



BUILDING  
CAPACITY  
WORLDWIDE

# BUILDING DYNAMIC LOCAL SERVICE PROVIDER COMMUNITIES: A VALUE CHAIN APPROACH

NOVEMBER 30, 2006



## Acronyms

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CADECO	Capacity Development Consultants
CBA	Capacity Building Account
CBO	Community Based Organization
CBSG	Capacity Building Services Group
CSO	Civil Society Organization
D&G	Democracy and Governance
ECDPM	European Centre for Development Policy Management
LINCS	Linking NGOs with Capacity Services
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
NGO	Nongovernmental Organization
NRM	Natural Resource Management
OCA	Organizational Capacity Assessment
ONA	Organizational Network Analysis
SAGE	Service, Assets, Agility and Efficiency
SNV	The Netherlands Development Organisation
ZHLI	Zambian HIV/AIDS Learning Initiative

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## Forward

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For over thirty years, enhancing local NGO performance has been a cornerstone of Pact’s organizational mission. Our work is firmly rooted in the belief that local communities must be the driving force in ending poverty and injustice. To that end, we actively build the capacity of local leaders, organizations, and networks to meet pressing social needs in dozens of countries around the world.

To nurture innovation in its capacity building work, Pact created the Capacity Building Services Group (CBSG), a consulting and action research unit devoted to developing customized approaches to strengthening local non-governmental and municipal government institutions. The CBSG is devoted to “mobilizing local capacity”, -- supporting the development of local organizations that effectively identify and respond to social development needs, and improve the quality of life in the communities they serve. This goal is based on the belief that local issues are best addressed through local responses, and that a flourishing civil society is a key component of this effort.

This research initiative has helped Pact’s CBSG push the boundaries of our understanding of local capacity issues, and takes us one step closer to shifting dominant paradigms that guide how development services are delivered. We thank SNV and USAID for giving us this opportunity to put some of our core operating assumptions to the test and expand our own thinking about capacity building service provision.

## Executive Summary

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The international aid architecture – the global machine through which initiatives and funding for development are deployed to communities in need – is failing. Writing in September 2004, Gordon Brown gave his honest assessment that, “on current progress, we will not only fail to meet the Millennium Development Goals in Africa in ten years time – we will fail to meet them in one hundred years time.”<sup>1</sup> Today, almost 4 billion people worldwide continue to live on less than a \$2 dollars a day and nearly 30 thousand children will die from preventable diseases.

Many have proposed that the answer lies in capacity building – the “missing link” in international development. But capacity building too is part of the failing aid architecture, characterized by fragmentation, inefficiency and disengaged decision-making.

In light of this, Pact’s Capacity Building Services Group initiated a ten-month study, co-funded by USAID/PVC and SNV, to analyze the system of interactions, the *value chain*, that delivers capacity building interventions to the local organizations that work directly with communities in need. The results of Pact’s efforts not only facilitate a better understanding of the failings of the current system, but also point to some promising initiatives and policy interventions that promise to revitalize the way in which capacity services are provided. Moreover, the findings of this research are highly transferable, and may provide answers to problems within other sectors and within the international aid architecture as a whole.

The Pact research focused on defining, measuring, and fostering action around performance improvement of supply-side and demand-side issues that affect local service providers in our case study countries of Zambia and Ecuador. The work included the following three phases:

- **Phase I, Market Diagnostic:** A market diagnostic survey was administered to local NGOs and local service providers to identify strengths, weaknesses, opportunities, threats and critical business issues related to the local capacity building service provider communities. Specifically, NGOs commented on the availability of capacity building services, their experiences with local and international service providers, and their preferred service delivery mechanisms. Similarly, providers commented on the market for their services, experiences providing services, and preferred delivery mechanisms.
- **Phase II, Mapping Supply and Demand:** During this phase, the research team administered a network mapping survey to suppliers and consumers of capacity services, focusing on the frequency of different types of collaboration with other local and international development actors. This was followed by public marketplace events, which operate along the lines of a “silent auction” for capacity building services. Service providers were invited to design service offerings, set up stalls, and take questions from consumers representing local NGOs. Local NGO consumer participants were invited to identify services in line with their organizational needs, discuss services with providers, and bid for appropriate services.
- **Phase III, Intervention Prototyping:** The third phase of the research sought to identify prototype interventions with the power to address some core issues behind the market challenges. Following the marketplace events, the Pact team conducted focus group discussions with suppliers and consumers. Focus groups were built around three key components – discussion of impressions and interactions during the event, dialogue about the results of the mapping survey, and exploration of opportunities to improve local capacity building service provision.

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<sup>1</sup> Brown, G. 2004. The Challenges of 2005: Forging a New Compact for Africa. *New Economy* 11:3. p128

A comprehensive analysis of the research data from each of the three phases revealed the following trends in Zambia and Ecuador:

1. **Country level markets for capacity building services are driven by supply rather than demand**, with local NGOs in both countries experiencing great difficulty in accessing capacity building services that meet their organizational needs.
2. **Inefficiencies created by a supply-driven marketplace result in price distortions.** Using bidding data from the public marketplace events, Pact determined that the inefficiencies generated by supply-driven marketplaces for capacity services are somewhere between 9% and 12%. This is primarily because in both Zambia and Ecuador international actors dominate local capacity building, both as providers of services themselves, and as purchasers of services on behalf of their local NGO partners.
3. **National governments in Zambia and Ecuador are minor participants in local capacity building service provider markets** and are disengaged from capacity building policymaking. This raises important questions about who is driving the development agenda.
4. **Social capital is a powerful force for building latent markets for capacity services.** Results from the diagnostic surveys indicate that personal and professional contacts, more than international partner recommendations, marketing materials, or any other source, represent the most valuable conduit for information for local NGOs seeking capacity services.
5. **Despite a keen sense of competition among service providers, many incentives exist for deep collaboration.** Service providers in both Zambia and Ecuador expressed a shared desire to forge associations, working together to reach local CSOs and ensure high quality service provision.
6. **Decisions related to the provision of services are made without sufficient country-level knowledge of the supply and demand dynamics for capacity building services.** Development-related policymaking activities are clearly and consistently being implemented in the absence of adequate information about the local capacity building marketplace resulting in the provision of services based on *assumed* need rather than *actual* need.
7. **Local markets for capacity services demonstrate key characteristics that are measurable and can be used to track market development over time.** Through surveys and focus group discussions, the research team identified four “value creating” characteristics commonly desired by *all* stakeholders. These key drivers include 1) the quality of services, 2) country-level assets – products and services, 3) the agility of providers to adapt to donor policy and to “effective” NGO demand, and 4) the efficient flow of information and resources.

Pact uncovered six coordination challenges in the value chain that hinder the efficient delivery of capacity services to organizations in need:

- A. Disengaged Policy Decision-making – The local policy environment in many developing countries is dominated by international actors who make vital decisions thousands of miles from where they are implemented.
- B. Needs/Supply Disconnect – Needs and supply of capacity building services are determined and imposed externally with little input from end consumers and little awareness of their needs.
- C. Purchaser/Consumer Disconnect – Capacity building services are often purchased, at inflated prices, by international actors on behalf of end user local organizations.
- D. Stovepiped Service Provision – Services are generally supplied by international actors or local providers contracted by international actors.
- E. Neglected Impact Evaluation – Efforts to evaluate the success of capacity building initiatives are ad hoc and inconsistent, resulting in incomplete knowledge of “what works” and “what does not.”

- F. **Unsupported Local Providers** – Although capacity building initiatives for local CSOs have been underway for a number of decades, attempts to build the capacity of local providers and provider networks have been comparatively limited.

Overcoming these challenges requires new and creative approaches to the delivery of programs and funding for capacity building. These must focus on systems and linkages, engaging every actor in the value chain, rather than viewing individuals or organizations in isolation. They must help networks of organizations to leverage their own collective intelligence to respond to local, sectoral or global challenges. And, they must employ local assets – knowledge, personnel and organizational infrastructure – to provide high quality capacity building services in an agile, efficient and demand-driven manner.

Based on these findings, Pact proposes four promising initiatives, informed by our improved understanding of interactions in the value chain, and designed to catalyze dynamic local marketplaces for capacity building services:

1. **Capacity Building Accounts (CBAs)** are small grants, provided to local NGOs to obtain capacity building services from the provider of their choice. CBAs give local organizations greater control over their own organizational development, and help to foster a vibrant local marketplace that links those needing high quality capacity services with those capable of delivering them.
2. **Linking NGOs with Capacity Services (LINCS)** is a unique approach for mapping the needs of local organizations, and connecting local demand for capacity building services with local supply. The centerpiece of LINCS is an event, modeled on a ‘silent auction,’ that brings NGOs together with local capacity building service providers in a real-time marketplace.
3. **Service Provider Associations** assist local capacity service providers to build social capital and access potential consumers, as well as other national and international actors in the value chain. Collaborating together, local providers are able to engage in activities that improve the standing and brand power of local organizations and individuals.
4. **SAGE Market Monitoring** is a tool to assess demand and supply for local capacity building services. SAGE is comprised of four key measures identified as catalytic for the development of local capacity service markets – Service Quality, Assets, Agility and Efficiency.

Pact hopes the findings and recommendations from this research will serve as an inspiration for:

- **International organizations**, to shift their focus from direct interventions in local policy and service provision towards indirect interventions that strengthen and maximize the impact of local capacity building service providers.
- **Local governments**, to play a much greater role in the creation of an enabling local policy environment for local capacity building services.
- **Local capacity building service providers**, to remain agile in the face of changing local demand. To play a key role in understanding local demand, and supplying high quality services that meet demand. Furthermore, to take advantage of opportunities become stronger, both as individual organizations and as a key sector for development.
- **Local NGOs**, who must be given the opportunity to be stewards of their own organizational futures and be equipped with the necessary tools to identify and secure high-quality services that meet their needs.

# I. The Service Delivery Challenge

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Over the last half-century, financial and human investments in the development sector, totaling billions of US dollars, have created a “global associational revolution,” a massive expansion of structured citizen activity outside the boundaries of the market and the state with huge implications for citizens and nations alike. One result of this is that, today, small and medium-sized CSOs worldwide have extensive opportunities to network and to grow. Civil society—including its myriad of NGOs and community-based groups—has, at last, come of age.

Today, virtually all policy-makers understand the significance of social capital and the critical role of CSOs in its creation. Opportunities abound for CSOs to confront corruption and redefine governance; combat poverty from the grassroots; tackle complex environmental issues; harness the power of the communications revolution; and create powerful alliances with increasing numbers of private sector actors. Will CSOs manage their growth effectively, meet rising expectations, and avail themselves of these opportunities? Or is the development sector still hopelessly mismatched against a world where almost 4 billion people live on less than a \$2 dollars a day and 10 million children die annually from preventable diseases?

The case for capacity building as the “missing link” in development strategy is mounting and it will likely determine our success or failure in confronting these challenges. Particularly since the adoption of the Millennium Development Goals (MDGs) in 2000, NGOs, governments, bilateral donors, corporations and foundations are embracing the need for sustainable capacity building initiatives with a new urgency. The 2005 Commission for Africa Report recently reaffirmed the potential of capacity building of local CSOs, concluding that “support should be provided, including by their counterparts outside Africa, to develop their human resources and institutional capacity.”<sup>2</sup>

In 2004, the Rockefeller Foundation launched a major initiative to assess past investments in human and institutional capacity building and to explore the future. Researchers found widespread agreement among funders about the need for and importance of capacity building, concluding that funders have a “growing taste for experimentation and boldness”<sup>3</sup>. On the other hand, researchers found capacity building concepts, language and frameworks to be fragmented and unclear. As a result, capacity building supported by funding agencies has focused on professional skills rather than on building institutional competence. Funders have also promoted the strengthening of *individual* institutions over the coordinated strengthening of *multiple*, differentiated institutions that can propel and sustain the nonprofit sector.

An honest assessment of current practice must acknowledge that development practitioners and policy-makers have neither the understanding of how local markets for capacity services operate, nor fresh ideas about how to address market failures and inefficiencies. As the Dalberg Task Force on Capacity for Program Delivery points out in a recent report for the Clinton Global Initiative, four key failures threaten the current aid architecture:

- Insufficient “demand” orientation of development efforts, where objectives are framed around the priorities of donors and development organizations rather than on the needs of the recipients.
- A costly and slow system of public aid at every step of the chain delivering services.

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<sup>2</sup> Commission for Africa. 2005. *Our Common Interest: Report of the Commission for Africa*. London:Penguin. p145

<sup>3</sup> Pitcoff, W. 2004. Investing in People: Building the Capacity of Community Development, Training and Social Enterprise Practitioners. *Rockefeller Foundation Series Issue Number 1*



- Lack of innovation in development programs, with insufficient investment in scaling-up effective models.
- Insufficient accountability of public and private institutions as well as individuals working in the system.

In order to overcome these challenges, a new and creative approach to capacity building is needed. It must be holistic rather than piecemeal. It must focus on systems and linkages, engaging every actor in the capacity building value chain, rather than viewing individuals or organizations in isolation. It must help networks of organizations to leverage their own collective intelligence to respond to local, sectoral or global challenges. And, it must employ local assets – knowledge, personnel and organizational infrastructure – to provide high quality capacity building services in an agile and efficient manner.

### **Local Service Providers and the “Last Mile”**

Policy makers and development practitioners are aware that market failure is occurring on a vast scale, but have very few solutions. What is this barrier between good intention and good practice, and why should we bother investing in initiatives to strengthen local service provider markets? Part of the answer lies in the bottleneck found at the “last mile” of service delivery. For companies networking the internet, the “last mile” is where old copper phone lines link individuals to ultra-modern fiber-optic networks. Development practitioners and institutions in developing countries today confront their own version of this “last mile barrier.” International campaigns to immunize children against major vaccine-preventable diseases, slow the spread of HIV/AIDS, promote women’s empowerment or encourage socially responsible investments are searching for an aid architecture analogous to the fiber-optic network that would *connect their efforts* with front line NGO leaders and quality local service providers. These local providers hold the key to crashing the “last mile” barrier.

How can development actors, including bilateral donors, multilateral donors, foundations, NGOs, companies, governments, and local providers voluntarily make their actions fit together in a more efficient and orderly way? James Surowiecki, in his book *The Wisdom of Crowds* describes this dilemma as a *coordination problem*. In analyzing the coordination problems of development service delivery we need to ask questions like: What products and services should I provide? How much should I provide? How can I be sure that people get the product and services they want? As Surowiecki demonstrates through lively examples, what defines a coordination problem is that to solve it, a person has to think not only about what she believes is the right answer, but also about what others in the system think the right answer is.

Consider the coordination problem of international NGOs, multilaterals and bilaterals responding to the AIDS pandemic in Zambia. One bilateral has identified five highly effective local service providers with an excellent reputation. The problem is that all the donors are equally impressed with the same providers. What is the agency-specific solution? Hire the providers as part time or full time staff? Initiate exclusive long term service contracts or consultancies to ensure that the program objectives and project milestones can be met? Each action is justifiable. However, these responses are unfortunately sub-optimal for healthy development of the sector. When it comes to coordination problems, independent decision making is often flawed, since what each institution is willing to do depends on what it thinks the others are going to do. In this case, the assumption is that a limited supply of qualified consultants will be available if one hesitates to act fast to secure these skilled local providers.

It is in this context that Pact’s Capacity Building Services Group began a 10 month study to identify the systemic barriers that prevent viable, high quality, local driven markets for capacity building services from emerging. The Pact research focused on defining, measuring, and fostering action around

performance improvement of the supply-side and demand-side issues that affect local service providers. The work included:

- Capturing the “as-is” relationship between market demand and market supply of organizational strengthening services in the two pilot countries (Zambia and Ecuador).
- Mapping all relevant actors, and analyzing their impact on the local marketplace for high quality capacity building services.
- Identifying, and piloting interventions with the potential to foster the most critical improvements necessary to strengthen the effectiveness of the market, so that an enabling environment for local service providers can emerge.

In our research we observed many service delivery coordination problems like the Zambia service provider problem. The net effect of this has been to render “invisible” local talent in successive waves of independent “problem solving” by international agencies working along the service delivery chain. In this effort to make sound independent decisions, supply is determined by donors, as development institutions repeatedly skim from the top talent and undermine local markets for local providers. International donor institutions and international NGOs, it seems, have entirely ignored the existence of nascent provider markets. As our research will show, there is significant untapped opportunity for value creation (for stakeholders, donor agencies and local providers) that is latent in local service provider markets.

## II. Understanding Local Markets for Capacity Building through a Value Chain Approach

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To ensure methodological rigor in understanding service delivery coordination problems, the research team turned to the principles of value chain analysis, described and popularized by Michael Porter. The value chain categorizes the generic value-adding activities of an organization. Porter's framework has made its way to the forefront of management thought as a powerful analytical tool and the concept has been extended beyond individual organizations to include industry-wide synchronized interactions of local value chains: extended value chains, sometimes global in nature. Porter terms this larger interconnected system of value chains the "value system."

Capturing the value generated along the service delivery chain is a potentially powerful approach to understanding the development "value system". This value system, which we refer to as "aid architecture", includes the value chains of multilaterals, bilaterals, and foundations, international NGOs, national and local governments, local NGOs, and local service providers.

### A. Activities and Methodologies

To map out and better understand the value chain for capacity building services in Zambia and Ecuador, Pact's implemented the following three phases of research:

#### Phase I: Market Diagnostic

The first phase of the research targeted local NGOs and capacity building service providers, and was designed to facilitate greater understanding of local markets for capacity services. Particular efforts were made both to capture the "as-is" relationship between market demand and supply of services in the two countries, and to identify attributes of the desired "to be" future state. Participatory data collection included an initial **market diagnostic survey** administered to local NGOs and local service providers to identify strengths, weaknesses, opportunities, threats and critical business issues related to the local capacity building service provider communities. Specifically, NGO participants were asked to comment on the availability of capacity building services, their experiences with local and international service providers, and their preferred service delivery mechanisms. Similarly, providers were asked to comment on the market for their services, experiences providing services, and preferred delivery mechanisms. Sample surveys for NGOs and service providers are included in Appendix A.

#### Phase II: Mapping Supply and Demand

The second phase of the research was designed to dig beneath the perceptions of the various actors, and provide specific details about the operation of local markets for capacity building services. To this end, a comprehensive mapping of interactions within the marketplace was combined with data collection about trends in the buying and selling of services. This phase of the research included the following key activities:

- The research team administered a **network mapping survey** to suppliers and consumers of capacity services in both countries. The survey followed the principles of Organizational Network Analysis (ONA), asking participants to rate the frequency of different types of collaboration that they engage in with other local and international development actors. In addition to capturing a snapshot of collaboration around capacity building, the survey also informed potential market interventions by identifying the resources and critical connections that would help to weave a stronger network.

Sample mapping surveys are included in Appendix B and an introduction to ONA is included in Appendix D.

- **Public marketplace events** were held, with the support of SNV, in Zambia, March 2006, and Ecuador, September 2006. Operating along the lines of a “silent auction” for capacity building services, service providers were invited to design service offerings, set up stalls, and take questions from consumers representing local NGOs. Local NGO consumer participants were invited to identify services in line with their organizational needs, discuss services with providers, and bid for appropriate services. These local NGO participants were empowered with in-kind vouchers for capacity building services that facilitated the “purchase” of demand-based services. Following the close of the marketplace, the bidding and purchasing habits of NGO consumers were examined in detail.

### **Phase III: Intervention Prototyping**

The third phase of the research sought to identify prototype interventions with the power to address some core issues behind the market failure. Following the marketplace events, the Pact team conducted **focus group discussions** with suppliers and consumers on their experience. Focus groups were built around three key components – discussion of impressions and interactions during the event, dialogue about the results of the mapping survey, and exploration of opportunities to improve local capacity building service provision. Sample focus group protocols may be found in Appendix C.

### **Regional and Sectoral Focus**

Because of the limited resources available for this research, Pact CBSG chose to focus on only two countries for research and piloting – Zambia and Ecuador. While we recognize that a two country study greatly limits our ability to make any inferences about the state of local capacity service provision at a global or even regional level, we felt it was important to do an in-depth and targeted study that would allow us to put our full range of research tools and methodologies to the test. We see this research project as a first step toward a much more comprehensive data collection process that will involve more countries and sectors over time.

Our choice of Zambia and Ecuador for this pilot was informed by a number of factors. Both countries were small enough to convene large group events in a central location. Pact has significant experience in the capacity building sectors of both countries, and single, national markets for capacity services are alive, and in varying states of health. In Zambia, the market is very young, characterized by local service providers whose success depends on contracting with international actors. In Ecuador, the market includes many independent service providers, and a significant cohort of local NGOs that provide fee-for-service capacity building to smaller or peer CSOs.

In addition to national case studies, research efforts were focused on specific technical fields. This concentration helped to keep the scope of research activities manageable. In Zambia, HIV/AIDS was chosen because of Pact Zambia’s significant programmatic experience in the sector, as well as numerous successful partnerships with local and international organizations operating in this field. In Ecuador, Natural Resource Management (NRM) was identified due to Pact Ecuador’s strong links with national and international conservation actors and the corresponding ability to mobilize quickly around this important issue area.

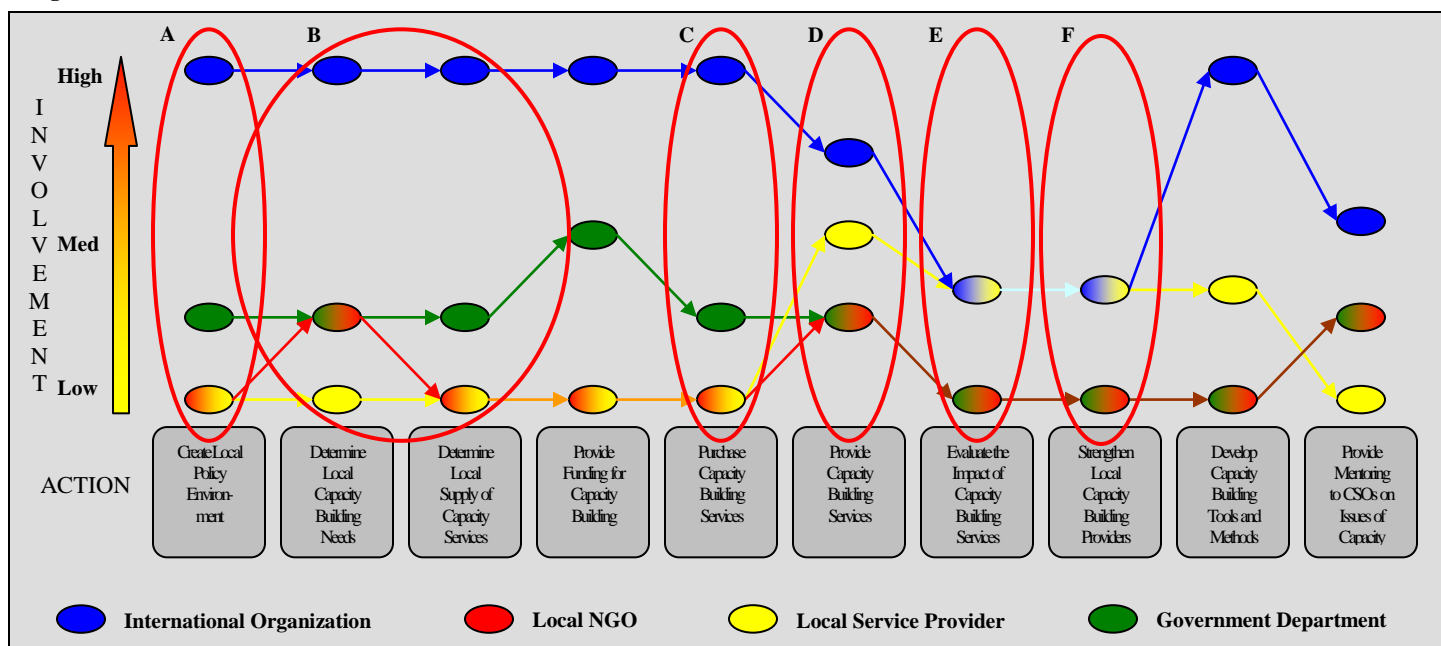
In keeping with the assumptions driving the research, participation in all activities was demand driven. To this end, the research sought to engage enthusiastic NGO and service provider participants through existing programs and networks. As a result, the research participants in Zambia and Ecuador were not

only highly representative of the sector being studied, but also highly engaged in the research process and the action that it has catalyzed.

## B. Key Findings

When the Dalberg Task Force applied value chain analysis against the operational delivery capabilities of institutions in health program delivery, they discovered that the international community could more effectively deploy 15-25% of its annual funding by improvements in operational efficiency alone<sup>4</sup>. Similarly, Pact CBSG’s research highlighted a number of inefficiencies and coordination problems that occur in the value chain for capacity building service delivery at the country level. Figure 1 illustrates the roles played by major actors as resources flow through the value chain from funding institution to project recipient. It also highlights six major coordination problems that exist around the development of local service provider markets today.

Figure 1



### Coordination Problem:

- Disengaged Policy Decisionmaking** – The local policy environment in many developing countries is dominated by international actors who make key decisions thousands of miles from where they are implemented. Local non-governmental and governmental actors are comparatively marginalized.
- Needs/Supply Disconnect** – Needs and supply of capacity building services are determined externally with little input from end consumers and little awareness of their needs.
- Purchaser/Consumer Disconnect** – Capacity building services are purchased by international actors on behalf of end user CSOs.
- Stovepiped Service Provision** – Services are generally supplied by international actors or local providers contracted by international actors.
- Neglected Impact Evaluation** – Efforts to evaluate the success of capacity building initiatives have tended to occur in an ad hoc and inconsistent manner, resulting in incomplete knowledge of “what works” and “what does not.”

<sup>4</sup> Dalberg Task Force on Capacity for Program Delivery, 2006. *“From Talk to Walk”: Ideas to Optimize Development Impact.*

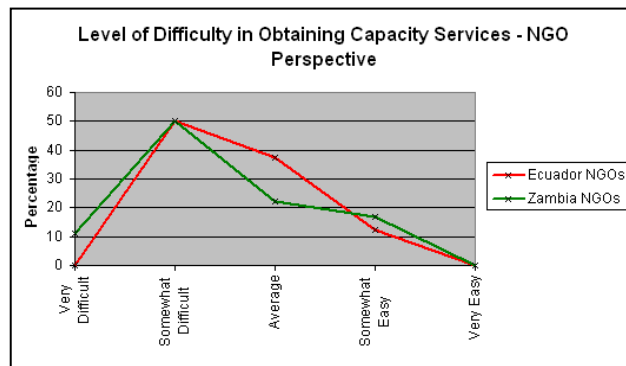
- F. Unsupported Local Providers – Although capacity building initiatives for local CSOs have been underway for a number of decades, attempts to build the capacity of local providers and provider networks have been comparatively limited.

These six coordination problems are evident in each of our key findings, highlighting challenges, but also uncovering opportunities for action. These findings are detailed over the following pages.

**1. Country level markets for capacity building services are driven by supply rather than demand. Available services (e.g. financial management, strategic planning) are representative of assumed needs and should not be confused with “effective demand”.**

Data from the diagnostic surveys conducted in both Ecuador and Zambia confirm that markets for capacity services are supply-driven rather than demand-driven. Local NGOs in both countries currently experience great difficulty in accessing capacity building services that meet their organizational needs (Figure 2).

**Figure 2**



In both Zambia and Ecuador, the number of local NGOs describing the procurement of services as “somewhat difficult” or “very difficult” is at least three times greater than those describing service procurement as either “somewhat easy” or “very easy”. Specific reasons for this, identified by research participants, included “expensive services”; “difficulty in identifying facilitators”; “changing donor policies”; and a “lack of high quality offerings”. This issue is primarily the result of a **needs/supply disconnect** (coordination problem B in the value chain).

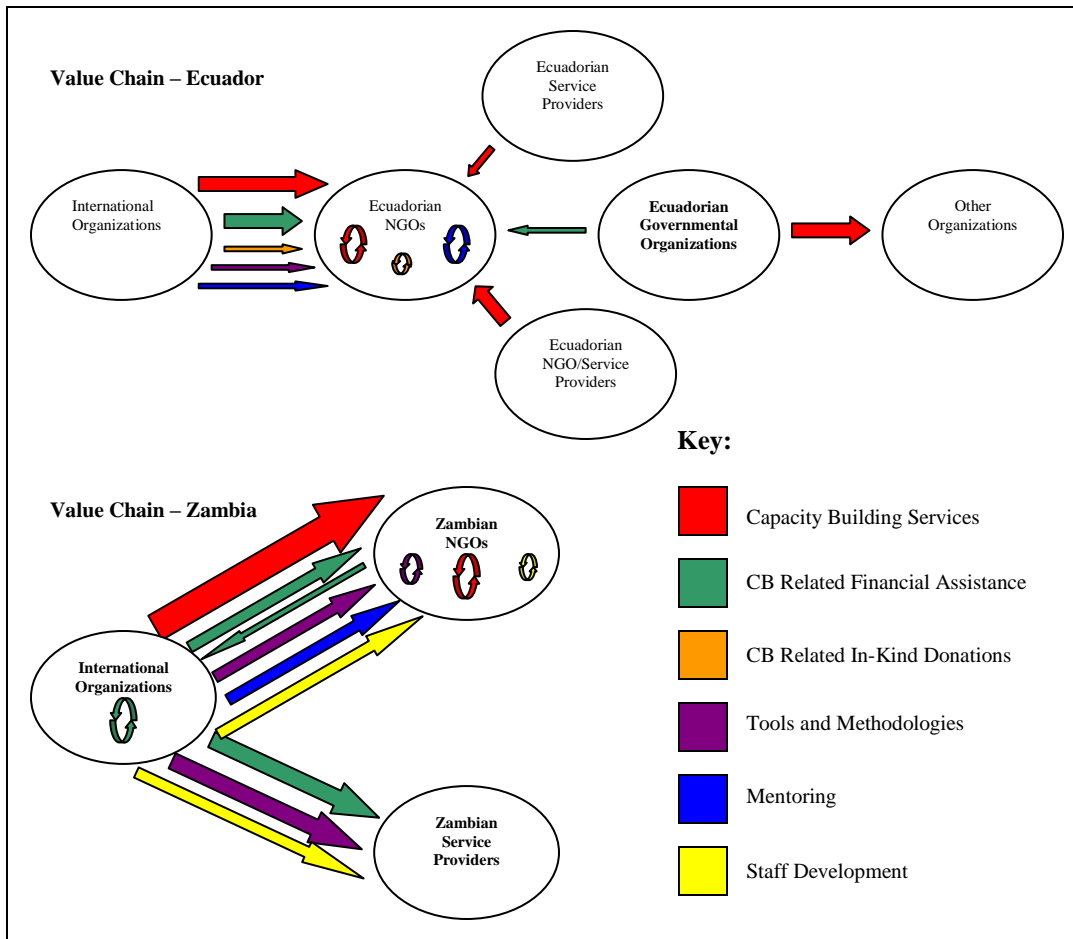
**2. Inefficiencies created by a supply-driven marketplace result in price distortions, amounting to a 9% to 12% price inflation paid for in-country capacity services. These higher costs unnecessarily shrink available funding for development assistance and result in local consumers being priced out of the market.**

An analysis of interactions occurring in the Zambian and Ecuadorian value chains around capacity building services shows the particularly powerful role played by international organizations (Figure 3). In both markets, international actors dominate local capacity building, both as providers of services themselves, and as purchasers of services on behalf of their local NGO partners. International actors also play a key role in the provision of in-kind assistance, development of capacity building tools and methodologies, and mentoring of staff within partner organizations.

In Ecuador, local service providers and government agencies play a minor role in the value chain. In Zambia, the domination of international actors is so complete that no significant flows are reported

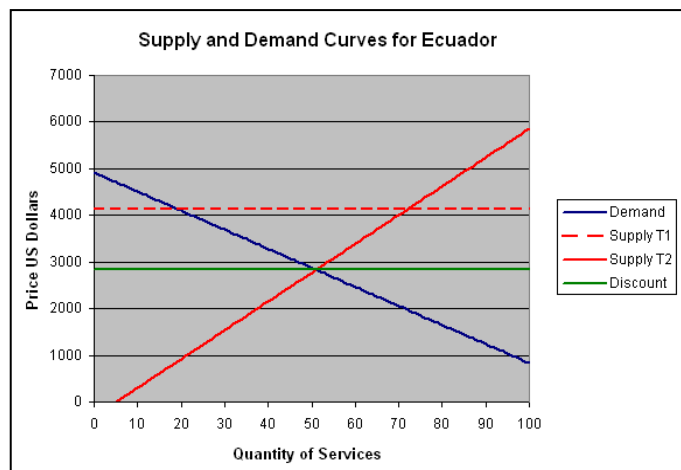
between local actors. This situation, caused by **purchaser/consumer disconnect** and **stovepiped service provision** (coordination problems C and D in the value chain), confirms that in the capacity building sector, as in the health sector examined by Dalberg, there is “insufficient demand orientation of development efforts”<sup>5</sup>, leading to significant market inefficiencies.

Figure 3



Just how large are the inefficiencies created by supply driven marketplaces? Figure 4 uses bidding data from the Ecuador marketplace event to show how the mechanics of supply and demand operate when local NGOs are empowered to purchase their own capacity services directly from local providers. Prior to the marketplace event (T1), capacity building services are purchased primarily by international actors operating on behalf of local CSOs. Local providers are happy to supply the required quantity of services requested by international organizations at a price representative of the purchasing power of these actors. Thus, at T1, supply is virtually

Figure 4



<sup>5</sup> Dalberg Task Force on Capacity for Program Delivery, 2006. “From Talk to Walk”: Ideas to Optimize Development Impact.



inelastic and the supply curve is consequently assumed to be horizontal.

At T1 the supply curve crosses the demand curve very close to the y-axis. This is indicative of the fact that, in a marketplace distorted by international actors, the price point of local capacity building services is beyond the reach of the majority of local CSOs.

At the marketplace event, international actors are essentially removed, and NGOs are empowered with in-kind vouchers and a choice of providers. Local service provider participants quickly learn that, by setting prices with international organizations in mind they are pricing out local CSOs, potentially their most sustainable consumers. Having achieved a more complete understanding of consumer needs, providers offer services at significant discounts, indicated by the green “Discount” line on Figure 4. Thus, although local demand remains constant, the supply curve at T2 pivots, enabling local NGOs to purchase a larger number of services at a price that is within their budget.

This same phenomenon was observed in both Ecuador and Zambia. In Ecuador, the average discount between the price at which services were offered and their eventual sales price was 9% and in Zambia 12%. Thus, we can conclude that the inefficiencies generated by supply-driven marketplaces for capacity services are somewhere between 9% and 12%, or analogously, that the empowerment of local consumers creates market efficiencies in the range of 9%-12%. This finding has significant implications for all actors along the value chain, from policy makers and donor organizations at one end, to local NGOs and CSOs at the other.

### **3. National governments are currently minor participants in local capacity building service provider markets. This raises questions about who is driving the development agenda.**

As Figure 3 on the previous page indicates, local and national government agencies in both Zambia and Ecuador play a minimal role in local markets for capacity building services. The one exception noted was the role of municipal government in the Ecuadorian NRM sector, which has played a modest role financing capacity building service provision for local NGOs, as well as providing capacity services to academic and other institutions. Nonetheless, the Pact research shows that on average international organizations operating in this marketplace are 25% more active than Ecuadorian government institutions.

In Zambia, the impact of the government in the HIV/AIDS local service provider market is so marginal that it is inconsequential in the larger value chain. In this market dominated by external actors, international organizations are nearly 800% more active than the institutions of the Zambian State. This reality, originating from **disengaged policy decisionmaking** (coordination problem A on the value chain), raises concerns of a de facto (last mile) donor takeover of “management of the country, with the help of NGOs, relegating the state to a skeleton body with the task to administer funding, and with both the state and NGOs being accountable to donors rather than to the people they serve.”<sup>6</sup>

### **4. Social capital is a powerful force for building latent markets for capacity services. Efforts to promote social capital can have a positive catalytic effect to turn around failing markets.**

Development practitioners and policy makers have long known that the development of social capital between local players is essential to the success and sustainability of civil society strengthening initiatives. Similarly, economic theory argues that social capital plays a role in promoting efficient

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<sup>6</sup> German Development Service. 2003. *Civil Society in Zambia*. p33

markets by reducing transaction costs. In the context of local markets for capacity building services, therefore, we might expect social capital to be a particularly critical factor.

Results from the diagnostic surveys indicate that personal and professional contacts, more than international partner recommendations, marketing materials, or any other source, represent the most valuable conduit for information for local NGOs seeking capacity services (Figure 5). The importance of building social capital through stronger personal and professional networks appears, therefore, to be a significant leverage point for interventions aimed at improving local capacity service marketplaces.

The value of social capital is further reinforced by an analysis of bidding trends from the two marketplace events. When we use ONA data to compare the results of the most connected service provider organizations (top five) with the rest of the service providers, there is a sharp contrast in sales success based on social capital.

In Zambia the five service provider organizations with the strongest connections prior to the event sold 66% of their services at an average of 4% above ideal sale price. By contrast, the remaining service providers, with weaker pre-event social capital, sold only 50% of their services and were forced to do so at a discount of -13%.

The same pattern was repeated in Ecuador, where the five organizations with the greatest social capital sold 74% of their services at an average discount of -4%. The remaining providers sold 49% of their services at an average discount of greater than -10%.

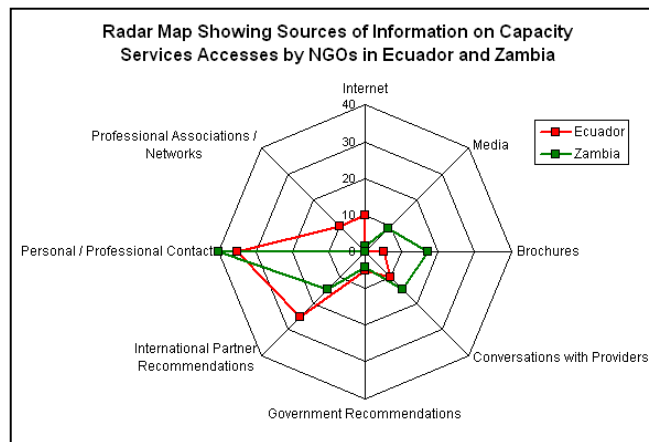
These results point strongly to the importance of social capital in local capable service provider markets and the potential of personal and professional networks to assist in alleviating **unsupported local providers** (coordination problem F in the value chain for capacity service delivery).

### 5. Despite a keen sense of competition among service providers, many incentives exist for deep collaboration.

During the focus groups following the marketplace events, local service providers in both Zambia and Ecuador expressed a shared desire to forge associations, working together to reach local CSOs and ensure high quality service provision.

In Zambia, local providers are most often hired by international organizations to provide services on their behalf. Our research has shown, however, that in such cases, NGOs attribute the service to the international organization funding the work rather than the local provider delivering the service. This phenomenon results in a map of service provision, like Figure 6, in which local providers (LSP1 and LSP2 in this case) are often ‘invisible’. This occurs partly because the brand identity of the international organization is stronger and has greater value to local NGO recipients. By working together through an association, local providers may be able to achieve critical mass and greater recognition than as individual entities in the marketplace. Providers have shared incentives to link association membership with a brand

Figure 5





**neglected impact evaluation** (coordination problem E) may also have positive feedback that helps to alleviate **disengaged policy decisionmaking** (coordination problem A).

### **7. Local markets for capacity services demonstrate key characteristics that are measurable and can be used to track market development over time.**

Capacity service marketplaces exist in broader “systems” that include a variety of development actors (e.g. local NGOs, service providers, governments, donors) with occasionally conflicting goals and needs. Through surveys and focus group discussions exploring stakeholder perceptions of service delivery “value”, the research team identified four “value creating” characteristics commonly desired by *all* stakeholders. These key drivers include 1) the quality of services, 2) country-level assets – products and services, 3) the agility of providers to adapt to donor policy and to “effective” NGO demand, and 4) the efficient flow of information and resources from the sources of capital to the final delivery of products or services.

The research highlights the feasibility of gathering meaningful country-level data on capacity building supply and demand, and assuaging the issue of **neglected impact evaluation** (coordination problem E), through the application of a simple package of tools and methodologies. This set of tools, detailed in the following chapter, shows tremendous promise for replication and for contributing to sound policy-level decision-making of donors, international NGOs and national governments alike.

## **C. Recommendations**

### **Promising Practices and New Initiatives**

Pact CBSG's efforts to understand local markets for capacity building through the value chain approach provided excellent opportunities to explore the potential of strategic interventions with the power to build vibrant and sustainable local markets for capacity building services. In the following section, the research team highlights the promise of four particular interventions. Two of these – Capacity Building Accounts (CBAs) and Linking NGOs with Capacity Services (LINCS) – evolved directly from our research methodology. Both hold great promise to improve local market performance for capacity building services. Two others – Service Provider Associations and SAGE Market Monitoring – are a product of the focus group discussions that followed the marketplace events in Zambia and Ecuador and gained widespread support among core participants. All four are demand-driven interventions with the potential to combat country-level inefficiencies at the “last mile” and to catalyze latent local service provider markets.

#### **1. Capacity Building Accounts (CBAs)**

Capacity Building Accounts are small grants, generally in the region of \$2000 - \$3000, provided to local NGOs to obtain capacity building services from the provider of their choice. Pact believes that the CBA approach gives local NGOs greater control over their own organizational development, and helps to foster a local marketplace that links those needing high quality capacity services with those capable of delivering them. In order to assist local NGOs to make informed purchases, CBAs are usually provided following an organizational capacity assessment and action planning process, such as Pact's participatory OCA methodology (Appendix E).

Pact has had some previous success using CBAs with participants in its Zambia HIV/AIDS Learning Initiative. However, the service provider marketplace research offered a particularly fertile proving ground for this approach.

At the two marketplace events (discussed in the following section), local NGOs that had completed OCA were provided with CBAs to purchase services in line with their organizational action plans. For the first time ever, NGOs were offered a choice of potential providers all gathered at the same location. They discussed different service opportunities with the various providers, and were able to use their CBAs to negotiate and purchase according to their needs and preferences.

Over the course of the two events, 77 services were exchanged using CBAs, affirming their value as a trading tool. Moreover, the use of CBAs to create a demand driven marketplace was a significant factor in discounted prices offered by service providers.

In addition to these benefits, Pact has found that where local NGOs are given greater freedom to choose services that meet their own needs, they have greater commitment and follow-through, and are more likely to incorporate new ideas. The research team has also had success in persuading partner organizations – SNV, Conservation International and The Nature Conservancy – of the value of the CBA approach. As more organizations adopt CBAs, we can expect to see real improvements in both the demand and the supply sides of service delivery.

CBAs may be generated using a number of different models. It is possible to use any combination of the four models outlined below:

- Self-Paid – NGO participants generate CBAs from their own existing funds.
- Donations – CBAs are provided to NGO participants by donor organizations.
- Sponsorship – NGO participants seek sponsorship to pay for their chosen capacity services.

- Top-Ups – CBA funds raised through sponsorship by NGO participants are topped-up by donors by a certain percentage (5% - 10%) up to an agreed maximum.

Added value of CBAs:

- ✓ Empower local NGOs as consumers of their own services
- ✓ Foster a demand driven marketplace
- ✓ Create a more efficient marketplace
- ✓ NGOs feel increased ownership for services purchased

## 2. LINCS – Linking NGOs with Capacity Services

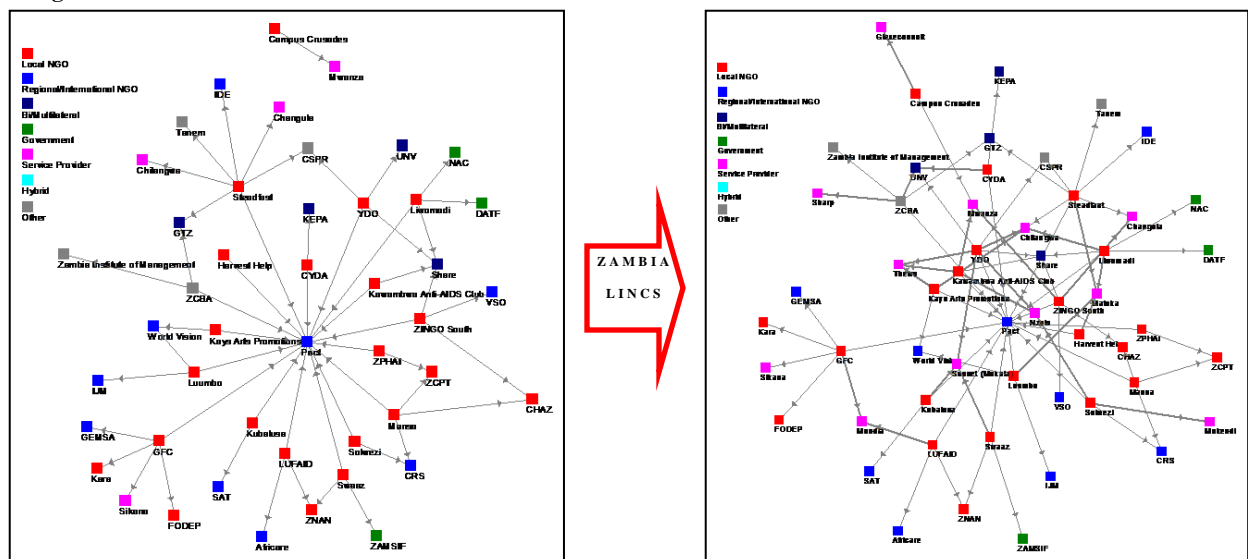
The need to build upon local competencies and strengthen linkages between local NGOs and service providers presents a complex and ongoing challenge. In response to this challenge, Pact has developed LINCS (Linking NGOs with Capacity Services), a unique approach for mapping the needs and capacities of local civil society organizations, and connecting local demand for capacity building services with local supply. The centerpiece of LINCS is an event, modeled on a ‘silent auction,’ that brings NGOs together with local capacity building service providers in a real-time marketplace. It is an opportunity for NGOs to get essential organizational strengthening services, and for all participants to build relationships that strengthen the local market place for capacity building services in the future.

At LINCS, service provider participants are assigned market stalls, in which they are encouraged to provide marketing materials and detailed descriptions of their services. NGO participants circulate, discussing the details of services with providers. They then use CBAs to bid on those services that they feel offer the greatest value given their particular organizational needs. Once bidding is closed, bid sheets are collected by event facilitators and analyzed for patterns that are discussed at post-event focus groups.

Two LINCS events were conducted as part of the Pact team’s research effort and proved to be transformational to event participants. Zambia LINCS focused on capacity building services for organizations operating in the HIV/AIDS sector, and Ecuador LINCS had a natural resource management focus.

These events have been received extremely positively by NGO and service provider participants alike. As mentioned previously, a total of 77 capacity building services were exchanged, 26 in Zambia and 51 in Ecuador, and services were provided at a significant discount from prevailing international rates.

Figure 7



LINCS also has an immediate impact on the network of service provision in a country. Figure 7 shows the development of the Zambian network of service provision during LINCS. Comparing the pre- and post-LINCS networks, it is clear that the event enhances current provider networks by creating new connections across the local capacity service market. Moreover, by directly connecting local supply and demand the share of the market commanded by Pact and its international contemporaries begins to decrease.

The originality and power of the LINCS methodology has sparked great interest among Pact's partner organizations worldwide. World Vision, SNV, Conservation International, The Nature Conservancy, and CADECO all assisted with identifying participants, arranging event logistics, facilitation of activities, and contributions to CBAs. Many of these partners have expressed an interest in holding their own LINCS events and enabling local NGOs to access an increasingly broader and high-quality pool of local capacity services. Pact has developed a LINCS Handbook to support these efforts.

Added value of LINCS:

- ✓ Data collection enables analysis of market interactions
- ✓ Social capital is built through face to face interactions at the local level
- ✓ Competition between providers reduces inefficiencies in the market
- ✓ Local provider networks are strengthened and new actors involved

### **3. Service Provider Associations**

Following the LINCS event in Zambia, in March 2006, a group of 20 enthusiastic service provider participants decided to work together in forming a national service provider association. The group has met regularly since LINCS and has made significant progress in building its membership and developing a constitution that pledges to "set quality professional standards in capacity building," and to "enhance the quality of service delivery." In Ecuador, a similarly enthused group of around 36 service providers have initiated discussions around potential future collaboration.

As with LINCS, the new connections and improved social capital brought about the formation of a service provider association have the potential to transform the organizational networks that drive markets for capacity building services. By collaborating, individual service providers within the association will have the opportunity to reach a greater number of potential consumers and national and international actors within the network.

The provider associations are engaging in a number of activities that have the potential to significantly improve the market access and brand power of local organizations and individuals. Each association is being encouraged to develop a service provider directory. This directory, made available both in hard copy and on the Internet, will facilitate sustained interaction between local providers and NGOs. Association members will have the opportunity to profile their organization and describe a number of core service offerings, thereby differentiating themselves from other providers and their international sponsors. Furthermore, a comprehensive directory, shared with Pact's partner organizations in the private, public and nonprofit sectors will help providers to tap new markets and reach new consumers.

In Zambia, providers have collaborated to produce a common post-intervention evaluation survey. This survey form will be used by recipients of services to evaluate every service provided by association members, and it represents an important first step in building common standards and quality assurance mechanisms.

In the longer term, it is hoped that capacity building services delivered by association members will become known for their consistency and high quality. Thus, membership in the association will act as an

informal form of accreditation, and development practitioners from local, regional and international organizations will have increased confidence in local providers. Local provider associations provide fora for the sharing of best practices and ongoing data collection around market trends. In the future, local associations around the world could be linked through the Impact Alliance ([www.impactalliance.org](http://www.impactalliance.org)) to a global network of sharing, innovation and action.

Value Added of Service Provider Associations:

- ✓ Ongoing interaction generates and sustains social capital
- ✓ Build market access and brand power of local providers
- ✓ Ensure sustainability of high quality service provision for local NGOs

#### **4. SAGE**

Local capacity service markets are a deceptively deep subject. Widely accepted practices combine to form complex coordination problems that seem to defy rational analysis. Through the examples of the Zambia and Ecuador case studies, the Pact research demonstrates the bottom-line benefits of better managing service delivery value chains.

To this end, the research team has developed SAGE, a tool to assess market demand and supply for local services. SAGE is comprised of four key measures identified through the study as catalytic for local capacity service market development:

- **Service Quality**: The extent to which local capacity service markets create value for NGO and local government customers.
- **Assets**: The extent to which service offerings reflect the full range of needs identified by the by the social development sector.
- **Agility**: The capacity of the service provider market to adapt to changes in demand or changes in the external environment.
- **Efficiency**: High performing markets are characterized by healthy, sustainable local providers, rich communications within the provider community, and a culture of collaboration and exchange across providers.

With additional testing and adaptation, SAGE could be a useful tool to evaluate the viability of local service provider markets. Pact is in the process of launching a permanent information collection network through the newly formed service provider associations in Zambia and Ecuador. Members of the associations will collect regular information across these four key measures and Pact will publish the performance metrics annually to assist development managers in making better decisions and to stimulate additional research in this nascent but critical area of inquiry.

Value added of SAGE:

- ✓ Raises the issue of sustainable local provider marketplaces to the global level
- ✓ Maintains a ‘finger on the pulse’ of developments in capacity marketplaces
- ✓ Facilitates market comparison and the tailoring of suitable interventions



## Policy Recommendations

In addition to revealing the four promising practices described above, Pact’s research also provides information that supports policy-level decision making related to the acquisition and provision of capacity building services at the local level. These recommendations are particularly relevant to international NGOs and bilateral and multilateral donors that have been – or are seeking to – enlist the services of local service providers in support of their overall institutional goals. They also serve to strengthen the value chain around capacity service delivery in response to the six coordination challenges identified in the findings section. The value chain diagrams (Figure 8), on the following page, tie in closely with these recommendations, highlighting the essential changes that need to occur to catalyze dynamic local markets.

### **Recommendation 1: Expand and systemize locally driven marketplace interventions.**

To address the coordination challenges posed by the domination of international actors in the marketplace disengaged policy decisionmaking (A), purchaser consumer disconnect (C), and stovepiped service provision (D) Pact recommends that local approaches to nurturing the marketplace be put into systematic practice. This would have multiple benefits to local NGOs and international actors alike:

- Firstly, it empowers local NGOs to not only directly buy the services they need, but also allows them to purchase from their vendor of choice.
- Secondly, it helps to create or reinforce service delivery relationships that have the potential to exist in a meaningful way long after donors have moved on, thus contributing to more sustainable development practice.
- Thirdly, it minimizes the distorting effect that international organizations and agencies have on the marketplace by ensuring that services are appropriately priced. This, in turn, means that the financial investments of international actors are reduced because they reflect the local cost of services rather than artificially inflated international costs.

### **Recommendation 2: Identify alternative ways to resource the exchange of capacity services that do not necessarily rely on donor funds.**

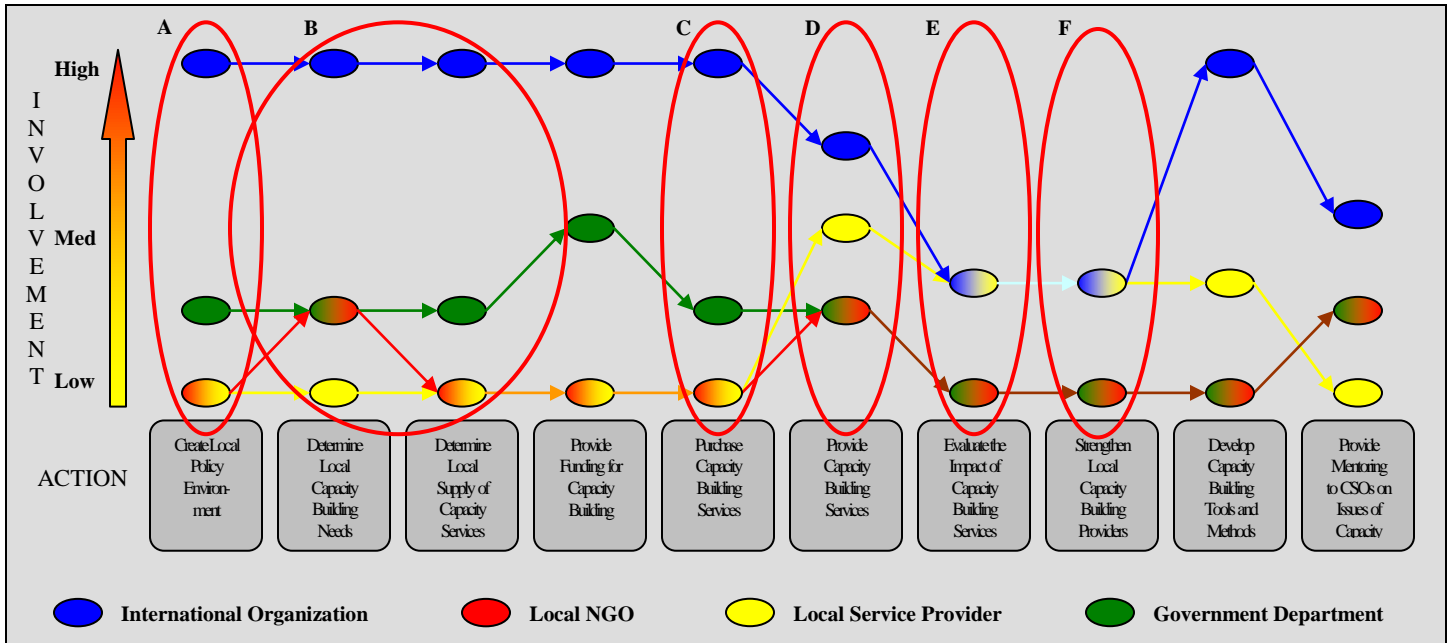
The expansion of localized marketplace interventions should also include the exploration of alternate means of exchanging services that minimize, or even eliminate, the role of international actors in brokering services and consequently reduce the needs/supply disconnect (C). The Ecuadorian context, where there are a number of strong NGOs who also provide capacity building services for their peers, provides a potentially fertile proving ground for peer exchange interventions which could achieve success at minimal cost.

It would be relatively simple to adapt the LINC S methodology and hold an event solely for NGOs, in which capacity building services are exchanged non-monetarily. Participants would act as both purchasers and consumers, bartering services between themselves. At the end of the event, “winning organizations” would be those offering the best exchange, rather than the most money. Eventually, an even more versatile form of peer exchange could be developed using time dollars<sup>7</sup>. Using this approach, participants offer a set amount of their time at the beginning of the event, which goes into a time bank. They are then able to bid on services for an equivalent amount of the time of other participants. Adoption of a time dollar system would allow for more complex exchanges between multiple participants, rather than simple bilateral exchanges between just two organizations.

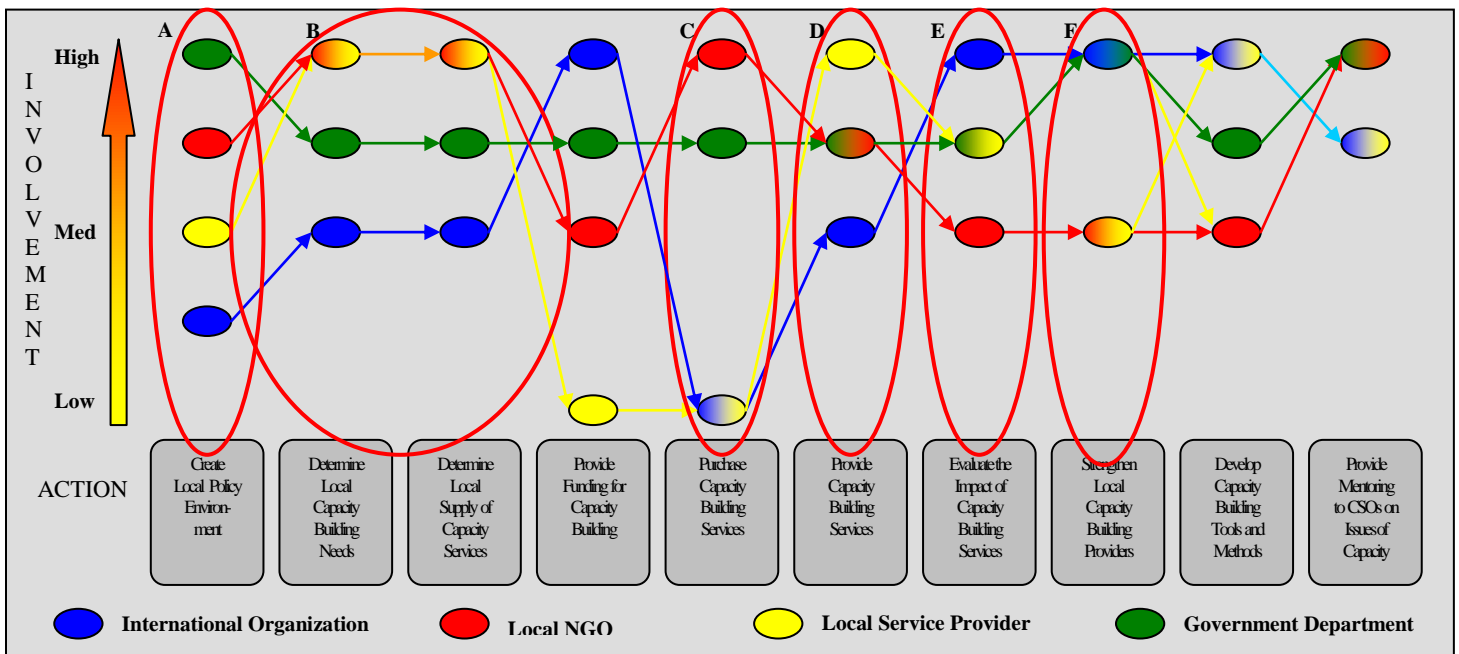
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<sup>7</sup> [www.timebanks.org](http://www.timebanks.org)

Figure 8



**CATALYZING DYNAMIC LOCAL MARKETS**



**Recommendation 3: Make all capacity building support based on *true* local demand and not assumed demand.**

A very simple step can be taken to reduce the needs/supply disconnect (B). Participatory organizational assessment is one of the best ways to identify real NGO needs. Organizational assessment comes in many forms, and a variety of approaches are sufficient for accomplishing this task. When choosing an assessment approach, two key issues should be considered:

- Purpose – what does the assessment seek to accomplish? Is it intended to simply identify capacity building needs? Or is it important for the assessment process itself to be an organizational strengthening intervention (through the promotion of learning or accountability, for example)?
- Congruence of organizational change philosophies and strategies – Every tool is symbolic of management beliefs and culture. The tool must be congruent with the development philosophies of both donor/sponsor and recipient organizations. Each tool should be assessed carefully to be clear about the philosophical and conceptual underpinnings that it represents and how it might influence the broader directions of the organization’s capacity building efforts.

For information on Pact’s widely used approach to organizational capacity assessment (OCA), see Appendix E.

**Recommendation 4: Strategically invest in strengthening the capacity of local service providers.**

As marketplaces for capacity services grow and evolve, there will likely be a continuing role for donors and international NGOs in mitigating the problem of unsupported local providers (F). Where needs exist, resources would be well put forth to ensure that local providers have the appropriate skills, services, and marketing approaches to fully support the capacity building of local NGOs. Small investments have the potential to catalyze big change, as service offerings are expanded and made more readily available to consumers. Practically speaking, the investment of funds into building the capacity of local capacity builders has the potential to engender exponential impact.

**Recommendation 5: Implement systems for better evaluating the impact of capacity services.**

As described in the findings section above, efforts to determine the success of capacity building initiatives have tended to occur in an ad hoc and inconsistent manner, resulting in neglected impact evaluation (E). Yet the strength of the local capacity services marketplace hinges on the ability of actors in the market to measure the impacts that various organizational development and capacity building interventions have.

To this end, Pact and other organizations committed to capacity building excellence have begun experimenting with new ways to monitor and evaluate capacity building impacts. For example, Pact CBSG has developed a “theory of change” evaluation methodology that explores the causal linkages between core program components, strengthened organizational capacity, and impact level change. Pact’s methodology, first applied to the Zambian HIV/AIDS Learning Initiative combines surveys, focus group discussions, and site visits to gather both qualitative and quantitative performance and impact data. This methodology shows great promise for replication in other countries.

Other development agencies such as ECDPM have also been on the cutting edge of identifying and developing creative and promising approaches to monitoring and evaluating capacity building activities<sup>8</sup>. As more capacity builders combine their best efforts and thinking to these issues, the closer we get to

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<sup>8</sup> [www.ecdpm.org](http://www.ecdpm.org)

making definitive statements about what works in capacity building. This information will be invaluable for supporting and strengthening local marketplaces.

**Recommendation 6: Conduct further research on market behavior in other sectors and/or countries.**

Recognizing that the Pact study was highly targeted in its focus and was not inclusive of a large sample of markets, Pact recommends further research on:

- 1) *Marketplace behavior in other countries and/or regions of the world.* A broader set of data on the characteristics of capacity services marketplaces in different countries would be important for comparing trends and identifying drivers of marketplace success that are more global in nature.
- 2) *The nuances of Ecuadorian and Zambian markets by exploring market behavior in other technical sectors (such as health in Ecuador or D&G in Zambia).* Based on findings from this study, the research team speculates that the strength of a community of service providers in a given country may be more a function of the *sector* (HIV/AIDS, conservation, education) in which it is operating rather than a function of more national level efforts to coordinate and deliver capacity building services across sectors. For example, the dynamic service provider marketplace studied in Ecuador is partially a product of sectoral investments made in natural resources management. Were this study to have explored the service provider community that supports NGOs engaged in healthcare activities, for instance, the research team speculates that the marketplace would not have been as dynamic.

This hypothesis presents numerous potential avenues for further research. Firstly, it highlights the need to gather concrete information on the state of service provider marketplaces in other sectors so that there is comparative data to analyze and either support or refute the research team's hypothesis. Should the hypothesis prove to be true, the research team would be in an excellent position to employ network "weaving" strategies that would support the expansion of the marketplace so that it could provide demand-driven support across sectors. This expansion would build on successes and strengths and would expand the web of local relationships to ensure that capacity building needs are being met with greater efficiency and quality.

The recommendations described above seek to address the huge inefficiencies and inequity in the existing value chains for the provision of capacity services in developing countries. They also reinforce that the time has come to redefine the roles of different actors in the international aid architecture. Pact hopes that this research serves as an inspiration:

- To **international organizations**, to shift their focus from direct interventions in local policy and service provision towards indirect interventions that strengthen and maximize the impact of local capacity building service providers.
- To **local governments**, to be empowered to play a much greater role in the creation of an enabling local policy environment. To also be encouraged to engage themselves local markets for capacity building services, developing synergies between the activities of government and civil society.
- To **local capacity building service providers**, to remain agile in the face of changing local demand. To play a key role in understanding local demand, and supplying high quality services

that meet demand. Furthermore, to take advantage of opportunities become stronger, both as individual organizations and as a key sector for development.

- To **local NGOs**, who must be given the opportunity to be stewards of their own organizational futures and be equipped with the necessary tools to identify and secure high-quality services that meet their needs.

### **III. Mapping Local Provider Markets: Case studies from Zambia and Ecuador**

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The following case studies highlight key issues faced in the local provider markets in Zambia and Ecuador today. Mapping survey data was used to capture a snapshot of the pre-intervention marketplace in both countries. The case studies then project these marketplaces forward, using data from LINCSE events and nascent service provider associations, to show the potential impacts of these demand-driven interventions on marketplace dynamics. To this extent, they represent a first generation attempt to frame what a longitudinal national marketplace evaluation might look like. Network maps accompanying the text on Zambia and Ecuador can be found on the pages following each case study.

#### **Case Study 1: The market for CSO capacity building service in Zambia**

From the time of its independence in 1964, Zambia has moved downward from its position as one of Africa's richest countries to being one of the world's poorest. Zambia has not successfully risen above the combined challenges of a colonial legacy, world economic trends (especially the collapse in 1975 of the price for copper), national debt, uneven national leadership, and now the erosive influence of the HIV/AIDS pandemic. Today, approximately 90% of Zambia's 12 million citizens live below the poverty threshold of US\$2 a day.

Within this daunting array of challenges, the element with the greatest compounding effect is that Zambia is experiencing one of the most devastating AIDS epidemics in the world today. UNAIDS data for the end of 2006 indicates that currently 17% of the country's adult population (ages 15-49) is infected with HIV. In 1984 when the first case was diagnosed, life expectancy was 60 years. Today it is 40.

The response of international donor organizations to these challenges has been colossal, driven by Zambia's extreme poverty and the national Government's ineffectuality, which mean that any comprehensive response to HIV/AIDS must be externally funded. Although a myriad of bilateral donors and international NGOs are involved in funding the fight against HIV/AIDS in Zambia, the three largest funders have been the Global Fund (\$364 million approved), the President's Emergency Plan for AIDS Relief, PEPFAR (\$188 million through 2005), and the World Bank (\$42 million credit).

Driven by the scourge of HIV/AIDS, and aided by the installation of a multiparty democracy and favorable donor priorities, a flood of new civil society organizations and networks came into being in the 1990s. According to a civil society study completed by the German Development Service, "by 2003, in a country of some ten million people, about ten thousand civil society organizations were registered, making up even double as many with their branches."<sup>9</sup> The same study, the most recent and comprehensive of its kind in Zambia, concluded that CSOs had shown considerable promise in their ability to contribute to the human, social, political and economic development of the country.

However, despite this positive assessment, Zambian civil society is currently facing a number of significant challenges. Firstly, the majority of Zambian CSOs are heavily dependent upon international funding. This has led to the development of an extremely competitive funding environment, one that is particularly vulnerable to fluctuations in donor policies and priorities. Secondly, the strongly enabling environment that existed for Zambian CSOs throughout the 1990's, coupled with a lack of civil society regulation led to a preponderance of low capacity CSOs, lacking vision or constituency, and primarily

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<sup>9</sup> German Development Service. 2003. *Civil Society in Zambia*. p33

concerned with survival. Finally, the predominance of international organizations as funders, implementers and sponsors of development, results in supply-driven interventions that frequently fail to respond to local needs, don't employ local knowledge, and stifle local innovation and entrepreneurship.

Capacity building initiatives for CSOs have great potential for mitigating and overcoming these challenges. However, as with other resources in Zambian civil society, capacity building has traditionally been dominated by international actors. The German Development Service study pessimistically concludes that, "as there are only few Zambian foundations, trusts and companies capable of supporting CSOs beyond one-off events, this nearly total foreign dependency is not going to change in the medium-term."<sup>10</sup> Pact's experience with local service providers in Zambia is somewhat different. During nearly a decade of operations, Pact has identified a number of organizations and individuals who are extremely knowledgeable and capable. What these local providers lack, however, is an enabling environment in which they are given the tools to compete on a level playing field with international providers.

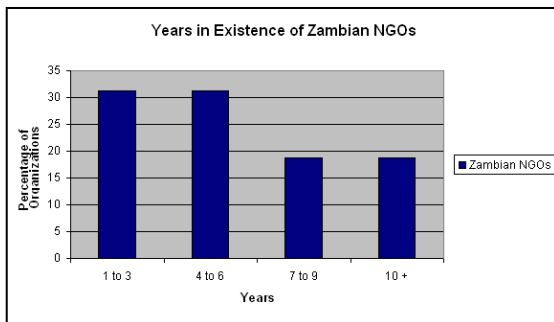
## Research Findings

### NGO and Service Provider Profiles

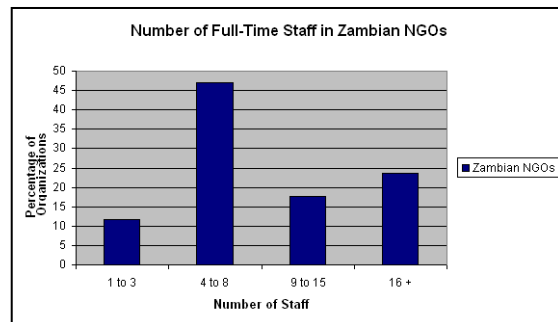
The Pact study provided additional information on local NGO and service provider communities in Zambia. According to the research data, the majority of NGOs participating in the HIV/AIDS sector in Zambia can be described as young and small. Overall, they also tend to place high value on the importance of organizational capacity building. Here are some highlights:

- Over 60% of organizations have existed for less than six years (Figure Z1).
- More than three-quarters of those surveyed have fewer than fifteen full-time staff, with a median staff size of between four and eight (Figure Z2).
- Over 60% described capacity building as a very high priority. (Figure Z3).

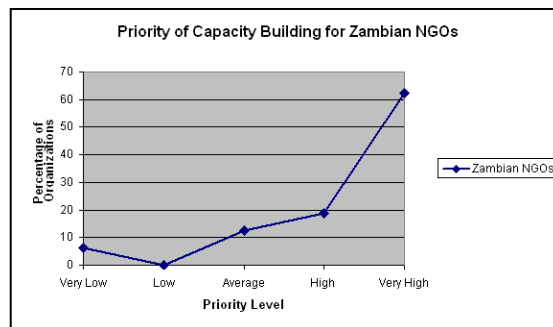
**Figure Z1**



**Figure Z2**



**Figure Z3**

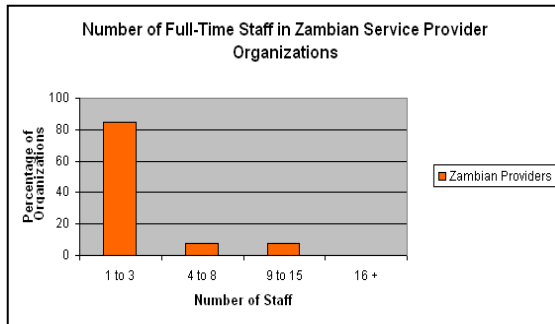


<sup>10</sup> German Development Service. 2003. *Civil Society in Zambia*. p36

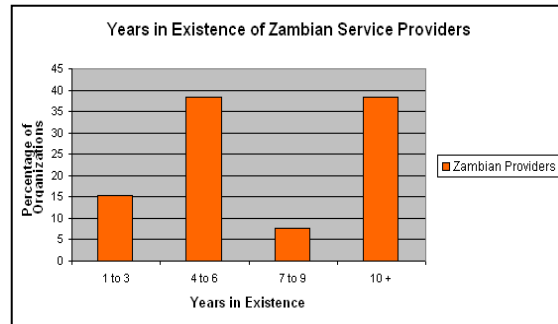
A similar demographic pattern exists for Zambian capacity building service providers:

- Over 80% of provider organizations have three or fewer full-time staff (Figure Z4) and the market is dominated by individual consultants.
- Over a third of providers have been operating for more than a decade, but an even larger group (nearly 55% of organizations) has been providing services for fewer than six years, probably coming into existence in response to the civil society boom in the 1990s (Figure Z5).

**Figure Z4**



**Figure Z5**

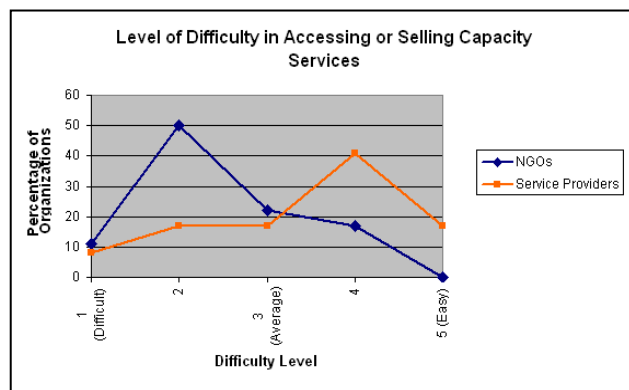


### Marketplace Challenges in Zambia

Pact’s research – which employed market diagnostic and network mapping surveys (see Appendices A and B)– revealed four important characteristics of the capacity building services marketplace in Zambia, particularly in relation to the concepts of supply and demand:

1. **NGOs have difficulty accessing capacity building services.** Sixty percent of NGO survey respondents indicated that the “buying” of services is a challenge (Figure Z6). They cite cost of services, a scarcity of information about service options, and communication difficulties between rural based NGOs and urban service providers as key causes of this difficulty.

**Figure Z6**

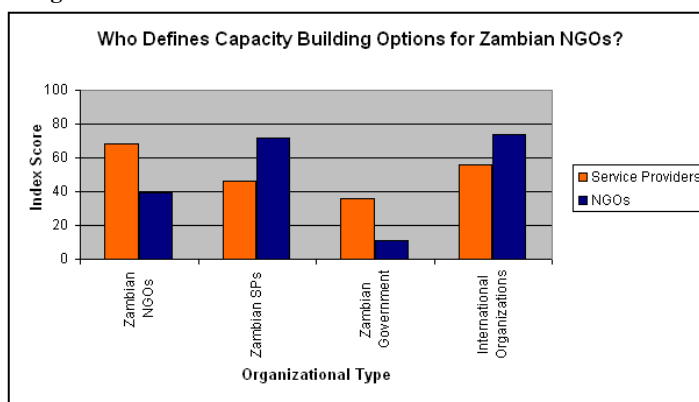


Compounding this problem is the relative inaccessibility of local providers. Map ZA (p35) shows the network around capacity building services in Zambia prior to the research activities. Within this system, only three local capacity building service providers – Changula, Sunset (Mukala), and HACOP – are in a position where they can be accessed by more than 25% of the network. The remaining five local providers currently operating within the network are accessible only to much smaller numbers of organizations.

2. **International organizations play a predominant role in defining the capacity building options available to local NGOs.** When asked to comment on who decides what capacity building options are available to them, Zambian NGOs highlighted the power of international organizations and local service providers, considering their local NGO peers to be only around half as important (Figure Z7).



Figure Z7



Moreover, returning to the network of interactions around capacity building in Zambia, Pact can be seen to be “dominating” the capacity building marketplace within the group of organizations and providers participating in the HIV/AIDS sector (Map ZA). In fact, Pact currently acts as gatekeeper to nearly 90% of linkages in this network, a pattern typical for an early stage network weaving/strengthening intervention. It implies that social capital has been successfully built between the central actor and a large number of key players in the local market. However, equivalent social capital is only beginning to develop between local organizations.

Pact is not alone in its role as a central provider of services. Indeed, the research data suggests that five of the nine most active service providers are international organizations (including Share, Catholic Relief Services, GTZ, and World Vision).

- 3. Local service providers are dependent upon international sponsors.** Sixty percent of survey respondents from the service provider community indicated that selling of services is relatively easy. (Figure Z6, p31). A major reason for this, mentioned by over 50% of Zambian providers, is partnerships with international organizations. Many international actors – such as Pact Zambia – often use local providers to deliver capacity building services to Zambian NGO partners. However, during the research, when asked to state the names of service providers, the majority of local NGOs chose to report the international partner who *funded* the service, rather than the local provider who *performed* the service.

This results in the *invisible service provider* problem described in the Key Findings section of this document. This problem is particularly acute in Zambia where international organizations often contract with local providers to implement services. In terms of Map ZA, we are likely to see more direct service linkages between international actors and local NGOs than exist in reality. At the same time, many local providers that are actually operating on the ground do not appear on the map. This may occur because the “brand name” of an international organization may have greater meaning to local NGO recipients, or because international organizations do not make an effort to nurture the local provider as a separate entity.

The existing network and its associated trends around capacity building in Zambia represent a worrying imbalance in the marketplace, suggesting that interactions are supply rather than demand-driven. This results in huge distortions, both in the services on offer, and the prices of those services. To mitigate against these challenges, and to learn more about pricing patterns, the Pact research team attempted to catalyze the marketplace for capacity building services in the Zambian HIV/AIDS sector through demand-driven interventions, designed to reduce the stranglehold of international middlemen.

## Catalyzing the Marketplace

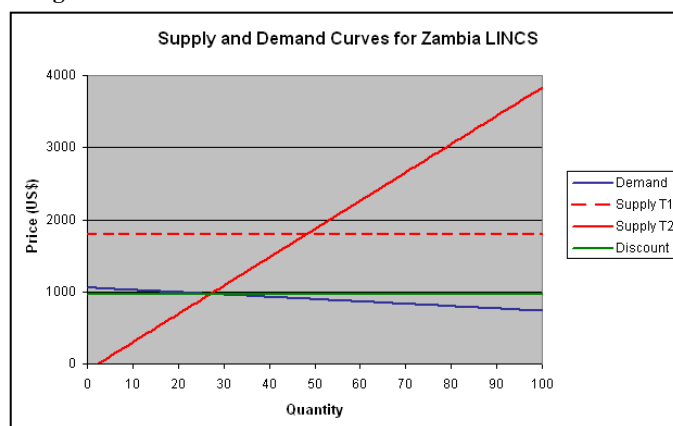
### Zambia LINC S

The Zambia LINC S marketplace event was designed as a mechanism both for data collection around supply and demand *and* for facilitating the meaningful exchange of local capacity building services. The event was held in March, 2006 in Lusaka and was attended by 20 capacity building service providers who marketed and sold capacity building services to 16 local NGOs. The NGOs were all participants in Pact Zambia programs, and were each given Capacity Building Accounts (CBAs) worth \$2000 with which to bid on services in line with their organizational action plans. NGOs also augmented their CBAs with money raised through external sponsorship.

The bidding data from the event confirmed Pact’s assumptions that local NGOs are completely priced out of the market and that huge efficiencies can be realized through the empowerment of demand side actors (Figure Z8). The supply curve at T1 shows the pre-event price of services, determined primarily by international actors. At T1, the demand curve never crosses the supply curve, indicating that local NGOs are unable to purchase services at internationally inflated prices.

At Zambia LINC S, local NGOs were empowered as consumers, with \$2000 CBAs to spend on services, and a range of providers from which to choose. In order to meet the needs of their customers, local providers supplied services significantly below their ideal rate, at an average discount of 12%, represented by the green discount line. The supply curve at T2 is elastic, representing the demand-driven nature of a LINC S marketplace. At T2 the market opens up to local NGOs and supply meets demand at a quantity of 26 services.

Figure Z8



The interactions at Zambia LINC S also had an immediate effect in strengthening the network of interactions around capacity building service provision for HIV/AIDS. When we add the services exchanged to the map of service provision (the progression between Map ZA, p35, and Map ZB, p36), we see a number of new, and previously invisible, local providers participating in the network. Where previously only eight local providers participated in the main network, now there are fourteen. Furthermore, the primacy of international actors is reduced. Local provider organizations have taken over as the most active group providing capacity services, with six of the top nine providers.

### Zambian Service Provider Association

In the focus group discussions following Zambia LINC S, a large group of local service provider participants expressed a strong interest in creating a mechanism through which they could continue to collaborate. They decided to form an association of providers, to work together to increase the visibility and standing of local service provision in Zambia.

Six months and two formal meetings later, a preliminary draft of a constitution has been approved by the nascent association. In addition to this important step, a number of projects have begun that will result in tangible outputs for the association including a directory of local service providers, a common service evaluation form, and a web portal housed on the Impact Alliance ([www.impactalliance.org](http://www.impactalliance.org)).

The sustainable, demand-driven collaboration created through the service provider association, when combined with additional service linkages from LINCS, builds a much more viable and interconnected network than existed prior to these two catalytic interventions (Map ZC, p37). Instead of one key central node there are now several, and the small, previously isolated network to the right of the main network in Map ZA is now well-connected. Local providers have greatly increased their reach into the market. The number of providers that can be accessed by more than 25% of the network has more than doubled, increasing from 4 to 9. Furthermore, Pact’s centrality as a broker of linkages has reduced from 90% to 70%, a figure which should continue to decrease as social capital is fostered locally.

## Looking Forward

Eventually, it is hoped that the local marketplace for capacity development around HIV/AIDS will outgrow its dependence on international providers, responding to demand-side as well as supply-side issues. Map ZD, p38, explores this possibility, removing Pact entirely from the system. We can see that, as a result of intensive efforts to catalyze the marketplace, a much more viable network that has several central nodes and is no longer dependent upon one or two central actors, is beginning to develop.

The following table highlights some of the changes that have occurred in the Zambian network as we moved through the various marketplace interventions to the eventual pull-out of Pact. These metrics provide a useful guide to the changes that we might expect to engender through network and market strengthening activities, and can assist in providing direction when setting targeting outcomes.

Metric	Pre-Intervention	Post-Intervention
Network Density	3%	3%
Network Centrality	0.87	0.34
Reach	22%	13%

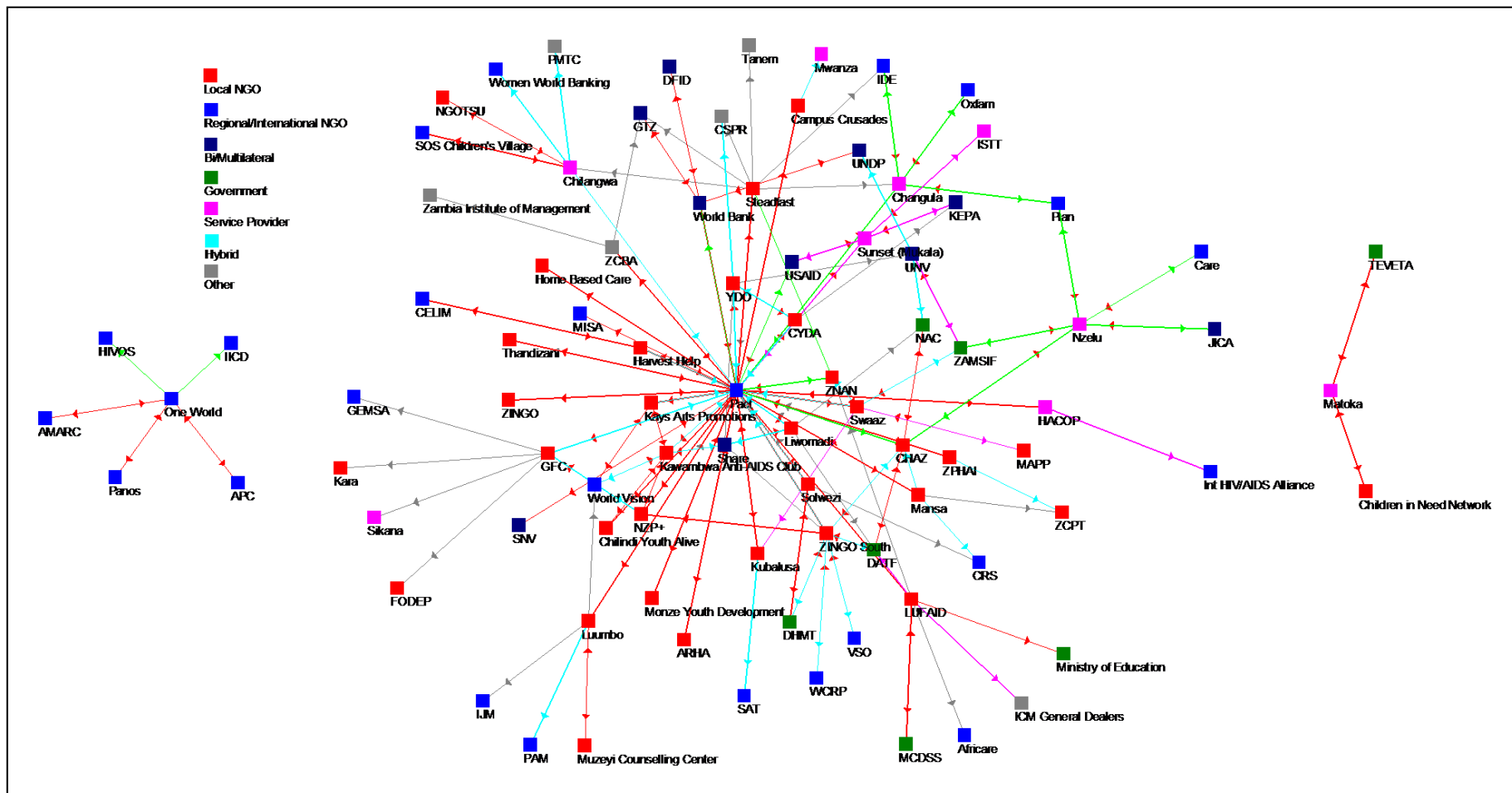
The **network density** as we progress from ZA-ZD remains constant at 3%. This indicates that the social capital built locally as the marketplace interventions progress is successfully replacing the less sustainable social capital of the external network convener (in this case Pact) that previously held the network together. As local social capital continues to build, we expect to see corresponding increases in network density over time.

The **network centrality** has decreased from 0.87 to 0.34, on a scale of 0-1. This suggests that as we move from network ZA through ZD, the integrity of the network becomes progressively less dependent upon key members. Ideally this score will continue to decrease over time as more organizations increase their local connectivity. A score of 0.3 or below is a good target to aim for with this kind of unbounded network.

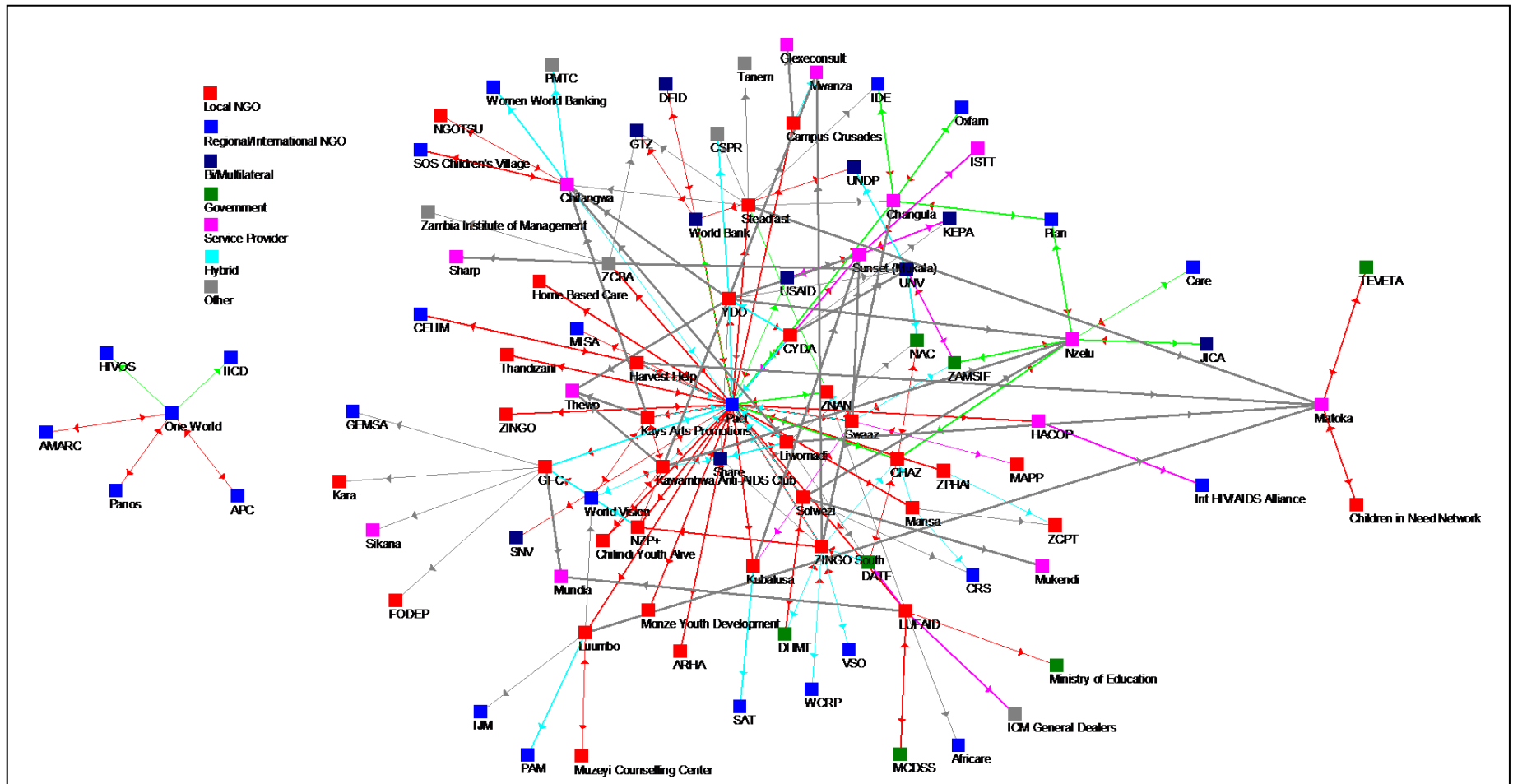
The average **reach** of organizations in the network has also decreased over time, from 22% to 13%. This means that, in general, organizations have access to less of the network than they did previously, a function of having removed Pact, the network’s most influential connector. Through ongoing interventions and market monitoring, we would hope to see this percentage increase over time, towards and perhaps exceeding its previous level.

This study is just a beginning, but provides a promise that some of the challenges faced in Zambia may be overcome through bottom-up, supply-driven programming.

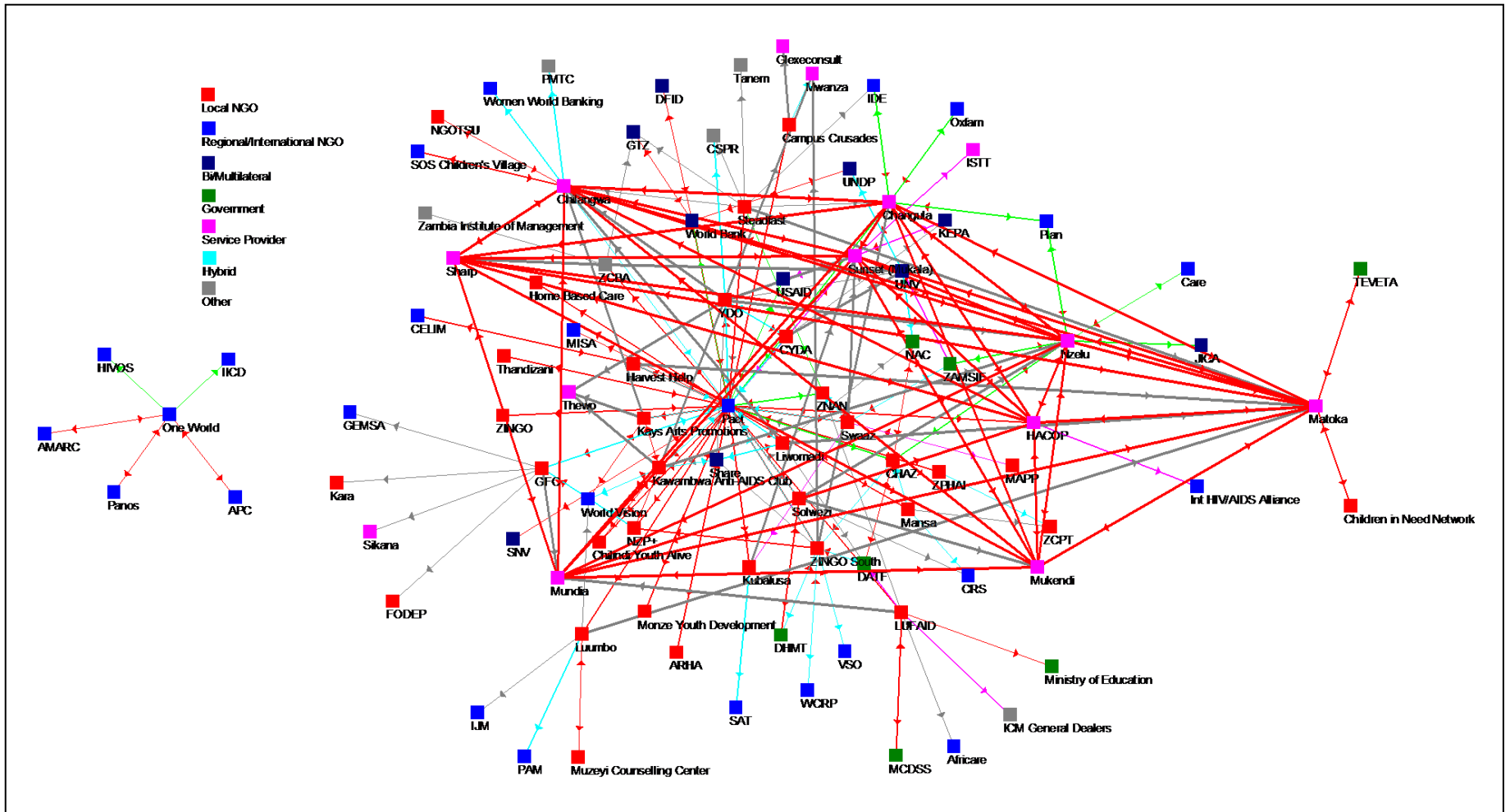
**Map ZA:** This map shows collaboration within the Zambian marketplace for capacity building services as it stood prior to the Zambia LINCS event in March 2006. The different colored arrows indicate different types of collaboration: grey = capacity building service provision, red = project level collaboration, green = financial assistance, pink = tools and methodologies, blue = mentoring. This type of network, with one dominant central node, is characterized as a 'hub and spoke' network. At this early stage, the integrity of the network is entirely dependent upon Pact.



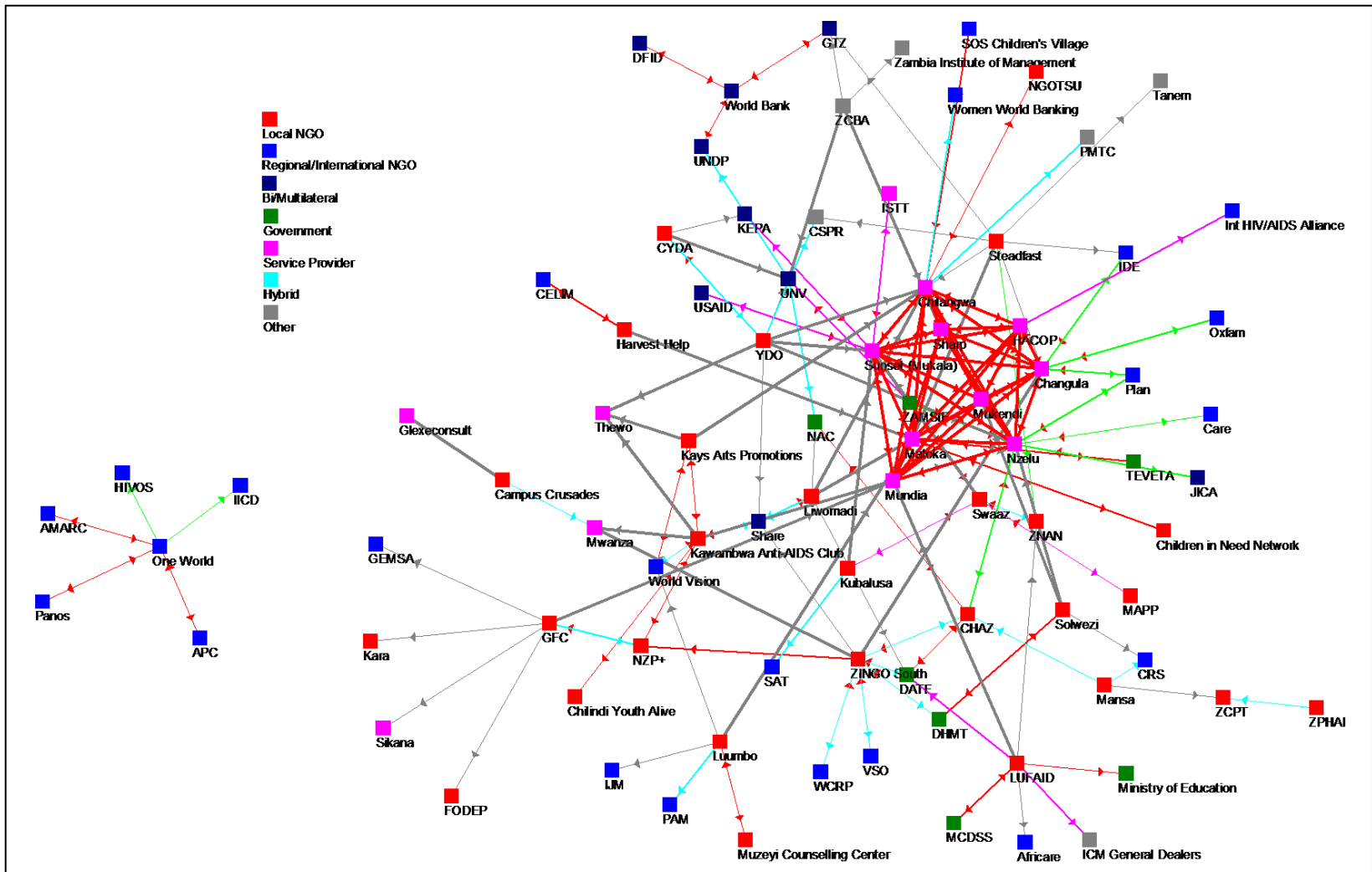
**Map ZB:** This map highlights the impact of the Zambia LINCS marketplace event upon the network. Where a service was exchanged at LINCS, a new grey connector has been added. This has a number of immediate impacts upon the network. Firstly, the number of pink local service provider organizations with access to the network has increased. Secondly, the connectivity of many of these local providers has increased. Thirdly, the smaller sub-network, to the right of the original in Map ZA, is now well connected to the larger network. These new connections serve to increase the integrity of the network and improve internal access to resources.



**Map ZC:** This map highlights the potential network benefits that will be achieved by the institutionalization of an association of service providers in Zambia. Assuming that strong linkages are fostered between nine organizations, about half of those currently interested in participating in the association, we can add red 'collaboration' connections between these local providers. The social capital fostered by this regular collaboration is potentially very powerful, greatly reducing the central role previously played by international organizations such as Pact.



**Map ZD:** When we remove Pact from the system, we can see that the integrity of the strengthened local network is not lost. The providers of the local association play a key role in fostering ongoing social capital between themselves, their consumers and the various financial and intellectual resources scattered throughout the network. SAGE network monitoring can be used to evaluate the continuing development of this dynamic marketplace.



## Case Study 2: The market for CSO capacity building services in Ecuador

### National Context

Ecuador is one of South America's most geographically diverse countries, encompassing the Galápagos Islands, Amazonian rain forests, Andean mountains, active volcanoes, tropical beaches, and Quito – one of the oldest cities in the Americas. A biodiversity hotspot, Ecuador is home to nearly twice as many birds as the continental United States and harbors more plant species than all of North America.<sup>11</sup>

While this biodiversity has the potential to provide great benefits to the 13 million people of Ecuador – through ecotourism, forest management, sustainable fishing practices, and other environmentally-based economic activities – these benefits have yet to be fully realized. Indeed, more than 37 percent of Ecuador's population still lives in poverty. Yet the biodiversity that has the potential to bring Ecuador's economically marginalized out of poverty is under almost constant threat – from rapid deforestation, overfishing, illegal encroachment and colonization, and political, economic, and social instability.

In response to the environmental and related social development challenges faced in Ecuador, local civil society organizations have been seeking ways to balance the urgency of protecting the natural environmental with the need to ensure viable economic opportunities and livelihoods for the people of Ecuador. Their role in environmentally-focused activities, however, is not new. In the 1980s Ecuadorian civil society was responsible for generating a variety of conservation and protection initiatives and projects. During the early 1990s, the State gradually assumed a larger role in creating institutions for environmental management, which was an important advance. But volatile political and economic events in the late 1990s hindered the State's environmental policy, with constant adjustments to economic policy dominating its work and making medium and long-term environmental planning very difficult. In this context, civil society re-emerged with a vengeance, and thousands of CSOs began to fill in the gaps left by government.

Today, the civil society boom of the last five years has begun to abate. The total number of NGOs operating is approaching around 1000, approximately 10% of which focus on NRM activities. The sector recently had a huge success, collaborating to help the Awa people to obtain legal titles to a large portion of their territory. However, civil society is also dogged by problems. During the boom period, several opportunistic and ineffectual organizations were incorporated, leaving Ecuadorian civil society with a perception problem that persists today. Furthermore, despite a dire need for integrated services to build organizational effectiveness, capacity building initiatives tend to be generic and poorly conceived.

### Research Findings

#### NGO and Service Provider Profiles

According to the demographic data, the majority of NGOs participating NRM activities in Ecuador are well-established and of medium size. Overall, they consider capacity building to be a high priority. Here are some highlights:

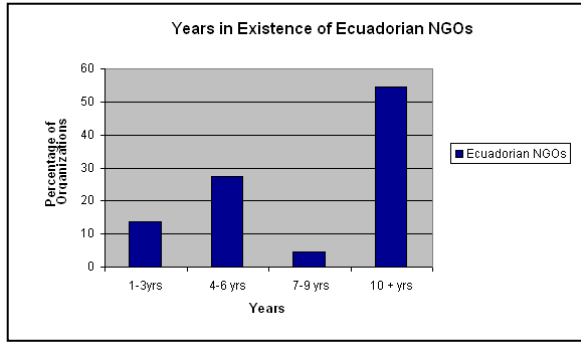
- Around 55% of organizations have existed for more than a decade (Figure E1).
- 90% of those surveyed have more than 4 full-time staff, and 40% have a staff size of more than 15 (Figure E2).
- Over 60% described capacity building as a very high priority for their organization. (Figure E3).

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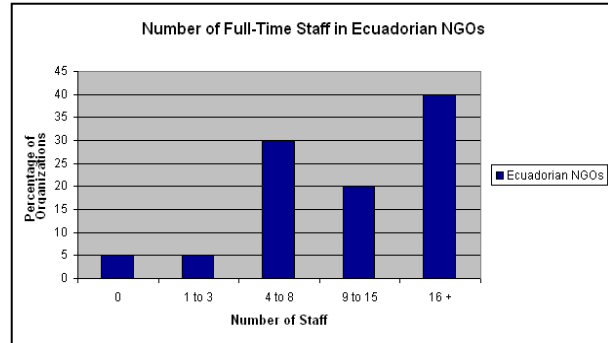
<sup>11</sup> The Nature Conservancy, <http://www.nature.org/wherework/southamerica/ecuador/work/>



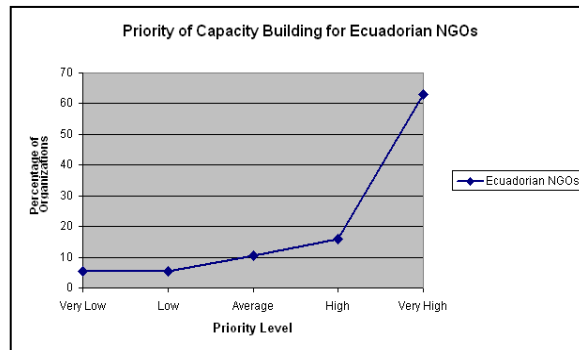
**Figure E1**



**Figure E2**



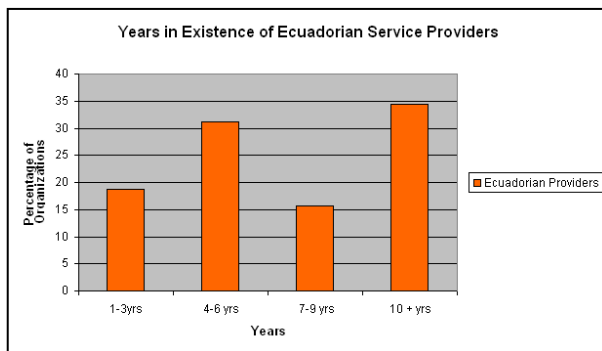
**Figure E3**



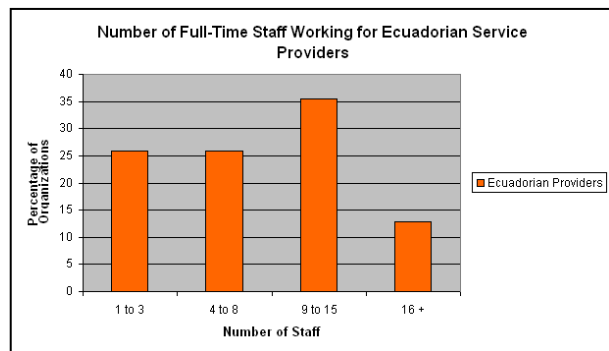
The demographic data also provided useful information about the great diversity of local providers of capacity building services operating in the Ecuadorian NRM sector:

- The modal group of providers (35%) has been in existence for more than a decade, but there is also a large cadre of much newer organizations (Figure E4).
- 87% of provider organizations have 15 or fewer full-time staff. However, the modal group of providers is towards the higher end of this bracket, with 9 to 15 staff (Figure E5).

**Figure E4**



**Figure E5**



**Marketplace Challenges in Ecuador’s NRM Sector**

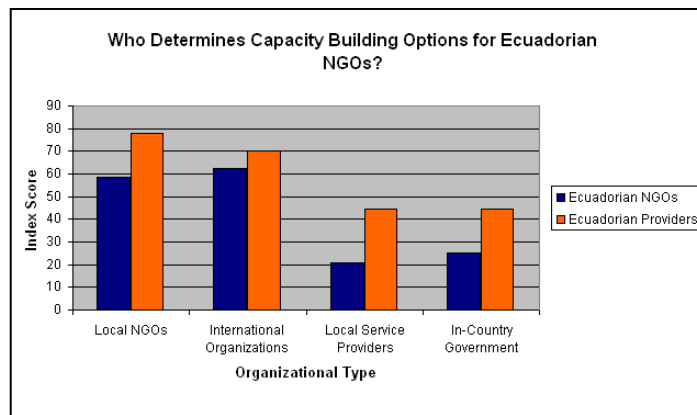
Pact’s research highlighted several key characteristics that are currently impacting the effectiveness of the capacity building services marketplace in Ecuador:

1. *High capacity local NGOs play a significant role in service provision.* Several of the more established NGOs in Ecuador have developed specific competencies that they have begun to offer as capacity building services to other local NGOs. In fact, ‘hybrid’ organizations such as these, that span NGO and service provider categories, are extremely active players in the local market for capacity services.

This is clear from Map EA (p44), in which the light blue ‘hybrid’ nodes are clustered towards the center of the network and many have numerous linkages to consumers of their capacity services. In fact, two of the three most active providers in this pre-research network are hybrid organizations.

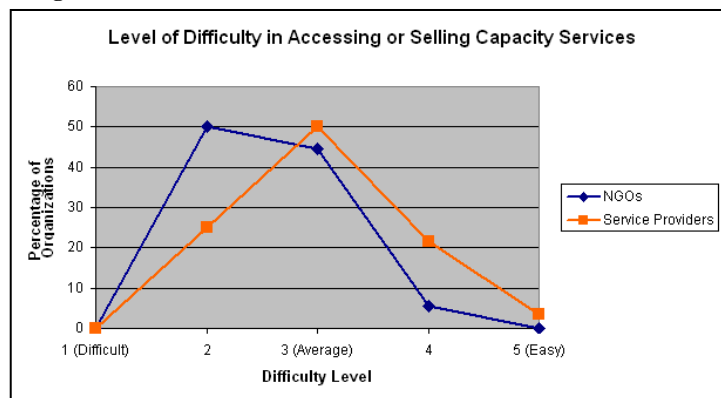
2. *International actors play a central role in determining the capacity building opportunities for NGOs.* Despite the existence of a number of capable local capacity building service providers, both Ecuadorian NGOs and local service providers report that international organizations are key determinants of capacity building availability (Figure E6). In addition to providing a large number of capacity building services, international actors impact the local market through financial assistance, as well as supporting local organizations through in-kind donations, methodological assistance and mentoring.

**Figure E6**



3. *Local NGOs struggle to procure the services that they need.* The net effect of all interactions taking place in the Ecuadorian market is not particularly positive. A significant majority of local NGOs report difficulty in obtaining high-quality services (Figure E7) stating as reasons, a “lack of funds”, “changing donor policies” and a dearth of information about “who offers these services.”

**Figure E7**



These trends highlight the significant challenges facing the marketplace for local capacity building services in Ecuador’s NRM sector. Although there are local providers who are already major players, a highly complex local environment, compounded by market distortions brought about by international middlemen, is acting as a considerable barrier to the formation of a vibrant and sustainable local market for capacity services. Interventions that help to cross this barrier – increasing the profile and capacity of local providers, facilitating local exchange, and minimizing international influence – have great potential in the Ecuadorian context.

## Catalyzing the Marketplace

### **Ecuador LINCS**

Ecuador LINCS was held in September, 2006, in Quito. The event was attended by 32 capacity building service providers who marketed and sold capacity building services to 22 local NGOs. The NGO participants were partner organizations of the event's international sponsors; Pact, Conservation International, the Nature Conservancy, and SNV (the Netherlands Development Agency). Prior to the event, all NGOs completed a Rapid Organizational Scan designed to assess their capacity building needs and prepare them to seek out appropriate services. One CBA of \$3000 was provided as a prize to be raffled off following the event. Local NGOs were encouraged to obtain sponsorship to cover the remainder of their purchases.

The bidding data from Ecuador LINCS suggests that service provider participants were able to achieve a more complete understanding of their NGO consumers' needs. On average, this resulted in services being purchased at a 9% discount on their starting price. As Figure E8 demonstrates, the change in supply from T1, prior to the event, to T2, at the event, opened up the marketplace to local NGO consumers, enabling them to purchase a greater number of services at a more affordable price.

The relationships built between providers and consumers at Ecuador LINCS had an immediate and very real impact upon the network of capacity building service provision around NRM in Ecuador, the transition from Map EA (p44) to Map EB (p45). In addition to connecting service providers with their immediate NGO customers, the social capital created through such linkages also brought providers closer to other organizations with whom their customers interact. As a result of this single event, the top ten local service providers were able to increase their reach into the local marketplace for capacity services by over 20%.

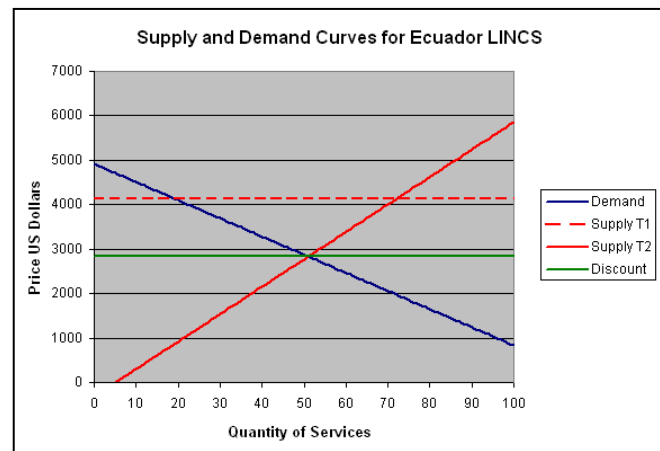
### **Association of Ecuadorian Service Providers**

Following the event, a group of 36 enthusiastic service providers decided to continue collaborating together through the formation of a service provider association. Although no plans have been formalized, Pact Ecuador intends to support its formation by convening a series of start-up meetings in the beginning of 2007. Map EC (p46) assumes that one-quarter of these organizations stay the course, building a strong network of internal collaboration. The result of such an effort would be a vastly improved market presence for the top local providers, 73% better than the post-LINCS figure and more than 200% better than at the beginning of the research period.

## **Looking Forward**

The long-term aim in Ecuador is to develop a strong local market with vibrant interaction and easy access to information and resources. Map ED (p47) highlights the early promise of the interventions prototyped in Pact's research. The map shows a marketplace that is much more closely connected, and which has brought local organizations closer together.

**Figure E8**



The following table highlights some of the changes that have occurred in the Ecuadorian network as we progressed through the various marketplace interventions. These metrics provide a useful guide to the changes that we might expect to engender through network and market strengthening activities.

Metric	Pre-Intervention	Post-Intervention
Network Density	1%	2%
Network Centrality	0.16	0.18
Reach	3%	5%

The **network density** as we progress from EA-ED doubles from 1% to 2%. In a network of this size, this increase is extremely significant, indicating that social capital has been strengthened between previously distant groups within the Ecuadorian NRM network. With further nurturing over time, we would expect to see further increases in network density.

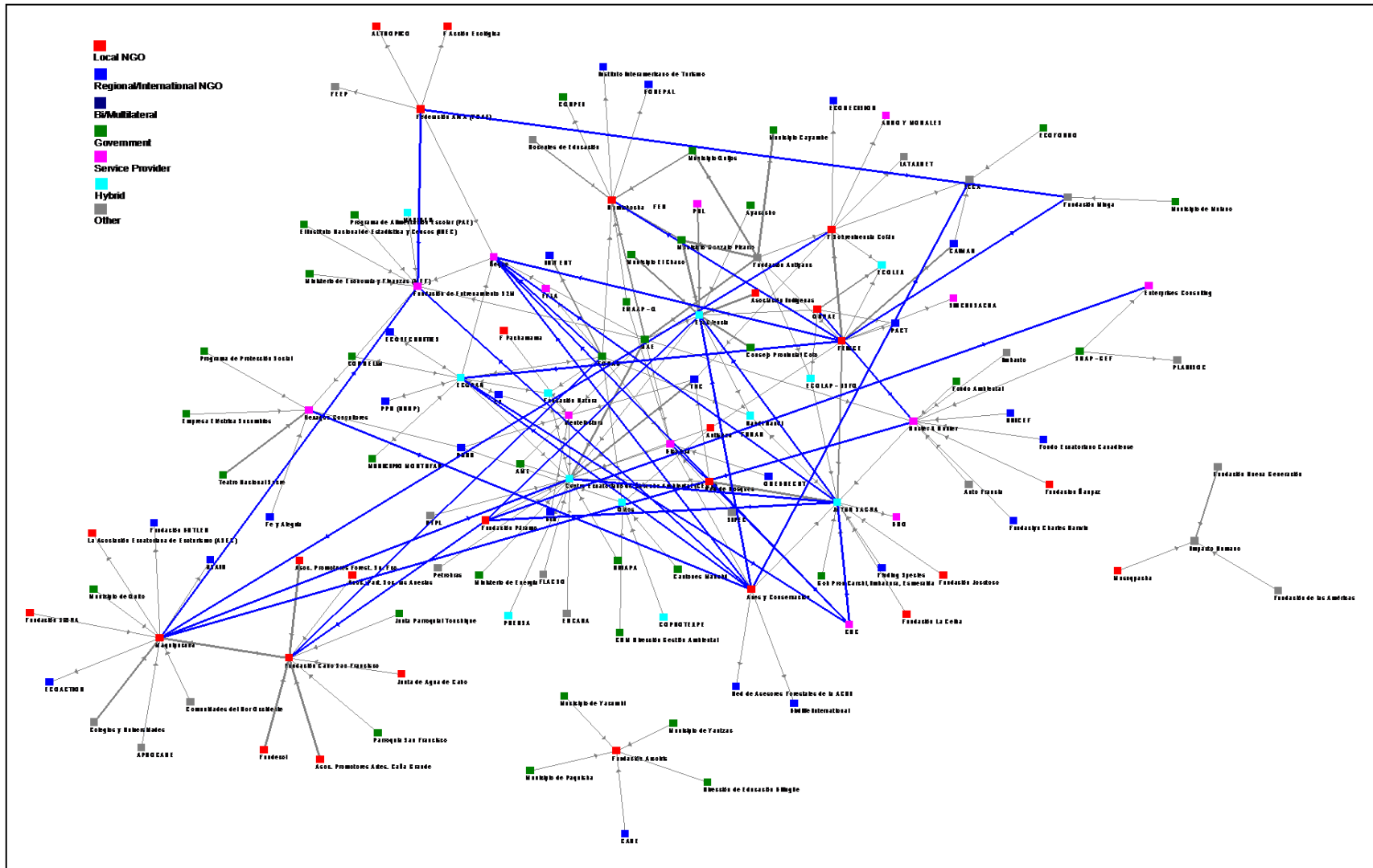
The **network centrality** has remained stable, increasing from 0.16 to 0.18. This indicates that the network has been strengthened in a sustainable manner. Rather than building social capital around one or two key nodes, interventions have focused on cross-network strengthening. This has ensured that the network is not vulnerable to the shock of losing one or two key players.

The average **reach** of organizations in the network has increased over time, from 3% to 5%. This means that organizations have access to more of the network than they did previously, a key goal of the marketplace strengthening interventions. In fact the reach of certain key organizations, local service providers in particular, has increased even more significantly. Through ongoing nurturing and monitoring of the marketplace, we would hope to see this percentage continue to increase over time.

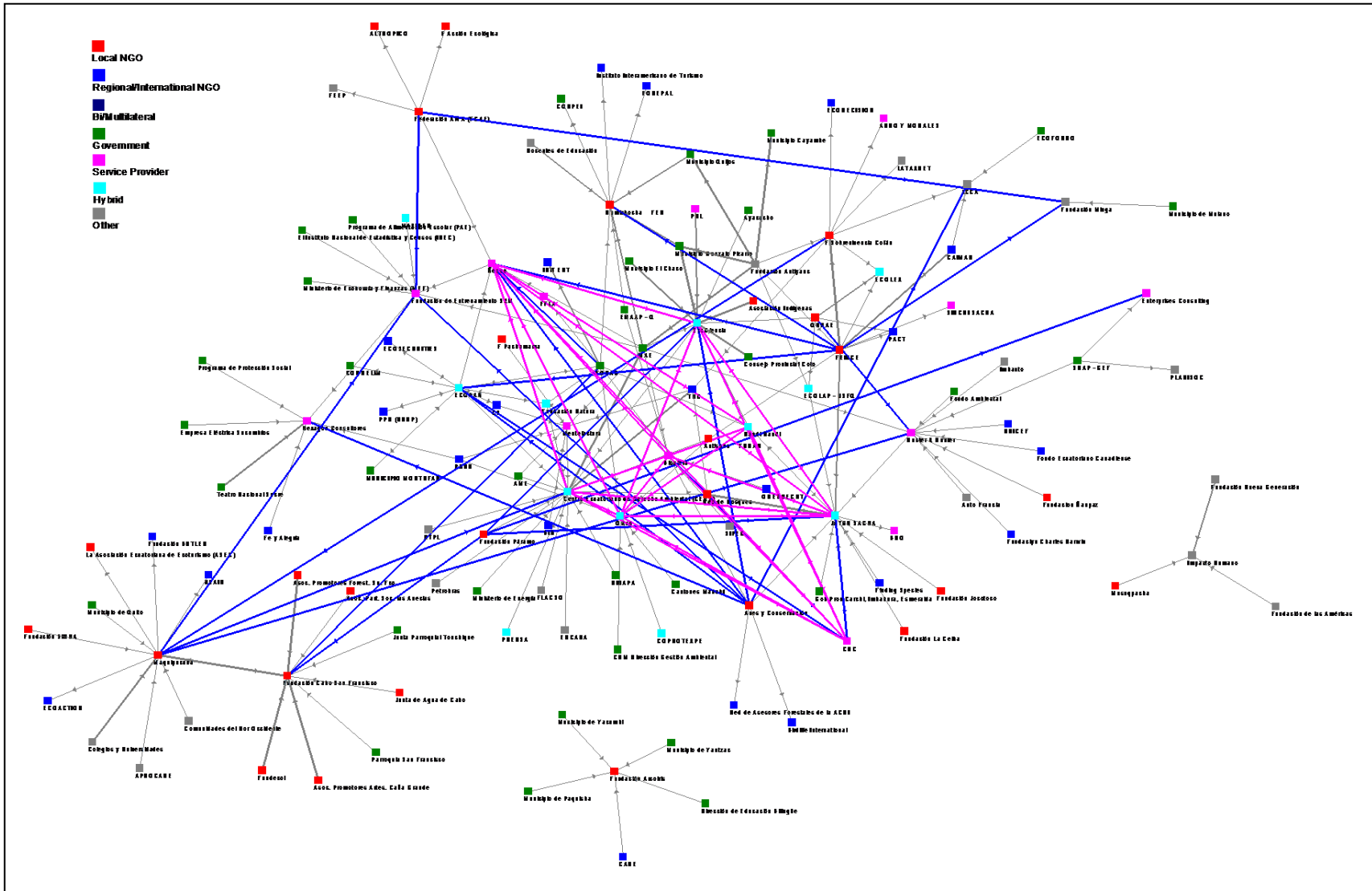
This research is just a beginning, but provides a promise that some of the challenges faced in Ecuador may be overcome through ongoing efforts to bring encourage interactions around resources and information.



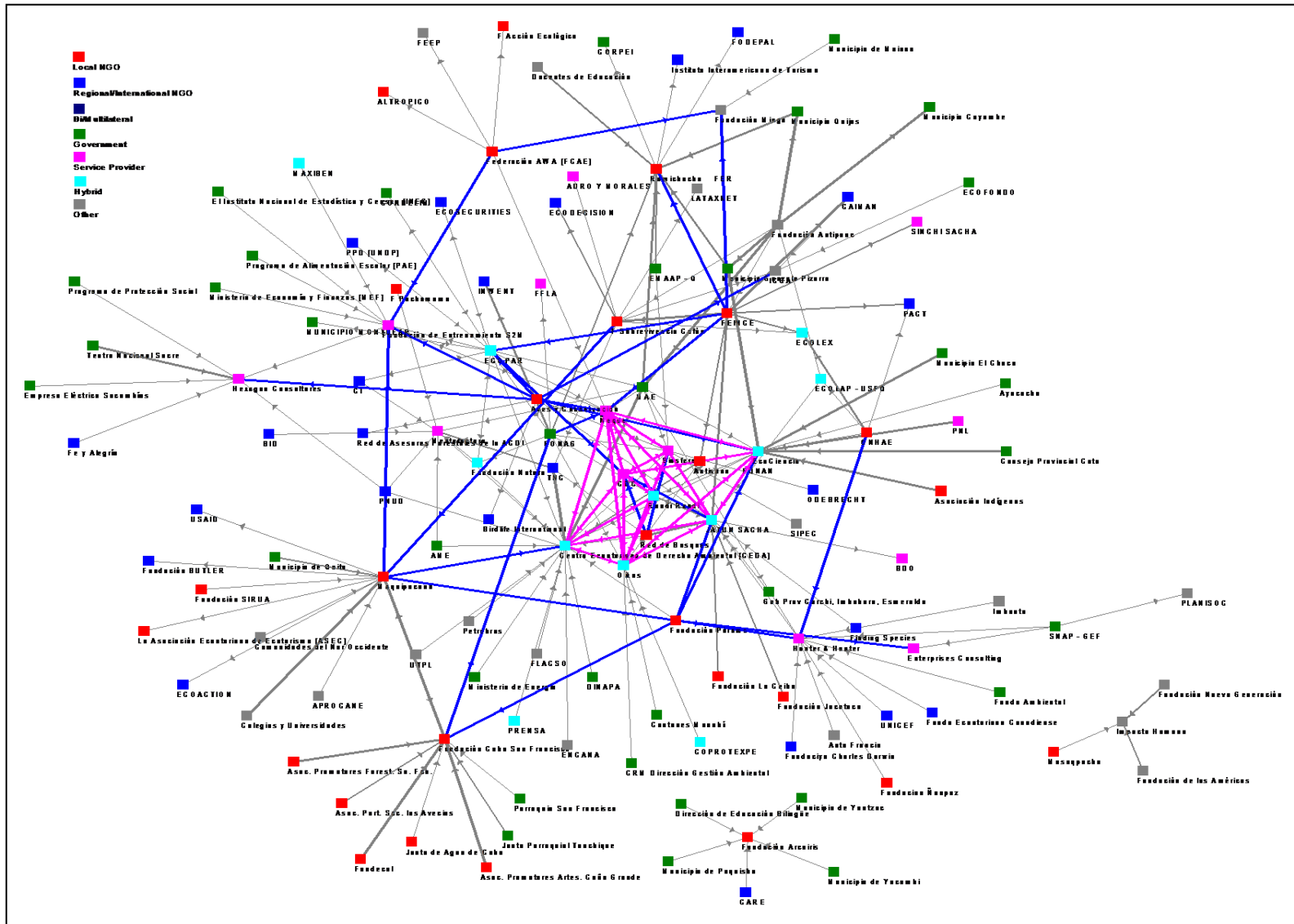
**Map EB:** This map shows the immediate impact of Ecuador LINCS upon the network. Blue connectors indicate sales of services at LINCS. The event brought together a number of organizations operating across several different hubs within the network. The overall effect was a significant increase in the connectivity of the Ecuadorian network around capacity building. In particular, we can see that the sub-network on the bottom left of map EA is now well connected to the larger group.



**Map EC:** This map shows the potential impact of a successful service provider association in Ecuador. The pink connectors highlight new long-term partnerships between association members. The effect of the association is cumulative to that of Ecuador LINCS. Local providers are able to use the connections of the association to more easily access the various network hubs that had been brought closer together at LINCS.



**Map ED:** This map highlights the cumulative effect of the various network interventions in Ecuador. The network around local capacity building provision has been transformed from a multi-hub network, with several disparate small groups to one larger integrated network where services and resources are more readily accessed, and where information is able to travel freely.





# Appendix A: LINCS Pre-event Surveys

## NGO SURVEY

### Background Information:

Describe your NGO:

- Years in existence (*circle one*)      1-3      4-6      7-9      10 or more
- Number of full time staff (*circle one*)      1-3      4-8      9-15      16 or more
- Size of budget (*check one*)
 

<input type="checkbox"/> \$5000 - \$30,000	<input type="checkbox"/> \$101,000 - \$150,000	<input type="checkbox"/> \$350,000 - \$500,000
<input type="checkbox"/> \$31,000 - \$60,000	<input type="checkbox"/> \$151,000 - \$250,000	<input type="checkbox"/> Over \$500,000
<input type="checkbox"/> \$61,000 - \$100,000	<input type="checkbox"/> \$251,000 - \$350,000	
- List your top three sources of funding:
 

1. \_\_\_\_\_      2. \_\_\_\_\_      3. \_\_\_\_\_

- List all of the capacity building services that your organization received during 2005. Include the whole range of services received, from being offered a handbook or another resource, to having a long term consultancy. Also list the names of the service providers or consultants who provided these services to your organization. Please also include capacity building services and events that have occurred either internally (within your organization) or through an NGO network or learning team.

Services Received, 2005 (Financial Workshop, HR Consultancy etc.)	Service Provider / Consultant
1.	
2.	
3.	
4.	
5.	

(list more services on a separate sheet if necessary)

### Questions

1. Think about one of the best experiences you have had with capacity building. What made it the best? Check no more than 5 of the most important elements:
  - Content  
*The **ideas and concepts** offered covered were appropriate and relevant*
  - Approach  
*The **way in which** the capacity building services were delivered was effective*
  - Knowledgeable of my context  
*The service provider **understood my culture** and setting*
  - Knowledge of my sector (health, agriculture, microfinance, etc)
  - Consultant/Facilitator skill  
*The **consultant or facilitator** the service provider used **was excellent***
  - Timeliness/urgency of need  
*The capacity building was **provided at the time we needed** it.*

- Length  
*The **length and frequency** of the capacity building met our needs*
- Ownership  
*The service provider **listened to our needs** and **involved us in planning***
- Materials/Documentation  
*The resource **material** provided **was particularly useful***
- Sustainability  
*The capacity building has had a **long term impact on our organization***
- Ease of Access  
*The capacity building **service was easy to get.***
- Price  
*The capacity building service offered **good value for the money***
- Organization wide  
*Our **entire organization was involved** in the capacity building*
- Other: \_\_\_\_\_ (Please explain)

2. How much of a priority is capacity building for your organization? *(Please circle one number)*

**1**
**2**
**3**
**4**
**5**  
 Not a priority  High priority

3. Who decides what kinds of opportunities are available to you for capacity building? *Rank the top three in order of influence. Begin by marking a "1" in the box by the actor with the most influence and then continue with "2" and "3".*

- |  |  |
|--|--|
| <input type="checkbox"/> My own organization       | <input type="checkbox"/> International NGOs              |
| <input type="checkbox"/> Zambian service providers | <input type="checkbox"/> International service providers |
| <input type="checkbox"/> Zambian government        | <input type="checkbox"/> International donors            |

4. How do you determine your own capacity building needs? Check the box of those that apply:

- Internal discussion
- Internal survey
- INGO Assessments
- Donor requirements
- Other *(please explain)* \_\_\_\_\_

5. What are the sources of your information for selecting a capacity building provider? i.e., how do you find service providers of capacity building? *(Check the most frequent sources)*

- Internet
- Brochures or other marketing materials from providers
- Conversation with providers
- Local NGO colleagues from outside my organization recommended

- Other local Civil Society actors recommended
- Government recommended/arranged
- International Donors/Partners recommended/arranged
- Media
- Members of my own organization recommended
- Other personal or professional contacts recommended
- Other

6. Complete the following sentences: *(Fill in the blanks)*

- o The best trainers/facilitators are ...
- o The most useful capacity building services are those that ...
- o We need more capacity building that ...
- o We define quality in capacity building services as ...

7. When faced with identifying capacity building services what are the factors that influence your selection? *(List your top three one word answers)*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

8. How easy or difficult is it to obtain the types of services that your organization needs?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Very difficult				Very easy

9. What makes it easy or difficult?

10. How do you think your definition of quality compares to the definition held by Zambian service providers?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Very different				Very similar

11. If different, (ranking of 1 or 2 in question 10), please explain how:

12. Are your standards of quality: *(Check one box)*

- Higher than Zambian Service Providers can currently deliver?
- The same as Zambian Service Providers can currently deliver?
- Lower than Zambian service Providers can currently deliver?

13. How do you think your definition of quality compares to the definition held by International NGOs?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Very different				Very similar



- g. A consultant who has worked in my sector (health, microfinance, education, agriculture, etc.) or A consultant who has worked in several sectors
- h. A technical consultant who knows my field or An organizational consultant outside my field.

21. Which of the following four choices do you prefer? (*Check one*)

- Local capacity building events in my organization/community
- Regional capacity building events
- National capacity building events
- Out of Country events

22. In what sectors could Zambian service providers make the greatest contribution to the development of the country? (*name one or two*)

23. Are the majority of Zambian service providers prepared to make a contribution in the sector you checked above?

- Yes
- No
- Maybe

24. If not, what do they need to do to prepare to work in that sector?

***Thank You!***

Please bring your completed Pre-Event Survey to Zambia LINCS. It is your ticket for entry.

## SERVICE PROVIDER SURVEY

### Background Information:

Describe your business:

- Name: \_\_\_\_\_
- Years in existence (*Circle one*)      1-3      4-6      7-9      10 or more
- Number of staff (*Circle one*) 1-3      4-8      9-15      16 or more
- Income / revenue last year (*Check one*):
 

<input type="checkbox"/> \$5000 - \$30,000	<input type="checkbox"/> \$101,000 - \$150,000	<input type="checkbox"/> \$350,000 - \$500,000
<input type="checkbox"/> \$31,000 - \$60,000	<input type="checkbox"/> \$151,000 - \$250,000	<input type="checkbox"/> Over \$500,000
<input type="checkbox"/> \$61,000 - \$100,000	<input type="checkbox"/> \$251,000 - \$350,000	
- List all of the capacity building services that you/your organization provided to NGOs or CBOs during 2005. Include the whole range of services provided, from offering resource material to conducting a long term consultancy. Also list all of the NGOs/CBOs who received those services during 2005. If any of the NGO/CBO recipients are based outside of Zambia, please list the name of the country in which they are based.

Services Provided, 2005 (Financial Workshop, HR Consultancy etc.)	NGO/CBO Recipient(s)
1.	
2.	
3.	
4.	
5.	

(list more services on a separate sheet if necessary)

### Questions

1. To what degree is capacity building of local NGOs/CBOs a priority of your business/ organization?  
(*Circle one number*)

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Not a priority				High priority

2. How did you develop your current portfolio of services?

3. How do you market your capacity building services? Check all that apply:

- Newspaper
- Radio/TV
- Brochures
- Internet
- Personal contact
- Professional Associations
- Networks
- Other \_\_\_\_\_ (Please explain)



- In Zambia we need more capacity building that ...
- We define quality in capacity building services as ...

10. In the following table are six pairs of phrases that describe certain types of capacity building. As a service provider, which of these approaches do you prefer? *(For each pair, circle the one phrase that more closely reflects your preference)*

- |  |    |  |
|--|----|--|
| a. Organizing Peer learning events in which NGOs learn from each other       | or | Training delivered by experts arranged by the service provider |
| b. Long term   | or | Short term   |
| c. A training event that involves participants from the same sector          | or | A training event that involves participants across sectors     |
| d. A training event for multiple organizations                               | or | Training with one organization at a time                       |
| e. Capacity needs identified by the client                                   | or | Capacity needs identified by the service provider              |
| f. Working in one sector (health, microfinance, education, agriculture, etc. | or | Working in several sectors                                     |

11. How do you think your definition of quality compares to the definition held by members of the Zambian NGO community?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Very different				Very similar

12. If different (Circled 1 or 2 in question 11), explain how.

13. Are your standards of quality: *(Check one box)*

- Higher than members of the Zambian NGO community?
- The same as members of the NGO community?
- Lower than members of the NGO community?

14. How do you think your definition of quality compares to the definition held by International NGOs?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Very different				Very similar

15. If different (Circled 1 or 2 in question 15), explain how.

16. Are your standards of quality: *(Check one box)*

- Higher than members of the International NGO community?
- The same as members of the International NGO community?
- Lower than members of the International NGO community?

17. How do you think your definition of quality compares to the definition held by donors?

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
----------	----------	----------	----------	----------



Very different

Very similar

18. If different (Circled 1 or 2 in question 18), explain how.

19. Are your standards of quality: *(Check one box)*

- Higher than members of the donor community?
- The same as members of the donor community?
- Lower than members of the donor community?

20. What specific things do you do today to control the quality of your services?

21. What would you like to do in the future to control the quality of your services?

22. In what sectors could Zambian service providers make the greatest contribution to the development of the country? *(name one or two)*

23. Are the majority of Zambian service providers prepared to make a contribution in the sectors you checked above?

- Yes
- No
- Maybe

24. If not, what do they need to do to prepare to work in those sectors?

25. What factors impact you as a local provider of capacity building services to Zambian NGOs? *Rank the top three in order of influence. Begin by marking a "1" in the box by the actor with the most impact and then continue with "2" and "3".*

- Local or national government policy
- International donor policy
- Reputation of your business/organization
- Age of your business/organization
- Location of your business/organization NGO
- Financial resources of your business/organization
- Partnership with international NGOs or donors
- Staff turnover in NGOs

## Appendix B: Mapping Surveys

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### NGO SURVEY

#### Question 1 – Capacity Building Service Provision

*This mapping survey must be facilitated, with the entire NGO group completing it at once. Participants may be given the questions, or they may just be given response tables with questions, scales, and definitions provided by the facilitating team. The names of respondent organizations must be written on answer sheets.*

Which of the following organizations have you received technical training or capacity building services from within the last two years? Mark with an X those organizations that you have received services from.

*The initial list (which must be prepared in advance of the event) should include all of those organizations/individual consultants that are involved in Ecuador LINCS. They should be split into categories (see table below for draft categorization). We can consider these to be the ‘in-network’ organizations.*

Are there any additional organizations that you have received technical training or capacity building services from that are not on this list? Please indicate the names and categories of these organizations to the facilitator so that they can be added to the list that the group is using.

*NGOs may have received some capacity building services from ‘out-of-network’ organizations. Elicit the names and categories of these out-of-network organizations and individuals from participants. Ask all participants to add these organizations to their tables (space should be left to do this either at the end of each ‘category’ or at the end of the overall table). Any organization that has received services from this out-of-network provider should note this on their answer table.*

Mark how often you have received capacity building services from these organizations over the last two years. Use the following scale:

- 5 = More than ten times
- 4 = Five to ten times
- 3 = Three to five times
- 2 = Two or three times
- 1 = Once

Enter code that describes the capacity area(s) in which you received services from these organizations:

- BP = Business Planning
- CD = Capacity Building Strategy Design
- CH = Change Management
- CM = Conflict Mediation
- CS = Corporate Social Responsibility
- CT = Customized Training
- FA = Facilitation
- FM = Financial Management
- FS = Financial Sustainability Assessment

GM = Grants Management  
 HR = Human Resource Management  
 IC = Information Communication and Technology  
 KM = Knowledge Management and Networking  
 LD = Leadership Development  
 LG = Local Governance Strengthening  
 MT = Management Training/Education  
 ME = Monitoring and Evaluation  
 MP = Multistakeholder Planning  
 NS = Network Strengthening  
 OC = Organizational Capacity Assessment  
 OD = Organizational Development  
 OS = Organizational Sustainability Planning  
 PS = Partnership Strategy Development  
 PD = Program/Project Design  
 PM = Project Management  
 PR = Public Relations  
 RB = Research and Benchmarking  
 RM = Resource Mobilization  
 SP = Strategic Planning  
 SM = Systems Mapping

### Example Table

Name (Organization/ Individual)	Category of Organization	Provided Services?	How Often?	Capacity Areas
NZP +	Ecuadorian NGO	X	3	HR, ST
CHAZ	Ecuadorian NGO			
Additional 'out-of-network'	Ecuadorian NGO	X	1	ST
	Regional/ International Organization			
	Individual Ecuadorian Consultant			
	Ecuadorian Consulting Organization			
	Local/National Government ministry or department			
	Other (Please note e.g. Media, Academic Institution, Business etc.)			

### Question 2 – Collaboration

Which of the following organizations have you collaborated with on programs, projects or joint ventures in the last two years? Mark with an X those organizations that you have worked with.

*[Don't add out of network organizations for this question.]*

Mark how often you have collaborated on programs, projects or joint ventures with each of these organizations over the last two years. Use the following scale:

- 5 = More than ten times
- 4 = Five to ten times
- 3 = Three to five times
- 2 = Two or three times
- 1 = Once

Name (Organization/ Individual)	Category of Organization	Partnered With?	How Often?
NZP +	Ecuadorian NGO	X	3
CHAZ	Ecuadorian NGO	X	4
Additional 'out-of-network'	Ecuadorian NGO		
	Regional/ International Organization		
	Individual Ecuadorian Consultant		
	Ecuadorian Consulting Organization		
	Local/National Government ministry or department		
	Other (Please specify e.g. Media, Academic Institution, Business etc.)		

### Question 3 – Capacity Building Resources

Which of the following organizations have provided your organization with resources related to capacity building in the last twelve months (September 2005 –August 2006)? Mark with an X those organizations that you have received resources from.

Are there any additional organizations that you have received resources from that are not on this list? Please indicate the names and categories of these organizations to the facilitator so that they can be added to the list that the group is using.

Mark how often you have received resources from these organizations in the last two years. Use the following scale:

- 5 = More than ten times
- 4 = Five to ten times
- 3 = Three to five times
- 2 = Two or three times
- 1 = Once

Enter code that describes the types of resources which you received from these organizations:

- F = Financial Contributions towards CB service provision
- I = In-Kind Contributions towards CB service provision
- T = Tools and Methodologies for building organizational capacity
- M = Mentoring that has built the capacity of your organization

Name (Organization/ Individual)	Category of Organization	Received Resources?	How Often?	Resource Types
NZP +	Ecuadorian NGO			
CHAZ	Ecuadorian NGO	X	2	M, I
Additional 'out-of-network'	Ecuadorian NGO			
	Regional/ International Organization			
	Individual Ecuadorian Consultant			
	Ecuadorian Consulting Organization			
	Local/National Government ministry or department			
	Other (Please note e.g. Media, Academic Institution, Business etc.)			

## SERVICE PROVIDER SURVEY

### Question 1 – Capacity Building Service Purchases

Which of the following organizations has purchased technical training or capacity building services from you in the last two years? Mark with an X those organizations that you have received services from.

*(Note: we do not need to ask who services were provided to – we are already asking NGOs who they received services from and the receiving end is more accurate than the providing end. Instead, we would like to know who financed the services. We might need to make this very clear...)*

Are there any additional organizations that have purchased technical training or capacity building services from you that are not on this list? Please indicate the names and categories of these organizations to the facilitator so that they can be added to the list that the group is using.

Mark how often this organization has purchased technical training or capacity building services from you over the last two years. Use the following scale:

- 5 = More than ten times
- 4 = Five to ten times
- 3 = Three to five times
- 2 = Two or three times
- 1 = Once

#### Example Table

Name (Organization/ Individual)	Category of Organization	Provided Services?	How Often?	Capacity Areas
NZP +	Ecuadorian NGO	X	3	HR, ST
CHAZ	Ecuadorian NGO			
Additional 'out-of-network'	Ecuadorian NGO	X	1	ST
	Regional/ International Organization			
	Individual Ecuadorian Consultant			
	Ecuadorian Consulting Organization			
	Local/National Government ministry or department			
	Other (Please note e.g. Media, Academic Institution, Business etc.)			

### **Question 2 – Collaboration**

Which of the following organizations have you collaborated with on programs, projects or joint ventures in the last two years? Mark with an X those organizations that you have worked with.

*Don't add out of network organizations for this question.*

Mark how often you have collaborated on programs, projects or joint ventures with each of these organizations over the last two years. Use the following scale:

- 5 = More than ten times
- 4 = Five to ten times
- 3 = Three to five times
- 2 = Two or three times
- 1 = Once

Name (Organization/ Individual)	Category of Organization	Partnered With?	How Often?
NZP +	Ecuadorian NGO	X	3
CHAZ	Ecuadorian NGO	X	4
Additional 'out-of-network'	Ecuadorian NGO		
	Regional/ International Organization		
	Individual Ecuadorian Consultant		
	Ecuadorian Consulting Organization		
	Local/National Government ministry or department		
	Other (Please specify e.g. Media, Academic Institution, Business etc.)		

### Question 3 – Capacity Building Resources

Which of the following organizations have provided your organization with resources related to capacity building in the last twelve months (September 2005 –August 2006)? Mark with an X those organizations that you have received resources from.

Are there any additional organizations that you have received resources from that are not on this list? Please indicate the names and categories of these organizations to the facilitator so that they can be added to the list that the group is using.

Mark how often you have received resources from these organizations in the last two years. Use the following scale:

- 5 = More than ten times
- 4 = Five to ten times
- 3 = Three to five times
- 2 = Two or three times
- 1 = Once

Enter code that describes the types of resources which you received from these organizations:

- F = Financial Contributions towards CB service provision
- I = In-Kind Contributions towards CB service provision
- T = Tools and Methodologies for building organizational capacity
- M = Mentoring that has built the capacity of your organization

Name (Organization/ Individual)	Category of Organization	Received Resources?	How Often?	Resource Types
NZP +	Ecuadorian NGO			
CHAZ	Ecuadorian NGO	X	2	M, I
Additional 'out-of-network'	Ecuadorian NGO			
	Regional/ International Organization			
	Individual Ecuadorian Consultant			
	Ecuadorian Consulting Organization			
	Local/National Government ministry or department			
	Other (Please note e.g. Media, Academic Institution, Business etc.)			

# Appendix C: Focus Group Protocol

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## NGO FOCUS GROUP

### Section 1: Event

1. You have just spent several hours participating in LINCS. What impressions did you have of these interactions? What surprised you the most about today's event? What made it easy/difficult to secure the services you needed today? *Ask participants to talk about their observations of negotiations, service offerings, pricing and quality.*
2. To what extent were you able to secure the capacity building services you wanted today? *Use a target with dots, participant's rate their success on the bull's-eye flipchart. Ask for comments and stories from participants.*
3. Pass out 6 X 3 X 3
  - Rows 1 and 2: What factors most influenced your decisions about purchasing capacity building services?
  - Rows 3 and 4: What factors created the biggest obstacle to finding the services you most need?
  - Rows 5 and 6: What can international donors, government and local NGOS do to improve access to high quality, affordable capacity building services?
4. Did you find you were competing with each other for services today? How competitive (between NGOs and between service providers) did you find today's LINCS marketplace? Why? Did anyone collaborate with another NGO on a bid for services? How might collaboration between NGOs improve access to better capacity building services?
5. Have your perceptions of Zambian capacity building Service providers changed from before this event? If they have changed, in what ways have they changed?
6. In talking with Zambian service providers today, were you fully prepared to discuss your capacity building needs? What helped you to prepare? What other kinds of information would be helpful for you when making decisions about selecting capacity building services?
7. How do you think local capacity building service providers could be more responsive to the needs of Zambian NGOs?

### Section 2: Mapping

8. Pick a local newspaper (e.g. The Times of Zambia, The Zambian Daily Mail, other?) and imagine you are the Headline Writer. If you were asked to write a headline that describes this map of *direct service provision*, what would you write? What headline best describes the map's depiction of *collaborations* related to capacity building?
9. Does anything surprise you about these maps? Do you think that we are missing anything important?
10. What opportunities do you see for altering/improving patterns of capacity building service provision in Zambia?

11. What were the strengths and weaknesses of today's event? Would another LINCS event be helpful to your organization?

## **SERVICE PROVIDER FOCUS GROUP**

### **Section 1: Event**

12. You have just spent several hours participating in LINCS. What surprised you the most about today's event? What made it easy/difficult to sell your services today? *Ask participants to talk about their observations of negotiations, service offerings, pricing and quality.*
13. What factors most influenced the participant's decisions about purchasing capacity building services? How do you think you could be more responsive to the needs of Zambian NGOs? *(Ask for ideas on new services, process, communications, pricing, etc.)*
14. Have your perceptions of Zambian NGOs changed from before this event? If they have changed, in what ways have they changed?
15. In talking with Zambian NGOs today, were you fully prepared to discuss your capacity building services? What helped you to prepare? What other kinds of information, marketing materials, or resources would have been helpful?
16. What can international donors, and the Government of Zambia do to improve access to high quality, affordable capacity building services?
17. How did you price your services today? How satisfied are you with your pricing structure?
18. What, if anything would you do differently the next time in regards to pricing your services? What other kinds of information would be helpful for you when making decisions about pricing marketing and selling capacity building services?

### **Section 2: Mapping**

19. Pick a local newspaper (e.g. The Times of Zambia, The Zambian Daily Mail, other?) and imagine you are the Headline Writer. If you were asked to write a headline that describes this map of *direct service provision*, what would you write? What headline best describes the map's depiction of *collaborations* related to capacity building?
20. Does anything surprise you about these maps? Do you think that we are missing anything important?
21. What opportunities do you see for altering/improving patterns of capacity building service provision in Zambia?

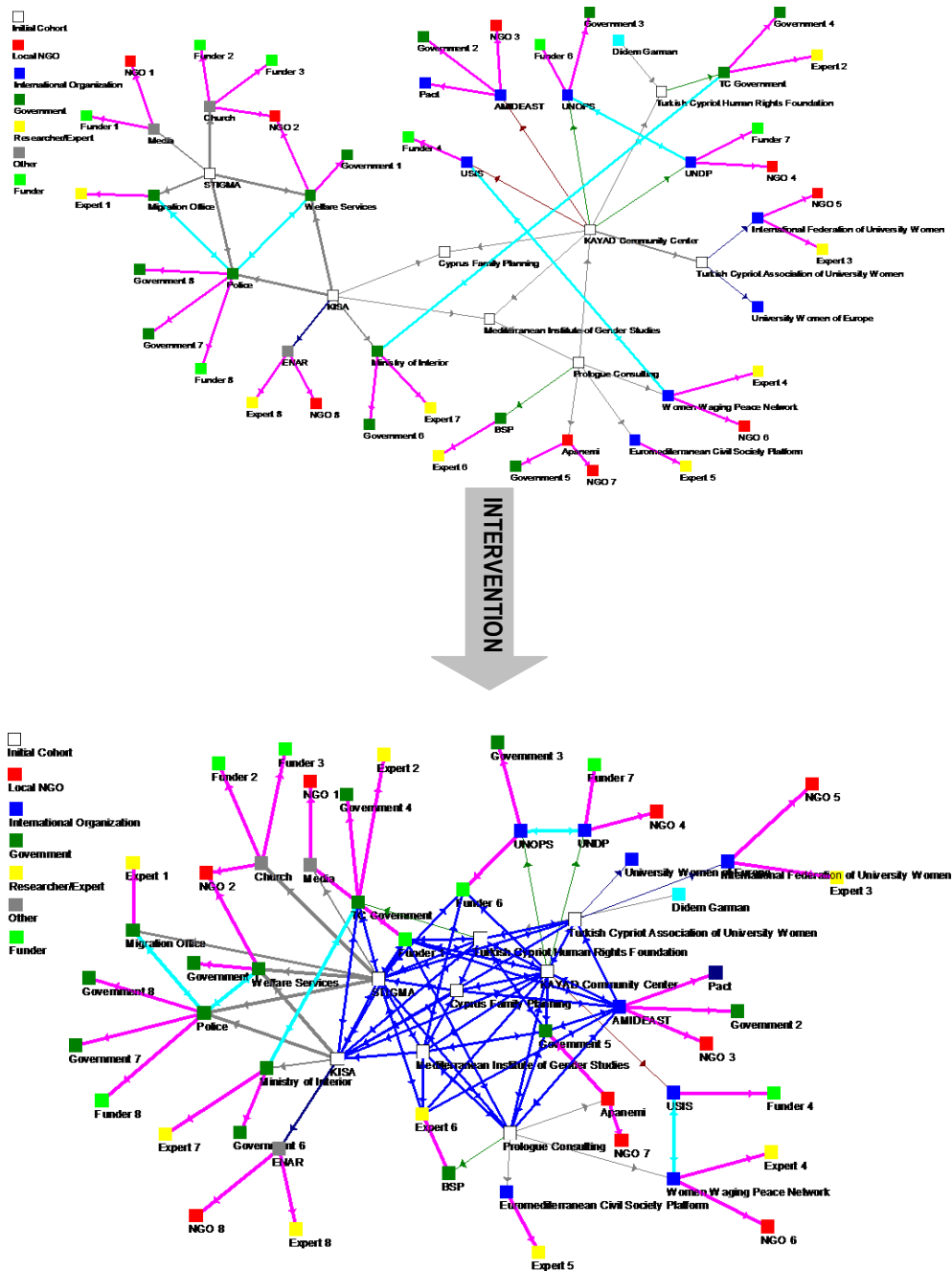
### **Section 3: Ongoing Collaboration**

22. How many of you are meeting each other for the first time today? How competitive is the capacity building consulting sector in Zambia? How might collaboration between service providers improve your ability to sell services AND to assist local NGO? Write down three concrete actions that would advance this objective. What are they?



# Appendix D: Introduction to Organizational Network Analysis

Organizational Network Analysis (ONA) is an extremely powerful tool for visually tracking and analyzing the development of networks of organizations over time. The network maps and network performance metrics generated through ONA are also excellent “talking documents” – visual representations that support conversations about building stronger networks and evaluating the success of network strengthening interventions.



Three key network metrics that can be used to analyze network maps are:

- **Network Density** – The percentage of potential linkages that exist in reality. (According to the map sample above, before the intervention network density was 1%; after the intervention it was 4%.)
- **Network Reach** – The proportion of a network that can be accessed in two steps by the average network member. Network reach metrics can be applied to entire networks or to individual nodes of the network. (Before the intervention, the reach of the overall network was 4.4%; after the intervention it was 14%.)
- **Centrality** – The extent to which a network is dependent on key participants (Before the intervention, network centrality was 1.7%; after the intervention it was 20%.)

## **Appendix E: Pact's Organizational Capacity Assessment (OCA)**

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Designed to bring rigor and learning to the process of organizational capacity assessment and strengthening, Pact's organizational capacity assessment (OCA) is a product of several years of research and field practice. This comprehensive process brings together communities of peer organizations (or complex organizations with multiple departments/program offices) to reflect upon their performance and set strategies to broaden their impact and affect significant, positive and lasting change.

Pact's OCA services help clients build high-performing organizations by working with them to measure performance and implement improvement strategies. Our clients include local and international NGOs, donors, governments, and corporations working in a wide variety of sectors. OCA provides an array of organizational effectiveness services that include assessment, coaching and team building. It also incorporates process management services to help organizations achieve their desired vision, strategy and culture. Pact's organizational capacity assessment and strengthening products and services help guide organizations in selecting the most appropriate activities, tools and strategies for capacity building and in anticipating and overcoming the greatest barriers to change.

OCA is a four staged process that includes participatory tool design, guided self-assessment, data-guided action planning and reassessment for continual learning.

### ***Participatory Tool Design***

OCA is not a pre-designed assessment tool but rather a client-focused methodology, which provides a framework for organizational stocktaking and action planning. OCA empowers organizations to themselves identify the priority capacity areas to be investigated and measured. Participants then design their own indicators to be used to evaluate the organization's performance and competency in each area and to monitor change over time. This ensures an assessment tool that accurately reflects the technical and cultural environment in which the organization functions and enables participants to identify and prioritize specific areas to be leveraged or strengthened in order to improve the effectiveness, quality and long-range sustainability of their organization and program activities.

### ***Guided Self-Assessment***

Assessment teams composed of representative staff members and sometimes board and constituent representatives work with trained facilitators to answer discussion questions in a setting that closely resembles a focus group. Each discussion set is followed by a series of individually scored indicators. The practice of alternating between focus-group type discussion and individually scored indicators within a single session gives the process the precision of a survey instrument combined with the richness of a focus group. By focusing discussion on critical incidents from the organization's experience, the self-assessment process becomes less subjective and more rigorous. The qualitative and quantitative insights that emerge from this process open new channels of communication and information sharing and serve as a catalyst for team-building and organization-wide learning.

### ***Data-Guided Action Planning***

Data-guided action planning begins with the organization's interpretation of the data, which ensures the contextualization and validation of the results. The organization can examine its performance as an autonomous group or in comparison to the data of a community of peer organizations and set change strategies most appropriate to its environment. It is here that organizations recognize and acknowledge

their strengths and weaknesses and identify and act on their priorities. Pact assists clients by providing facilitation and coaching services throughout this process.

### **Reassessment for Continual Learning**

Pact provides ongoing process management and coaching as organizations implement their action plans. Once every 8-12 months, organizations re-assess themselves to monitor change. By regularly reassessing performance over time, organizations can track the effectiveness of their capacity building efforts. Organizations have the opportunity to continuously improve their performance and integrate new learning by adapting their strategies to fit their changing needs, rising standards, and increasing capabilities.

### **How is Pact's OCA Unique?**

1. Our approach employs a structured facilitated discussion method using “**discussion anchors**” to bolster reliability and validity of the self assessment tool. Discussion anchors help to highlight specific events which have occurred within specified time parameters and which are closely connected to the organization's ability to promote significant, positive, and lasting change.
2. Our approach establishes a representative **cross-functional, cross-hierarchical organizational capacity assessment team**. In many cases this provides the first opportunity for open, structured communication across these traditional organizational boundaries.
3. Our OCA introduces an organizational **consensus** dimension. The organization's consensus score measures diversity of opinion among team members in order to enrich organizational analysis and encourage capacity-building through the analysis of divergent viewpoints.
4. Our approach includes techniques that enable users to form peer learning groups where they can communicate about OCA findings and results as well as capacity building efforts within the user-community. It also allows them to **benchmark** their individual organizational scores against the community of peer organizations. As a result, organizations are able to analyze and compare their performance not only against their own previous scores or donor-specified objectives, but against an “industry standard”. In reporting results and fostering communication among communities of organizations we use various kinds of technology, including the **Internet** where appropriate.
5. In addition to basic assessment tools, we offer **companion tools** that help participants to apply their OCA results to the design of change initiatives that are firmly rooted in organizational realities.
6. Finally, although we are conducting self-assessments which are, by nature, subjective and qualitative, we employ **advanced statistical techniques** in our data analysis to ensure construct validity and reliability.