	Increased Capacity	Actions	Results
Analysis and Investment for Low-Emission Growth (AILEG)	x		X	x
Asia-Pacific Economic Cooperation Technical Assistance and Training Facility (APEC TATF)	x			
Egypt girls improved learning outcomes (GILO) – teacher professional development level	x	x	X	x
Environment and Natural Resource Management Learning Initiative (ENRM-LI)	x			
Education Quality Improvement Program (EQUIP2)	x			
Georgia Human and Institutional Capacity Development (HICD)	x	x	X	
Global Sustainable Tourism Alliance			X	x
Housing Finance Implementation Grant Program India	x			
Kabul Electricity Service Improvement Project (KESIP)				x
Knowledge-Driven Microenterprise Development (KDMD)	x		X	
Marine Resources Project in Indonesia	x	x	X	x
Private Financing Advisory Network (PFAN)	x		X	x
Prosperity, Livelihoods and Conserving Ecosystems (PLACE): Capitalizing Knowledge, Connecting Communities (CK2C)	x	x	X	
Reading project in Kenya for Teachers' Advisory Centre (TAC)	x	x	X	x
Sustainable Forest Products Global Alliance (GDA)			X	
TransLinks: Payment for Ecosystem Services (PES)	x			x
USAID/Vietnam Support for Trade Acceleration Plus (STAR Plus) Project	x		X	x
USAID/Vietnam Support for Trade Acceleration (STAR) Project	x			x
Sustainable Water and Sanitation in Africa (SUWASA)			X	x
Post-Conflict/Disaster Infrastructure	x		X	
Energy Regulatory Partnership Program (NARUC) II – Enhancing Sustainable Utility Regulation (ENSURE)	x		X	x
Property Rights and Artisanal Diamond Development II Task Order	x		X	x
Tenure and Global Climate Change – TO	x			

# ANNEX T – EXAMPLES OF OUTCOME INDICATORS FOR CAPACITY AND PERFORMANCE AT THE INDIVIDUAL, ORGANIZATIONAL, AND SYSTEM LEVELS

## A. Individual-Level Capacity

Area	Outcome	Indicator	Source
<b>Individual capacity</b>	Increased knowledge and skills of individuals	Number of stakeholders with increased capacity to adapt to the impacts of climate change as a result of USG assistance	USAID Standard Foreign Assistance Indicator
<b>Individual capacity</b>	Increased knowledge and skills of individuals	Improved individual test scores	USAID Activity Documents
<b>Individual capacity</b>	Increased knowledge and skills of individuals	Percent of individuals demonstrating increased knowledge/capacity	USAID Activity Documents
<b>Individual capacity</b>	Increased knowledge and skills of individuals	Number/percent of trainees who have mastered relevant knowledge	University of North Carolina, Carolina Population Center for MEASURE evaluation
<b>Individual capacity</b>	Greater application of new knowledge and skills by individuals	Number/percent of participants who shared their CD learning with colleagues	USAID Activity Documents
<b>Individual capacity</b>	Greater application of new knowledge and skills by individuals	Number/percent of participants who expanded their personal network through attending CD activities	USAID Activity Documents

## B. Individual-Level Performance

Area	Outcome	Indicator	Source
<b>Individual performance</b>	Greater application of new knowledge and skills by individuals	Qualitative examples of how individuals applied the training to their work	USAID Activity Documents
<b>Individual performance</b>	Improved individual performance from application of new knowledge and skills	Change in trade volume (or value) handled by a customs officer	USAID Activity Documents
<b>Individual performance</b>	Improved individual performance through application of newly acquired knowledge and skills	Increased average test scores of students whose teachers attended trainings	USAID Activity Documents
<b>Individual performance</b>	Improved individual performance through application of newly acquired knowledge and skills	Percent of students who passed an exam after their teachers had attended trainings	USAID Activity Documents
<b>Individual performance</b>	Improved individual performance through application of newly acquired knowledge and skills	Number/percent of trained providers who performed to established guidelines or standards	University of North Carolina,

			Carolina Population Center for MEASURE evaluation
<b>Individual performance</b>	Greater application of new knowledge and skills by individuals	Number/percent of participants who performed the actions they were trained to do	USAID Activity Documents

## C. Organizational-Level Capacity

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational capacity</b>	Operational policies, procedures, and systems	More transparent administrative systems	Increase in percent of organization's staff with basic knowledge of the organization's procurement policies and procedures	Carrasco (2012)
<b>Organizational capacity</b>	Management	More effective management systems	Number of private sector firms that have improved management practices as a result of USG assistance	USAID Standard Foreign Assistance Indicator
<b>Organizational capacity</b>	Human resource management	More diverse personnel	Staff diversity relative to the diversity of the community	USAID/E3 (2012)
<b>Organizational capacity</b>	Human resource management	Better human resource management	Change in the number of qualified professional staff (full-time equivalents)	USAID/E3 (2012)
<b>Organizational capacity</b>	Human resource management	Better human resource management	Change in turnover rate of professional staff	USAID/E3 (2012)
<b>Organizational capacity</b>	Human resource management	Better human resource management	Percent of professional staff positions that are not vacant and are filled by qualified staff	USAID/E3 (2012)
<b>Organizational capacity</b>	Human resource management	Better human resource management	Perceived credibility ratings of the top leadership (internal and external)	USAID/E3 (2012)
<b>Organizational capacity</b>	Human resource management	Better human resource management	Change in the percent of employees who completed time sheets regularly and accurately	Carrasco (2012)
<b>Organizational capacity</b>	Human resource management	More qualified personnel	Change in staff turnover rate	Carrasco (2012)
<b>Organizational capacity</b>	Human resource management	More transparent systems	Increase in staff ratings of the transparency of the recruitment process	Carrasco (2012)
<b>Organizational capacity</b>	Knowledge management	Improved learning and knowledge management	Number of knowledge dissemination activities held or led by the organization	Carrasco (2012)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational capacity</b>	Knowledge management	Improved learning and knowledge management	Number of reports or studies published on programs or other research	Carrasco (2012)
<b>Organizational capacity</b>	Knowledge management	Improved learning and knowledge management	Number of in-house training and mentoring opportunities for staff	Carrasco (2012)
<b>Organizational capacity</b>	Gender	Greater gender sensitivity	Percent of projects that include a gender component	Carrasco (2012)
<b>Organizational capacity</b>	Gender	Greater gender sensitivity	Percent of top management positions filled by women	USAID/E3 (2012)
<b>Organizational capacity</b>	Gender	Greater gender sensitivity	Percent of clients and volunteers who are women.	Carrasco (2012)
<b>Organizational capacity</b>	Strategic planning	Better planning	Existence of a plan operationalizing the strategic plan	Carrasco (2012)
<b>Organizational capacity</b>	External relations	Better relationships with other system actors	Change in number of partnerships with non-donor organizations (for-profit or not-for-profit) over the past year	USAID/E3 (2012)
<b>Organizational capacity</b>	Business development and fundraising	Greater funding diversification	Change in revenues from direct awards from USAID	USAID/E3 (2012)
<b>Organizational capacity</b>	Business development and fundraising	Improved financial management	Change in revenues from direct awards from USAID without special award conditions (excludes fixed amount awards)	USAID/E3 (2012)
<b>Organizational capacity</b>	Mission and Vision	Improved internal communications	Change in percent of staff who know the mission and vision of the organization	Carrasco (2012)
<b>Organizational capacity</b>	External relations	Better relationships with other system actors	Change in participation in networking with peer organizations or networks	USAID/E3 (2012)
<b>Organizational capacity</b>	External relations	Better relationships with other system actors	Number of external formal and informal partnerships with relevant governmental, for-profit and not-for-profit organizations	Carrasco (2012)
<b>Organizational capacity (Health sector)</b>	Effectiveness	Organization provides high quality services and products	Number of health facilities with established capacity to manage acute under-nutrition	USAID Standard Foreign Assistance Indicator
<b>Organizational capacity (Health sector)</b>	Effectiveness	Organization provides high quality services and products	Number of testing facilities (laboratories) with capacity to perform clinical laboratory tests	USAID Standard Foreign Assistance Indicator

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational capacity</b>	Sustainability	Greater financial sustainability	Number of years the organization has continued providing the goods and services supported by the USAID project continued after USAID support ended (ex post evaluations)	USAID/E3 (2012)
<b>Organizational capacity</b>	Sustainability	Greater financial sustainability	Change in the value of the organization's own financial resources (not donor resources) invested in capacity development	USAID/E3 (2012)
<b>Organizational capacity</b>	Sustainability	Greater financial sustainability	Number of years the organization has survived after the phase out of donor/external support	Vos and Villarreal (2013)
<b>Organizational capacity</b>	Technical reporting	Improved technical reporting	Increase in percentage of reports submitted on time in compliance with their award(s).	Carrasco (2012)
<b>Organizational capacity</b>	Quantity and quality of services	Increased provision of goods and services	Number of new programs and services responding to emerging client/member needs	Vos and Villarreal (2013)
<b>Organizational capacity</b>	Quantity and quality of services	Improved quality of goods and services	Number of goods and services adapted in response to changing demand or supply conditions	USAID/E3 (2012)
<b>Organizational capacity (Climate change)</b>	Effectiveness	Improved learning and knowledge management	Number of institutions with improved capacity to address climate change issues as a result of USG assistance	USAID Standard Foreign Assistance Indicator
<b>Organizational capacity</b>	Sustainability	Greater financial sustainability	Number of years the organization has continued operating after USAID support ended (ex post evaluations)	USAID/E3 (2012)

## D. Organizational-Level Performance

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Board management	Greater board involvement	Change in the attendance of board members at regular meetings	Carrasco (2012)
<b>Organizational performance</b>	Board management	Greater board understanding	Change in percent of board of directors who understand the board's roles and responsibilities	Carrasco (2012)
<b>Organizational performance</b>	Board Management	Increased effectiveness of board	Increase in staff ratings of board effectiveness	Carrasco (2012)
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Degree of compatibility of procurement methods and documentation with internationally recognized standards	USAID/E3 (2012)
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Change in average time from requisition to purchase of goods and services	USAID/E3 (2012)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Percent of procedures that were documented and made available to staff	USAID/E3 (2012)
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Increase in percent of relevant staff who consistently follow the organization's written procurement policies and procedures	Carrasco (2012)
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Change in the rate of compliance with standard operating procedures	USAID/E3 (2012)
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Change in staff ratings of the organization's asset management	Carrasco (2012)
<b>Organizational performance</b>	Operational policies, procedures, and systems	More transparent administrative systems	Percent of procurement actions that included market research and competitive bidding as per organization's written procurement policies and procedures	Carrasco (2012)
<b>Organizational performance</b>	Human resource management	Safer work environment	Change in occupational injury or accident rates	USAID/E3 (2012)
<b>Organizational performance</b>	Human resource management	Safer work environment	Change in number of person-days of work time lost due to occupational injuries or accidents	USAID/E3 (2012)
<b>Organizational performance</b>	Human resource management	More qualified personnel	Change in managerial turnover rate	Vos and Villarreal (2013)
<b>Organizational performance</b>	Internal communications	Improved internal communications	Change in staff ratings of internal communications	Carrasco (2012)
<b>Organizational performance</b>	Financial controls	Better financial management	Change in number of internal control violations/weaknesses reported in the audit management letter	Carrasco (2012)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Earned income/(operating expenses + financing costs + risk or bad debt provision)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Earned income/(operating expenses + financing costs + risk or bad debt provision + adjustments for inflation to maintain the real value of financial assets - the value of cash and in-kind donor support)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Change in net operating capital over past three years	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Ratio of internal funding to external budget support	Vos and Villarreal (2013)



Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Financial sustainability	Greater funding diversification	Ratio of largest funder to overall revenues	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Ratio of cash to deferred revenues	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Ratio of total assets to total liabilities	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial sustainability	Greater financial sustainability	Ratio of current assets to current liabilities	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial sustainability	Greater funding diversification	Change in number of funders, amount of resources mobilized, assets, capital, and revenues	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial sustainability	Greater funding diversification	Level of diversification of funding	Vos and Villarreal (2013)
<b>Organizational performance</b>	Financial and property management systems	Better financial management	Reduction in losses from external theft of goods and services	USAID/E3 (2012)
<b>Organizational performance</b>	Financial and property management systems	Better financial management	Change in loss or damage to physical assets from inappropriate use or accidents	USAID/E3 (2012)
<b>Organizational performance</b>	Financial controls	Better financial management	Percent of internal control violations/weaknesses reported in an audit management letter that are corrected within the next reporting period	Carrasco (2012)
<b>Organizational performance</b>	Financial controls	Better financial management	Change in the costs of internal waste, and abuse	USAID/E3 (2012)
<b>Organizational performance</b>	Financial systems and financial documentation	Better financial management	Reduction in ratio of accounts payable older than 90 days to total accounts payable	Carrasco (2012)
<b>Organizational performance</b>	Audits	Better financial management	Change in the number of qualified audit opinions in the last two years	Carrasco (2012)
<b>Organizational performance</b>	Audits	Better financial management	Change in percent of questioned costs in audited financial statements	Carrasco (2012)
<b>Organizational performance</b>	Audits	Improved financial reporting	Change in number of annual audits completed for the last year	USAID/E3 (2012)
<b>Organizational performance</b>	Audits	Improved financial reporting	Receipt of an unqualified audit for the most recent audit	USAID/E3 (2012)
<b>Organizational performance</b>	Audits	Improved financial reporting	Time required to satisfactorily resolve all major audit issues	USAID/E3 (2012)
<b>Organizational performance</b>	Audits	Improved financial reporting	Percent of latest audit findings satisfactorily closed within 6 months	USAID/E3 (2012)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Financial systems and financial documentation	Better financial management	Reduction in ratio of accounts receivables older than 90 days to total accounts receivables	Carrasco (2012)
<b>Organizational performance</b>	Financial systems and financial documentation	Improved financial reporting	Ability to generate adequate information for USAID acceptance of the NICRA rate	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in gross margin (excludes loans and grants)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in sales revenues (excludes loans and grants)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in export revenues (excludes loans and grants)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in net income after income taxes and depreciation (excludes loans and grants)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in return on average assets = Net income after taxes and depreciation/average assets (excludes loans and grants)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in return on average equity = Net income after taxes and depreciation/average assets (excludes loans and grants)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in debt-to-equity ratio (total liabilities/total equity)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in equity-to-assets ratio (total equity excluding goodwill and intangibles/total assets)	USAID/E3 (2012)
<b>Organizational performance</b>	Financial	Greater financial sustainability	Change in operating cost ratio (operating expenses/total revenues)	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater funding diversification	Change in revenues from non-USAID donors	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater financial sustainability	Change in revenues from client fees for goods and services (cost recovery)	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater financial sustainability	Change in total annual revenues from all sources	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater funding diversification	Change in number of donors contributing to the organization	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Organization has obtained more loan financing	Change in loan disbursements received	USAID/E3 (2012)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Business development and fundraising	Greater funding diversification	Percent of revenues from the single largest donor	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater funding diversification	Percent of revenues from the top three donors	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater financial sustainability	Change in the percent of subsidization in the prices clients pay for goods and services	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater funding diversification	Percent of revenues from non-donor sources	USAID/E3 (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater financial sustainability	Percent of revenues from the single largest donor	Carrasco (2012)
<b>Organizational performance</b>	Business development and fundraising	Greater financial sustainability	Number of new funding s applications or bids on	Carrasco (2012)
<b>Organizational performance</b>	External relations	Improved credibility with constituents	Increase in staff ratings of community participation in the organization's planning and decision making	Carrasco (2012)
<b>Organizational performance</b>	External relations	Improved credibility with constituents	Change in number of fully paid members (membership organizations)	USAID/E3 (2012)
<b>Organizational performance</b>	External relations	Improved credibility with constituents	Percent of the targeted population that has a high degree of confidence in the organization	USAID/E3 (2012)
<b>Organizational performance</b>	External relations	Improved credibility with constituents	Stakeholders' ratings of the inclusion of their views in strategy development and project planning and design	USAID/E3 (2012)
<b>Organizational performance</b>	External relations	Improved credibility with constituents	Percent of the targeted population aware of the organization and its goods and services	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Change in the volume or value of various services provided to clients	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Number of existing products or services extended to new regions or populations	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Number of new products or services launched	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Improved quality of goods and services	Change in the average ratings of clients on the quality of services, by type of service	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Improved quality of goods and services	Degree of achievement of recognized national or sectoral standards for service delivery	USAID/E3 (2012)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Quantity and quality of services	Improved quality of goods and services	Change in the average ratings of donors on the quality of services, by type of service	USAID/E3 (2012)
<b>Organizational performance (Trade and investment)</b>	Quantity and quality of services	Improved quality of goods and services	Number of firms receiving USG assistance that have obtained certification with (an) international quality control institution(s) in meeting minimum product standards	USAID Standard Foreign Assistance Indicator
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Change in number of clients served per year (disaggregated by urban/rural location, sex, demographic category, degree of marginalization or poverty)	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Number/percent of clients served	Vos and Villarreal (2013)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Rating of the organization's effectiveness in representing interests of marginalized constituents	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Percent of the population in the geographic service area of the organization	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Increase in coverage of programs, number and types of services, number of clients, and level of funding	Vos and Villarreal (2013)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Percent of the country's land area in the geographic service area of the organization	USAID/E3 (2012)
<b>Organizational performance</b>	Quantity and quality of services	Increased provision of goods and services	Service access and usage	Vos and Villarreal (2013)
<b>Organizational performance</b>	Quantity and quality of services	Improved quality of goods and services	Achievement of third-party certification of capacity for systems, products, or services	USAID/E3 (2012)
<b>Organizational performance</b>	Effectiveness	Improved learning and knowledge management	Use of an organizational dashboard, balanced score card or set of internal indicators to evaluate organization's own performance on a regular basis	Carrasco (2012)
<b>Organizational performance</b>	Effectiveness	Improved learning and knowledge management	Number of projects that have been changed as a result of information from monitoring and evaluation	USAID/E3 (2012)
<b>Organizational performance</b>	Effectiveness	Improved learning and knowledge management	Number of new projects that have taken into account lessons learned from other projects	USAID/E3 (2012)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Effectiveness	Improved quality of goods and services	Dashboard scores on technical areas are within national standards or internal benchmarks in that technical area	Carrasco (2012)
<b>Organizational performance</b>	Effectiveness	Improved quality of goods and services	Client ratings of organization responsiveness	Carrasco (2012)
<b>Organizational performance</b>	Effectiveness	Improved quality of goods and services	Client rating of quality of services	Carrasco (2012)
<b>Organizational performance</b>	Effectiveness	Improved quality of goods and services	Quality of services and products through users' perceptions	
<b>Organizational performance</b>	Effectiveness	Improved effectiveness	Achievement of project objectives in a sample of projects	Carrasco (2012)
<b>Organizational performance</b>	Effectiveness	Improved effectiveness	Reaching targeted number of clients	Carrasco (2012)
<b>Organizational performance</b>	Effectiveness	Improved learning and knowledge management	Knowledge generation and utilization	Vos and Villarreal (2013)
<b>Organizational performance</b>	Effectiveness	Improved effectiveness	Achievement of goals (quantitative or qualitative)	Vos and Villarreal (2013)
<b>Organizational performance</b>	Effectiveness	Increased provision of goods and services	Demand for services and products	Vos and Villarreal (2013)
<b>Organizational performance (Financial sector)</b>	Effectiveness	Greater financial sustainability	Bank nonperforming loans to total gross loans (%)	USAID Standard Foreign Assistance Indicator
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Cost per beneficiary	Carrasco (2012)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Change in cost per client served for goods or services of the same quality	USAID/E3 (2012)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Change in number of clients per field agent	USAID/E3 (2012)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Decrease in cost per unit of specific services delivered within a defined area	Carrasco (2012); USAID/E3 (2012)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Increase in percent of program funds to total budget	Carrasco (2012)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Cost per service or program provided and changes over time	Vos and Villarreal (2013)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Outputs per staff	Vos and Villarreal (2013)

Area	Sub-area	Outcome	Indicator	Source
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Cost per client served	Vos and Villarreal (2013)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Timeliness of service delivery	Vos and Villarreal (2013)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Program completion rate	Vos and Villarreal (2013)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Turnover rate	Vos and Villarreal (2013)
<b>Organizational performance</b>	Efficiency	Improved cost effectiveness	Absenteeism rate	Vos and Villarreal (2013)
<b>Organizational performance</b>	Results	Improved quality of goods and services	Quality of life changes (quantitative or qualitative)	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Greater funding diversification	Change in number of funders (quality and quantity)	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Change in reputation among peer organizations/stakeholders	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Changes in partner attitudes	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Qualitative score on the inclusion of the views of targeted populations in monitoring and evaluation	USAID/E3 (2012)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Stakeholders' satisfaction	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Changes in roles, mandates or priorities	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Stakeholders acceptance of programs and services	Vos and Villarreal (2013)
<b>Organizational performance</b>	Relevance	Improved quality of goods and services	Changes made to services and programs in response to changing client systems, preferences, and needs.	Vos and Villarreal (2013)

## E. System Level Performance

Area	Sub-Area	Outcome	Indicator	Source
<b>System performance</b>	External relations	Increased system-level influence	Qualitative score on contributions to government policies, standards, or strategic decisions	USAID/E3 (2012)

<b>System performance</b>	External relations	Increased system-level influence	Qualitative score on contributions to donor policies, standards, or strategic decisions	USAID/E3 (2012)
<b>System performance</b>	External relations	Increased system-level influence	Change in the average rating of the organization's influence by peer organizations	USAID/E3 (2012)
<b>System performance</b>	External relations	Increased system-level influence	Change in the average rating of the organization's influence by national or local government staff	USAID/E3 (2012)
<b>System performance</b>	External relations	Increased system-level influence	Change in the average rating of the organization's influence by donor staff	USAID/E3 (2012)



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## ANNEX V – GLOSSARY

**Activity:** A subcomponent of a project that contributes to a project purpose (USAID definition)

**Adaptive capacity:** The ability of an organization to advance its mission, improve performance, and anticipate and respond to changed circumstances.

**Advocacy:** The ability to influence the external environment and promote positions to powerholders.<sup>174</sup>

**Appreciative Inquiry:** An assessment approach that identifies the best of what is already present in a system and finding ways to grow and support this; engaging “possibility thinking” instead of “deficit thinking” (Bojer 2010).

**Capacity:** The ability of a human system to perform, sustain itself, and self-renew<sup>175</sup>

**Change management:** An organizational development approach that minimizes resistance through involvement of key stakeholders and use of multiple steps for achieving large-scale and transformational change.

**Client:** An individual or organization receiving CD services.

**Coaching:** A capacity development approach that goes beyond traditional training by 1) focusing on needs and accomplishments of an individual or small group, 2) using close observation, and 3) providing feedback on performance.

**Embedded advisor:** An external technical assistance provider located within the client organization, usually for an extended period of time.

**Experiential learning** (see learning by doing)

**Fixed amount award:** A payment method for a grant or contract with reimbursement that are set in advance and tied to achievement of milestones, such as the completion of certain tasks or achievement of planned outcomes.

**Learning by doing** (experiential learning): Process to develop knowledge, skills, and values from direct experiences outside a traditional academic or training setting.

**Local System:** Interconnected sets of actors that jointly produce a particular development outcome. Depending on the context, this may include governmental entities, civil society organizations, private sector, universities, and individual citizens (USAID, 2014e).<sup>176</sup>

**Mentoring:** Coaching system in which a more experienced individual (mentor) acts as an advisor, counselor, or guide to a less experienced person (mentee). The mentor is responsible for providing support and feedback on a regular or ad hoc basis, often for a specific period of time.

**Needs assessment:** Process of determining capacity development priorities for an individual or organization. This may be done by external experts or participatory approaches that are based on client perceptions.

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<sup>174</sup> Adapted from Local Capacity Development, Suggested Approaches, An Additional Help Document for ADS 201.

<sup>175</sup> Capacity Development in Practice: [http://www.capacity.org/capacity/export/sites/capacity/documents/topic-readings/RV\\_100722\\_Flyer\\_Capacity\\_Development\\_in\\_Practice\\_FINAL.pdf](http://www.capacity.org/capacity/export/sites/capacity/documents/topic-readings/RV_100722_Flyer_Capacity_Development_in_Practice_FINAL.pdf)

<sup>176</sup> USAID Local Systems Framework (2014)

**Network:** A group of people or organizations that are closely connected and work with each other within a local system.

**Networking:** The exchange of information or services among individuals, groups, or institutions.

**Organizational capacity assessment:** A collaborative process for obtaining valid information about the capacity an organization and factors affecting its performance. USAID recommends use of a facilitated, participatory Organizational Capacity Assessment (OCA) tool for nongovernmental organizations or a certified expert-based Human and Institutional Capacity Development (HICD) approach.

**Organizational capacity audit:** An external diagnosis of whether an organization or country has sufficient capacity to manage and implement direct USG grants or contracts. USAID has a standard tool for an organizational capacity for NGOs based outside the United States, the Non-US Organizations Pre-Award Screening (NUPAS). USAID has a Public Financial Management Risk Assessment Framework (PFMRAF) process for determining whether it can provide direct Government-to-Government assistance other than fixed amount awards.

**Promising Practices:** Sometimes called “best practices”, but that term implies optimality regardless of the context.

**Public Financial Management:** Processes, procedures and activities associated with spending public resources to include budgeting, treasury, cash management, disbursement, accounting and reporting, audit and control, and may include the financial management features of various government systems such as procurement and human resources, as well as the financial management aspects of transparency, governance and public accountability (USAID 2014).

**Public Financial Management Risk Assessment Framework:** USAID’s risk management process to identify, mitigate and manage the fiduciary risks encountered when considering G2G assistance. It focuses on fiduciary risks to USG funds when administered directly by the PFM systems of the entities intended to implement G2G funded activities.

**Secondment:** The temporary assignment of an employee or contractor to another unit within an organization or in a different organization.

**Shadowing:** A process of experiential learning based on following and observing another employee or contractor.

**Strategic planning:** A process for helping an organization analyze its strengths, weaknesses, opportunities, and threats to identify its mission, vision, and strategies

**Study tours:** A domestic or international trip to learn from other organizations or projects that is designed to increase knowledge and skills or change attitudes, behavior, and practices.

**Technical assistance:** Provision of external support to increase the capacity of an organization or improve its performance.

**Training:** A structured experience that helps individuals to acquire new, predetermined knowledge, skills, and attitudes to address or solve targeted operational problems. (HICD Handbook)

**Twinning:** A process that pairs an organization in a developing country with a similar but more mature entity in another country.<sup>177</sup>

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<sup>177</sup> See Ouchi, F. (2004). Twinning as a Method for Institutional Development: A Desk Review. <http://siteresources.worldbank.org/WBI/INT/Resources/EG04-85.pdf>

**Value chain:** A set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market (Porter 1985).

**Workshops:** Training class or seminar where participants work individually or in groups to solve actual work-related tasks or gain hands-on experience. However, the term is often used more broadly as a synonym for conferences.